

Ref. PDI/BK-BS-70/2015

10th August 2015

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 2nd Quarter and 1st Half 2015

Consolidated Performance Summary

Unit : Baht million	2 nd Quarter		1 st Half	
	2015	2014 (Restated)	2015	2014 (Restated)
Sales and services	1,184.01	1,385.15	2,422.76	2,729.11
Cost of sales and services	(982.25)	(1,196.75)	(1,995.07)	(2,295.19)
Gross Profit	201.75	188.40	427.69	433.92
Gain/(Loss) on exchange rate	(34.26)	(7.94)	(25.38)	9.19
Other Income	588.77	5.93	604.34	12.25
Profit/(Loss) before expenses	756.27	186.39	1,006.65	455.37
Selling and Administrative expenses	(125.65)	(98.78)	(253.86)	(177.29)
Share of Gain/(Loss) from equity method	(7.54)	2.94	22.18	30.32
Finance cost	(2.32)	(1.61)	(4.15)	(3.67)
Profit/(Loss) before tax	620.75	88.94	770.82	304.74
Corporate Income Tax	(121.09)	5.53	(157.81)	5.48
Net Profit/(Loss) after tax-attributed to Company	273.60	96.31	387.27	313.74
Earning per share (Baht/share)	1.21	0.43	1.71	1.39

For the second quarter of 2015, Padaeng Industry Public Company Limited announces a **consolidated net profit of 273.60MB**, compared to a net profit of 96.31MB for the same quarter of previous year.

For the first half of 2015, Padaeng Industry Public Company Limited announces a **consolidated net profit of 387.27MB**, compared to a net profit of 313.74MB for the same period of previous year.

Sales and services of Q2 2015 were 1,184.01MB, decreased with 201.14MB or 15% from 1,385.15MB of the same quarter previous year. This mainly resulted from a decrease in sales volume due to a slowdown of the economy. Fortunately, the Company benefited from the increase of zinc price and depreciation of Thai Baht compared with the same period of previous year which resulted in a higher unit selling price. The exchange rate of THB against the USD depreciated from 32.59THB/USD in Q2 2014 to 33.41THB/USD in Q2 2015. The average LME zinc price improved 6% from 2,073 USD/t in Q2 2014 to 2,195 USD/t in Q2 2015.

Gross profit of Q2 2015 increased to 201.75MB, an increase of 13.36MB or 7% compared to 188.40MB of previous year. Despite a decrease in sales volume, gross profit margin still increased from the same period of previous year, thanks to both favorable exchange rate and improved LME zinc price. Costs of sales have been reduced with 214.50MB, or 18% compared to previous year, mainly from the reduction of sales volume and a benefit from reducing electricity prices and fuel prices while strict OPEX and CAPEX programs remain in place unchanged. In addition, the Company continues to utilize its own Mae sot feed in order to optimize raw material mix, impacting its costs favorably.

In Q2 2015 Puthep Co., Ltd., a 51% owned subsidiary of the Company, did receive a net incomes of THB 576.3MB from the loan forgiveness from PNA (Puthep) Pty Limited, PDI's joint venture partner in Puthep. This resulted from the decision of Puthep's Board of Directors to cease the operations and relinquish the mining license application, which was approved by the concerned authorities. Consequently the Loan Agreement between Puthep and PNA (Puthep) was terminated. The loan including accrued interest of Baht 576.3 million was forgiven to Puthep.

The selling and administrative expenses in Q2 2015 increased to 125.65MB from 98.78MB in Q2 2014. The major increase resulted from the provision for additional personnel costs accordingly the Mae sot Mine planned closure by the end of 2017.

Due to the slowdown in both local and global economy, Sales and Services in H1 2015 dropped to 2,422.76MB, a decreased with 11% from 2,729.11MB of the same period of previous year. However, the depreciation of Thai Baht exchange rate and the higher LME zinc price compared with the same period of previous year contributed to a favorable selling price in Thai Baht. The exchange rate of THB against the USD of H1 2015 was 33.10 compared with 32.70 THB/USD of H1 2014. The average LME zinc price of H1 2015 was 2,138USD/t compared with 2,051USD/t of the same period of previous year.

The gross profit of H1 2015 remains in line with H1 2014 which resulted from the strictly OPEX and CAPEX control and a decrease of energy and electricity prices. The provision for additional personnel costs accordingly the Mae sot mine closure and expenses related to new business developments resulted in higher administration expenses of H1 2015.

Apart from the first new project of biomass power plant which is under development stage and expected to start the operation in early 2017, the Company continues to actively explore and develop new business opportunities in green industry, to sustainably grow its performance.

Please be informed accordingly.

Yours truly,

- Signature -

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