

Ref. PDI/BK-BS-43/2017

08th August 2017

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 2nd Quarter and 1st Half 2017

Unit : Baht million	2 nd Quarter		1 st Half	
	2017	2016	2017	2016
Sales and services	1,371.42	1,293.27	2,888.12	2,509.78
Cost of sales and services	(1,023.76)	(1,127.70)	(2,195.11)	(2,218.59)
Gross Profit	347.65	165.56	693.02	291.18
Gain/(Loss) on exchange rate	(5.39)	2.91	3.84	9.78
Other Income	20.62	69.55	71.97	74.90
Profit/(Loss) before expenses	362.88	238.02	768.83	375.86
Selling and Administrative expenses	(125.90)	(116.80)	(242.72)	(218.60)
Share of Gain/(Loss) from equity method	(2.58)	(19.99)	10.28	(24.92)
Finance cost	-	(1.20)	(0.02)	(1.95)
Profit/(Loss) before tax	234.41	100.05	536.37	130.41
Corporate Income Tax	(23.67)	0.55	(13.01)	0.36
Net Profit/(Loss) after tax-attributed to Company	210.75	100.60	523.36	130.77
Eaming per share (Baht/share)	0.93	0.45	2.32	0.58

For the second quarter of 2017, Padaeng Industry Public Company Limited announces a **consolidated net profit of 210.75MB**, compared to a net profit of 100.60MB for the same quarter of previous year.

For the first half of 2017, Padaeng Industry Public Company Limited announces a **consolidated net profit of 523.36MB**, compared to a net profit of 130.77MB for the same period of previous year.

Sales and services of Q2 2017 reached 1,371.42MB, an increase of 78.15MB or 6% from 1,293.27MB in Q2 2016. This mainly resulted from a significant increase in USD zinc price and continued advantageous market premium, despite a decrease of 19% in sales volumes. The USD zinc price significantly increased by 36% to 2,598USD/ton in Q2 2017 from 1,915USD/ton in Q2 2016. However the Thai Baht against the US dollar appreciated with 3% from 35.45THB/USD in Q2 2016 to 34.41THB/USD in Q2 2017. The average market premium of Q2 2017 remained high at the same level of 2016. To compensate the ceasing of the zinc operations, the company, in Q2 2017, continued trading zinc metals to support local customers, with trading sales increasing to 30% of total.

In line with lower sales volumes, costs of goods sold decreased by 9% from 1,127.70MB in Q2 2016 to 1,023.76MB in Q2 2017.

In H1 2017, the company increased sales and services by 15% to 2,888.12MB, from 2,509.78MB in H1 2016. The average LME zinc price during H1 2017 significantly increased by 50% to 2,690USD/ton from 1,796USD/ton in H1 2016, compensating for the lower sales volume that decreased by 15%. However the exchange rate of THB against the USD during H1 2017 appreciated to 34.88THB/USD compared with 35.64THB/USD of H1 2016.

Other incomes of H1 2017 included the sales of a joint venture investment in Maesod Clean Energy Co., Ltd. of 59.06MB, while other incomes of H1 2016 included the sales income of 50.10MB from the divestment of Padaeng Industry (Laos) Co., Ltd., the company's subsidiary.

The H1 2017 selling and administrative expenses increased mainly from provisions for cadmium litigation according to the latest court ruling which was already recognized in Q1 2017.

To reflect the current existing value of assets as approved by the company's Board of Directors May 5th, 2017, the company, during Q2 2017, has assessed and reviewed the accounting policy and changed the valuation method from cost method to fair value method of land, land improvements, office condominium and buildings. The fair value has been assessed by an independent appraiser which is listed approved by the Securities and Exchange Commission (SEC). The net gains on this assets revaluation of 388.11MB have been recognized as other comprehensive income and contribute to the shareholders' equity. The company changed the estimated useful life of office condominium and buildings from 20-25 years to 20-50 years. As a consequence the increased assets value will be further depreciated accordingly the extended useful life.

The company continues to make significant progress in the realization of its make-over strategy, especially in energy investments. The construction of our second Japan solar farm of 10.57MW in Japan is progressing well with confirmed expected commissioning in the 3rd Quarter of 2017. The PDI Mae Ramat Solar Farm of 6.5MW in Tak province operates well above targets and contributes to the Company's results. Other renewable energy targets in South East Asia and beyond are continuously explored.

PDI remains actively looking for projects with acceptable risks and substantial returns, in South East Asia and beyond, targeting area's such as Energy, Eco and Materials. Other M&A targets, when encouraging, will also be considered.

Please be informed accordingly.

Yours truly,

- Signature -

(Surin Tanticharoenkiat)
Company Secretary

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