

**PADAENG INDUSTRY PUBLIC COMPANY LIMITED**

**INTERIM CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2009**

**Padaeng Industry Public Company Limited**  
**Balance sheets**  
**As at 30 June 2009 and 31 December 2008**

	Notes	Consolidated		Company	
		(Unaudited) 30 June 2009 Baht	(Audited) 31 December 2008 Baht	(Unaudited) 30 June 2009 Baht	(Audited) 31 December 2008 Baht
<b>ASSETS</b>					
<u>Current Assets</u>					
Cash and cash equivalents		792,742,208	1,043,293,804	549,679,597	800,779,192
Trade accounts receivables-net	4	259,016,831	338,718,624	257,865,196	338,197,287
Short-term loan	18 (iv)	2,449,000	2,449,000	-	-
Inventories-net		1,566,981,321	1,548,438,171	1,566,981,321	1,548,438,171
Value added tax receivables		123,621,703	97,571,271	122,471,627	91,707,320
Other receivables-related parties-net	18 (v)	-	-	5,135,061	3,307,445
Other current assets		76,458,068	198,627,609	75,155,096	197,112,683
<b>Total Current Assets</b>		<b>2,821,269,131</b>	<b>3,229,098,479</b>	<b>2,577,287,898</b>	<b>2,979,542,098</b>
<u>Non-Current Assets</u>					
Advances to related parties-net	18 (vi)	-	-	9,133,416	1,316,416
Investments in subsidiaries-net	18 (i)	-	-	237,955,323	237,955,323
Investments in jointly controlled entity	18 (i)	206,970,796	212,657,612	236,249,800	236,249,800
Property, plant and equipment-net	5	1,888,445,123	2,040,918,639	1,890,289,380	2,042,373,739
Exploration and acquisition costs	6	984,179,766	916,864,585	182,186,950	191,415,792
Other non-current assets					
- deferred environmental rehabilitation expenses-net		33,760,904	34,981,178	33,760,904	34,981,178
- deferred environmental risk assurance expenses-net		29,757,523	30,833,096	29,757,523	30,833,096
- others		10,618,485	11,858,473	9,240,696	10,228,848
<b>Total Non-Current Assets</b>		<b>3,153,732,597</b>	<b>3,248,113,583</b>	<b>2,628,573,992</b>	<b>2,785,354,192</b>
<b>Total Assets</b>		<b>5,975,001,728</b>	<b>6,477,212,062</b>	<b>5,205,861,890</b>	<b>5,764,896,290</b>

Director.....

Director.....

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**Padaeng Industry Public Company Limited**  
**Balance sheets (Cont'd)**  
**As at 30 June 2009 and 31 December 2008**

	Notes	Consolidated		Company	
		(Unaudited) 30 June 2009 Baht	(Audited) 31 December 2008 Baht	(Unaudited) 30 June 2009 Baht	(Audited) 31 December 2008 Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<u>Current Liabilities</u>					
Short-term loans from financial institutions	7	527,495,134	754,335,939	527,495,134	754,335,939
Trade accounts payables		248,907,272	169,678,449	245,128,054	169,126,736
Advances from other party	18 (viii)	136,076,004	425,518,251	-	-
Accrued electricity expenses		227,081,386	211,016,284	227,081,386	211,016,284
Royalty payable		1,990,000	44,140,979	1,990,000	44,140,979
Other payables-related parties	18 (vii)	185,650	25,836,262	342,811	458,703
Other current liabilities		151,215,502	207,046,539	142,765,666	147,938,108
<b>Total Current Liabilities</b>		<b>1,292,950,948</b>	<b>1,837,572,703</b>	<b>1,144,803,051</b>	<b>1,327,016,749</b>
<u>Non-Current Liabilities</u>					
Long-term loans from other party	18 (ix)	401,906,028	-	-	-
Accrued interest expenses-other party	18 (ix)	18,727,205	-	-	-
Provisions for restoration expenses	8	75,076,443	87,032,557	75,076,443	87,032,557
Provision for employee termination/retirement benefits	9	116,541,978	113,790,600	116,541,978	113,790,600
Other non-current liabilities		832,289	1,112,191	832,289	1,112,191
<b>Total Non-Current Liabilities</b>		<b>613,083,943</b>	<b>201,935,348</b>	<b>192,450,710</b>	<b>201,935,348</b>
<b>Total Liabilities</b>		<b>1,906,034,891</b>	<b>2,039,508,051</b>	<b>1,337,253,761</b>	<b>1,528,952,097</b>
<u>Shareholders' Equity</u>					
Share capital					
Authorised share capital					
226,000,000 ordinary shares of Baht 10 each		2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Issued and paid-up share capital					
226,000,000 ordinary shares of Baht 10 each, fully paid	10	2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Premium on share capital	10	602,413,600	602,413,600	602,413,600	602,413,600
Retained earnings					
Appropriated legal reserve	11	186,003,887	186,003,887	186,003,887	186,003,887
Unappropriated		935,176,421	1,307,718,595	820,190,642	1,187,526,706
<b>Total Shareholders' Equity</b>		<b>3,983,593,908</b>	<b>4,356,136,082</b>	<b>3,868,608,129</b>	<b>4,235,944,193</b>
Minority interests		85,372,929	81,567,929	-	-
<b>Total Shareholders' Equity</b>		<b>4,068,966,837</b>	<b>4,437,704,011</b>	<b>3,868,608,129</b>	<b>4,235,944,193</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>5,975,001,728</b>	<b>6,477,212,062</b>	<b>5,205,861,890</b>	<b>5,764,896,290</b>

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**Padaeng Industry Public Company Limited**  
**Statements of income (Unaudited)**  
**For the three-month periods ended 30 June 2009 and 2008**

