



Annual Report and
Sustainability Report 2014
Padaeng Industry Public Company Limited



Sustainable
Growth



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Organization Profile

About PDI

Padaeng Industry Plc (PDI) is the Southeast 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.

In 2014, the Company has restructured its business to move towards the Green Business which is environmentally friendly and will bring sustainable growth to the Company.

Our 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 Products

Products of PDI consist of Special High Grade (SHG) zinc metal and zinc alloys.

SHG Zinc Metal

Consisting of 99.995% zinc, it is predominantly used in the field of corrosion protection. Zinc galvanized steel is widely used in construction, automotive and machinery parts.

Zinc Alloys

Zinc alloy is extensively used in various applications in automotive, electrical & construction industry.



New Products

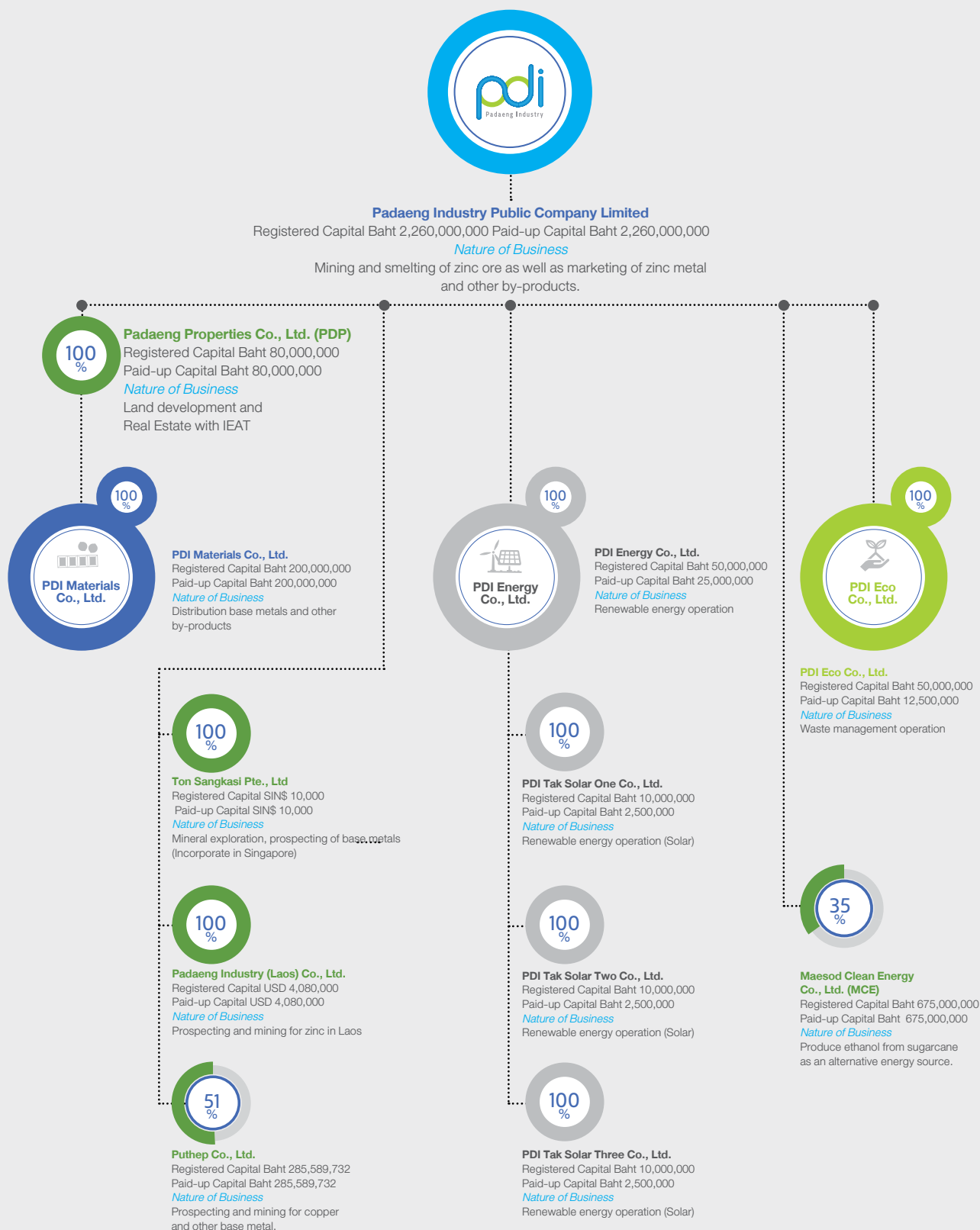
Zinc Spheres is SHG zinc in the form of spheres, which is used in electroplating industry such as autoparts and toy cars.



Zinc Grains also containing 99.995% zinc in the form of small pellets for continuous electroplating process in the automotive industry.



Overall Business Operations of the Company





Employees

In 2014,
PDI employed **856** people



Locations

PDI – Bangkok

CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek Road, Khlong Toei District, 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



Other References

Registrar

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Ratchadaphisek Road, Klong toei,
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TSD Call center : +66 (0) 2229-2888
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Auditor

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Registration No. 3760,
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Bangkok City Tower, 15th Floor,
179/74-80 South Sathorn Road, Bangkok 10120, Thailand
Tel. +66 (0) 2344-1000 Fax. +66 (0) 2824-5000

Legal Advisor

- None -

Advisor or Contractor under Management Agreement

- None -



Memberships

- The European Foundation for Quality Management (EFQM)
- International Zinc Association (IZA)
- Mining Industry Council
- The Thai Chamber of Commerce
- Thai Listed Companies Association
- Thai Institute of Directors Association
- Thailand Management Association (TMA)
- Thai Galvanizing Association (TGA)
- Community Partnership Association (CPA)



2014 Awards

Thailand APEA (Asia Pacific Entrepreneurship Award) 2014

presented by Enterprise Asia, a non-governmental organization, for outstanding entrepreneurship amongst Asia Pacific's corporations.



CSR-DPIM Continuous Award 2014

presented by the Department of Primary Industries and Mines (DPIM), Ministry of Industry, for PDI-Mae Sod's accomplishment in social responsibility networking.

CSR Recognition Award 2014

(Most Improved CSR) from the Stock Exchange of Thailand (SET) for outstanding social responsibility.

CSR - DIW Continuous Award 2014

presented by the Department of Industrial Works (DIW), Ministry of Industry, honoring PDI-Tak's and PDI-Rayong's continued adherence to social responsibility standards for industrial companies. The awards fell under the department's project promoting plants' moves toward environmental improvement for sustainable social responsibility.

The National Outstanding Operators Award for Safety, Occupational Health, and Work Environment 2014

for PDI-Tak, presented by the Ministry of Labor. PDI-Tak has now won this award for a seventh successive year.

PDI-Tak, PDI-Rayong, and PDI-Mae Sod achieved the **Ministry of Industry's Green Industry - Level 3 certification** for systematic environmental management with continuous monitoring, evaluation, and review for improvement.

The National and Provincial Awards 2014

presented by the Department of Disease Control, Ministry of Public Health, for PDI-Mae Sod's hygienic, healthy, and safe operation facilities.



Key Figures

Revenue Structure

The Company's total revenue for the consolidated financial statement can be classified by types of product (2012 - 2014)

Product	2012		2013		2014	
	million Baht	% of Total revenue	million Baht	% of Total revenue	million Baht	% of Total revenue
Zinc metal (SHG)	4,019	52	2,098	38	2,543	45
Zinc alloy	3,042	40	2,844	52	2,888	51
Sulphuric acid	238	3	174	3	96	2
Other revenue	386	5	348	7	98	2
Total revenue	7,686	100	5,464	100	5,624	100

Direct Economic Value Generated

	million Baht	2012	2013	2014
Direct economic value generated		7,685.64	5,463.57	5,624.28
- Revenues		7,685.64	5,463.57	5,624.28
Direct economic value distributed		7,848.59	5,360.43	5,015.14
- Operating costs		7,187.76	4,861.81	4,399.79
- Employee wages and benefits		517.47	476.06	518.46
- Payment to providers of capitals		126.42	9.30	74.59
- Payment to government		1.65	1.80	3.09
- Community Investment		15.29	11.46	19.21
Economic value retained		342.31	348.09	1,060.80

Key Figures and Ratios

Consolidated

End of Year		2012 (Restated)	2013 (Restated)	2014
Total revenues	(million Baht)	7,686	5,464	5,624
Gross profit	(million Baht)	-15	290	852
Net profit (loss)	(million Baht)	-569	-522	461
Net profit (loss) per share	(Baht)	-2.52	-2.31	2.04
Net profit (loss) per total revenue	%	-7.41	-9.55	8.20
Total asset	(million Baht)	6,111	5,236	5,550
Total liabilities	(million Baht)	2,244	2,294	2,225
Total shareholders' equity	(million Baht)	3,867	2,942	3,325
Return on assets	%	-8.59	-9.20	8.55
Return on equity	%	-13.48	-14.90	13.85
Return on capital employed	%	-13.99	-19.06	19.27
Debt to equity ratio	(Times)	0.58	0.78	0.67
Book value per share	(Baht)	17.11	13.02	14.71
Dividend per share	(Baht)	0.00	0.30	0.40



Corporate Strategies

In 2014, PDI successfully achieved its strategic objectives to return to profits while continuously executing measures to curb costs for our core zinc business. In addition to this, we were able to exceed our goals, resulting in a robust financial standing marked by satisfactory profits. Despite this, the zinc business alone can not sustain growth for PDI, particularly as the Mae Sod mine will be approaching depletion over the next two to three years. PDI has therefore adjusted its business strategies, and will retain the zinc business with a focus on producing value-added zinc products, but will also be developing new sustainable businesses.

