



grow **together**

Annual Report and
Sustainability Report 2013

Padaeng Industry Public Company Limited

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Organization Profile

About PDI

Background

Padaeng Industry Plc (PDI) is the South East Asia's leading producer of special high grade zinc and zinc alloys with its output mainly supplying Thai industries.

PDI was founded on April 10, 1981 and was listed on the Stock Exchange of Thailand on July 21, 1987. Its current registered capital stands at Baht 2.26 billion.

From 1984 to 1995, PDI entirely relied on zinc ore supplies from its own Mae Sod mine in the Tak province.

In 1995, PDI started to import zinc ores from overseas origin as a main feed for the Tak refinery.

These imported raw materials have been transformed into calcine at PDI's roaster in Rayong prior to being shipped to the Tak refinery.

In 2008, PDI embarked to use recyclable materials in combination with mined ores as part of a mission to reduce production costs, to become more eco-friendly and ensuring socially responsible corporate objectives.

Vision

Padaeng aims to be the leading provider of high quality zinc materials in South East Asia.

Driven by innovation and sustainable growth, we maximize added value for our clients with respect to our people and the environment. We support the communities in which we operate and give the best possible return to our shareholders.

Our Strategy

PDI Goes for Profitability in Sustainable Business

In 2013, PDI performed better than expected by significantly narrowing operating losses from the scale that was projected.

Furthermore, vital or Very Important Project (VIP) projects made significant progress and several cost-saving and income-boosting projects have been realized:

- The new coal-fired boiler, replacing the existing one on bunker oil, has been successfully commissioned in December 2013. The new boiler reduces fuel cost by using cheaper bituminous coal instead of bunker oil and has an improvement of overall environmental performance.
- The start-up of the by-product recovery facility, which enables PDI to extract valuable metals such as silver and lead from fatal residues in the refining processes, yielded 10,000 mt of Padaeng Leach Product (PLP).
- The innovation of the zinc oxide washing plant at PDI's Rayong Roaster to strengthen the supply of this secondary raw material, in line with the strategy to increase the feed of recycled zinc streams.

2014 Strategy

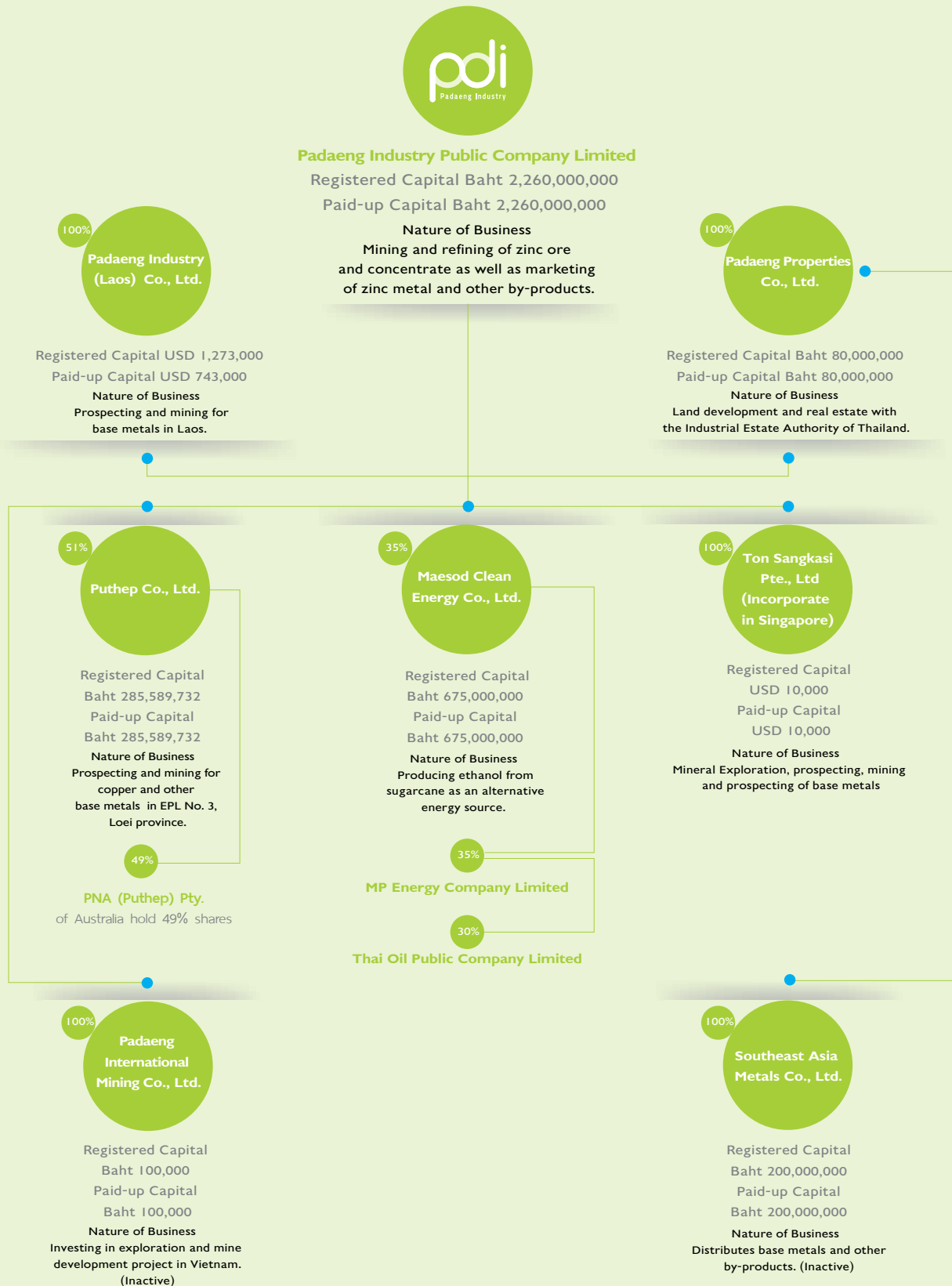
In 2014, PDI aims to meet its targets as determined in the budget; looking into new businesses, controlling operating expenses, implementing VIP projects and applying the Business Excellence Model in the entire organization.

To align all targets at all levels, PDI has deployed its corporate objectives for 2014:

1. Achieve the performance indicators as determined in the budget.
2. Maintain operational and capital expenditure within the approved budget.
3. Realize the VIP projects.
4. Elaborate a well-balanced diversification initiative to ensure sustainable and profitable additional future operations for PDI.
5. Deploy the Business Excellence Model to drive operational excellence and continuous improvement.



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





Employees

In 2013, PDI employed 888 people

Other References

Location

PDI - Bangkok : CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek road, Khlong Toei, Bangkok 10110, Thailand

Telephone : +66 (0) 2695-9499
Fax : +66 (0) 2695-9495
E-mail : info@padaeng.co.th
Website : www.padaeng.com

PDI - Tak : 94 Moo 1, Ban Klonghuaysai Asian Highway, Nongbuatai subdistrict, Muang district, Tak 63000, Thailand

Telephone : +66 (0) 5551-7444 , (0) 5555-8500
Fax : +66 (0) 5551-7440 , (0) 5555-8511

PDI - Mae Sod : 13 Moo 4 Phratad Padaeng subdistrict, Mae Sod district, Tak 63110, Thailand (P.O.Box 29 Amphoe Mae Sod, Tak 63110)

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

PDI - Rayong : Padaeng Industrial Estate, 15 Padaeng road, Maptaphut subdistrict, Muang district, Rayong 21150, Thailand

Telephone : +66 (0) 3868-3318-20
Fax : +66 (0) 3868-3321

Registrar : Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Ratchadaphisek road, Khlong Toei,
Bangkok 10110, Thailand
Tel. +66 (0) 2229-2800
Fax. +66 (0) 2654-5427
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 -



2013 Awards

- PDI received the CSRI Recognition 2013 Rising Star Award from Thailand's Corporate Social Responsibility Institute (CSRI) on November 11, 2013.

- PDI – Mae Sod received the 2013 CSR-DPIM Continuous Award for the third consecutive year from the Department of Primary Industries and Mines (DPIM) of Industry Ministry on October 9, 2013.

- PDI – Tak received the 2013 Outstanding Safety, Occupational Health and Working Environment Award for the sixth consecutive year from the Ministry of Labor on July 3, 2013.

- PDI – Mae Sod received the 2013 Outstanding Safety, Occupational Health and Working Environment Award from the Tak Provincial Industrial Office, the Tak Provincial Welfare and Labor Office, the Federation of Thai Industrial Tak Provincial, the Tak Safety Man Club and the Adventist Development and Relief Agency of Thailand (ADRA) on May 1, 2013.

- PDI – Rayong received the 2013 Green Star Flag Award as a symbol of Corporate Governance for the Environment for the fifth consecutive year from Map Ta Phut Industrial Estate, the Industrial Estate Authority of Thailand on February 28, 2013.



Key Figures and Information

Key Figures and Ratios

Consolidated

End of Year		2013	2012 (Restated)	2011 (Restated)
Total revenues	(million Baht)	5,455	7,686	7,427
Gross profit	(million Baht)	290	-15	369
Net profit (loss)	(million Baht)	-530	-569	4
Net profit (loss) per share	(Baht)	-2.35	-2.52	0.02
Net profit (loss) per total revenue	%	-9.72	-7.41	0.06
Total asset	(million Baht)	5,236	6,111	7,142
Total liabilities	(million Baht)	2,294	2,244	2,568
Total shareholders' equity	(million Baht)	2,942	3,867	4,575
Return on assets	%	-18.30	-8.48	0.06
Return on equity	%	-27.40	-13.64	0.09
Return on capital employed	%	-27.67	-13.97	0.58
Debt to equity ratio	(Times)	0.78	0.58	0.56
Book value per share	(Baht)	13.02	17.11	20.24
Dividend per share	(Baht)	0.30	0.00	0.50



Revenue Structure

The Company's total revenue for the consolidated financial statement can be classified by types of product (2011 - 2013)

Product	2013 million Baht	% of Total Revenue	2012 million Baht	% of Total Revenue	2011 million Baht	% of Total Revenue
Zinc metal (SHG)	2,098	38	4,019	52	4,388	59
Zinc alloy	2,844	52	3,042	40	2,504	34
Sulphuric acid	174	3	238	3	274	4
Other revenue	339	7	387	5	261	3
Total revenue	5,455	100	7,686	100	7,427	100

Direct Economic Value Generated

million Baht	2013	2012	2011
Direct economic value generated	5,455	7,686	7,427
• Revenues	5,455	7,686	7,427
Direct economic value distributed	5,360	7,850	7,589
• Operating costs	4,862	7,188	6,630
• Employee wages and benefits	476	517	530
• Payment to providers of capitals	9	126	300
• Payment to government	2	2	119
• Community Investment	11	17	11
Economic value retained	348	342	197

Highlights of the Year 2013

- The Operational results from PDI's normal activities improved significantly. The Company's strategic development plan resulted in an increased operational performance with increased alloy sales, increased sales of by-products and a strict control of operating and capital expenditure expenses. Based on the 2014 forecasted improvement of results, PDI decided to pay a dividend of Baht 0.30 for 2013, from the retained earnings.

- PDI has decided to enter into green business and apply a corporate social responsible road map to create profit for sustainable growth. These additional businesses may include eco-management, recycling of industrial waste and renewable energy production.

- In 2013, PDI introduced the Business Excellence Model (BE) to continuously further improve the operational performance of the entire company in a robust way. The said model will be a major strategic tool to drive its business to sustainable growth. The model enables the improvement of all business and operational processes to the highest performance level, whilst responding to the needs of all its stakeholders.

- PDI again received 2 major awards recognizing its Corporate Social Responsibility Policy in 2013. These recognitions confirm the Company's successful policy to deploy CSR throughout the whole organization.

- The CSRI Recognition for 2013 in the category of Rising Star, from Thailand's Corporate Social Responsibility Institute (CSRI), under the Stock Exchange of Thailand (SET)

- The Outstanding CSR-DPIM Continuous Award for the third consecutive year from the Department of Primary Industries and Mines (DPIM), the Ministry of Industry

- In 2013, PDI further strengthened its Human Resource Management (HRM) policies to enhance future growth by aligning the main HR processes with its corporate vision, strategy and values. All main HR processes are assessed and reviewed, each aims to further promote leadership, managerial and technical competencies and boost creativity and innovation among its workforces. All of them enable PDI to meet the challenges of realigning the Company as an industrial benchmark.





A photograph of two men in business attire. The man on the left is of Asian descent, wearing a dark suit, white shirt, and a patterned tie. The man on the right is a white male with glasses, wearing a dark suit and a light-colored shirt. They are both looking off-camera to the right with slight smiles. The background consists of lush green trees and a clear sky. In the bottom right corner, a portion of a body of water and a distant structure are visible.

Message from the Board of Directors

Our Corporate Vision is no Longer Directed to High Sale Volumes or Market Share, but Zeroing in on Profitability.

Against the odds of a weakened zinc price, a global zinc oversupply, and inflating operating costs, PDI has emerged healthier in 2013 than the year before with significantly improved performance.

We succeeded in cutting back operating losses in the year to Baht 89 million, improved from Baht 343 million in 2012.

This remains a remarkable achievement against the backdrop of tough market conditions which suffered from the annual average zinc price falling to USD 1,910 per metric ton (mt), from 1,948 mt in 2012, and over one million tons of surplus zinc metal left in warehouses around the world.

Internally, facing 4% increasing costs in 2013 - mainly from higher energy and manpower bills - the Company was able to actually reduce the operational expenses with more than Baht 300 million, from the successful implementation of the strategic improvement plan.

Unfortunately we had to book impairments on PDI subsidiary's Puthep exploration assets, cutting back the results to a consolidated loss of Baht 530 million. This copper exploration venture with our Australian partner in the Loei province deemed not to be able generating any sustainable income. The main reason being the impossibility in Thailand to get the

mining operation licenses approved in the near future.

This exceptional case aside, PDI's performance, directly from the perspective of operations, was robust.

Strategic Roadmap

The positive operating cash flow of 2013 was a tangible result of PDI's pursuit of a strategic roadmap that went into full swing after its 2012 debut.

The roadmap focuses on four fronts- technological innovation, supply consolidation, downstream development and operational excellence.

In 2013, we rationalised our production, boosting value-added zinc alloy output, cutting energy costs, resorting to system-wide cost reduction without compromising on productivity.

We deliberately reduced total zinc ingot sales in order to reduce cost pressure stemming from depressed prices and higher production costs, particularly electricity charges.

At the same time, we raised production of zinc alloy which commands greater value, yielding more profit margins and possessing niche market demand.

It was gratifying to see that the premium we gained from the sales of zinc alloy in 2013 was better than ever before, reflecting our corporate vision that is no longer directed to high sale volumes or market share, but zeroing in on profitability.

PDI has benefited from the use of a strategic hedging mechanism in 2013 to complement the transaction hedging tool, both of which were effectively used to reduce financial risks.

The rejuvenated PDI's production was geared towards taking full advantage of the substantially reduced power tariff offered in the off-peak period (at night and weekends).

Meanwhile, energy efficiency gain resulting from improvement of our facilities helped containing electricity charges.

The combined effect of all actions taken during the year was translated into lower overall operational expenditures.

Outlook for 2014

With its engine for growth strengthened in 2013, PDI is ready, better than ever, to survive the rough roads ahead. We will face the expected weak zinc prices and demand challenges by assuring that the strategic plan, effectively rolled out in 2013, is executed with great vigor.

Our target for a minimum annual cost saving of Baht 100 million, on top of the yearly inflation, will be actively pursued. On top, the expected weak baht against the US dollar (the currency which PDI products are based on) will enable a foreign exchange gain in 2014.

The complete impairment write-off in 2013 means that there will not be any significant further financial burdens to harm PDI's financial performance.

The Company will shape a more robust balance sheet backed by a strong positive cash flow position and an excellent debt to equity.

With PDI becoming leaner and stronger than before, we are convinced that the Company will return to profit and dividend payout.

Growth Beyond 2014

While PDI's key strategic target remains to turn around its core business to be financially robust, within acceptable market conditions, the Company also opened the search for a wider transformation of its 33-year-old business model.

In August 2013, the PDI board of directors mandated the management for launching a feasibility study to reduce the Company's sole dependence on highly cyclical zinc business and growing to "green industry."

Such diversification will enable PDI to be less vulnerable to unpredictable global zinc market conditions and declining local public support for this type of industry.

Green industry, defined as renewable energy, waste recycling and environmental management services, will open completely new business opportunities for PDI, whilst capitalizing on its core competencies, embedded in the Company's genes.

PDI will communicate progress in this growth strategy timely and extensively with all its stakeholders.



Green Industry, defined as Renewable Energy, Waste Recycling and Environmental Management Services

Sustainable Operations

PDI is committed to pursue its business in a safe, healthy and eco-friendly way. The Company's sustainable development policy-deployed deeply in the organization during the past years - received a 2013 Recognition award, for a Rising Star in CSR.

The Corporate Social Responsibility Institute (CSRI), under the Stock Exchange of Thailand (SET), granted the award to PDI for "commitment to consistently running their businesses for society's benefit."

A remarkable achievement, against a general perception that the mining and mineral processing industry lacks respect for nature and mankind. PDI has always fostered a deep respect for people, be it in or outside of the Company, reflected in an unconditional dedication to green mining.

PDI's CSR programs, related to community, health, education, environment development, have continued undiminished, particularly within the neighborhood where operate.

PDI's social responsibility commitment at the Mae Sod mine received further recognition from the Department of Primary Industries and Mines which granted the CSR-DPIM Continuous Award, in 2013, for the third consecutive year to the mine.

It was the latest accolade for Mae Sod, respectfully quoted as the most eco-friendly "Green Mine" between 2010 and 2012.

It is our intention to further grow our CSR approaches in line with global best practices, by adopting the Global Reporting Initiative (GRI).

Business Excellence

In 2013, PDI introduced the Business Excellence Model (BE) to significantly improve the entire Company's performance. The said model is an important strategic tool to drive its business to sustainable growth.

The model enables to improve all businesses and operational processes to the highest performance level, whilst responding to the needs of all its stakeholders.

The Company aims to achieve additional positive operational results from implementing this model developed by the European Foundation for Quality Management (EFQM) within 3 years.

EFQM of which PDI became a member in the middle of 2013 has been well recognized in the European Region and is generally used by major players in Europe and the Middle East.



Arsa Sarasin
Chairman of the Board



Francis Vanbellen
Managing Director



About Sustainability Report

PDI's CSR Journey and the Road Ahead

Early Days of CSR

Since its foundation in 1981, it has been PDI's intention to conduct business in a socially responsible manner, with absolute respect to society, environment and business ethics. This fundamental principle has been incorporated in PDI's vision, long before the hype of corporate social responsibility (CSR) and the global CSR guidelines.

PDI has faithfully adopted the CSR framework by mining and processing mineral resources in an eco-friendly and sustainable way, whilst being a good neighbor in all the areas where it operates.

The Move to Modern CSR Standards

PDI's CSR commitment became visual in company annual reports since 2005 with reports on environmental performance, human resource development and contributions to communities being included.

In 2009, PDI joined the Department of Primary Industries and Mines (DPIM) and the Department of Industrial Works (DIW) in CSR promotion campaigns by gearing its operation to comply with the global ISO 26000 social responsibility standards.

PDI's CSR practice was recognised continuously over the years by CSR-DPIM and CSR-DIW awards from these two government agencies.

Adopting Global CSR Reporting

2013 marked a new milestone in PDI's CSR journey as it assessed and reviewed its vision to fully comply with the benchmark established

by the Stock Exchange of Thailand as well as to conform to the GRI-G3 global indicative index.

The GRI, or Global Reporting Initiative, shows the essence of CSR performance from three dimensions - economy, society and environment.

PDI highlights the short and long-term effects from operations on all its stakeholders, and reports back related information in the annual report.

The Company has established several communication channels both online and in print to disclose its CSR activities and commitment.

Reporting Scope

The CSR report can be downloaded from www.padaeng.com or write to Communication Division, Padaeng Industry Plc, CTI Tower, 191/18-25, 26th Floor, Ratchadaphisek Road, Khlong Toei, Bangkok 10110, Tel: +66 (0) 2695-9499, Fax: +66 (0) 2695-9495.

The CSR information contained in this annual report covers the January-December 2013 period and incorporates a status update in 2014 as well as showing activities in progress being engaged only by PDI and not subsidiary companies.

The CSR report follows the guidelines of CSR-DPIM, CSR-DIW, the Corporate Social Responsibility Institute under the Stock Exchange of Thailand and GRI.

Stakeholder Engagement Framework

Stakeholders Identification

PDI has identified all stakeholders involved with the Company's business. Supported by the CSR Project Team, the representatives of each unit work closely with each stakeholder group to identify and monitor their specific needs and expectations. In 2013, PDI identified an initial group of stakeholders according to its corporate vision: employees, customers, communities and shareholders. After that, PDI analyzed and prioritized the survey and initial assessment results of the first stakeholder group. Opportunities and risks which have a potential economic, social or environmental impact have been identified to ensure consistency with the Company's vision and strategic targets:

In 2013, PDI operated its business aligned with the strategic targets set in the board, in order to respond to the requirements of all stakeholders in a sustainable way. In particular, it focused on mitigating the risks of the impact on the economy, society and environment as shown in this report.

In 2014, PDI aims to assess and review all stakeholder groups to ensure consistency with the actual reality of the Company and the change in its business environment. Stakeholder assessments will be performed by means of questionnaires, seminars, focus group interviews, etc. The purpose of these activities is to gain first hand valuable information on the opinions and requirements of these stakeholders.

Significance to Stakeholders	High	<ul style="list-style-type: none"> Change in selling prices Change in sales volume 	<ul style="list-style-type: none"> Uncertainty of employees future Understanding of business operation and environment Corporate refocus on new business
	Medium	<ul style="list-style-type: none"> Participation to communities High quality products and services 	<ul style="list-style-type: none"> Taking care of employees Energy management Good corporate governance
		Medium	High
Significance to PDI			

Stakeholder's Opportunity and Risk Impact Assessment

Stakeholders	Expectations	2013 Activities
01 Employees	<ul style="list-style-type: none"> o Have job security o Have fair salary o Have career development opportunities o Receive information on PDI's vision, strategy and business growth targets o Receive attention and care related to a clean, healthy and safe work place o Respect to business ethics and anti-corruption 	<ul style="list-style-type: none"> o Competitive compensation and benefits package for all employees o Introduction of individual career assessment and development plans, top down o Implement equal rights policy for all with respect international human rights principles o Vision and strategy deployment at all levels using various communication channels in a timely and consistent manner o Support to create healthy, safe and ergonomic work place o Set up a policy to fight corruption o Initiate a framework and practical guidelines to fight corruption o Evaluate all individuals for their respect to business ethics and corporate values
02 Customers	<ul style="list-style-type: none"> o Maintain high quality products and services o Purchase product volumes in line with their processing needs 	<ul style="list-style-type: none"> o Continuously research and develop high quality products to meet the needs of customers o Continuously research and develop innovative services to customers o Manage, control and improve key performance indicators of all processes o Timely communicate with customers on volumes, delivery times and specific needs o Introduce CRM and enable customer loyalty
03 Communities	<ul style="list-style-type: none"> o Improve quality of life of the communities o Productions processes with a minimal impact on environments and communities o Transparent disclosure of information on operations 	<ul style="list-style-type: none"> o Implement activities to involve communities related to education, talent development, community welfare, health and hygiene and environment o Prevent the impact of processes on the environment and the communities based on international best practice standards o Distribute information on the disruptions prevention and reduction of environmental impact to the communities o Maintain an open communication with local communities through Open House activities and other various channels
04 Shareholders	<ul style="list-style-type: none"> o Create robust business results and sustainable growth o Generate a fair return o Manage business with good corporate governance 	<ul style="list-style-type: none"> o Assess and review the overall strategy regularly to align with business targets discussed and set in the board o Apply good corporate governance to guarantee rights of all shareholders equally o Introduce business excellence (BE) as a tool for CSR o Organize annual shareholders' meeting. o Apply GRI index

Organize for Sustainability

CSR is the leading motto of PDI's business in full alignment with our vision and Company values. The CSR framework is kicked alive through our business excellence way of doing business and promotes cooperation between different operational and supporting units in the Company. It drives our continuous improvement strategy for all processes.

The CSR Steering Committee is composed of PDI's top management under the leadership of its managing director as the project owner. The committee is responsible for supervising, monitoring, assessing and reviewing progress. It manages feedback to the Company's Board of Directors. Additionally, the CSR project team, composed of the operational, environmental, social and communication people, is responsible for creating and running the project plans in each domain. All plans are managed to be aligned with the overall strategies and corporate goals and will be submitted to the CSR Steering Committee for consideration and approval.

The communication process is deployed to all levels of the Company ensuring PDI's employees to understand the strategies and concrete goals and creating their buy - in to achieve them. PDI emphasizes on two-way communication directly between its managing

director and the employees of each office. This is accomplished by the People Information Sessions which are organized quarterly. In these sessions, the employees learn about business progress of the Company and exchange ideas with the managing director directly in an informal way. The PDI Line is an additional on-line communication, real time channel that employees at all levels can use for direct interaction with the MD.

Code of Conduct and Company Values

At the end of 2013, PDI assessed and reviewed the Code of Conduct and the Company Values Statement assuring they are consistent with the CSR guidelines according to the national and international standards.

Change in PDI's Logo

PDI changed its logo to reflect the green image of the Company it aims to be. It started to use the new logo officially in May 2013.

The new logo was designed under the concept of infinity with no boundaries or ending. This is reflected in the flow of the lines that form PDI which is the abbreviation of Padaeng Industry. The flowing lines of pd create a graphic which communicates infinity.

New PDI Logo



Former PDI Logo



PADAENG INDUSTRY
PUBLIC COMPANY LIMITED



+



+



+



+



+



=



The new logo consists of 3 colors: light blue, green and silver. Light blue signifies the blue sky, cleanliness and brightness while green reflects the nature and our respect for the environment. Silver used in the words Padaeng Industry refers to the color of zinc, the sustainably recyclable metal we produce.

Social

Human Resources Management

Enabling PDI to Meet the Challenges of Realigning the Company as an Industrial Benchmark

In 2013, PDI further strengthened its Human Resource Management (HRM) policies to enhance future growth by aligning the main HR processes with its corporate vision, strategy and values.

Five major projects have been launched, each aims to further promote leadership, managerial and technical competencies and boosts creativity and innovation among its workforces. All of them enable PDI to meet the challenges of realigning the Company as an industrial benchmark.

Specifically, the HR realignment focused on:

- Reorganizing the corporate structure to drive growth.
- Attracting, maintain and growing talented people.
- Providing competitive compensation packages to strengthen commitment of employees through merit-based and long-term career development.
- Promoting open internal communication supported by an open and transparent company climate that values diversity and creativity.
- Maintaining safety and healthy operating environment which guarantees a good balance between employees' personal life and professional responsibilities.

The raw materials supply, sales and procurement functions have been reorganized into one Commercial Department.

The Company further increased its workforce's productivity in line with industry benchmarks and PDI's operational excellence standards. This will be supported by a competence based remuneration system, balancing functional and performance rewarding.

The strategic decision to terminate PDI's exploration and related activities enforced a cutback in manpower. Downsizing the manpower to an optimized level became imperative. This could be achieved by the implementation of a voluntary separation program supported by a separation package on top of the legal severance obligations.

A total of 80 employees, mostly stationed at Tak and Mae Sod sites, voluntarily joined the separation program which effectively reduced PDI's total workforce to 888 at the end of 2013.