	Notes	Consolidated		Company	
		30 June 2009 Baht	30 June 2008 Baht	30 June 2009 Baht	30 June 2008 Baht
Sales and services revenue		1,436,741,258	2,311,416,821	1,432,694,335	2,306,759,819
Cost of sales and services		(1,378,296,092)	(1,944,239,971)	(1,374,390,775)	(1,940,393,549)
<b>Gross profit</b>		<b>58,445,166</b>	<b>367,176,850</b>	<b>58,303,560</b>	<b>366,366,270</b>
Other operating income		3,565,089	6,110,106	3,800,889	6,253,972
Gain (loss) on exchange rate		25,799,747	(62,214,939)	25,610,206	(62,336,168)
Reversal of allowance for diminution of inventories		-	10,724,240	-	10,724,240
<b>Profit before expenses</b>		<b>87,810,002</b>	<b>321,796,257</b>	<b>87,714,655</b>	<b>321,008,314</b>
Selling expenses		(26,361,211)	(19,956,571)	(26,361,211)	(19,956,571)
Administrative expenses		(54,233,098)	(51,583,110)	(54,033,040)	(50,017,741)
Royalty expenses		(8,952,977)	(21,330,655)	(8,952,977)	(21,330,655)
Management's expenses		(11,398,500)	(9,876,067)	(11,398,500)	(9,876,067)
<b>Total expenses</b>		<b>(100,945,786)</b>	<b>(102,746,403)</b>	<b>(100,745,728)</b>	<b>(101,181,034)</b>
<b>Operating profit (loss)</b>		<b>(13,135,784)</b>	<b>219,049,854</b>	<b>(13,031,073)</b>	<b>219,827,280</b>
Share of loss of investment in jointly controlled entity on equity method		(3,329,500)	(11,428,204)	-	-
<b>Profit (loss) before finance costs and corporate income tax</b>		<b>(16,465,284)</b>	<b>207,621,650</b>	<b>(13,031,073)</b>	<b>219,827,280</b>
Finance costs-net	13	(170,527)	1,568,059	(679,979)	(66,316)
<b>Profit (loss) before corporate income tax</b>		<b>(16,635,811)</b>	<b>209,189,709</b>	<b>(13,711,052)</b>	<b>219,760,964</b>
Corporate income tax		(225,716)	(31,822,703)	-	(31,318,888)
<b>Net profit (loss) for the period</b>		<b>(16,861,527)</b>	<b>177,367,006</b>	<b>(13,711,052)</b>	<b>188,442,076</b>
<b>Attributable to:</b>					
Equity holders of the company		(16,822,800)	177,212,241	(13,711,052)	188,442,076
Minority interests		(38,727)	154,765	-	-
		<b>(16,861,527)</b>	<b>177,367,006</b>	<b>(13,711,052)</b>	<b>188,442,076</b>
<b>Earnings (loss) per share for profit (loss) attributable to the equity holders of the company</b>					
Basic earnings (loss) per share	14	(0.07)	0.78	(0.06)	0.83

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**Padaeng Industry Public Company Limited**  
**Statements of income (Unaudited)**  
**For the six-month periods ended 30 June 2009 and 2008**

	Notes	Consolidated		Company	
		30 June 2009 Baht	30 June 2008 Baht	30 June 2009 Baht	30 June 2008 Baht
Sales and services revenue		2,742,854,125	4,605,146,425	2,735,341,318	4,595,996,476
Cost of sales and services		(2,798,668,172)	(4,189,456,800)	(2,791,340,366)	(4,184,040,895)
<b>Gross profit (loss)</b>		<b>(55,814,047)</b>	<b>415,689,625</b>	<b>(55,999,048)</b>	<b>411,955,581</b>
Other operating income		5,469,554	11,776,840	5,977,154	12,825,646
Gain (loss) on exchange rate		28,293,047	(49,376,735)	28,222,619	(49,272,026)
Reversal of allowance for diminution of inventories		38,738,500	14,394,105	38,738,500	14,394,105
<b>Profit before expenses</b>		<b>16,687,054</b>	<b>392,483,835</b>	<b>16,939,225</b>	<b>389,903,306</b>
Selling expenses		(53,032,835)	(38,150,626)	(53,032,835)	(38,150,626)
Administrative expenses		(104,700,618)	(89,287,606)	(104,473,027)	(87,409,304)
Royalty expenses		(14,351,263)	(55,048,460)	(14,351,263)	(55,048,460)
Management's expenses		(23,324,992)	(26,697,739)	(23,324,992)	(26,697,739)
<b>Total expenses</b>		<b>(195,409,708)</b>	<b>(209,184,431)</b>	<b>(195,182,117)</b>	<b>(207,306,129)</b>
<b>Operating profit (loss)</b>		<b>(178,722,654)</b>	<b>183,299,404</b>	<b>(178,242,892)</b>	<b>182,597,177</b>
Share of loss of investment in jointly controlled entity on equity method		(5,686,816)	(17,333,457)	-	-
<b>Profit (loss) before finance costs and corporate income tax</b>		<b>(184,409,470)</b>	<b>165,965,947</b>	<b>(178,242,892)</b>	<b>182,597,177</b>
Finance costs-net	13	(2,408,977)	6,854,521	(3,781,110)	3,667,436
<b>Earning (loss) before corporate income tax</b>		<b>(186,818,447)</b>	<b>172,820,468</b>	<b>(182,024,002)</b>	<b>186,264,613</b>
Corporate income tax		(485,135)	(32,516,529)	-	(31,318,888)
<b>Net profit (loss) for the period</b>		<b>(187,303,582)</b>	<b>140,303,939</b>	<b>(182,024,002)</b>	<b>154,945,725</b>
<b>Attributable to:</b>					
Equity holders of the company		(187,230,112)	140,349,826	(182,024,002)	154,945,725
Minority interests		(73,470)	(45,887)	-	-
		<b>(187,303,582)</b>	<b>140,303,939</b>	<b>(182,024,002)</b>	<b>154,945,725</b>
<b>Earnings (loss) per share for profit(loss) attributable to the equity holders of the company</b>					
Basic earnings (loss) per share	14	<b>(0.83)</b>	<b>0.62</b>	<b>(0.81)</b>	<b>0.69</b>

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**Padaeng Industry Public Company Limited**  
**Statements of changes in shareholders' equity (Unaudited)**  
**For the six-month periods ended 30 June 2009 and 2008**

		<b>Consolidated</b>						
		<b>Attributable to equity holders of the Company</b>				<b>Minority interest</b>	<b>Total</b>	
	<b>Notes</b>	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Retained earnings</b>	<b>Total</b>			
		<b>Baht</b>	<b>Baht</b>	<b>Appropriated legal reserve</b>	<b>Unappropriated</b>			
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	
<b>Beginning balance as at 1 January 2009</b>		2,260,000,000	602,413,600	186,003,887	1,307,718,595	4,356,136,082	81,567,929	4,437,704,011
Increase in share capital	18 (viii)	-	-	-	-	-	3,878,470	3,878,470
Net loss for the period		-	-	-	(187,230,112)	(187,230,112)	(73,470)	(187,303,582)
Dividends paid	12	-	-	-	(185,312,062)	(185,312,062)	-	(185,312,062)
<b>Ending balance as at 30 June 2009</b>		<u>2,260,000,000</u>	<u>602,413,600</u>	<u>186,003,887</u>	<u>935,176,421</u>	<u>3,983,593,908</u>	<u>85,372,929</u>	<u>4,068,966,837</u>

		<b>Consolidated</b>						
		<b>Attributable to equity holders of the Company</b>				<b>Minority interest</b>	<b>Total</b>	
	<b>Notes</b>	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Retained earnings</b>	<b>Total</b>			
		<b>Baht</b>	<b>Baht</b>	<b>Appropriated legal reserve</b>	<b>Unappropriated</b>			
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	
<b>Beginning balance as at 1 January 2008</b>		2,260,000,000	602,413,600	171,962,698	1,686,899,415	4,721,275,713	47,392,951	4,768,668,664
Net profit (loss) for the period		-	-	-	140,349,826	140,349,826	(45,887)	140,303,939
Dividends paid	12	-	-	-	(619,146,347)	(619,146,347)	-	(619,146,347)
<b>Ending balance as at 30 June 2008</b>		<u>2,260,000,000</u>	<u>602,413,600</u>	<u>171,962,698</u>	<u>1,208,102,894</u>	<u>4,242,479,192</u>	<u>47,347,064</u>	<u>4,289,826,256</u>

