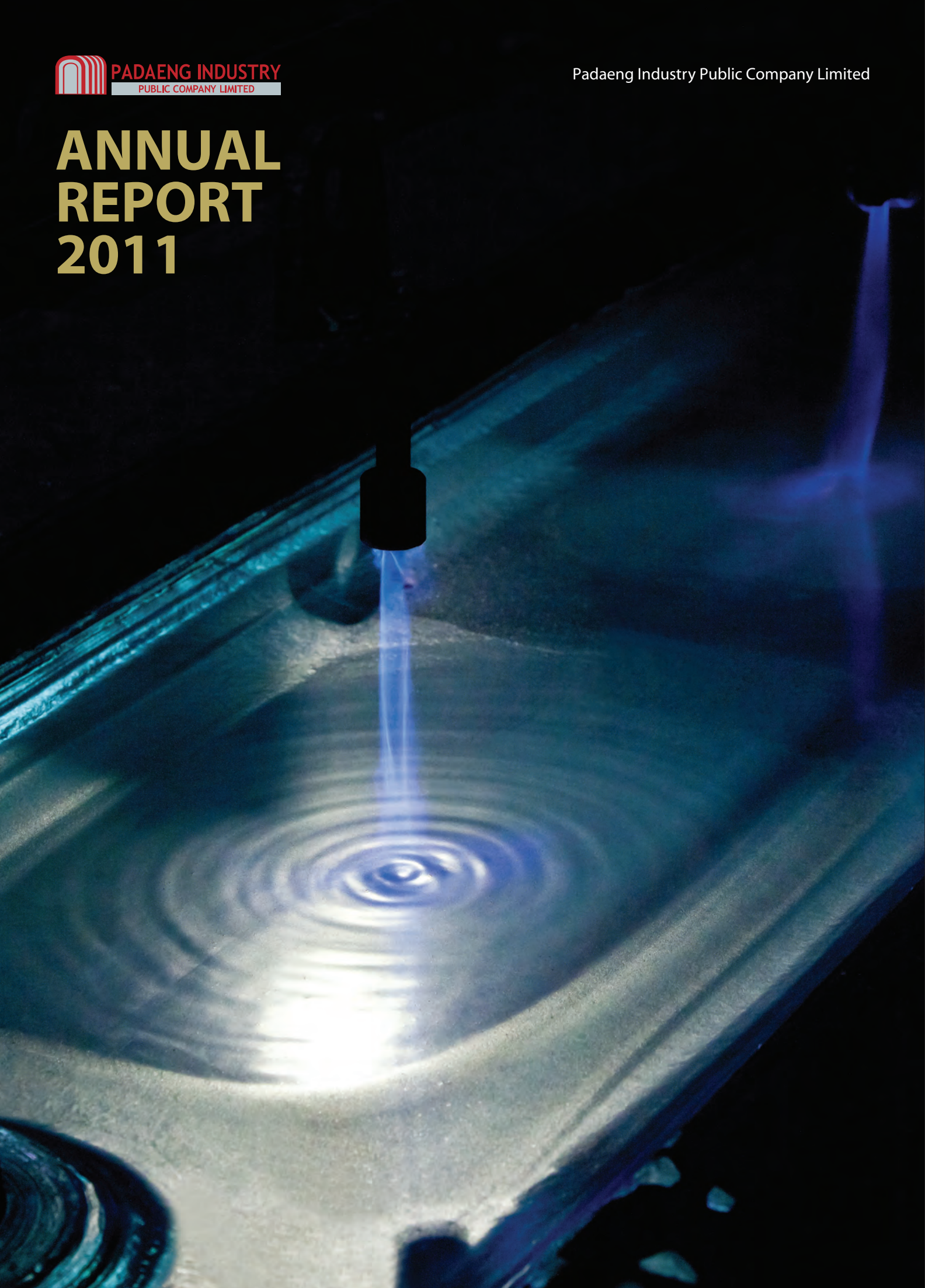


ANNUAL REPORT 2011



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Vision

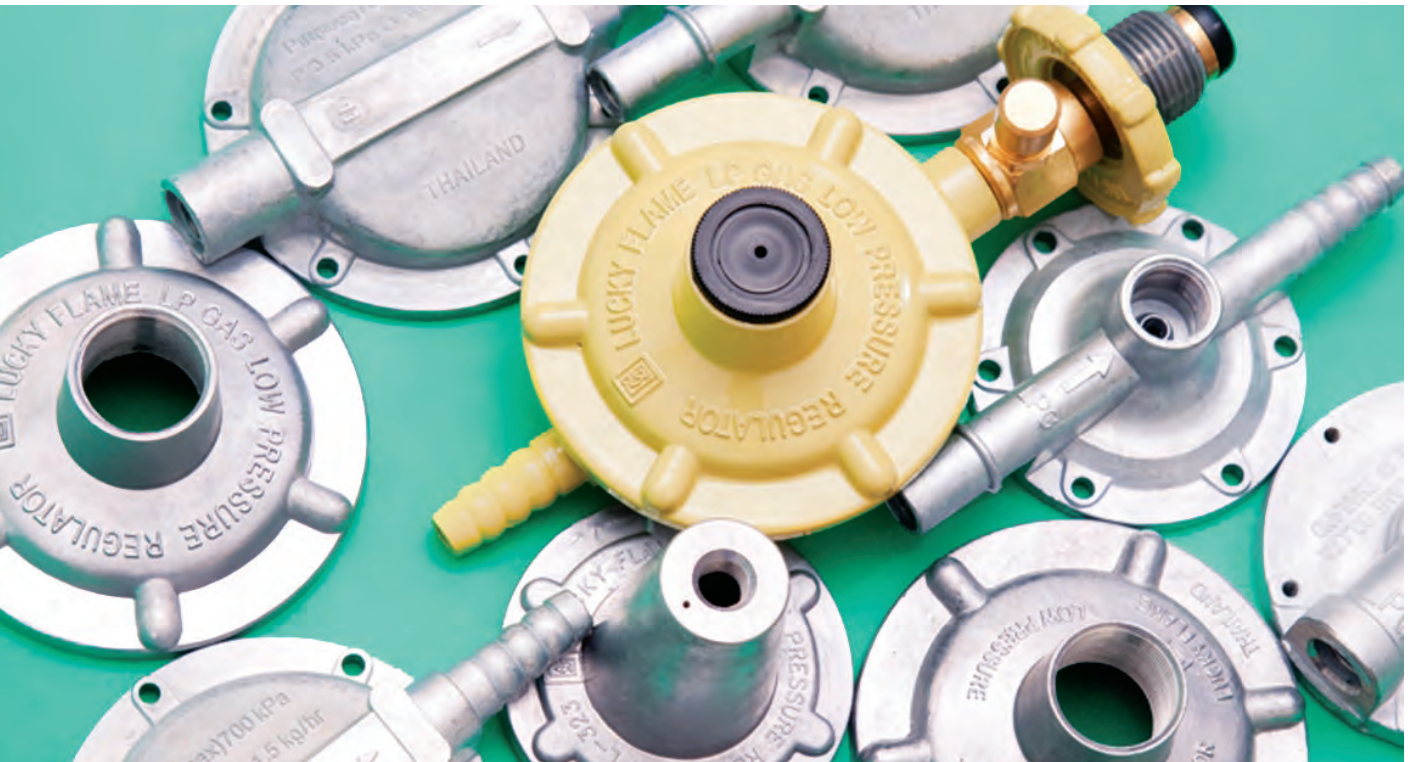
PADAENG will be a low cost producer of high quality zinc, able to compete in its markets with world class producers, providing valued services to customers, respecting the environment and supporting the communities in which it operates.

Background

Padaeng Industry was established on 10 April 1981 with a registered capital of 20 million Baht invested by Thai public (Ministry of Finance) and private investors and a private company from Belgium (Vieille Montagne). The Company engaged in mining and smelting business with the objective to produce zinc metal and zinc alloys to serve its customers. The Company's mine is located in the Mae Sod district and its smelter in the Muang district of the Tak province, the roaster plant in the Rayong province and the head office in Bangkok. The Company is also engaged in zinc ore exploration programs both in Thailand and in neighbouring countries. The Company has been listed on the Stock Exchange of Thailand since 21 July 1987 and converted into a public company limited on 4 February 1994. In 1996, the Company increased its registered capital to 2,260 million Baht. It was fully paid in 2000.

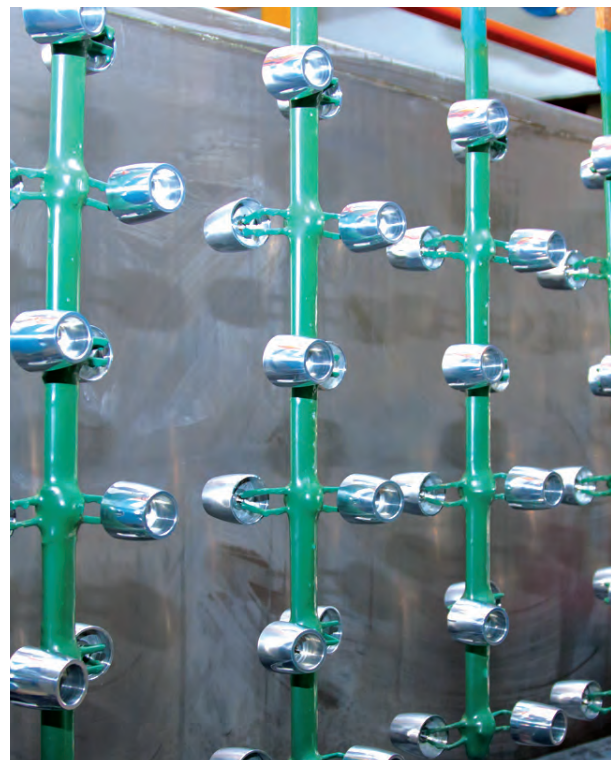
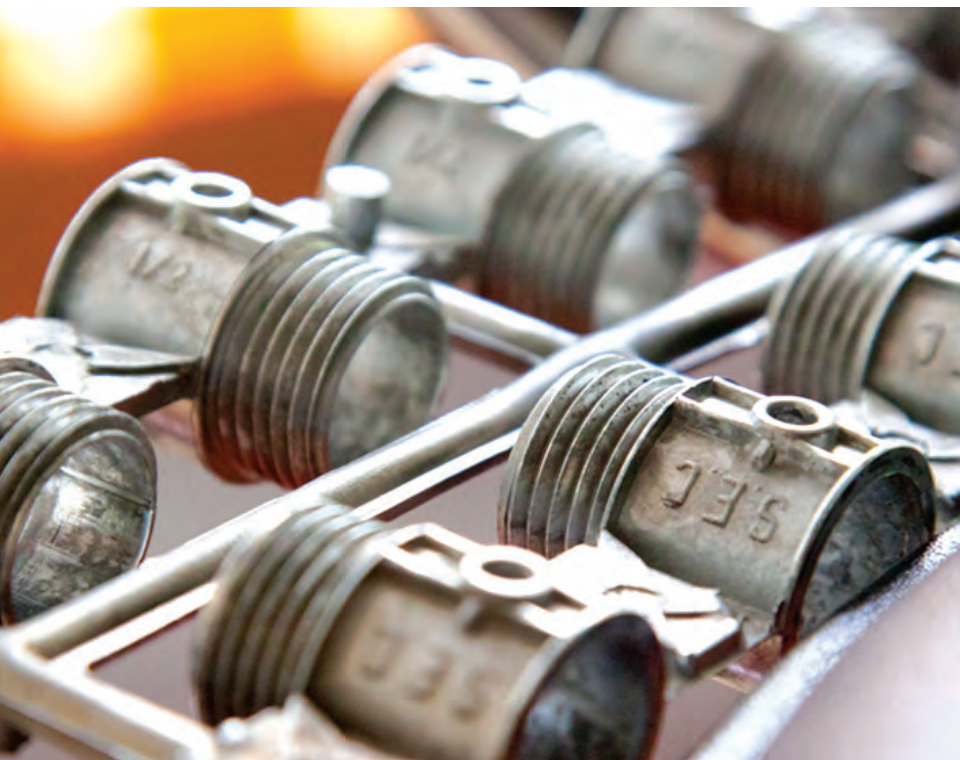


The Centre of Excellence (COE)



Established in 2010, the goal of the Centre of Excellence (COE) is to become the centre for collaboration for all concerned parties including industries, educational institutions and government organizations to elevate the capability of the Thai zinc die casting and zinc galvanizing industries toward achieving regional excellent. Now into its second year, the Centre has been well received by the parties involved and has progress satisfactorily.





With the improvement of quality of die casting and galvanizing via the transfer of know-how and close collaboration in solving various problems, the participating die casters were able to develop high quality zinc die casting especially electroplated zinc faucet to the same quality as those of international producers, resulting in productivity gains and increased sales. Consequently, the sanitary hardware industry has begun to replace parts made from brass with zinc such as in their faucet production process to reduce costs. The Company continues to research and support the electroplating processes of zinc faucet parts to further grow this market.



Automatic Electro Plating Line of Weeco Industry Co., Ltd., one of zinc die casters in COE.



The main mission of the Centre continue to be the provision of training and transfer of know-how by both local and international experts to staffs of the zinc die casting and zinc galvanizing industries. The Centre organized intensive seminars and training, both inside and outside their workplace. The Company in collaboration with the Department of Skill Development, the Ministry of Labour offered a 4-year-training programme in zinc die casting started in 2011 with the goal of improving the skills and expertise of Thai workers. The FRECH DAM80S die casting machine and the training site at the Department have been improved for this purpose.



The Company is determined to collaborate with the zinc consumption industry, particularly the zinc die casting and galvanizing industries through the Centre's efforts to enable them to become leaders in the region and be ready for the economic cooperation of the ASEAN community in the near future.

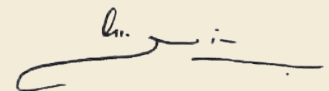


Message from the Board of Directors

Thailand's economy in 2011 faced many challenges including a sluggish global economy and devastating floods in many parts of the country that caused extensive damage to the industrial sector. These factors combined to contribute to lower than expected revenue. Although the average world zinc price increased slightly over the previous year, but it did not benefit the Company much due to fierce competition in the domestic zinc market. The Company mitigated the situation by increasing its exports of zinc by 10%.

In order to add value to its zinc products, the Company has introduced a new zinc nickel alloy to respond to the needs of customers in the high quality galvanizing segment of the industry. In addition, the Company's Centre of Excellence continues to support zinc die casting customers to produce higher quality products. Now into its second year, the Centre is achieving satisfactory progress and witnessing sanitary hardware customers increased their purchase of zinc die casting products from domestic producers.

The Company has attempted to reduce its cost by utilizing a greater proportion of secondary raw material without causing any problems to



Arsa Sarasin
Chairman of the Board



the production process. In addition, the Company has expedited the securing of new sources of, silicate and sulphide raw materials from neighbour countries. The exploration in Laos, in particular, has progressed satisfactorily and expanded into area with potential of finding more mineral reserves.

During the past three decades, the Company has strived for greater social responsibility, transparency and accountability. The Company has implemented strict measures to help protect and conserve the environment and improve the quality of life for the surrounding communities. Those activities led the Company to be the recipient of its second consecutive Green Mining Award from the Ministry of Industry.

As the ASEAN zinc smelter leader, the Company is determined to maintain this leadership and sustainably grow the organization. With our capable and experience staffs incessant dedication and the support from all stakeholders, customers and local surrounding communities, we are certain that the Company will move forward confidently and with strength. On behalf of the Board of Directors and the management team, we would like to offer everyone a well deserved, “Thank You”.



A handwritten signature in black ink, reading "Vinij Ongnegnun".

Vinij Ongnegnun
Managing Director



Highlights of the Year 2011



- Net consolidated profit was 4.2 million Baht; net earning per share was 0.02 Baht.

- A dividend payment of 0.50 Baht per share will be proposed to the shareholders at the Annual General Meeting.

- The Centre of Excellence (COE) continues to develop and improve the capability of zinc die casting and galvanizing industries. Local and international experts were provided to train and transfer advance technology.

- The research and development of the silver cake by-product project is now completed and ready to generate additional income and enable the increase of the usage of secondary raw materials, which are cheaper and more accessible.

- New zinc nickel alloy product containing 0.15% nickel has been introduced to customers in the high quality galvanizing industry.

- Efforts in rehabilitating and protecting the environment has resulted in Mae Sod mine being the recipient of the Green Mining Award for the second consecutive year from the Department of Primary Industries and Mines, the Ministry of Industry.

- Prospecting for new deposits has been emphasized, particularly in Laos with potential of zinc ore deposits. To prepare knowledgeable personnel for the exploration expansion, the Company in collaboration with the Polytechnic College of Laos has provided transfer knowledge of geological drilling through advanced courses in exploration drilling.

Key Figures and Ratios



Consolidated

End of year		2011	2010 (Restated)	2009
Total revenues	(million Baht)	7,341	8,161	6,644
Gross profit	(million Baht)	369	994	676
Net profit (loss)	(million Baht)	4	413	296
Net profit (loss) per share	(Baht)	0.02	1.83	1.31
Net profit (loss) per total revenue	%	0.06	5.06	4.46
Total assets	(million Baht)	7,148	6,982	6,913
Total liabilities	(million Baht)	2,569	2,115	2,227
Total shareholders' equity	(million Baht)	4,579	4,866	4,685
Return on assets	%	0.06	5.95	4.43
Return on equity	%	0.09	8.85	6.72
Return on capital employed	%	0.58	12.33	6.60
Debt to equity ratio	(Times)	0.56	0.43	0.48
Book value per share	(Baht)	20.26	21.53	19.78
Dividend per share	(Baht)	0.50	1.29	0.92

The Year in Review

Industry Conditions

According to the statistics of the International Lead and Zinc Study Group (ILZSG) in 2011, the zinc demand in Europe increased 1.5%, China 2%, and India 4.2%, while US demand decreased by 8.6%, resulting in total global zinc demand increased by 1.1%, for a total of 12.7 million tonnes.

In 2011 the domestic demand for zinc in Thailand was 122,830 tonnes, an increase of 2% from the previous year and was consistent with the marginal growth of global zinc demand.

The price of zinc in 2011 ended with a slight overall increase. The peak price of 2,465 USD per tonne occurred in February, while the lowest price of 1,859 USD per tonne occurred in October. The average global zinc price in 2011 was 2,193 USD per tonne, an increase of 32 USD per tonne or a gain of just 1.5% over the previous year (2,161 USD per tonne).

LME Zinc Price
(USD/tonne)

	2011	2010
Q1	2,395	2,289
Q2	2,254	2,026
Q3	2,226	2,013
Q4	1,897	2,315
Average	2,193	2,161

Zinc Sales Volume

In 2011, the Company sold 95,062 tonnes of zinc. Domestic sales accounted for 80,893 tonnes or 83%, a 13% decrease from 2010. The Company's zinc exports totalled 14,189 tonnes or a 10% increase from the previous year.

Industry Competition

Last year was with a year of natural disasters, particularly the tsunami in Japan and the flood in Thailand that both caused widespread and long lasting devastation. These disasters affected zinc demand both globally and domestically, resulting in an imbalance between the demand and supply of zinc in the market during that time period. Domestic zinc competition intensified, some zinc importers attempted to gain market share by employing pricing strategy.

However the Company was able to maintain its market share by emphasizing quality products and offering technical service to both domestic and international customers. Concurrently, the Company also expanded its sales to new markets. Furthermore, the Company continued to support its Centre of Excellence in order to improve the competitive capability of the Thai zinc die casting and zinc galvanizing industries so as to be better prepared for the imminent ASEAN Economic Community in 2015.