Organizational Development

PDI continued to innovate its human resources processes, by adopting best practices, which have proven their effectiveness in a global environment.



The introduction of the Business Excellence (BE) Model as a framework to facilitate the implementation of PDI's strategy through continuous improvement will boost performance of all business and operational processes.

PDI applied for membership to the European Foundation for Quality Management (EFQM), enabling international exchange of practical knowledge and experiences, to accelerate the implementation.

Management by Objectives, was introduced as a concept for Individual Performance Appraisal (IPA) for all executive and management-level employees, requiring them to propose creative individual functional objectives aligned with the Company's deployed strategic action plans.

A behavioural assessment, reflecting the Company's values, complements the performance assessment.

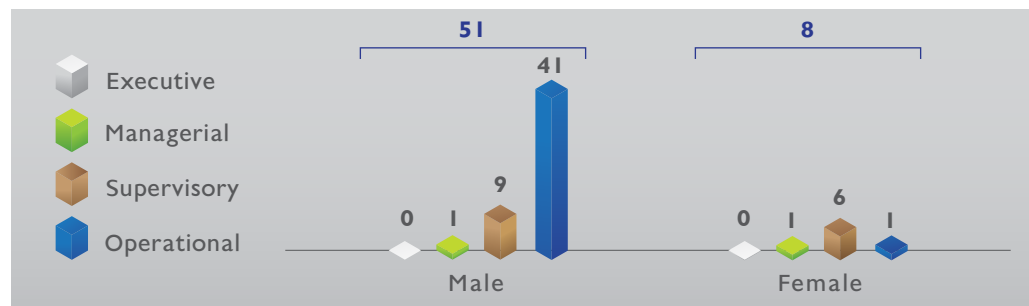
Creating employee engagement and commitment are supported by focusing on two-way communication, both through formal and informal means.

Employment

PDI's employment strategy is to recruit and develop excellent people and to provide them with equal job opportunities.

In 2013, a total of 59 people were hired and 34 were promoted.

No. of New Employees by Gender and Level

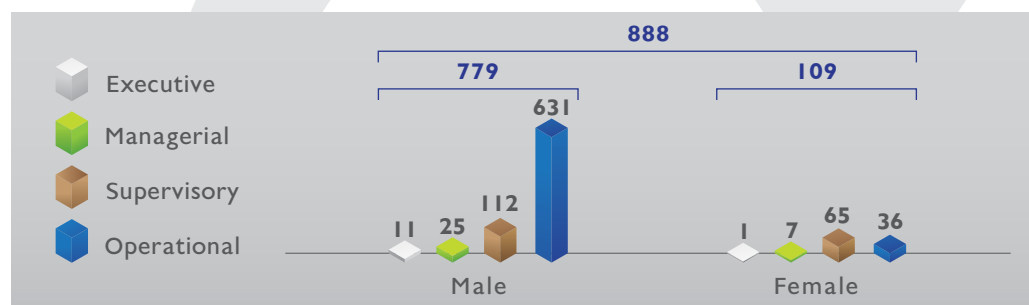


At the end of 2013, PDI workforce reached 888, of which 3 expatriates. Employees with university degrees represented 20% and 42% had vocational training at college level.

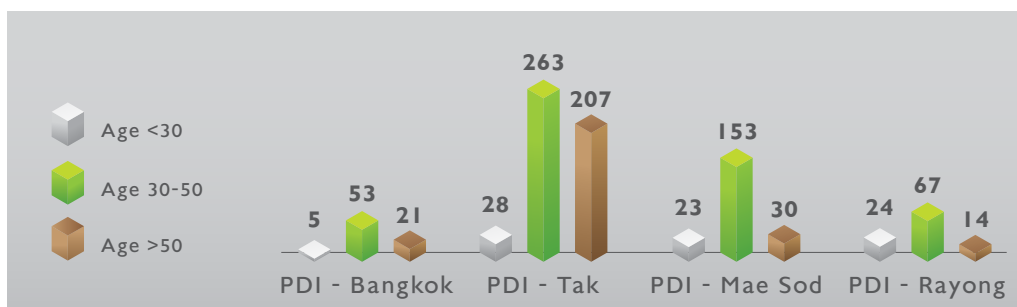
The majority of employees are native of Tak and other Northern provinces.

The average age of employees is 42 the majority being male with an average year of services at 15 years. Employee turnover in 2013 increased to 15% from the separation program

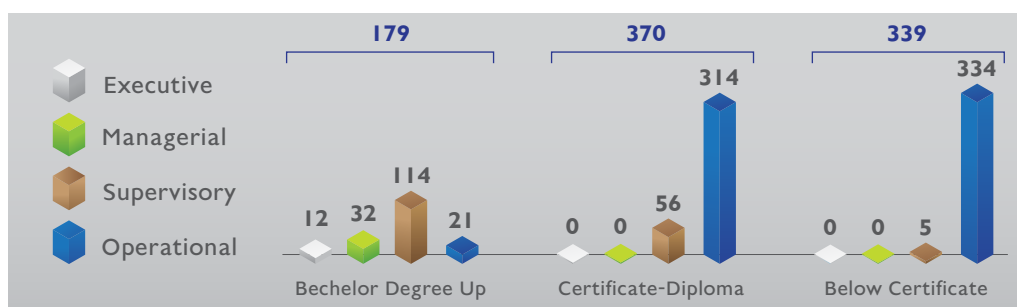
No. of Employees by Gender and Level



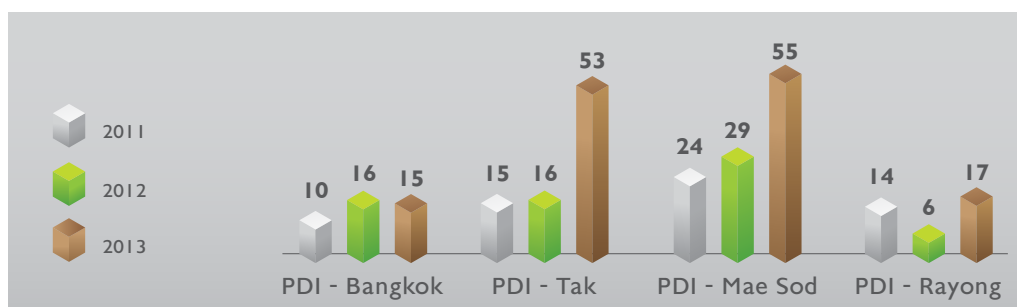
No. of Employees by Gender and Location



No. of Employees by Degree



No. of Employee Turnover by Location 2011-2013



Compensation and Benefits

PDI provides compensation packages that are competitive, fair and transparent. The Company continuously ensures that these realistically reflect job added value and employee competencies.

PDI participates in surveys to benchmark its remuneration policies with Thailand's leading companies.

Variable bonus payments are based on employees' individual contributions and the overall Company's business performance.

A new supporting appraisal tool will be introduced in 2014.

It remains PDI's policy to offer employee additional benefits beyond legal obligations, particularly for healthcare.

The Company's healthcare coverage policy complements the conventional health insurance program. Healthcare bills that exceed contractual insurance limits are paid 80% by the company.

PDI adjusted the provident fund functioning - in place at PDI for 23 years - to be more responsive to employees' investment considerations. The Employees' Choice Option allows them to customise their investment in the provident fund in three optional patterns based on risks and returns they expect.

At the end of 2013, the provident fund reached 590 members with a full fund value of Baht 612 million.

As part of welfare and educational support, providing scholarships to PDI employees' children, continues to be a recognized tradition at PDI.

Personnel Development

People are PDI's most valuable assets. The manpower salary increment was maintained, close to market conditions, even in difficult times.

PDI further increased HR development efforts to strengthen the ability to achieve its vision, mission and strategy. By doing so, the company will better face the challenges of a fast and continuously changing environment, especially in the context of ASEAN.

A PDI team studied the Business Excellence Model from the European Foundation for Quality Management (EFQM) in Europe. In November they organized a Business Excellence workshop in Bangkok. Best practices in improvement

projects were shared: internal communication, people engagement and business planning process.

Upgrading English proficiency among PDI staffs is another priority, since English is a language increasingly used for global commerce and business.

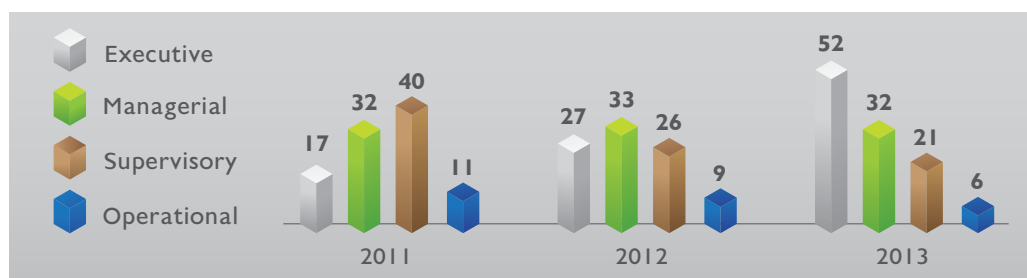
PDI executives and management enrolled in an intensive training program from a world-class trainer in "Business English Communication Skills". The training targets to enhance skills in delivering presentations, leading negotiations, interviews, discussions, stimulating creativity, coaching and team building.

In 2013, a total of Baht 5.2 million was allocated for development of PDI employees.

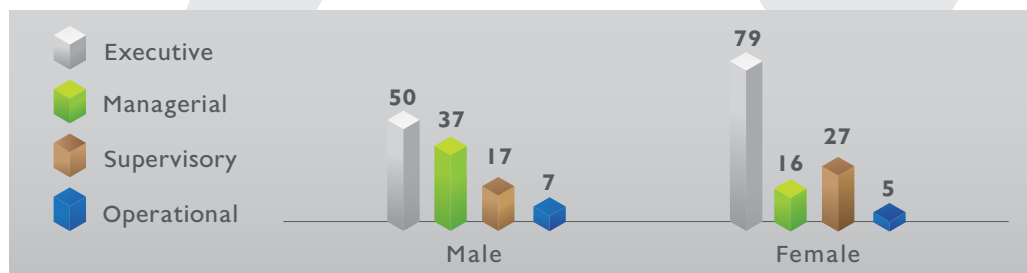


People are PDI's Most Valuable Assets

Average Training Man-Hours by Level 2011-2013



Average Training Man-Hours by Gender



PDI Targets Occupational Health and Safety Excellence

Employee Engagement

The management and employees of PDI have a track record of working in close collaboration to share and discuss the strategic objectives and to deploy these to every level and every function.

The management listens actively to comments and suggestions from employees on subjects relevant to PDI, while keeping them up-to-date of changes taking place in the Company and addressing relevant questions.

Welfare committees at all PDI sites discuss employees' issues concerning working environment and overall welfare offerings. They support the Company's management in decision making processes.

No complaint on discrimination has been filed and no issue has been raised on changes taking place within PDI which might impact employees.

In 2014, PDI will conduct an employee engagement survey, as part of its people improvement program and corporate social responsibility commitment.

Projects have been launched to improve communication internally and externally with investors and media.

Complaint Management

PDI manages complaints in total confidentiality, through various well established channels. They are handled by a governing committee of senior executives having no conflicts of interest on the issues concerned, supported by HR department members.

Human Rights

PDI respects human rights and treats their employees accordingly. Not only legal constraints are respected but also high ethical standards rule all policies.

The Company maintains a zero tolerance for discrimination of people for age, race, background, nationality, religion, gender or sexual preference. No exploitation of child labor or any type of forced labor is tolerated.

Occupational Health and Safety

Occupational health and safety (OH&S) for all its employees and contractors is always at the forefront of PDI's operating policy.

That policy is actively pursued by PDI from a profound conviction that all fatalities, injuries and work-related illnesses can and must be prevented within its operating environment, with the ultimate goal of "zero harm to people".

In 2013 PDI was able to maintain excellent records in OH&S at its three operation sites - Mae Sod mine, Tak refinery and Rayong roaster - in conformity with OSHAS 18001 global standards.

Systematic OH&S data collection, reporting, monitoring and risk assessment are continuously used, while regular health and safety trainings are organized. Activities promoting OH&S have been continued at all PDI sites aligned with their specific operating environment and needs.



PDI - Mae Sod

Highlighting the OH&S activities in 2013 at Mae Sod included a work place safety knowledge test, selection of personnel tasked with risk assessment and prevention and the kick-off of a safe driving campaign.

PDI - Tak

An OHS management excellence program at divisional level was launched along with a Behaviour-based Safety project aiming to encourage, rather than penalise, best safety practices.

Employees who excelled in OH&S were also recognized in an award program which took off in the year.

PDI - Rayong

A series of pro-OH&S trainings including fire extinguishing technique and prevention of work-place diseases was included in OH&S activities organised at the Rayong plant.

Getting off to a good start in the year was a scheme encouraging recommendations for improvement in quality, safety, occupational health and environment.

The site also joined communities in its neighborhood on community-level disaster prevention and relief exercise.

PDI - BKK

In spite of the absence of a production-related unit at PDI's head office in Bangkok, the focus on OH&S has been continued at its urban location.

Promoting the OH&S knowledge base among employees in the light of the changing environment, ensuring good working surroundings and organising annual fire drills were among activities conducted at the Bangkok head office.

PDI's dedication to OH&S excellence resulted in a zero Lost Time Injury Frequency Rate (LTIFR), a globally-recognized safety performance indicator, for two consecutive years.



PDI's dedication to OH&S excellence resulted in a zero Lost Time Injury Frequency Rate (LTIFR), a globally-recognized safety performance indicator, for two consecutive years.

The Mae Sod site's OH&S outstanding performance earned official recognition locally from a cooperative headed by Tak's Provincial Industry Office which bestowed it with a certificate for conforming with OH&S and environment standards for 2013.

Tak refinery was also honoured for being an outstanding workplace in OH&S and environment on the national level in 2013 from the Ministry of Labour, marking the sixth consecutive year of holding such title.

Safety Indicator	Measurement Unit	PDI - BKK			PDI - Tak			PDI - Rayong			PDI - Mae Sod		
		2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Lost time injury frequency rate, LTIFR	accidents/million working hours	0	0	0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	1.76
Injury severity rate, ISR	lost days/million working hours	0	0	0	0.0	0.0	47.2	0.0	0.0	0.0	0.0	0.0	126.8
No of employee	number	79	82	87	532	584	590	105	95	96	206	259	268



Community Development

Building Stronger and More Resilient Local Communities

24

More than 30 years, PDI has undisputedly been committed to the principles of sustainability for all stakeholders in terms of societal, environmental and economic development.

Several successful community development projects organized by PDI in its neighborhood are tangible proof of the Company's philanthropic contribution to the advancement of communities in rural areas.

In the course of 2013, PDI reviewed the priority of its sustainable development plans to better respond to communities' needs and PDI's current financial position.

The priority support list covers essential areas such as education, healthcare, career development and improvement of living standards. The communities themselves play an active part in managing them to ensure they meet their needs.

Our Donation Policy

In spite of difficult business environment in 2013, PDI remained loyal to its commitment in raising the quality of life of people living near its sites.

The company continues to allocate yearly at least 2.5% of its annual pre-tax profit with a minimum of three million Baht, even during loss-making years, to support community development activities.



Education Fund

In 2013 over two million baht was allocated for educational support to students. The budget was used for 385 scholarships, the purchase of education tools, payment for school buses and funding sports and school activities.

Padaeng Volunteers

Because supporting the society is not only restricted to financial support, many PDI staffs have, in line with the Company's policy, dedicated themselves to community works since 1989.

In 2013 the Padaeng Voluntary Development Club, an employee volunteer group, constructed a temporary school building at Baan Patae School in Mae Sod to replace the one devastated by a landslide.

The construction, costing Baht 150,000, was financed by a PDI fund and personal donations from PDI employees.

Flood Relief

In 2013, the Company and staff helped victims of the excessive flood in Mae Sod by providing boats to ferry villagers in affected areas to higher ground areas as well as giving them relief bags filled with necessity items.

Community Infrastructure Improvement

PDI has continued to support the improvement of infrastructure in communities such as local roads, access to farms, access roads to villages, construction of learning centres for integrated farming, village sporting grounds and dykes - all with budget allocation of more than one million Baht.



Ethnic Weaving Support

Supporting hand weaving of Kareni-styled fabric among ethnic groups in Pa Dae and Tam Sua villages, which are close to the Mae Sod mine, is an example of the type of community development projects in which PDI is engaged.

This self-supporting career creation project strengthens the community and passes on Kareni heritage to the next generation.

At Pa Dae community, the cloth is also turned into other forms of value-added handicraft, including notebooks, key chains, and shoulder bags.

This has been enabled with the help from the Padaeng Quality of Life Development Foundation which joins hands with government agencies in improving the villagers' skills in the management, marketing, packaging and promotion of their products - the elements vital to a successful business enterprise.

The 60th Coronation Anniversary Fund for Health and Welfare

This Fund, to promote health and improve

welfare among villagers, created by PDI in collaboration with local communities in three sub-districts of Mae Sod, continues to gain momentum, since its inception almost 10 years ago.

The Fund's strength has stretched as local government agencies, hospitals, schools and temples joined the programme to enhance the benefits for villagers.

In 2013, the Ministry of Social Development and Human Security contributed Baht 320,000 to the Fund, marking an important extension of the network which looks after the well-being of over 3,000 members in 23 villages in Phratat Padaeng, Mae Tao and Mae Ku sub-districts.

Enhancing Potential of Sugarcane Growers

PDI has worked vigorously with all parties concerned to alleviate the hardship of villagers living along Mae Tao basin who are affected by cadmium related issues.

The program involves promoting plantation of sugarcane for ethanol production with PDI, providing technical advice and supporting equipment such as water pumps and farming machines.

Through its subsidiary Maesod Clean Energy Co., Ltd., PDI has supported the dissemination of sugarcane plantation knowledge at local schools by making the subject part of their curriculum, aided by demonstration farms.

Community Support Accumulated Support

PDI's sponsorship of various community development schemes in Tak has exceeded Baht 188 million since 1987, breaking down into:

million Baht

• Education	49
• Healthcare	23
• Public Benefit	67
• Religion	12
• Career Development	19
• Padaeng Quality of Life Development Foundation	18
Total	188

PDI: An Operator with a Green Heart and a Sustainable Mindset

Product Responsibility

PDI takes great pride in its product and service offerings which comply with rigorous eco-friendly manufacturing process and sustainable principles.

To start with, the PDI production adheres to the ISO 14001 global environmental standards, using ores from its Mae Sod mine which has been credited for applying “Green Mining” practices, whilst a main part of the imported feed to its Tak smelter originates from recycled raw materials.

The PDI Tak refinery is one of the unique facilities in the world capable of flexibly processing various types of zinc.

Zinc originating from so called urban mining, is energy efficient in its extraction and processing. It is completely recyclable without any loss of its original physical and chemical properties, thus significantly reducing the need for primary raw materials.

Today, over 30% of the world's zinc supply derives from the recycling processes.

Zinc is very durable, and has a flexible usefulness in a wide range of architecture, electronic, construction and health applications, all enhancing the quality of life.

Quality at its Best

The quality and safety standards of PDI zinc products are certified through an independent body - SGS (Thailand) Ltd - which ensures they meet globally-recognized standards.

The PDI products comply with benchmarks imposed by European Standards (ENs), ASTM International (known until 2001 as the American Society for Testing and Materials or ASTM) and RoHS (Restriction of Hazardous Substance).

Those certifications guarantee that PDI zinc products can be used safely in consumer products from toys to electrical appliances.

Value Proposition for Clients

One of PDI's key strategic targets is to create a total value proposition for its clients, not only in providing them with quality products at fair prices, but extending into other services such



as technical advice and integrated process consulting.

The 2012 introduction of zinc-alloys with 0.15% nickel content is an example of how PDI continuously aims to develop products to enhance the business of its customers.

PDI and its customers are increasingly connected today as the Company proceeds to additional channels of communication which enable both partners to interact on issues of mutual interests.

Customer Satisfaction Survey

Yearly a PDI- Customer Satisfaction Survey is sent to all customers to collect their feedback and needs. It enables PDI to continuously improve and align our quality of products and services.

The results of the 2013 satisfaction survey show that 98% of our customers are satisfied with the quality of our products and services with “Good” and “Very Good” rankings. In addition, on technical service solutions, 88% of customers respond the satisfaction with the same rankings.



Anti-Corruption

With the aim of being in line with good corporate governance guidelines, during the 4th quarter of 2013, PDI kicked off a formal anti-corruption process. A proposal for a formal anti-corruption policy and the operational implementation frame work was presented to the Board.

Anti-Corruption Policy Statement

PDI shall conduct all of its business in an honest and ethical way. The company adopts a zero-tolerance approach to bribery and corruption and commits to act professionally, fairly and with integrity. The Company will implement and enforce effective systems to prevent and avoid bribery.

Anti-corruption Framework

1. Study, propose and launch a zero-tolerance anti-corruption policy including a definition of bribery, roles and responsibilities and clear guidelines.
2. Conclude on a procedure to deploy the anti-corruption policy across the entire company.
3. Establish a monitoring program to ensure that the policy and procedures have been properly implemented.
4. Assure timely and complete public reporting of the policy implementation status and progress.

The Company aims to participate in the “Collective Action Coalition: CAC in Anti-Corruption Policy enacted by Thai Private Sector” in order to substantiate the Company’s viewpoint.

Environment



Addicted to Eco-Friendly Business

Efficient Utilisation of Resources and Energy

PDI continues to pursue best practices by adopting eco-friendly processing and technologies in mitigating environmental impacts arising from its operations.

Climate change, global warming, efficient utilisation of natural resources and energy, reducing waste and restricting the use of primary raw materials are the key strategic themes of the Company's environmental management policy.

PDI operates in strict compliance with laws, using the global ISO 14001 standards as a framework for environmental protection at all functions under its umbrella.

Its green practice is geared towards sustainability, aligned with the Global Reporting Initiative (GRI) in which PDI has further increased environmental indices reporting in 2013 to reflect its enhanced green commitment.

PDI personnel were made more ecological conscious through internal knowledge dissemination that was consistent with the Company's vision towards being a green industry.

Sustainable Exploitation of Resource

Upgrading zinc content in silicate from less than 10% to over 20% through flotation demonstrates one of PDI's actions taken to use resource sustainably.

Using recyclable materials such as zinc oxide from steel mills together with mined ore is another example on how PDI strives to seek innovative solutions to overcome restrictions involving raw material usage.

Water Resource Management at Plant

Raw water used by the Tak refinery is sourced from the Ping River, while the Rayong roaster relies upon water supply from the Provincial Water Works.

At the Mae Sod mining operation, the flotation plant relies on rain water stored near the site, consumed in a recyclable manner with zero discharge.

PDI's total water consumption in 2013 was 2,252,823 cubic meters with 40% of it being reused in the production process after treatment, while some of it was used for other purposes such as for lawn and plant watering.

Treated water discharge has been subject to regular quality monitoring to comply with good standards as the table below shows:



Parameters	Standard	Tak Plant	Rayong Plant
pH	5.5 – 9	7.69	7.7
Zinc	≤ 5 mg/l	0.58	0.44
Cadmium	≤ 0.03 mg/l	0.012	0.006
Manganese	≤ 5 mg/l	0.29	-
Lead	≤ 0.2 mg/l	0.003	0.023
Arsenic	≤ 0.25 mg/l	0.001	0.063
Mercury	≤ 0.005 mg/l	0.0005	0.0029



Water Resource Management at Mae Sod

Though Mae Sod mining operation in itself is water-free and only recycled water is used for the flotation process, the mine has a residual pond in place to capture surface water overflowing from various locations (Zone A, B, C, D).

The water is treated at the plant in line with standards set by the National Environmental Board and Industry Ministry before being released to environment.

The quality of water discharged from Mae Sod mine in 2013 is shown below:

Parameters	Standard ¹	Water Discharged Area			
		Zone A	Zone B	Zone C	Zone D
pH	5.5 – 9	7.1-8.11	7.2-8.5	7.7-8.0	7.4-8.1
Suspended Solids: SS	≤ 50 mg/l	1-15	2-18	8-12	1-23
Total Dissolved Solid: TDS	≤ 3,000 mg/l	96-216	386-754	257-354	107-229
Zinc	≤ 5 mg/l	0.03-0.42	0.02-0.37	0.10-0.18	0.03-0.29
Cadmium	≤ 0.03 mg/l	≤ 0.0110-0.014	≤ 0.010-0.012	≤ 0.010	≤ 0.010-0.02
Lead	≤ 0.2 mg/l	≤ 0.01-0.02	≤ 0.01-0.01	≤ 0.01	≤ 0.01-0.02

Remark: According to the quality of water discharged standard of the Department of Industrial Works (DIW)

Air Quality Management

PDI's environment protection includes air quality control in its operating environment to comply with official standards.

Scrubbers and bag house dust filters are in used to ensure emission from workplaces are clean, with specialists constantly monitoring to ensure emissions meet the standards.

Monitoring results in 2013 proved that emissions measured at stack-top and within the surrounding atmosphere were all well within standards as the table below illustrates:

Air Emission

Stack	Site	Parameters	Standard	Monitoring results 2013
Acid Plant	Tak Plant	SO ₂	≤ 500 ppm	57 ¹
Roaster	Rayong Plant	SO ₂	≤ 500 ppm	63 ²
Auxiliary Boiler	Tak Plant	SO ₂	≤ 950 ppm	549 ¹
Zinc Casting Furnace	Tak Plant	Total suspended particulate	≤ 240 mg/m ³	135 ¹
		Total suspended particulate	≤ 400 mg/m ³	9.86 ¹

Remark: 1. Monitoring by SPS Consulting Services Co., Ltd.

2. Monitoring by Eastern Thai Consulting 1992 Co., Ltd.

Ambient Air Quality

Parameter	Site	Standard	Monitoring results
SO ₂	Tak Plant	≤ 0.30 mg/m ³	0.01 ¹
	Rayong Plant	≤ 0.30 ppm	0.06 ²
Total suspended particulate	Tak Plant	≤ 0.33 mg/m ³	0.053
	Rayong Plant	≤ 0.33 mg/m ³	0.207
	Mae Sod Mine	≤ 0.33 mg/m ³	0.096

Remark : 1. SO₂ standard average 24 hour

2. SO₂ standard average 1 hour

Industrial Waste Management

PDI has strictly adhered to legal guidelines and regulations in its industrial waste management by putting the 3R's principle - reduce, reuse and recycle - to good use.

In 2013, PDI produced 577,700 tons of waste, 99.5% of which was in the form of ore residues which are treated to stabilise them before being stored in landfills located within Tak refinery's compound.

The landfills are constructed within specifications issued by Department of Industrial Works (DIW) and Office of Natural Resources and Environmental Policy and Planning (ONEP).

Extracting valuable metals such as silver and lead from ore residues contributed to the reduction of waste to landfills whilst generating additional income for the Company.

2,390 tons of hazardous wastes, representing 0.4% of all industrial wastes produced in the year, have all been safely disposed of by DIW-approved waste handling companies.

A total of 180 tons of recyclable wastes were shipped to vendors licensed by DIW while 166 tons of general wastes went to landfills under public health procedures.



In 2013, PDI Optimised Production to Reduce Electricity and Thermal Energy Costs

Energy Management

An energy management team, comprising of representatives from various PDI functions, has been tasked to draft a master energy management plan, propose an implementation strategy and assure successful execution.

Efficient energy management goes beyond cost saving to reduce greenhouse emissions and tackling climate change issues.