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**Padaeng Industry Public Company Limited**  
**Statements of changes in shareholders' equity (Unaudited)**  
**For the six-month periods ended 30 June 2009 and 2008**

	Notes	Company				Total
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		
				Appropriated legal reserve Baht	Unappropriated Baht	
<b>Beginning balance as at 1 January 2009</b>		2,260,000,000	602,413,600	186,003,887	1,187,526,706	4,235,944,193
Net loss for the period		-	-	-	(182,024,002)	(182,024,002)
Dividends paid	12	-	-	-	(185,312,062)	(185,312,062)
<b>Ending balance as at 30 June 2009</b>		<u>2,260,000,000</u>	<u>602,413,600</u>	<u>186,003,887</u>	<u>820,190,642</u>	<u>3,868,608,129</u>

	Notes	Company				Total
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		
				Appropriated legal reserve Baht	Unappropriated Baht	
<b>Beginning balance as at 1 January 2008</b>		2,260,000,000	602,413,600	171,962,698	1,550,935,424	4,585,311,722
Net profit for the period		-	-	-	154,945,725	154,945,725
Dividends paid	12	-	-	-	(619,146,347)	(619,146,347)
<b>Ending balance as at 30 June 2008</b>		<u>2,260,000,000</u>	<u>602,413,600</u>	<u>171,962,698</u>	<u>1,086,734,802</u>	<u>4,121,111,100</u>

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**Padaeng Industry Public Company Limited**  
**Statements of cash flows (Unaudited)**  
**For the six-month periods ended 30 June 2009 and 2008**

	Notes	Consolidated		Company	
		30 June 2009 Baht	30 June 2008 Baht	30 June 2009 Baht	30 June 2008 Baht
<b>Cash flows from operating activities</b>					
Net income (loss) before tax		(186,818,447)	172,820,468	(182,024,002)	186,264,613
<b>Adjustments for:</b>					
Depreciation expenses	5	193,380,703	179,267,708	192,995,137	179,009,582
Other non-current assets amortisation expenses		10,811,385	7,356,455	10,717,462	7,356,455
Interest expenses	13	6,758,817	6,888,596	6,758,817	6,904,213
Interest income	13	(4,349,840)	(13,743,117)	(2,977,707)	(10,571,649)
Share of loss from jointly controlled entity		5,686,816	17,333,457	-	-
Allowance for doubtful debts (reversal)		-	(274,240)	42,419	-
Allowance for slow-moving and obsolete stocks		2,700,170	4,630,265	2,700,170	4,630,265
Reversal for diminution of inventories		(38,738,500)	(14,394,105)	(38,738,500)	(14,394,105)
Allowance for unrecoverable interest		-	1,367,732	-	1,367,732
Provision for employee termination/retirement benefits	9	6,539,328	4,829,040	6,539,328	4,829,040
Provision for annual leave		300,000	300,000	300,000	300,000
Gain on disposal of property, plant and equipment		(74,765)	(896,056)	(74,765)	(645,274)
Property, plant and equipment written-off		-	5,132	-	5,132
Withholding tax written-off		151,603	-	151,603	-
Exploration costs written-down	6	6,000,000	6,000,000	6,000,000	6,000,000
Provision for restoration expenses		8,651,175	15,785,234	8,651,175	15,785,234
Unrealised gain (loss) on foreign currency exchange		(8,202,967)	52,089,260	(8,202,967)	52,089,260
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivables					
- other parties		79,593,061	(227,238,408)	80,223,359	(228,365,044)
- related parties		-	25,222,828	-	25,222,828
Inventories		17,495,180	575,209,090	17,495,180	577,470,650
Value added tax receivables		(26,050,432)	(17,021,791)	(30,764,307)	(15,391,567)
Other receivables-related parties		-	-	(1,840,035)	1,698,081
Other current assets		125,456,429	(66,134,677)	125,195,604	(68,220,920)
Other non-current assets		(406,569)	(68,875,403)	(564,483)	(68,875,403)
Trade accounts payables					
- other parties		81,148,407	248,230,726	77,920,902	248,367,463
- related parties		-	(6,150,893)	-	(6,150,893)
Advances from other party		31,471,128	129,262,951	-	-
Accrued electricity expenses		16,065,102	14,301,860	16,065,102	14,301,860
Royalty payable		(42,150,979)	(181,217,597)	(42,150,979)	(181,217,597)
Other payable-related parties		(25,650,612)	25,650,612	(115,892)	(17,828)
Other current liabilities		(54,361,642)	(49,674,054)	(4,691,581)	(72,077,464)
Provisions for restoration expenses utilised	8	(22,996,379)	53,325,456	(22,996,379)	53,325,456
Provision for employee termination/retirement benefits utilised	9	(3,787,950)	-	(3,787,950)	-
Other non-current liabilities		(279,902)	1,160,868	(279,902)	1,160,868
<b>Cash generated from operation</b>		<b>178,340,320</b>	<b>895,417,397</b>	<b>212,546,809</b>	<b>720,160,988</b>
Interest paid		(5,427,424)	(5,381,963)	(5,427,424)	(5,907,716)
Tax paid		(1,279,463)	(6,966,657)	(72,115)	(5,164,392)
<b>Net cash provided by operating activities</b>		<b>171,633,433</b>	<b>883,068,777</b>	<b>207,047,270</b>	<b>709,088,880</b>

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.



**Padaeng Industry Public Company Limited**  
**Statements of cash flows (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2009 and 2008**

	Notes	Consolidated		Company	
		30 June 2009 Baht	30 June 2008 Baht	30 June 2009 Baht	30 June 2008 Baht
<b><u>Cash flows from investing activities</u></b>					
Cash received (paid) from advanced to related parties	18 (vi)	-	-	(7,847,000)	1,650,063
Cash received from interest income		4,436,785	-	3,113,263	-
Cash paid for purchase of property, plant and equipment	5	(41,173,777)	(215,274,252)	(40,910,779)	(214,307,331)
Cash received from sales of property, plant and equipment		74,766	1,000,374	74,766	716,140
Cash paid for exploration	6	(61,456,956)	(214,245,031)	(3,640,138)	(30,687,793)
Cash paid for acquisition costs		-	(16,471,154)	-	(16,471,154)
Cash paid for other non-current assets		-	(2,047,895)	-	(1,742,244)
<b>Net cash used in investing activities</b>		<b>(98,119,182)</b>	<b>(447,037,958)</b>	<b>(49,209,888)</b>	<b>(260,842,319)</b>
<b><u>Cash flows from financing activities</u></b>					
Deposits (with LME brokers)		-	(22,957,617)	-	(22,957,617)
Proceed (payment) on short-term loans from financial institutions		(223,899,541)	851,897,026	(223,899,541)	851,897,026
Payment on a short-term loan from a related party		-	-	-	(80,000,000)
Proceed on a long-term loan from other party	18 (ix)	84,871,130	-	-	-
Dividends payment		(185,035,221)	(616,368,081)	(185,035,221)	(616,368,081)
<b>Net cash received (used) in financing activities</b>		<b>(324,063,632)</b>	<b>212,571,328</b>	<b>(408,934,762)</b>	<b>132,571,328</b>
Effects from changes in exchange rate for cash and cash equivalents		(2,215)	6,705	(2,215)	6,705
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(250,551,596)</b>	<b>648,608,852</b>	<b>(251,099,595)</b>	<b>580,824,594</b>
Cash and cash equivalents at the beginning of the period		1,043,293,804	514,608,111	800,779,192	351,075,427
<b>Cash and cash equivalents at the end of the period</b>		<b>792,742,208</b>	<b>1,163,216,963</b>	<b>549,679,597</b>	<b>931,900,021</b>