Figure 1 : LME Zinc Prices and Stock Levels during the Past 10 Years

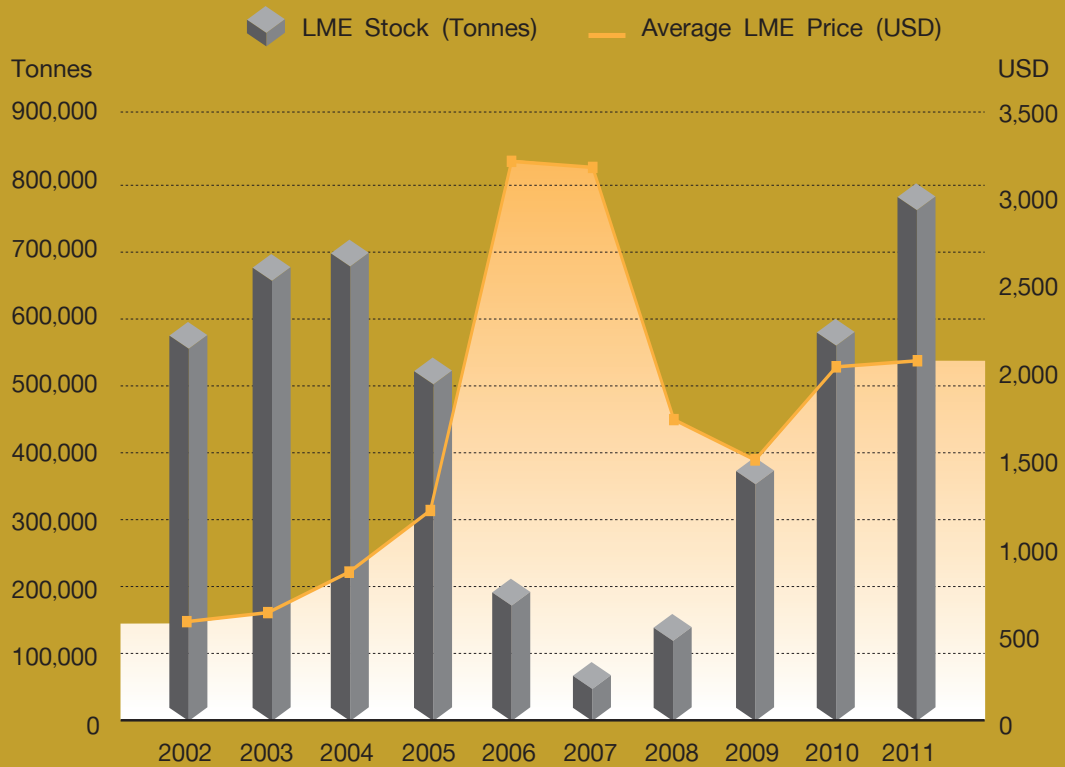


Figure 2 : Zinc Consumption in Thailand from 2007-2011

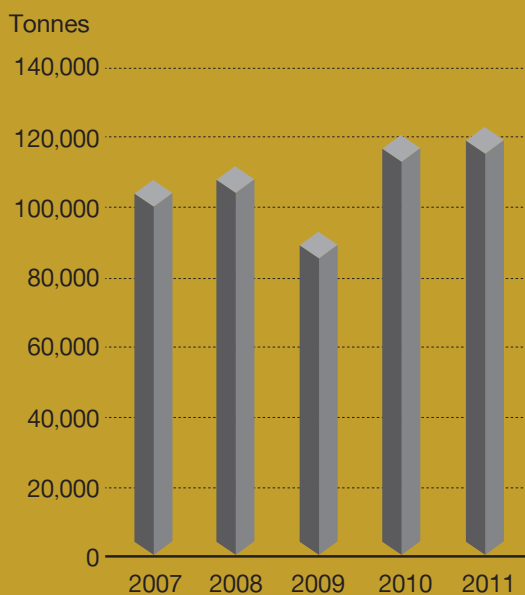
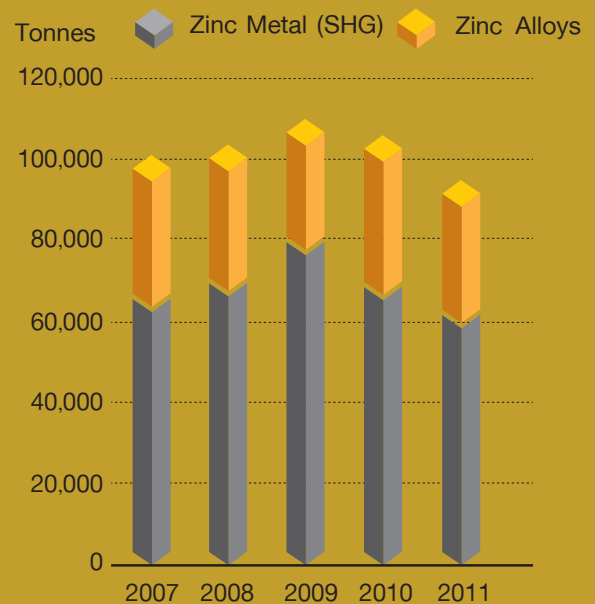
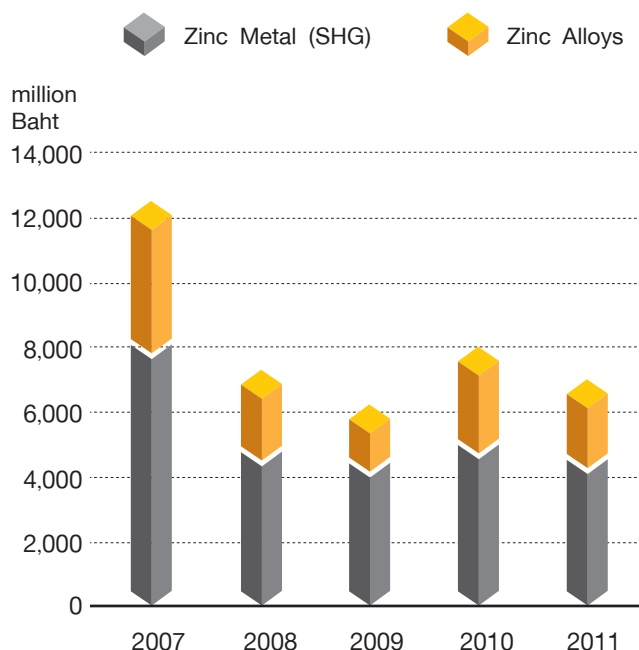


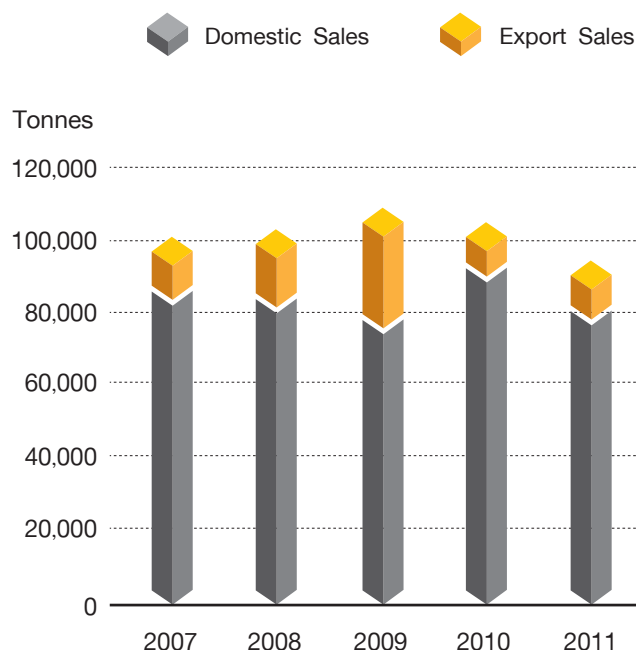
Figure 3 : Sales Volume of Zinc Metal and Alloys from 2007-2011



**Figure 4 : Sales Value of Zinc Metal and Alloys
from 2007-2011**



**Figure 5 : Sales Volume of Zinc Metal
from 2007-2011**



Operations

Mining Operations

The Company produced a total of 136,337 tonnes at 21.75% zinc at the Mae Sod mine, 79,184 tonnes of high grade ore and 57,153 tonnes of concentrate, resulting in a total of 29,664 tonnes of zinc metal.

The Company has been granted two mining concessions covering 80.32 hectares. One of the concessions which covers 39.36 hectares will last until 2017, but its forestry land use permit is ending this year. Accordingly, the Company has applied for a renewal of the forest land use permit and conducted a Post Evaluation Report. This report was submitted to the Office of Natural Resources and Environmental Policy and Planning (ONEP) for the Mining Experts Committee assessment. It is expected that the permission will be granted at the beginning of 2012. Another mining concession is valid until 2023.

The Company has applied for an additional mining concession (application no. 8/2553), covering 26.66 hectares located adjacent to the existing concessions. If approved, it will be conducive to the Company in mining all of the available 437,000 tonnes of ore. The Company has completed the Environmental & Health Impact Assessment (EHIA) report and been submitted to the ONEP for the Mining Experts Committee assessment. It is expected that the report will be endorsed and forwarded to the National Environment Board for approval in mid 2012.

Smelter Raw Materials

The Company imported 154,443 tonnes of zinc ore including sulphide, oxide and secondary raw materials that resulted in 73,599 tonnes of zinc metal being produced. The Company continues to import sulphide mainly from Australia and Peru. However, in order to diversify its raw material sources, zinc ore imports from Turkey has been increased.

Smelter Operations

In 2011, the Smelter produced 105,530 tonnes of zinc cathodes and 103,366 tonnes of zinc metal which



is close to the previous year's production. This included:

- 68,203 tonnes of SHG zinc ingot or 66% of production;

- 35,163 tonnes of zinc alloy or 34% of production.

A total of 3,000 tonnes of secondary raw material was used in smelter operations in 2011. That accounted for 2.8% of zinc cathode production. This secondary raw material is cheaper than sulphide and readily available. However, it contains high fluoride and can affect the production if its use exceed the optimal amount.

The amount of copper cathode produced, which is the by-product from ore leaching, was 521 tonnes close to the amount of previous year's production.

Research and Development

- Production Improvement and Development

Imported primary zinc sulphide concentrate contains valuable silver. Hence, since 2006, the Company has been researching how to best extract the by-product known as 'silver cake'. The research was completed in 2011 and the project's Environmental Impact Assessment (EIA) has already been approved by the ONEP. This process not only will generate additional income, but will also allow more use of secondary raw material which is cheap and readily available. Even though this kind of material contains high fluoride content, which can affect the production efficiency when used excessively, but the project has incorporated a fluoride removal unit and therefore will allow the Company to increase the usage of secondary raw material. In the long-run, this will help reduce overall production costs.

In addition, the Company has changed the electrolyte feeding of the main cell house from closed pipe to launder. This system will reduce down time needed to clean out gypsum deposit resulting in more time to produce zinc cathode.

- New Production Development

The Company has introduced a zinc nickel alloy which contains 0.15% nickel. This new product answers the needs of high quality galvanizing customer. In addition, the Company has continuously researched and developed the electroplating technology for faucet made of zinc alloy DA3 in an attempt to grow the zinc die casting market.

Operations at Subsidiaries and Affiliated Companies

Maesod Clean Energy Co., Ltd.

Maesod Clean Energy Co., Ltd. has now been operating for 3 years. In 2011, 423,000 tonnes of sugarcane was processed, an increase over the 375,000 tonnes processed the previous year. It also sourced 20,000 tonnes of molasses to complement 15,000 tonnes of its own High Test Molasses. Consequently, it was able to produce and sell 38.6 million litres of ethanol as compared to 20.6 million litres the previous year.

In 2011, the Company began to sell electricity for the first time. It sold 30.5 million kilowatt hour (kWh) to the Provincial Electricity Authority (PEA).

However despite the higher ethanol and electricity sales, it was not sufficient to turn the Company to profitability; nonetheless the financial loss this year was significantly lower than the previous year.

For 2012 it is estimated that 520,000 tonnes of sugarcane will be harvested. At this level the Company believes that it will be able to achieve breakeven or perhaps a small profit.

Mineral Resources and Exploration

Padaeng Mineral Resources and Ore Reserves

As of 31 December 2011, total reserves of zinc silicate and carbonate at the Padaeng Mine at Mae Sod was estimated at 2,170,000 dry metric tonnes (dmt) at 10.5% zinc, containing about 228,000 tonnes of zinc metal. Mineral resources as shown in Table 1 was estimated using a cut off grade of 3.0% zinc.



Table 1: Mineral Resources at Padaeng Mine as at 31 December 2011

Category	dmt	Zinc grade (%)
Measured reserves	703,000	11.7
Indicated reserves	1,467,000	9.9
Total	2,170,000	10.5

Competent Person Statement

The information in this public report that relates to Mineral Resources at the Padaeng Mine, Mae Sod is based on information compiled by Mr. Teerapong Songgul (Mining Geologist, Padaeng Industry Public Company Limited). The Resource estimate was completed by Mr. Teerapong Songgul.

Mr. Teerapong Songgul is a Member of the Australasian Institute of Mining and Metallurgy (#301366) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Teerapong Songgul consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

At the current rate of production at Padaeng Mine, these reserves as shown in Table 2 are sufficient to sustain mining and beneficiation for 5 years.

Table 2: Ore Reserves at Padaeng Mine as at 31 December 2011

Category	dmt	Zinc grade (%)
Stock	94,000	11.2
Proven reserve	676,000	11.2
Probable reserve	1,004,000	9.4
Total	1,774,000	10.2

Competent Person Statement

The information in this public report that relates to Ore Reserves at the Padaeng Mine, Mae Sod is based on information compiled by Mr. Somchok Yu-iat (Production Manager, Padaeng Industry Public Company Limited). The Reserve estimate was completed by Mr. Somchok Yu-iat.

Mr. Somchok Yu-iat is a Member of the Australasian Institute of Mining and Metallurgy (#301367) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Somchok Yu-iat consents to the inclusion in this Report of the matters based on their information in the form and context in which it appears.

Exploration**Padaeng Mine at Mae Sod**

In 2010 the Company applied for a new Mining Licence No. 8/2553 (26.66 hectares) in order to increase the size of the current pit; to extend the existing mining area; to reach deeper ores; and to ensure greater safety with less steep slopes. Hence a new licence was required for expanding this mine which will not affect the existing mining plan. This application is still in progress, waiting for EHIA approval.

Regional Exploration

Due to intensive exploration activities in Laos, exploration in Thailand in 2011 was scaled back while data and options continued to be reviewed with support from consultants.

Applications for the renewal of the licences at Li North in Lamphun province were re-applied after expiring in June 2010. A non-JORC compliant mineral resource of zinc sulphide in Lamphun province was estimated at about 2.1 million dmt at 7.2% zinc and 1.2% lead (at cut off grade of 3.0% zinc) in 2009. This area is believed to have long-term zinc exploration and development potential.

Applications for the renewal of licences at Loei South in Loei province were also re-applied after expiring in June 2010. Although no longer an attractive zinc proposition, the Loei South area has potential for gold and copper.

Several interesting zinc anomalies were delineated in northern Thailand in 2010, from a regional stream sediment sampling survey and were followed up with

further sampling and prospecting. The zinc anomalies appear to be related to favourable geological settings. Further follow-up exploration activities are planned to investigate these anomalies.

Puthep Copper Project in Loei province

A 2004 Cabinet resolution enabled a research agreement between the Department of Primary Industries and Mines (DPIM) and the Royal Forestry Department (RFD)

the Company has been granted a 30-month exploration licence on a 400 square kilometre area.

In 2011, the Company continued to focus its prospecting activities to the highly anomalous Pha Vang Sam trend, which includes the Pha Vang Sam and Tham Noi zinc prospects. Forty-nine diamond drill holes, totalling about 7,115 metres were drilled along the Pha Vang Sam trend in 2011.

Table 3: PUT1 Mineral Resources as at 1 May 2009, Puthep Copper Project, Thailand

0.30% Copper cut-off grade	million (t)	Copper grade (%)	Gold grade (g/t)	Copper in-situ (000 t)	Gold in-situ (000 oz)
Measured	41	0.58	0.08	240	102
Indicated	60	0.51	0.10	306	186
Inferred	60	0.50	0.10	300	183
Total	160	0.53	0.09	846	471

The mineral resource estimates are based on an ordinary kriged model constrained by weathering and geological boundaries.

Competent Person Statement

The data in this report that relates to Mineral Resources is based on information reviewed by Mr. Dan Brost who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Brost is a full time employee of PanAust Limited.

Mr. Brost has sufficient experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Brost consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

under which Puthep undertook a two year exploration programme on the PUT1 resource from 2006 until the end of October 2008. This 59,000 metre infill drilling programme has been incorporated into the Mineral Resource Estimate of May 2009. This Resource Estimate was 160 million tonnes at 0.53% copper and 0.09 grammes/tonne gold at cut off 0.30% copper as published in the ASX announcement from PanAust (Padaeng's partner in this project) dated 19 May 2009.

In view of completing the feasibility study, additional work is currently performed on processing this complex ore. The feasibility study scope is considering the development of a copper vat-leach operation to process the predominantly chalcocite copper mineralisation.

Zinc resources have been defined at Pha Vang Sam and Tham Noi. Further drilling at the Pha Vang Sam deposit in 2011 defined an additional 100,000 tonnes of zinc resources. A non-JORC mineral resource of mixed zinc (oxide and sulphide) was re-estimated in December 2011 at 890,000 tonnes at 9.0%Zn and 1.9%Pb.

Additional drilling is aimed at extending these resources and defining satellite resources. Drilling results suggest potential for a one million tonne zinc mineral resource.

A technical expertise transfer project has been organized between the Ministry of Education of Lao P.D.R's Polytechnic College and Padaeng Industry (Laos) since June 2011. These included a drilling training course for the Polytechnic College students.

Kasi Exploration Project-Lao People's Democratic Republic

Since October 2006, Padaeng Industry (Laos) has been working in the Northern part of Vientiane province under an agreement with the Lao Authorities. After having submitted a comprehensive prospecting report in 2008,

Sustainable Development





Occupational Health and Safety

The Company places the highest importance on workplace safety. Accordingly, the Company has implemented a more efficient occupational health and safety management system and at the same time promote as well as instilled safety consciousness amongst all parties by implementing the following measures:

- Review risk assessment of major activities and monitor health and safety in the workplace on a regular basis;
- Inspect emergency equipment and conduct annual fire escape drills;
- Campaign and promote safety in the workplace according to the OHSAS 18001/ TIS 18001 Occupational Health and Safety Management System;
- Holding annual health check-ups to monitor and prevent health threatening issues and to encourage good health and safety of all employees;
- Provide training to encourage employees and contractors to be more health and safety conscious.

In recognition for the determination and attention in safety and health issues, the Company's zinc smelter received the Exceptional Safe Workplace award from the Ministry of Labour for four consecutive years. The Company's roaster plant in Rayong province also achieved an accident-free record for three consecutive years, recording a total of 969,206 accident-free man-hours. Whereas the Mae Sod mine registered an accident-free record with no work stoppage for 173,154 man-hours.

Environment

In 2011, Mae Sod mine received the Green Mining award for a second consecutive year from the Department of Primary Industries and Mines, the Ministry of Industry. While the Roaster plant in Rayong province received the Excellence Environmental Governance from Map Ta Phut Industrial Estate, the Industrial Estate Authority. Both

awards demonstrate the Company's commitment to implementing measures to prevent and mitigate adverse effects to the environment which all the Company's plants and mine strictly adhere to those measures.

The results of environmental quality measurement from all plants and mine show that the Company's environmental quality meets the official standards set out by the governing authorities. Major activities are:

- Reduction of sulphur dioxide emissions from the Smelter and Roaster to 47ppm and 127ppm respectively, well below the legal limit of less than 500ppm;
- Regularly review and assess environmental impact in order to minimize emissions, as well as making consistent improvements on the Company's environmental management system in accordance with the ISO 14001 Environmental Management Standards;
- The Zinc smelter does continually improve its air emissions for example the installation of air ventilation systems at the electroplating laboratory and the improvement of the air suction over the copper electrolytic cell to be efficiently scrubbed in the scrubbing system. In addition, the proposed Environmental Impact Assessment report on the silver cake by-product has already been approved by the Office of Natural Resources and Environmental Policy and Planning that the Smelter can proceed to construct the complete units of silver recovery and fluoride remove;
- The Roaster plant is improving its waste water management system to increase its efficiency. The work is expected to be completed in March 2012;
- The Mae Sod mine conducts strict environmental quality monitoring processes according to the Environmental Impact Assessment by increasing the frequency of inspection and sample collection stations.



Environmental Rehabilitation

An additional 20.64 hectares of land at the Mae Sod mine where mining activity has been completed was rehabilitated in 2011. The Company used vetiver grass as the cover crop to prevent soil erosion and improve soil quality since 2003. Up until now, a total of 15.6 million vetiver grasses have been planted at the Mae Sod mine, making it one of the largest areas where vetiver grass is grown in Thailand. In terms of perennial plantings, local trees were mainly used along with fast growing trees. So far, a total of 70,000 trees have been planted amounting to 37.6 million Baht.



Overview of the Environmental Performance Indicators (EPI)

Indicator	Measurement	Zinc smelter			Roaster plant		
	unit	2011	2010	2009	2011	2010	2009
Input indicators							
Total materials used	tonnes	274,723	283,580	315,971	126,580	121,479	136,030
Total energy consumption							
- Electricity	gigajoule	1,552,863	1,559,566	1,644,475	90,713	84,730	10,024
- Electricity/tonne production ¹	gigajoule/tonne production	14.69	14.76	14.64	0.75	0.73	0.08
- Fuel	gigajoule	317,088	310,669	397,405	21,827	21,331	16,673
- Fuel/tonne production ¹	gigajoule/tonne production	3.00	2.94	3.54	0.18	0.18	0.13
Total water consumption							
- Total water consumption	1,000 m³	1,810	1,622	1,531	415	323	269
- Water consumption/tonne production ¹	m³/tonne production	17.12	15.35	13.63	3.41	2.80	2.17
Output indicators							
Produced waste							
- Total waste produced	tonnes (wet weight)	638,932	616,217	713,732	921	426	283
- Disposal ²	%	99.96	99.97	99.98	96.74	99.00	97.00
Emission to water							
Total emitted process water	1,000 m³	1,492	711	887	85	104	91
Total emitted metals	kg	415	411	351	72	136	114
Effluent quality							
- Zinc (<5 mg/l)	mg/l	0.25	0.37	0.12	0.83	1.28	1.20
- Cadmium (<0.03 mg/l)	mg/l	0.004	0.01	0.01	0.01	0.01	0.01
- Manganese (<5 mg/l)	mg/l	0.26	0.47	0.17	-	-	-
- Lead (<0.2 mg/l)	mg/l	0.005	0.05	0.05	-	-	-
Emission to air							
Total emitted metals	kg	620	933	1,008	13	12	14
Total emitted SO ₂	tonnes	276	267	366	85	233	250
Air quality							
1. Air emission							
- SO ₂ at Acid Plant (< 500 ppm)	ppm	47	43	50	127	288	274
- SO ₂ at Boiler (< 950 ppm)	ppm	529	485	523	-	-	-
- Total suspended particulate at Boiler (< 240 mg/m³)	mg/m³	148	152	155	-	-	-
- Total suspended particulate at Bag Filter (< 400 mg/m³)	mg/m³	8.86	8.82	8.43	-	-	-
2. Ambient air quality							
- Total suspended particulate (< 0.33 mg/m³)	mg/m³	0.068	0.060	0.056	0.020	0.083	0.052
- Sulfur dioxide (SO ₂)							
(average 24 hr <0.30 mg/m³)	mg/m³	0.01	0.02	0.01	-	-	-
(average 1 hr <0.30 ppm)	ppm	-	-	-	0.02	<0.01	<0.01
Greenhouse gas							
Total greenhouse gas	tonnes	24,087	23,598	30,267	1.67	1.44	1.12
Total greenhouse gas/tonne production ¹	kg/tonne production	228	223	270	0.01	0.01	0.01

Note : 1. tonne production means tonne of zinc cathode for Tak smelter , tonne of calcine and washed oxide for Roaster plant

2. Disposal : % of total waste were treated by landfill (internal and external)

: % remaining was recycled and reused

Indicator	Measurement	Zinc smelter			Roaster plant			Mae Sod mine		
	unit	2011	2010	2009	2011	2010	2009	2011	2010	2009
Safety indicators										
Lost time injury frequency rate, LTIFR	accidents/million working hours	2.4	2.4	0.8	0.0	0.0	0.0	1.8	1.7	0.0
Injury severity rate, ISR	lost days/million working hours	47.2	74.8	9.5	0.0	0.0	0.0	126.8	113.6	0.0
No. of employee	number	590	589	590	96	104	110	268	281	310
Financial indicators										
Environmental investment and operating costs										
Total environmental investmnt costs	million Baht	6.0	0.0	0.0	9.9	5.7	19.0	5.4	0.0	1.2
Total environmental operating costs	million Baht	164.0	173.0	173.0	48.0	24.3	25.0	2.3	18.8	24.6



Personnel

The Company strongly believes that a dedicated and capable workforce is a key to the success of the organisation. The Company implements a recruitment process to identify candidates who have outstanding education and work experiences that meet the Company's needs as well as behavior that is compatible with the Company's value.