In 2013, PDI optimised production to reduce electricity and thermal energy costs.

The year-round energy consumption was 1,555,587 gigajoules, comprising 1,333,177 gigajoules in electric power and 224,410 gigajoules in thermal energy.

The 2013 consumption was 327,703 gigajoules lower than the 2012 level and could be translated into 42,000 tons of carbon dioxide equivalent (CO₂e), reduction or 16% less.

Meanwhile, a total of 13 energy conservation schemes were successfully launched and thus lessening consumption by 7,276 gigajoules, equivalent to 506 ton of CO₂e as shown in the table below:

Energy Conservation	Energy Saving (gigajoule)	Greenhouse Gas Reduction (ton of carbon dioxide equivalent)
Electricity energy saving projects		
1. Shut down Circulation Pump and Cooling Tower Fan in peak time (09.00-22.00 hrs.)	1,151	195
2. Reduce the amount of zinc dust by increasing the reactor 1 set	56	9
3. Reduce the use of electric furnace in the production: stopped temporarily	1,210	205
4. Change LED light bulbs at Control Room	89	15
5. Change LED light bulbs at PLP Plant	51	9
6. Replace equipment at Roasting Air Fan and Voltage Control Hot Electrostatic Precipitator	0.15	26
7. Improving electricity and lighting system at Rayong Plant	0.07	11
Total	2,556	470
Heat energy from fuel saving projects		
1. Reduce the use of steam to melt powdered sulfur	869	6
2. Reduce alloy skim in the zinc alloy production to 3% from 5%	2307	19
3. Reduce the use of gas in alloy skim melting by 5%	319	3
4. Reduce diesel consumption by 5% of the forklift	533	3
5. Change insulation of Roaster	0.06	0.48
6. Reduce the use of oil in transportation, unrelated to production.	692	4.5
Total	4,720	36
Overall	7,276	506

Overview of the Environmental Performance Indicators (EPI)

		Tak Plant			Rayong Plant		
Indicator	Measurement Unit	2013	2012	2011	2013	2012	2011
Input Indicators							
Total materials used	ton	225,954	279,993	274,723	95,083	108,311	126,580
Total energy consumption							
- Electricity	gigajoule	1,238,198	1,489,298	1,552,863	70,303	80,827	90,713
- Electricity/ton production	gigajoule/ton production ¹	14.94	14.75	14.69	0.81	0.77	0.75
- Fuel	gigajoule	202,955	281,965	311,085	17,151	13,635	23,035
- Fuel/ton production	gigajoule/ton production ¹	2.45	3.40	3.75	0.20	0.12	0.19
Total water consumption							
- Total water consumption	1,000 m ³	1,868	2,134	1,810	341	363	415
- Water consumption/ton production	m ³ /ton production ¹	22.54	21.13	17.12	3.92	3.43	3.41
Output Indicators							
Produced waste							
- Total waste produced	ton (wet weight)	575,599	637,699	638,932	2,385	2,282	1,172
- Disposal ²	%	99.97	99.97	99.96	98.60	97.65	94.31
Emission to water							
Total emitted process water	1,000 m ³	1,176	1,322	1,492	135	83	85
Total emitted metals	kg	363	456	415	73	67	72
Effluent quality							
- Zinc (≤ 5 mg/l)	mg/l	0.58	0.35	0.25	0.44	0.80	0.83
- Cadmium (≤ 0.03 mg/l)	mg/l	0.012	0.004	0.004	0.01	0.01	0.01
- Manganese (≤ 5 mg/l)	mg/l	0.29	0.33	0.26	-	-	-
- Lead (≤ 0.2 mg/l)	mg/l	0.003	0.001	0.005	0.023	0.05	0.02
Emission to air							
Total emitted metals	kg	450	416	620	616	159	12
Total emitted SO _x	ton	217	252	276	44	66	85
Air quality							
1. Air emission							
- SO ₂ at Acid Plant (≤ 500 ppm)	ppm	57	46	47	63	82	127
- SO ₂ at Boiler (≤ 950 ppm)	ppm	549	325	529	-	-	-
- Total suspended particulate at Boiler (≤ 240 mg/m ³)	mg/m ³	135	82	148	-	-	-
- Total suspended particulate at Bag Filter (≤ 400 mg/m ³)	mg/m ³	9.86	9.43	8.86	-	-	-
2. Ambient air quality							
- Total suspended particulate (≤ 0.33 mg/m ³)	mg/m ³	0.053	0.068	0.068	0.207	0.215	0.020
- Sulfur dioxide (SO ₂) (average 24 hr ≤ 0.30 mg/m ³)	mg/m ³	0.01	0.01	0.01	-	-	-
(average 1 hr ≤ 0.30 ppm)	ppm	-	-	-	0.06	0.03	0.02
Greenhouse gas							
Total greenhouse gas	ton	211,173	254,251	265,220	2,904	3,543	2,012
Total greenhouse gas/ton production	kg/ton production ¹	2,547	2,518	2,509	33.36	31.90	16.53
Recycle							
1. Reduce waste							
- Total recycled waste	ton	148	97	157	33	54	67
- Recycled waste	%	0.03	0.02	0.02	1.40	2.35	5.69
2. Reduce water							
- Recycle and reuse water	%	44	42	43	16	10	10

Remark : 1. Ton production means ton of zinc cathode for Tak Plant, ton of calcine and washed oxide for Rayong Plant

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

		Tak Plant			Rayong Plant			Mae Sod Mine		
Indicator	Measurement Unit	2013	2012	2011	2013	2012	2011	2013	2012	2011
Financial Indicators										
Environmental investment and operating costs										
Total environmental investment costs	million Baht	23	110	6	3	19	10	0	2	0
Total environmental operating costs	million Baht	134	161	164	44	57	48	7	23	17

Mae Sod Mine's 'Greening' Reaches its 10th Anniversary with Showcase Results

Mae Sod Mine Rehabilitation

Rehabilitation of Mae Sod's former mining sites continued unabated in 2013 which marked the 10th anniversary of Vetiver grass' introduction as an ideal flora for environmental rehabilitation.

In 2013 only, a total of 79 Rais of former mining area experienced 'greening' at a cost of eight million Baht, with one million Vetiver's and 12,000 robust and fast-growing trees being successfully planted there and in other locations covered by former rehabilitation.

Over a 10-year period up until December 2013, PDI has grown 17.5 million Vetiver's along with 91,000 trees, in almost 600 Rais of depleted mining estate at a cumulative combined cost of Baht 56 million.

The vigorous greening exercise has made Mae Sod one of Thailand's most successful rehabilitation showcases and

demonstrates PDI's sustainable commitment for preventing and mitigating environmental impacts arising from mining operations.

PDI has committed to actively pursue the rehabilitation at the Mae Sod mine until the end of the mining concession in 2023 and to rehabilitate another 500 Rais of former mining land.

The 'greening' mission is enabled through the Funds for Development & Rehabilitation of the Padaeng Mine, established by PDI in 2003 with a Baht 97 million donation.

High Level Greenery

PDI's Mae Sod mine has become a national showcase to illustrate how Vetiver can be effectively used for restoring mining sites, for its capability of soil erosion prevention and soil quality improvement,





Royal Visit

December 23, 2013
HRH Princess
Sirindhorn paid a
visit to PDI's Mae
Sod mine to observe
the rehabilitation
which carefully
applies the concept
as rendered by His
Majesty King
Bhumibol.

not to mention the aesthetic scenery it enhances. Today, the site represents the kingdom's single largest concentration of Vetiver plantation.

The success of rehabilitation is enhanced by PDI's decision to carry out the 'greening' mission in parallel with mining activities, rather than waiting until the mine is depleted.

A mountain now densely covered with lush Vetiver and trees on a once grey and brown rock dumping site (#3), is a tangible testimony to PDI's eco-friendly strategic commitment.

Mae Sod's Vetiver plantation has served as a demonstration for Vetiver studies, especially from the aspect of soil and water conservation, by governmental, community and educational organisations with over 1,000 people visiting the site each year.



Recognition

Mae Sod's rehabilitation, eco-friendly and corporate social responsibility (CSR) best practices continue to gain a recognition from the authorities and communities in general.

In 2013, the Mae Sod mine was awarded the CSR-DPIM Continuous Award in the mining sector for the third consecutive year from the Department of Primary Industries and Mines (DPIM).

This in addition to the Green Mining Continuous Awards it has achieved consecutively between 2010 and 2012.

Economic

Sales and Market Review

Rationalisation became a key word in the sales and marketing strategy that PDI effectively adopted for 2013.

Total sales volumes of SHG zinc metal and zinc alloy were reduced by 30% year-on-year to 75,000 mt, consequently depressing sales revenue by 30%.

The reduction was a deliberate act as PDI aimed to optimise production and sales to align with electricity charges and global market conditions characterised by weak zinc prices and a supply excess.

The year saw the annual average price of SHG zinc metal decline further to USD 1,910 per mt from USD 1,948 in 2012.

To cash in on the added-value of zinc alloy, PDI enhanced the sales of such products to raise its ratio of the total production 50%.

The market response to the product we introduced in 2012 - zinc-nickel, with 0.15% nickel content - was remarkable, especially for high-quality galvanising applications, resulting in an 18% jump in sales.

This particular zinc alloy has proven to be an excellent alternative to SHG or the conventional zinc-nickel with 0.5% nickel composition. It allows industries to reduce production cost by 10%.

Despite the drop in sales, PDI retained its leadership in the Thai domestic market by further growing its alloy market share in 2013.

Though the Kingdom's zinc demand in the second half of 2013 became sluggish due to economic slowdown, the strong consumption pattern in the first half pushed the whole-year demand to 135,000 mt, or 7.7% higher than 2012.

Improved Premium & Advanced Sales

The uptrend in premium envisioned towards the end of 2013, triggered by the move of zinc miners and smelters around the world to restrict production in response to the price deterioration, bode well for PDI.

In spite of substantial global zinc inventory, a tight supply situation in 2014 is anticipated as the stock may not be promptly released to arrest the rising prices spurred by stronger global demand.



The International Lead and Zinc Study Group (ILZSG), the Portuguese-based commodity organisation set up by the United Nations in 1959, projected global zinc demand to inch up by 5% in 2014 to 13.54 million mt.

Zinc production was expected to increase by 4.9% to 13.65 million mt in 2014.

Higher premium anticipated for 2014 will increase PDI's sales revenue by at least Baht 100 million.

The Company targeted 2014 sales volumes at the same level as 2013 with 90% of which has already been committed for delivery to customers.

Strategic Plan

PDI's sales and marketing strategy for 2014 is putting more focus on SHG zinc ingots and consolidating the role of zinc alloy.

This strategy matches the change in market conditions as demand for zinc alloy by industries, particularly the automotive sector - the major consumer - was impacted by the Kingdom's economic slowdown.



Zinc alloy requirement by local galvanised sheet producers is expected to be flat due to the fierce competition from Chinese imports whose prices are 30% to 40% lower.

In 2014, we will introduce a standard pricing formula for various zinc alloy products to better reflect their production costs.

The zinc alloy product lines will be further optimised to enhance efficiency in inventory management.

PDI continues to foster superior relationships with major local clientele, providing enhanced delivery services and ordering flexibilities, all in all to create competitive advantages against overseas challengers.



Figure 1 : Lme Zinc Prices and Stock Levels during the Past 5 Years

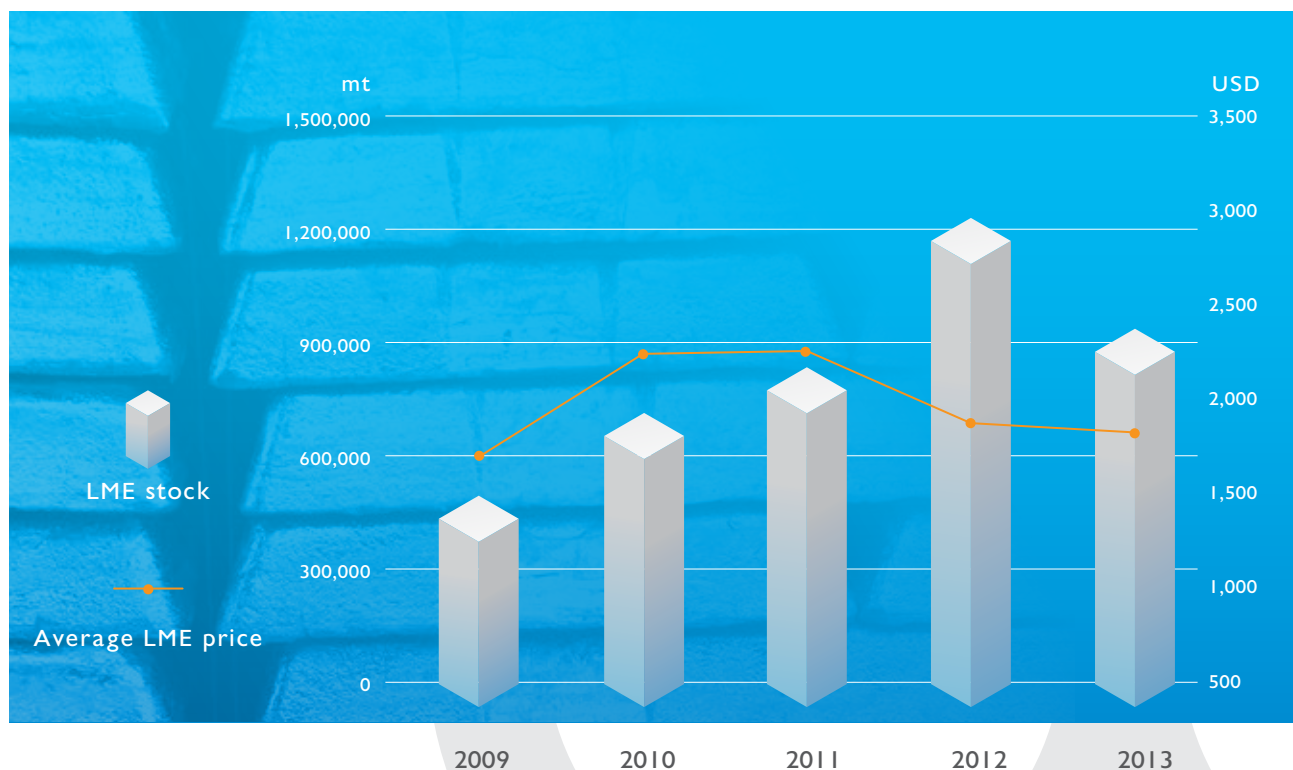
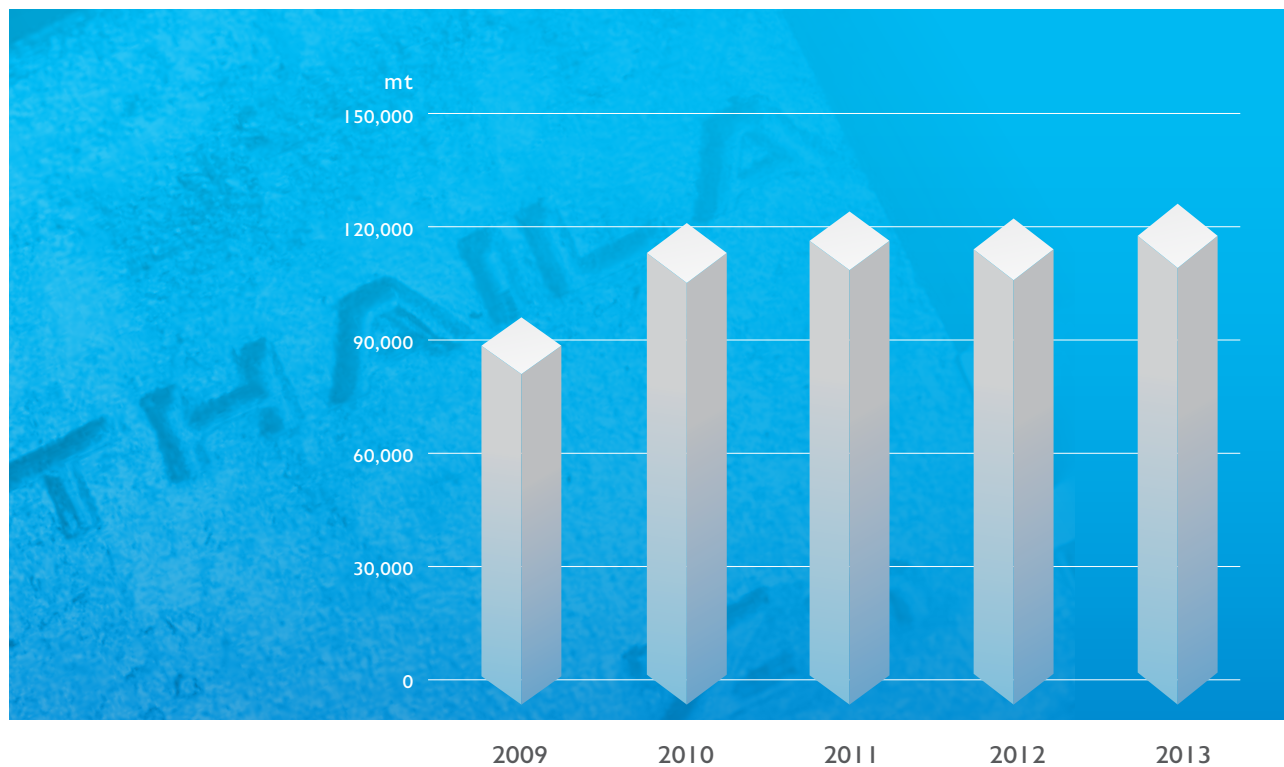


Figure 2 : Zinc Consumption in Thailand from 2009-2013



38

Figure 3 : Sales Volume of Zinc Metal and Alloys from 2009-2013 (mt/year)

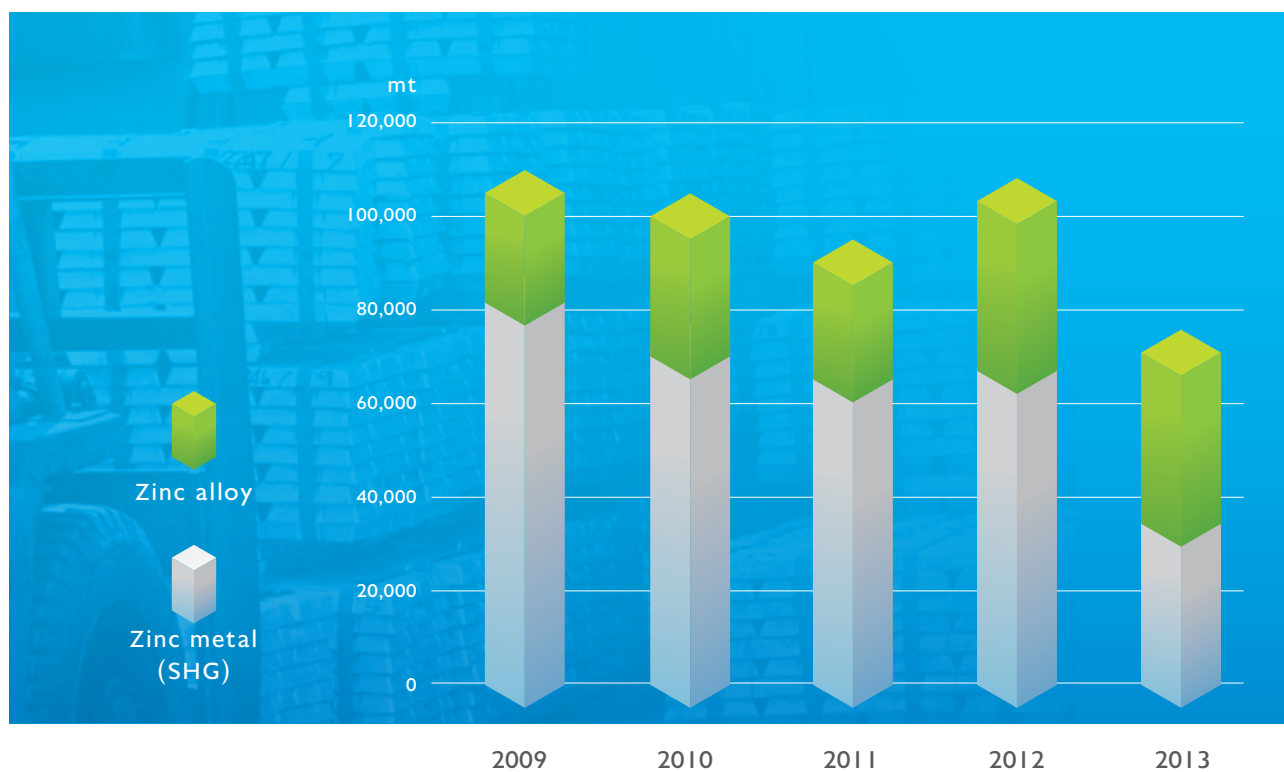


Figure 4 : Sales Value of Zinc Metal and Alloys from 2009-2013 (million Baht/year)

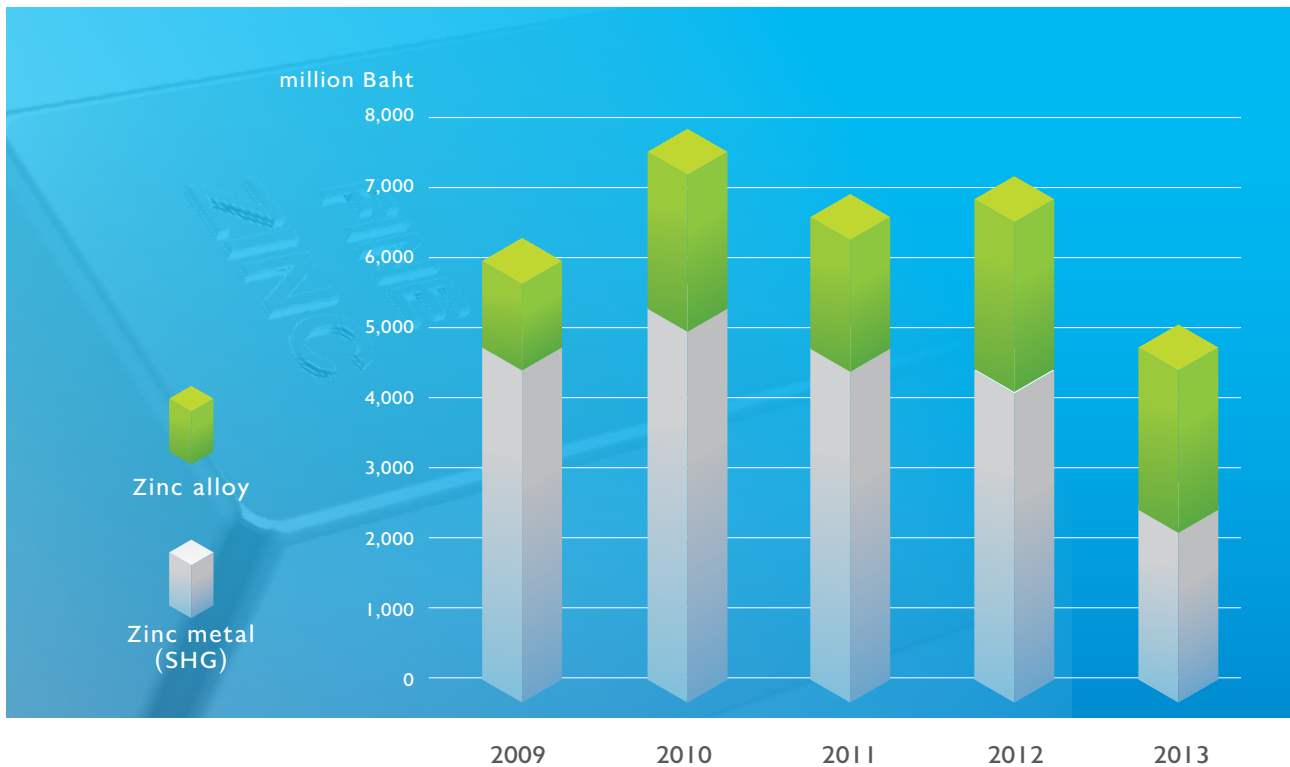


Figure 5 : Sales Volume of Zinc Metal from 2009-2013 (export/domestic)



Operations

Raw Materials Procurement

Cost Reduction, a Key Factor in Raw Materials Management

Ramping up production from Mae Sod mine, diversifying ore sources and varieties, and increasing the use of recyclable materials remained the top of PDI's raw material management agenda.

The Tak refinery's flexibility to treat a wide variety of raw materials has supported the strategy of driving the raw material costs down and strengthening production efficiency and productivity.

For 2013, PDI further reduced imports of zinc sulphide and the non-sulphide varieties to around 80,000 mt, down sharply from about 150,000 mt in 2012, much in line with the Tak refinery's revised production plan. The majority of the imports originated from South America and Australia.

Imports of crude zinc oxides - recyclable materials originating from steel dust recycling - stabilized, but will grow again in 2014. The improvements of the pre-processing facilities for this materials at the Rayong roaster, have contributed to the refinery's capabilities to increase the use of recyclables.

For future sourcing, PDI has launched a study on the quality of crude zinc oxides from various sources, to determine how they can fit in PDI's process without negatively effecting the overall operations and the environment.

Reducing raw material costs will remain a top priority for 2014 with zinc silicate from Mae Sod mine and recyclable material playing an increasing role in PDI's feed management, whereas imports of expensive zinc sulphide are to be reduced.

Refinery Operations

In 2013 PDI's Tak refinery continued to successfully optimise its operations with a pro-active campaign to reduce imports of expensive raw materials, cut costs and create additional revenues.

Realignment projects have reduced PDI's overall output by 18% from the previous year, a strategic decision to leverage cost benefits and to increase the profitability of the operations to better face tough and changing market conditions.

In 2013, the refinery produced 78,000 mt of zinc metal, of which 45% as SHG zinc ingots and 55% as zinc alloy as the refinery tuned its output to maximize value addition by zinc alloy, in full alignment with PDI's marketing strategy.



Tak Refinery's Operational Improvement Program Leads to Sustainable Cost Reduction

Reduced Power Bills

The scaling down of production during peak periods on working days, 09.00-22.00 hrs, when electricity charges are high, whilst pushing to maximal capacities during off-peak periods, when off-peak power tariff is at the lowest, helped the refinery to reduce the power invoices by almost 20%.

Electricity costs count for 50% of the total operating costs, so power usage optimization remains a key success factor in the refinery's cost control.

Ore Feed Revised

The refinery optimized its feed costs by further reducing costly imported ores, whilst increasing the supply from PDI's own Mae Sod mine and imported crude zinc oxides, from steel dust recycling.

Cost Saving and New Revenue

Three major projects contributed to the Tak refinery's overall operational improvement success:

1. The launch of the by-products recovery facility, which enables PDI to extract valuable metals such as silver and lead from operational residues in the refining processes.

2. The innovation of the zinc oxide washing plant at PDI's Rayong Roaster to increase the

supply of this secondary material, which is a cheaper and more sustainable source to the refinery.

3. The installation of an ecological coal-fired boiler, replacing the fuel oil-run boilers, was completed and came on stream in December 2013. This installation significantly reduces fuel costs, mainly due to the use of cheaper bituminous coal.

Major 2014 Projects

Further reduction of electricity charges, optimising zinc ingot and zinc alloy production levels and increasing the utilisation of less costly raw materials will continue to dominate the refinery's operational improvement plans in 2014.

The refinery aims to produce 70,000 mt of zinc metal, 50% of which as SHG ingot and 50% as zinc alloys.