The notes to the consolidated and company financial statements on pages 10 to 22 are an integral part of these interim financial statements.

**1. General information**

Padaeng Industry Public Company Limited (the “Company”) was established on April 10, 1981 and has been listed on the Stock Exchange of Thailand since July 21, 1987.

The Company’s registered office is at CTI Tower, 26th-27th floor, 191/18-25 Rachadaphisek Road, Khlong Toei District, Bangkok. The Company operates a silicate mine and a zinc smelter located in Tak Province and a roaster plant located in Rayong Province.

These interim consolidated and company financial statements were authorised for issue by the Board of Directors on 13 August 2009.

These interim consolidated and company financial statements have been reviewed, not audited.

**2. Basis of preparation**

These interim consolidated and company financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard No.41, "Interim Financial Reporting" and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

An English version of the consolidated and company interim financial statements have been prepared from the interim financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

These interim consolidated and company financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008.

**3. Summary of significant accounting policies**

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008.

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework.

TAS No. 36 (revised 2007) “Impairment of Assets”

TFRS No. 5 (revised 2007) “Non-current Assets Held for Sale and Discontinued Operations” (formerly TAS No. 54)

Accounting Framework (revised 2007) (effective 26 June 2009)

These two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which were not early adopted by the Company are as follows:

Effective for the period beginning on or after 1 January 2011

TAS No. 24 (Revised 2007) “Related Party Disclosure” (formerly TAS No. 47)

TAS No. 40 “Investment Property”

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**3. Summary of significant accounting policies (Cont'd)**

Effective for the period beginning on or after 1 January 2012

TAS No. 20 “Accounting for Government Grants and Disclosure for Government Assistance”

The Company's management has initially determined that the revised standards and the new standards will not significantly impact the financial statements being presented.

Thai Accounting Standards were renumbered with an effect on 26 June 2009 following an announcement by the Federation of Accounting Professions.

Costs that are incurred unevenly during the financial period are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial period. The estimated average annual tax rate used (for the Companies not benefiting from reported tax losses) is 30%.

**4. Trade accounts receivables-net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Trade accounts receivables	259,016,831	346,806,891	257,865,196	338,197,287
<u>Less: Allowance for doubtful accounts</u>	-	(8,088,267)	-	-
Trade accounts receivables-net	<u>259,016,831</u>	<u>338,718,624</u>	<u>257,865,196</u>	<u>338,197,287</u>

Outstanding trade accounts receivables as at 30 June 2009 and 31 December 2008 can be analysed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Up to 3 months	259,016,831	338,576,974	257,865,196	338,055,637
3-6 months	-	-	-	-
6-12 months	-	-	-	-
Over 12 months	-	8,229,917	-	141,650
	<u>259,016,831</u>	<u>346,806,891</u>	<u>257,865,196</u>	<u>338,197,287</u>
<u>Less: Allowance for doubtful accounts</u>	-	(8,088,267)	-	-
	<u>259,016,831</u>	<u>338,718,624</u>	<u>257,865,196</u>	<u>338,197,287</u>

**5. Property, plant and equipment-net**

**For the six-month period ended 30 June 2009**

	<b>Consolidated Baht</b>	<b>Company Baht</b>
Opening net book amount	2,040,918,639	2,042,373,739
Acquisition of assets and capital in progress	41,173,777	40,910,779
Sale of assets-net	(1)	(1)
Transfer of assets	(266,589)	-
Depreciation	<u>(193,380,703)</u>	<u>(192,995,137)</u>
Closing net book amount	<u>1,888,445,123</u>	<u>1,890,289,380</u>

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**6. Exploration and acquisition costs**

Exploration and acquisition costs as at 30 June 2009 and 31 December 2008 comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
<u>Exploration costs</u>				
Opening balance for the period/year	831,552,330	401,134,493	106,103,537	75,057,297
Expenditure incurred during the period/year	61,456,956	445,949,872	3,640,138	45,878,275
Deferred capitalised interest	18,727,205	-	-	-
Expenditure written-down	(6,000,000)	(15,532,035)	(6,000,000)	(14,832,035)
Ending balance for the period/year	905,736,491	831,552,330	103,743,675	106,103,537
<u>Mining acquisition costs</u>				
Capitalised deferred cost				
Opening balance for the period/year	60,000,000	60,000,000	60,000,000	60,000,000
Accumulative depletion	(36,666,696)	(33,333,360)	(36,666,696)	(33,333,360)
Ending balance for the period/year	23,333,304	26,666,640	23,333,304	26,666,640
Land use compensation-net	35,050,619	37,254,779	35,050,619	37,254,779
Other capitalised expenditure-net	20,059,352	21,390,836	20,059,352	21,390,836
Ending balance for the period/year	78,443,275	85,312,255	78,443,275	85,312,255
Total	984,179,766	916,864,585	182,186,950	191,415,792

**i) Exploration costs**

Exploration costs are mainly related to those incurred by the Company and its subsidiaries, Puthep Co., Ltd. and Padaeng Industry (Laos) Co., Ltd. At the date of these statements, exploration activities had not established whether economically recoverable resources existed in the area. In accordance with the Company's accounting policy for exploration, such costs will remain capitalised until final determination of whether economically recoverable resource exists.

Since 21 August 2000, the Company and Puthep Co., Ltd. have entered into a Participation Agreement (the "Agreement") with PanAust Limited ("PanAust") and PNA (Puthep) Pty Ltd. of Australia, which is a wholly owned subsidiary of PanAust, to undertake exploration and mining of Puthep Copper Project in north-east Thailand. Under the Agreement, PanAust and the Company have agreed that through bearing certain feasibility costs PNA (Puthep) Pty Ltd. shall be entitled to earn a shareholding in Puthep Co., Ltd. PNA (Puthep) Pty Ltd. has the right to obtain a 51% working interest in the Puthep Project by completing a bankable feasibility study. The Agreement also includes further options for PNA (Puthep) Pty Ltd. to acquire a total interest of either 60% or 70% in Puthep Co., Ltd.