The Company is committed to providing attractive and fair compensation. Human resources management has been applied along with the support for self-learning and development. The Company realizes that human resources development is vital in increasing capability and skills of the employees. The Company focuses mainly on providing technical knowledge in the areas of each individual's responsibility and consistent self-development. In the previous year, on-the-job trainings, supervised by the supervisor of each individual unit, were provided and observation trips abroad were also offered. Additionally, the Company's has introduced the Competency Model as a tool to consistently develop their employees and manage career advancement. In 2012, the Company will develop its employees, especially the management

level, in accordance to the guideline of its Core Training Roadmap and Competency Model. Apart from this, there are plans to improve the salary structure so as to be able to compete with industry and in compliance with skilled labour standards and minimum wages mandate which will come into effect in the beginning of 2012.

In 2011, the Company provided increased welfare and assistance to employees and their families to improve their quality of life, including offering more scholarships for employees' outstanding children, improving financial assistance for medical expenses, helping out employees and their families affected by the floods, as well as providing employee's choice of provident fund.





Vegetable plots which is part of the school lunch project at Baan Tum Seua Border Patrol Police school.



Musical instrument donated to Baan Nong Bua Tai school.



The 2011 annual scholarships and educational equipment donation to needy students in Tak province.

By the end of 2011, the Company employed a total of 986 employees, 19% are undergraduate level or above, 42% are vocational college level, and the rest had the fundamental education. The majority of its employees are native of Tak province and the northern region, where the Company's smelter and mine are located. The average age of employees is 43 years old, while the average length of employment at the Company is 16 years. The turnover rate in 2011 was about 4%.

Corporate Social Responsibility (CSR)

Over the past three decades, Padaeng Industry has demonstrated a strong commitment to operate its business under good corporate governance with responsibility

to society, the environment and the surrounding communities. The Company has implemented several activities to improve the quality of life and encouraged the participation from the surrounding communities. In 2011, the Company distributed more than 10 million Baht in the following projects:

Education : The Company has sponsored more than 600 scholarships at all education levels to underprivileged students with outstanding grade and behavior in Tak province. Donations have also been made for school uniforms and equipment such as satellite dishes and computers with high-speed internet. School buses transportation and lunches project were also provided.



Renovation of schools, libraries, plant nurseries, playgrounds and power and water maintenance at Wang Chao Wittayakom, Baan Khlong Huay Sai and Baan Mae Tao Mai schools.





Environment : At Mae Sod mine the Company planted vetiver grass to preserve soils and waters according to His Majesty the King's initiative. The Mine organized this vetiver grass planting in collaboration with government agencies, local communities and schools with more than 1,000 participants joined the activities each year. The Mine also support and participate with tree-planting of the communities. Open House activities were held giving an opportunity for more than 2,000 community leaders, villagers, teachers and students to witness the Company's zinc ore production process and environmental management system.

Health : The Company donated medical equipments to the hospitals and public health centres in Tak province such as defibrillators to the King Taksin Maharaj Hospital.

Religion and Culture: The Company donated funds to help restore and renovate religious sites and to participate in various religious and merit making ceremonies.

Community Work : The Company encourages its employees to volunteer in community development projects. The Company also supported and participated in other charity activities such as disaster relief for droughts, relief bags and drinking water donations during the floods and warm clothing and blankets donation during the cold seasons.

Building Community Networks to Promote Knowledge and Job Creation : The Company has worked with various agencies to improve the quality of life for people in the surrounding communities by supporting programmes to promote knowledge amongst sugarcane farmers in the Mae Tao and Mae Ku basins in order to improve their production yield and generate sustainable income. The Company also provided vocational training to villagers and youths of Pa Dae village of Mae Sod district in Tak province to make handicrafts to help them earn additional income.



Vocational training in making Karen-style woven journals provided for housewives and youngsters to help them earn additional income.



The Padaeng Quality of Life Development Foundation

Since 2007, the Company has collaborated with the Padaeng Quality of Life Development Foundation to carry out some Corporate Social Responsibility (CSR) programmes in order to help improve the quality of life for villagers in rural areas and remote villages. In 2011, the Padaeng Foundation has continued the following programmes:

The 60th Coronation Anniversary Health and Social Welfare Fund : This programme has been designed for three sub districts of Mae Sod district and has continued for more than five years. In 2011, the membership increased from 2,888 to 3,479. The Padaeng Foundation contributed 180,000 Baht to the Fund in 2011. The Padaeng Foundation also provided observation trips to learn from the experience of other Funds such as Baan Don Chai Fund in Lampang province and arranged workshops in order to exchange and brainstorm ideas to better improve and maximize the effectiveness of the Fund.

Helping Out the Underprivileged, Disabled and the Elderly : The Padaeng Foundation jointly arranged healthcare activities with the Funds and local health centres in the three subdistricts surrounding the Mine. These activities covered house visits, mobile healthcare, providing physical therapy equipment and meditation programmes for the elderly.

Education and Research Support : In 2011, the Padaeng Foundation supported a follow-up programme of Mae Sod Hospital for the treatment of patients with high levels of cadmium in sub districts of Mae Tao, Phratad Padaeng and Mae Ku.

Financial Review

Overview of Company Performance in 2011

Note: The following management review is based on accounts which may not have been audited. The purpose of presenting in this format is to disclose the results in a way more useful to the readers than that of the heavily regulated financial statements.

The Company generates earnings by converting raw materials such as imported concentrates, other feed stock and ore from its own mine into marketable zinc metal. The revenues of the Company are affected by the commodity (zinc) prices and the treatment charges (TC) received from the suppliers for processing their zinc concentrates as the underlying price of the metal is effectively passed through the supply chain, from the mines to the smelter's customers.

The London Metal Exchange (LME) average zinc cash settlement price for 2011 was 2,193 USD per tonne (USD/tonne), a slight increase of 1.5% over the price of 2,161 USD/tonne achieved in 2010. There was some moderate volatility of the zinc price during the first 9 months of 2011, but a significant decrease was seen in the fourth quarter when zinc prices traded below 2,000 USD/tonne from above 2,000 USD/tonne during the first 9 months. The average US dollar (USD) exchange rate to the Thai Baht (THB) for 2011 was 30.64 THB/USD which was 4% less than the average rate of 31.87 THB/USD for 2010. As a result, the average zinc price expressed in Thai Baht slightly decreased from 68,871 THB/tonne in 2010 to 67,194 THB/tonne in 2011.

For 2011, revenues from zinc sales amounted to 6,881 million Baht as compared to 7,836 million Baht in 2010. The net profit after tax amounted to 42 million Baht, less than the previous year of 490 million Baht. This reduction was mainly due to production shortfalls, higher raw material costs and the severe flood crisis in the fourth quarter of the year. Consequently, actual tonnage of zinc sales dropped 10% from the previous year. The apparent TC declined from 268 USD/dmt in 2010 to 227 USD/dmt for this year. Also during the year, the Company realized a 109 million Baht gain from the sale of land in

Chiang Mai province.

Consolidated revenue from sales and services for 2011 amounted to 7,323 million Baht as compared to 8,142 million Baht in 2010. Consolidated net profit was 4 million Baht compared to 413 million Baht in 2010 with net earning per share of 0.02 Baht compared to 1.83 Baht per share in 2010.

Statement of Financial Position

Assets and Liabilities

At the end of 2011, there was an increase of 159 million Baht in total assets of the Company, mainly from the increase of cash on deposit. A decrease of 64 million Baht in account receivables was due to the flood crisis. A drop in inventory of 83 million Baht was attributed to lower quantity and a lower zinc price at the end of 2011 compared to those of the previous year. In addition, non-current assets increased due to a shareholder loan of 105 million Baht to Maesod Clean Energy Co., Ltd. ("MCE"), an affiliate of the Company.

At the consolidated level, increases in exploration and acquisition costs of 32 million Baht were primarily due to exploration costs by Padaeng Industry (Laos) Co., Ltd. A total of 24 million Baht of exploration costs were incurred by Puthep Co., Ltd. At the end of 2011, the capitalised exploration cost for the copper deposit at Puthep amounted to 930 million Baht. A total of 30 million Baht was capitalized during the year as part of the acquisition cost of South East Asia Metals Co., Ltd., which was related to a mining operation in Myanmar and was payable to Mali Mining & Metallurgy Pte Ltd. ("Mali").

The Company's liabilities increased by 409 million Baht and were mainly due to increases of accounts payable and accrued electricity expenses.

At the consolidated level, the liabilities increased by 43 million Baht due to a new term loan and accrued interest expenses of Puthep. The term loan was provided by PNA (Puthep) Pty Ltd. and at the end of 2011 amounted to 486 million Baht and is repayable upon the success of the Puthep copper project.

Shareholder's Equity

As of 31 December 2011, total shareholder's equity of the Company amounted to 4,402 million Baht, a net decrease of 250 million Baht from the same date of the previous year. A dividend of 292 million Baht was paid in May 2011. The shareholder's equity of the Group amounted to 4,364 million Baht compared to 4,651 million Baht as of 31 December 2010.

Cash Flow and Capital Expenditure

The net cash generated from operating activities of the Group in 2011 was 735 million Baht. The cash was generated mainly from changes in accounts payable, accrued expenses, accounts receivable and inventory.

The Group invested 180 million Baht in plant and equipment but received 168 million Baht from the sale of land in Chiang Mai during the year. A shareholder loan of 105 million Baht was provided to MCE in October 2011. Total cash used in exploration amounted to 63 million Baht in 2011. An additional 30 million Baht of cash was used as part of the acquisition cost under a service agreement related to a mining operation in Myanmar.

The Company still continues to maintain a strong financial position with consolidated net cash at the end of 2011 totalling 714 million Baht.

Development in Related Companies

Since 21 August 2000, a Partnership Agreement has been entered into between the Company and PanAust Limited ("PanAust") and PNA (Puthep) Pty Ltd. of Australia, (a wholly owned subsidiary of PanAust) to undertake exploration and mining of Puthep Copper Project in Loei province, in the north-east part of Thailand. The

project has been undertaken under Puthep Co., Ltd. As of 31 December 2011, PanAust declared that "It is considering a strategic review of its investment in this project in Thailand, including investigating the potential of selling the asset". The Company is a 51% shareholder of Puthep Co., Ltd. and has also been approved by its Board of Directors to investigate the potential for selling this project. The outcome and impact of selling is not currently known.

For South East Asia Metal Co., Ltd. ("SEAMET"), a five year extension of the mining concession (expiry in 2015) has been granted by the Government of Myanmar to Mayflower Mining Enterprises Ltd. ("MME"), the concession holder. During the year, SEAMET paid 30 million Baht from the total of 120 million Baht to Mali under the service agreement related to the mining operation. The initial phase of upgrading the known low grade material into concentrate containing a minimum of 30% zinc is underway. A certain quantity of ores will be transported from the mine area in early 2012. An exploration program has also been launched in early 2012 to assess quantity of additional zinc containing deposits.

On 18 January 2011, Ton Sangkasi Pte Ltd., a wholly owned subsidiary of the Company was registered in Singapore for the purpose of undertaking exploration and mining activities outside Thailand.

The Company provided a 105 million Baht loan to Maesod Clean Energy Co., Ltd. ("MCE") under a term loan agreement dated 5 October 2011. The loan was provided to MCE for the purpose of improving the liquidity of MCE. During the year, MCE expanded its sugarcane plantation areas in Myanmar. The 2011 performance improved significantly compared to the previous year. Plans for further performance improvements include the use of more purchased molasses to produce ethanol.

	Year 2011	Year 2010
Averages		
LME Zn (USD/t)	2,193	2,161
LME Cu (USD/t)	8,821	7,511
USD/THB	30.63	31.87
Zn (THB/t)	67,185	68,857
Cu (THB/t)	270,201	239,357
Apparent Zn net premium (USD/t)	170	163
Apparent Cu net premium (USD/t)	(227)	(97)
Apparent TC net (USD/dmt)	227	268

	2011		2010	
	Tonnes	million Baht	Tonnes	million Baht
Zinc price (at LME average)		6,387		7,288
Apparent zinc net premium		495		548
Total zinc sales	95,062	6,881	105,838	7,836
Copper price(at LME average)		152		105
Apparent copper net premium		(4)		(1)
Copper sales	561	148	440	104
Acid sales	103,351	274	97,929	184
Company revenue		7,303		8,124
Other income		6		12
Expenses				
Zinc costs (at LME average)		4,971		5,250
Apparent TC net		(1,136)		(1,404)
Zinc purchased		3,835		3,847
Alloying metals		106		111
Sulphur		257		148
Total raw materials		4,197		4,106
Personnel expenses		466		521
Energy expenses		1,281		1,388
Materials and supplies		70		63
Consumables		267		215
Services (freight, contracts)		542		650
Other expenses		194		285
Depreciation amortisation		302		339
Subtotal		7,318		7,566
Gain (loss) on foreign exchange		(22)		111
Financial income (expenses)-net		(7)		(16)
Gain from fixed asset sale		105		0
Net consolidation effect-profit/(loss)		(26)		(15)
Share of loss from joint venture		(11)		(62)
Operating result		30		589
Corporate income tax		(26)		(176)
Net operating result		4		413

Risk Factors

The Company aims at identifying the risks inherent to its activities and mitigating them to an acceptable level. Major risks for the Company are:

Credit Risk

The significant credit risk to the Company is the account receivable. The Company actively monitors collections performance of all customers and evaluates the credit worthiness of its customers prior to the granting of any credit. In addition, for non-credit customers the Company has credit insurance that covers its receivable which is not supported by cash advance, bank guarantee or letter of credit.

Commodity Price Exposure

In the normal course of its business, the Company is exposed to the fluctuation in the market prices of commodities. The Company currently engages only in transactional hedging which means that it will undertake short term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.

The Company currently does not undertake any structural or strategic hedging which means that its results are exposed to fluctuation in commodity prices.

Currency Exposure

The Company incurs foreign currency risk on sales, purchases and borrowings that are dominated in a currency other than Thai Baht. The currency giving rise to this risk is primarily the U.S. dollar. The Company manages this exposure by using foreign exchange forward contracts and its U.S. dollar holdings.

Exploration Risk

In order to maintain a supply base for its smelter, the Company and some of its subsidiaries are performing exploration activities. These expenses are capitalised and eventually impaired according to the potential of the exploration projects. Exploration activities are likely to



generate a higher level of exploration costs capitalised than and thus 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.

Environmental Issues

The Company operates the Mine and the Smelter under licences and permits issued by governmental authorities that require emission to meet with regulatory standards. At the Mine, provision is made for the present value of the rehabilitation fund and risk fund to the extent of the present obligation. In addition, management makes estimates, if determinable, of the anticipated costs necessitated by environmental laws and regulations in order to provide sufficient provisions for the environmental related expenditures.

Revenue Structure

The Company's total revenue for the consolidated financial statement can be classified by types of product (2009 - 2011)

Product	2011 Revenue million Baht	% of Total revenue	2010 Revenue million Baht	% of Total revenue	2009 Revenue million Baht	% of Total revenue
Zinc metal (SHG)	4,538.09	59.36	4,962.08	60.80	4,430.61	66.69
Zinc alloy	2,487.13	33.88	2,828.61	34.66	1,887.83	28.41
Sulphuric acid	274.25	3.74	184.02	2.25	146.65	2.21
Other revenue	221.94	3.02	186.91	2.29	178.96	2.69
Total revenue	7,341.41	100.00	8,161.62	100.00	6,644.05	100.00



2011 Board of Directors, Strategic Committee, Audit Committee and Nomination and Remuneration Committee



Arsa Sarasin

Chairman

75 Years Old

Education • B.A. (Business Administration), Boston University, USA

Training • Thai Institute of Directors Association - Director Accreditation Program (DAP) - Finance for Non-Finance Directors - Audit Committee Program (ACP)

Current position • Chairman, Padaeng Industry Public Company Limited • Chairman, Thai Asia Pacific Brewery Company Limited • Chairman, Siam Makro Public Company Limited • Chairman, Amata City Company Limited • Chairman of the Board of Governors, Amata Spring Country Club • Chairman, Maesod Clean Energy Company Limited • Chairman of Advisor, Thai-Lao Association • Vice Chairman, Thai Tapioca Development Institute • Director, Thai Pure Drinks Company Limited • Director and Member of the Governance and Nomination Committee, the Siam Cement Public Company Limited • Independent Director and Audit Committee Member of Charoen Pokphand Foods Public Company Limited

Working experience • Chief Executive Officer, Padaeng Industry Public Company Limited • Director-General, Department of Political Affairs, Ministry of Foreign Affairs • Director-General, Department of Economic Affairs, Ministry of Foreign Affairs • Thai Ambassador to Belgium & Chief of Mission to the European Community • Thai Ambassador to the USA • The Permanent Secretary of the Ministry of Foreign Affairs • The Minister of Foreign Affairs • Chairman of the Asia-Europe Business Forum II • Vice Chairman of the Board of Directors and Advisor, Bangkok Bank Public Company Limited • Director, VinyThai Public Company Limited • Chairman of the Thai-Laos Association



Paron Israsena

Independent Director, Audit Committee Member and Nomination and Remuneration Committee Chairman

84 Years Old

Education • Master of Science (M.E.), Massachusetts Institute of Technology (MIT), USA

Training • The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association • The Audit Committee...the Expectation Increase and the Responsibility Expansion, the Stock Exchange of Thailand • Director Accreditation Program (DAP), Class 4/2003, the Stock Exchange of Thailand and Thai Institute of Directors Association

Current position • Member and Chairman of Audit Committee, the Thai Red Cross Society • Director and Chairman of the Audit Committee, Summakorn Public Company Limited • Chairman, Thaicom Public Company Limited • High Caliber Director of Chulalongkorn University • Chairman, Office of the Basic Education Committee, Ministry of Education • High Caliber Director of National Economic and Social Development Board

Working experience • President, the Siam Cement Public Company Limited • Chairman, the Federation of Thai Industries • Senator and Member of National Legislative Assembly • Chairman, Committee on Economics & Industry of the Senate • High Caliber Director, Thailand Productivity Institute • Director and Member of the Audit Committee, the Siam Cement Public Company Limited • High Caliber Director, the Education Council • Director, the National Science and Technology Development Board • Member, Thailand Industrial Standard Institute, Ministry of Industry • High Caliber Director, Council of Chiang Mai University



Aswin Kongsiri

Independent Director, Audit Committee Member and Nomination and Remuneration Member

66 Years Old

Education • B.A. (Hons.) in Philosophy, Politics and Economics, Oxford University, England

Training • Banff School of Advanced Management, Alberta, Canada • The National Defence Course for the Joint State-Private Sectors, Class 6, National Defence College • Thai Institute of Directors Association - Chairman 2000, Class 5/2001, - Directors Certification Program (DCP), Class 11/2001

Current position • Member, Monetary Policy Committee, Bank of Thailand • Governor, the Stock Exchange of Thailand • Chairman, Ch. Karnchang Public Company Limited • Chairman, Thoresen Thai Agencies Public Company Limited • Chairman, Thai Orix Leasing Company Limited • Chairman, Ton Poh Thailand Fund • Vice Chairman, Electricity Generating Public Company Limited • Independent Director, Bangkok Aviation Fuel Services Public Company Limited • Independent Director, OHTL Public Company Limited (Mandarin Oriental Hotel) • Independent Director, Thai Reinsurance Public Company Limited

Working experience • Chairman, Krungthai -AXA Life Insurance Company Limited • Assembly Member, the National Legislative Assembly • Director and Executive Director, Krung Thai Bank Public Company Limited • Independent Director, Thai Rating and Information Service Company Limited • Director and Executive Director, Siam Commercial Bank Public Company Limited • President, the Industrial Finance Corporation of Thailand



Vinai Vamvanij

Independent Director, Audit Committee Chairman and Strategic Committee Member

71 Years Old

Education • Professional Accountancy, CPA, Australia

Training • Thai Institute of Directors Association - Chartered Director Class 2007 - Audit Committee Program 2007 - DCP Refresher Course - Directors Certification Program 2001 - Chairman 2000 - Creating a Strategic Direction

Current position • Director, Continental Petrochemical (Thailand) Company Limited • Director, Palang Sophon Two Company Limited

Working experience • Independent Director and Audit Committee, Christiani & Nielsen (Thai) Public Company Limited • Executive Director, Thonburi Automotive Assembly Plant Company Limited • President, Eternal Petrochemical Company Limited • Chief Executive Officer, Aquastar Group



Pinit Vongmasa

Director and Nomination and Remuneration Committee Member

67 Years Old

Education • B.Eng. (Electrical Engineering), Chulalongkorn University M.S. (Ind. Mgt.), Oklahoma State University, USA • Advanced Management Program, Harvard University, USA

Training • Thai Institute of Directors Association - Directors Certification Program 2001

Current position • Director and Nomination and Remuneration Committee Member, Padaeng Industry Public Company Limited

Working experience • Chief Executive Officer, Padaeng Industry Public Company Limited • President and Chief Executive Officer, Padaeng Industry Public Company Limited • President, the Siam Kubota Industry Company Limited • Managing Director, the CPAC Concrete Products Company Limited



Surapol Supradit

Director

60 Years Old

Education • National Defence College of Thailand (Class 46) • Cert. in Middle Management, Revenue Canada • Cert. in English for Management, University of Sydney • Bachelor of Law, Thammasat University • Bachelor of Economics, Sukhothai Thammathirat University • The Thai Bar, Institute of Legal Education of the Thai Bar • Master of Business Administration (Organization Management), Dhurakij Pundit University (on university scholarship)

Training • Thai Institute of Directors Association - Directors Certification Program 2006

Current position • Consultant in Development and Tax Administration, Excise Department • Director, Metropolitan Waterworks Authority • Chairman, the Liquor Distillery Organization • Member, the Council of Phuket Rajabhat University

Working experience • Deputy Director, Excise Department • Assistant to the Permanent Secretary of the Ministry of Finance • Head of the Office of the Secretary to the Minister of Finance • Chairman, Playingcards Factory • Director, Thailand Post Co., Ltd. • Director, Fish Marketing Organization • Committee, Wastewater Management Authority • Director, Thai Maritime Navigation Company Limited



Karel Vinck

Independent Director

73 Years Old

Education • Master's Degree in Electrical and Mechanical Engineering, Katholieke Universiteit Leuven (KUL), Belgium • Master of Business Administration, Cornell University, USA

Current position • Chairman of BAM (Antwerp Mobility Program), Belgium • Director, La Monnaie and Roland Berger Consultants • Coordinator European Commission ERTMS, for railway transport

Working experience • Chairman, Cumerio, Belgium • Chairman, Umicore, Belgium • Chief Executive Officer, NMBS/SNCB (Belgian Railways), Belgium • Chairman, Advance Minerals Asia, Singapore • Chief Executive Officer, Umicore, Belgium



Ahmad Bin Fahad

Director and Nomination and Remuneration Committee Member

41 Years Old

Education • Master of Sciences in Finance, Boston University, USA • B.Sc. in International Management, Boston University, USA

Current position • Chief Executive Officer - Istithmar World Ventures LLC, UAE

Working experience • Over 17 Years of Investment Banking, and Mergers & Acquisitions experience, covering telecom & technology, real estate and financial institutions and Agribusinesses.