Production during peak power tariff period will be further minimised and the use of zinc sulphide will be reduced against a maximization of the input of crude zinc oxides.

Reducing the usage of sulphuric acid and limestone in the refining process will be an additional cost control target for the year. This could be achieved by a further optimization of the leaching process.

Coal-Fired Boiler Plant



Mining Operations and Exploration

PDI Realigns Mining Activities to Match Changing Environment

Mining Operations

PDI's Mae Sod mine managed to sustain its zinc production in 2013 at 30,000 mt, close to the previous year's level.

That output level was achieved despite the 2-month delay in the renewal of the forestry land use permit No. 30769/15525 from the Royal Forestry Department which in effect reduced overburden removal volumes by 43% from 2012's tonnage.

In addition, mined zinc ore was associated with a magnesium-rich layer of carbonate. The high-magnesium content in the Mae Sod zinc ore creates additional technical constraints at PDI's Tak refinery as the facility was not originally designed to handle this type of magnesium-rich material. Processing it requires excessive electricity consumption and hence generates inflated costs.

However, backed by PDI's research and development team, a successful modification to the plant's refining process enabled the treatment of zinc ore with higher magnesium contents.

Ore Reserves

As of December 31, 2013, the total mineral resources at the Mae Sod mine, with economical recoverable Zn-contents exceeding 3%, reached 1.6 million dry mt at 10.3%Zn containing 165,000 mt of zinc.

Table 1: Mineral resources at Mae Sod mine, December 31, 2013

Category	dmt	Zinc grade (%Zn)
Measured resource	409,000	11.5
Indicated resource	1,200,000	9.8
Total	1,609,000	10.3

Competent person statement: The information in this Public Report that relates to Mineral Resources at the Mae Sod mine is based on information compiled by Mr. Anupong Piragunta (Mining Geologist, Padaeng Industry Public Company Limited). The Resource Estimate was completed by Mr. Anupong Piragunta. Mr. Anupong Piragunta is a Member of the Australasian Institute of Mining and Metallurgy (#312663) and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Anupong Piragunta consents to the inclusion in this Report of the matters based on their information in the form and context in which it appears.



The application for the new mining lease to enable PDI to extract all the remaining ore in the Mae Sod mining area faced again delays.

Even though our Environment and Health Impact Assessment (EHIA) report, a crucial part of regulatory process, was endorsed by authorities concerned, there are still three time-consuming steps required to gain the issue of the mining lease: Cabinet approval for using 1B watershed area; an endorsement from the Ministry of Natural Resources and Environment for a forestry permit; and the Ministry of Industry's approval for a mining lease.

As the chances of obtaining this mining lease are unlikely to be successful, PDI decided to exclude about 450,000 dry mt of reserves, expected to be mined from the mining lease application area, from the overall ore reserve estimate.

Therefore PDI has 1.12 million dmt of reserves at 10.1% zinc for future exploitation, which can yield 115,000 mt in zinc metal.

Table 2: Ore reserves at Mae Sod mine, December 31, 2013

Category	dmt	Zinc grade (%Zn)
Stock	108,000	10.8
Proven reserve	384,000	11.1
Probable reserve	632,000	9.4
Total	1,124,000	10.1

Competent person statement: The information in this Public Report that relates to Ore Reserves at the Mae Sod mine 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 mineralization and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2012 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

The quest for zinc reserves in Myanmar, that began some years ago and ended in 2013, failed short of our expectations with the discovery of only negligible deposits which did not justify further pursuit and PDI therefore decided to call it quits.

The negative result, coupled with the fact that PDI's exploration activities in Thailand and Laos remained unsuccessful, led PDI to cease its exploration activities completely in November 2013.

PDI also decided to dispose of two zinc-bearing tracts, one in Lamphun province and the other in Kasi in Laos, due to their marginal deposit sizes and economic feasibility.

The Lamphun deposit is estimated to contain 2.1 million dmt of resources at 7.2% zinc and 1.2% of lead.

The Kasi tract boasts about 0.9 million dmt of resources at 9% zinc and 1.9% lead.



Process & Technology Innovation

PDI's Process and Technology Innovation Center Gains Momentum

The transformation of PDI's research and development (R&D) endeavour gained momentum in 2013 as the Process & Technology Innovation (PTI) Department, established by end of 2012, got down to business.

PTI started to work on four key-strategic targets; building a process and technological foundation for the future; developing environmentally-friendly processes and technologies; innovating strategic products and processes; and further developing production and product support techniques.

Brainstorming for Cost-Reduction Innovation in the Zinc Production Process

Brainstorming and idea exchange sessions participated by functional units have led to a number of R&D development projects which were later applied and enable production cost saving:

- Use of washed zinc oxide as a replacement of limestone in reconditioning the solution in the mineral separation process.

Such an application does not only enable retrieving of zinc ahead of waste water treatment, but results in a replacement of limestone usage which in turn helps reducing costs.

- Substituting zinc dust with dross in the leaching process.

This exercise allows the Company to use all zinc cathode to produce zinc metal, instead of diverting part of them back into the process.

Enhancing Technical Services for Customers

One of PTI's major functions is providing technical services to PDI customers.

In 2013, the Company's engineers visited customers to give technical advice and work with them to improve their production processes to achieve higher efficiency.





More than 120 galvanising and die-cast operators have benefited from technical support which include laboratory analysis of their product samples at PDI's modern research centre.

PDI has also maintained a close collaboration with the Thai Galvanising Association (TGA) to lift the Kingdom's galvanising standard to the global scale and boosting members' competitive edge.

PDI took part in seminars organised by TGA and international trade bodies such as International Zinc Association (IZA), in addition to holding sessions to provide technical knowledge directly to galvanizing and die-cast industrialists.

Surveys showed that 88% of participants response positively to the PDI-organised sessions and insist to see those forums continued.

In 2013, PDI expanded dissemination of knowledge of benefits of zinc and application to end-user groups and educational institutes including the Provincial Electricity Authority (PEA) and Kasetsart University.

Documents containing information about new technology in galvanising and die-casting produced by PDI over the year have been distributed to customers to learn new techniques in improving their production efficiency.

Operations at Subsidiaries and Affiliated Companies

Maesod Clean Energy Sees Improved Performance

Maesod Clean Energy Co.,Ltd. (MCE) marked its fifth year of operation in 2013 by producing 57 million liters of sugarcane-based ethanol, up with 12% from the previous year's record of 51 million liters.

Deliveries of sugarcane to MCE in 2013 declined by 23% to 267,000 mt from 348,000 mt in 2012 due to lower crop yields resulting from disappointing weather conditions.

In order to meet MCE's ethanol production target and to sustain its production capacity, at 200,000 liters per day, MCE has boosted the sourcing of molasses to make up for the shortfall in delivery from local sugarcane growers.

As a result, the tonnage of molasses obtained from external sources in the year jumped by 138% to 143,000 mt from 60,000 mt a year ago.

The year envisaged MCE's electrical generation increasing by 9% to 69 million kilowatts, allowing the Company to sell electrical supply in excess of its requirement to the Provincial Electricity Authority (PEA).

The power sales to PEA in 2013 rose by 27% to 38 million kW from 30 million kW recorded in the previous year.

The increase in ethanol and electricity sales helped to drastically reduce losses and improve MCE's outlook.

MCE aims to raise efficiency of its ethanol production, both from sugarcane and molasses, to lower unit costs - a key driver to reach break even or eventually turn to profitability.

Financial Review

2013 Company Performance

Note: The management review below is based on information from accounts which may not have been audited. The purpose of presenting such a format is to disclose the results in a way more beneficial to the reader than that of the heavily regulated financial statements.

The Company, as a zinc smelter, generates earnings by converting raw materials, such as imported zinc concentrates, other feed stock and ore from its own mine into marketable zinc metal. The revenues of the Company are mainly affected by the commodity (zinc) prices, exchange rate of THB/USD and the treatment charges (TC) received from the mines to process their zinc concentrates into zinc metal.

The London Metal Exchange (LME) average zinc cash settlement price in 2013 at USD 1,910 per mt, a 2% decrease comparing to the price of USD 1,948 per mt in 2012. In the first quarter of 2013 the zinc price made a significant jump from USD 1,955 per mt to USD 2,187 per mt. Unfortunately, from the second quarter onwards, the price continuously decreased throughout the year and traded in the range of USD 1,800 -1,950 per mt. Nevertheless, in the final quarter of 2013 the price increased again back to USD 2,077 per mt.

The average exchange rate of Thai Baht against US Dollar in 2013 was Baht 30.86. The US Dollar slightly appreciated compared to the Thai Baht 31.22 in 2012.

Early 2013 the Thai Baht level dropped to its lowest level. It was below 29 Baht/USD in April 2013 due to the impact of QE measures of the United States of America. After that, there was a sign of recovery in the US economy resulting into a stronger US Dollar against other major currencies. On the other hand, in late 2013, Thailand suffered from political tensions which had an impact on the Thai Baht value.



The Thai Baht currency climbed up to almost Baht 33.00 against USD by end of year.

In 2013, the Company generated net revenue from zinc sales of Baht 5,036 million compared to previous year's Baht 7,061 million.

The lower zinc price and strong exchange rate of Thai Baht compared with previous year resulted in fewer sales from zinc but was compensated by gains from strategic hedging. Yet, revenues from zinc sales significantly dropped since previous year due to the PDI's strategic plan to optimize production by reducing operations during electricity peak time.

Additional factors contributing to the operating result have been an increase of sales premiums and an increase of sales from alloy products which yield a higher margin than Special High Grade zinc. The local shortage of physical metals in the market helped the sales premium to improve. Completely in line with the Company's strategic plan, the sales of alloy product have been increased in 2013 compared to last year.

The net income of by-products decreased from previous year. This is caused by the



Excluding the Exceptional Provisions, EBITDA in 2013 is Positive

reduction in zinc sales and also the reduction of acid price. However, in line with the strategic plan, the Company did increase sales from its new by-product (lead-silver concentrate) from Baht 17 million to Baht 95 million even though there was a dramatic drop in silver price.

PDI has also managed to decrease its raw material costs by reducing production and could also benefit from the lower zinc price. Conversely, it still received a lower treatment charge compared with the one in 2012.

In 2013, on top of price decreases of several chemicals used in the production process, OPEX and CAPEX control has proven to be successful. The operating costs have been reduced significantly. A more effective use of energy resources than previous year impacted strongly this reduction.

The Group announced a consolidated net loss of Baht 530 million compared to a net loss of Baht 569 million in 2012. This loss was mainly caused by a provision of Baht 441 million for impairment of exploration assets of Puthep, a 51% subsidiary of the Group, and a provision of legal claims.

The Group EBITDA in 2013 was in deficit of Baht 315 million and dropped from a deficit of Baht 276 million last year. This increase was again caused by the exceptional provisions.

Excluding the exceptional provisions, EBITDA in 2013 is positive, Baht 184 million compared to a deficit of Baht 50 million in 2012. This confirms the continuous improvement in PDI's performance.

Net earnings per share in 2013 are 2.35, in 2012 net earnings per share was 2.52.

In summary, in 2013 the Group has shown significant improvement in terms of cost of sales compared to the one in 2012. This has led to a higher gross profit margin. On top of the operational success, the Group has also monitored and controlled its OPEX and CAPEX meticulously.

Whilst the global economy reflates, an increase in zinc demand is expected, which will also increase the zinc premium. As demand is anticipated to increase, supply at the same time is believed to downfall. A shortage of supply is expected from a lack of substantial investment in zinc and depletion of existing mines. This will allow for the zinc price to recover and perhaps even further increase.

Considering the zinc industry is recovering, along with the zinc price and the weak exchange rate, enhanced with internal improvement from operation and strict control of OPEX and CAPEX, the future results of PDI promise to become sustainably positive.

Nonetheless, due to the high volatility of zinc price and the depletion of Mae Sod mine, which impacts the sustainability of the Company performance, the Group is exploring new business opportunities to grow in a robust and sustainable way.

Statement of Financial Position

Asset and Liabilities

At the end of 2013, total assets of the Group decreased from previous year by Baht 876 million. The main cause is the provision from impairment of Baht 926 million for the capitalized exploration expenditure of Puthep, a 51% subsidiary of the Company. The deferred tax asset of Baht 115 million related to the provision is also recognized in 2013.

The decrease in the 2013 cash balance of Baht 348 million is mainly used for working capital financing which can be seen from the increase in inventories, receivables and VAT receivables.

At the end of 2013, total liabilities increased slightly with Baht 50 million from previous year. The increase trails from provisions of the new residue pond and the provision of legal claims of Baht 27 million.

Shareholder's Equity

As of December 31, 2013, total shareholder's equity of the Company amounted to Baht 2,942 million, a net decrease of Baht 925 million compared to previous year. This was mainly caused by the loss on provision of capitalized assets as mentioned above.

A dividend of Baht 68 million for operating year 2013 will be paid out of the retained earnings of the Company to the shareholders in May 2014 upon the approval at the annual shareholders meeting scheduled on April 28, 2014.

Cash Flow and Capital Expenditures

The net cash generated from operating activities of the Group was Baht 10 million compared to Baht 661 million in 2012. This mostly resulted from inventory financing at the end of 2013.

In 2013 the Group invested a total amount of Baht 362 million in plant and equipment. The major investments include projects to improve the quality of by-products and reduce operating expenses, decommissioning of residual ponds and normal maintenance capital expenditure of the plant.

The Group maintains a healthy financial position with consolidated net cash at Baht 679 million by end of 2013.





Related Companies

Obtaining Mining Operation Permits Remains a Major Hurdle

Puthep Co., Ltd.

Since August 21, 2000, a Participation Agreement was signed between the Company and Pan Australian Resources Limited ("PanAust") and PNA (Puthep) Pty Ltd. of Australia, (a wholly owned subsidiary of PanAust), to embark on exploration and mining of the Puthep Copper Project in the Loei province, North-East Thailand.

As of December 31, 2013, the capitalized exploration and acquisition costs incurred by Puthep reach Baht 926 million which is mainly financed by PNA (Puthep). As of December 31, 2013, a long term loan including the accrued interest of Baht 573 million has been granted by PNA (Puthep) to finance the project. According to the loan agreement, the repayment of the loan will start only when Puthep generates sufficient profit.

In 2013, the Group has concluded the assessment of the project's viability. Based on actualized assumptions for metal prices, investment and operating costs, viability of the project is confirmed. However, obtaining mining operation permits remains a major hurdle, due

to the increasing general public concerns with respect to mining in Thailand and more specific the Loei region.

Consequently, the Company has decided to cease any further activities and has recognized a provision for impairment of the capitalized exploration costs.

Padaeng Industry (Laos) Co., Ltd. ("PDIL")

After reassessing the project, it was concluded that substantial expenditures and other alternative drilling methods would be required to proceed further for the exploration Project of PDIL. A total amount of Baht 107 million was invested in exploration and has been provisioned since 2012.

The project is currently in the selling process to interested investors.

South East Asia Metal Co., Ltd. ("SEAMET")

In 2013, SEAMET entered into a sales contract with one customer, a seller of zinc products, with a sales turnover of Baht 21 million.

Maesod Clean Energy Co., Ltd. ("MCE")

MCE was provided with a loan of Baht 105 million by the Company under the loan agreement of October 5, 2011. The loan was offered with the purpose of improving the liquidity of MCE. In 2013, MCE was able to utilize its capacity more effectively by using molasses to produce ethanol. Furthermore, MCE could benefit from the improved ethanol price which resulted in break-even performance compared to the net loss result of previous year. However, the provision from impairment of receivables resulted in a deficit performance. The improvement in liquidity is still to be considered.

	Year 2013	Year 2012
Averages		
LME Zn (USD/mt)	1,910	1,948
LME Cu (USD/mt)	7,326	7,950
USD/Baht	30.86	31.22
Zn (Baht/mt)	58,962	60,821
Cu (Baht/mt)	226,117	248,207

	mt	2013 million Baht	mt	2012 million Baht
Net Zinc sales	75,841	5,036	107,711	7,061
Net Copper sales	301	68	423	106
Net Acid sales	77,926	174	86,595	238
Net PLP sales	10,625	95	680	17
Company revenue		5,372		7,422
Other income		10		6
Expenses				
Zinc purchased		2,397		3,783
PLP purchased		36		0
Alloying metals		109		106
Sulphur		236		271
Total raw materials		2,779		4,159
Personnel expenses		456		545
Energy expenses		1,123		1,646
Materials and supplies		73		72
Consumables		253		354
Services (freight, contracts)		361		497
Other expenses		115		169
Depreciation&amortisation		247		283
Subtotal		5,407		7,726
Gain (loss) on foreign exchange		(41)		46
Financial income (expenses)-net		(5)		(1)
Gain from fixed asset sales		0		0
Loss from provision		(441)		(261)
Net consolidation effect-profit/(loss)		(5)		(32)
Share of loss from joint venture		(14)		(24)
Operating result		(530)		(569)
Corporate income tax		0		0
Net operating result		(530)		(569)



Business Risk Assessment

Identifying the Risks Inherent to Its Activities and Mitigating Them to an Acceptable Level

Risk management is one of the processes that assists PDI to achieve its corporate objectives and goals, adding value to the corporation by balancing costs and expected results. 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

PDI's main credit risks are the accounts receivable. The Company actively monitors payment performance for all its customers and evaluates their solvency prior to granting any credit. In addition, for non-creditworthy customers the Company applies credit insurance systems to cover its receivables, that are not supported by cash advance, bank guarantee or letter of credit. In 2013, PDI started to sell PLP (Padaeng Leach Product) to customers abroad. As such these sales bring additional credit risk. PDI decided to pursue the same process of treating these new accounts receivable.

Commodity Price Exposure

By the nature of its business, PDI is exposed to the fluctuations in the market prices of commodities. For day to day operations, the Company engages in transactional hedging, meaning that it generally limits hedging transactions to cover the time risks, between raw material purchase and sales of metal, and to cover its exposure on fixed-price forward sales of metal to its customers.

For the year 2013, PDI has sold forward a total of 22,600 mt of zinc covering 83% of PDI's Mae Sod mine production. This forward selling protects the Company's income against fluctuations in the LME zinc price and the USD to Thai Baht exchange rate. Although these strategic hedging transactions prevented the Company from taking advantage of a potential further upside on the zinc metal tonnage hedged, the Company did in any case lock-in an acceptable return for its shareholders and protected itself against drops of the zinc price in the course of 2013. The strategic hedging policy is still active and ongoing. Any decision for strategic hedging is made at Board level, after detailed screening of the proposal by the management.





Currency Exposure

The Company incurs foreign currency risk on sales, purchases and borrowings that are conquered 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 deposits.

Raw Materials and Exploration

It is known that the Mae Sod mine will be depleted in a few years. In order to consolidate supply needs for its smelter, PDI actively seeks to purchase low cost raw materials such as silicate ore and crude oxides from abroad to complement the supply of the Mae Sod mine. PDI also actively researches on improvements of the washing and leaching processes in order to be able to treat lower quality materials which can be bought at lower cost in the global market.

The Company and some of its subsidiaries, up to the year 2013, have performed exploration activities. Expenses incurred by exploration activities have been capitalized and if necessary impaired according to the potential of the exploration projects. Once satisfactory-reliable data have been collected and reviewed, regular

assessments by an executive management team reduce both uncertainty and risk level related to these activated costs.

As the investment and regulatory environment for exploration and mining in Thailand is not encouraging, PDI has decided to minimize its exploration efforts both domestically and internationally. PDI also explores possibilities to invest in additional green businesses.

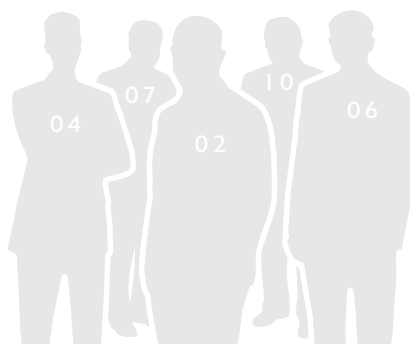
Social and Environmental Issues

The Company operates its mine and refinery under licenses and permits issued by governmental authorities, requiring emissions to meet regulatory standards. Occupational health and safety risks are also assessed and monitored in accordance with the standards.

At the mine, provisions are made for the present value of the rehabilitation and risk fund to the extent of the present obligations.

Moreover, management estimates and anticipates costs incurred for upcoming changes in social and environmental laws and regulations. This is to provide sufficient provisions for environmental related expected expenditures.

2013 Board of
Directors, Strategic
Committee, Audit
Committee and
Nomination and
Remuneration
Committee



01

Arsa Sarasin
Chairman

02

Francis Vanbellen
Director, Managing Director
and Strategic Committee Member

03

Ahmad Bin Fahad
Director, Strategic Committee
Member and Nomination and
Remuneration Committee Member



04 Ravi Gidwani
Director and Strategic
Committee Member

05 Pantip Sripimol
Director and Strategic
Committee Member

06 Paron Israsena
Independent Director,
Audit Committee Member and
Nomination and Remuneration
Committee Chairman

07 Karel Vinck
Independent Director and
Strategic Committee Member

08 Vinai Vamvanij
Independent Director and
Audit Committee Chairman

09 Aswin Kongsiri
Independent Director, Audit
Committee Member and
Nomination and Remuneration
Committee Member

10 Pinit Vongmasa
Independent Director,
Strategic Committee
Member and Nomination
and Remuneration
Committee Member

01 Arsa Sarasin

77 Years Old
Chairman

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

Training • Thai Institute of Directors Association - Director Accreditation Program (DAP), 2003 - Audit Committee Program (ACP), 2007 - Finance for Non-Finance Directors (FND), 2008 - Role of Chairman Program (RCP), 2013

Current position in listed company • Chairman, Padaeng Industry Public Company Limited • Chairman, Siam Makro Public Company Limited • Director and Member of the Governance and Nomination Committee, the Siam Cement Public Company Limited • Chairman of Audit Committee, Vice Chairman and Independent Director of Charoen Pokphand Foods Public Company Limited

Other current position • Chairman, Thai Asia Pacific Brewery 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-Laos Association • Vice Chairman,

Thai Tapioca Development Institute • Director, Thai Pure Drinks Company Limited

Working experience • Chief Executive Officer, Padaeng Industry Public Company Limited • Director-General, Department of Economic Affairs, Ministry of Foreign Affairs • Thai Ambassador to Belgium & Chief of Mission to the European Community • Director-General, Department of Political Affairs, Ministry of Foreign Affairs • The Permanent Secretary of the Ministry of Foreign Affairs • Thai Ambassador to the U.S.A. • 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 • His Majesty's Principal Private Secretary

% Share possession : None

Date of the first appointment : November 23, 1987

02 Francis Vanbellen

56 Years Old
Director, Managing
Director and Strategic
Committee Member

Education • Master's Degree in Chemical Engineering, Catholic University Leuven (KUL), Belgium • Master of Business Administration, Vlerick Management School, Gent, Belgium

Training • Process Management, Harvard, Cambridge, U.S.A. • Strategic Innovation Management, Insead, Fontainebleau, France • Business Excellence Assessment, EFQM, Brussels, Belgium • Thai Institute of Directors Association, Bangkok, Thailand - Director Certification Program (DCP), 2013

Current position in listed company • Managing Director, Padaeng Industry Public Company Limited

Other current position • Owner Vanbellen Consulting, Beveren, Belgium • Chairman of the Board, South East Asia Metals Co. Ltd., Bangkok, Thailand • Chairman of the Supervisory Board, GMM Quartz, Berlin, Germany • Board member, Maesod Clean Energy Co. Ltd., Bangkok, Thailand • Board member, Puthep

Co. Ltd., Bangkok, Thailand • Board member, GMM Quartz, Antwerp, Belgium • Board member, OMM, Aydin, Turkey

Working experience • Manager special metals refinery Umicore, Hoboken, Belgium • Manager precious metals refinery Umicore, Hoboken, Belgium • Manager raw materials sampling department, Umicore, Hoboken, Belgium • Head of Department human resources & business excellence, Umicore, Brussels, Belgium • Head of Department knowledge & supply chain management, Umicore, Hoboken, Belgium • Head of Department Precious Metals Operations, Umicore, Hoboken, Belgium • Plant Manager Umicore Precious Metals Refining Operations, Hoboken, Belgium • Managing Director, GMM Quartz, Antwerp, Belgium

% Share possession : 0.0066

Date of the first appointment : April 26, 2012

56

03 Ahmad Bin Fahad

43 Years Old
Director, Strategic
Committee Member and
Nomination and
Remuneration
Committee Member

Education • Master of Sciences in Finance, Boston University, U.S.A. • B.Sc. in International Management, Boston University, U.S.A.

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

Working experience • 17 Years of Investment, Banking, 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, U.S.A.

% Share possession : None

Date of the first appointment : April 16, 2008

04 Ravi Gidwani

38 Years Old
Director and Strategic
Committee Member

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

% Share possession : None

Date of the first appointment : May 11, 2010

05 Pantip Sripimol

51 Years Old
Director and Strategic
Committee Member

Education • Master of Public Administration, Chulalongkorn University • Bachelor of Laws, Ramkhamhaeng University • Bachelor of Business Administration, Ramkhamhaeng University

Training • Thai Institute of Directors Association - Director Certification Program (DCP), 2006 - Audit Committee Program (ACP), 2012 - Role of the Nomination and Governance Committee Program (RNG), 2013

Current position in listed company • Independent Director and Audit Committee, Krungthai Card Public Company Limited

Current position • Deputy Director-General, State Enterprise Policy Officer, Ministry of Finance

Working experience • Director of Monitoring and Performance Assessment, State Enterprise Policy Officer, Ministry of Finance • Director of Bureau of State Enterprise Development 2, State Enterprise Policy Officer, Ministry of Finance

% Share possession : None

Date of the first appointment : August 6, 2013

06 Paron Israsena

86 Years Old

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

Education • Master of Engineering (M.E.), Massachusetts Institute of Technology (MIT), U.S.A.