Our current business structure now consists of PDI Materials (metal based business with focus on value-added zinc products), PDI Eco (waste treatment, material recycling and raw materials providing), and PDI Energy (renewable and alternative energy). A dedicated taskforce, headed by our business development team, is investigating and assessing investment prospects for each business group. The assessments are based on maximum project efficiency and minimal project impacts on the environment to ensure impact mitigation on society and communities. Meanwhile, the Company has upgraded its personnel caliber to accommodate emerging investment projects under continuing development and training plans.

PDI's Growth Business Model

“ To operate a business that fosters a mutual understanding between humans and surrounding ecosystems thus effectively managing and conserving our ecosystems. ”

Materials

Providing high added value materials, mainly from recycling.

Eco

Providing raw materials from waste and eco management of waste.



Energy

Providing energy from renewable sources.

Corporate Strategies 2015

In the coming year, PDI will remain committed to achieving its goals by curbing operating and investment expenses in line with the approved budgets. This will allow us to continue producing profits and command a strong financial standing for investment in emerging green businesses. By pursuing business profits and sustainability together, PDI will be able to continue to seek out new green businesses through the investigation, assessment, and diversification of new projects.



Updates on New Green Business Projects

Thanks to its robust financial profile, cashflow from operating activities, and very low debt-to-equity ratio, our Company is in an excellent position for investment in new businesses, in which we have a high interest. These investments will rely on both cashflow from its operating activities and loans from financial institutions. At the outset, a sum of at least Baht 1.5 billion will be required over the next three years. Investment projects include:



1. Solar farms totaling 48 megawatts (MW) to be located on the Tak plant residue pond, unlike many solar farms that affect agricultural land use. The farms are also located within short distance to the local power grid connection.

2. A 54-MW wind-energy power plant in Nakhon Ratchasima, where a wind measurement mast has been installed to collect wind data over the course of one year to provide additional information for ongoing feasibility studies.

3. An 8-MW biomass power plant in Surat Thani. The biomass power plant is mainly fueled by palm empty fruit bunch and has already been awarded a PPA. A detailed study on the most efficient and applicable technology is well underway and construction is expected to start within 2015.



Both the solar farms at the Tak plant residue ponds and the wind-energy plant at Nakhon Ratchasima have undergone technical investigation and an investment feasibility study, and both are pending the upcoming public policy on new power purchase agreements (PPAs), which will go into effect this coming year. Should PDI secure a PPA, it will be able to construct its power plants within the next 1-2 years.

Apart from these projects, the Company also has industrial waste treatment projects in Rayong and Tak, together with a recycling project, which is currently under an investment feasibility assessment.

2014 Highlights



Strong Financial Position

• Turnaround Profitability

2012	2013	2014
-569 MB	-522 MB	+461 MB

- **194%** Increase in gross profit from 290 MB to 852 MB
- Decrease in cost of sales 435 MB or **8%**
- Net cash position (excluding short term deposits) at year end 915 MB, a **34%** increase
- Total net cash position at year end 1,715 MB, a **150%** increase
- **33%** Increase in dividend per share to Baht 0.40



Sustainable Operations

Operations

- Optimized operational reduced energy bill with **137MB**
- Successful ore feed plan
 - Reduced the consumption of expensive zinc sulfide concentrate from 55% to **38%**
 - Increased zinc silicate from Mae Sod to **51%**
 - Increased recycled Materials to **7%**
- Developed new potential value added products "**Zinc Spheres**" and "**Zinc Grains**"



Environment

- Water usage
 - Decreased water consumption with **27%**
 - Increased in reuse and recycle from 40% to **63%**
- GHG Emissions from operations reduced with **2.5%**

2013	2014
218,628	213,149

Unit: tons of carbon dioxide equivalent

- Energy conservation programs reduced with 4,192 gigajoules, which reduced GHG discharges with over 475 tons of carbon dioxide equivalent.
- Mine rehabilitation
 - **62%** Progress of the total rehabilitation target area of 1,040 rai
 - Contributing to absorb **942 tons** of carbon dioxide yearly

Society

- Reviewed and announced new Code of Conduct for business sustainability including Human Rights policy, Environment, Health and Safety policy, Anti-Corruption policy, Drugs and Alcohol policy, and etc.
- Social Contribution (MB)

2013	2014
4.14	4.19

- Compensation and benefits management systems have been reviewed to further motivate and retain our people.
- Development programs have been reviewed and assessed to prepare our people for our future green business and their personal career.



Message from the Board of Directors



PDI believes that it is strong in technology innovation and has capable people to manage its projects.

We will continue to use the most advanced technologies from all over the World in all of our projects, aiming for zero impact to the environment.



In announcing that 2014 has been a successful and profitable year for Padaeng Industry PCL (PDI), the board would like to say we are grateful to all our people, at all levels of the Company, who have made this possible.

Our success can be measured best by two key accomplishments.

One is in securing a strong financial position that was built up over the year.

The second is in defining what will be our new core businesses. This is of great significance as it will ensure continued growth for the Company in the coming years.

In our operations, we have been able to record higher than expected profit for several reasons. Among the chief contributors is our sales and marketing team who worked hard to strengthen PDI's brand, which stands for high quality products and services.

PDI's zinc ingots and alloy products are today widely recognized, in Thailand and South East Asia, for their high standards, reliability and full compliance with global operational and safety rules.

During the year, the use of silicate ore from Mae Sod Mine increased, positively impacting our production cost. A strict control and assurance of the operational (OPEX) and capital expenditure (CAPEX) expenses pushed them below the approved budget.

Our good performance was further enhanced by positive market conditions with high LME zinc prices and premiums obtained from increased sales.

The Baht Dollar exchange rate was, in addition, helpful in contributing to our bottom line.



A Winning Outcome for 2014

These achievements comes on the back of PDI's ability to continue our turnaround from the year before when we were able to return to black after undergoing the toughest period since 2010.

Our employees did the right things to make this winning outcome possible.

In tackling a number of key areas, we were able to obtain good results.

We now command premium prices for our zinc products because we can impress buyers that we have maintained our longtime reputation for best quality goods and services.

As such, PDI was able to push up a strong price for our products such as zinc ingots and zinc alloys while retaining market share. At the same time, we operated with a healthy cash flow and increased our cash reserves.

We secured raw materials at a good price in order to remain competitive in the global marketplace.

PDI was able to save considerable costs by operating below our budget, which further helped profits. In hedging our currency risks carefully, we benefitted from a favorable baht-dollar exchange rate.

Strategic Cash Position

We have managed a very healthy cash position in 2014 to prepare for our transition into green businesses starting this year.

By building up these funds, currently placed in bank deposits, we will be able to deploy them when we start our new core businesses in 2015.

Part of the cash will also be used to compensate our employees who will be leaving as some of our operations are phased out.

Our shift into new businesses will be important in the building a new future for the Company. PDI has announced the move towards green enterprises for sustainable growth.

We have restructured the business into three main business units to support future investments. PDI has studied the feasibilities of various new projects in the areas of ecological management, renewable energy and materials business.

PDI believes that it is strong in technology innovation and has capable people to manage its projects.

We will continue to use the most advanced technologies from all over the World in all of our projects, aiming for zero impact to the environment.

The PDI Way

PDI has deliberated and concluded that the future of our company cannot just be in zinc.

We have to ensure that we make a strong transition when our zinc operations at Mae Sod winds down and our zinc deposits are depleted.

PDI has communicated to all stakeholders about the transition phase and the changes we will be making.

Our esteemed stakeholders include our staff, suppliers, customers, shareholders and the communities and societies that we serve.

To be sure, we emphasize that maintaining strong profits is important, but equally important, is we our passion to take care of our people.

As we embark on the new businesses and suspend some of our traditional businesses, we have to make sure everyone is being looked after.

Employees who have been loyal to us will be recognized for their contribution and compensated when they leave the Company.

Meanwhile existing staff must also be trained and new talents recruited to be ready for the new business we are entering.

This is the message we most want to share with stakeholders as we make the transition using what we call the PDI Way.

We can only succeed well when all concerned understand as they come aboard with us in our new voyage to grow PDI.

We are consolidating what we can from our existing business as we expand into fresh areas that can boost our prosperity and set a path for sustainable growth.

PDI Identifies Key Green Businesses

In the second half of 2014, we announced that PDI will be investing in green business.

These areas will consist of three major units, all supporting sustainable enterprises. They are PDI Materials, PDI Eco and PDI Energy.

We have mapped out a five-year investment plan till 2020 to target key areas such as advanced materials, renewable energy, industrial waste management and recycling businesses.

In waste disposal, we are concerned about the people's consumption habits. On average people in Bangkok disposed more than 2 kilograms of waste daily compared with 0.4 kg in more developed European cities. That exceeds five times the average in the West.

If unchecked, the piling up of rubbish and expansion of illegal landfills will poison the environment, thereby threatening people and water supplies. The impact of pollution is becoming more acute as smog from the burning of toxic waste and garbage.

There has been a sharp rise in respiratory sicknesses especially among children living near illegal landfills in industrial zones.

Our green projects aim to tackle industrial waste issues that are at the top of the national agenda, as cited by the Thai government.

The PDI Materials unit will provide materials that sustainability contribute to the quality of life, with the emphasis of zinc value-added products such as alloys.

The PDI Eco unit will deal with waste management solutions with a primary focus on recycling and energy recovery.

PDI Energy will build, operate and manage various small locally integrated renewable energy plants in biomass, waste, solar and wind to supply provincial areas with clean energy.

CSR and Sustainable Operations

In compliance with our corporate social responsibility policies, PDI will review, assess and introduce its environment, health and safety policy dedicated to sustainable development.

We will support the efficient use of all natural resources by applying the 3Rs concept of reduce, reuse and recycle. 2014 was a strong year for CSR achievements.

PDI's plants received the CSR - DIW Continuous (Corporate Social Responsibility) awards for 2014 from the Department of Industrial Works (DIW).

We were also awarded the CSR-DPIM (Department of Primary Industries and Mines) award along with the Level 3 Green Industry: Green System Certificate from the Industry Ministry.

PDI was awarded the 2014 CSR Recognition under the category of Most Improved CSR for two consecutive years from the Stock Exchange of Thailand (SET).