Previous work experience • Managing Director/Investment - Millennium Finance Corporation • Chief Investment Officer in Etisalat International Investment • Investment Director- Long Wing Venture Capital New York, USA



Ravi Gidwani

Director

36 Years Old

Education • MBA, SDA Bocconi School of Management, Italy • B.Sc. (Econ.) Economics, London School of Economics, UK

Current position • Executive Director - Private Equity, Istithmar World PJSC

Working experience • Consultant, Marakon Associates • Senior Analyst, McKinsey & Co. • Equity Analyst, ABN AMRO



Vinij Ongnegnun

Director, Strategic Committee Member and Managing Director

62 Years Old

Education • Bachelor Degree in Mechanical Engineering, Chulalongkorn University

Certificate • Five-Year Course in Pulp and Paper Management, University of Maine, USA

Training • Strategic Marketing Management, Harvard University, USA • Leading Change and Innovation, University of Chicago, USA • Thai Institute of Directors Association - Directors Certification Program (DCP 58/2005)

Current position • Managing Director, Padaeng Industry Public Company Limited

Working experience • Deputy Managing Director, Padaeng Industry Public Company Limited • Managing Director, Thai Paper Company Limited/Siam Cellulose Company Limited/Thai Union Paper Public Company Limited • Director, Phoenix Pulp and Paper Public Company Limited • Managing Director Siam Kraft Industry Company Limited/Thai Kraft Paper Industry Company Limited/Thai Union Paper Industry Company Limited • Audit Director, United Pulp and Paper Co., Inc. • Executive Director, Thai Cane Paper Public Company Limited • Director, the Federation of Thai Industries • Vice President, the Thai Pulp and Paper Industries Association

Professional licence • Chartered Engineer, Mechanical Engineering, Council of Engineers (Kor Vor 567)

Board of Directors (Resigned during the year)

Madhu Koneru

37 Years Old

Education • MBA in Marketing, New Hampshire University, USA • Bachelor Degree in Commerce, Delhi University, India

Current position • Managing Director, RAK Minerals & Metals Investments FZ-LLC • Executive Director, TRIMEX International FZE • Advisor to Ras Al Khaimah Investment Authority, International Mining Opportunities

Working experience • Director, Al Ghanem Industrial Company, Kuwait • Managing Director, TJ Shipping and Logistics

André R. van der Heyden

64 Years Old

Education • Master's Degree in Metallurgical Engineering, Université Catholique de Louvain (UCL), Belgium

Working experience • Managing Director, Padaeng Industry Public Company Limited • Director, Mali Mining & Metallurgy Pte. Ltd., Singapore • Senior Vice President - Zinc, Union Minière, Belgium • Executive Vice President- Carolmet Inc., USA

Company Management



Vinij Ongnegnun

Managing Director



Chaiyan Roojnawate

Chief Manufacturing Officer



Suwit Uawanichkul

Plant Manager



Tianchai Singhakarn

Mine Manager



Chitchai Thaveepanich

Vice President - Human Resources &
Corporate Administration



Chaya Hasdisave

Vice President - Procurement



Siam Dowmanee

Vice President - Technical Service

Company Management



Unnop Tungkananukulchai

Vice President - Regulatory Affairs



Manoch Jaroonvuthitham

Vice President - Production



Pothong Pipatpaiboon

Vice President - Maintenance



Akarapol Prucksuwan

Senior Manager - Marketing



Woratip Rerkpiboon

Senior Manager - Treasury

Internal Audit



Surin Tanticharoenkiat

Vice President - Internal Audit

Audit Committee's Statement

Dear Shareholders,

The Audit Committee comprises three independent directors, Mr. Vinai Vamvanij as Chairman, Mr. Aswin Kongsiri, and Mr. Paron Israsena.

In 2011, the Audit Committee has met quarterly with the external auditor, the internal auditor and the management to review the consolidated and company financial statements which were prepared in accordance with the Thai Financial Reporting Standards (TFRS) and in compliance with the International Financial Reporting Standards (IFRS) to ensure conformity with laws, the regulations of SEC, SET and with the generally accepted accounting principles of Thailand before submission to the Board. There are also additional meetings with the external auditor without management so as to independently discuss the information of financial statement and of any potential fraudulent action. The Audit Committee has discussed with the internal auditor and the management to assess the Company's internal control and risk management. This year Thailand has been affected by the worst flood crisis in decades. However the impact to the Company is minimized due to the preparedness for uncertain situation. In all respects, the Audit Committee is of the opinion that the Company's operations have been appropriate and has found no significant weaknesses in its conduct of business. In addition the Audit Committee has also overseen the issue of connected party transaction to prevent any conflict of interest that might arise from such transaction.

The Audit Committee has recommended to the Board of Directors to propose to the shareholders to appoint Mr. Chanchai Chaiprasit Certified Public Accountant (Thailand) No. 3760 and/or Mrs. Anutai Poomsurakul Certified Public Accountant (Thailand) No. 3873 and/or Mr. Pisit Thangtanagul Certified Public Accountant (Thailand) No. 4095 of PricewaterhouseCoopers ABAS Limited to conduct the audit of financial statements for the Company and its subsidiaries for the year 2012.



(Vinai Vamvanij)
Chairman of the Audit Committee
9 March 2012

Financial Statements



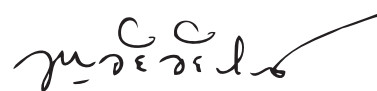
Auditor's Report

To the Shareholders and the Board of Directors of Padaeng Industry Public Company Limited

I have audited the accompanying consolidated and company statements of financial position of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited as at 31 December 2011 and 2010, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2011 and 2010, and the consolidated and company results of operations and cash flows for the years then ended of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Chanchai Chaiprasit
Certified Public Accountant (Thailand) No.3760
PricewaterhouseCoopers ABAS Ltd.

Bangkok
28 February 2012

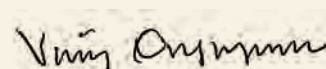
Statements of Financial Position

Padaeng Industry Public Company Limited

As at 31 December 2011 and 2010

		Consolidated		Company	
		2011 Baht	2010 Baht Restated	2011 Baht	2010 Baht Restated
Notes					
Assets					
Current assets					
Cash and cash equivalents	6	714,174,693	455,719,315	567,402,283	281,592,741
Trade accounts receivable-net	7	311,050,406	374,751,863	309,947,290	373,534,762
Inventories-net	8	3,130,443,958	3,212,808,832	3,130,443,958	3,212,808,832
Value added tax receivables		134,266,627	149,513,854	133,752,866	149,051,309
Other receivables-related parties-net	24 (iv)	-	69,524	35,661,276	20,197,565
Income tax receivable		45,533,996	-	45,533,996	-
Other current assets	9	25,672,285	21,598,753	23,991,099	19,116,833
Total current assets		4,361,141,965	4,214,462,141	4,246,732,768	4,056,302,042
Non-current assets					
Advances to related parties-net	24 (v)	-	-	75,001,662	41,112,916
Investments in subsidiaries-net	24 (i)	-	-	233,252,023	233,005,323
Investments in jointly controlled entity	24 (i)	94,192,819	105,271,490	236,249,800	236,249,800
Long-term loans to related party	24 (i)	105,000,000	-	105,000,000	-
Property, plant and equipment-net	10	1,333,356,752	1,496,719,023	1,334,567,520	1,497,798,634
Exploration and acquisition costs	11	1,200,903,801	1,114,261,747	120,924,963	131,049,859
Other non-current assets					
- deferred environmental rehabilitation expenses-net	12 (i)	25,246,380	20,518,370	25,246,380	20,518,370
- deferred environmental risk assurance expenses-net	12 (ii)	19,205,548	21,404,011	19,205,548	21,404,011
- others	12 (iii)	9,199,310	9,113,336	8,800,478	8,716,632
Total non-current assets		2,787,104,610	2,767,287,977	2,158,248,374	2,189,855,545
Total assets		7,148,246,575	6,981,750,118	6,404,981,142	6,246,157,587

Director



(Vinij Ongnugnun)

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Financial Position (Cont'd)

Padaeng Industry Public Company Limited

As at 31 December 2011 and 2010

		Consolidated		Company	
		2011 Baht	2010 Baht Restated	2011 Baht	2010 Baht Restated
	Notes				
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	725,896,310	718,869,139	725,896,310	718,869,139
Trade accounts payable		671,835,283	338,388,316	669,185,035	336,539,038
Accrued electricity expenses		241,452,376	100,783,304	241,452,376	100,783,304
Other payables-related party	24 (vi)	-	-	527,684	491,740
Income tax payable		718,294	41,142,142	-	40,844,350
Other current liabilities	17	159,433,533	188,494,726	152,363,873	181,533,346
Total current liabilities		1,799,335,796	1,387,677,627	1,789,425,278	1,379,060,917
Non-current liabilities					
Long-term loan from other party	24 (viii)	486,145,263	464,431,861	-	-
Accrued interest expenses- other party	24 (viii)	69,141,292	48,313,578	-	-
Provisions for restoration and rehabilitation expenses	15	96,320,858	92,144,122	96,320,858	92,144,122
Employee benefit obligations	16	118,147,530	122,694,239	116,826,930	122,694,239
Total non-current liabilities		769,754,943	727,583,800	213,147,788	214,838,361
Total liabilities		2,569,090,739	2,115,261,427	2,002,573,066	1,593,899,278

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Financial Position (Cont'd)

Padaeng Industry Public Company Limited

As at 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht Restated	2011 Baht	2010 Baht Restated
Shareholders' equity					
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	19	2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Premium on share capital	19	602,413,600	602,413,600	602,413,600	602,413,600
Retained earnings					
Appropriated legal reserve	20	226,000,000	226,000,000	226,000,000	226,000,000
Unappropriated		1,275,332,832	1,562,588,257	1,313,994,476	1,563,844,709
Total equity attributable to owner of the parent company		4,363,746,432	4,651,001,857	4,402,408,076	4,652,258,309
Non-controlling interests		215,409,404	215,486,834	-	-
Total shareholders' equity		4,579,155,836	4,866,488,691	4,402,408,076	4,652,258,309
Total liabilities and shareholders' equity		7,148,246,575	6,981,750,118	6,404,981,142	6,246,157,587

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Comprehensive Income

Padaeng Industry Public Company Limited

For the years ended 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Sales and services		7,323,125,840	8,141,954,520	7,308,928,730	8,123,890,682
Cost of sales and services		(6,954,392,129)	(7,148,008,734)	(6,945,307,698)	(7,133,423,030)
Gross profit		368,733,711	993,945,786	363,621,032	990,467,652
Other operating income		5,831,768	10,217,945	11,172,242	11,923,146
Gain (loss) on exchange rate		(22,946,808)	110,703,003	(22,446,001)	111,853,580
Gain on sale of fixed assets	10	108,631,800	1,064,867	108,631,800	1,064,867
Total revenues		460,250,471	1,115,931,601	460,979,073	1,115,309,245
Selling expenses		(63,221,931)	(62,211,274)	(63,221,931)	(62,211,274)
Administrative expenses		(357,775,645)	(403,416,245)	(329,181,142)	(386,643,969)
Total expenses		(420,997,576)	(465,627,519)	(392,403,073)	(448,855,243)
Operating profit		39,252,895	650,304,082	68,576,000	666,454,002
Share of loss of investment in jointly controlled entity on equity method	24 (i)	(11,078,671)	(62,037,682)	-	-
Profit before finance costs and corporate income tax		28,174,224	588,266,400	68,576,000	666,454,002
Finance costs-net		3,090,647	1,524,724	(712,193)	(672,646)
Profit before corporate income tax		31,264,871	589,791,124	67,863,807	665,781,356
Corporate income tax		(27,066,795)	(176,784,366)	(26,183,109)	(176,001,513)
Net profit for the year		4,198,076	413,006,758	41,680,698	489,779,843
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		4,198,076	413,006,758	41,680,698	489,779,843
Profit attributable to:					
Owners of the parent		4,275,506	413,083,271	41,680,698	489,779,843
Non-controlling interests		(77,430)	(76,513)	-	-
		4,198,076	413,006,758	41,680,698	489,779,843
Earnings per share					
Basic earnings per share	22	0.02	1.83	0.18	2.17

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

Padaeng Industry Public Company Limited

For the years ended at 31 December 2011 and 2010

	Notes	Consolidated						
		Attributable to owners of the parent				Total owners of the parent Baht	Non- controlling interests Baht	Total shareholders' equity Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings				
				Appropriated legal reserve Baht	Unappropriated Baht			
Opening balance as at 1 January 2011		2,260,000,000	602,413,600	226,000,000	1,591,861,225	4,680,274,825	215,486,834	4,895,761,659
Retrospective adjustment for changes in accounting policy for restoration and rehabilitation expenses		-	-	-	(29,272,968)	(29,272,968)	-	(29,272,968)
Closing balance after adjustment		2,260,000,000	602,413,600	226,000,000	1,562,588,257	4,651,001,857	215,486,834	4,866,488,691
Net profit for the year		-	-	-	4,275,506	4,275,506	(77,430)	4,198,076
Dividends paid	23	-	-	-	(291,530,931)	(291,530,931)	-	(291,530,931)
Closing balance as at 31 December 2011		2,260,000,000	602,413,600	226,000,000	1,275,332,832	4,363,746,432	215,409,404	4,579,155,836

		Consolidated						
		Attributable to owners of the parent						
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Total owners of the parent	Non- controlling interests	Total shareholders' equity
				Appropriated	Unappropriated			
				legal reserve				
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1 January 2010	2,260,000,000	602,413,600	202,961,801	1,404,316,926	4,469,692,327	215,563,347	4,685,255,674	
Retrospective adjustment for changes in accounting policy for restoration and rehabilitation expenses	-	-	-	(23,859,519)	(23,859,519)	-	(23,859,519)	
Closing balance after adjustment	2,260,000,000	602,413,600	202,961,801	1,380,457,407	4,445,832,808	215,563,347	4,661,396,155	
Appropriated legal reserve	20	-	-	23,038,199	(23,038,199)	-	-	
Net profit for the year		-	-	-	413,083,271	413,083,271	(76,513)	413,006,758
Dividends paid	23	-	-	-	(207,914,222)	(207,914,222)	-	(207,914,222)
Closing balance as at 31 December 2010		2,260,000,000	602,413,600	226,000,000	1,562,588,257	4,651,001,857	215,486,834	4,866,488,691

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Changes in Shareholders' Equity (Cont'd)

Padaeng Industry Public Company Limited

For the years ended at 31 December 2011 and 2010

Notes	Company				
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total shareholders' equity
			Appropriated legal reserve	Unappropriated	
	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2011	2,260,000,000	602,413,600	226,000,000	1,593,117,677	4,681,531,277
Retrospective adjustment for changes in accounting policy for restoration and rehabilitation expenses	-	-	-	(29,272,968)	(29,272,968)
Closing balance after adjustment	2,260,000,000	602,413,600	226,000,000	1,563,844,709	4,652,258,309
Net profit for the year	-	-	-	41,680,698	41,680,698
Dividends paid 23	-	-	-	(291,530,931)	(291,530,931)
Closing balance as at 31 December 2011	2,260,000,000	602,413,600	226,000,000	1,313,994,476	4,402,408,076

Notes	Company				
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total shareholders' equity
			Appropriated legal reserve	Unappropriated	
	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2011	2,260,000,000	602,413,600	202,961,801	1,328,876,806	4,394,252,207
Retrospective adjustment for changes in accounting policy for restoration and rehabilitation expenses	-	-	-	(23,859,519)	(23,859,519)
Closing balance after adjustment	2,260,000,000	602,413,600	202,961,801	1,305,017,287	4,370,392,688
Appropriated legal reserve 20	-	-	23,038,199	(23,038,199)	-
Net profit for the year	-	-	-	489,779,843	489,779,843
Dividends paid 23	-	-	-	(207,914,222)	(207,914,222)
Closing balance as at 31 December 2011	2,260,000,000	602,413,600	226,000,000	1,563,844,709	4,652,258,309

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Cash Flows

Padaeng Industry Public Company Limited

For the years ended at 31 December 2011 and 2010

		Consolidated		Company	
	Notes	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash flows from operating activities					
Profit before tax		31,264,871	589,791,124	67,863,807	665,781,356
<u>Adjustments for:</u>					
Depreciation expenses	10	274,609,178	313,811,658	273,844,706	313,061,615
Other non-current assets amortisation expenses		37,776,478	36,180,138	27,608,023	27,896,892
Interest expenses		9,357,515	7,388,395	9,357,515	7,388,395
Interest income		(12,448,162)	(8,913,119)	(8,645,322)	(6,715,749)
Share of loss from jointly controlled entity	24 (i)	11,078,671	62,037,682	-	-
Allowance for doubtful debt		-	-	67,838	77,074
Allowance of slow-moving and obsolete stocks (reversal)		(1,720,133)	(5,554,352)	(1,720,133)	(5,554,352)
Provisions for employee benefits		21,484,321	12,844,313	20,163,721	12,844,313
Provisions for annual leave		600,000	83,447	600,000	83,447
Gain loss on disposal of property, plant and equipment		(108,631,800)	(1,064,866)	(108,631,800)	(1,064,866)
Provision for asset impairment (reversal)	10	9,081,373	(11,845)	9,081,373	(11,845)
Fixed assets written-off	10	14,550	140,662	14,500	140,662
Exploration costs written-down	11	580,394	37,412,911	580,394	37,412,911
Provisions for restoration expense (accretion expense)	15	23,509,277	27,985,558	23,509,277	27,985,558
Unrealised (gain) loss on foreign currency exchange		18,200,820	(5,883,594)	18,200,820	(5,883,594)

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Cash Flows (Cont'd)

Padaeng Industry Public Company Limited

For the years ended at 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Changes in operating assets and liabilities					
Trade accounts receivable					
- other parties		65,125,497	(55,946,007)	65,011,512	(56,424,984)
Inventories		84,085,008	(499,775,555)	84,085,008	(499,775,555)
Value added tax receivables		15,247,227	(439,700)	15,298,443	(348,759)
Other receivables-related parties		69,524	3,920,025	(15,471,549)	(8,573,547)
Prepayment to a related party		-	-	(33,948,746)	(24,205,000)
Other current assets		(447,865)	24,867,936	(73,408)	25,929,469
Other non-current assets					
- deferred environmental rehabilitation expenses		(9,671,221)	7,853,497	(9,671,221)	7,853,497
- deferred environmental risk assurance expenses		(1,642,646)	3,531,341	(1,642,646)	3,531,341
- others		(2,786,582)	(3,973,375)	(2,721,050)	(3,894,084)
Trade accounts payable					
- other parties		326,208,609	(492,978,074)	325,407,639	(493,428,719)
Accrued electricity expenses		140,669,072	(12,513,122)	140,669,072	(12,513,122)
Royalty payable		810,000	(522,081)	810,000	(522,081)
Other payable-related parties		-	-	35,944	248,153
Other current liabilities		(31,505,687)	(81,099,902)	(31,613,966)	(67,745,378)
Provisions for restoration expenses utilised	15	(19,332,541)	(44,992,732)	(19,332,541)	(44,992,732)
Provisions for employee retirement benefits expenses utilised	16	(26,031,030)	(5,295,798)	(26,031,030)	(5,295,798)
Cash generated from (used in) operation		855,554,718	(91,115,435)	822,706,180	(106,715,482)
Interest paid		(8,561,587)	(7,266,564)	(8,561,587)	(7,266,564)
Tax paid		(111,882,379)	(135,928,868)	(112,561,455)	(135,157,163)
Net cash provided by (used in) operating activities		735,110,752	(234,310,867)	701,583,138	(249,139,209)

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Statements of Cash Flows (Cont'd)

Padaeng Industry Public Company Limited

For the years ended at 31 December 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Notes	Baht	Baht	Baht	Baht
<u>Cash flows from investing activities</u>					
Interest received		12,325,914	8,840,493	8,490,143	6,682,490
Cash invested in a subsidiary		-	-	(246,700)	-
Long-term loan to jointly controlled entity		(105,000,000)	-	(105,000,000)	-
Cash paid for purchase of property, plant and equipment	10	(179,617,067)	(71,568,653)	(178,983,703)	(70,671,533)
Cash received from sales of property, plant and equipment		167,906,039	1,625,219	167,906,039	1,625,219
Cash paid for exploration	11	(92,686,285)	(61,976,096)	(6,641,998)	(2,032,403)
Net cash used in investing activities		(197,071,399)	(123,079,037)	(114,476,219)	(64,396,227)
<u>Cash flows from financing activities</u>					
Proceeds (payment) on short-term loans from financial institutions		(16,351,219)	364,829,782	(16,351,219)	364,829,782
Proceeds from long-term loan from other party	24 (viii)	21,713,402	25,323,837	-	-
Dividends payment		(291,292,366)	(207,727,602)	(291,292,366)	(207,727,602)
Net cash provided by (used in) financing activities		(285,930,183)	182,426,017	(307,643,585)	157,102,180
Effects from changes in exchange rate for cash and cash equivalents		6,346,208	561,606	6,346,208	561,606
Net increase (decrease) in cash and cash equivalents		258,455,378	(174,402,281)	285,809,542	(155,871,650)
Cash and cash equivalents at beginning of the year		455,719,315	630,121,596	281,592,741	437,464,391
Cash and cash equivalents at end of the year		714,174,693	455,719,315	567,402,283	281,592,741

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Notes to the Consolidated and Company Financial Statements

Padaeng Industry Public Company Limited

For the years ended at 31 December 2011 and 2010

1. General Information

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

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

The principal business operations of the Company, its subsidiaries and jointly controlled entity (the “Group”), are summarised as follows:

Company	Principal activities
Padaeng Industry Public Co., Ltd.	Mining and smelting zinc, the main products are SHG zinc metal and zinc alloys
Subsidiaries	Principal activities
Padaeng Properties Co., Ltd.	Providing property services
Puthep Co., Ltd.	Copper exploration
Padaeng Industry (Laos) Co., Ltd.	Zinc exploration and mining in Laos
Padaeng International Mining Co., Ltd.	Minerals exploration in Vietnam (non operating)
South East Asia Metals Co., Ltd.	Trading of various base metals and their by-products
Ton Sangkasi Pte Ltd.	Minerals exploration, prospecting, mining and processing of base metals
Jointly controlled entity	Principal activities
Maesod Clean Energy Co., Ltd.	Production and sales of ethanol and electricity

These consolidated and company financial statements have been authorised for issue by the Board of Directors at its meeting on 21 February 2012.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of Preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention, except for the accounting of assets and the related provision for restoration and rehabilitation expenses in Note 2.10, employee benefits as disclosed in Note 2.12 and financial instruments as disclosed in Note 2.16.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

An English version of the consolidated and company statutory financial statements has been prepared from the statutory 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 statutory financial statements shall prevail.