PNA (Puthep) Pty Ltd. completed the expenditure requirements of the First Earning Period of the Participation Agreement (USD 1 million or Baht 42 million) in April 2003 and has complied with all other requirements under the Participation Agreement. Accordingly, in June 2005, PNA (Puthep) Pty Ltd. obtained, through a capital increase, a 20.66% ownership interest in Puthep Co., Ltd.

On 10 July 2007, PNA (Puthep) Pty Ltd. advised the Company that they funded approximately USD 2 million of project expenditure in Puthep Co., Ltd. As per the term of the Second Earning Period, PNA (Puthep) Pty Ltd. exercised the right to earn an additional share of 12.51% in Puthep Co., Ltd. for a total share of 33.17% on 9 June 2008.

The capitalised exploration and acquisition costs incurred by Puthep Co., Ltd. amount to Baht 784.9 million. On 1 November 2006, the land access permits for completion of Puthep's project feasibility study have been approved by the Royal Forestry Department (RFD), the permits have been provided to the Department of Primary Industry and Mine (DPIM) to obtain land access and conduct the complementary exploration and technical studies needed to confirm the feasibility of the project. On 31 October 2008, the land access permits for exploration of Puthep Co., Ltd. have expired. Presently, Puthep Co., Ltd. is in the process of preparing a feasibility study and Environmental Impact Assessment (EIA) which are expected to be delivered in September 2009.

In October 2006, the Company signed an exploration agreement with the Department of Mines and Geology of Laos PDR covering 800 km<sup>2</sup> in the Kasi district of northern Vientiane Province. The exploration is conducted through **Padaeng Industry (Laos) Co., Ltd.** At the date of this closing a total amount of Baht 17.8 million in exploration costs have been capitalised on the consolidated balance sheet.

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**7. Short-term loans from financial institutions**

Short-term loans from financial institutions as at 30 June 2009 and 31 December 2008 comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Trust receipts	428,730,975	603,335,939	428,730,975	603,335,939
Promissory notes	98,764,159	151,000,000	98,764,159	151,000,000
<b>Total</b>	<b>527,495,134</b>	<b>754,335,939</b>	<b>527,495,134</b>	<b>754,335,939</b>

The Company has entered into short-term financing arrangements to fund its operations with various financial institutions. The interest rates, the Company is paying on the trust receipts and promissory notes are 1.70% - 2.90%.

**Financing arrangements available**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Bank overdraft	60,000,000	60,000,000	60,000,000	60,000,000
Short-term loans	4,164,279,900	3,922,884,000	4,164,279,900	3,922,884,000
Bank guarantee	1,462,426,000	1,483,688,000	1,462,386,000	1,483,648,000
<b>Total</b>	<b>5,686,705,900</b>	<b>5,466,572,000</b>	<b>5,686,665,900</b>	<b>5,466,532,000</b>

**8. Provisions for restoration expenses**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Balance at the beginning of the period/year	87,032,557	13,571,494	87,032,557	13,571,494
Additional provisions charged to				
- deferred assets	-	68,875,403	-	68,875,403
- the statements of income	11,040,265	28,334,186	11,040,265	28,334,186
Amounts utilised	(22,996,379)	(23,748,526)	(22,996,379)	(23,748,526)
<b>Balance at the end of the period/year</b>	<b>75,076,443</b>	<b>87,032,557</b>	<b>75,076,443</b>	<b>87,032,557</b>

The provisions for restoration costs represent amounts provided for the estimated costs of restoration of residual ponds at Tak as well as rehabilitation and environmental risk assurance of the mined area in Maesod in accordance with government regulations and Company's commitments.

**9. Provision for employee termination/retirement benefits**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Balance at the beginning of the period/year	113,790,600	91,905,766	113,790,600	91,905,766
Additional provisions charged to				
the statements of income	6,539,328	11,759,176	6,539,328	11,759,176
Amounts utilised	(3,787,950)	(919,300)	(3,787,950)	(919,300)
Actuarial loss recognised in equity	-	11,044,958	-	11,044,958
<b>Balance at the end of the period/year</b>	<b>116,541,978</b>	<b>113,790,600</b>	<b>116,541,978</b>	<b>113,790,600</b>

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**9. Provision for employee termination/retirement benefits (Cont'd)**

The Company recognises the costs of employee termination/retirement benefits payable in accordance with Thai Labor law. The amount of termination/retirement benefits are recorded based on projected unit credit method by an actuarial valuation completed using end of period employee wages, turnover rates, retirement ages, mortality, length of service and other factors. All actuarial gains and losses following changes in actuarial assumptions of post employment defined benefit plans are recognised through equity in the period/year which they occur as shown above.

**10. Share capital and premium on share capital**

<b>For the six-month period ended 30 June 2009</b>	<b>Number of shares</b>	<b>Ordinary shares Baht</b>	<b>Shares premium Baht</b>	<b>Total Baht</b>
<b>Opening balance</b>	226,000,000	2,260,000,000	602,413,600	2,862,413,600
Movement during the period	-	-	-	-
<b>Closing balance</b>	226,000,000	2,260,000,000	602,413,600	2,862,413,600

As at 30 June 2009, the total authorised number of ordinary shares is 226,000,000 shares (2008: 226,000,000 shares) with a par value of Baht 10 per share (2008: Baht 10 per share). All issued shares are fully paid.

**11. Legal reserve**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Balance at the beginning of the period/year	186,003,887	171,962,698	186,003,887	171,962,698
Appropriation during the period/year	-	14,041,189	-	14,041,189
Balance at the end of the period/year	186,003,887	186,003,887	186,003,887	186,003,887

Under the Public Companies Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital.

**12. Dividends**

At the Annual Ordinary General Meeting of Shareholders held on 23 April 2009, shareholders approved the annual dividend payment from net profit of the Company for the year ended 31 December 2008 of Baht 0.82 per share (2007: Baht 2.74 per share) totalling Baht 185.3 million (2007: totalling Baht 619.1 million). The dividend was paid on 20 May 2009.

**13. Finance costs-net**

Finance costs relate to the following:

<b>For the three-month periods ended 30 June</b>	<b>Consolidated</b>		<b>Company</b>	
	<b>2009 Baht</b>	<b>2008 Baht</b>	<b>2009 Baht</b>	<b>2008 Baht</b>
Interest income	1,519,451	8,359,896	1,009,999	6,725,521
Interest expense	(1,689,978)	(6,791,837)	(1,689,978)	(6,791,837)
Total finance costs-net	(170,527)	1,568,059	(679,979)	(66,316)

  

<b>For the six-month periods ended 30 June</b>	<b>Consolidated</b>		<b>Company</b>	
	<b>2009 Baht</b>	<b>2008 Baht</b>	<b>2009 Baht</b>	<b>2008 Baht</b>
Interest income	4,349,840	13,743,117	2,977,707	10,571,649
Interest expense	(6,758,817)	(6,888,596)	(6,758,817)	(6,904,213)
Total finance costs-net	(2,408,977)	6,854,521	(3,781,110)	3,667,436

**14. Basic earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

There are no potential dilutive ordinary shares in issue for the period presented and no diluted earning (loss) per share is presented.