PDI is determined to be an "Eco Factory" in line with the Eco Industrial Town in Rayong policy of the Industrial Estate Authority of Thailand (IEAT).

Our Community Relations Team attended key functions with 38 communities with the Map Ta Phut Municipality and 14 communities with the Ban Chang Municipality.

The functions were organized by the Community Partnership Association (CPA) to gather information and collect community opinions for PDI's future projects.

The Community Relations Team visited community leaders to listen, share ideas and gather the communities' concerns about various matters.

We also shared ideas to create a project called "PDI Green Heart" with the communities.

We have drawn up a CSR Roadmap to implement social responsibility policies in accordance with the GRI G4 guidelines.

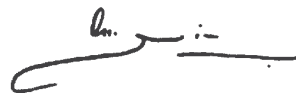
The Outlook for 2015

Steady demand for zinc should keep the Global zinc price reasonably stable this year.

PDI has adjusted its strategy in zinc business to focus on developing and producing value added zinc products in the coming years when there will be no zinc left from Mae Sod mine.

PDI are preparing various business scenarios, with a strong focus on people development, determined by specific needs in future businesses.

In conclusions, Today PDI is, ready and in a good shape, operationally, financially and strategically, to achieve our goals.



Arsa Sarasin

Chairman of the Board



Francis Vanbellen

Managing Director

The Integrated Sustainability Reporting

In the course of 2014, PDI aligned its social, economic, and environmental performance indicators, with its corporate strategy dedicated to grow sustainable business. Since we firmly believe that our responsibility to society and sustainability is a daily concern of all people in all processes, we at PDI have incorporated our Sustainability Report in our Annual Report, using the Global Report Initiatives (GRI-G4) as a guiding reference. The combined reports are presented in Thai and English and in dual forms – both printed and electronic. The electronic version can be downloaded from our website at www.padaeng.com, while our printed version and CDs can be obtained through our Communications Department located at Padaeng Industry Public Company Limited, 191/18-25, CTI Tower (26th floor), Ratchadaphisek Road, Khlong Toei, Bangkok 10110, telephone: +66 (0) 2695-9499 and fax number: +66 (0) 2695-9495.

Scope of the Report

This is our second Sustainability Report based on the GRI-G4. It has been amended from the 2013 report, based on GRI-G3. Additional information has been included, particularly about anti-corruption and human rights. Further reviews and obligations with partners in the supply chain and additional reviews on good corporate governance have also been included, as required by the amended Code of Conduct. The scope of the report covers all of PDI's sites using the same database benchmarks as those for the 2013 report.

Also in 2015 PDI will remain dedicated to further improve the quality of its integrated reporting.

Period Covered

The information presented in this report covers the period from January 2014 to December 2014. Updates have also been made for 2015 data and for activities that are still being carried out.

Assurance

PDI did not seek third-party assurance of this report; however, we systematically gathered our data with future assurance in mind. Some of the data we disclose have undergone various forms of internal and third-party verification. For example, most financial data were derived from financial statements and some environmental data were reported to regulatory authorities.



Stakeholder Engagement Framework Review 2014-2016

By means of several internal meetings, PDI executives from all business units jointly analyzed company business and assessed critical issues (economic, social, and environmental) affecting the corporation and stakeholders to high and medium extend, as ranked in the materiality matrix. Late 2014, a seminar was organized on social responsibility and sustainability, where each business unit updated its operational progress and assessed and reviewed the framework to be reported in the sustainability report, aligned with the international GRI-G4 standards. Also sustainability objectives were agreed for 2015-2016.

PDI Sustainability Objectives 2015-2016

Economy

1. Diversification investments
2. Maintain zinc production
3. Mine closure plan

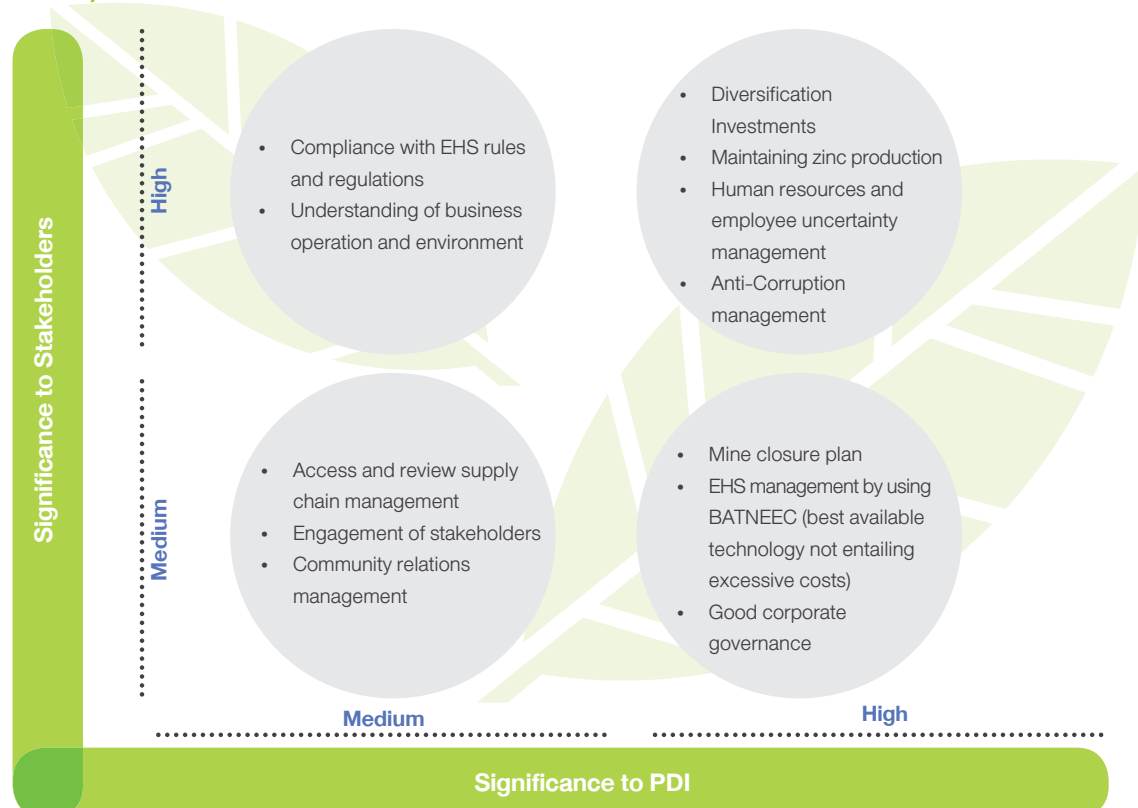
Environment

1. EHS management by using BATNEEC
2. Compliance with EHS rules and regulations
3. Understanding of business operation and environment

Society

1. Human Resources and people uncertainty management
2. Access and review supply chain management
3. Anti-corruption management
4. Good corporate governance
5. Engagement of stakeholders
6. Community relations management

Materiality Matrix



Summary of PDI's Expectation and Communication with Stakeholders in 2014

Stakeholders	Sub-Category	Requirement/Expectation	Communication
1. Shareholders/ Investors	<ul style="list-style-type: none"> Main shareholders (Strategic partners) Small shareholders Financial institutes Analyst 	<ul style="list-style-type: none"> Fair dividend pay and business growth Disclosure of company's plan and information Good business governance practice 	<ul style="list-style-type: none"> An annual general meeting Quarterly analyst meeting Disclosure letter to SET
2. Employees	PDI people & family	<ul style="list-style-type: none"> Fair compensations and benefits Employability security Career opportunity Safety concerns and pleasant working environment Personnel development 	<ul style="list-style-type: none"> People info session lead by MD (2 times/year) Management meetings (monthly) Manager meeting at all sites (monthly) Welfare, EHS committee meeting (Quarterly) A training program for safety concerns and occupational health Weekly newsletter (Padaeng Hotline)
3. Customers	Customers	<ul style="list-style-type: none"> Delivery of high quality products and services within agreed upon time limit and reasonable prices 	<ul style="list-style-type: none"> Customer visits with technical services Annual customer satisfaction survey
4. Society	<ul style="list-style-type: none"> Supply chain Local community Government authorities NGO's Media 	<ul style="list-style-type: none"> As business partners with fairness and equality Disclosure of company facts and information Participation in the quality of life of the community Best available environmental protection 	<ul style="list-style-type: none"> Open-house activities for people and authorities in the surrounding communities Development and support for the quality of life for communities around site operations Press conferences (2-3 times/year) Padaeng mine environmental network Distribution of EIA monitoring report to sub-district, district, provincial health offices

Progress of Sustainability Projects

Projects	Targets	Performance 2014	Plan 2015
Economy			
1. Diversification investments	<ul style="list-style-type: none"> Renewable energy, waste management and recycling for a sustainable, profitable future for PDI ROE=10-15% 	<ul style="list-style-type: none"> Established the 3 companies to serve new business Several growth opportunities in green business have been identified and assessed. 	<ul style="list-style-type: none"> Seek for investment in new green business
2. Maintain zinc production	<ul style="list-style-type: none"> Zinc production at 75,000 tons with alloy metal 50% 	<ul style="list-style-type: none"> Zinc production dropped by 16% to suit its electricity cost under rationalized production. 	<ul style="list-style-type: none"> Maintain production plan at the same level of 2014
3. Mine closure plan	<ul style="list-style-type: none"> Complete plan & development in 2017 	<ul style="list-style-type: none"> Study and preliminary approval in 2014 	<ul style="list-style-type: none"> Implementation plan and address stakeholders' concerns