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

Current position in listed company • Director and Chairman of the Audit Committee, Summakorn Public Company Limited • Chairman of the Board of Directors, Thaicom Public Company Limited

Other current position • Member and Chairman of Audit Committee, the Thai Red Cross Society • Expert in Standardization, Nation Standardization Council • Director, Council of Chiang Mai

Rajabhat University • Chairman, Shinawatra University Council • Chairman, the National Economic and Social Development Board • Director of the Selection Committee, the Board of Directors of a State Enterprise, Ministry of Finance

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 • Director, Thailand Productivity Institute • Director and Member of the Audit Committee, the Siam Cement Public Company Limited • Director, Office of the Education Council • Chairman, Office of the Basic Education Committee, Ministry of Education • Honorary Council member of Chulalongkorn University • Director, Chiang Mai University Council

% Share possession : None

Date of the first appointment : April 28, 1994

07 Karel Vinck

75 Years Old

Independent Director
and Strategic Committee
Member

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

Current position • Director, La Monnaie Opera House • Coordinator European Commission ERTMS, for Railway Transport • Director, Tessenderlo Chemicals, Belgium • Senior Advisor, Roland Berger Consultants, Germany

Working experience • Chairman of BAM (Antwerp Mobility Program), Belgium • CEO, Bekaert, Belgium • Chairman, Umicore, Belgium • Chief Executive Officer, NMBS/SNCB (Belgian Railways), Belgium • Chairman, Sibelco, Belgium • Chief Executive Officer, Umicore, Belgium

% Share possession : None

Date of the first appointment : July 13, 2000

08 Vinai Vamvanij

73 Years Old

Independent Director
and Audit Committee
Chairman

Education • Professional Accountancy, CPA, Australia

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

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

% Share possession : 0.0035

Date of the first appointment : November 6, 1998

09 Aswin Kongsiri

69 Years Old

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

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 - Director Certification Program (DCP), Class 11/2001

Current position in listed company • Chairman, Ch.Karnchang 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

Other current position • Member, Monetary Policy Committee, Bank of Thailand • Chairman, Thai Orix Leasing Company Limited • Chairman, Ton Poh Thailand Fund

Working experience • Governor, the Stock Exchange of Thailand • Chairman, Thoresen Thai Agencies Public Company Limited • Vice Chairman, Electricity Generating Public Company Limited • 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

% Share possession : None

Date of the first appointment : April 10, 1981

10 Pinit Vongmasa

69 Years Old

Independent Director,
Strategic Committee
Member and Nomination
and Remuneration
Committee Member

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

Training • Thai Institute of Directors Association - Director Certification Program (DCP), 2001

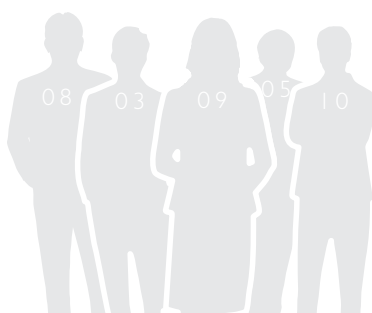
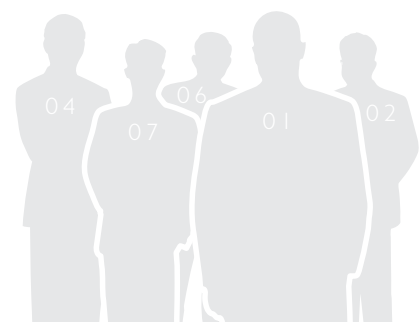
Current position in listed company • Independent Director, Strategic Committee Member and Nomination and Remuneration Committee Member, Padaeng Industry Public Company Limited

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

% Share possession : None

Date of the first appointment : June 1, 1999

Company Executives



Francis Vanbellen
Managing Director



Tianchai Singhakarn
Mine Manager



Chitchai Thaveepanich
Vice President - Human Resources
& Corporate Communication



04 Chaya Hasdisave
Vice President - Commercial

07 Manoch Jaroenvuthitham
Vice President - Production
Plant Manager - Tak Operations

10 Surin Tanticharoenkiat
Vice President - Internal Audit

05 Siam Dowmanee
Vice President - Process
& Technology Innovation
Plant Manager - Rayong Operations

08 Pothong Pipatpaiboon
Vice President - Maintenance

06 Unnop Tungkananukulchai
Vice President - Regulatory Affairs

09 Woratip Rerkpiboon
Vice President - Finance,
Accounting & IT

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. The Audit Committee performed its duties as assigned by the Board of Directors in accordance with the Audit Committee Charter as well as proposing the appointment of external auditors for the year 2014.

In 2013, the Audit Committee has met 4 times 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. Additional meetings were held 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. Using the result from its internal audit department's recommendation, PDI streamlined its working procedures to ensure the efficiency and effectiveness of the control systems which the aim to lead to continuous improvement and sustainable development. For year 2013 the areas that benefit from the audit work and improve in internal control include administrative work, sale process, inventory management process, procurement process, payment process and human resource management. Also in this dynamics environment PDI has

emphasized on risk prevention measurement and risk management in conformity with upcoming change in internal factors, economic changes and other external factors.

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 Ms. Nopanuch Apichatsatien Certified Public Accountant (Thailand) No. 5266 and/or Mr. Pisit Thangtanagul Certified Public Accountant (Thailand) No. 4095 of Pricewaterhouse-Coopers ABAS Ltd. to conduct the audit of financial statements for the Company and its subsidiaries for the year 2014.



(Vinai Vamvanij)
Chairman of the Audit Committee
March 3, 2014

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 financial statements of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited, which comprise the consolidated and company statements of financial position as at December 31, 2013, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

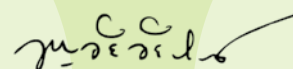
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited as at December 31, 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Chanchai Chaiprasit

Certified Public Accountant (Thailand) No. 3760
PricewaterhouseCoopers ABAS Ltd.
Bangkok
February 27, 2014

Statement of Financial Position

As at December 31, 2013

Consolidated				Company			
Notes	December 31, 2013 Baht	December 31, 2012 Baht Restated	January 1, 2012 Baht Restated	December 31, 2013 Baht	December 31, 2012 Baht Restated	January 1, 2012 Baht Restated	
Assets							
Current assets							
Cash and cash equivalents	7	679,285,633	1,026,571,357	714,174,693	534,625,583	879,628,792	567,402,283
Trade accounts receivable	8	300,307,845	285,744,367	311,050,406	299,662,016	284,329,948	309,947,290
Trade accounts receivable-related parties	27 (iv)	-	-	-	14,926,497	-	-
Inventories	9	2,211,754,503	1,985,869,985	3,130,443,958	2,211,754,503	1,985,869,985	3,130,443,958
Value added tax receivables		164,317,756	131,228,104	134,266,627	163,383,499	130,345,974	133,752,866
Other receivables-related parties	27 (v)	-	-	-	90,202	384,092	35,661,276
Income tax receivable		224,295	45,533,996	45,533,996	224,295	45,533,996	45,533,996
Other current assets	10	7,644,986	25,307,894	19,608,819	6,942,254	23,638,536	17,927,633
Total current assets		3,363,535,018	3,500,255,703	4,355,078,499	3,231,608,849	3,349,731,323	4,240,669,302
Non-current assets							
Advances to related parties	27 (vi)	-	-	-	-	-	75,001,662
Investments in subsidiaries	27 (i)	-	-	-	80,000,000	225,650,772	233,252,023
Investment in jointly controlled entity	27 (i)	55,790,538	69,939,097	94,192,819	236,249,800	236,249,800	236,249,800
Long-term loan to jointly controlled entity	27 (i)	105,000,000	105,000,000	105,000,000	105,000,000	105,000,000	105,000,000
Property, plant and equipment	11	1,533,092,293	1,438,444,365	1,333,356,752	1,534,816,033	1,439,979,785	1,334,567,520
Exploration and acquisition costs	12	26,962,570	949,217,141	1,200,903,801	26,962,570	30,236,315	120,924,963
Deferred tax assets	13	114,596,606	-	-	-	-	-
Other non-current assets							
- deferred environmental rehabilitation expenses	14 (i)	21,189,606	23,820,625	25,246,380	21,189,606	23,820,625	25,246,380
- deferred environmental risk assurance expenses	14 (ii)	13,045,286	16,359,563	19,205,548	13,045,286	16,359,563	19,205,548
- others	14 (iii)	2,687,655	8,364,206	9,199,310	2,541,469	8,113,034	8,800,478
Total non-current assets		1,872,364,554	2,611,144,997	2,787,104,610	2,019,804,764	2,085,409,894	2,158,248,374
Total assets		5,235,899,572	6,111,400,700	7,142,183,109	5,251,413,613	5,435,141,217	6,398,917,676

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

Director



(Francis Vanbellen)

		Consolidated			Company		
Notes	December 31, 2013 Baht	December 31, 2012 Baht Restated	January 1, 2012 Baht Restated	December 31, 2013 Baht	December 31, 2012 Baht Restated	January 1, 2012 Baht Restated	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from							
financial institutions	15	826,635,779	811,988,641	725,896,310	826,635,779	811,988,641	725,896,310
Trade accounts payable		304,316,132	301,380,312	671,835,283	318,172,297	299,598,373	669,185,035
Accrued electricity expenses		190,811,384	202,261,631	241,452,376	190,811,384	202,261,631	241,452,376
Other payables-related party	27 (vii)	-	-	-	668,362	482,287	527,684
Income tax payable		102,970	530,581	718,294	-	-	-
Other current liabilities	19	85,086,440	132,200,438	158,015,546	80,099,429	131,816,552	150,945,886
Total current liabilities		1,406,952,705	1,448,361,603	1,797,917,809	1,416,387,251	1,446,147,484	1,788,007,291
Non-current liabilities							
Long-term loan from other party	27 (ix)	503,841,740	494,322,650	486,145,263	-	-	-
Accrued interest expenses-other party	27 (ix)	69,141,292	69,141,292	69,141,292	-	-	-
Provision for cadmium legal case	29	27,000,000	-	-	27,000,000	-	-
Provision for restoration and rehabilitation expenses	17	181,211,191	104,268,637	96,320,858	181,211,191	104,268,637	96,320,858
Employee benefit obligations	18	105,502,928	128,057,175	118,147,530	103,124,126	126,313,275	116,826,930
Total non-current liabilities		886,697,151	795,789,754	769,754,943	311,335,317	230,581,912	213,147,788
Total liabilities		2,293,649,856	2,244,151,357	2,567,672,752	1,727,722,568	1,676,729,396	2,001,155,079

	Notes	Consolidated			Company	
		December 31, 2013 Baht	December 31, 2012 Baht Restated	January 1, 2012 Baht Restated	December 31, 2012 Baht Restated	January 1, 2012 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	2,260,000,000
Issued and paid-up share capital						
226,000,000 ordinary shares of						
Baht 10 each, fully paid	21	2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Premium on share capital	21	602,413,600	602,413,600	602,413,600	602,413,600	602,413,600
Retained earnings						
Appropriated legal reserve	22	226,000,000	226,000,000	226,000,000	226,000,000	226,000,000
Unappropriated		47,601,834	569,734,202	1,270,687,353	669,998,221	1,309,348,997
Total equity attributable to owner of the parent company		3,136,015,434	3,658,147,802	4,359,100,953	3,758,411,821	4,397,762,597
Non-controlling interests		(193,765,718)	209,101,541	215,409,404	-	-
Total shareholders' equity		2,942,249,716	3,867,249,343	4,574,510,357	3,758,411,821	4,397,762,597
Total liabilities and shareholders' equity		5,235,899,572	6,111,400,700	7,142,183,109	5,435,141,217	6,398,917,676

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

Statements of Comprehensive Income

Annual Report and Sustainability Report 2013



For the years ended December 31, 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht Restated	2013 Baht	2012 Baht Restated
Sales and services		5,466,270,554	7,601,743,541	5,453,095,903	7,583,527,944
Cost of sales and services		(5,175,942,082)	(7,616,711,626)	(5,168,107,296)	(7,604,320,264)
Gross profit (loss)		290,328,472	(14,968,085)	284,988,607	(20,792,320)
Other operating income		23,614,783	29,461,446	21,646,098	30,332,617
Gain (loss) on exchange rate		(39,833,093)	49,978,398	(39,902,618)	46,362,909
Gain on sale of fixed assets		5,159,073	4,444,003	5,446,863	4,444,003
Profit before expenses		279,269,235	68,915,762	272,178,950	60,347,209
Selling expenses		(72,365,344)	(69,753,845)	(72,365,344)	(69,753,845)
Administrative expenses	23	(1,231,294,239)	(536,855,502)	(433,753,822)	(485,335,973)
Total expenses		(1,303,659,583)	(606,609,347)	(506,119,166)	(555,089,818)
Operating loss		(1,024,390,348)	(537,693,585)	(233,940,216)	(494,742,609)
Share of loss of investment in jointly controlled entity on equity method	27 (i)	(14,148,559)	(24,253,722)	-	-
Loss before finance costs and corporate income tax		(1,038,538,907)	(561,947,307)	(233,940,216)	(494,742,609)
Finance costs		(8,710,431)	(13,011,641)	(8,710,431)	(13,011,641)
Loss before corporate income tax		(1,047,249,338)	(574,958,948)	(242,650,647)	(507,754,250)
Corporate income tax	24	114,319,840	(705,540)	-	-
Net loss for the year		(932,929,498)	(575,664,488)	(242,650,647)	(507,754,250)
Actuarial gain (loss) on defined benefit plan-net	18	7,929,871	(18,600,441)	7,929,871	(18,600,441)
Total comprehensive loss for the year		(924,999,627)	(594,264,929)	(234,720,776)	(526,354,691)
Net loss for the year attributable to:					
Owners of the parent		(530,062,239)	(569,356,625)	(242,650,647)	(507,754,250)
Non-controlling interests		(402,867,259)	(6,307,863)	-	-
		(932,929,498)	(575,664,488)	(242,650,647)	(507,754,250)
Total comprehensive loss for the year attributable to:					
Owners of the parent		(522,132,368)	(587,957,066)	(234,720,776)	(526,354,691)
Non-controlling interests		(402,867,259)	(6,307,863)	-	-
		(924,999,627)	(594,264,929)	(234,720,776)	(526,354,691)
Loss per share					
Basic loss per share	26	(2.35)	(2.52)	(1.07)	(2.25)

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

Statements of Changes in Shareholders' Equity

As at December 31, 2013

Notes	Consolidated						
	Attributable to owners of the parent						
	Issued an paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total owners of the parent Baht	Non- controlling interests Baht	Total shareholders' equity Baht
			Appropriated legal reserve Baht	Unappropriated Baht			
Opening balance as at January 1, 2013	2,260,000,000	602,413,600	226,000,000	572,332,479	3,660,746,079	209,101,541	3,869,847,620
Restrospective adjustments from changes in accounting policy							
- Adjustments to change the accounting for financial instruments for foreign currency exchange rates	5	-	-	(2,598,277)	(2,598,277)	-	(2,598,277)
Opening balance after adjustments	2,260,000,000	602,413,600	226,000,000	569,734,202	3,658,147,802	209,101,541	3,867,249,343
Total comprehensive income for the year	-	-	-	(522,132,368)	(522,132,368)	(402,867,259)	(924,999,627)
Closing balance as at December 31, 2013	2,260,000,000	602,413,600	226,000,000	47,601,834	3,136,015,434	(193,765,718)	2,942,249,716
Opening balance as at January 1, 2012	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
Restrospective adjustments from changes in accounting policy							
- Adjustments to change the accounting for financial instruments for foreign currency exchange rates	5	-	-	(4,645,479)	(4,645,479)	-	(4,645,479)
Opening balance after adjustments	2,260,000,000	602,413,600	226,000,000	1,270,687,353	4,359,100,953	215,409,404	4,574,510,357
Total comprehensive income for the year	-	-	-	(587,957,066)	(587,957,066)	(6,307,863)	(594,264,929)
Dividend paid	-	-	-	(112,996,085)	(112,996,085)	-	(112,996,085)
Closing balance as at December 31, 2012	2,260,000,000	602,413,600	226,000,000	569,734,202	3,658,147,802	209,101,541	3,867,249,343

Company

Retained earnings

Notes	Issued an paid-up share capital Baht	Premium on share capital Baht	Appropriated legal reserve Baht	Unappropriated Baht	Total shareholders' equity Baht
Opening balance as at January 1, 2013	2,260,000,000	602,413,600	226,000,000	672,596,498	3,761,010,098
Restrospective adjustments from changes in accounting policy					
- Adjustments to change the accounting for financial instruments for foreign currency exchange rates	5	-	-	(2,598,277)	(2,598,277)
Opening balance after adjustments	2,260,000,000	602,413,600	226,000,000	669,998,221	3,758,411,821
Total comprehensive income for the year	-	-	-	(234,720,776)	(234,720,776)
Closing balance as at December 31, 2013	2,260,000,000	602,413,600	226,000,000	435,277,445	3,523,691,045
Opening balance as at January 1, 2012	2,260,000,000	602,413,600	226,000,000	1,313,994,476	4,402,408,076
Retrospective adjustments from changes in accounting policy					
- Adjustments to change the accounting for financial instruments for foreign currency exchange rates	5	-	-	(4,645,479)	(4,645,479)
Opening balance after adjustments	2,260,000,000	602,413,600	226,000,000	1,309,348,997	4,397,762,597
Total comprehensive income for the year	-	-	-	(526,354,691)	(526,354,691)
Dividend paid	-	-	-	(112,996,085)	(112,996,085)
Closing balance as at December 31, 2012	2,260,000,000	602,413,600	226,000,000	669,998,221	3,758,411,821

Statements of Cash Flows

For the years ended December 31, 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht Restated	2013 Baht	2012 Baht Restated
Cash flows from operating activities					
Loss before tax		(1,047,249,338)	(574,958,948)	(242,650,647)	(507,754,250)
Adjustments for:					
Depreciation and amortisation expenses	23	278,967,387	300,118,325	278,506,520	282,938,743
Interest expenses		8,710,431	13,011,641	8,710,431	13,011,641
Interest income		(15,254,602)	(20,991,839)	(11,937,717)	(17,299,510)
Share of loss from jointly controlled entity	27 (i)	14,148,559	24,253,722	-	-
Allowance for doubtful debt - related parties		-	-	2,023,486	96,572,202
Allowance of slow-moving and obsolete stocks (reversal)		(1,698,588)	1,819,593	(1,698,588)	1,819,593
Provisions for employee benefits		13,038,285	13,566,573	12,403,383	13,143,273
Provisions for annual leave (reversal)		(3,613,756)	600,000	(3,613,756)	600,000
Gain on disposal of property, plant and equipment		(5,446,863)	(4,444,031)	(5,446,863)	(4,444,031)
Provisions for asset impairment (reversal)		5,902,602	(91,558)	5,902,602	(91,558)
Exploration costs written-down	12	926,283,470	226,373,554	-	76,039,308
Diminution of investment	27 (i)	-	-	145,650,772	7,601,251
Provisions for restoration expense	17	88,139,160	22,776,618	88,139,160	22,776,618
Unrealised (gain) loss on foreign currency exchange		35,574,290	(15,183,857)	38,791,790	(15,183,857)
Changes in operating assets and liabilities					
Trade accounts receivable-other parties		(16,565,533)	25,401,582	(17,334,123)	25,712,884
Trade accounts receivable-related parties		-	-	(14,926,497)	-
Inventories		(224,185,930)	1,142,754,380	(224,185,930)	1,142,754,380
Value added tax receivables		(33,089,652)	3,038,523	(33,037,525)	3,406,892
Other receivables-related parties		-	-	283,098	35,266,956
Prepayment to a related parties		-	-	(2,012,694)	(21,560,312)
Other current assets		18,346,758	(6,657,532)	17,788,577	(6,942,033)
Deferred tax assets	24	(114,596,606)	-	-	-
Other non-current assets					
- deferred environmental rehabilitation expenses		(3,657,106)	(4,730,968)	(3,657,106)	(4,730,968)
- deferred environmental risk assurance expenses		(851,284)	(1,296,565)	(851,284)	(1,296,565)
- others		4,792,779	(968,923)	4,757,178	(1,028,922)
Trade accounts payable-other parties		(528,720)	(370,226,571)	15,109,384	(369,358,261)
Accrued electricity expenses		(11,450,247)	(39,190,745)	(11,450,247)	(39,190,745)
Royalty payable		1,530,000	(1,790,000)	1,530,000	(1,790,000)
Other current liabilities		9,391,974	(20,464,188)	5,116,352	(13,561,200)
Provision for cadmium legal case	29	(27,000,000)	-	(27,000,000)	-
Provisions for restoration expenses utilised	17	(11,196,606)	(14,828,839)	(11,196,606)	(14,828,839)
Provisions for employee benefits expenses utilised	18	(27,662,661)	(22,257,369)	(27,662,661)	(22,257,369)
Cash generated from (used in) operation		(139,221,797)	675,632,578	(13,949,511)	680,325,321
Interest paid		(9,232,738)	(13,214,298)	(9,232,738)	(13,214,298)
Tax paid		114,366,054	(1,039,924)	-	(147,749)
Corporate income tax refund		44,118,504	-	44,118,504	-
Net cash provided by (used in) operating activities		10,030,023	661,378,356	20,936,255	666,963,274

Notes	Consolidated		Company	
	2013 Baht	2012 Baht Restated	2013 Baht	2012 Baht Restated
Cash flows from investing activities				
Interest received	15,429,553	20,948,828	12,036,619	17,267,642
Cash paid for purchase of property, plant and equipment	11 (362,201,991)	(362,050,020)	(361,998,828)	(361,920,270)
Cash received from sales of property, plant and equipment	5,609,206	4,866,586	5,609,206	4,866,584
Cash paid for exploration	(6,925,207)	(6,070,508)	(2,840,063)	(96,756)
Net cash used in investing activities	(348,088,439)	(342,305,114)	(347,193,066)	(339,882,800)
Cash flows from financing activities				
Proceeds (payment) on short-term loans from financial institutions	(10,678,854)	96,623,728	(10,678,854)	96,623,728
Proceeds from long-term loan from other party	27 (ix) 9,519,090	8,177,387	-	-
Dividend payment	(68,340)	(113,207,933)	(68,340)	(113,207,933)
Net cash used in by financing activities	(1,228,104)	(8,406,818)	(10,747,194)	(16,584,205)
Effects from changes in exchange rate for cash and cash equivalents	(7,999,204)	1,730,240	(7,999,204)	1,730,240
Net increase (decrease) in cash and cash equivalents	(347,285,724)	312,396,664	(345,003,209)	312,226,509
Cash and cash equivalents at beginning of the period	1,026,571,357	714,174,693	879,628,792	567,402,283
Cash and cash equivalents at end of the year	679,285,633	1,026,571,357	534,625,583	879,628,792

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

Notes to the Consolidated and Company Financial Statements

For the years ended December 31, 2013

I. General Information

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

The Company’s registered office is at CTI Tower, 26th-27th floor, 191/18-25 Rachadaphisek Road, Khlong Toei District, Bangkok. The Company operates a 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 a jointly controlled entity (the “Group”), are summarised as follows:

Company Padaeng Industry Public Co., Ltd.	Principal Activities Mining and smelting zinc, the main products are zinc and zinc alloys
Subsidiaries Padaeng Properties Co., Ltd. Puthep Co., Ltd. Padaeng Industry (Laos) Co., Ltd. Padaeng International Mining Co., Ltd. South East Asia Metals Co., Ltd. Ton Sangkasi Pte Ltd.	Principal Activities Providing property services Copper exploration Zinc exploration and mining in Laos Minerals exploration in Vietnam (non operating) Trading of various base metals and their by-products Minerals exploration, prospecting, mining and processing of base metals
Jointly Controlled Entity Maesod Clean Energy Co., Ltd.	Principal Activities 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 February 18, 2014.

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 environmental restoration and rehabilitation expenses in Note 2.11, employee benefits as disclosed in Note 2.14 and financial instruments as disclosed in Note 2.18.

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 Interpretations and Amendments to Accounting Standards

a) New accounting standards, revised accounting standards and new financial reporting standards which are effective on January 1, 2013 and are relevant to the Group are:

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
IFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. The new accounting policy of income taxes is provided in Note 2.13 and there is no impact to the consolidated and company's Statement of Financial Position as at December 31, 2012 and the consolidated and company's Statements of Comprehensive Income for the year ended December 31, 2012.

TAS 21 (Revised 2009) requires the Company to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Company assessed and concluded that the functional currency of the Group is Thai Baht. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. The new accounting policy is described in Note 2.5.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. The new accounting policy is described in Note 2.19. The impact to the Group in applying TFRS 8 is only on a disclosures.

b) Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group are:

Revised accounting standards, revised financial reporting standards which are effective on or after January 1, 2014 are as follows:

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interest in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 38 (Revised 2012)	Intangible Assets
TFRS 8 (Revised 2012)	Operating Segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also clarifies that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the

result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange rate differences relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after January 1, 2011. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. Its entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effective for the period beginning on or after January 1, 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when there is a change in the basis of accounting of an entity moves from an equity accounting to cost accounting in the company's separate financial statements, the standard requires this change to be reflected retrospectively. When an entity loses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effective for the period beginning on or after January 1, 2011. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, an intangible asset is recognised separately from goodwill, but together with the related asset. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

New interpretations of Thai Financial Reporting Interpretations Committed (TFRIC) and Thai Standard Interpretations Committee (TSIC) which are effective for the periods beginning on or after January 1, 2014 are as follows:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TSIC 29	Service Concession Arrangements: Disclosure

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. The management is currently assessing the impact of applying this interpretation.

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TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This interpretation has no impact to the Group.

TFRIC 5 provide guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. This interpretation has no impact to the Group.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

New accounting standard which is effective for the periods beginning on or after January 1, 2016 are as follows:

TFRS 4 Insurance Contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

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 Company 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 27 (i).

(2) Jointly Controlled Entities

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

In the company financial statements, interests in jointly controlled entities are reported using the cost method.

The Company's principal jointly controlled entity is listed in Note 27 (i).

2.4 General Investment

Investments other than investments in subsidiaries and associates of the Group are 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 profit or loss.

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

2.5 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.6 Cash and Cash Equivalents

In the consolidated and company statement of cash flows, 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. In the consolidated and company statement of financial position, bank overdrafts are shown within short-term loans from financial institutions in current liabilities.

2.7 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 profit or loss within administrative expenses.

2.8 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.

2.9 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:

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

Mine restoration assets/residual 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 profit or loss 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 of the asset and are recognised in the profit or loss.

2.10 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.

2.11 Environmental Rehabilitation, Environmental Risk Assurance and Restoration Expenses

Under the terms of the Group's mining and production licenses, it is required to restore mining and production areas to their original conditions. The Group has recognized environmental rehabilitation and risk assurance provisions in respect to these costs as follows:

The Group accounts for environmental restoration and rehabilitation costs by estimating the costs of decommissioning mine properties and mine restoration assets and removal of any related assets and site restoration as part of 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.

Deferred environmental rehabilitation expenses and environmental risk assurance costs are amortised by the straight-line method over the useful life of mining area. Mine restoration assets are subsequently amortised on a unit-of production basis. The provisions are reviewed regularly and any changes in provisions are recognised as administrative expenses.

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 profit or loss on a prospective basis over the remaining life of the operation. Accretion expenses recognised due to unwinding of the effect of discounting of the restoration provision is included within administrative expenses in the statement of comprehensive income.

2.12 Impairment of Assets

Assets that have an infinite useful life, for example goodwill, 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.

2.13 Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 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 profit or loss 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.

2.15 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.

2.16 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.

2.17 Dividends

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

2.18 Financial Instruments

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

The Group enters into derivative financial instruments that reduce its exposure to fluctuations in foreign currency exchange rates. The derivative instruments comprise forward foreign exchange contracts, protecting the Group from movements of foreign currency exchange rates.

Beginning January 1, 2013, the Group has changed its accounting policy for financial instrument contracts relating to foreign currency transactions. Such contracts are not recognized on the statement of financial position at inception. Gains and losses occurring on these contracts are only recognized upon settlement of the contracts. The impact of the adoption of this policy is shown in Note 5.

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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 28.

2.19 Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Management Committee that makes strategic decisions. The Group has only one operating segment, being zinc metal, sold as ingots and alloys.

Segment information is presented in respect of the Group's business segments which is based on the Group's management and internal reporting structure (See more information in Note 6).

3. Critical Accounting Estimates, Assumptions and Judgements

Accounting estimates, assumptions, 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 Restoration and Rehabilitation Costs and Environmental Risk Assurance Costs

Deferred environmental restoration and rehabilitation expenses and provision for environmental restoration and 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.

Significant judgment is required in determining the environmental 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.

3.2 Exploration and Acquisition Costs

Exploration and acquisition costs for each area of interest are carried forward as an asset provided certain conditions are met. Exploration and acquisition costs are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and acquisition costs may exceed its recoverable amount. These calculations and reviews require the use of assumptions and judgments.

3.3 Property, Plant and Equipment

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.

3.4 Impairment

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.