**15. Bank guarantees**

As at 30 June 2009, the Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks of approximately Baht 440 million (31 December 2008: Baht 494.7 million).

**16. Commitments**

As at 30 June 2009 and 31 December 2008, the Company has the following commitments for the acquisition of plant and equipment that have been contracted but not recorded as liabilities:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Not later than 1 year	47,248,522	77,886,931	47,248,522	77,886,931
Later than 1 year	-	-	-	-
<b>Total</b>	<b>47,248,522</b>	<b>77,886,931</b>	<b>47,248,522</b>	<b>77,886,931</b>

As at 30 June 2009 and 31 December 2008, the Company has the following commitments for the purchase of inventories that have been contracted but not recorded as liabilities:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Not later than 1 year	257,401,237	251,754,356	257,401,237	251,754,356
Later than 1 year	-	-	-	-
<b>Total</b>	<b>257,401,237</b>	<b>251,754,356</b>	<b>257,401,237</b>	<b>251,754,356</b>

In addition, as at 30 June 2009, the Company has commitments for the purchase of inventories that have been contracted only in term of quantities at 54,592 wet metric tons and 20,000-30,000 dry metric tons (31 December 2008 : 47,000-50,000 wet metric tons and 20,000-30,000 dry metric tons).

**17. Segment information**

The Company produces a single product in Thailand for both domestic and export markets, using the same assets. The Company does not present segment information as it considers its business operations to be in one segment. Sales of the Company comprised mainly local sales and export to neighbouring countries presenting no material difference in risks and rewards to the Company.

**18. Related parties transactions**

**i) Investments in related parties-net**

The Company has been informed by their declaration to the Stock Exchange of Thailand that on 4 April 2008, the two major shareholders of the Company, Umicore and Nyrstar, have sold their shares of 22.00% and 24.90% respectively on the stock exchange.

Consequently, there are no major shareholders. The Company's shares are widely held.

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**18. Related parties transactions (Cont'd)**

**i) Investments in related parties-net (Cont'd)**

Details of investments in subsidiaries and jointly controlled entity are as follows:

	<b>Consolidated</b>				<b>Company</b>			
	<b>30 June 2009</b>				<b>30 June 2009</b>			
	<b>Equity</b>	<b>Paid-up</b>	<b>%</b>	<b>Cost</b>	<b>Equity</b>	<b>Paid-up</b>	<b>%</b>	<b>Cost</b>
	<b>Baht</b>	<b>capital</b>	<b>ownership</b>	<b>Baht</b>	<b>Baht</b>	<b>capital</b>	<b>ownership</b>	<b>Baht</b>
		<b>Baht</b>	<b>investment</b>			<b>Baht</b>	<b>investment</b>	
				<b>Baht</b>				<b>Baht</b>
<b>Subsidiaries</b>								
Padaeng Properties Co., Ltd.	-	80,000,000	100	80,000,000	-	80,000,000	100	80,000,000
Puthep Co., Ltd.	-	217,942,152	66.83	145,650,772	-	217,942,152	66.83	145,650,772
Padaeng Industry (Laos) Co., Ltd.	-	27,569,653	100	27,569,653	-	27,569,653	100	27,569,653
Padaeng International Mining Co., Ltd.	-	100,000	100	100,000	-	100,000	100	100,000
Sila Enterprise Co., Ltd.	-	9,000,000	55	4,950,000	-	9,000,000	55	4,950,000
Total	-			258,270,425	-			258,270,425
<u>Less : Diminution</u>								
Padaeng Industry (Laos) Co., Ltd.	-			(20,215,102)	-			(20,215,102)
Padaeng International Mining Co., Ltd.	-			(100,000)	-			(100,000)
Investments in subsidiaries-net	-			237,955,323	-			237,955,323
<b>Jointly controlled entity</b>								
Maesod Clean Energy Co., Ltd.	206,970,976	675,000,000	35	236,249,800	212,657,612	675,000,000	35	236,249,800

All subsidiaries are incorporated in Thailand except Padaeng Industry (Laos) Co., Ltd.



**18 Related parties transactions (Cont'd)**

**i) Investments in related parties-net (Cont'd)**

Subsidiaries

On 24 November and 3 December 2008, the Company has paid Baht 773,402 or USD 21,830 and Baht 1,146,124 or USD 32,170 respectively for additional share capital increases in **Padaeng Industry (Laos) Co., Ltd.**. All registered share capital of USD 797,000 are fully paid.

As at 30 June 2009, Padaeng Industry (Laos) Co., Ltd. has authorised share capital total of USD 1,273,000 from which USD 797,000 registered share capital. The current investment value of Padaeng Industry (Laos) Co., Ltd. in the Company's books netting of diminution of investment is Baht 7,354,551 (31 December 2008 : Baht 7,354,551).

In August 2005, the Board of Directors of the Company passed a resolution to complete the liquidation process of **Padaeng International Mining Co., Ltd.**. The actual liquidation has not yet commenced.

In August 2007, the Board of Directors of **Sila Enterprise Co., Ltd.** passed a resolution to liquidate the company. The dissolution has been approved in the Extraordinary Shareholders' Meeting no.1/2008 and 2/2008 on 16 April and 30 April 2008, respectively and was registered with the Ministry of Commerce on 8 May 2008. Sila Enterprise Co., Ltd. has stopped its commercial activities since 18 October 2007 and is currently in the liquidation process.

On 9 June 2008, the shareholders at the Extraordinary Shareholders' Meeting passed a resolution to approve an increase in the authorised share capital of **Puthep Co., Ltd.** from 2,960,900 ordinary shares with a par value of Baht 62 per share to 3,515,196 ordinary shares with a par value of Baht 62 per share. Puthep Co., Ltd. received subscription of 554,296 additional shares at Baht 62 par value which were priced at Baht 69 per share. The paid-up share capital and premium on share capital totalling Baht 34,366,352 and Baht 3,878,476 respectively. The company registered the increased share capital with the Ministry of Commerce at the same date.

Jointly controlled entity

On 9 October 2006, **Maesod Clean Energy Co., Ltd.** was created together with MP Energy Co., Ltd. and Thai Oil Public Company Limited. The jointly controlled entity will produce ethanol as an alternative energy source. The entity was created with an initial capital of 10,000,000 shares at a par value of Baht 10 from which Baht 5 have been paid by the shareholders. In September 2007, Maesod Clean Energy Co., Ltd. called for payment of the balance of the initial shares. The entity is consolidated under the equity method.