Projects	Targets	Performance 2014	Plan 2015
Environment			
1. EHS management using BATNEEC	<ul style="list-style-type: none"> To procure the best in class technology from Europe and Japan 	<ul style="list-style-type: none"> Received Awards from various agencies, namely Ministry of Labor, Public Health, and Industry 	<ul style="list-style-type: none"> Maintain regular plans and implement new policies announced in late 2014
Society			
1. Human Resources and employee uncertainty management	<ul style="list-style-type: none"> Knowledge enhancement for the business expansion Compensation and benefits improvement in comparison to industrial peers (P50+ and focus on healthcare service) Human Right Policy establishment 	<ul style="list-style-type: none"> Structure people development with intensive training program Internal communication improvements to our people through various tools i.e. meetings, intranet & newsletters Increased benefits and introduced new compensation systems for this year's practice 	<ul style="list-style-type: none"> Continue our people development program Focus on our HR plan for the policy and principles of the business transformation period Conduct an internal communications and employee engagement improvement program using the BE model
2. Engagement of stakeholders	<ul style="list-style-type: none"> Forge community participation in environmental and quality-of-life improvement activities 	<ul style="list-style-type: none"> Participated in public-hearing activities in Map Ta Phut Municipality and Ban Chang Tambon Municipality of Rayong under the Eco-Industry Project along with the Community Partnership Association Formulated the "PDI Green Heart" project by joining communities in environmental activities Set up the "Padaeng Mine Environmental Network" community network 	<ul style="list-style-type: none"> Make communications part of the project/activity plan to forge community participation Provide communities with data on business operation and Padaeng Mae Sod Mine closure plan Continually conduct activities on community participation in environmental promotion
3. Anti-corruption management	<ul style="list-style-type: none"> Review anti-corruption policy and integrate in the Code of Conduct (COC) 	<ul style="list-style-type: none"> Integrated in COC 	<ul style="list-style-type: none"> Provide anti-corruption guidelines for stakeholders Participate in anti-corruption coalition with Thai Private Sector
4. Supply Chain management	<ul style="list-style-type: none"> Review and revise supply chain management practices 	<ul style="list-style-type: none"> Modified criteria for business partner assessment in line with the reviewed COC, the policy on environment, health and safety, the policy on human rights, and the policy on anti-corruption 	<ul style="list-style-type: none"> Communicate with business partners to establish clear understanding of business operation in line with the COC revamped in 2014 Improve the registration of business partners in line with the COC and assorted policies Continually monitor, verify, and assess business partners

Society

Human Resources Management



In 2014, the focus of PDI's Human Resources Management (HRM) was placed upon competence development and the preparation of staff to support:

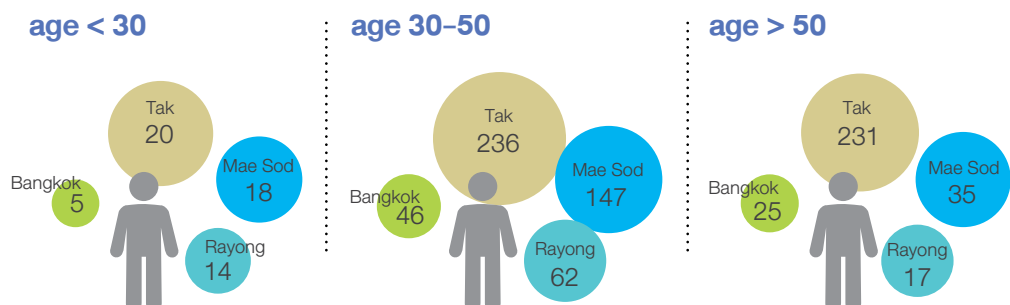
- 1) our green business plan for the future;
- 2) development of compensation and benefits systems to motivate employees; and
- 3) the promotion of employee participation by improving and providing more communication channels.

Employment

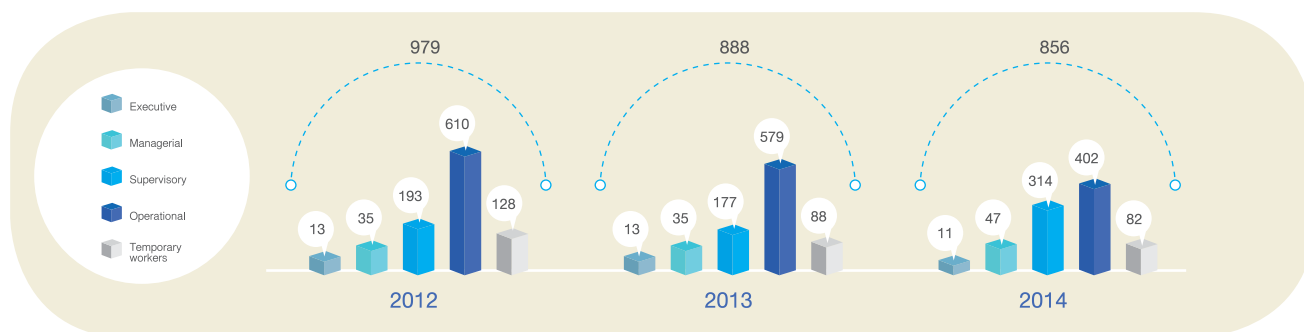
With more emphasis on developing existing personnel than recruiting newcomers, PDI remains committed to enhancing the professional and leadership competency of our staff in their respective lines of operation. PDI is committed to maintaining no discrimination of people for age, gender, nationality, religion, or native background during its recruitment process, with zero-tolerance for any exploitation of child labor, forced labor, or other forms of illegal labor.

With four foreign employees included, our workforce reached 856 at the end of this year, 85% of whom were native to Tak and other Northern provinces. The majority of our employees are male, which corresponds with PDI's mining and metal processing business, requiring 24-hour operation in most PDI operations. Employees with university degrees represented 20% of our staff, and 42% had vocational training at the college level. The average age of our employees was 45, and their average duration of service was 17 years. The turnover rate in 2014 was 5.16 percent.

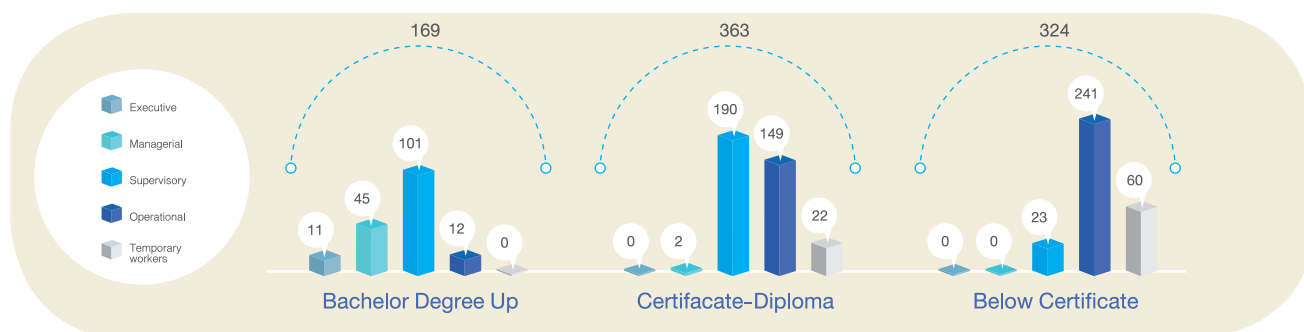
Number of Employees in 2014 by Age Group



Number of Employees by Level of Responsibilities (2012–2014)

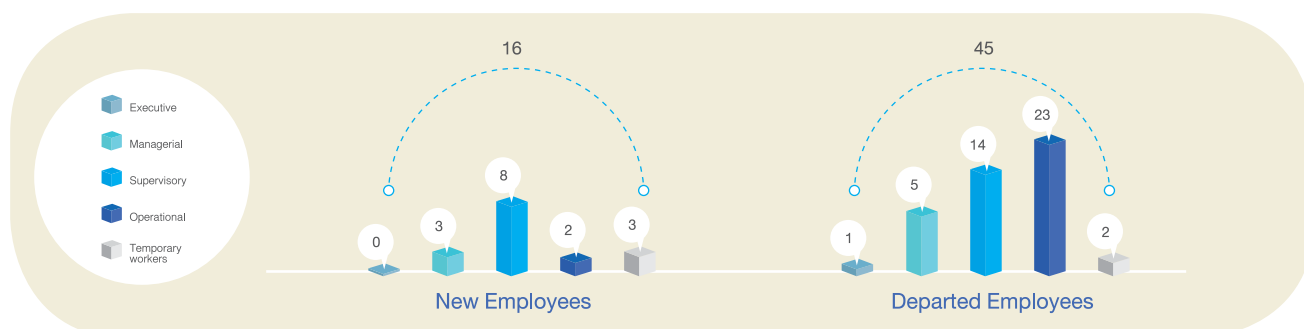


Number of Employees by Education and Level of Responsibilities



In addition to its employees, PDI hires temporary workers to perform unskilled and seasonal work. The compensation and benefits for employees and mostly also for temporary workers either equal or exceed legal obligations, which include up-country allowances, health insurance, healthcare coverage, and a provident fund. Nevertheless, PDI approved bonus payments to motivate temporary workers and increase productivity over the past year.

Number of New and Departed Employees in 2014 by Level of Responsibilities



Developing Our Compensation and Benefits Management System

PDI's compensation policy aims to reimburse above the median rate (P50) of businesses with comparative sizes, and reflects each employee's job grade and competency. In order to ensure internal equity and competitiveness in the labor market, the Job Evaluation Committee undertook comprehensive position reviews and the reevaluation of 45 job positions. Such an undertaking was prompted by significant changes in the scope of responsibilities of these positions, primarily due to the restructuring of all PDI offices. This included a Voluntary Separation Program (VSP) to reduce redundancy of the workforce during 2013-2014. PDI also adopted a new form of salary management this year by applying a competency appraisal tool in salary adjustment, in order to reflect the competency of each employee.

For the purposes of enhancing employee engagement in achieving our business goals, bonus payments are based on both individual and company performance. In addition to incorporating company values as a factor for assessment in our performance appraisal system, PDI has also developed a system based on Personal Performance Management, which is designed to involve employees and their supervisors in setting job objectives, planning, analyzing problems, and adjusting strategy for success.