2.2 New Accounting Standards, New Financial Reporting Standards, New Interpretation, Amendments to Accounting Standards

a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenues
TAS 19 (Revised 2009)	Employee Benefits
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TFRS 6	Exploration for and Evaluation of Mineral Resources

The Group will apply new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “the accounting standards”) from 1 January 2011. The Group’s management assessed and determined that there are no significant impact to financial statements being presented except the following accounting standards.

TAS 1 (Revised 2009), the revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. Entities can choose to present the statement of comprehensive income in one statement or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, on first time adoption of this revised standard, for the financial statements which period beginning on or after 1 January 2011, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group has chosen to present the statement of comprehensive income in one statement.

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of property, plant and equipment, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. The revised standard also requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end.

TAS 19 prescribes accounting for employee benefits. The standard classifies employee benefits into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). The Group has elected to recognise any actuarial gain or loss for defined benefit plan or in other comprehensive income in the year of occurrence as allowed by the standard. Actuarial gain or loss for other long-term employee benefit shall be recognised in profit and loss. There is no significant impact to the Group's financial statements as a result of adopting the standard other than additional disclosures.

TAS 24 (Revised 2009), the definition of related party has been expanded to include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. This revised standard has only impacted the disclosure of related party information in the notes to financial statements.

The effects of the adoption of the above standards to the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the period ended 31 December 2010 are presented as following:

	Consolidated Baht	Company Baht
Statement of Financial Position as at 31 December 2010		
Increase in property, plant and equipment-net	14,166,328	14,166,328
Increase in provision for restoration expense	43,439,296	43,439,296
Decrease in retained earnings	(29,272,968)	(29,272,968)
Statement of Comprehensive Income for the year ended 31 December 2010		
Increase in depreciation expenses	465,296	465,296
Increase in interest expenses	4,948,152	4,948,152
Decrease in basic earnings per share	0.02	0.02

The details of the accounting policies regarding the above transactions are explained in the Note 2.10. The current balance of the restoration and rehabilitation assets and corresponding liabilities, including the impact of first time adoption of the accounting policy is shown in Note 15.

b) New accounting standards and amendments to accounting standards that are not yet effective and have not been early adopted by the Group:

Effective for the periods beginning on or after 1 January 2013

TAS 12 Income taxes

TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates

The Group has not early adopted the a forementioned accounting standards and the Group's management is in the process of reviewing the impacts of those accounting standards. However significant change in accounting standards relevant to the Group are summarised as below.

TAS 12 prescribed the accounting treatment for income taxes, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or to be paid to the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Group will apply this standard from 1 January 2013

retrospectively with an expectation adjustment to the deferred tax account and changes in retained earnings and income tax expenses. The management is currently assessing the impact of applying this standard.

TAS 21 (Revised 2009) required an entity to determine its functional currency which is a currency of the primary economic environment in which the entity operates. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. In addition, the results and financial position of all the group entities that have a functional currency difference from the presentation currency are translated in the presentation currency as following; (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position (b) income and expenses are translated at exchange rate at the date of the transactions and (c) all resulting exchange differences are recognised in other comprehensive income. The Group will apply this standard from 1 January 2013. The application of the standard will be accounted for retrospectively. The management is currently assessing the impact of applying this standard.

2.3 Group Accounting - Investments in Subsidiaries and Interests in Jointly Controlled Entities

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

In the company financial statements, investments in subsidiaries are reported by using the cost method.

A list of the Group's subsidiaries is given in Note 24 (i).

(2) Jointly controlled entities

In the consolidated financial statements, investment in jointly controlled entities are reported using the equity method of accounting.

In the company financial statements, interest in jointly controlled entities is reported using the cost method.

The Company's principal jointly controlled entity is listed in Note 24 (i).

(3) Other investment

Investments other than investments in subsidiaries and associates of the Group is classified into general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

General investments are non-marketable securities and carried at cost less impairment.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of comprehensive income.

2.4 Foreign Currency Transactions

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statements of comprehensive income.

The statements of comprehensive income and cash flows of foreign entities are translated into the Group's reporting currency at the average exchange rates for the year and statements of financial position are translated at the exchange rates ruling on the statements of financial position date.

2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks or other short-term highly liquid investments with original maturities of three months or less.

2.6 Trade Accounts Receivables

Trade accounts receivables are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collected. Bad debts are written off during the year in which they are identified and recognised in the statements of comprehensive income within administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials (zinc sulphide, concentrates and zinc silicates), direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Where net realisable value is less than cost, an allowance for the diminution in value of inventories has been provided.

Spare parts and consumables are valued at the weighted average cost basis. Allowance is made, where necessary, for obsolete, slow moving and defective inventories and are based on a review of all outstanding amounts at the year-end.

2.8 Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset and bringing it to the location and condition necessary for its intended use. In the case of self-constructed assets, the cost of construction consists of materials, direct labour and other expenses attributable to the construction which are allocated to the assets on a systematic basis. Property, plant and equipment, except land, are presented in statement of financial position at cost less accumulated depreciation.

Depreciation is calculated on the straight line basis to write off the cost or the revalued amount of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

	Years
Land improvements	5 - 20
Buildings	20 - 25
Machinery and heavy equipment	8 - 20
Equipment, furniture and fixtures	3 - 5
Vehicles	5

Residue ponds are amortised on units of production basis using the capacity volume of the residue ponds.

Residual value and the estimated useful life of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to a recoverable amount.

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statements of comprehensive income.

2.9 Exploration and Acquisition Costs

Exploration costs are accumulated separately for each area of interest and accounted using the successful efforts basis of accounting for such costs.

Under this basis, accumulated costs of exploration are capitalised and carried forward on statement of financial position where one or both of the following conditions are met:

- costs are expected to be recouped through successful development and exploitation of each area of interest or by sale of the area of interest; and/or
- exploration activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves and exploration activities are continuing in the area of interest.

Expenditures which no longer satisfy the above policy are written-off or a provision is recognised for such expenditure where management is of the opinion that the carried forward net cost may not be recoverable.

Upon commencement of development and production, these exploration costs are amortised by using the straight line basis over the period that they are expected to provide economic benefits. Mining concession fees and acquisition costs have an estimated useful life of 5 to 16 years and are amortised accordingly or over the life of the mine, whichever is shorter.

2.10 Asset and Provision for Restoration and Rehabilitation Expenses

Prior to 1 January 2011, the Group recognized estimated restoration costs over the life of mine properties and the useful life of restoration ponds used to accumulate residual waste from the operation of the Tak Zinc smelting facility.

Beginning 1 January 2011, the Group has adopted an accounting policy in accordance with TAS 16 to account for asset restoration and rehabilitation costs. Under the policy, the estimated costs of decommissioning mine properties and residual ponds and removing any related assets and site restoration are included in the cost of restoration assets as at the date the obligation first arises and to the extent that it is first recognised as a provision. This restoration asset is subsequently amortised on a unit-of production basis.

The corresponding restoration and rehabilitation provision, of an amount equivalent to the restoration asset created, is reviewed at the end of each reporting period. The provision is measured at the best estimate of the present value amount required to settle the present obligation at the end of the reporting period based on current legal and other requirements and technology, discounted where material using the weighted average cost of capital at the statement of financial position date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognised in the statement of comprehensive income on a prospective basis over the remaining life of the operation. Accretion expenses recognised due to unwinding of the effect of discounting on the restoration provision is included within administrative expenses in the statement of comprehensive income.

2.11 Impairment of Assets

Assets that have an infinite useful life, for example goodwill and exploration costs, are not subject to amortisation and are tested annually for impairment. Assets and intangible assets that have definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Employee Benefits

Post-employee benefits

The Group has both defined benefit and defined contribution plans. The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group at a certain percentage of the employee basic salary. Contributions to the provident fund are charged to the statements of comprehensive income in the year to which they relate.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period with the adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.13 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.14 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer which is at the time when the goods are delivered to the customer or as contractually agreed.

Interest income is recognised on a time proportion basis, taking into account the outstanding principal and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

2.15 Dividends

Dividends are recorded in the consolidated and company's financial statements in the period in which they are approved by the shareholders.

2.16 Financial Instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade accounts receivables, related parties receivables and payables, bank overdraft, trade accounts payables, accrued expenses and loans.

The Group enters into derivative financial instruments that reduce its exposure to fluctuations in foreign currency exchange rates with respect to recognised foreign currency assets or liabilities. The derivative instruments comprise forward foreign exchange contracts, protecting the Group from movements of foreign currency exchange rates by establishing the rate at which a foreign currency asset or liability will be realised or settled. They are measured at fair value and any related gains or losses (realised or unrealised) are recognised in the statement of comprehensive income. The fair values of the contracts are based on closing exchange quotations.

The Group also enters into forward derivative contracts to protect itself from movements in the zinc metal price changes related to production, and contracted purchases of concentrate and metal and sales of finished products. Those instruments comprise forward contracts for the sale and purchase of zinc metal. Such derivatives are not recognised on statement of financial position at inception, since they relate to future transactions (or underlying) which are not yet reflected in the financial statements. Gains and losses on those derivative contracts are recognised in the financial statements upon settlement of the transactions; their valuation at period end is nevertheless mentioned in Note 25.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Environmental Rehabilitation and Environmental Risk Assurance

Deferred environment rehabilitation expenses and provision for environmental rehabilitation expenses are recognised in the statement of financial position using the present value of the management's best estimation of future cash flows to be required to settle the expenditures for rehabilitation activities.

Deferred environmental risk assurance expenses and provision for environmental risk assurance expenses are recognised in the statement of financial position using the present value of the installments plan.

These deferred expenses are amortised by straight-line method over the useful life of mining area. The provisions are reviewed regularly and any changes in provisions are recognised as administrative expenses.

3.2 Asset and Provision for Restoration and Rehabilitation Expenses

Significant judgment is required in determining the asset and provision for restoration and rehabilitation expenses as there are many transactions and factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability includes future development, changes in technology, commodity price changes and changes in interest rates.

3.3 Exploration and Evaluation Expenditure

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided certain conditions are met. Exploration and evaluation assets are assessed for impairment when facts and circumstances

suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. These calculations and reviews require the use of assumptions and judgment.

3.4 Property, Plant and Equipment and Intangible Assets

Management determines the carrying value of property, plant, and equipment and intangible assets based on estimates, assumptions, and judgments in respect of remaining useful lives and residual values of these assets. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilisation, and performance.

3.5 Impairment of Assets

Assets and intangible assets with a definite useful life are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets and using an appropriate discount rate.

4. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5. Segment Information

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

6. Cash and Cash Equivalents

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash on hand	640,000	640,000	480,000	480,000
Deposits held at call with banks	320,027,550	97,352,548	297,266,925	81,263,372
Cash and bank balances	320,667,550	97,992,548	297,746,925	81,743,372
Bill of exchange	393,507,143	357,726,767	269,655,358	199,849,369
Cash and cash equivalents	714,174,693	455,719,315	567,402,283	281,592,741

The average interest rates on deposits and short-term investments are in the range of 0.10 % - 3.15% per annum (2010 : 0.10% - 1.93% per annum).

7. Trade Accounts Receivable-Net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Trade accounts receivable	311,050,406	374,751,863	309,947,290	373,534,762
<u>Less:</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable-net	311,050,406	374,751,863	309,947,290	373,534,762

Outstanding trade accounts receivable as at 31 December 2011 and 2010 can be analysed as follows:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Up to 3 months	311,050,406	374,751,863	309,947,290	373,534,762
Over 3 months	-	-	-	-
	311,050,406	374,751,863	309,947,290	373,534,762
<u>Less:</u> Allowance for doubtful accounts	-	-	-	-
	311,050,406	374,751,863	309,947,290	373,534,762

8. Inventories-Net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Raw materials	865,400,388	1,344,584,753	865,400,388	1,344,584,753
Spare parts and consumables	143,863,284	148,307,237	143,863,284	148,307,237
Goods in transit	500,195,175	740,535,407	500,195,175	740,535,407
Work in process	587,076,898	578,111,051	587,076,898	578,111,051
Finished goods	1,046,571,079	415,653,382	1,046,571,079	415,653,382
	3,143,106,824	3,227,191,830	3,143,106,824	3,227,191,830
<u>Less:</u> Allowance for slow moving and obsolete inventories	(12,662,866)	(14,382,998)	(12,662,866)	(14,382,998)
Inventories-net	3,130,443,958	3,212,808,832	3,130,443,958	3,212,808,832

9. Other Current Assets

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Advances to suppliers				
- principal	35,071,032	35,071,032	35,071,032	35,071,032
- interest	11,133,011	11,133,011	11,133,011	11,133,011
Recoverable taxes	5,145,500	5,661,622	5,032,801	5,661,622
Others	20,526,785	15,937,131	18,958,298	13,455,211
	71,876,328	67,802,796	70,195,142	65,320,876
<u>Less:</u> Allowance for doubtful accounts	(46,204,043)	(46,204,043)	(46,204,043)	(46,204,043)
Total	25,672,285	21,598,753	23,991,099	19,116,833

10. Property, Plant and Equipment-Net

	Consolidated						
	Land and land improvements Baht	Buildings Baht	Machinery and heavy equipment Baht	Equipment, furniture and fixtures Baht	Vehicles Baht	Building and machinery under constructions Baht	Total Baht
At 31 December 2009							
Cost	734,111,189	1,653,931,829	5,079,062,359	443,575,369	241,761,157	8,259,927	8,160,701,830
<u>Less:</u> Accumulated depreciation	(312,408,946)	(1,297,628,431)	(4,068,760,348)	(390,790,275)	(178,340,637)	-	(6,247,928,637)
Accumulated provision for impairment	(3,308,744)	(6,306,792)	(161,786,718)	(1,367,743)	(351,998)	-	(173,121,995)
Net book amount	418,393,499	349,996,606	848,515,293	51,417,351	63,068,522	8,259,927	1,739,651,198
Year ended 31 December 2010							
Opening balance	418,393,499	349,996,606	848,515,293	51,417,351	63,068,522	8,259,927	1,739,651,198
Additions	-	-	-	626,015	-	70,942,638	71,568,653
Transfers	1,919,426	2,155,986	56,808,929	10,384,048	153,000	(71,421,389)	-
Disposals of property, plant and equipment	-	-	(54,202)	5,974	(500,280)	-	(548,508)
Write-off property, plant and equipment	-	-	-	(140,662)	-	-	(140,662)
Depreciation expense	(21,698,793)	(60,387,413)	(192,834,194)	(22,463,764)	(16,427,494)	-	(313,811,658)
Closing net book amount	398,614,132	291,765,179	712,435,826	39,828,962	46,293,748	7,781,176	1,496,719,023
At 31 December 2010							
Cost	736,030,615	1,656,087,815	5,135,150,738	451,147,840	234,185,589	7,781,176	8,220,383,773
<u>Less:</u> Accumulated depreciation	(334,107,739)	(1,358,015,844)	(4,260,928,194)	(409,962,980)	(187,539,843)	-	(6,550,554,600)
Accumulated provision for impairment	(3,308,744)	(6,306,792)	(161,786,718)	(1,355,898)	(351,998)	-	(173,110,150)
Net book amount	398,614,132	291,765,179	712,435,826	39,828,962	46,293,748	7,781,176	1,496,719,023

Consolidated

	Land and land improvements Baht	Buildings Baht	Machinery and heavy equipment Baht	Equipment, furniture and fixtures Baht	Vehicles Baht	Building and machinery under constructions Baht	Total Baht
Year ended 31 December 2011							
Opening balance	398,614,132	291,765,179	712,435,826	39,828,962	46,293,748	7,781,176	1,496,719,023
Additions	525,868	-	3,586,350	19,330,970	-	156,173,879	179,617,067
Transfers	1,406,806	-	89,025,686	6,200,082	11,115,717	(107,748,291)	-
Disposals of property, plant and equipment	(53,809,300)	(5,310,579)	(154,358)	-	-	-	(59,274,237)
Write-off property, plant and equipment	-	-	-	(14,550)	-	-	(14,550)
Depreciation expense	(22,716,665)	(44,445,036)	(176,190,589)	(17,670,588)	(13,586,300)	-	(274,609,178)
Provision for impairment	-	-	(4,029,656)	(5,051,717)	-	-	(9,081,373)
Closing net book amount	324,020,841	242,009,564	624,673,259	42,623,159	43,823,165	56,206,764	1,333,356,752
At 31 December 2011							
Cost	683,863,489	1,618,662,140	5,223,824,174	476,380,331	237,053,851	56,206,764	8,295,990,749
<u>Less:</u> Accumulated depreciation	(356,533,904)	(1,370,345,784)	(4,433,334,541)	(427,349,557)	(192,878,688)	-	(6,780,442,474)
Accumulated provision for impairment	(3,308,744)	(6,306,792)	(165,816,374)	(6,407,615)	(351,998)	-	(182,191,523)
Net book amount	324,020,841	242,009,564	624,673,259	42,623,159	43,823,165	56,206,764	1,333,356,752

Fully depreciated property, plant and equipment still in use as at 31 December 2011 amount to Baht 3,527.9 million (2010: Baht 3,228.2 million).

	Company						
	Land and land improvements Baht	Buildings Baht	Machinery and heavy equipment Baht	Equipment, furniture and fixtures Baht	Vehicles Baht	Building and machinery under constructions Baht	Total Baht
At 31 December 2009							
Cost	737,621,127	1,653,931,829	5,079,062,359	439,456,514	241,741,157	8,259,927	8,160,072,913
<u>Less:</u> Accumulated depreciation	(312,408,946)	(1,297,628,431)	(4,068,760,348)	(388,954,175)	(178,321,132)	-	(6,246,073,032)
Accumulated provision for impairment	(3,308,744)	(6,306,792)	(161,786,718)	(1,367,743)	(351,998)	-	(173,121,995)
Net book amount	421,903,437	349,996,606	848,515,293	49,134,596	63,068,027	8,259,927	1,740,877,886
Year ended 31 December 2010							
Opening balance	421,903,437	349,996,606	848,515,293	49,134,596	63,068,027	8,259,927	1,740,877,886
Additions	-	-	-	626,015	-	70,045,518	70,671,533
Transfers	1,919,426	2,155,986	56,808,929	9,486,928	153,000	(70,524,269)	-
Disposals of property, plant and equipment	-	-	(54,202)	5,974	(500,280)	-	(548,508)
Write-off property, plant and equipment	-	-	-	(140,662)	-	-	(140,662)
Depreciation expense	(21,698,793)	(60,387,413)	(192,834,194)	(21,713,721)	(16,427,494)	-	(313,061,615)
Closing net book amount	402,124,070	291,765,179	712,435,826	37,399,130	46,293,253	7,781,176	1,497,798,634
At 31 December 2010							
Cost	739,540,553	1,656,087,815	5,135,150,738	446,278,179	234,165,590	7,781,176	8,219,004,051
<u>Less:</u> Accumulated depreciation	(334,107,739)	(1,358,015,844)	(4,260,928,194)	(407,523,151)	(187,520,339)	-	(6,548,095,267)
Accumulated provision for impairment	(3,308,744)	(6,306,792)	(161,786,718)	(1,355,898)	(351,998)	-	(173,110,150)
Net book amount	402,124,070	291,765,179	712,435,826	37,399,130	46,293,253	7,781,176	1,497,798,634

Company

	Land and land improvements Baht	Buildings Baht	Machinery and heavy equipment Baht	Equipment, furniture and fixtures Baht	Vehicles Baht	Building and machinery under constructions Baht	Total Baht
Year ended 31 December 2011							
Opening balance	402,124,070	291,765,179	712,435,826	37,399,130	46,293,253	7,781,176	1,497,798,634
Additions	525,868	-	3,362,895	18,921,060	-	156,173,880	178,983,703
Transfers	1,406,806	-	89,025,686	6,200,082	11,115,717	(107,748,291)	-
Disposals of property, plant and equipment	(53,809,300)	(5,310,579)	(154,359)	-	-	-	(59,274,238)
Write-off property, plant and equipment	-	-	-	(14,500)	-	-	(14,500)
Depreciation expense	(22,716,665)	(44,445,036)	(176,188,909)	(16,907,796)	(13,586,300)	-	(273,844,706)
Provision for impairment	-	-	(4,029,656)	(5,051,717)	-	-	(9,081,373)
Closing net book amount	327,530,779	242,009,564	624,451,483	40,546,259	43,822,670	56,206,765	1,334,567,520
At 31 December 2011							
Cost	687,373,426	1,618,662,140	5,223,600,718	471,100,810	237,033,852	56,206,765	8,293,977,711
<u>Less:</u> Accumulated depreciation	(356,533,903)	(1,370,345,784)	(4,433,332,861)	(424,146,936)	(192,859,184)	-	(6,777,218,668)
Accumulated provision for impairment	(3,308,744)	(6,306,792)	(165,816,374)	(6,407,615)	(351,998)	-	(182,191,523)
Net book amount	327,530,779	242,009,564	624,451,483	40,546,259	43,822,670	56,206,765	1,334,567,520

Fully depreciated property, plant and equipment still in use as at 31 December 2011 amount to 3,526.5 Baht million (2010: Baht 3,227.2 million).