On 19 September 2007, the shareholders at the Extraordinary Shareholders' Meeting passed a resolution to approve an increase in the authorised share capital of Maesod Clean Energy Co., Ltd. from 10,000,000 ordinary shares with a par value of Baht 10 per share to 67,500,000 ordinary shares with a par value of Baht 10 per share. In October 2007, the Company subscribed for an additional 20,125,000 new shares in this company for which Baht 5 have been called.

In July 2008, Maesod Clean Energy Co.,Ltd. called for the balance of additional 20,125,000 shares of Baht 10 par in the amount of Baht 100,625,000. Accordingly, as at 31 December 2008, Padaeng Industry Plc. subscribed to a total of 23,625,000 shares for a cumulative amount of Baht 236,249,800.

**ii) Sales of goods and services**

For the six-month periods ended 30 June	Consolidated		Company	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Sales of goods and services:				
Padaeng Properties Co., Ltd.	-	-	507,600	543,600
Padaeng Industry (Laos) Co., Ltd.	-	-	1,481,970	447,242
Puthep Co., Ltd.	-	-	889,751	313,048
Umicore Marketing Services (Thailand) Co., Ltd.	-	36,879,003	-	36,879,003

Sales to related parties are based on current industry market practices and prices.

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**18 Related parties transactions (Cont'd)**

**iii) Purchases of goods and services**

For the six-month periods ended 30 June	Consolidated		Company	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Purchases of goods and services:				
Padaeng Properties Co., Ltd.	-	-	1,301,751	897,182
Umicore Marketing Services (Thailand) Co., Ltd.	-	6,157,680	-	6,157,680

Purchases from related parties are based on current industry market practices and prices.

**iv) Short-term loan**

	Consolidated		Company	
	30 June 2009 Baht	31 December 2008 Baht	30 June 2009 Baht	31 December 2008 Baht
Minority Shareholder of Sila Enterprise Co., Ltd.	2,449,000	2,449,000	-	-
Total	2,449,000	2,449,000	-	-

In May 2006, Sila Enterprise Co., Ltd. contracted a short-term loan in favour of one of its minority shareholder. The loan amounts to Baht 2.4 million and was granted on 22 May 2006, bearing the fixed 12-month interest rates in the range of 2.38% - 4.75% per annum. As at 30 June 2009, Sila Enterprise Co., Ltd. has the interest receivable in the amount of Baht 182,175 and all the interest will be paid on the principal repayment date.

**v) Other receivables-related parties-net**

	Consolidated		Company	
	30 June 2009 Baht	31 December 2008 Baht	30 June 2009 Baht	31 December 2008 Baht
Padaeng Properties Co., Ltd.	-	-	82,002	94,842
Padaeng Industry (Laos) Co., Ltd.	-	-	4,604,824	2,993,215
Puthep Co., Ltd.	-	-	448,235	219,388
Padaeng International Mining Co., Ltd.	-	-	86,329	73,910
Total	-	-	5,221,390	3,381,355
<u>Less: Allowance for doubtful accounts</u>	-	-	(86,329)	(73,910)
Other receivables-related parties-net	-	-	5,135,061	3,307,445

**vi) Advance to related parties-net**

	Consolidated		Company	
	30 June 2009 Baht	31 December 2008 Baht	30 June 2009 Baht	31 December 2008 Baht
Padaeng Industry (Laos) Co., Ltd.	-	-	9,133,416	1,316,416
Padaeng International Mining Co., Ltd.	-	-	374,800	344,800
Total	-	-	9,508,216	1,661,216
<u>Less: Allowance for doubtful accounts</u>	-	-	(374,800)	(344,800)
Advance to related parties-net	-	-	9,133,416	1,316,416

Advance from the Company amount of Baht 9,133,416 represents an advance for share subscription payment in Padaeng Industry (Laos) Co., Ltd.

As at 30 June 2009, the advance to Padaeng International Mining Co., Ltd. amount of Baht 374,800 is calculated at interest rates of MLR+1% p.a.

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**18 Related parties transactions (Cont'd)**

**vii) Other payables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
Padaeng Properties Co., Ltd.	-	-	157,161	273,053
Maesod Clean Energy Co., Ltd.	185,650	185,650	185,650	185,650
PNA (Puthep) Pty Ltd.	-	25,650,612	-	-
<b>Total</b>	<b>185,650</b>	<b>25,836,262</b>	<b>342,811</b>	<b>458,703</b>

**viii) Advances from other party**

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
<u>PNA (Puthep) Pty Ltd.</u>				
Beginning balance of the period/year	425,518,251	126,240,767	-	-
Reclassified from other payable	25,650,612	-	-	-
Advances increase during the period/year	-	299,277,484	-	-
Converted to share capital	(3,878,470)	-	-	-
Converted to long-term loan (Note 18 (ix))	(311,149,604)	-	-	-
Foreign exchange rate adjustment	(64,785)	-	-	-
<b>Ending balance of the period/year</b>	<b>136,076,004</b>	<b>425,518,251</b>	<b>-</b>	<b>-</b>

Under the term of the Loan Agreement dated 15 August 2008 that Puthep Co., Ltd. had made with PNA (Puthep) Pty Ltd., the advance amount of Baht 136,076,004 as at 30 June 2009 from PNA (Puthep) Pty Ltd. will be applied as shares subscription payment towards an increase in its shareholding in Puthep Co., Ltd. to 49%.

**ix) Long-term loan from other party**

A Loan Agreement between Puthep Co., Ltd. and PNA (Puthep) Pty Ltd., in which PNA (Puthep) Pty Ltd. agreed to advance funds necessary to complete a feasibility study for the Puthep Copper Project, was entered into on 15 August 2008. The loan amount is in addition to equity funding of US\$ 6,000,000 or Baht 216,492,547. Interest on principal amounts advanced under the Loan Agreement are calculated based on best commercial rates available for PNA (Puthep) Pty Ltd. and are to be capitalised. Interest will cease to accrue on the third anniversary of the earlier of the due date for delivery of the feasibility study (currently 19 September 2009) and the actual date, the feasibility study is completed. Puthep Co., Ltd. is not obliged to make loan repayments until such time as it has generated sufficient profits to commence making dividend payments with repayments then to be equal to 35% of distributable net profit. The loan agreement is subject to cancellation without compensation to PNA (Puthep) Pty Ltd. if the feasibility study is not delivered by its due date.

With the receipt of the signed Loan Agreement in March 2009, it has been determined that the loan started in February 2008, therefore, the loan from other party can be comprised as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>	<b>30 June 2009 Baht</b>	<b>31 December 2008 Baht</b>
<u>PNA (Puthep) Pty Ltd.</u>				
Beginning balance of the period/year	-	-	-	-
Converted from advance (Note 18 (viii))	311,149,604	-	-	-
Loan increase during the period/year	90,756,424	-	-	-
<b>Ending balance of the period/year</b>	<b>401,906,028</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accrued interest expenses	18,727,205	-	-	-

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**18 Related parties transactions (Cont'd)**

**ix) Loan from other party (Cont'd)**

Interest rates on the loan is 3 month LIBOR plus 3.5% up to 31 August 2008, then 3 month LIBOR plus 4% up to 30 June 2009, on a rolling basis. These interest rates are yet to be formally agreed by both parties. It is not expected that the accrued interest will change materially upon agreement of the final interest rates.