In July this year, PDI approved an extra allowance for employees at the operational level, in order to relieve the burden of an

increased cost of living. We also undertook adjustments to equally pay male and female employees.

In 2014, PDI allocated Baht 510 million for employee compensation and benefits.

People Development

In alignment with our vision, PDI values all of our employees and aims to take excellent care of them. Despite the reduction in overall expenses over the past two years, PDI has maintained its personnel development budget, with an additional budget allocated for competency development. Continuously implemented since 2013, the Business Excellence Model Project achieved tangible results in upgrading the effectiveness of internal and external communication. Active measures for systematic development of personnel were undertaken throughout this year with continuation in 2015. These measures include:



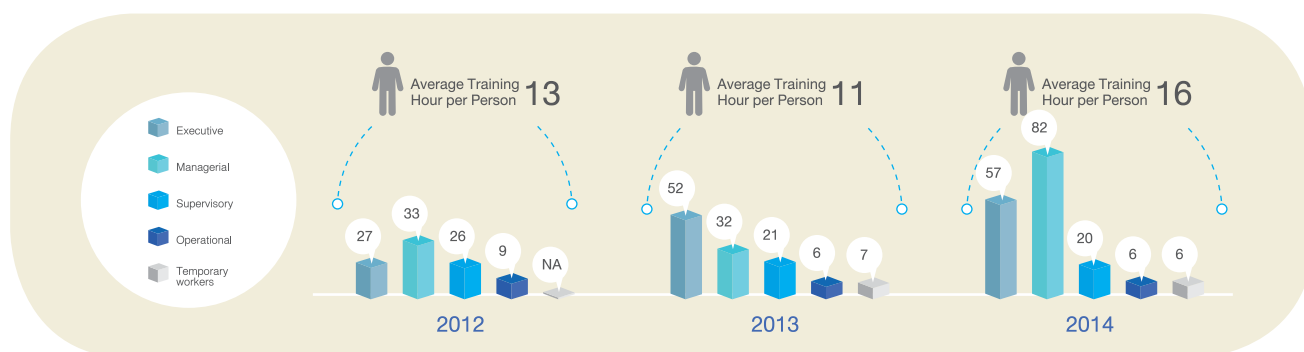
- Enhancing business English communication skills for internal and external correspondents
- Job and teamwork coaching through the "Business English Communication Skills" program
- Organizing "Leadership Development for Padaeng Leaders" program, designed by PDI, providing executives and managers with up-to-date knowledge on thinking, visions, leadership skills, management competency, and ethical integrity. The program offers guidelines for systematic and continuous competency development of PDI's new generation of leaders and other personnel.
- Upgrading presentation, negotiation, interviewing and discussion skills, together with stimulating creative thinking.
- Enhancing knowledge of corporate governance via the attendance of PDI executives in the Director Certification Program (DCP), organized by the Thai Institute of Directors Association (IOD). Under this program, participants discuss about the duties and responsibilities of directors in corporate governance, legal obligations regarding risk assessment, formulation of risk reduction plans, and improvement of the collaboration between the management and the board.

PDI allocated Baht 7 million for personnel development and offered seven training courses with ten classes of training organized for this year. The annual average reached 16 training hours per person.

In 2015, eight courses under PDI's Corporate Training Plan will be offered for employees, comprising essential topics for the current business situation and future trends. Emphasizing "change management," "project management principles" and "efficiency improvement for internal communication," the contents of these training courses also cover the development of technical skills, professional skills, and leadership.



Average Training Hours per Person by Level of Responsibilities (2012–2014)



Retention Rate of Return to Work After Parental Leave

Parental Leave Condition	No. of Employee
Currently continue working for less than 12 months	1
Currently continue working for 12 months	2
Still in parental leave period	1

Note: 1. Employee takes parental leave and return to work is 100% rate
2. Parental leave is granted to only female employee according to Thai Labor Law

Compensation Ratio of Female Comparing to Male Employee

Level of Employee	Compensation Ratio
Executive	0.93
Managerial	0.95
Supervisory	0.99
Operational-Line Function	0.87
Operational-Supporting Function	1.15



The Preparation of an Occupational Training Program for Employees after the Closure of the Mae Sod Mine in 2017

As part of the arrangement for workforce reduction after the closure of the Mae Sod Mine in 2017, PDI - Mae Sod will launch an occupational training program for employees after their discharge. This will be done by establishing a Working Committee, comprised of representatives from the Welfare Committee and management, to propose a program plan and training courses based on employee needs. PDI will provide the budget for this two-year program, which includes 1) English and Burmese language courses; 2) study trips to agricultural plots for practicing the Sufficiency Economy philosophy; 3) training on financial and tax planning; and 4) utilizing trainers from Tak Community College, Mae Sod Industrial and Community Education College, Kamphaeng Phet Rajabhat University Mae Sot, and other local educational institutes or organizations. PDI - Mae Sod has also coordinated with local organizations and companies for employees to apply for jobs after the mine closure.

People Engagement

In order to emphasize two-way communication, promote employee participation, and ensure companywide, accurate, clear and timely dissemination of information, PDI has installed Communication Contact Persons (CCP). The CCP will perform the duties of presenting opinions, disseminating information to employees,



screening employee suggestions, and coordinating with relevant parties to answer queries. The CCPs are comprised of representatives from all operation sites, and complement existing communication channels, including employee meetings, suggestion boxes, and E-suggestion via our intranet network.

Grievance Mechanisms

PDI employees can submit their complaints via suggestion boxes placed at several convenient locations, on the company's website, and through the intranet network. Alternatively, they can also submit them directly to the Welfare Committee. Two major issues presented by employees this year were 1) the need of a support program for PDI - Mae Sod employees after the closure in 2017; and 2) the adjustment of job positions. In response to the first issue, the management spelled out its financial assistance plan and occupational training program. Regarding the second issue, Human Resources clearly informed all employees via diverse communication channels about the requirement of aligning job positions with job grades under the revised compensation packages.

Local Fit & Diversity

PDI takes pride in acting as a good citizen in each locality that it operates in. This is especially true for PDI - Tak and PDI - Rayong, of which 85% of our workforce are local people holding all levels of job positions. To further promote local job creation, PDI also supports the purchasing of local goods and implements quality-of-life development projects for local people.

Freedom of Association and Collective Bargaining

Despite having no labor union, PDI respects its employees' freedom of association and collective bargaining rights. This is in line with PDI's regulations, which allow for them to participate in the Joint-Committee of employees' representatives and the management. Currently, the Welfare Committee also functions as the Joint-Committee, while the number of committee members increased from 20 in 2013 to 24 this year. Appointed by employees from every PDI site, the members of the Welfare Committee perform the duties of protecting employee interests, jointly discussing employee suggestions with management, and conveying complaints concerning human rights and/or labor rights to the management.



Human & Labor Rights

When announcing its human rights policy in mid-2014, PDI clearly stated that it is committed to respecting the rights of its employees and stakeholders through the observation of applicable laws and regulations, the Universal Declaration of Human Rights, and the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work. PDI treats its employees with respect and advocates diversity among employees, while also ensuring zero tolerance for discrimination of age, race, nationality, religion, disability, and gender or sexual preference, including any exploitation of child labor or forced labor.

The Company undertakes careful selection of its partners, suppliers and customers, and encourages them to treat their employees with respect and foster good relationships with local communities. As part of PDI's human rights advocacy mission within the local and business community, the company's main suppliers are required to comply with applicable laws and ILO's principles. (See more information in Corporate Website)

Besides proper conduct toward PDI's employees and visitors without violating their human rights, all security personnel from outsourced companies were provided with training in security protection procedures, relevant safety regulations, and emergency responses for cases of fire, capsized trucks with acid on-board, and other critical situations.

Training programs for 2015 were prepared for all stakeholders, including employees, contractors, and suppliers to foster their understanding of human rights, legal obligations on labor practices, and ethical conduct of business.

Code of Conduct

The 2009 version of PDI's Code of Conduct (PDI WAY) was reviewed and adjusted up to the present with approval from the Board for official launch in early 2015. In order to ensure compliance, training plans were prepared for all employees. (More information in www.padaeng.com)

Occupational Health and Safety



Management

PDI is determined to promote a safety-at-work culture to achieve its ultimate goal of zero accidents and/or no work-related injuries, as well as fatalities, while also promoting good health for all employees, stakeholders and the general public. The Environment, Health, and Safety Policy, amended in 2014, has been implemented, together with our Policy on Drugs and Alcohol, to demonstrate PDI's strong desire for safe operations. The policies have been taken very seriously and put into practice throughout the company by our Environment, Health, and Safety Steering Committee (EHS Steering Committee). This committee consists of the managing director as chairman, the plant managers of each site and some relevant corporate functions. An EHS Team was also installed to take charge of drafting an implementation plan.

Operations

PDI continuously shares knowledge of occupational health and safety with all staff and contractors. This is done through various activities organized to shape the correct mindset concerning safety at work. Also, PDI organizes health risk assessments, which are part of the Occupation Health & Safety Standard, under OHSAS/TIS 18001. The assessment process begins with exposure assessments and identification of risks associated with the different kind of each process step to determine health risk factors and to facilitate the monitoring system. PDI arranges annual physical check-ups for all staff and attempts to detect work-related activities with possible risks for specific target groups. Analysis and review of the control and preventive measures are also part of this process. Even though results of past annual check-ups show no aberrations, PDI continues to stress constant, close monitoring. The Company has developed a manual on safe operations for each job and provides regular training sessions with a focus on preventive actions. Moreover, PDI rotates staff on high-risk jobs to reduce long-term effects and to reduce the likelihood of accidents or injuries.



People Engagement

PDI established the Environment, Health, and Safety Committee (EHS Committee), which consists of representatives of employees from all groups, levels and offices. The EHS Committee holds a monthly meeting to discuss problems and provide recommendations that lead to the development and improvement of the work place and the prevention of potential risks. Its goal is to create safety in the workplace, proper health precautions, and the prevention of any work-related illness.