Impairment of exploration and acquisition cost

The recoverability of exploration and acquisition expenditure is assessed at the end of each reporting period. Significant judgment is required as to whether an area of activity is to be carried forward on the statement of financial position, or written off through the identification of area of activity which are not yet reached a stage the permits a reasonable assessment of the existence of economically recoverable reserve, where there is no continuing significant activity plan in the relation to the area.

3.5 Income Tax

The Group is subject to income taxes in Thailand and the jurisdictions where it has foreign operations. Significant judgment is requirement in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management has to exercise judgement with regards to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognised.

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Deferred tax assets and liabilities are measures at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When the different tax rates apply, deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the taxable profit or loss if the periods in which the temporary differences are expected to reserve.

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. Financial Instrument of Foreign Currency Exchange Rates

Prior to January 1, 2013, the Group recognised both realized and unrealized gains and losses related to financial instruments that reduced its exposure to fluctuations in foreign currency exchange rates with respect to recognised foreign currency assets or liabilities in the profit or loss.

Beginning January 1, 2013, the Group has changed its accounting policy for financial instrument contracts relating to foreign currency transactions. Such contracts are not recognized on the statement of financial position at inception. Gains and losses occurring on these contracts are only recognized upon settlement of the contracts. The impact of the adoption of this policy to the consolidated and company statement of financial position are shown below.

	As at December 31, 2012			As at January 1, 2012		
	Originally stated Baht	Adjustment Baht	Restated Baht	Originally stated Baht	Adjustment Baht	Restated Baht
Consolidated Statements of Financial Position						
Other current assets	28,300,381	(2,992,487)	25,307,894	25,672,285	(6,063,466)	19,608,819
Other current liabilities	132,594,648	(394,210)	132,200,438	159,433,533	(1,417,987)	158,015,546
Retained earnings - Unappropriated	572,332,479	(2,598,277)	569,734,202	1,275,332,832	(4,645,479)	1,270,687,353
Company Statements of Financial Position						
Other current assets	26,631,023	(2,992,487)	23,638,536	23,991,099	(6,063,466)	17,927,633
Other current liabilities	132,210,762	(394,210)	131,816,552	152,363,873	(1,417,987)	150,945,886
Retained earnings - Unappropriated	672,596,498	(2,598,277)	669,998,221	1,313,994,476	(4,645,479)	1,309,348,997

The presentation of the statement of financial position as at January 1, 2012 has been presented in accordance with TAS 1, Presentation of Financial Statements.

The effects of the consolidated and company statements of comprehensive income for the year ended December 31, 2012 are as follows:

	As originally stated Baht	Adjustment Baht	Restated Baht
Consolidated Statement of Comprehensive Income			
Gain on exchange rate	47,931,196	2,047,202	49,978,398
Total comprehensive loss	(596,312,131)	2,047,202	(594,264,929)
Company Statement of Comprehensive Income			
Gain on exchange rate	44,315,707	2,047,202	46,362,909
Total comprehensive loss	(528,401,893)	2,047,202	(526,354,691)

The effects on loss per share for the year ended December 31, 2012 are as follows:

	Consolidated	Company
	Restated Baht	Restated Baht
Basic loss per share		
Before adjustment	(2.53)	(2.26)
Adjustments arising from changes in accounting policies	0.01	0.01
After adjustment	(2.52)	(2.25)

6. Segment Information

The Group produces a single product in Thailand for both domestic and export markets, using the same assets. The Group's operations relate primarily to the production and sale of one principle product, zinc products. The following is information relating to this operating segment:

For the year ended December 31	2013 in million Baht	2012 in million Baht Restated
Revenue domestic		
- zinc ingot	2,093	3,476
- zinc alloy	2,208	2,478
- others	290	409
Revenue export		
- zinc ingot	49	562
- zinc alloy	696	573
- others	130	103
Total sales and services	5,466	7,601
Operating loss	(1,024)	(538)
Net loss for the year	(933)	(576)

All assets relating to the production of zinc products are at the Company's facilities in Tak province and Rayong province. Total assets are as disclosed in Note 11.

7. Cash and Cash Equivalents

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash on hand	585,000	610,000	480,000	480,000
Deposits held at call with banks	364,180,685	282,050,655	219,625,635	260,107,576
Cash and bank balances	364,765,685	282,660,655	220,105,635	260,587,576
Bill of exchange	314,519,948	743,910,702	314,519,948	619,041,216
Cash and cash equivalents	679,285,633	1,026,571,357	534,625,583	879,628,792

The average interest rates on deposits and short-term investments are in the range of 0.10% - 2.71% per annum (2012: 0.10% - 3.11% per annum).

8. Trade Accounts Receivable

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Trade accounts receivable	300,307,845	285,744,367	299,662,016	284,329,948
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable, net	300,307,845	285,744,367	299,662,016	284,329,948

Outstanding trade accounts receivable as at December 31, 2013 and 2012 can be analysed as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Up to 3 months	273,783,488	285,744,367	273,137,659	284,329,948
3 - 6 months	26,524,357	-	26,524,357	-
	300,307,845	285,744,367	299,662,016	84,329,948
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable, net	300,307,845	285,744,367	299,662,016	284,329,948

9. Inventories

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Raw materials	884,279,700	938,352,824	884,279,700	938,352,824
Spare parts and consumables	125,323,785	159,152,503	125,323,785	159,152,503
Goods in transit	145,109,975	122,281,677	145,109,975	122,281,677
Work in process	586,392,352	522,657,418	586,392,352	522,657,418
Finished goods	483,432,562	283,793,674	483,432,562	283,793,674
	2,224,538,374	2,026,238,096	2,224,538,374	2,026,238,096
<u>Less</u> Allowance for slow moving and obsolete inventories	(12,783,871)	(40,368,111)	(12,783,871)	(40,368,111)
Inventories-net	2,211,754,503	1,985,869,985	2,211,754,503	1,985,869,985

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 5,168 million (2012: Baht 7,604 million) in the consolidated and company financial statement. Inventories are presented net of allowance for net realisable value.

10. Other Current Assets

	Consolidated		Company	
	2013 Baht	2012 Baht Restated	2013 Baht	2012 Baht Restated
Advances to suppliers				
- principal	-	35,071,032	-	35,071,032
- interest	-	11,133,011	-	11,133,011
Others	7,644,986	25,307,894	6,942,254	23,638,536
	7,644,986	71,511,937	6,942,254	69,842,579
Less Allowance for doubtful accounts	-	(46,204,043)	-	(46,204,043)
Other current assets, net	7,644,986	25,307,894	6,942,254	23,638,536

11. Property, Plant and Equipment

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	Mine Restoration assets Baht	Total Baht
At December 31, 2011								
Cost	668,625,410	1,618,662,140	5,223,824,174	476,380,331	237,053,852	56,206,764	15,238,078	8,295,990,749
<u>Less</u> Accumulated depreciation	(354,924,659)	(1,370,345,784)	(4,433,334,541)	(427,349,557)	(192,878,688)	-	(1,598,244)	(6,780,442,473)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,816,374)	(6,407,615)	(351,998)	-	-	(182,191,524)
Net book value	310,392,006	242,009,564	624,673,259	42,623,159	43,823,166	56,206,764	13,628,834	1,333,356,752
Year ended December 31, 2012								
Opening balance	310,392,006	242,009,564	624,673,259	42,623,159	43,823,166	56,206,764	13,628,834	1,333,356,752
Additions	-	-	86,250	805,394	8,778,000	345,072,392	7,307,984	362,050,020
Transfers	10,351,536	17,301,520	172,268,713	4,852,807	8,261,008	(213,035,584)	-	-
Disposals	-	-	(421,180)	(1,373)	-	-	-	(422,533)
Depreciation expense	(13,774,697)	(42,265,120)	(170,166,129)	(14,293,518)	(14,477,488)	-	(1,654,460)	(256,631,412)
Reversal of provision for impairment	-	-	91,558	-	-	-	-	91,558
Closing net book value	306,968,845	217,045,964	626,532,471	33,986,469	46,384,686	188,243,572	19,282,358	1,438,444,365
At December 31, 2012								
Cost	678,976,946	1,635,963,660	5,393,389,979	477,739,773	236,995,271	188,243,572	22,546,062	8,633,855,263
<u>Less</u> Accumulated depreciation	(368,699,356)	(1,412,610,904)	(4,601,132,692)	(437,345,689)	(190,258,587)	-	(3,263,704)	(7,013,310,932)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,724,816)	(6,407,615)	(351,998)	-	-	(182,099,966)
Net book value	306,968,845	217,045,964	626,532,471	33,986,469	46,384,686	188,243,572	19,282,358	1,438,444,365

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	Mine Restoration assets Baht	Total Baht
Year ended December 31, 2013								
Opening balance	306,968,845	217,045,964	626,532,471	33,986,469	46,384,686	188,243,572	19,282,358	1,438,444,365
Additions	-	-	-	5,458,406	-	286,089,840	70,653,745	362,201,991
Transfers	156,446,794	26,604,474	186,314,674	6,802,750	2,882,464	(379,051,156)	-	-
Disposals/ Written off	-	-	-	(14,913)	(147,424)	-	-	(162,337)
Reversal/ Provision for impairment	-	-	648,601	(1,294,119)	(5,242,171)	-	-	(5,887,689)
Depreciation expense	(13,537,358)	(42,136,410)	(174,550,496)	(10,519,818)	(14,607,551)	-	(6,152,404)	(261,504,037)
Closing net book value	449,878,281	201,514,028	638,945,250	34,418,775	29,270,004	95,282,256	83,783,699	1,533,092,293
At December 31, 2013								
Cost	835,423,740	1,662,568,134	5,561,217,320	487,646,691	230,253,002	95,282,256	93,199,807	8,965,590,950
Less Accumulated depreciation	(382,236,714)	(1,454,747,314)	(4,757,195,857)	(445,526,179)	(195,388,830)	-	(9,416,108)	(7,244,511,002)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,076,213)	(7,701,737)	(5,594,168)	-	-	(187,987,655)
Net book value	449,878,281	201,514,028	638,945,250	34,418,775	29,270,004	95,282,256	83,783,699	1,533,092,293

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	Mine Restoration assets Baht	Total Baht
At December 31, 2011								
Cost	672,135,348	1,618,662,140	5,223,600,718	471,100,810	237,033,852	56,206,765	15,238,078	8,293,977,711
Less Accumulated depreciation	(354,924,658)	(1,370,345,784)	(4,433,332,861)	(424,146,936)	(192,859,184)	-	(1,609,244)	(6,777,218,667)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,816,374)	(6,407,615)	(351,998)	-	-	(182,191,524)
Net book value	313,901,945	242,009,564	624,451,483	40,546,259	43,822,670	56,206,765	13,628,834	1,334,567,520
Year ended December 31, 2012								
Opening balance	313,901,945	242,009,564	624,451,483	40,546,259	43,822,670	56,206,765	13,628,834	1,334,567,520
Additions	-	-	-	761,894	8,778,000	345,072,392	7,307,984	361,920,270
Transfers	10,351,536	17,301,520	172,268,713	4,852,807	8,261,008	(213,035,584)	-	-
Disposals	-	-	(421,180)	(1,374)	-	-	-	(422,554)
Depreciation expense	(13,774,697)	(42,265,120)	(170,114,096)	(13,891,148)	(14,477,488)	-	(1,654,460)	(256,177,009)
Reversal of provision for impairment	-	-	91,558	-	-	-	-	91,558
Closing net book value	310,478,784	217,045,964	626,276,478	32,268,438	46,384,190	188,243,573	19,282,358	1,439,979,785
At December 31, 2012								
Cost	682,486,886	1,635,963,660	5,393,080,273	472,177,232	236,975,271	188,243,573	22,546,062	8,631,472,957
Less Accumulated depreciation	(368,699,357)	(1,412,610,904)	(4,601,078,979)	(433,501,179)	(190,239,083)	-	(3,263,704)	(7,009,393,206)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,724,816)	(6,407,615)	(351,998)	-	-	(182,099,966)
Net book value	310,478,784	217,045,964	626,276,478	32,268,438	46,384,190	188,243,573	19,282,358	1,439,979,785

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	Mine Restoration assets Baht	Total Baht
Year ended December 31, 2013								
Opening balance	310,478,784	217,045,964	626,276,478	32,268,438	46,384,190	188,243,573	19,282,358	1,439,979,785
Additions	-	-	-	5,255,243	-	286,089,840	70,653,745	361,998,828
Transfers	156,446,794	26,604,474	186,314,674	6,802,750	2,882,464	(379,051,156)	-	-
Disposals/ Written off	-	-	-	(14,913)	(147,424)	-	-	(162,337)
Reversal/ Provision for impairment	-	-	648,601	(1,294,119)	(5,242,171)	-	-	(5,887,689)
Depreciation expense	(13,537,357)	(42,136,410)	(174,488,556)	(10,190,277)	(14,607,550)	-	(6,152,404)	(261,112,554)
Closing net book value	453,388,221	201,514,028	638,751,197	32,827,122	29,269,509	95,282,257	83,783,699	1,534,816,033
At December 31, 2013								
Cost	838,933,680	1,662,568,134	5,560,907,614	481,880,986	230,233,002	95,282,257	93,199,807	8,963,005,480
<u>Less</u> Accumulated depreciation	(382,236,714)	(1,454,747,314)	(4,757,080,204)	(441,352,127)	(195,369,325)	-	(9,416,108)	(7,240,201,792)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,076,213)	(7,701,737)	(5,594,168)	-	-	(187,987,655)
Net book value	453,388,221	201,514,028	638,751,197	32,827,122	29,269,509	95,282,257	83,783,699	1,534,816,033

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	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	182,099,966	182,191,524	182,099,966	182,191,524
Provision/(Reversal) for impairment	5,887,689	-	5,887,689	-
Reversal from written-off	-	(91,558)	-	(91,558)
At December 31	187,987,655	182,099,966	187,987,655	182,099,965

The provision for impairment for the year end December 31, 2013 related to equipment no longer in use.

12. Exploration and Acquisition Costs

Exploration and acquisition costs as at December 31, 2013 and 2012 comprise:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
<u>Exploration costs</u>				
At January 1	1,107,747,753	1,101,677,245	81,820,424	81,723,668
Expenditure incurred during the year	2,840,063	6,070,508	2,840,063	96,756
<u>Less</u> Provisions for impairment of exploration costs	(1,101,966,637)	(182,985,811)	(76,039,308)	(76,039,308)
At December 31	8,621,179	924,761,942	8,621,179	5,781,116
<u>Mining acquisition costs</u>				
Capitalised deferred cost				
Mining license				
At January 1	60,000,000	60,000,000	60,000,000	60,000,000
<u>Less</u> Accumulated depletion	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)
At December 31	-	-	-	-
Land use compensation-net	12,066,617	16,088,868	12,066,617	16,088,868
Other capitalised expenditure-net	6,274,774	8,366,331	6,274,774	8,366,331
At December 31	18,341,391	24,455,199	18,341,391	24,455,199
Concession operating right				
At January 1	-	31,421,298	-	-
<u>Less</u> Amortisation	-	(8,694,384)	-	-
Provisions for impairment of exploration costs	-	(22,726,914)	-	-
At December 31	-	-	-	-
Other capitalised cost				
At January 1	-	28,603,963	-	-
<u>Add</u> Expenditure incurred during the year	-	-	-	-
<u>Less</u> Amortisation	-	(7,943,134)	-	-
Provisions for impairment of exploration costs	-	(20,660,829)	-	-
At December 31	-	-	-	-
Total mining acquisition costs	18,341,391	24,455,199	18,341,391	24,455,199
Total (Note 12 (i-ii))	26,962,570	949,217,141	26,962,570	30,236,315

i) Exploration Costs

Exploration costs primarily consist of costs 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 financial statements, certain 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 capitalized until final determination of whether economically recoverable resource exists at which time they are expensed or capitalized as part of property, plant and equipment.

Padaeng Industry Public Company Limited

During 2012 following an assessment and review of the exploration costs in Lumphun, Phrae and Chiangmai province incurred by the Company concluded its studies and assessment and determined that no economically viable resource exists and has recognized a provision for impairment in the amount of Baht 76.0 million.

Puthep Co., Ltd.

As at December 31, 2013, the capitalized exploration and acquisition costs incurred by Puthep amount to Baht 926.3 million. The Company has concluded the assessment of the project’s viability, situated in the Loei province, in North Eastern Thailand. Based on actualized assumptions for metal prices, investment and operating costs the viability of the project is confirmed. However, obtaining mining operation permits remains a major hurdle, due to the increasing general public concerns with respect to mining in Thailand and more specific the Loei region. Furthermore, because of these permitting risks, attempts to sell the project to a third party have failed. Consequently, Puthep has decided to cease any further activities and has recognized a provision for impairment of the capitalized exploration costs in the amount of Baht 926.3 million. Puthep will remain dormant until further notice.

Padaeng Industry (Laos) Co., Ltd.

In October 2006, the Company through its subsidiary Padaeng Industry (Laos) signed a 5-year exploration agreement with the Department of Mines and Geology of Lao PDR expiring October 27, 2011, for the purposes of exploring and producing resources containing Zinc. As at December 31, 2013, the total amount of exploration costs capitalized amounted to Baht 106.8 million. Although, the exploration agreement with the Lao PDR has been extended to October 27, 2014, the Company’s management concluded that significant expenditures and alternative expensive drilling methods currently not used by the company would be required to strengthen the assessment of the project’s commercial viability. Consequently the company has ceased all exploration activities and has recognized a provision for impairment with respect to the exploration costs capitalized. Moreover, the Company has decided to start the selling process of the project to interested third parties.

ii) Concession Operating Right and Other Capitalised Cost

South East Asia Metals Co., Ltd.

On September 4, 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.

In 2011, SEAMET 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 was to receive Baht 120 million following the successful exploration and development of the area. This transaction was approved by the Padaeng Industry's shareholders at the Ordinary Shareholders' Meeting on April 27, 2011. On December 31, 2012, SEAMET and Mayflower signed a termination agreement to stop further operations as the exploration activities did not identify any commercially recoverable resource. Therefore, the company has written off all costs capitalized in the amount of Baht 43 million.

In 2013, SEAMET entered into a sales contract with one customer as a seller of zinc product. SEAMET posted a sales turnover of Baht 20.6 million in 2013.

13. Deferred Income Taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	-	-	-	-
Deferred tax assets to be recovered after 12 months	114,596,606	-	-	-
	114,596,606	-	-	-
Deferred tax liabilities:				
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
Deferred tax liabilities to be recovered after 12 months	-	-	-	-
	-	-	-	-
Deferred tax assets - net	114,596,606	-	-	-

The gross movement and the deferred income tax account is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	-	-	-	-
Exchange differences				
Charged/(credited) to profit or loss	(114,596,606)	-	-	-
Tax charged/(credited) directly to equity	-	-	-	-
At December 31	(114,596,606)	-	-	-

	Provision for impairment of exploration costs	
	Consolidated Baht	Company Baht
Deferred tax assets		
At January 1, 2013		
Charged/(credited) to profit or loss	(114,596,606)	-
(Credited) directly to equity	-	-
At December 31, 2013	(114,596,606)	-
At January 1, 2012		
Charged/(credited) to profit or loss	-	-
(Credited) directly to equity	-	-
At December 31, 2012	-	-

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Company has unrecognised tax losses of Baht 256.28 million (2012: Baht 11.99 million), to carry forward against future taxable income; these tax losses will expire in 2018.

14. Other Non-Current Assets

Other non-current assets as at December 31, 2013 and 2012 comprise:

i) Deferred Environmental Rehabilitation Expenses-net

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	23,820,625	25,246,380	23,820,625	25,246,380
Additions	3,657,106	4,730,967	3,657,106	4,730,967
Closing book amount	27,477,731	29,977,347	27,477,731	29,977,347
Less Amortisation expense	(6,288,125)	(6,156,722)	(6,288,125)	(6,156,722)
At December 31	21,189,606	23,820,625	21,189,606	23,820,625

Deferred environmental rehabilitation expense represents the estimated costs incurred to restore mine sites to their original condition.

ii) Deferred Environmental Risk Assurance Expenses-net

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	16,359,563	19,205,548	16,359,563	19,205,548
Additions	851,284	1,296,565	851,284	1,296,565
Closing book amount	17,210,847	20,502,113	17,210,847	20,502,113
Less Amortisation expense	(4,165,561)	(4,142,550)	(4,165,561)	(4,142,550)
At December 31	13,045,286	16,359,563	13,045,286	16,359,563

Deferred risk assurance costs related to payments to be made to the local communities in which the Group operates for future environmental rehabilitation activities and are amortised over the life of the related mining licenses.

iii) Others

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Deposits and installment 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 January 1	1,794,984	2,872,378	1,700,412	2,690,146
Additions	-	945,344	-	945,344
Closing book amount	1,794,984	3,817,722	1,573,313	3,635,490
<u>Less</u> Amortisation expense	(1,022,955)	(2,022,738)	(953,570)	(1,935,078)
At December 31	772,029	1,794,984	746,843	1,700,412
Others	1,915,626	6,569,222	1,794,626	6,412,622
Total	2,687,655	8,364,206	2,541,469	8,113,034

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.

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.

15. Short-Term Loans from Financial Institutions

Short-term loans from financial institutions as at December 31, 2013 and 2012 comprise:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Total Trust Receipts	826,635,779	811,988,641	826,635,779	811,988,641

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 in the range of 0.95 - 1.12% per annum.

Financing arrangements available

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	Consolidated		Company	
	2013 in million Baht	2012 in million Baht	2013 in million Baht	2012 in million Baht
Bank Overdraft	60	60	60	60
Short-term Loans	2,739	2,968	2,739	2,968
Bank Guarantee	1,329	1,309	1,326	1,306
Total	4,128	4,337	4,125	4,334

16. Bank Guarantees

As at December 31, 2013, the Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks of approximately Baht 408.40 million (2012: Baht 433.14 million).

17. Provisions for Restoration and Rehabilitation Expenses

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	104,268,637	96,320,858	104,268,637	96,320,858
Accretion expense	88,139,160	22,776,618	88,139,160	22,776,618
Amounts utilised	(11,196,606)	(14,828,839)	(11,196,606)	(14,828,839)
At December 31	181,211,191	104,268,637	181,211,191	104,268,637

The provision for restoration and rehabilitation 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. 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 and rehabilitation assets as at the date of the obligation first arises in conjunction with a related liability in the same amount of provision. This restoration asset is subsequently amortized on a unit-of-production basis. For environmental rehabilitation and environmental risk assurance assets, they are subsequently amortized on a straight-line basis. Accretion expense is recognized to reflect the change in present value of the liability initially recognized using the Company's weighted average cost of capital.

18. Employee Benefit Obligations

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	128,057,175	118,147,530	126,313,275	116,826,930
Current service cost	7,703,887	7,010,253	7,068,985	6,586,953
Interest cost	5,334,398	6,556,320	5,334,398	6,556,320
Benefits paid	(27,662,661)	(22,257,369)	(27,662,661)	(22,257,369)
Actuarial (gain)/loss	(7,929,871)	18,600,441	(7,929,871)	18,600,441
At December 31	105,502,928	128,057,175	103,124,126	126,313,275

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Current service cost	7,703,887	7,010,253	7,068,985	6,586,953
Interest cost	5,334,398	6,556,320	5,334,398	6,556,320
Actuarial (gain)/loss	(7,929,871)	18,600,441	(7,929,871)	18,600,441
Total	5,108,414	32,167,014	4,473,512	31,743,714

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2013 (Percent)	2012 (Percent)	2013 (Percent)	2012 (Percent)
Discount rate	4.3	4.3	4.3	4.3
Salary increase rate	5.7	5.7	5.7	5.7
Turnover rate	0-15	0-15	0-15	0-15

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.

19. Other Current Liabilities

Other current liabilities as of December 31, 2013 and 2012 comprise:

	Consolidated		Company	
	2013 Baht	2012 Baht Restated	2013 Baht	2012 Baht Restated
Accrued expenses	39,976,189	42,363,419	37,367,530	41,616,295
Social security and other taxes	5,908,938	9,343,955	4,203,165	8,744,686
Sales advances	498,145	21,319,327	148,705	20,969,887
Other payables	38,703,168	59,173,737	38,380,029	60,485,684
Total	85,086,440	132,200,438	80,099,429	131,816,552

20. Commitments

As at December 31, 2013 and 2012, the Company has the following commitments for the acquisition of plant and equipment that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Not later than 1 year	23,789,277	94,291,322	23,789,277	94,291,322

As at December 31, 2013 and 2012, the Company has the following commitments for the purchase of raw materials that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Not later than 1 year	186,262,829	349,542,534	186,262,829	349,542,534

In addition, as at December 31, 2013, the Company has contracted for the purchase of raw materials that contained zinc units of approximately 1,400 tons (2012: 8,979 tonnes).

21. Share Capital and Premium on Share Capital

	Number of shares	Ordinary shares Baht	Shares premium Baht	Total Baht
For the year ended December 31, 2013				
At January 1	226,000,000	2,260,000,000	602,413,600	2,862,413,600
Movement during the year	-	-	-	-
At December 31	226,000,000	2,260,000,000	602,413,600	2,862,413,600

As at December 31, 2013, the total authorised number of ordinary shares is 226,000,000 shares (2012: 226,000,000 shares) with a par value of Baht 10 per share (2012: Baht 10 per share). All issued shares are fully paid.

22. Legal Reserve

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	226,000,000	226,000,000	226,000,000	226,000,000
Appropriation during the year	-	-	-	-
At December 31	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.

23. Expenses by Nature

The following expenditures items, classified by nature, have been charged in arriving at the operating (loss) profit:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Movement in inventories	(204,798,146)	(819,862,623)	(204,798,146)	(819,862,623)
Raw materials, spare parts and consumables used	3,379,493,159	4,127,244,322	3,379,493,159	4,127,244,322
Employee benefits expense	476,061,899	517,473,790	468,938,655	510,583,345
Utility expenses	1,205,158,374	1,461,509,232	1,204,367,738	1,460,863,598
Depreciation and amortisation expenses	278,967,387	300,118,325	278,506,520	282,938,743
Exploration costs written-down (Note 12 (i))	926,283,470	226,373,554	-	76,039,308

24. Income Tax Expense

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Current tax:				
Current tax on profits for the year	276,766	705,540	-	-
Adjustments in respect of prior year	-	-	-	-
Total current tax	276,766	705,540	-	-
Deferred tax:				
Origination and reversal of temporary differences	(114,596,606)	-	-	-
Impact of change in tax rate	-	-	-	-
Total deferred tax	(114,596,606)	-	-	-
Total tax expense (income)	(114,319,840)	705,540	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the country of the company as follows:

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	Consolidated		Company	
	2013 Baht	2012 Baht Restated	2013 Baht	2012 Baht Restated
Loss before corporate income tax	(1,047,249,338)	(574,958,948)	(242,650,647)	(507,754,250)
Tax calculated at a tax rate of 20% (2012 - 23%)	(209,449,868)	(132,240,558)	(48,530,129)	(116,783,478)
Tax effect of:				
Associates' results reported net of tax	-	-	-	-
Income not subject to tax	-	-	-	-
Expenses not deductible for tax				
Purpose	1,684,915	13,967,581	1,684,915	2,757,183
Deferred tax assets unrecognised	77,345,483	62,889,716	32,852,204	63,586,124
Tax losses for which no deferred income tax asset was recognised	16,099,630	56,559,657	13,993,010	50,911,027
Re-measurement of deferred tax change in tax rate	-	-	-	-
Adjustment in respect of prior year (Note 5)	-	(470,856)	-	(470,856)
Corporate income tax	(114,319,840)	705,540	-	-

The weighted average applicable tax rate was -10.92% (2012: 0%).