**19. Risk management policy for assets and liabilities**

**19.1 Significant assets and liabilities in foreign currencies**

**As at 30 June 2009:**

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		USD	Baht	USD	Baht
Cash at banks	-	6,295	213,323	6,295	213,323
Accounts receivables	0-20	1,516,706	51,400,111	1,516,706	51,400,111
Unrealised forward exchange contract payables (sell)	18-93	6,203,162	211,164,217	6,203,162	211,164,217
Unrealised forward exchange contract receivables (buy)	1-137	2,623,729	89,312,661	2,623,729	89,312,661
Trust receipts	30-90	12,547,257	428,730,975	12,547,257	428,730,975
Promissory note	60-90	1,456,400	49,764,159	1,456,400	49,764,159
Accounts payables	8-227	2,610,821	89,399,526	2,610,821	89,399,526

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		EUR	Baht	EUR	Baht
Unrealised forward contract receivables (buy)	18-152	224,706	10,754,773	224,706	10,754,773
Accounts payables	2-47	40,644	1,957,336	40,644	1,957,336

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		AUD	Baht	AUD	Baht
Accounts payables	0-30	36,644	1,021,574	36,644	1,021,574

**As at 31 December 2008:**

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		USD	Baht	USD	Baht
Cash at banks	-	6,293	219,022	6,293	219,022
Accounts receivables	0-20	3,607,614	125,563,350	3,607,614	125,563,350
Unrealised forward exchange contract payables (sell)	18-67	13,424,823	470,033,695	13,424,823	470,033,695
Unrealised forward exchange contract receivables (buy)	0-144	8,435,529	295,119,055	8,435,529	295,119,055
Trust receipts	30-180	12,815,301	449,591,501	12,815,301	449,591,501
Accounts payables	30-180	2,627,672	92,185,050	2,627,672	92,185,050

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		EUR	Baht	EUR	Baht
Unrealised forward contract receivables (buy)	46-140	230,600	11,211,772	230,600	11,211,772
Accounts payables	45	2,084	103,474	2,084	103,474

**Padaeng Industry Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements**  
**For the interim period ended 30 June 2009**

**19. Risk management policy for assets and liabilities (Cont'd)**

**19.1 Significant assets and liabilities in foreign currencies (Cont'd)**

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		AUD	Baht	AUD	Baht
Unrealised forward contract receivables (buy)	25-360	118,370	2,922,558	118,370	2,922,558
Accounts payables	15-30	72,790	1,774,694	72,790	1,774,694
	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		GBP	Baht	GBP	Baht
Accounts payables	14-23	10,766	550,496	10,766	550,496
	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		HKD	Baht	HKD	Baht
Accounts payables	17	1,000	4,543	1,000	4,543

Foreign currency amounts are translated by using the reference rate quoted by the Bank of Thailand as at 30 June 2009 and 31 December 2008, respectively.

**19.2 Risk management and hedging instruments**

The majority of the Company's price quotations of zinc related transactions are based on US dollars. In this respect, the Company is exposed to foreign currency fluctuations relating to export sales and to the purchases of imported raw materials, spare parts and capital equipment. When needed, the Company uses derivative financial instruments (mainly spot and forward contracts) to reduce the exposure to adverse fluctuations in foreign exchange rates.

During the year, the Company has entered into full transactional hedging with the purpose to balance simultaneously purchased metal and sold metal, in term of price, quantity and maturity date. As at 30 June 2009, the net purchases of 7,125 metric tons on the London Metal Exchange are outstanding. The change in fair value of these open positions amounts to USD 299,588, favourable. These fair values reflect the mark to market values of the contracts at the prevailing period end rates. These positions will be balanced by committed and priced physical purchases and sales contracts which are done or to be done in the future.

The changes in fair value of the above hedged contracts have not been recognised in these financial statements in accordance with Thai Generally Accepted Accounting Principles.

The Company uses derivative financial and commodity instruments (mainly spot and forward contracts) primarily to reduce the exposure to adverse fluctuations in foreign exchange rates and commodity prices on its expected future cash flows. Those risks derive mainly from its exposure to fluctuations in metals prices from its own mining production, on treatment charges received and its ability to obtain higher recoveries of metal from imported concentrates. Derivative financial instruments comprising forward foreign exchange and commodity contracts related to future cash flows are not recognised in the financial statements until the underlying cash flows are realised. Accordingly, on these financial instruments, no "mark to market" mechanism is applied to unsettled forward foreign exchange and commodity contracts at the time of the balance sheet date.

As at 30 June 2009, there is no position of metal hedged existing and no similar hedges have been entered over the current or future years.

The operations carried out on the future markets for reducing both transactional and structural risks as described here above are not of a speculative nature.

**19. Risk management policy for assets and liabilities (Cont'd)**

**19.3 Fair values**

The carrying amounts at the financial statements date of cash and cash equivalents, trade accounts receivables, short-term loans to related parties, value added tax receivables, other current assets, investments and certain other assets, loans from financial institutions, trade accounts payables, short-term loans and advances from other parties, accrued interest expenses, accrued electricity expenses, royalty payable, other current liabilities and provision for restoration expenses approximate their fair values.

**19.4 Credit risk**

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in a financial loss to the Company.

As a general rule, the Company has a credit risk management policy of obtaining credit insurance or collateral from the customers before commencing trade. The collateral may include bank guarantees or cash guarantees.

The remaining Company's credit risk is spread amongst several customers.

**19.5 Exploration risk**

In order to maintain a low-cost supply base for its smelter, the Company and some of its subsidiaries are performing exploration activities. These expenses are capitalised and eventually impaired as explained in Note 6 (i) of these financial statements. Following the simultaneous approval of several exploration licenses and in particular the Puthep project, the increased level of activity is likely to generate higher level of exploration costs capitalised than in the previous years increasing the impact of the impairments. Regular assessments by the management, once sufficient reliable data have been collected and compiled, should lower both uncertainty and risk level related to the recoverability of these costs.

**20. Litigation**

As of 30 June 2009, the Company was served with notice of four complaints by 1,037 plaintiffs filed in the Bangkok Southern Civil Court. The plaintiffs are seeking compensation of Baht 3,721 million from the Company alleging that it caused cadmium contamination in the Maesod district of Tak province. The Company has not yet been required to file an answer to the claims. It is in the process of evaluating the merit of the case, but is confident that its strict environmental measures are in line with the regulations and requirements of the authorities. Management intends to defend the case vigorously. At this stage, the outcome of the proceedings is unknown and no contingent liability has been recorded.

**21. Reclassification**

Certain items in the balance sheet as at 31 December 2008 and statement of income for the period ended 30 June 2008 have been reclassified for comparative purpose to coincide with balance sheet as at 30 June 2009 and statement of income for the period then ended.