During the year ended 31 December 2011, the Company disposed certain land and office buildings at the Chiang Mai province with a total net book value of Baht 59 million. The Company has recognised gain on sales amounting to Baht 108 million.

Provision for asset impairment

Asset impairment charges represent a write-down in the book value of assets which exceed their estimated recoverable amount based on a review of each asset's fair value less costs to sell and value in use.

Changes in impairment provision movement are shown as follows:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	173,110,150	173,121,995	173,110,150	173,121,995
Provision for impairment	9,081,373	-	9,081,373	-
Reversal from written-off	-	(11,845)	-	(11,845)
At 31 December	182,191,523	173,110,150	182,191,523	173,110,150

11. Exploration and Acquisition Costs

Exploration and acquisition costs as at 31 December 2011 and 2010 comprise:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
<u>Exploration costs</u>				
At 1 January	1,018,758,270	974,287,110	75,662,064	111,042,572
Expenditure incurred during the year	62,671,655	61,976,096	6,641,998	2,032,403
Deferred capitalised interest	20,827,714	19,907,975	-	-
Expenditure written-down	(580,394)	(37,412,911)	(580,394)	(37,412,911)
At 31 December	1,101,677,245	1,018,758,270	81,723,668	75,662,064
<u>Mining acquisition costs</u>				
Capitalised deferred cost				
Mining licence				
At 1 January	60,000,000	60,000,000	60,000,000	60,000,000
Accumulated depletion	(53,333,376)	(46,666,704)	(53,333,376)	(46,666,704)
At 31 December	6,666,624	13,333,296	6,666,624	13,333,296
Land use compensation-net	21,119,752	26,983,108	21,119,752	26,983,108
Other capitalised expenditure-net	11,414,919	15,071,391	11,414,919	15,071,391
At 31 December	39,201,295	55,387,795	39,201,295	55,387,795
Concession operating right				
At 1 January	40,115,682	48,185,730	-	-
Amortisation	(8,694,384)	(8,070,048)	-	-
At 31 December	31,421,298	40,115,682	-	-
Other capitalised cost				
At 1 January	-	-	-	-
Expenditure incurred during the year	30,014,630	-	-	-
Amortisation	(1,410,667)	-	-	-
At 31 December	28,603,963	-	-	-
Total mining acquisition costs	99,226,556	95,503,477	39,201,295	55,387,795
Total (Note 11 (i-ii))	1,200,903,801	1,114,261,747	120,924,963	131,049,859

i) Exploration costs

Exploration costs are mainly related to those incurred by the Company and its subsidiaries, Puthep Co., Ltd. (“Puthep”) and Padaeng Industry (Laos) Co., Ltd. (“Padaeng Industry (Laos)”). 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.

Puthep Co., Ltd.

As at 31 December 2011, the capitalised exploration and acquisition costs incurred by Puthep amounting to Baht 930.2 million. PanAust Limited (“PanAust”) recently declared “PanAust is undertaking a strategic review of its investment in the Puthep Copper Project in Thailand, including investigating the potential for selling of the asset”. At the date of these statement, the Company has also been approved by the Board of Director to investigate the potential for selling the asset. The outcome and impact of the selling is not currently known.

Padaeng Industry (Laos) Co., Ltd.

In October 2006, the Company signed an exploration agreement with the Department of Mines and Geology of Lao PDR. The area currently under study covers 600 km² in the northern part of Vientiane province. The exploration activities are conducted through Padaeng Industry (Laos). As at 31 December 2011, a total amount of Baht 93.8 million of exploration costs has been capitalised on the consolidated statement of financial position.

ii) Concession operating right and other capitalised cost

South East Asia Metals Co., Ltd.

On 4 September 2009, South East Asia Metals Co., Ltd. (“SEAMET”), a subsidiary of Padaeng Properties Co., Ltd., has entered into the Concession Operation Agreement with Mayflower Mining Enterprises Ltd. (“MME”), registered in the Union of Myanmar. Under this agreement, SEAMET has obtained the operating rights of a mining concession owned by MME.

During the year, SEAMET has entered into a service agreement related to a mining operation in the Union of Myanmar with Mali Mining & Metallurgy Pte. Ltd., (“Mali”). Under the terms of the service agreement, Mali will receive Baht 120 million. This transaction was approved by the Padaeng Industry’s shareholders at the Ordinary Shareholders’ Meeting on 27 April 2011. On 27 October 2011, SEAMET paid Baht 30 million from totaling Baht 120 million.

12. Other Non-Current Assets

Other non-current assets as at 31 December 2011 and 2010 comprise:

i) Deferred environmental rehabilitation expenses-net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	20,518,370	32,540,631	20,518,370	32,540,631
Additions	9,671,221	(7,853,498)	9,671,221	(7,853,498)
Closing book amount	30,189,591	24,687,133	30,189,591	24,687,133
<u>Less: Amortisation expense</u>	<u>(4,943,211)</u>	<u>(4,168,763)</u>	<u>(4,943,211)</u>	<u>(4,168,763)</u>
At 31 December	25,246,380	20,518,370	25,246,380	20,518,370

ii) Deferred environmental risk assurance expenses-net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	21,404,011	28,681,950	21,404,011	28,681,950
Additions	1,642,647	(3,531,341)	1,642,647	(3,531,341)
Closing book amount	23,046,658	25,150,609	23,046,658	25,150,609
<u>Less:</u> Amortisation expense	(3,841,110)	(3,746,598)	(3,841,110)	(3,746,598)
At 31 December	19,205,548	21,404,011	19,205,548	21,404,011

Deferred risk assurance costs related to payments made for future environmental restoration costs and are amortised over the life of the related mining licences.

iii) Others

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Deposits and instalment payments for condominium units	74,932,723	74,932,723	-	-
<u>Less:</u> Allowance for doubtful accounts	(74,932,723)	(74,932,723)	-	-
Total	-	-	-	-
Capitalised software				
At 1 January	5,007,699	4,948,555	4,862,595	4,763,543
Additions	565,287	3,910,330	464,755	3,897,245
Closing book amount	5,572,986	8,858,885	5,327,350	8,660,788
<u>Less:</u> Amortisation expense	(2,700,608)	(3,851,186)	(2,637,204)	(3,798,193)
At 31 December	2,872,378	5,007,699	2,690,146	4,862,595
Deposits	935,911	970,911	719,311	719,311
Others	5,391,021	3,134,726	5,391,021	3,134,726
Total	9,199,310	9,113,336	8,800,478	8,716,632

A subsidiary has provided an allowance of Baht 74.9 million against deposits and installment payments for certain condominium units whose construction was suspended due to unfavourable economic conditions.

Others

The Company also has general investments which are invested in third parties in the amount of Baht 14.4 million that have been fully written down in value.

13. Short-Term Loans From Financial Institutions

Short-term loans from financial institutions as at 31 December 2011 and 2010 comprise:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Trust receipts	359,934,913	394,929,331	359,934,913	394,929,331
Promissory notes	365,961,397	323,939,808	365,961,397	323,939,808
Total	725,896,310	718,869,139	725,896,310	718,869,139

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 1.05% - 1.50% per annum.

Financing arrangements available

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Bank overdraft	80,000,000	80,000,000	80,000,000	80,000,000
Short-term loans	3,129,957,000	2,783,889,000	3,129,957,000	2,783,889,000
Bank guarantee	1,068,527,100	1,054,706,700	1,065,487,100	1,051,666,700
Total	4,278,484,100	3,918,595,700	4,275,444,100	3,915,555,700

14. Bank Guarantees

As at 31 December 2011, the Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks of approximately Baht 432.3 million (2010: Baht 461.2 million).

15. Provisions for Restoration and Rehabilitation Expenses

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	92,144,122	70,660,152	92,144,122	70,660,152
Retrospective adjustment for change in accounting policy	-	38,491,144	-	38,491,144
Accretion expense	23,509,277	27,985,558	23,509,277	27,985,558
Amounts utilised	(19,332,541)	(44,992,732)	(19,332,541)	(44,992,732)
At 31 December	96,320,858	92,144,122	96,320,858	92,144,122

The provision for restoration costs represents amounts provided for the estimated costs of restoration of cadmium and residue ponds at Tak as well as rehabilitation and environmental risk assurance of the mined area in the Mae Sod in accordance with the government regulations and the Company's commitments.

16. Employee Benefit Obligations

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	122,694,239	115,145,724	122,694,239	115,145,724
Current service cost	6,240,590	6,900,250	6,240,590	6,900,250
Interest cost	6,001,039	5,944,063	6,001,039	5,944,063
Benefits paid	(26,031,030)	(5,295,798)	(26,031,030)	(5,295,798)
Loss on curtailment	9,242,692	-	7,922,092	-
At 31 December	118,147,530	122,694,239	116,826,930	122,694,239

The amounts recognised in the statements of comprehensive income are as follows:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Current service cost	6,240,590	6,900,250	6,240,590	6,900,250
Interest cost	6,001,039	5,944,063	6,001,039	5,944,063
Loss on curtailment	10,135,858	-	7,922,092	-
Total	22,377,487	12,844,313	20,163,721	12,844,313

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2011 (Percent)	2010 (Percent)	2011 (Percent)	2010 (Percent)
Discount rate	5.7	5.7	5.7	5.7
Inflation rate	3.5	3.5	3.5	3.5

The Company recognises the costs of employee retirement benefits payable in accordance with Thai Labour Law. The amount of retirement benefits are recorded based on the 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 year of occurrence.

17. Other Current Liabilities

Other current liabilities as of 31 December 2011 and 2010 comprise:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Social security and other taxes	13,956,946	11,059,528	13,950,628	8,660,782
Accrued expenses	52,272,061	109,252,728	47,962,132	106,812,736
Sales advances	21,734,437	15,424,794	21,398,437	15,088,794
Royalty payable	2,700,000	1,890,000	2,700,000	1,890,000
Other payables	68,770,089	50,867,676	66,352,676	49,081,034
Total	159,433,533	188,494,726	152,363,873	181,533,346

18. Commitments

As at 31 December 2011 and 2010, the Company has the following commitments for the acquisition of plant and equipment that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Not later than 1 year	54,288,316	153,568,339	54,288,316	153,568,339

As at 31 December 2011 and 2010, the Company has the following commitments for the purchase of raw materials that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Not later than 1 year	289,587,301	224,751,537	289,587,301	224,751,537

19. Share Capital and Premium on Share Capital

	Number of shares	Ordinary shares Baht	Shares premium Baht	Total Baht
For the year ended 31 December 2011				
At 1 January	226,000,000	2,260,000,000	602,413,600	2,862,413,600
Movement during the year	-	-	-	-
At 31 December	226,000,000	2,260,000,000	602,413,600	2,862,413,600

As at 31 December 2011, the total authorised number of ordinary shares is 226,000,000 shares (2010: 226,000,000 shares) with a par value of Baht 10 per share (2010: Baht 10 per share). All issued shares are fully paid.

20. Legal Reserve

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	226,000,000	202,961,801	226,000,000	202,961,801
Appropriation during the year	-	23,038,199	-	23,038,199
At 31 December	226,000,000	226,000,000	226,000,000	226,000,000

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.

21. Expenses by Nature

The following expenditures items, classified by nature, have been charged in arriving at the operation profit:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Changes in inventories	(730,614,021)	(177,283,535)	(730,614,021)	(177,283,535)
Raw materials, spare parts and consumables used	4,906,978,409	4,306,955,245	4,906,978,409	4,306,955,245
Employee benefits expense	529,646,835	516,892,759	515,790,364	516,860,759
Utility expenses	1,417,253,596	1,377,543,467	1,416,786,649	1,377,389,681
Depreciation and amortisation expenses	313,130,710	348,874,377	302,197,785	340,493,210

22. Basic Earnings per Share

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

	Consolidated		Company	
	2011	2010	2011	2010
Net profit attributable to common shareholders (Baht)	4,198,076	413,006,758	41,680,698	489,779,843
Weighted average number of ordinary shares on issue (shares)	226,000,000	226,000,000	226,000,000	226,000,000
Basic earnings per share (Baht)	0.02	1.83	0.18	2.17

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2011 and 2010.

23. Dividend

At the Ordinary Shareholders' Meeting held on 27 April 2011, shareholders approved the annual dividend payment from net profit of the Company for the year ended 31 December 2010 of Baht 1.29 per share totalling Baht 291.5 million. (2009: totalling Baht 207.9 million). The dividend was paid on 24 May 2011.

24. Related Parties Transactions

i) Investments in related parties-net

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

	Consolidated				Company			
	31 December 2011		31 December 2011		31 December 2010		31 December 2010	
	Equity Baht	Paid-up capital Baht	% Ownership investment	Cost Baht	Equity Baht	Paid-up capital Baht	% Ownership investment	Cost Baht
Subsidiaries								
Padaeng Properties Co., Ltd.	-	80,000,000	100	80,000,000	-	80,000,000	100	80,000,000
Puthep Co., Ltd.	-	285,589,732	51	145,650,772	-	285,589,732	51	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
Ton Sangkasi Pte Ltd.	-	246,700	100	246,700	-	-	-	-
Total	-			253,567,125	-			253,320,425
Less: Diminution								
Padaeng Industry (Laos) Co., Ltd.	-			(20,215,102)	-			(20,215,102)
Padaeng International Mining Co., Ltd.	-			(100,000)	-			(100,000)
Investments in subsidiaries-net	-			233,252,023	-			233,005,323

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

Jointly controlled entity								
Maesod Clean Energy Co., Ltd.	94,192,819	675,000,000	35	236,249,800	105,271,490	675,000,000	35	236,249,800

Maesod Clean Energy Co., Ltd. is incorporated in Thailand.

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
At 1 January	105,271,490	167,309,172	469,255,123	469,255,123
Share of loss from jointly controlled entity	(11,078,671)	(62,037,682)	-	-
Investment in a subsidiary	-	-	246,700	-
At 31 December	94,192,819	105,271,490	469,501,823	469,255,123

Subsidiaries

As at 31 December 2011, **Padaeng Industry (Laos)** has total authorised share capital of USD 1,273,000 of which USD 797,000 has been issued and paid up. The current investment value of Padaeng Industry (Laos) in the Company's books net of diminution in value of investment is Baht 7,354,551 (2010 : Baht 7,354,551). The Company is aware that the balance of share capital of USD 476,000 will be called during 2012.

As at 31 December 2011, **Puthep** has total authorised share capital of 4,606,286 shares (2010: 4,606,286 shares) outstanding for a cumulative amount of Baht 377,102,615 (2010: Baht 377,102,615).

SEAMET has entered into a service agreement related to a mining operation in the Union of Myanmar with Mali Mining & Metallurgy Pte. Ltd. The details regarding the service agreement are explained in the Note 11(ii).

On 18 January 2011, **Ton Sangkasi Pte Ltd.**, a Singapore registered company was incorporated with capital of SGD 10,000 which has been solely subscribed by the Company.

Jointly controlled entity

On 9 October 2006, **Maesod Clean Energy Co., Ltd.** ("Maesod Clean Energy") was created together with MP Energy Co., Ltd. and Thai Oil Public Company Limited. The jointly controlled entity produce ethanol as an alternative energy source. As at 31 December 2011 and 31 December 2010, Maesod Clean Energy has 67,500,000 shares authorised and outstanding. The Company has subscribed to a total of 23,625,000 shares in Maesod Clean Energy.

Under the term loan agreement dated 9 September 2011, signed by the Company and its partners with Maesod Clean Energy, the Company provided to Maesod Clean Energy a Baht 105 million loan on 5 October 2011. After a period of one year from the date of the agreement, the Company may convert this loan into equity of Maesod Clean Energy. The loan carries interest rate of 4.2% per annum.

The Company has a 35% interest in a jointly controlled entity, Maesod Clean Energy. The following amounts represent the significant financial information as at and for the years ended 31 October 2011 and 2010 of the jointly controlled entity:

	31 October 2011 '000 Baht	31 October 2010 '000 Baht
Property, plant and equipment	1,852,595	2,019,093
Current assets	442,176	431,367
Non-current assets	19,345	14,765
Total assets	2,314,116	2,465,225
Long-term borrowing	1,240,000	1,260,000
Current liabilities	763,832	845,925
Total liabilities	2,003,832	2,105,925
Net assets	310,284	359,300
Revenues	983,377	634,136
Expenses	(1,032,392)	(789,608)
Net loss for the year	(49,015)	(155,472)

Maesod Clean Energy has fiscal year that ends on 31 October. For the two months ended 31 December 2011, Maesod Clean Energy has net loss of Baht 41,161 thousand (2010 : net loss of Baht 59,632 thousand). The operating results of Maesod Clean Energy for the two months period as at 31 December 2011 included in the consolidated financial statements have been unaudited.

As at 31 December 2011, there are no contingent liabilities relating to the Company's interest in the jointly controlled entity.

ii) Sales of goods and services

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
For the years ended 31 December				
Sales of goods and services:				
Padaeng Properties Co., Ltd.	-	-	943,200	943,200
Padaeng Industry (Laos) Co., Ltd.	-	-	4,085,144	463,066
Puthep Co., Ltd.	-	-	312,130	298,935

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

iii) Purchases of goods and services

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
For the years ended 31 December				
Purchases of goods and services:				
Padaeng Properties Co., Ltd.	-	-	6,125,475	5,054,510
Puthep Co., Ltd.	-	-	-	217,712
Maesod Clean Energy Co.,Ltd.	-	-	13,030	433,081

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

iv) Other receivables-related parties-net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Padaeng Properties Co., Ltd.	-	-	82,002	82,002
Padaeng Industry (Laos) Co., Ltd.	-	-	33,984,962	20,044,713
Puthep Co., Ltd.	-	-	-	1,326
Padaeng International Mining Co., Ltd.	-	-	126,684	118,846
Ton Sangkasi Pte Ltd.	-	-	1,594,312	-
Maesod Clean Energy Co.,Ltd.	-	69,524	-	69,524
Total	-	69,524	35,787,960	20,316,411
Less: Allowance for doubtful accounts	-	-	(126,684)	(118,846)
Other receivables-related parties-net	-	69,524	35,661,276	20,197,565

v) Advance to related parties-net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Padaeng Industry (Laos) Co., Ltd.	-	-	68,469,416	41,112,916
Padaeng International Mining Co., Ltd.	-	-	492,300	432,300
Ton Sangkasi Pte Ltd.	-	-	6,532,246	-
Total	-	-	75,493,962	41,545,216
<u>Less:</u> Allowance for doubtful accounts	-	-	(492,300)	(432,300)
Advance to related parties-net	-	-	75,001,662	41,112,916

Advance from the Company in the amount of Baht 68,469,416 represents an advance for share subscription payment in Padaeng Industry (Laos).

As at 31 December 2011, the above mentioned loans to Padaeng International Mining Co., Ltd. is calculated at interest rates of fixed 3-month deposit per annum.

vi) Other payables-related party

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Padaeng Properties Co., Ltd.	-	-	527,684	491,740
Total	-	-	527,684	491,740

vii) Key management compensation

The compensation paid or payable to key management for employee services for the period ended 31 December 2011 and 2010 is shown below:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Short-term employee benefits	47,096,562	48,427,920	47,096,562	48,427,920
Post-employee benefits and termination benefits	20,068,130	3,967,317	20,068,130	3,967,317
Total	67,164,692	52,395,237	67,164,692	52,395,237

viii) Long-term loan from other party

A Loan Agreement between Puthep and PNA (Puthep) dated 15 August 2008 and executed in March 2009 in which PNA (Puthep) agreed to advance funds necessary to complete a feasibility study for the Puthep copper project. The loan amount is in addition to equity funding of USD 6,000,000 or Baht 216,492,547 received from PNA (Puthep). Interest on principal amounts advanced under the Loan Agreement are calculated based on best commercial rates available for PNA (Puthep). and are to be capitalised. Under the terms of the loan, interest expense will cease to accrue on the third anniversary of the earlier of the due date for delivery of the bankable feasibility study (19 September 2009) and the actual date that the feasibility study is completed. Puthep is not obliged to make loan repayments until such time as it has generated sufficient profits to commence making dividend payments at which time repayments will then commence to be equal to 35% of distributable net profit.