PDI has in place a complaint-handling system on occupational health and safety. Employees have the duty to refuse to work under risky or unsafe conditions. PDI has also defined a suitable frequency of audits for occupational health and safety practices. The Company welcomes recommendations on issues concerning safety through toolbox meetings at all PDI sites.

The Number of Employees on the EHS Committee

Level of Employees	PDI-Bangkok	PDI-Tak	PDI-Rayong	PDI-Mae Sod
Management	1	2	0	1
Administration	1	3	4	3
Supervisor	1	1	1	3
Operation	4	5	4	4
Total	7	11	9	11
Total employees	76	487	93	200
%of total employees	9.21	2.26	9.57	5.50

Performance

Even after continued and reinforced policy implementation, PDI still experienced two accidents that resulted in lost time, one at Tak and one at Rayong. Both accidents were caused by the unsafe behavior of the victims. Nonetheless, PDI will continue to stress a strict adherence to our strict safety policy and procedures.

Safety Indicators

Indicator	Unit of measurement	PDI-Tak*			PDI-Rayong			PDI-Mae Sod		
		2012	2013	2014	2012	2013	2014	2012	2013	2014
Frequency rate of injuries	Number of leave of absence per million hours-person	0.00	0.00	0.89	0.00	0.00	3.52	0.00	0.00	0.00
Severity rate of injuries	Number of days of absence per million hours-person	0.00	0.00	16.04	0.00	0.00	10.57	0.00	0.00	0.00
Number of employees	Persons	584	532	523	95	105	93	259	206	200

Remark: *Number of employees means PDI's employees and wage earners

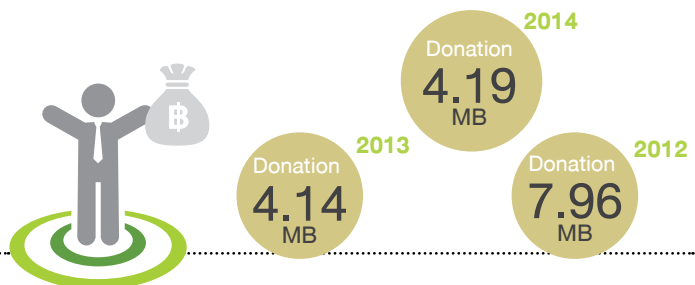
Projects and Training on Occupational Health and Safety in 2014

- “Outstanding Safety and Occupational Health Management at Operating Site” Project
- “Promotion of Safety at Workplace” Project
- “Recommendations on Health, Safety, Occupational Health, and the Environment” Project
- “Prevention of Road Accidents” Project
- “Maintenance of Forklifts and Safe, Proper Ways to Drive a Forklift” Course
- “Safety at a Closed-Space Workplace” Course
- “Safety, Occupational Health, and Working Environment” Course for new recruits
- “Basic Firefighting” Course
- “Controller, Signaler and Crane Operator” Training
- “First Aid and Rescue” Training
- “Fire Evacuation from High-Rises” Training

Awards on Occupational Health and Safety in 2014

- Provincial-Level Award on Outstanding Disease-Free Safety and Physical and Mental Health from the Office of Disease Prevention and Control 9 – Phitsanulok and A silver plaque at the national level from the Department of Disease Control, Ministry of Public Health for Outstanding Disease-Free Safety and Physical and Mental Health
- Outstanding Operator for Safety, Occupational Health, and Work Environment Award from the Ministry of Labor for the seventh consecutive year.

Community Engagement



In its CSR activities, PDI focuses on projects and activities that meet community needs including education, healthcare, religion, tradition and culture, public interest, and vocational development. Its projects and activities in turn focus on community engagement to strengthen them, make them self-reliant, and provide sustainable development in accordance with our CSR policy.

Achievements

Promotion of Youth Education and Knowledge

In 2014, approximately Baht 1.4 million of our budget was allocated for 390 scholarships to the bright but needy youths in Tak, at the primary, secondary, and university levels. The budget was also used for the purchase of educational tools, support of a lunch project, and knowledge enhancement activities such as study tours, youth camps, and academic contests.

Promotion of Community Welfare

Since 2006, it has been our commitment at PDI to promote community welfare by acting as a focal point in cooperation with local networks that include village health volunteers, sub-district heads, village heads, housewife groups, elderly groups, and Mae Sod people sector. The focus of this network is to set up four funds under the title of the “60th Coronation Anniversary Fund for Health and Welfare,” that include roughly 3,000 members and located in three sub-districts of Mae Sod, Tak: Phra That Pa Daeng, Mae Tao, and Mae Ku. The local network initially received seed money from PDI and, in later years, it was taken over by the Padaeng Quality of Life Development Foundation to encourage local committee members to efficiently manage the funds. In the third year, members contributed some of their own savings to the funds, with cooperation from the foundation, to provide welfare to members in agreement with community intentions and in order to continue growth. In 2013, the Ministry of Social Development and Human Security contributed to the four funds, which enabled the extension of healthcare, efforts for an improved quality of life, assistance for the disadvantaged and disabled, and contributions to other vocational groups in the communities.



Fund Office at Mae Tao Sub-District

Ethnic Hand-Weaving Group Support

PDI is actively engaged in the support and development of traditional handwoven cloth among ethnic groups in Pa Dae and Tam Sua villages. The project helps preserve ethnic heritage, specifically among the Pakakayaw, and assists in passing the craft on to the next generation. PDI has also

helped set up a group that supports the production and distribution of the ethnic-styled handwoven cloth. This has been eased by our funding support and coordination with relevant agencies that aid in the improvement of villagers’ design skills, product development, marketing, packaging, and promotion of their products.

Encouragement of Employees to Use Their Potential for Community Work



New water system installation at Phadung Panya School

PDI provides opportunities for employees to participate in CSR activities through the Padaeng Voluntary Development Club. Personnel with knowledge and ability in different areas of expertise are encouraged to help local communities. An example of this can be seen at Phadung Panya School, in the Muang District of Tak, where PDI personnel provided advice and planning assistance with water supply improvements. The efforts were made to reduce their water expenses, which had reached up to Baht 90,000 per month. After the installation of a new water system, additional water tanks, and water meters at different points for easy inspection, the school was able to reduce water expenses by 35%, allowing for savings of over Baht 300,000 a year.

At Wang Chao Wittayakom School in the Wang Chao District of Tak, our electricians provided advice and repairs for the electrical system. They introduced an energy preservation concept to efficiently manage the electrical system. They also inspected, and consequently changed the old, damaged equipment to prevent fires and provide additional electricity in classrooms.

Another community project this year involved PDI geologists, who delivered educational information for teachers, pupils, and residents living in areas at high-risk of landslides and flash floods. Methods and procedures that were covered included ways to avoid natural disasters, protect themselves, and mitigate the effects. Moreover, PDI assigned its safety personnel to participate in the annual drill plan for natural disasters and accidents with various agencies in Tak.

In addition to these efforts, employees responsible for the rehabilitation of Padaeng Mine disseminated information on the use of vetiver for erosion prevention, water preservation, and the rehabilitation of the environment. They invited teachers, pupils, and residents of local communities to the annual plantation of vetiver. They were also invited to an open house to foster relationships by giving them the opportunity to visit the PDI's green mine, a prototype mine which was successful in using vetiver for environmental rehabilitation.

Information-Sharing Sessions

PDI takes all comments and concerns of those living around all its sites into thoughtful consideration. In addition to providing regular channels for comments and complaints from the local communities, this year the Company organized informal public hearing sessions where our community relations team called on local leaders and residents from the Mae Sod District and Muang District of Tak, and the Map Ta Phut Municipality and Ban Chang Municipality of Rayong.



In Rayong, PDI joined the Community Partnership Association (CPA) as an associate member. This year the Company participated in an information-sharing session with community leaders and residents to share the concerns of the community, mainly on the needs for strict environmental measures in the plants and happy co-habitation between the industry and communities, based on trust and reliance.

PDI Green Heart Project toward Green Society and Environment

"PDI Green Heart" is yet another project that supports the community's environmental activities in line with PDI's commitment to establish a green society and environment.

Conducting Fair Business

In compliance with anti-monopoly laws, PDI engages in trade under a code of conduct, compete fairly, and observe laws governing trade competition in all areas where our business is done. All of these matters are intensively addressed in PDI's Code of Conduct, in which the management advocates communication to all employees and stakeholders. Supported with regular assessments, we will ensure compliance with both the rule of law and our Code of Conduct.

Product Responsibility

To ensure product safety for human life, PDI's zinc products have successfully passed the RoHS inspection standard for the use of hazardous substances in electrical and electronic appliances, as well as the BS EN71 part 3 Standard on the testing of the use of chemicals in toys and toy parts, based on the EU Directive on Toy Safety.

Value for Customers

In addition to delivering high quality, standardized products to customers, PDI is thoughtful in developing its customers' capability so that they may grow together with PDI. A technical service team regularly visits our customers' plants and provides recommendations on quality improvements and problem resolutions in their production processes. At the same time the team identifies issues for further development of product quality and customer service aligned with their requirements. The company organized several seminars where experts from Thailand and abroad shared their knowledge and insights. It also closely supported activities of the Thai Galvanizing Association (TGA) to enforce the producers to cope with the imminent ASEAN Economic Community (AEC).



Customer Satisfaction Surveys

Through customer surveys and frequent meetings between the marketing & sales and technical service teams, PDI found that customer satisfaction with its products and services was in the "Very Good to Excellent" range, as was our technical problem resolution ability.

Customers' Complaint and Response Monitoring Process

Customers usually address complaints through marketing & sales via a direct call, an email or the PDI website. PDI records all complaints and distributes them to the responsible/ accountable business unit aiming to give customer feed-back on their complaints within the shortest possible time. A closed monitoring system ensures all complaints are responded in due time. In 2014 only three complaints were filed, all of which were addressed, completely corrected and discussed with the customers to their complete satisfaction.