25. Dividend

At the Board of Directors Meeting held on February 18, 2014, Board of Directors approved the dividend payment from retained earnings of the Company of Baht 0.30 per share totaling Baht 67.80 million (2012: no dividend). This will be submitted for final approval at the Annual General Shareholders Meeting.

26. Basic Loss per Share

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

	Consolidated		Company	
	2013	2012	2013	2012
Net loss attributable to ordinary shareholders of the company (Baht)	(530,062,239)	(569,356,625)	(242,650,647)	(507,754,250)
Weighted average number of ordinary shares outstanding (shares)	226,000,000	226,000,000	226,000,000	226,000,000
Basic loss per share (Baht)	(2.35)	(2.52)	(1.07)	(2.25)

There are no potential dilutive ordinary shares in issue for the years ended December 31, 2013 and 2012.

27. Related Parties Transactions

i) Investments in Related Parties-net

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

	December 31, 2013				December 31, 2012			
	Consolidated		Company		Consolidated		Company	
	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.	-	27,563,113	100	27,563,113	-	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	-	246,700	100	246,700
Total				253,560,585	-			253,567,125
Less Diminution								
Puthep Co., Ltd.	-			(145,650,772)	-			-
Padaeng Industry (Laos) Co., Ltd.	-			(27,563,113)	-			(27,569,653)
Padaeng International Mining Co., Ltd.	-			(100,000)	-			(100,000)
Ton Sangkasi Pte Ltd.	-			(246,700)	-			(246,700)
Investments in subsidiaries-net	-			80,000,000	-			225,650,772

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.	55,790,539	675,000,000	35	236,249,800	69,939,097	675,000,000	35	236,249,800

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
At January 1	69,939,097	94,192,819	461,900,572	469,501,823
Share of loss from jointly controlled entity	(14,148,558)	(24,253,722)	-	-
Diminution in value of investment	-	-	(145,650,772)	(7,601,251)
At December 31	55,790,539	69,939,097	316,249,800	461,900,572

Subsidiaries

As at December 31, 2013, 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 in investment is zero (2012: Zero).

As at December 31, 2013, Puthep holds a total authorized share capital of 4,606,286 shares (December 31, 2012: 4,606,286 shares) outstanding for a cumulative amount of Baht 377,102,615 (December 31, 2012: Baht 377,102,615). The investment value of Puthep has been fully impaired in 2013.

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 12(ii).

On January 18, 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. As at December 31, 2013, the investment value of Ton Sangkasi Pte Ltd., has been fully impaired.

Jointly Controlled Entity

On October 9, 2006, Maesod Clean Energy Co., Ltd. ("MCE") 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 December 31, 2013, MCE has 67,500,000 shares authorised and outstanding. The Company has subscribed to a total of 23,625,000 shares in MCE for a 35% interest.

Under the terms of a loan agreement dated September 9, 2011, signed by the Company and its partners with MCE, the Company provided to MCE a Baht 105 million loan on October 5, 2011. After a period of one year from the date of the agreement, the Company may convert this loan into equity of MCE. To date the Company has not exercised this provision. The loan carries an interest rate of 4.2% per annum.

The following amounts represent certain selected financial statement as at and for the years ended December 31, 2013 and 2012 of MCE:

	2013 in thousand Baht	2012 in thousand Baht
Property, plant and equipment	1,541,565	1,674,345
Current assets	682,600	790,124
Non-current assets	1,481	2,354
Total assets	2,225,646	2,466,823
Long-term borrowing	835,000	1,070,000
Current liabilities	1,231,244	1,196,996
Total liabilities	2,066,244	2,266,996
Net assets	159,402	199,827
Revenues	1,529,105	1,143,153
Expenses	(1,569,529)	(1,214,151)
Net loss for the year	(40,424)	(70,998)

As at December 31, 2013, there are no contingent liabilities relating to the Company's interest in the jointly controlled entity.

ii) Sales of Goods and Services

	Consolidated		Company	
For the years ended December 31	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Sales of goods and services:				
Padaeng Properties Co., Ltd.	-	-	1,037,520	1,037,520
South East Asia Metals Co., Ltd.	-	-	20,632,480	-
Padaeng Industry (Loas) Co., Ltd.	-	-	-	3,217,450
Puthep Co., Ltd.	-	-	316,680	316,680

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

iii) Purchases of Goods and Services

	Consolidated		Company	
For the years ended December 31	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Purchases of goods and services:				
Padaeng Properties Co., Ltd.	-	-	5,538,679	5,669,692

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

iv) Trade Accounts Receivable-Related Parties

	Consolidated		Company	
For the years ended December 31	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Sales of goods:				
South East Asia Metals Co., Ltd.	-	-	14,926,497	-
Less Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable-related parties-net	-	-	14,926,497	-

v) Other Receivables-Related Parties

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Padaeng Properties Co., Ltd.	-	-	90,202	357,702
Padaeng Industry (Laos) Co., Ltd.	-	-	37,202,463	37,202,463
Puthep Co., Ltd.	-	-	-	26,390
Padaeng International Mining Co., Ltd.	-	-	147,705	136,913
Total	-	-	37,440,370	37,723,468
Less Allowance for doubtful accounts	-	-	(37,350,168)	(37,339,376)
Other receivables-related parties-net	-	-	90,202	384,092

vi) Advances to Related Parties

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	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Padaeng Industry (Laos) Co., Ltd.	-	-	85,966,110	84,243,416
Padaeng International Mining Co., Ltd.	-	-	572,300	532,300
Ton Sangkasi Pte Ltd.	-	-	12,528,558	12,278,558
Total	-	-	99,066,968	97,054,274
Less Allowance for doubtful accounts	-	-	(99,066,968)	(97,054,274)
Advance to related parties-net	-	-	-	-

Advance from the Company in the amount of Baht 85,966,110 represents an advance for share subscription payment in Padaeng Industry (Laos).

As at December 31, 2013, the amounts due from the related entities have been fully provided against because as noted in Note 12, exploration activities in these entities have not resulted in economically viable projects.

vii) Other Payables-Related Party

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Padaeng Properties Co., Ltd.	-	-	668,362	482,287
Total	-	-	668,362	482,287

viii) Key Management Compensation

The compensation paid or payable to key management for employee services for the period ended December 31, 2013 and 2012 is shown below:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Short-term employee benefits	35,367,900	41,153,000	35,367,900	41,153,000
Post-employee benefits and termination benefits	5,029,560	16,709,548	5,029,560	16,709,548
Total	40,397,460	57,862,548	40,397,460	57,862,548

ix) Long-Term Loan from Other Party

Under the terms of a Loan Agreement between Puthep and PNA (Puthep) dated August 15, 2008 and executed in March 2009, 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 ceased since January 2012. Under the arrangements Puthep is not obliged to make loan repayments until such time as it has generated sufficient profits to commence making repayments at which time it will then commence to be equal to 35% of distributable net profits of the company, see Note 12 (i).

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
PNA (Puthep) Pty Ltd.				
At January 1	494,322,650	486,145,263	-	-
Loan increase during the year	9,519,090	8,177,387	-	-
At December 31	503,841,740	494,322,650	-	-
Accrued interest expenses	69,141,292	69,141,292	-	-

28. Risk Management Policy for Assets and Liabilities

28.1 Risk Management

Price risk

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

The Company is also exposed to risk resulting from fluctuations in commodity prices. The Company currently engages 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 December 31, 2013, the balance of forward foreign exchange contracts outstanding was total sales contracts of USD 30,718,194 and EUR 456,000 and total buy contracts of USD 12,919,417. The change in fair value of outstanding are Baht 6,239,592 unfavorable and unrealized.

As at December 31, 2013, total sales contracts of 11,425 metric tons of zinc and 100 metric tons of aluminums and a total buy contracts of 8,975 metric tons of zinc and 200 metric tons of aluminums on the London Metal Exchange are outstanding for both transactional and strategic hedge. The change in fair value of these open positions amount to USD 1,185,428 or Baht 38,909,303 and favorable. These fair values reflect the mark to market values of the contracts at the prevailing period end rates for similar contracts. 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.

Fair values of financial derivative instruments as at the date of financial position are as follows:

	Consolidated	Company
	2013 Baht	2012 Baht
Financial instruments of foreign currency exchange rate		
Favourable (Unfavourable) total sales contracts	(17,832,133)	2,992,487
Favourable (Unfavourable) total buy contracts	11,592,541	(394,210)
Financial instruments of commodity products		
Favourable (Unfavourable) total zinc contracts	39,678,904	29,073,086
Favourable (Unfavourable) total aluminium contracts	(769,601)	-

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. The maximum exposure to credit risk at the reporting date is the carrying amount of each receivable.

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.

28.2 Fair Values

The carrying amounts at the financial statements date of cash and cash equivalents, trade accounts receivable, short-term loans to related parties, other current assets, 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 and other current liabilities approximate their fair values.

28.3 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 12 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.

29. Litigation

As of December 31, 2013, 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.

On September 20, 2013, the Bangkok South Civil Court read a judgment on the first case against the Company and Tak Mining Company Limited of the Black Case No. 66/2552, filed by a group of villagers (a total of 207 villagers) in the Mae Tao basin, Mae Sot District, Tak province. The accusation being that the mining operations of both companies caused cadmium contamination in the area. The villagers have claimed over Baht 726 million as damages to compensate 1) Plaintiffs who obtained a Cadmium patients' card from the Mae Sod Hospital, 2) Plaintiffs who claimed that they were unable to use the land for agriculture, 3) Plaintiffs who claimed of losing their jobs, 4) Plaintiffs who were scared of cadmium contamination, compensation for loss of culture and traditional living. The Company and Tak Mining have been also requested by the plaintiffs to pay Baht 50 million and 3 percent of the Company's profit to the Risk Insured Fund and to improve quality of lives and environment as well as restore the environment under at the cost of the Company and Tak Mining.

The court judgment on the above case ordered the Company and Tak Mining to pay a compensation of Baht 9.2 million only to villagers who hold the cadmium patient's card from the Mae Sod Hospital. The Company and Tak Mining are equally responsible for this compensation. For other Plaintiffs who claimed to have been damaged from the contamination, the Court gives a judgment to dismiss all claims because they were not able to prove that there were such damages claimed.

The Company has studied the stated court judgment in detail and will appeal the court order accordingly.

The other 4 complaints are pending for the court preceding, in which, the Company 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 that stage, the outcome of the proceedings is unknown. However, for prudence purpose, contingent liability amount of Baht 27 million, has been recorded for these 5 complaints.

On October 26, 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 still pending for the court consideration as at December 31, 2013 and the outcome of the courts views are currently unknown.

Management and Corporate Governance

Securities and Shareholders Information

Securities

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

Shareholders

First 10 Major Shareholders of Padaeng Industry Public Company Limited as of March 26, 2014 which is the latest date of the close of the Shareholders' Register, are as follows:

116

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.	Mr. Taveechat Jurangkul	12,159,700	5.380
4.	Bangkok Bank Public Company Limited	7,301,070	3.231
5.	Mr. Supachai Veeraborvornpong	3,958,500	1.752
6.	Thai NVDR Limited	2,516,060	1.113
7.	Mrs. Pojanee Pichitbanchonchai	2,403,700	1.064
8.	Mr. Nurak Mahatana-arnont	2,133,400	0.944
9.	Mrs. Nunta Rungnoppakunsi	2,008,400	0.889
10.	Mr. Kiat Srichomkwan	1,885,100	0.834

Major Shareholders

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

Remark: 1. Bali Ventures Limited is a 100% subsidiary of Istithmar World Limited (Financial Services Company in The United Arab Emirates).

The issuances of other securities - None

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 April 29, 2013 and after reviewing the financial statements of December 31, 2012, the performance of the Company shows losses; the Board recommends no dividend payment for the year 2012.

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

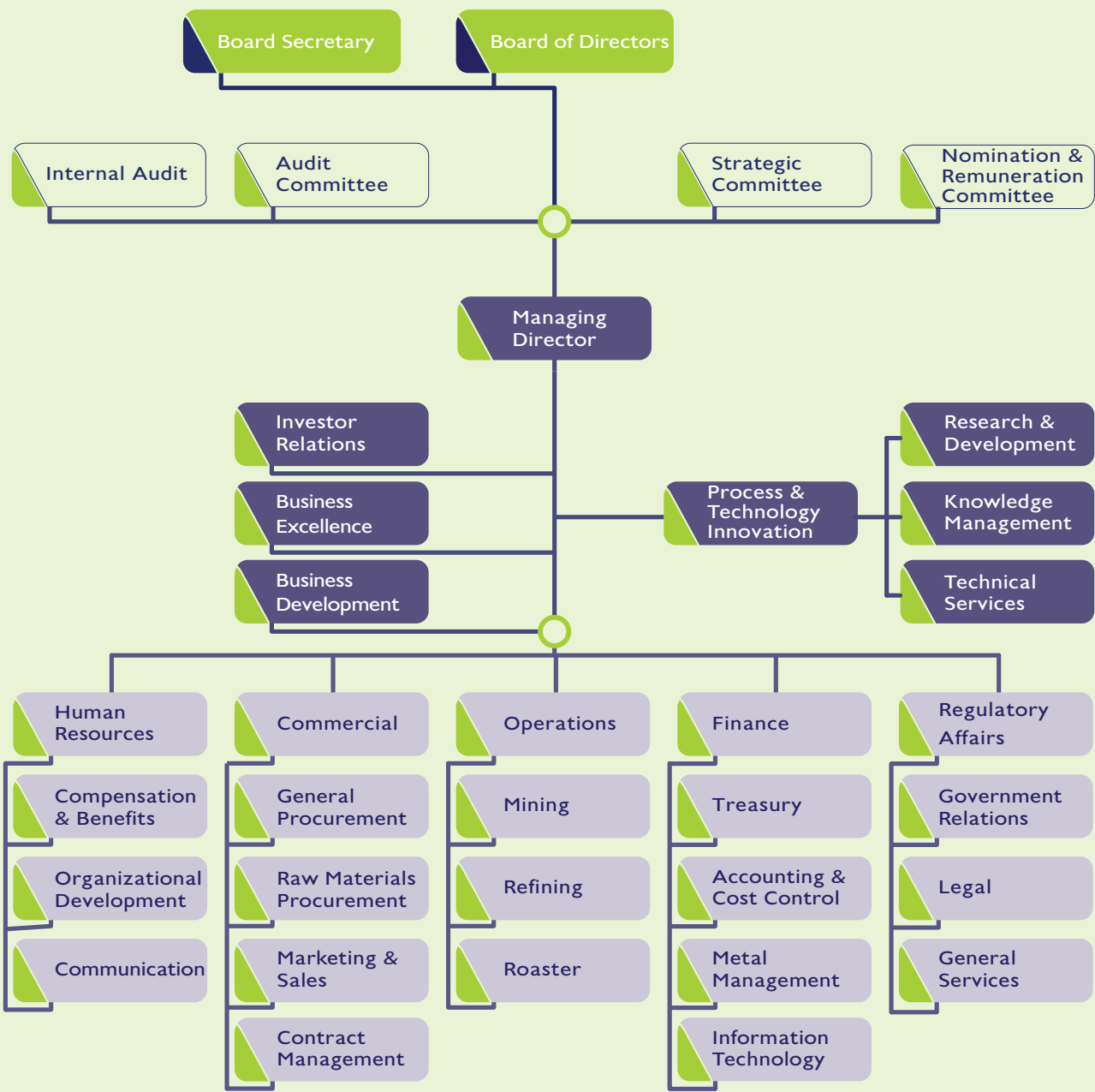
Dividend Payment for the Year 2008-2012

Year	2012	2011	2010	2009	2008
Net (loss) profit per share	(2.53)	0.02	1.83	1.31	1.17
Dividend payment per share	-	0.50	1.29	0.92	0.82
Proportion of dividend from net profit (%)	-	100.00*	59.52	61.30	65.99

Remark: *The remaining dividends are paid from retained earnings.

Management Structure

Organization Chart of Padaeng Industry Public Company Limited



Board of Directors

The duties and responsibilities of the Company's Board of Directors include:

1. Manage Company operations according to the law, rules and regulations, the mission and vision of the Company and the resolutions of the Company shareholders
2. Propose the level of dividend to be paid to the shareholders
3. Determine the level of compensation or bonus to be awarded to officers, employees or other staff working for the Company (permanent or temporary), not including pension benefits or other remuneration paid to directors
4. Review the Company's strategic action plan and assess the operations as suggested 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.

Meeting of the Board of Directors

The Board of Directors meet every 3 months according to the meeting schedule and may call additional dedicated meetings. Clear agenda topics and agenda minutes of the meetings are prepared prior to each meeting and the Company Secretary sends out an invitation letter and relevant documents to Board members at least 5 working days prior to the meetings, enabling sufficient time for review.

The Company's Board of Directors is composed of 10 members. During 2013, the Board of Directors met 4 times with records of attendance as follows:

		Meetings	
Directors	Position	No. of Meetings	Attendance
1. Mr. Arsa Sarasin (Authorized Director)	Chairman	4	4
2. Mr. Francis Vanbellen (Authorized Director)	Director	4	4
	Managing Director		
	Strategic Committee Member	4	4
3. Mr. Ahmad Bin Fahad	Director		
	Strategic Committee Member	4	2
	Nomination & Remuneration Committee Member		
4. Mr. Ravi Gidwani	Director	4	2
	Strategic Committee Member		
5. Mr. Surapol Supradit ¹	Director	2	2
	Strategic Committee Member		
6. Mrs. Pantip Sripimol ²	Director	1	1
	Strategic Committee Member		

Directors	Position	Meetings	
		No. of Meetings	Attendance
7. Mr. Paron Israsena	Independent Director Audit Committee Member Chairman of Nomination & Remuneration Committee	4	4
8. Mr. Karel Vinck	Independent Director Strategic Committee Member	4	3
9. Mr. Vinai Vamvanij (Authorized Director)	Independent Director Audit Committee Chairman	4	4
10. Mr. Aswin Kongsiri	Independent Director Audit Committee Member Nomination & Remuneration Committee Member	4	4
11. Mr. Pinit Vongmasa	Independent Director Strategic Committee Member Nomination & Remuneration Committee Member	4	4

Remark: 1. Mr. Surapol Supradit resigned from the director on July 31, 2013.
2. Mrs. Pantip Sripimol was appointed as the director on August 6, 2013.

Authorized Directors

The authorized directors include Mr. Arsa Sarasin, Mr. Francis Vanbellen and Mr. Vinai Vamvanij, two among three persons affix their signatures and seal of the Company.

Executives

No. Name	Position
1. Mr. Arsa Sarasin	Chairman
2. Mr. Francis Vanbellen	Managing Director
3. Mr. Suwit Uawanichkul ¹	Plant Manager
4. Mr. Tianchai Singhakarn	Mine Manager
5. Mr. Chitchai Thaveepanich	Vice President - Human Resources & Corporate Communication
6. Mr. Chaya Hasdiseve	Vice President - Commercial
7. Mr. Siam Dowmanee	Vice President - Process & Technology Innovation Plant Manager - Rayong Operations
8. Mr. Unnop Tungkananukulchai	Vice President - Regulatory Affairs
9. Mr. Pothong Pipatpaiboon	Vice President - Maintenance
10. Mr. Manoch Jaroenvuthitham ²	Plant Manager - Tak Operations
11. Mrs. Woratip Rerkpiboon	Vice President - Finance, Accounting & IT
12. Dr. Surin Tanticharoenkiat	Vice President - Internal Audit, Company Secretary

Remark: 1. Mr. Suwit Uawanichkul retired from the Company on December 31, 2013.
2. Mr. Manoch Jaroenvuthitham was appointed as Plant Manager - Tak Operations, effective from January 1, 2014.

01

Arsa Sarasin
77 Years Old
Chairman

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

Training • Thai Institute of Directors Association - Director Accreditation Program (DAP), 2003 - Audit Committee Program (ACP), 2007 - Finance for Non - Finance Directors (FND), 2008 - Role of Chairman Program (RCP), 2013

Current position in listed company • Chairman, Padaeng Industry Public Company Limited • Chairman, Siam Makro Public Company Limited • Director and Member of the Governance and Nomination Committee, the Siam Cement Public Company Limited • Chairman of Audit Committee, Vice Chairman and Independent Director of Charoen Pokphand Foods Public Company Limited

Other current position • Chairman, Thai Asia Pacific Brewery 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-Laos Association • Vice Chairman, Thai Tapioca Development Institute • Director, Thai Pure Drinks Company Limited

Working experience • Chief Executive Officer, Padaeng Industry Public Company Limited • Director-General, Department of Economic Affairs, Ministry of Foreign Affairs • Thai Ambassador to Belgium & Chief of Mission to the European Community • Director-General, Department of Political Affairs, Ministry of Foreign Affairs • The Permanent Secretary of the Ministry of Foreign Affairs • Thai Ambassador to the U.S.A. • 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 • His Majesty's Principal Private Secretary

02

Francis Vanbellen
56 Years Old
Director, Managing
Director and Strategic
Committee Member

Education • Master's Degree in Chemical Engineering, Catholic University Leuven (KUL), Belgium • Master of Business Administration, Vlerick Management School, Gent, Belgium

Training • Process Management, Harvard, Cambridge, U.S.A. • Strategic Innovation Management, Insead, Fontainebleau, France • Business Excellence Assessment, EFQM, Brussels, Belgium • Thai Institute of Directors Association, Bangkok, Thailand - Director Certification Program (DCP), 2013

Current position in listed company • Managing Director, Padaeng Industry Public Company Limited

Other current position • Owner Vanbellen Consulting, Beveren, Belgium • Chairman of the Board, South East Asia Metals Co. Ltd., Bangkok, Thailand • Chairman of the Supervisory Board, GMM Quartz, Berlin, Germany • Board member, Maesod Clean Energy Co. Ltd., Bangkok, Thailand • Board member, Putthep Co. Ltd., Bangkok, Thailand • Board member, GMM Quartz, Antwerp, Belgium • Board member, OMM, Aydin, Turkey

Working experience • Manager special metals refinery Umicore, Hoboken, Belgium • Manager precious metals refinery Umicore, Hoboken, Belgium. • Manager raw materials sampling department, Umicore, Hoboken, Belgium • Head of Department human resources & business excellence, Umicore, Brussels, Belgium • Head of Department knowledge & supply chain management, Umicore, Hoboken, Belgium • Head of Department Precious Metals Operations, Umicore, Hoboken, Belgium • Plant Manager, Umicore Precious Metals Refining Operations, Hoboken, Belgium • Managing Director, GMM Quartz, Antwerp, Belgium

03

Suwit Uawanichkul
60 Years Old
Plant Manager

Education • Bachelor Degree in Chemical Sciences, Chiang Mai University

Training • Zinc College 2002, China • International Symposium on Lead and Zinc Processing, South Africa, 2008

Current position • Plant Manager, Padaeng Industry Public Company Limited

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

04

Tianchai Singhakarn
57 Years Old
Mine Manager

Education • Bachelor Degree in Mining Engineering, Prince of Songkla University

Training • Business Excellence Model, 2013

Current position • Mine Manager, Padaeng Industry Public Company Limited

Working experience • Vice President – Mining & Exploration, Padaeng Industry Public Company Limited • Managing Director, Sila Enterprise Company Limited

05

Chitchai Thaveepanich
52 Years Old
Vice President-
Human Resources &
Corporate
Communication

Education • Master Degree in Business Administration, Western Michigan University, U.S.A.

Training • CSR for Corporate Sustainability, 2012 • Business Communication Skill, 2013 • Business Excellence Model, Belgium, 2013

Current position • Vice President-Human Resources & Corporate Communication, Padaeng Industry Public Company Limited

Working experience • Vice President – Human Resources & Corporate Administration, Padaeng Industry Public Company Limited • Assistant Vice President – Human Resources & Corporate, Administration, Padaeng Industry Public Company Limited

06

Chaya Hasdisavee
51 Years Old
Vice President -
Commercial

Education • Master Degree of Management in Finance, Sasin Graduate Institute of Business Administration, Chulalongkorn University • Master Degree of Agricultural Economics Sciences, Kasetsart University

Training • London Metal Exchange 2001 • Zinc College 2001, Peru • Strategic Procurement fraud, Singapore, 2012 • Business Communication Skill, 2013 • Business Excellence Model, 2013

Current position • Vice President – Commercial, Padaeng Industry Public Company Limited

Working experience • Vice President – Procurement, Padaeng Industry Public Company Limited • Assistant Vice President – Procurement, Padaeng Industry Public Company Limited

07

Siam Dowmanee
57 Years Old
Vice President -
Process & Technology
Innovation
Plant Manager- Rayong
Operations

Education • Master Degree in Business Administration, Burapha University • Bachelor Degree of Engineering in Mechanics, Chulalongkorn University

Training • Zinc College 2001, Peru • High Pressure Die Casting Process Technology, 2009 • Zinc and Zinc Alloy Coated Steel Sheet, Italy, 2011 • Business Excellence Model, 2013

Current position • Vice President – Process & Technology Innovation, Padaeng Industry Public Company Limited • Plant Manager – Rayong Operations, Padaeng Industry Public Company Limited

Working experience • Vice President – Technical Service, Padaeng Industry Public Company Limited • Vice President – Operations, Calcine Plant, Padaeng Industry Public Company Limited

08

Unnop Tungkananukulchai
56 Years Old
Vice President -
Regulatory Affairs

Education • Master of Public and Private Management, National Institute of Development Administration (NIDA)

Training • International Conference on Cadmium in Food Human Health, 2010 • Business Excellence Model, 2013

Current position • Vice President – Regulatory Affairs, Padaeng Industry Public Company Limited

Working experience • Senior Manager – Central Personnel, Padaeng Industry Public Company Limited

09

Pothong Pipatpaiboon
58 Years Old
Vice President -
Maintenance

Education • Bachelor Degree in Industrial Education Science, Concentrated on Electrical Technology, KingMongkut's Institute of Technology, North Bangkok Campus

Training • Training for Zinc Conversion Project, Germany, 1994 • PEA-AIT International Conference: Energy & Sustainable Development: Issues and Strategies, 2010 • Business Excellence Model, 2013

Current position • Vice President – Maintenance, Padaeng Industry Public Company Limited

Working experience • Vice President – Attached to Zinc Plant Office, Padaeng Industry Public Company Limited

10

Manoch Jaroonvuthitham
48 Years Old
Plant Manager -
Tak Operations

Education • Bachelor Degree of Engineering in Metallurgy, Chulalongkorn University

Training • Training for Zinc Conversion Project, Germany, 1994 • International Symposium on Lead and Zinc Processing, South Africa, 2008 • Zinc College 2010, Canada • Senior Executive Program 2013, Sasun Graduate Institute of Business Administration, Chulalongkorn University • Business Excellence Model, 2013

Current position • Plant Manager – Tak Operations, Padaeng Industry Public Company Limited

Working experience • Vice President – Production, Padaeng Industry Public Company Limited • Senior Manager – Leaching & Purification, Padaeng Industry Public Company Limited

11

Woratip Rerkpiboon
48 Years Old
Vice President -
Finance, Accounting
and IT

Education • Master Degree in Business Administration (Financial Management), National Institute of Development Administration (NIDA)

Training • Business Communication Skill, 2013 • Business Excellence Model, 2013

Current position • Vice President – Finance, Accounting & IT, Padaeng Industry Public Company Limited

Working experience • Vice President – Finance and Accounting, Padaeng Industry Public Company Limited • Senior Manager – Treasury, Padaeng Industry Public Company Limited

12

Surin Tanticharoenkiat
56 Years Old
Vice President -
Internal Audit
Company Secretary

Education • Ph.D. in Materials Engineering, Auburn University, U.S.A. • Master Degree in Business Administration, Auburn University, U.S.A. • Master Degree in Metallurgy, Lehigh University, U.S.A. • Master Degree in Mechanical Engineering, Auburn University U.S.A. • Bachelor Degree in Metallurgical Engineering, Chulalongkorn University

Training • (Company Secretary) • Thai Institute of Directors Association - Director Certification Program (DCP), Class 33/2003 - Registration system of listed companies, 2005 - The New SEC. Act, 2006 - Effective Minutes Taking, 2006 • Faculty of Law, Chulalongkorn University - Laws and Practices for Company Secretary, 2000

Training • (Internal Audit) • Thai Institute of Directors Association -Internal Audit and Added value for the Company, 2005 - D&O Insurance: Mitigating Directors Liabilities Risk, 2008 - Anti-Corruption Seminar, 1/2012 - Anti-Corruption: Practical Guide, 2013 • Thai Listed Company Association - Audit Committee Roles and Duty, 2000 - Organization Risk Management, 2005 - TLCA Annual Risk Management, 2012 • Thailand Environment Institute - Practical Course on Environmental Management System and Internal Audit, 1999

Current position • Vice President – Internal Audit, Padaeng Industry Public Company Limited • Company Secretary, Padaeng Industry Public Company Limited

Working experience • Assistant Vice President – Internal Audit, Padaeng Industry Public Company Limited • Assistant Vice President – Technical Support, Padaeng Industry Public Company Limited

Shareholdings of the Board of Directors and Executives

No.	Name	Original Share	
		Dec 31, 2013	Dec 31, 2012
			+/(-)
1.	Mr. Arsa Sarasin	-	-
2.	Mr. Francis Vanbellen	15,000	-
3.	Mr. Ahmad Bin Fahad	-	-
4.	Mr. Ravi Gidwani	-	-
5.	Mrs. Pantip Sripimol	-	-
6.	Mr. Karel Vinck	-	-
7.	Mr. Paron Israsena	-	-
8.	Mr. Vinai Vamvanij	8,000	8,000
9.	Mr. Aswin Kongsiri	-	-
10.	Mr. Pinit Vongmasa	-	-
11.	Mr. Suwit Uawanichkul	-	-
12.	Mr. Tianchai Singhakarn	-	-
13.	Mr. Chitchai Thaveepanich	-	-
14.	Mr. Chaya Hasdisave	-	-
15.	Mr. Siam Dowmanee	-	-
16.	Mr. Unnop Tungkananukulchai	-	-
17.	Mr. Manoch Jaroenvuthitham	-	-
18.	Mr. Pothong Pipatpaiboon	-	-
19.	Mrs. Woratip Rerkpiboon	-	-
20.	Dr. Surin Tanticharoenkiat	-	-

As at December 31, 2013

The Company Secretary

In the Board meeting No. 04-2008 on May 13, 2008, the Board appointed Dr. Surin Tanticharoenkiat as the Company secretary responsible for giving advice on regulatory issues for listed Company to Board. The Company secretary is in charge of organizing board and shareholders' meeting as well as in preparing the minutes of the Board meetings and the minutes of shareholders' meetings, filing documents as stipulated by law. The Company secretary is also coordinating with different department to ensure that the Board and shareholders' resolution are followed. Credential of the Company secretary is listed in the executives section.