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
<u>PNA (Puthep) Pty Ltd.</u>				
At 1 January	464,431,861	439,108,024	-	-
Loan increase during the year	21,713,402	25,323,837	-	-
At 31 December	486,145,263	464,431,861	-	-
Accrued interest expenses	69,141,292	48,313,578	-	-

25. Risk Management Policy for Assets and Liabilities

25.1 Risk Management and Hedging Instruments

Price risk

The Company is also exposed to risk resulting from fluctuations in commodity prices. The Company currently engages only in transactional hedging with the purpose of mitigating price exposure from the difference in timing between purchased raw material and finished product sales. Any settlement gains or losses realized from hedging arrangements are recorded against the corresponding revenue or cost of purchases as appropriate. As at 31 December 2011, the net purchases of 2,550 metric tons of zinc on the London Metal Exchange are outstanding. The change in fair value of these open positions amounts to USD 654,404 or Baht 20,746,562, is unfavourable. These fair values reflect the mark to market values of the contracts at the prevailing period end rates. These positions will be offset by committed and priced physical purchases and sales contracts. The operations carried out on the future markets for hedging transactional risks as described are not of a speculative nature. In accordance with current Thai Generally Accepted Accounting Principles, the changes in fair value of outstanding hedging contracts are not recognised in these financial statements.

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.

Interest rate risk

Interest rate risk in the statement of financial position from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Company in the current reporting period and in future years.

25.2 Fair Values

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

25.3 Exploration Risk

In order to maintain a 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 11 of these financial statements. The current 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.

26. Litigation

As of 31 December 2011, the Company has been served notice of five complaints by 1,141 plaintiffs filed in the Bangkok Southern Civil Court. The plaintiffs are seeking compensation of Baht 3,969 million from the Company alleging that it caused cadmium contamination in the Mae Sod district of the Tak province. The Company has filed answers to all the claims as ordered by the Court, the cases are pending for the court proceeding, 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.

On 26 October 2010, the Company received Letter from the Ministry of Industry ordering it to perform, within 180 days, an additional Environmental and Health Impact Assessment (“EHIA”) in compliance with instructions from the Ministry of Natural Resources and Environment. Failure to do so would cause the revocation of the latest mining concession.

The Company objects to the legality of that order and lodged a Complaint by the Central Administrative Court in January 2011. The case is pending for the court consideration.

27. Subsequent Events

On 21 February 2012, the Board of Directors decided to propose to the Annual Shareholders Meeting of April 2012 the payment of dividend of Baht 0.50 per share totalling Baht 113 million from 2011 operating results and retained earnings.

Corporate Governance

The Company conducts business in conformity with “The Principles of Good Corporate Governance, published in 2006”, as set out by the Stock Exchange of Thailand. By doing so, the Company demonstrates its commitment to standards and conducts in building confidence of the shareholders, investors and other related entities or persons. The Audit Committee, through internal audit department, supervises financial statements, internal control, and practices of good corporate governance to ensure compliance to policies. The Company has also enacted a Code of Ethics to which all executives and employees are expected to adhere to in conducting business. The Company has set up a Nomination and Remuneration committee to oversee the process of directors’ nomination and to recommend fair and reasonable annual remuneration for the Board, the subcommittees and the top executives. To ensure efficient and productive business operations a Strategic Committee has been established to propose the Company’s strategic plan to the Board of Directors.

The Company has taken steps in other areas as well, in an effort to be accepted by its stakeholders and other related entities, as having good corporate governance as called for by the Stock Exchange of Thailand.

I. Rights of Shareholders

The Company considers each shareholder as an equal and stipulates procedures for the meeting according to the law and in compliance with guidelines of the Stock Exchange of Thailand.

In 2011 the Company held one annual shareholder’s meeting on 27 April 2011 at the Winsor Suites Hotel, Bangkok. An invitation letter with agenda of the meeting and related documents were sent to the shareholders 7 days prior to the meeting. Topics on the agenda included the opinion of the Board of Directors and minutes of the last meeting in order to allow shareholders ample time and opportunity to review and consider the topics. The Company made every effort to accommodate shareholders by arranging the meeting in a convenient location with an appropriately sized meeting space and permitted

shareholder proxies in the event they were unable to attend. The Company has also posted the information regarding shareholders meetings on the Company’s website and shareholders could send questions related to the Company operations through the website prior to the meeting date.

During the 2011 annual shareholders’ meeting, a total of 9 directors attended, including the Chairman of the Audit Committee. The Chairman of the meeting allowed equal opportunity for all shareholders to question, comment or give suggestions regarding conduct of company operations. Notable inquiries and opinions were recorded in the minutes of the meeting.

In addition to the annual shareholders’ meeting, the Company will call additional shareholders’ meetings, if necessary, in the event that specific emergency agenda topics, which are vital to the shareholders’ interests or relate to by-laws or regulations that require the shareholders’ approval.

II. Equitable Treatment of Shareholders

The Company considers each shareholder as an equal and stipulates procedures for the meeting according to the law and in compliance with guidelines of the Stock Exchange of Thailand. Each shareholder shall have one vote for each share. Shareholders can send in their proxies in the event that they are unable to attend.

To protect against conflict of interest and use of inside information for personal gain, the Board of Directors investigates any instance which may lead to a dispute and has established a policy and guidelines to prevent executives and related persons from using internal company information for personal gains. Summary of company holdings by directors and executives is reviewed to monitor any use of inside information for gains by executives.

For the case of related parties transaction, the Company has disclosed all the necessary information together with Directors’ opinion to the public according to SET regulation.

The Company has established a channel (through company's website) to allow shareholders to submit names of qualified candidates to be nominated as board members and to propose an agenda for and in advance of the annual general shareholders' meeting.

III. Role of Stakeholders

The Company places much significance upon the rights of every group of stakeholders, particularly the society, its shareholders, customers and employees.

Commitment to Customers & Suppliers

The Company commits to provide, on time and at a reasonable price, products and services meeting the standards required by customers. The Company also has established technical service department to assist our customers. The Company will act fairly in all business dealings and in compliance with applicable laws and regulations.

Commitment to Shareholders

The Company respects the right of our major and minor shareholders equally. PDI commits to profitable and secure operations yielding an attractive long-term return for the benefit of our shareholders.

Commitment to Employees

The Company is committed to providing attractive and fair compensation. Human resources management has been applied along with the support for self-learning and development. The Company realizes that human resources development is vital in increasing capability and skills of the employees. The Company focuses mainly on providing technical knowledge in the areas of each individual's responsibility and consistent self-development. In the previous year, on-the-job trainings, supervised by the supervisor of each individual unit, were provided and observation trips abroad were also offered. Additionally, the Company's has introduced the Competency Model as a tool to consistently develop their employees and manage career advancement. In 2012, the Company will develop its employees, especially the management level, in accordance to the guideline of its Core Training Roadmap and Competency Model. Apart from this, there are plans to improve the salary structure so as to be able to compete with industry and in compliance with skilled labour standards and minimum wages mandate which will come into effect in the beginning of 2012.

In 2011, the Company provided increased welfare and assistance to employees and their families to improve their quality of life, including offering more scholarships for employees' outstanding children, improving financial assistance for medical expenses, helping out employees and their families affected by the floods, as well as providing employee's choice of provident fund.

The Company places the highest importance on workplace safety. Accordingly, the Company has implemented a more efficient occupational health and safety management system and at the same time promote as well as instilled safety consciousness amongst all parties by implementing the following measures:

- Review risk assessment of major activities and monitor health and safety in the work place on a regular basis;
- Inspect emergency equipment and conduct annual fire escape drills;
- Campaign and promote safety in the workplace according to the OHSAS 18001/ TIS 18001 Occupational Health and Safety Management System;
- Holding annual health check-ups to monitor and prevent health threatening issues and to encourage good health and safety of all employees;
- Provide training to encourage employees and contractors to be more health and safety conscious.

Commitment to the Community (Local and National)

Over the past three decades, Padaeng Industry has demonstrated a strong commitment to operate its business under good corporate governance with responsibility to society, the environment and the surrounding communities. The Company has implemented several activities to improve the quality of life and encouraged the participation from the surrounding communities. In 2011, the Company distributed more than 10 million Baht in the following projects:

Education: The Company has sponsored more than 600 scholarships at all education levels to underprivileged students with outstanding grade and behavior in Tak province. Donations have also been made for school uniforms and equipment such as satellite dishes and computers with high-speed internet. School buses transportation and lunches project were also provided.

Environment: At Mae Sod mine the Company planted vetiver grass to preserve soils and waters according to His Majesty the King's initiative. The mine organized this

vetiver grass planting in collaboration with government agencies, local communities and schools with more than 1,000 participants joined the activities each year. The mine also support and participate with tree-planting of the communities. Open House activities were held giving an opportunity for more than 2,000 community leaders, villagers, teachers and students to witness the Company's zinc ore production process and environmental management system.

Health: The Company donated medical equipments to the hospitals and public health centres in Tak province such as defibrillators to the King Taksin Maharaj Hospital.

Religion and Culture: The Company donated funds to help restore and renovate religious sites and to participate in various religious and merit making ceremonies.

Community Work: The Company encourages its employees to volunteer in community development projects. The Company also supported and participated in other charity activities such as disaster relief for droughts, relief bags and drinking water donations during the floods and warm clothing and blankets donation during the cold seasons.

Building Community Networks to Promote Knowledge and Job Creation: The Company has worked with various agencies to improve the quality of life for people in the surrounding communities by supporting programmes to promote knowledge amongst sugarcane farmers in the Mae Tao and Mae Ku basins in order to improve their production yield and generate sustainable income. The Company also provided vocational training to villagers and youths of Pa Dae village of Mae Sod district in Tak province to make handicrafts to help them earn additional income.

Since 2007, the Company has collaborated with the **Padaeng Quality of Life Development Foundation** to carry out some Corporate Social Responsibility (CSR) programmes in order to help improve the quality of life for villagers in rural areas and remote villages. In 2011, the Padaeng Foundation has continued the following programmes:

The 60th Coronation Anniversary Health and Social Welfare Fund: This programme has been designed for three sub districts of Mae Sod district and has continued for more than five years. In 2011, the membership increased from 2,888 to 3,479. The Padaeng Foundation contributed 180,000 Baht to the Fund in 2011. The Padaeng Foundation also provided observation trips to learn from the experience of other Funds such as Baan Don Chai Fund in Lampang

province and arranged workshops in order to exchange and brainstorm ideas to better improve and maximize the effectiveness of the Fund.

Helping Out the Underprivileged, Disabled and the Elderly: The Padaeng Foundation jointly arranged healthcare activities with the Funds and local health centres in the three subdistricts surrounding the Mine. These activities covered house visits, mobile healthcare, providing physical therapy equipment and meditation programmes for the elderly.

Education and Research Support: In 2011, the Padaeng Foundation supported a follow-up programme of Mae Sod Hospital for the treatment of patients with high levels of cadmium in sub districts of Mae Tao, Phratad Padaeng and Mae Ku.

IV. Disclosure and Transparency

It is the Company's philosophy to conduct business with honesty, righteousness and ethics, with responsibility towards all stakeholders, namely, customers, shareholders, employees, society. The Company has issued a Code of Ethics, which gives guidelines for work and employee conduct. All employees are to use this manual as a reference for carrying out duties according to the mission of the Company. The new Code of Ethics has been put in effect since 2008.

The Company ensures that important information, both financial and non-financial, as specified in relevant regulations through the channel of the SET is disclosed correctly, accurately, on a timely basis and transparently. In addition the financial report, the annual statement (Form 56-1) and the annual report are available on the Company's website.

The Board of Directors has also called for the disclosure of company information in an accurate, complete, transparent and widespread manner. As such financial information as well as general information about the Company, which might impact the value of company stock, is readily available. Shareholders and other interested parties may locate any such information through the various the Stock Exchange of Thailand media outlets or from the Company's website. A specific investor relations function has been established and existing and potential investors can obtain information by contacting the Company directly at Tel: 02-695 9499 or at www.padaeng.com or e-mail inquiries to the Investor Relation Manager at woratipr@padaeng.co.th.

The Company also recognizes the importance of internal control systems on both management and

operational levels and has created an authority manual as the definitive reference. An independent internal audit department, reporting directly to the Audit Committee, works as an internal checks and balances and conducts audits as needed.

V. Responsibilities of the Board

The Company's Board of Directors is responsible for acting in compliance with by-laws, objectives and guidelines of the Company and resolutions of the shareholders' meeting, with honesty and prudence in the best interests of the Company. In addition Board of Directors has played a part in establishing the vision, mission, strategy, objectives, the business plans and budget of the Company with effectiveness and efficiency. Also the Board ensures that the management team conducts operations in accordance with the Company's business plan, to add value to its business and ensure maximum stability for its shareholders.

The Board of Directors is of the opinion that the Company maintains adequate internal controls and can reasonably show credibility towards its financial statements as of 31 December, 2011.

Balance of Power for Non-Executive Directors

The Company's Board of Directors consists of qualified directors with a broad realm of experience, totalling 10 members at the end of 2011 as follows:

Executive Directors	3 members
Non-Executive Directors	7 members
Directors representing major shareholders	3 members
- Bali Ventures Limited holds	2 seats
- Ministry of Finance holds	1 seat
Independent directors	4 members

(3 of the independent directors are Audit Committee members)

Aggregation or Segregation of Positions

The position of the Chairman of the Board of Directors and position of MD are kept separate as to ensure a clear distinction between responsibilities, that of policy making and that of day to day operations respectively. The Company has clearly defined the authority and responsibilities of management at every level.

Remunerations for Directors and Management

Remuneration for Directors - Remuneration for Company directors has been determined in a clear manner and is comparable to that of similar companies in the industry. The amount of remuneration has been approved by shareholders. Directors who have been selected to sit on the Audit Committee, the Strategic Committee and the Nomination and Remuneration Committee receive additional remuneration reflective of the additional work responsibility.

Remuneration for Top Executives - Remuneration for top executives has been determined in accordance with the principles and policy set by the Board of Directors and corresponds with overall company performance and that of each individual executive.

Remuneration for the Board, subcommittees and top executives is reviewed by the Nomination and Remuneration Committee before submitting to the Board.

Remuneration for Directors in 2011 is detailed in section Remuneration for Executives.

Meetings of the Board of Directors

The Board of Directors has regular meetings held every 3 months and may call additional special meetings as needed. Clear agenda topics and agenda minutes of the meetings are prepared in advance of each meeting and the Company Secretary sends out an invitation letter and relevant documents to Board members prior to the meeting, so as to allow sufficient time for review. During 2011, the Board of Directors met 5 times with records of attendance as follows:

Name	Date of appointment	No. of meetings	Excused	Attendance (times)
1. Mr. Arsa Sarasin	26 Apr.2010	5	-	5
2. Mr. Paron Israsena	23 Apr.2009	5	-	5
3. Mr. Aswin Kongsiri	26 Apr.2010	5	-	5
4. Mr. Vinai Vamvanij	26 Apr.2010	5	-	5
5. Mr. Pinit Vongmasa	23 Apr.2009	5	-	5
6. Mr. Surapol Supradit	27 Apr.2011	5	-	5
7. Mr. Karel Vinck	27 Apr.2011	5	2	3
8. Mr. Ahmad Bin Fahad	23 Apr.2009	5	2	3
9. Mr. Madhu Koneru ¹	23 Apr.2008	1	1	-
10. Mr. Ravi Gidwani	27 Apr.2011	5	4	1
11. Mr. André R. van der Heyden ²	23 Apr.2009	4	-	4
12. Mr. Vinij Ongnegnun	26 Apr.2010	5	-	5

Remark: 1. Mr. Madhu Koneru resigned from the Director on 27 April 2011.
2. Mr. André R. van der Heyden resigned from Managing Director on 13 December 2011.

Board Self Assessment

The Board has conducted self assessment yearly to allow all members of the Board to consider the Board's performance and solve any problems they may have.

Subcommittees

The Board of Directors has established the Audit Committee, made up of independent directors, to supervise and be responsible for the integrity of the financial statements and internal control system. The opinions of the Audit Committee are written in the annual report. In addition the Company set up the Strategic Committee and the Nomination & Remuneration Committee to help in supervising company operations. Each committee has its own members, scope of work and responsibilities, which are detailed in section Management structure.

The Company Secretary

The Board, in the Board meeting No. 04-2551 on 13th May 2008, appointed Mr. Surin Tanticharoenkiat as the Company secretary responsible for organizing the meetings of the Board and of the shareholders. The Company secretary is also in charge of preparing the minutes of the Board's meetings and the minutes of shareholders' meetings as well as filing documents as stipulated by law.

Shareholders and Management

Shareholders' Structures

The Company's registered and paid-up capital amounts to 2,260,000,000 Baht issued as 226,000,000 ordinary shares at 10 Baht per share.

First 10 Major Shareholders of Padaeng Industry Public Company Limited as of 11 May 2011, which is the latest date of the close of the Shareholders' Register, are as follows:

No.	Name	No. of shares	% of Total shares
1.	Bali Ventures Limited	49,087,200	21.720
2.	Ministry of Finance	31,200,000	13.805
3.	Bangkok Bank Public Company Limited	7,301,070	3.231
4.	Thai NVDR Ltd.	5,325,110	2.356
5.	Mr. Supachai Veeraborvornpong	4,032,900	1.784
6.	Chase Nominees Limited 74	2,859,800	1.265
7.	Mrs. Nunta Rungnoppakunsi	2,218,300	0.982
8.	Mr. Nurak Mahatana-arnont	2,133,400	0.944
9.	Mr. Taveechat Jurangkul	2,000,000	0.885
10.	Mr. Natee Sirawat	1,800,000	0.796

Note: Investors can look up update shareholders information at www.padaeng.com before the 2012 Shareholders' Meeting.

Major Shareholders

No.	Name	No. of shares	% of Total shares
1.	Bali Ventures Limited	49,087,200	21.720
2.	Ministry of Finance	31,200,000	13.805

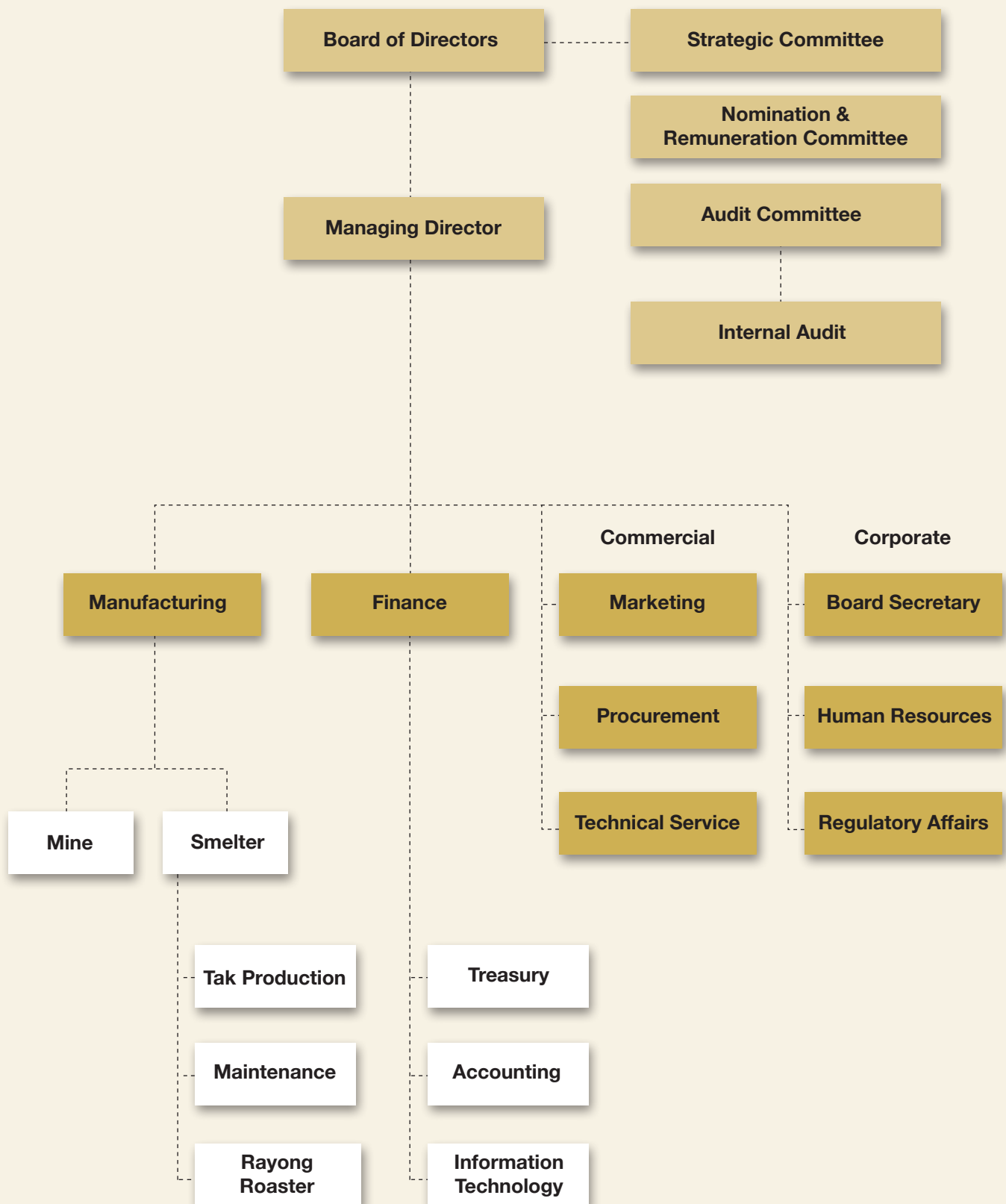
Policy for Payment of Dividends

An amount of at least 5% of profits after corporate income taxes must be put in reserve, until the total amount in reserve equals 10% of the Company's authorized share capital. The Company will normally pay dividends up to 50% of profits after corporate income taxes, unless the Board determines that the near future cash needs of the Company justify reserving part of the profit to cover those needs.

At the meeting of 27 April 2011, and after reviewing the financial statements of 31 December 2010, the Board proposed and the shareholders approved the payment of a dividend for 2010 of 1.29 Baht per share, in excess of the by-laws guidelines.

