

[Translation]

Ref. PDI/BK-BS-015/2008

15 February 2008

To: President
The Stock Exchange of Thailand

Re: Clarification on the company's performance results in 2007

Enclosed are the copies of PDI's audited financial statements and consolidated financial statements for the year ended 31 December 2007 in both Thai and English version.

The Company achieved a net consolidated profit for financial year 2007 of 930 MB as compared to 1,765 MB in 2006. Net Earnings per share are 4.12 Baht as compared to 7.81 Baht in 2006.

The total revenue from sales and services amounted to 12,073 MB, an increase of 1,768 MB from last year.

The decrease in net profit especially in Q4 2007 was largely due to the high price of inventories and to the low contribution of the mine following the delayed mining lease renewal. Please see MD&A for detail analysis.

Please be informed accordingly.

Yours truly,

- Signature -

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Padaeng Industry

Management's discussion and Analysis Consolidated Financial results Q4/07 and FY2007

Padaeng Industry Public Company Limited reported a consolidated net profit for the financial year 2007 of 930 million baht, corresponding to earnings of 4.12 baht per share and a return on capital employed (ROCE) of 20%.

For the fourth quarter of 2007, the company posted a negative consolidated result of 35 million baht despite improved sales volume. This was largely due to the high price of inventories and to the low contribution of the mine following the delayed mining lease renewal.

Summary of 4Q/07 and FY2007 results: Consolidated in million baht

Period ended	Q4-07	Q4-06	% change	YTD 2007	YTD 2006	% change
Turnover	2,599	2,979	-13%	12,073	10,305	+17%
Net Profit	(35)	522	-107%	930	1,765	-47%
EBITDA	104	619	-83%	1,356	2,139	-37%
EPS (baht/share)	(0.16)	2.31	-107%	4.12	7.81	-47%
DPS (baht/share)*	n.a.	n.a.	n.a.	2.74	5.20	-47%
Ending CE	4,375	4,919	-11%	4,375	4,919	-11%
Average CE**	4,477	4,388	+2%	4,727	3,953	+20%
ROCE	-3%	48%	-106%	20%	45%	-56%

*Dividend of 2007 is subject to Shareholders approval in April 2008

**YTD average capital employed is based on beginning balance and each quarterly balance of 2007

External parameters

After the sharp increase throughout 2006, the LME zinc price deteriorated in 2007 ending at a yearly average of 3,242 \$/ton, nearly at same level as FY06 3,275 \$/ton. Taking into account the impact of the stronger Thai Baht the published LME zinc price was down to 112,465 Bt/ton, 10% lower than last year average.

In Q4/07, the average zinc price was 2,623 \$/ton, 38% lower than for the same period last year (4,204 \$/ton). Translated in Thai Baht, it was 42% lower than the same period last year. The zinc hedged for the period was limited to 2,475 tons at 67,373 Bt/ton, at the same level as Q3/07.

Market information

Over the full year period, the local market demand fell 7% to 107,373 tons from 114,971 tons in 2006 year. However, in the last quarter, the demand improved by 9% compared to Q3/07 and 19% compared to the same quarter last year.

Thanks to exports, the company sales improved by 7% to 101,325 tons compared to 2006 but at a lower average premium due to the combined effect of exports and of the reduced import duty. In Q4, the local sales followed the increasing demand with a total volume of 22,641 tons, 18 % higher y-o-y.

Production

With the interruption in October of the production at the Padaeng mine, the mine production of high grade and concentrate of the last quarter 2007 dropped to 14,000 dry tons, a decrease of more than 70% compared to same period last year bringing the FY07 production to 149,000 dry tons , a 20% decrease compared to 2006.

At the smelter, the net production of metal in Q4/07 was at normal level of 25,868 tons in line with the previous quarter. For the full year 07, the net production totaled 98,877 tons, an increase by 2.5% compared to FY06.

The share of own silicate ore in the smelter feed reduced to 22% in Q4/07 and was 29% for the FY07 compared to 42% for both periods in 2006.

Status of the Mining Lease Renewal

The Company has interrupted its mining operations since October 18, 2007 following the expiry of the main mining license. After Cabinet approved in October 2007 the use of 1A watershed on the existing premises and after the approval of forestry permits by the Royal Forestry Department in January this year, the Mining Lease Application was recently approved by the Mineral Act Committee on 7 February 2008. The application is now under proceeding for the final approval steps.

Capital Expenditure

The operational capital expenditure in FY 07 amounted to 272 million baht in line with previous years.

Outlook

For 2008, the company expects the local market demand to pick up progressively as already indicated by the last quarter of 2007. The first quarter of 2008 is likely to be further impacted by the low contribution of the mine due to the licensing delays and by the high price of the purchased inventories if the zinc price remains at the level of closing or lower.

Condensed financial information for the consolidated financial year

Consolidated Cash Flow Statement (In million baht)	2006	2007
Cash flow from operation	2,128	1,356
Change in working capital	(1,527)	812
Net cash provided by operating activities	601	2,168
Net cash flow from investing activities	(237)	(579)
Net cash flow from financing activities (after Dividend)	(210)	(1,823)
Net cash flow (increase in the year)	154	(234)

Consolidated Balance Sheet (In million baht)	2006	2007
Current assets	5,310	3,141
Non current assets	2,431	2,618
Total assets	7,741	5,759
Current liabilities	2,618	880
Non current liabilities	102	110
Shareholder's equity	5,021	4,769
Total liabilities & equity	7,741	5,759

Consolidated Key Indicators	2006	2007
% Return on Assets (*)	27.5	13.8
% Return on Equity (*)	41.4	19.0
Debt to Equity Ratio (%)	54	21
Book Value Per Share (Baht)	22.22	21.10

(*) Annualized

Forward looking statement:

This presentation may contain forward-looking information that involves risks and uncertainties, including statements about Padaeng’s plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Padaeng. Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, neither Padaeng nor any other person assumes any responsibility for the accuracy of these forward-looking statements.

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Established on April 10, 1981, Padaeng Industry Public Company Limited is listed on the Stock Exchange of Thailand in the Resources Sector (Mining). The company is the only producer of high quality zinc in South East Asia, with an annual production capacity of 110,000 metric tons of zinc metal and alloy.