Customers' Information Privacy

PDI highly respects the information privacy of customers and implements a closed systematic information recording off all data related to marketing, procurement and unique services of each customer. All data are kept confidentially with limited access granted to particular groups of people. This system supports security of information from being stolen or illegally used. Information privacy is also an essential part of PDI's Code of Conduct.

Supply Chain Management

PDI has further developed its supply chain process management conform to our sustainable business management model. This is clearly expressed in the PDI Code of Conduct and the various Policies on Human Rights, Anti-Corruption, Environmental, Health, and Safety and business Excellence. To this end, PDI has analyzed and developed various activities around our complete supply chain, inter-related among PDI units, suppliers of products and services, customers, and business partners. Our measures enable to prevent and minimize social, environmental, and economic risks for the confidence and trust of our stakeholders. Below is a summary of actions:

- **Selection and Assessment of Suppliers (Products and Services)**

In addition to defining selection criteria and regular assessments of supplier quality, prices and deliverability, PDI has added further criteria for the capability assessment of suppliers in accordance to our sustainable guidelines, which adhere to the rules of law, human rights principles, and key International Labor Organization (ILO) principles that apply to employees and communities. To elaborate, pre-qualification questionnaires, as well as calls to suppliers, are the tools used for this, based on the fairness, transparency, and credibility of suppliers.

- **Risk Management for Product and Service Delivery**

PDI manages processes for inspection and risk assessments for product and service delivery. To prevent negative impacts on our businesses, PDI has defined conditions for all of our suppliers to conform to agreements and applicable laws, as well as initial terms of reference for management standards such as ISO 9001, ISO 14001, and OHSAS 18001. Furthermore, PDI schedules meetings with suppliers to define preventive plans and identify potential problem resolutions.

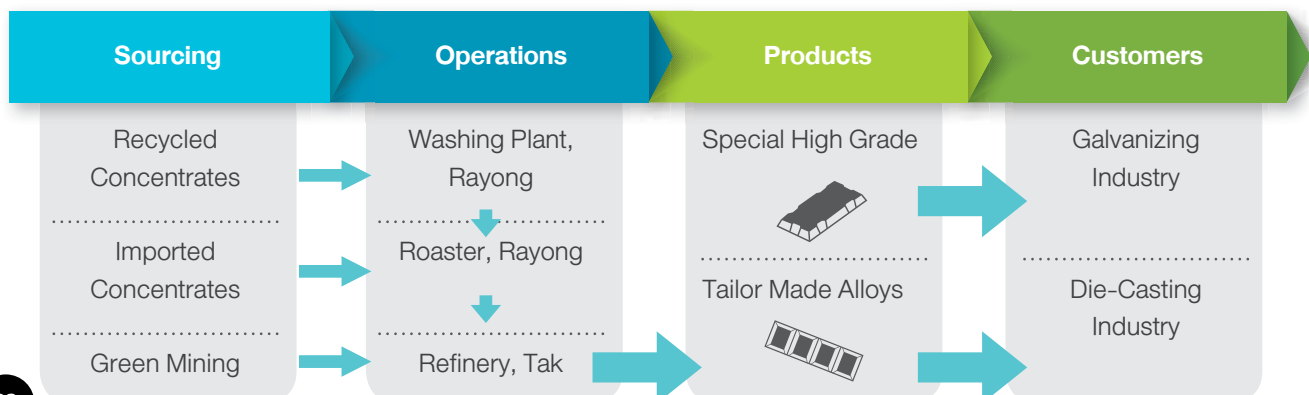
- **Local Procurement of Products and Services**

PDI supports the procurement of local products and services at all its sites to support local economies, job creation, and income generation. These measures are taken in addition to our existing commitment to community development.

- **Supply Chain Collaboration and Opportunities for Fair Competition**

PDI manages its procurement process in collaboration with suppliers and offers opportunities for fair competition by communicating its business direction and publicizing a procurement policy under sustainable guidelines through assorted channels, including seminars and its website (www.padaeng.com). In addition to this, PDI has created a communication plan this year on sustainable guidelines for suppliers of products and services in accordance with the revised code of conduct, including the policies on human rights, anti-corruption policies, and environmental, health, and safety policies. Concrete implementation will start in 2015.

PDI Supply Chain



- **Development and Training to Upgrade Supplier Management**

PDI actively supports the development of suppliers not only to enable them to improve the quality of their services but also to upgrade their various management processes.

This includes advice on the establishment of a product quality standard policy, environmental management systems, various training and development sessions, health and work safety, etc.



Anti-Corruption

Anti-Corruption Policy Statement

PDI is committed to conducting all of its business in an honest and ethical way. The Company has adopted a zero-tolerance approach to bribery and corruption, and is pledged to acting professionally, fairly, and with the utmost integrity. To ensure that this happens, we at PDI will implement and enforce effective systems to prevent and avoid bribery.

In accordance with good corporate governance guidelines, PDI launched a formal anti-corruption process in 2014. This anti-corruption policy and the linked operational implementation framework were presented to the Board. The Handbook on Anti-Corruption Policy & Procedures has been drafted and will be presented to the Board for approval in quarter 1 of 2015.

The implementation plan for implementing the 2015 anti-corruption policy and procedures is as follows:

1. Training and Orientation

- PDI will provide anti-corruption training to all existing directors, managers, and employees, as well as during the orientation process for new employees.

2. External Communication

- PDI will provide information about the anti-corruption policy to the general public as well as to the communities in which we operate. In addition to this, our anti-corruption policy will be communicated to all vendors, suppliers, contractors, agents, and intermediaries at the outset of every business relationship we forge, and as appropriate thereafter.

- PDI will encourage every individual and/or organization that we deal with to adhere to similar standards as those defined in our anti-corruption policy.

3. Monitoring

- PDI will establish a program to monitor the implementation of our anti-corruption policy and procedures.

4. Reporting

- PDI ensures that timely and thorough public reporting on the status and progress of the anti-corruption policy implementation will be conducted.

The Company also aims to participate in The Collective Action Coalition Against Corruption: CAC in Anti-Corruption Policy, enacted by the Thai private sector, in order to substantiate our viewpoints and ethical beliefs as a company.

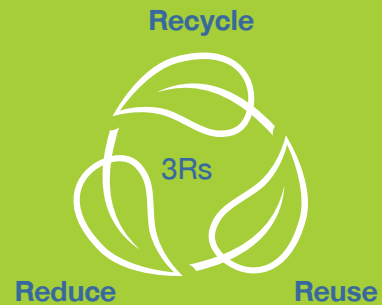


Environment



Commitment to Environmental Excellence

In full recognition that sustainable success will only originate from an integration of organizational excellence and commitment to the community and the environment, PDI conducts all facets of the business with a focus not only on the highest financial returns, but also on added value for all environmental features. These include awareness of resource values; reduction in energy used and an increase in its efficient; air quality control; water management; waste treatment, recycling, and reuse; ecological systems; and community program management in areas where we operate.



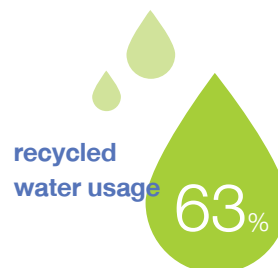
This year, PDI successfully made a significant move to further improve its environment, health and safety management systems. Under our updated Environment, Health and Safety Policy (EHS-Policy), several committees have been initiated, which are supervised by the new installed EHS Steering Committee. The Steering Committee is comprised of members from the senior management of all operational functions and chaired by the managing director. It is defined in our EHS Policy as “(a committee) that manages and controls all activities to ensure a full alignment with the business objectives.” An EHS Team was formed with members who are directly in charge of EHS activities from all business units. This includes engagement in knowledge-sharing and exchange, teamwork, and working synergy aimed towards sustainability and success to all stakeholders involved

Sustainable Utilization of Resources

Under the management concept of the Sustainable Utilization of Resources, PDI continues to search for alternative materials to replace the use of zinc-ores from PDI-Mae Sod or from third party's import. This is achieved through allocation of raw materials in proportions for optimal efficiency on the exploitation of mineral resources and energy used in our production processes. In addition to this, PDI successfully upgraded our own zinc-silicate ores, with only 8% of zinc content to 27% through a continuously improved flotation process.

Plant Water Management

To manage water resources efficiently, PDI recycled 63% of its water usage this year in production and non-production processes such as gardening and lawn watering. A total of 1,811,865 cubic meters of water was consumed this year. The Ping River is the main source of supply for its plant in Tak, whereas East Water Public Company Limited is the supplier of water for the plant in Rayong.



Wastewater from production processes was treated and regularly monitored for its quality. Our wastewater quality, after treatment, complies beyond the imposed standards with details as follows:

Perameters	Unit	Standard	Tak Plant	Rayong Plant
pH	-	5.5 – 9	7.77	7.74
Zinc	mg/l	<5	0.25	0.79
Cadmium	mg/l	<0.03	0.008	0.003
Manganese	mg/l	<5	0.19	-
Lead	mg/l	<0.2	0.002	0.079
Arsenic	mg/l	<0.25	0.002	0.077
Mercury	mg/l	<0.005	0.0005	0.0028

Water Resource Management at PDI-Mae Sod

With the terrace open-pit mining method, the PDI-Mae Sod operations do not consume water in their mining processes. Despite this, PDI focuses on water resource management, specifically that of the treatment of natural rainfall within the mining area. This is done through a mining-standard sedimentation process stipulated in the mining project plan and its environmental management program. A total of 11 open ponds have been excavated for sedimentation, and are utterly adequate for year-round natural rainfall. Several systems have been put into place to treat the water and to meet the mining wastewater quality standards defined by the National Environment Board and referenced in the Department of Industrial Works (DIW) wastewater quality standards. The storage rainfall is used in the closed ore flotation system and recycled all year round. This year, the wastewater quality remained again within the standards, demonstrating the efficiency of our water resource management.