There is no fixed dividend payment policy for subsidiaries. However subsidiary will generally follow the policy of the Company.

Organisation Chart of Padaeng Industry Public Company Limited



Management

Padaeng Industry Public Company Limited has 4 sets of committees.

1) Board of Directors

The duties and responsibilities of the Company's Board of Directors are as follows:

1. Manage company operations according to the law, rules and regulations, mission of the Company and resolutions of the Company shareholders
2. Determine the amount of dividend to be paid to shareholders
3. Determine the amount of compensation or bonus to be awarded to officers or employees or other staff working for the Company (permanent or temporary employees), not including pension benefits or other remuneration paid to directors
4. Review the Company's strategic work plan and assessment of operations as submitted by the Strategic Committee

In carrying out its duties and responsibilities, the Board of Directors may assign the Managing Director, any or several directors or any other person(s) to take action on its behalf.

The Company's Board of Directors consists of 10 members as follows:

No.	Name	Title
1.	Mr. Arsa Sarasin	Chairman
2.	Mr. Paron Israsena	Independent Director
3.	Mr. Aswin Kongsiri	Independent Director
4.	Mr. Vinai Vamvanij	Independent Director
5.	Mr. Pinit Vongmasa	Director
6.	Mr. Surapol Supradit	Director
7.	Mr. Karel Vinck	Independent Director
8.	Mr. Ahmad Bin Fahad	Director
9.	Mr. Ravi Gidwani	Director
10.	Mr. Vinij Ongnegnun	Managing Director
and Dr. Surin Tanticharoenkiat		Company Secretary

The Definition of Independent Director

1. Holding shares not more than 5% of the paid-up capital of the Company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.

2. Being a director who does not take part in the management of the Company, affiliated company, associated company, related company or majority shareholder of the Company. Not being an employee, staff member or advisor who receives a regular salary from the Company, affiliated company, associated company, related company or majority shareholder of the Company.

3. Being a director who has no direct or indirect benefit or interest in finance and management of the Company, affiliated company, associated company or majority shareholder of the Company.

Being a director who has no benefit or interest of the said nature during the period of 1 year before his appointment as a director except where the Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.

4. Being a director who is not a related person or close relative of any management member or majority shareholder of the Company.

5. Being a director whom is not appointed as a representative to safeguard the interests of the Company's directors, majority shareholders of the Company who are related to the Company's majority shareholders.

6. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors free and clear of the management or the majority shareholders of the Company including related persons or close relatives of the said persons.

Authorized Directors

The authorized directors consist of Mr. Arsa Sarasin, Mr. Vinij Ongnegnun and Mr. Vinai Vamvanuj, two among three persons affix their signatures and seal of the Company.

2) Audit Committee

The Audit Committee has been established on 22 December 1998 and at present consists of 3 directors as follows:

No.	Name	Title
1.	Mr. Vinai Vamvanij	Chairman
2.	Mr. Paron Israsena	Member
3.	Mr. Aswin Kongsiri	Member
and Dr. Surin Tanticharoenkiat		Secretary to the Audit Committee

Mr. Vinai Vamvanij, Chairman of the Audit Committee, who has knowledge and experience reviewing financial statements of the Company. His backgrounds on financial statements reviews are as follows:

Year	Position	Company
1967-1968	Senior Auditor	Price Waterhouse & Co., Chartered Accountants
1963-1966	Audit & Accounting Clerk	R.J. Oehr & Church, Chartered Accountants Melbourne, Australia

In 2011 the committee met quarterly. In addition there were the non-management meetings among the committee and the auditors and reported to the Board of Directors.

The Audit Committee's scope of authority is as follows:

1. The Audit Committee shall have the authority to request any information it sees relevant to its activities from the director or any managers of the Company.
2. The Audit Committee may seek independent professional advice as it considers necessary.
3. The Audit Committee will have no executive powers with regard to its findings and recommendations.

3) Strategic Committee

The Strategic Committee has been established on 13 July 2000 and at present consists of 4 members as follows:

No.	Name	Title
1.	Mr. Vinai Vamvanij	Member
2.	Mr. Madhu Koneru ¹	Member
3.	Mr. André R. van der Heyden ²	Member
4.	Mr. Vinij Ongnegnun	Member
	and Dr. Surin Tanticharoenkiat	Secretary to the Strategic Committee

Remark: 1. Mr. Madhu Koneru has resigned from the Director and the Member of the Strategic Committee on 27 April 2011.
2. Mr. André R. van der Heyden has resigned from the Managing Director and the Member of the Strategic Committee on 13 December 2011

In 2011 the committee does not have the meetings.

The Strategic Committee is responsible for preparing and providing the Company's strategic work plan and assessment for consideration by the Board of Directors, as well as giving recommendations to the Board of Directors. All matters regarding strategy and planning should be channeled through the Strategic Committee for presentation and/or recommendation to the Board of Directors for consideration. Moreover, the Strategic Committee acts as an advisor to the Board of Directors, but does not have decision-making authority.

4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established on 25 February 2005 and at present consists of 4 members as follows:

No.	Name	Title
1.	Mr. Paron Israsena	Chairman
2.	Mr. Aswin Kongsiri	Member
3.	Mr. Pinit Vongmasa	Member
4.	Mr. Ahmad Bin Fahad	Member
	and Dr. Surin Tanticharoenkiat	Secretary to the Nomination and Remuneration Committee

In 2011 the committee held 2 meetings and reported to the Board of Directors.

The Nomination and Remuneration Committee is responsible for

1. To recommend new nominees to the Board to fill positions made vacant by directors who complete their terms or resign.
2. To review for the Board the succession plan of the Company's top executives.
3. To recommend fair and reasonable annual remuneration for the Board, the subcommittees and the top executives.

Meetings of the Board of Directors which are detailed in section Corporate Governance.

Executives (2011)

1. Mr. Arsa Sarasin

75 Years Old

Chairman

Education • B.A. (Business Administration), Boston University, USA

Training • Thai Institute of Directors Association - Director Accreditation Program (DAP) - Finance for Non-Finance Directors - Audit Committee Program (ACP)

Current position • Chairman, Padaeng Industry Public Company Limited • Chairman, Thai Asia Pacific Brewery Company Limited • Chairman, Siam Makro Public Company Limited • Chairman, Amata City Company Limited • Chairman of the Board of Governors, Amata Spring Country Club • Chairman, Maesod Clean Energy Company Limited • Chairman of Advisor, Thai-Lao Association • Vice Chairman, Thai Tapioca Development Institute • Director, Thai Pure Drinks Company Limited • Director and Member of the Governance and Nomination Committee, the Siam Cement Public Company Limited • Independent Director and Audit Committee Member of Charoen Pokphand Foods Public Company Limited

Working experience • Chief Executive Officer, Padaeng Industry Public Company Limited • Director-General, Department of Political Affairs, Ministry of Foreign Affairs • Director-General, Department of Economic Affairs, Ministry of Foreign Affairs • Thai Ambassador to Belgium & Chief of Mission to the European Community • Thai Ambassador to the USA • The Permanent Secretary of the Ministry of Foreign Affairs • The Minister of Foreign Affairs • Chairman of the Asia-Europe Business Forum II • Vice Chairman of the Board of Directors and Advisor, Bangkok Bank Public Company Limited • Director, Vinythai Public Company Limited • Chairman of the Thai-Laos Association

2. Mr. Vinij Ongnognun

62 Years Old

Managing Director

Education • Bachelor Degree in Mechanical Engineering, Chulalongkorn University • Certificate: Five-Year Course in Pulp and Paper Management, University of Maine, USA

Training • Strategic Marketing Management, Harvard University, USA Leading Change and Innovation, University of Chicago, USA • Thai Institute of Directors Association - Directors Certification Program (DCP 58/2005)

Working experience • Deputy Managing Director, Padaeng Industry Public Company Limited • Managing Director: Thai Paper Company Limited/Siam Cellulose Company Limited/Thai Union Paper Public Company Limited • Director, Phoenix Pulp and Paper Public Company Limited • Managing Director, Siam Kraft Industry Company Limited/Thai Kraft Paper Industry Company Limited/Thai Union Paper Industry Company Limited • Audit Director, United Pulp and Paper Co., Inc. • Executive Director, Thai Cane Paper Public Company Limited • Director, the Federation of Thai Industries • Vice President, the Thai Pulp and Paper Industries Association

Professional licence • Chartered Engineer, Mechanical Engineering, Council of Engineers (Kor Vor 567)

3. Mr. Chaiyan Roojnawate

63 Years Old

Chief Manufacturing Officer

Education • Bachelor of Engineering (Mechanical), Chulalongkorn University

Working experience • Senior Vice President - Zinc Plant Operations, Padaeng Industry Public Company Limited

4. Mr. Waykin Utharntharm

49 Years Old

Chief Financial Officer

Education • Bachelor Degree in Economics, Sydney University, Australia

Working experience • Director, Mali Mining & Metallurgy Pte., Ltd. • Senior Vice President – Procurement, Padaeng Industry Public Company Limited

Remark: Mr. Waykin Utharntharm has been terminated from the position of Chief Financial Officer Effective as of 13 December 2011. Currently, the Company is recruiting for this position.

5. Mr. Suwit Uawanichkul

58 Years Old

Plant Manager

Education • Bachelor of Science (Chemistry), Chiang Mai University

Working experience • Vice President - Production, Padaeng Industry Public Company Limited

6. Mr. Tianchai Singhakarn

55 Years Old

Mine Manager

Education • Bachelor's Degree of Engineering (Mining), Prince of Songkla University

Working experience • Managing Director, Sila Enterprise Company Limited

The selection of Company Directors and Executives

The Company has set up the Nomination and Remuneration Committee. The committee will recommend new nominees to the Board to fill positions made vacant by directors who complete their terms or resign.

Of all the Company's directors, four are representatives from the main shareholders. Bali Ventures Limited of UAE holds 2 seats and the Ministry of Finance holds 1 seat on the Board of Directors.

The selection of Independent Directors

The Nomination and Remuneration Committee will consider from the list of candidates and nominate person/s with proper qualification, experiences which beneficial to the Company.

The appointment of a director requires a majority vote from the eligible voting shareholders present at the shareholders' meeting. Voting shall be according to the following guidelines:

1. Each shareholder shall have one vote for each share.

2. Each shareholder must exercise all the votes he has under item (1) to elect one or several persons to be directors but cannot divide his votes to any person particularly.

3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be elected as directors equivalent to the number of directors who are to be elected.

4. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding Chairman shall have an additional casting vote.

Remuneration for Executives consists of:

1. In the Form of Cash

a) In the year 2011 the Company paid a total of 2,884,835.16 Baht to Directors, 4 Strategic Committee Members, 3 Audit Committee Members and 4 Nomination and Remuneration Committee Members as director's fees and director's remuneration, detail as follows:

Directors	Position	Remuneration (Baht) ³⁾	Director bonus for 2011 (Baht) ¹⁾
1. Mr. Arsa Sarasin	Chairman	-	- ²⁾
2. Mr. Paron Israsena	Independent Director	275,000.00	135,800.00
	Audit Committee Member	200,000.00	
	Nomination and Remuneration Committee Chairman	40,000.00	
3. Mr. Aswin Kongsiri	Independent Director	275,000.00	135,800.00
	Audit Committee Member	200,000.00	
	Nomination and Remuneration Committee Member	40,000.00	
4. Mr. Vinai Vamvanij	Independent Director	275,000.00	135,800.00
	Audit Committee Chairman	200,000.00	
	Strategic Committee Member	-	
5. Mr. Pinit Vongmasa	Director	275,000.00	135,800.00
	Nomination and Remuneration Committee Member	40,000.00	
6. Mr. Surapol Supradit	Director	275,000.00	210,160.00
7. Mr. Karel Vinck	Independent Director	245,000.00	135,800.00
8. Mr. Ahmad Bin Fahad	Director	245,000.00	135,800.00
	Nomination and Remuneration Committee Member	20,000.00	
9. Mr. Madhu Koneru (Until 27 April 2011)	Director	64,835.16	43,500.00
	Strategic Committee Member	-	
10. Mr. Ravi Gidwani	Director	215,000.00	135,800.00
11. Mr. André R. van der Heyden (Until 13 December 2011)	Director	-	- ²⁾
	Managing Director	-	
	Strategic Committee Member	-	
12. Mr. Vinij Ongnegnun (Since 14 December 2011)	Director	-	- ²⁾
	Managing Director	-	
	Strategic Committee Member	-	
		2,884,835.16	1,129,900.00

Note : 1) Director bonus will be proposed to the 2012 Shareholders' Meeting for approval.
2) Executive Director's bonus are included in b) the Company bonus paid to the executives.
3) No remuneration payment for the executive directors.

b) The Company paid a total of 41,657,000 Baht to the 5 executives in the year 2011, as salaries and bonuses.

2. In Other Forms:

The Company contributed to employees' provident fund savings, as a percentage of salary and period of time enrolled in the fund, ranging from 5 to 10%.

Details of Directors and Management in Subsidiary, Affiliated and Other Companies

Padaeng Properties Company Limited

1. Mr. Vinij Ongnegnun
2. Mr. Suwit Uawanichkul
3. Mr. Chitchai Thaveepanich
4. Ms. Woratip Rerkpiboon

Puthep Company Limited

1. Mr. Gary Stafford
2. Mr. Vinij Ongnegnun
3. Mr. Vinai Vamvanich
4. Mr. Unnop Tungkananukulchai
5. Mr. Alistair Maclean

Padaeng Industry (Laos) Company Limited

1. Mr. Arsa Sarasin
2. Mr. Pinit Vongmasa
3. Mr. Tianchai Singhakarn
4. Mr. Chaya Hasdiseve
5. Mr. Unnop Tungkananukulchai

Padaeng International Mining Company Limited

1. Mr. Vinij Ongnegnun
2. Mr. Chaya Hasdiseve
3. Ms. Woratip Rerkpiboon

Ton Sangkasi Pte.Ltd.

(Incorporated in the Republic of Singapore)

1. Mr. Chaya Hasdiseve
2. Mr. Unnop Tungkananukulchai
3. Mr. Tianchai Singhakarn
4. Mr. Tay Yew Beng Peter

Maesod Clean Energy Co., Ltd.

1. Mr. Arsa Sarasin
2. Mr. Vinij Ongnegnun
3. Ms. Woratip Rerkpiboon

South East Asia Metals Company Limited

1. Mr. Vinij Ongnegnun
2. Mr. Chaiyan Roojnowate
3. Mr. Chitchai Thaveepanich
4. Mr. Tianchai Singhakarn
5. Mr. Chaya Hasdiseve
6. Mr. Unnop Tungkananukulchai

Controlling the Use of Internal Information

The Company has established a policy and guidelines to prevent executives and related persons from using internal company information for personal gains. Each quarter, a summary of changes of company holdings (if any) by directors and executives is submitted for review to monitor any use of inside information by executives.

Internal Control

Internal control is a crucial process in assisting the Company to achieve its goals. In this respect the Audit Committee is tasked to review the internal control systems, the internal audit activities, and risk management to ensure that they are strict and appropriate.

For year 2011, the Audit Committee has assessed the system of internal control, the organization and external conditions, risk management, method of disseminating, communicating and monitoring information, it was determined that the Company employs an adequate system of internal control regarding transactions with major shareholders, directors, management and related persons, as well as internal control in other areas. Following is an opinion of the auditor, Mr. Chanchai Chaiprasit, Certified Public Accountant (Thailand) No. 3760, PricewaterhouseCoopers ABAS Ltd.:

"In planning and performing our audit of the financial statements of Padaeng Industry Public Company Limited for the year ended 31 December 2011, we obtained an understanding of the internal control system in order to determine the nature, timing and extent of our audit procedures, for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control system.

The management of Padaeng Industry Public Company Limited are responsible for establishing and maintaining an internal control system to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies,

the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Because of inherent limitations in any internal control system, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

However, after consideration of the internal control system, we noted no matters involving the internal control system and its operation that we consider to be material weaknesses under Thai Auditing Standard 400 “Risk assessments and internal control”. Material weaknesses as defined in the Auditing Standard are the weaknesses in internal control that could have a material effect on the financial statements.”

Related Parties Transactions

The Company’s policy on related parties’ transactions is based on the principles of fair trade, using the world price as a reference, and is conducted in the best interest of the Company. The internal audit department has from time to time carried out audits on the related party transaction.

During the year, South East Asia Metals Company Limited (SEAMET), which is a subsidiary of the Company has entered into a service agreement related to a mining operation in the Union of Myanmar with Mali Mining & Metallurgy Pte. Ltd. (“Mali”) with its 100% shares held by Mr. Waykin Utharntharm, who is the Chief Financial Officer (CFO) of the Company. Under the terms of the service agreement, Mali will receive 120 million Baht. This transaction was approved by the Padaeng Industry’s shareholders at the Ordinary Shareholders’ Meeting on 27 April 2011. On 27 October 2011, SEAMET paid 30 million Baht from totaling 120 million Baht.

Legal Disputes

As of 31 December 2011, the Company has been served notice of five complaints by 1,143 plaintiffs filed in the Bangkok Southern Civil Court. The plaintiffs are seeking compensation of 3,976 million Baht from the Company alleging that it caused cadmium contamination in the Mae Sod district of the Tak province. The Company

has filed answers to five of the claims as ordered by the Court, 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.

On 26 October 2010, the Company received Letter from the Ministry of Industry ordering it to perform, within 180 days, an additional EHIA in compliance with instructions from the Ministry of Natural Resources and Environment. Failure to do so would cause the revocation of the latest mining concession.

The Company objects to the legality of that order and lodged a Plaint by the Central Administrative Court in January 2011.

Auditor’s Fee

1. Audit Fee

The Company and its subsidiaries has paid audit fees to audit companies, individual auditors or other businesses relating to the auditors and auditing companies during the previous fiscal year totalling 3,815,000 Baht.

2. Non-Audit Fee

The Company and its subsidiaries have a general policy not to hire individual auditors or other businesses relating to its auditor for non-audit services. However in 2011 South East Asia Metal Company Limited, the Company’s subsidiaries, have engaged PWC for professional work amounting of 18,000 Baht.

Overall Business Operations of the Company, its Subsidiary Companies and Its Affiliated Companies

The Company holds shares in the following groups of companies:

Name	Address	Nature of business	Number and types of all the shares issued and paid up			Number and types of all the shares held by the Company	
			No. of ordinary shares	Paid up capital (Baht)	Par value each (Baht)	No. of ordinary shares	% of Total shares
(A) Padaeng Industry Public Company Limited	191/18-25 CTI Tower, 26-27 Floor, Ratchadaphisek road, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2695-9499 Fax +66 (0) 2695-9495	Mining and smelting of zinc ore and concentrate as well as marketing of zinc metal and other by-products	226,000,000	2,260,000,000	10	-	-
(B) Subsidiary & affiliated companies							
1. Padaeng Properties Company Limited	191/18-25 CTI Tower, 26-27 Floor, Ratchadaphisek road, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2695-9499 Fax +66 (0) 2695-9495	Land development and real estate	3,200,000	80,000,000	25	3,200,000	100.00
2. Puthep Company Limited	191/18-25 CTI Tower, 26-27 Floor, Ratchadaphisek road, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2695-9499 Fax +66 (0) 2695-9495	Prospecting and mining for copper and other base metals	4,606,286	285,589,732	62	2,349,206	51.00
3. Padaeng Industry (Laos) Company Limited	Mekong Apartment, Room 2221, Luangphabang road, Vientiane, Lao PDR.	Prospecting and mining for base metals in Laos (Inactive)	USD 1,273,000	USD 1,273,000	-	-	100.00
4. Padaeng International Mining Company Limited	191/18-25 CTI Tower, 26-27 Floor, Ratchadaphisek road, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2695-9499 Fax +66 (0) 2695-9495	Investing in exploration and mine development project in Vietnam	1,000	100,000	100	1,000	100.00

Name	Address	Nature of business	Number and types of all the shares issued and paid up			Number and types of all the shares held by the Company	
			No. of ordinary shares	Paid up capital (Baht)	Par value each (Baht)	No. of ordinary shares	% of Total shares
5. South East Asia Metals Company Limited	191/18-25 CTI Tower, 26-27 Floor, Ratchadaphisek road, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2695-9499 Fax +66 (0) 2695-9495	Trading various base metals and their by-products	2,000,000	200,000,000	100	2,000,000	100.00 (Held by Padaeng Properties Company Limited)
6. Ton Sangkasi Pte. Ltd.	19 Keppel Road # 03-05 Jit Poh Building Singapore 089058	Mineral exploration, prospecting, mining and processing of base metals	USD 10000	USD 10,000	USD 1	10,000	100
(C) Joint venture companies							
1. Maesod Clean Energy Company Limited	191/18-25 CTI Tower, 26-27 Floor, Ratchadaphisek road, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2695-9499 Fax +66 (0) 2695-9495	Produce ethanol as an alternative energy source	67,500,000	675,000,000	10	23,625,000	35.00
(D) Other companies							
1. ASEAN Potash Mining Public Company Limited	16 Floor, SG Tower, 161/1 Soi Mahadlekluang 3, Rajdamri road, Lumpini, Pathumwan, Bangkok 10330 Tel. +66 (0) 2650-2711 Fax +66 (0) 2650-2715	Potash mining operation	28,057,973	1,380,337,300	100	100,100	0.72

Other References

Registrar

Thailand Securities Depository Company Limited
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Ratchadaphisek Road, KlongToei,
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TSD Call center : +66 (0) 2229-2888
E-mail: TSDCallCenter@set.or.th
www.tsd.co.th

Auditor

Mr. Chanchai Chaiprasit, Certified Public Accountant
Registration No. 3760,
PricewaterhouseCoopers ABAS Ltd.
15th Floor, Bangkok City Tower,
179/74-80 South Sathorn Road, Bangkok 10120, Thailand
Tel. +66 (0) 2286-9999 Fax. +66 (0) 2286-5050

Legal Advisor

- None -

Advisor or Contractor under Management Agreement

- None -

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Mae Sod mine

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Telephone : +66 (0) 5553-3015-9
Fax : +66 (0) 5553-3018

Rayong plant

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