Remunerations for Directors and Executives

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 level of remuneration has been approved by shareholders. Directors who have been selected to participate in the Audit Committee, the Strategic Committee and the Nomination and Remuneration Committee receive additional remuneration aligned with the additional responsibilities as stipulated in the Good Corporate Governance guideline for Listed Company 2012.

Remuneration of top executives is aligned with the principles and policies of the Board of Directors and corresponds with overall company and individual performance.

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

1. In the Form of Cash

a) In the year 2013 the Company paid a total of Baht 3,147,282.61 to 11 Directors, 6 Strategic Committee Members, 3 Audit Committee Members and 4 Nomination and Remuneration Committee Members as director's fees and director's remuneration:

Meeting Allowance (Baht)

Name/Position	Director	Strategic Committee	Audit Committee	Nomination and Remuneration Committee	Director Bonus For 2013 ¹⁾	Total Remuneration (Baht) ³⁾
1. Mr. Arsa Sarasin Chairman	-	-	-	-	- ²⁾	-
2. Mr. Francis Vanbellen Director Managing Director Strategic Committee Member	-	-	-	-	- ²⁾	-
3. Mr. Ahmad Bin Fahad Director Strategic Committee Member Nomination and Remuneration Committee Member	230,000.00	60,000.00	-	40,000.00	-	330,000.00
4. Mr. Ravi Gidwani Director Strategic Committee Member	230,000.00	40,000.00	-	-	-	270,000.00
5. Mr. Surapol Supradit Director Strategic Committee Member (Until July 31, 2013)	146,847.83	40,000.00	-	-	-	186,847.83
6. Mrs. Pantip Sripimol Director Strategic Committee Member (Since August 6, 2013)	95,434.78	40,000.00	-	-	-	135,434.78
7. Mr. Paron Israsena Independent Director Audit Committee Member Nomination and Remuneration Committee Chairman	260,000.00	-	200,000.00	40,000.00	-	500,000.00
8. Mr. Karel Vinck Independent Director Strategic Committee Member	245,000.00	80,000.00	-	-	-	325,000.00
9. Mr. Vinai Vamvanij Independent Director Audit Committee Chairman	260,000.00	-	200,000.00	-	-	460,000.00
10. Mr. Aswin Kongsiri Independent Director Audit Committee Member Nomination and Remuneration Committee Member	260,000.00	-	200,000.00	60,000.00	-	520,000.00
11. Mr. Pinit Vongmasa Independent Director Strategic Committee Member Nomination and Remuneration Committee Member	260,000.00	100,000.00	-	60,000.00	-	420,000.00
Total						3,147,282.61

Note: 1) No bonus payment to the Board for 2013.

2) Executive Director's bonuses 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 Baht 57,482,700 to the 12 executives in the year 2013, 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. Suwit Uawanichkul
2. Mr. Chitchai Thaveepanich
3. Mr. Unnop Tungkananukulchai
4. Mrs. Woratip Rerkpiboon

Ton Sangkasi Pte.Ltd. (Incorporated in the Republic of Singapore)

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

Puthep Company Limited

1. Mr. Geoff Kernick
2. Mr. Francis Vanbellen
3. Mr. Chaya Hasdisevee
4. Mr. Unnop Tungkananukulchai
5. Mr. Paul Scarr

Maesod Clean Energy Company Limited

1. Mr. Arsa Sarasin
2. Mr. Francis Vanbellen
3. Mr. Unnop Tungkananukulchai
4. Mr. Isara Vongkusolkrit
5. Mr. Krisda Montienvichienchai
6. Mr. Pravit Prakitsri
7. Mr. Chaiwat Damrongmonkolgul
8. Mr. Saran Harinsuta
9. Ms. Nitima Thepvanangkul

Padaeng Industry (Laos) Company Limited

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

South East Asia Metals Company Limited

1. Mr. Francis Vanbellen
2. Mr. Chitchai Thaveepanich
3. Mr. Tianchai Singhakarn
4. Mr. Chaya Hasdisevee
5. Mr. Unnop Tungkananukulchai
6. Mrs. Woratip Rerkpiboon

Padaeng International Mining Company Limited

1. Mr. Chaya Hasdisevee
2. Mrs. Woratip Rerkpiboon
3. Mr. Unnop Tungkananukulchai

Board of Directors (Resigned during the year)

01

Surapol
Supradit
62 Years Old

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

Training • Thai Institute of Directors Association - Director Certification Program (DCP), 2006

Current position • Director, Metropolitan Waterworks Authority
• Member, the Council of Phuket Rajabhat University

Working experience • Consultant in Development and Tax Administration, Excise Department • Chairman, the Liquor Distillery Organization • 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 Company Limited • Director, Fish Marketing Organization • Committee, Wastewater Management Authority • Director, Thai Maritime Navigation Company Limited

% Share possession : None

Date of the first appointment : May 11, 2010

Corporate Governance

Policy of Corporate Governance

The Company conducts business in compliance with “The Principles of Good Corporate Governance, published in 2012” as outlined by the Stock Exchange of Thailand. In doing so, the Company demonstrates its commitment to these accepted standards and enables confidence of the shareholders, investors and any other related entity or persons. The Audit Committee, by means of the internal audit department, supervises financial statements, internal control and practices of good corporate governance to ensure compliance with PDI’s policies. The Company has also endorsed a Code of Ethics to which all executives and employees are assumed to comply in conducting business. The Company has installed a Nomination and Remuneration committee to supervise 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 proceeded in other areas as well, in an effort to be accepted by all its stakeholders, as having good corporate governance as imposed by the Stock Exchange of Thailand.

Subcommittee

(1) Structure of the Board of Directors consists of 3 Subcommittees as follows:

1) Audit Committee

The Audit Committee has first been established December 22, 1998. At present consists of 3 directors:

1. Mr. Vinai Vamvanij
Chairman
2. Mr. Paron Israsena
Member
3. Mr. Aswin Kongsiri
Member
& Dr. Surin Tanticharoenkiat
Secretary to the Audit Committee

In 2013 the committee met quarterly. In addition there were non-management meetings among the committee and the auditors and reported to the Board of Directors.

The Audit Committee’s scope of authority includes:

1. Have the authority to request any information it considers relevant to its activities from the managing director or any managers of the Company.
2. Seek independent professional advice as it considers necessary.
3. Abstain from executive powers with regard to its findings and recommendations.

Duties and Responsibilities

1. To review the Company’s financial reporting process to ensure that it is accurate and adequate.
2. To review the Company’s internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit’s independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.

3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.

4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.

5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:

(a) Opinion on the accuracy, completeness and creditability of the Company's financial report.

(b) Opinion on the adequacy of the Company's internal control system.

(c) Opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.

(d) Opinion on the suitability of an auditor.

(e) Opinion on the transactions that may lead to conflicts of interests.

(f) The number of the audit committee meetings, and the attendance of such meetings by each committee member.

(g) Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.

(h) Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors,

subject to the scope of duties and responsibilities assigned by the Company's board of directors.

7. To monitor the risk management process.

8. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

9. Report any matter to the board that the audit committee considers appropriate.

2) Strategic Committee

The Strategic Committee was established July 13, 2000 and at present consists of 6 members:

1. **Mr. Francis Vanbellen**
Member
2. **Mr. Ahmad Bin Fahad**
Member
3. **Mr. Ravi Gidwani**
Member
4. **Mrs. Pantip Sripimol**
Member
5. **Mr. Karel Vinck**
Member
6. **Mr. Pinit Vongmasa**
Member
& **Dr. Surin Tanticharoenkiat**
Secretary to the Strategic Committee

In 2013, the committee held 5 meetings and reported to the Board of Directors.

The Strategic Committee is responsible for preparing and providing the Company's strategic work plan and strategic assessment for consideration by the Board of Directors, as well as giving recommendations to the Board of Directors. All matters regarding strategy and planning are 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.

3) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established February 25, 2005 and at present consists of 4 members:

1. **Mr. Paron Israsena**
Chairman, Independent Director
2. **Mr. Aswin Kongsiri**
Member, Independent Director
3. **Mr. Pinit Vongmasa**
Member, Independent Director
4. **Mr. Ahmad Bin Fahad**
Member
& **Dr. Surin Tanticharoenkiat**
Director Secretary to the
Nomination and Remuneration
Committee

In 2013, the committee held 3 meetings and reported to the Board of Directors.

The Nomination and Remuneration Committee's scope of authority

1. To set the criteria and process of nominating board members and top executives.
2. To set the process to review and assess the performance of the board and top executives.
3. To recommend new nominees to the Board to fill positions made vacant by directors who complete their terms or resign.
4. To review and recommend to the Board to the hiring of adviser/s to the Board as deems necessary.
5. To review for the Board the succession plan of the Company's top executives.
6. To recommend fair and reasonable annual remuneration for the Board, the subcommittees and the top executives.

The Attendance of the Directors on the Subcommittees

Directors (Attendance/No. of the meeting)	Audit Committee	Strategic Committee	Nomination and Remuneration Committee	AGM
1. Mr. Arsa Sarasin	-	-	-	1/1
2. Mr. Francis Vanbellen	-	5/5	-	1/1
3. Mr. Ahmad Bin Fahad	-	3/5	2/3	0/1
4. Mr. Ravi Gidwani	-	2/5	-	0/1
5. Mr. Surapol Supradit ¹	-	2/2	-	1/1
6. Mrs. Pantip Sripimol ²	-	2/2	-	-
7. Mr. Paron Israsena	4/4	-	2/3	0/1
8. Mr. Karel Vinck	-	4/5	-	0/1
9. Mr. Vinai Vamvanij	4/4	-	-	1/1
10. Mr. Aswin Kongsiri	4/4	-	3/3	1/1
11. Mr. Pinit Vongmasa	-	5/5	3/3	1/1

Remark: 1. Mr. Surapol Supradit resigned from the director on July 31, 2013.

2. Mrs. Pantip Sripimol was appointed as director on August 6, 2013.

(2) Mr. Vinai Vamvanij is chairman of the Audit Committee. He has knowledge and experience reviewing financial statements of Companies. His backgrounds on financial statements reviews are as follows:

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

The Selection and the Appointment of Company Directors and Executives

(1) Independent Director

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.

Qualification of Company Independent Directors

1. Holding shares not exceeding 5% of the paid-up capital of the Company, affiliated company, associated company or related company, inclusive of the shares held by any related persons.

2. Not taking part in the management of the Company, affiliated company, associated company, related company or majority shareholders 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 shareholders of the Company.

3. Having no direct or indirect benefit or interest in finance and management of the Company, affiliated company, associated company or majority shareholders of the Company. Having 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. Not being a related person or close relative of any management member or majority shareholders of the Company.

5. Not being 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.

(2) The Selection of Company Directors and Executives

NRC, consists of 3 independent directors from the total of 4 directors, is responsible for selection any person who is qualified and not subject to the prohibitive characteristics under the law for nomination to the Board prior to submitting for final election in the AGM.

The Company has also allowed the shareholders to submit names of qualified candidates to be nominated for selection as PDI Board of directors in advance of the annual general shareholders' meeting through the Company's web site. The Company also referred to IOD's list for qualified candidates.

The Selection of Directors by the Annual General Shareholders' Meeting

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.

In the case of a vacancy on the Board of Directors prior to the expiration of the term of office due to death, resignation or for reasons otherwise than by rotation, the Board of Directors shall elect any person who is qualified and not subject to the prohibitive characteristics under the law as the substitute director at the subsequent Board of Directors meeting, unless the remaining term of office of the said director is less than two (2) months. The aforesaid substitute director shall retain his office only for the remaining term of office of the director whom he replaces. The resolution of the Board on this matter must receive no less than $\frac{3}{4}$ votes from the remaining directors.

Of all the Company's directors, three 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.

Supervision the Operations of Subsidiary and Affiliated Companies

In the case of a subsidiary company, executives of the Company will be appointed as directors, in a proportion of no less than half of the total number of directors, to supervise operations of the subsidiary company so that the subsidiary's activities should be under the Company's policy.

In the case of an affiliated company, executives of the Company will be appointed as members to the Board of Directors, in proportion to the number of shares held by the Company. As a representative of the Company, the director(s) will receive policy mandates from the Company for the control or supervision of the operations of the affiliated company.

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.

Auditor's Fee

1. Audit Fee

The Company and its subsidiaries have paid audit fees to audit companies, individual auditors or other businesses relating to the auditors and auditing companies during the previous fiscal year totaling Baht 3,166,000.

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.

Compliance with Good Corporate Governance Principles.

I. Rights of Shareholders

The Company considers each shareholder equally and stipulates procedures for the shareholders meeting accordingly the law and in compliance with the guidelines of the Stock Exchange of Thailand.

In 2013 the Company organised an annual shareholders' meeting on April 29, 2013 at the Queen Sirikit National Convention Center, Bangkok. An invitation letter with agenda of the meeting and related documents were sent to the shareholders 7 days prior to the meeting. Topics included the views of the Board of Directors and the review of minutes of the previous meeting. As such allowing shareholders ample time and opportunity to review and consider the topics. The Company accommodated shareholders in a convenient location with appropriately sized meeting space. Shareholder proxies' were permitted in the event they were unable to attend the meeting. The Company also posted the information regarding shareholders meeting on the Company's website and shareholders were invited to submit questions related to the Company operations through the website, prior to the meeting.

During the 2013 annual shareholders' meeting, a total of 6 directors attended, including the Chairman of the Audit Committee. The Chairman of the meeting allowed equal opportunity for all shareholders to question, comment and submit suggestions regarding Company operations. Prominent opinions were recorded in the minutes of the meeting.

In addition to the annual shareholders' meeting, the Company calls additional shareholders' meetings, if necessary, in the

event of specific emerging topics, which are pertinent to the shareholders' interests or relate to laws or regulations that require the shareholders' approval.

II. Equitable Treatment of Shareholders

The Company treats all shareholders equally and stipulates procedures for the shareholders meeting accordingly law and in compliance with guidelines of the Stock Exchange of Thailand. Each shareholder has one vote for each share. Shareholders can send in their proxies in the event that they are unable to attend.

To prevent conflicts of interest and misuse of inside information for personal gain, the Board of Directors investigates any occasion 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. Company holdings by directors and executives are assessed to screen any use of inside information for gains by executives.

In case of related parties' transactions, the Company discloses all 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 maximizes added value for its clients, with respect to its people and the environment. PDI supports the communities in which it operates and gives the best possible return to its shareholders.

Commitment to Shareholders

The Company respects the rights of its major and minor shareholders equally. Along the line with PDI's vision the Company commits to profitable and safe operations yielding the best possible return for the benefit of its shareholders. More details can be found in the sustainability report.

The details of Commitment to Customers & Suppliers, commitment to Employees and commitment to the Community (Local and National) can also be found in the sustainability report.

The Company has also dedicated open channel for receiving complaints regarding corporate governance and the Code of conduct. This can be done through the secretariat of the Audit Committee or Chairman of Audit Committee using the following E-mail: surint@padaeng.co.th. All information received will be treated as confidential and properly investigated in a timely manner.

IV. Disclosure and Transparency

The Company's manages its business with honesty, righteousness and ethics, with responsibility towards all stakeholders: customers, employees, shareholders and the society. The Company issued a Code of Ethics, which gives guidelines for work and employee behavior. All employees use this as guidance for their daily work inspired by the vision of the Company. The new Code of Ethics is practiced since 2008 and will be reviewed and updated in 2014.

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, is readily available. Shareholders and other interested parties can access any such information through the various Stock Exchange of Thailand media outlets or directly 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: 66 (0) 2695-9499 or at www.padaeng.com or E-mail: inquiries to the Investor Relation Manager at woratipr@padaeng.co.th.

The Company recognizes the importance of internal control systems at managerial and operational levels and has created an authority manual for reference. An independent internal audit department, reporting directly to the Audit Committee, organizes various internal checks 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 interest of the Company. In addition the Board of Directors contributed in establishing the vision, mission, strategy, objectives, the business plans and budget of the Company. 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 sustainability for its shareholders.

The Board of Directors acknowledges that the Company maintains adequate internal controls and its financial statements as of December 31, 2013, are reliable.

Balance of Authority for Non-Executive Directors

The Company's Board of Directors consists of qualified directors with a broad realm of experience, totaling 10 members at the end of 2013 as follows:

1. Executive Directors 2 members
2. Non-Executive Directors
 - 2.1 Directors representing major shareholders 3 members.
 - Bali Ventures Limited holds 2 seats
 - Ministry of Finance holds 1 seat
 - 2.2 Independent directors 5 members
(3 of the independent directors are Audit Committee members)

Aggregation or Segregation of Positions

The function of Chairman of the Board of Directors and MD are separated to ensure a clear distinction between responsibilities in policy making and managing daily operations. The Company has clearly defined the authority and responsibilities of management at every level.

Board Self-Assessment

The Board yearly engages into self-assessment enabling all board members to consider the overall Board's performance and resolve any potential problem.

Orientation for New Directors and Directors' Participation in Seminars.

Board secretary division is responsible for preparing general information and briefing of the Company to the newly elected directors so that the newly elected directors will be up to date on the Company operation and SEC's and SET's regulation and requirement. Sites visit will also be available for new directors who would like to have more in-depth knowledge of the Company operation.

In order to keep directors' up to date with new rules and regulations requirement of listed Company, directors of the Company are encouraged to attend directors' refresher courses and seminar such as those organized by IOD.

In 2013, directors who participated in such courses are listed below:

1. Mr. Arsa Sarasin
Role of Chairman Program (RCP)
2. Mr. Francis Vanbellen
Director Certification Program (DCP), 2013
3. Mrs. Pantip Sripimol
Role of the Nomination and Governance Committee, 5/2013

Internal Control and Risk Management

Internal control is a crucial process in assisting the Company to achieve its goals and objectives. In this respect the Audit Committee is tasked to supervise the Internal Audit Office to ensure that it works independently and with integrity and proper ethics under the Internal Audit charter. The latter clearly prescribes the mission, scope of work, authority, duty and responsibility as well as the operating and auditing guidelines. The Audit Committee is also tasked to assess and review the internal control systems, the internal audit activities, and risk management to ensure that these are strict and appropriate. This enables employees at all levels to perform their duties efficiently, effectively and under no pressure.

Using the results from its internal audit department's recommendations, PDI streamlined its working procedures to ensure the efficiency and effectiveness of the control systems with the aim to continuous improvement and sustainable development. For the year 2013 the areas that benefited from the audit work and improvement in internal control, included administration, sales process, inventory management process, procurement process, payment process and human resources management.

The Audit Committee also oversees the risk management of the Company. In this dynamic environment PDI has emphasized risk prevention measurements and risk management in conforming to upcoming change in internal factors, economic changes and general external factors.

At the Board meeting no. 01-2014 with all 3 Audit Committee members present, the Board reviewed the system of internal control, the organization and external influencing factors, risk management, and

methods of disseminating, communicating and monitoring information. In conclusion it was confirmed that the Company deploys an adequate system of internal control regarding transactions with major shareholders, directors, management and related persons, as well as internal control in other areas.

Head of Internal Auditor

In the Board meeting no.08-1998 on December 22, 1998, the Board has appointed Dr. Surin Tanticharoenkiat as head of internal audit department and secretary to the Audit Committee. Dr. Surin had worked as technical support manager with knowledge of the Company's operation and also had attended courses in both business management and internal audit fields. As such the Board of Directors deems him qualified to lead the internal audit department of the Company. His credentials are listed in page 122.

The independent of internal audit department is ensured by the fact that head of internal department reports directly to the Audit committee. Also Audit committee is the one who approves the appointment, transfer and dismissal of the chief of an internal audit unit.

Below is the judgment of the auditor, Mr. Chanchai Chaiprasit, Certified Public Accountant (Thailand) No.3760, Price-waterhouseCoopers ABAS Ltd.:

“In planning and performing our audit of the financial statements of Padaeng Industry Public Company Limited for the year ended December 31, 2013, 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 315 “Identifying and assessing the risks of material misstatement through understanding the entity and its environment.”

Litigation Issues

As of December 31, 2013, the Company has been given notice of 5 court cases from 1,141 plaintiffs filed in the Bangkok Southern Civil Court. The plaintiffs are seeking compensation for a total amount of Baht 3,969 million from the Company alleging that it caused cadmium contamination in the Mae Sot district of the Tak province. The Company has filed answers to all the claims as ordered by the Court.

On September 20, 2013, the Bangkok South Civil Court read a judgment on the first case against the Company and Tak Mining Company Limited of the Black Case No. 66/2552, filed by a group of villagers (a total of 207 villagers) in the Mae Tao basin, Mae Sot District, Tak Province. The accusation being that the mining operations of both companies caused cadmium contamination in the area. The villagers have claimed over Baht 726 million as damages to compensate 1) Plaintiffs who obtained a Cadmium patients’ card from the Mae Sot Hospital, 2) Plaintiffs who claimed that they were unable to use the land for agriculture, 3) Plaintiffs who claimed of losing their jobs, 4) Plaintiffs who were scared of cadmium contamination, compensation for loss of culture and traditional living. The Company and Tak Mining have been also requested by the plaintiffs to pay Baht 50 million and 3 percent of the Company’s profit to the Risk Insured Fund and to improve quality of lives and environment as well as restore the environment at the cost of the Company and Tak Mining.

The court judgment on the above case ordered the Company and Tak Mining to pay a compensation of Baht 9.2 million to only 62 villagers who hold the cadmium patient's card from the Mae Sot Hospital from the total 207 plaintiffs. The Company and Tak Mining are equally responsible for this compensation. For other Plaintiffs who claimed to have been damaged from the contamination, the Court judged to dismiss all claims because they were not able to prove that there were such damages. The Company has studied the stated court judgment in detail and has filed appeal against the court order accordingly.

On February 28, 2014, the Bangkok South Civil Court ruled judgment in the Black Case No. 9/2553, same as the mentioned above, which claimed over Baht 230 million as damage compensation. The court judgment orders each Padaeng Industry and Tak Mining to pay a compensation to 20 plaintiffs (villagers) who hold the Cadmium patient's card issued by the Mae Sod Hospital, from the total 84 plaintiffs, at the total amount of Baht 2.48 million. PDI will again, study the court resolution in detail and will appeal to the court order accordingly.

The other 3 court case are pending for the court proceedings, in which, the Company is confident that its strict environmental measures are in line with the regulations and requirements of the authorities. Management will defend the case vigorously. At this stage, the outcome of the proceedings is unknown. However, for prudence, a contingent liability amounting to Baht 27 million has been recorded for these 5 court cases.

On October 26, 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 on August 31, 2010. Failure to do so would cause the revocation of the latest mining concession.

The Company objected to the legality of that order and lodged a plaint with the Central Administrative Court in January 2011 supported by the strong argument that we have fulfilled all processes for granting of a mining concession in all aspects completely as finally approved on April 8, 2008 which occurred up to two years before the effective date of that announcement. The Letter also states that in case of disagreement, the Company still has the right to file a plaint with the Administrative Court within 90 days. So, in order to insist on our rights relating to such concession, the Company decided to do so in parallel with the preparation of an additional EHIA Report which was completed within a period of 180 days and finally approved by the Environmental Expert Committee.

The case is still pending for the court consideration as at December 31, 2013 and the outcome of the courts views are currently unknown.

Related Parties Transactions

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

Details can be found in note 27 of the 2013 financial statement.



SEC Contents in Accordance with form 56-2

SEC Contents in Accordance with Form 56-2 :

Accordance with the form of Annual Report for a security-issuing company (56-2) issued under notification of the Capital Market Supervisory Board No.Tor Chor.44/2556 regarding Rules, Condition and Procedures for Disclosure of Information Relating to Financial Status and Operating Result of Issuing Company (Effective on January 1, 2014).

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Feedback

Let us know what you
think about this report

Send an E-mail to
Info@padaeng.co.th



This Annual Report and
Sustainability Report 2013 use
Eco Fiber Paper and Printed with
Soy-ink that are Environment-Friendly.



Padaeng Industry Public Company Limited

CTI Tower, 26th-27th Floor 191/18-25 Ratchadaphisek road,
Klong Toei, Bangkok 10110, Thailand
Telephone : +66 (0) 2695-9499 Fax : +66 (0) 2695-9495
E-mail : info@padaeng.co.th