Parameters	Unit	Standard ¹⁾	Discharge Point			
			Zone A	Zone B	Zone C ²⁾	Zone D
pH	-	5.5 – 9	7.9-8.2	8.2-8.9	-	7.7-8.8
Suspended Solids	mg/l	< 50	1-6	3-7	-	1-18
Total Dissolved Solids	mg/l	< 3000	38-166	764-886	-	130-205
Zinc	mg/l	<5	0.03-0.24	0.06-0.18	-	0.008-0.26
Cadmium	mg/l	< 0.03	<0.010	<0.010	-	<0.010
Lead	mg/l	< 0.2	<0.01-0.01	<0.01	-	<0.01-0.01

Remarks: 1) Referenced to the DIW wastewater quality standards

2) No discharge to the surroundings

Air Quality Management

At PDI, our management principle is very clear on its objectives and production control mechanisms, with the intention of having zero impact on air quality. All measures are to be implemented with proven technologies and under standards controlled by technologies and audit processes that surpass what is stipulated in the EIA. They also focus on operational control efficiency improvement to ensure the highest possible air quality control at all times. Due to this policy, the air quality measurement results recorded throughout this year are again far better than the minimum requirements set out in EIA standards.

Air Emissions

Stack	Site	Parameters	Unit	Standard	Monitoring Results 2014
Sulfuric Acid Production Process	PDI-Tak	SO ²⁾	ppm	< 500	58 ¹⁾
Calcine Production Process	PDI-Rayong	SO ²⁾	ppm	< 500	88 ²⁾
Coal-Fired Boiler	PDI-Tak	SO ²⁾	ppm	< 700	148 ¹⁾
	PDI-Tak	Total suspended particulates (TSP)	mg/ cu.m.	< 320	205 ¹⁾
Zinc Casting Furnace	PDI-Tak	Total suspended particulates (TSP)	mg/ cu.m.	< 400	11.86 ¹⁾

Remarks: 1) Monitored by SPS Consulting Services Co., Ltd.

2) Monitored by Eastern Thai Consulting 1992 Co., Ltd.

Ambient Air Quality

Parameters	Site	Unit	Standard	Monitoring Results 2014
SO ₂	PDI-Tak	mg/ cu. m.	< 0.30	0.01 ¹⁾
SO ₂	PDI-Rayong	ppm	< 0.30	0.03 ²⁾
TSP	PDI-Tak	mg/ cu. m.	< 0.33	0.015-0.131
TSP	PDI-Rayong	mg/ cu. m.	< 0.33	0.040-0.250
TSP	PDI-Mae Sod	mg/ cu. m.	< 0.33	0.019-0.202
TSP < PM-10 (TSP smaller than 10 microns)	PDI-Mae Sod	mg/ cu. m.	< 0.12	0.031-0.115

Remarks: 1) 24-hour average atmospheric SO₂ standard

2) 24-hour average atmospheric SO₂ standard

Industrial Waste Management

Under PDI's industrial waste management approach, which requires treatment and handling techniques defined by proven technologies and guidelines provided by applicable authorities, all industrial waste is screened for safe and effective treatment, and wherever possible, recycled and reused to minimize the total amounts and reduce the exploitation of resources in the future. This year, a total of 564,635 tons of waste was generated, 99.55% of this (equivalent to 562,100 tons) was ore residues which were treated under



authorized standards to become stable and suitable for the landfill in PDI-Tak's ponds. These ponds were designed and constructed under the procedures defined by DIW and the Office of Natural Resources and Environmental Policy and Planning.

The other major portion of waste, totaling 0.39% or 2,189 tons, was classified as hazardous and was disposed of by DIW-authorized external entities for landfill. The remaining 0.03% (181 tons) of waste was sold to DIW-authorized waste traders for recycling. This remaining 0.03% (165 tons) was categorized as general non-hazardous waste and buried as landfill under public sanitation procedures.

Energy Conservation and Energy Efficiency Improvement

PDI stresses the reduction of overall energy consumption not only in our production work processes, but also in all of our office areas. Of all the energy used in our processes, diesel, fuel oil, liquefied petroleum gas (LPG), and bituminous coal are our primary direct energy sources, while indirect energy (such as electricity) is supplied by the Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authority of Thailand (PEA). Part of our electricity needs is self-generated by the recovery of steam from ore roaster in Rayong.

To ensure effective energy conservation and consumption efficiency, PDI initiated an energy time-of-use management program to reduce on-peak rate consumption. The Company decided to downsize the annual production capacity from over 100,000 tons to just 70,000 tons to achieve the optimal production balance with our energy consumption. Other activities were continually and strongly promoted under the energy conservation program, including the reduction of power and thermal consumption from the use of various fuel sources not affecting plant throughput efficiency.

Electricity Energy Saving Projects

Energy Conservation Measures	Energy-Saving (gigajoules)	Greenhouse Gas Reduction (ton of carbon dioxide equivalent)
1. Shut down one 50-MVA transformer under the power usage adjustment program at PDI - Tak	1,711	290
2. PDI - Bangkok office area improvement	59	10
3. PDI - Mae Sod energy-saving campaign in office areas and production support activities	201	34
4. Phase-II Air ventilation system leakage improvement at PDI - Rayong	190	32
5. Change of street light system at PDI - Rayong from Lunartone (or mercury-vapor lamp) to LED bulbs	22	4
Total	2,183	370

Fuel-Generated Thermal Energy Saving

Energy Conservation Measures	Energy-Saving (gigajoules)	Greenhouse Gas Reduction (ton of carbon dioxide equivalent)
1. LPG consumption reduction at PDI - Tak anode casting	869	97
2. Fuel oil consumption reduction during the coal-fired boiler maintenance shutdown at PDI - Tak	962	7
3. PDI - Rayong's Phase-II change of roaster insulation	140	1
4. Boiler system steam leakage improvement at PDI - Rayong	38	0.3
Total	2,009	105.3

PDI's total energy consumption this year stood at 1,655,881 gigajoules, an increase of 85,090 gigajoules from last year, including 1,148,874 gigajoules in electricity and 507,007 gigajoules in thermal energy. The Company successfully reduced 4,192 gigajoules through our nine energy conservation programs.

Climate Change

The major source of greenhouse gas (GHG) generation at PDI is from our use of electricity, however another contributor of ours towards climate change occurs in the form of thermal energy caused by various fuel types in the ore dressing processes. The utmost efficiency of these energy consumption patterns is therefore the answer to GHG reduction. This year, the total release of GHGs from PDI was reduced to 213,149 tons of carbon dioxide equivalent. This is a drop of 5,474 tons of carbon dioxide, or 2.51%, from last year. The additional 4,192 gigajoules of energy-saving from our energy conservation programs also reduced GHG release by 475.3 tons of carbon dioxide equivalent.

Community Involvement and Participation

PDI has involved the surrounding communities in its environmental management programs. The communities are regularly invited to visit our operation through an activity called Open House. The objectives of these events are to obtain the communities' opinions and to exchange ideas on PDI's corrective & preventive measures and environmental impact reduction measures. The Company also organized work teams and activities in various formats to publicize the knowledge of environmental management.

- **Environmental Management Network:** This network is composed of representatives from Padaeng Mine's surrounding communities and PDI's environmental staff. The purposes are to monitor, investigate and acknowledge the Third Party's environmental analysis results.
- **Community Relations Committee:** Representatives from three main stakeholder groups: 1) government 2) communities and 3) PDI. The representatives jointly disseminate information on the mining projects and facilitate good relationships with the communities as well as co-investigate complaints.
- **Health Care Fund Management Committee:** This committee comprises of representatives from various local entities including the government, communities and PDI. An annual capital of Baht 100,000 is sponsored by PDI for use in the community health care activities carried out by the public health units near Padaeng mining area. The fund management is in line with the Department of Primary Industries and Mines (DPIM)'s practice.
- **A course on "Vetiver Grass for Soil and Water Conservation":** Representatives from all local entities were invited to participate in the annual Vetiver Grass forestation in order to learn about the benefits of this grass to the soil and water conservation.
- **EIA Monitoring Meeting:** Held once a year to explain and report on the results of the compliance with EIA Monitoring to the committee consisting of representatives from all parties involved including the government, the press and the communities in Muang Map Ta Phut Municipality and Ban Chang Municipality in Rayong.
- **Participation in Rayong Plant's Corporate Governance for Environment Project (Green Star Flag):** This Project is the standard for environment and safety management of the industrial plants in the industrial estates. Under this project, each plant is evaluated twice a year by the committee consisting of all parties particularly representatives from various communities.

Overview of the Environmental Performance Indicators (EPI)

Indicator	Measurement	Tak Plant			Rayong Plant		
	Unit	2012	2013	2014	2012	2013	2014
Indicators							
Total materials used	ton	279,993	225,954	223,805	108,311	95,083	65,869
Total energy consumption							
- Electricity	gigajoule	1,489,298	1,238,198	1,074,469	80,827	70,303	48,844
- Electricity/ ton production	gigajoule/ton production ¹⁾	14.75	14.94	15.32	0.77	0.81	0.84
- Fuel	gigajoule	281,965	202,955	260,681	13,635	17,151	16,901
- Fuel/ton production	gigajoule/ton production ¹⁾	3.40	2.45	3.72	0.12	0.20	0.29
Total water consumption							
- Total water consumption	1,000 m ³	2,134	1,868	1,471	363	341	251
- Water consumption/ ton production	m ³ /ton production ¹⁾	21.13	22.54	20.97	3.43	3.92	4.30
Output Indicators							
Produced waste							
- Total waste produced	ton (wet weight)	637,699	575,599	562,448	2,282	2,385	1,954
- Disposal ²⁾	%	99.97	99.97	99.97	97.65	98.60	99.47
Effluent							
Total emitted process water	1,000 m ³	1,322	1,176	411	83	135	120
Total emitted metals	kg	456	363	94	67	73	115
Effluent quality							
- Zinc (<5 mg/l)	mg/l	0.35	0.58	0.25	0.80	0.44	0.79
- Cadmium (<0.03 mg/l)	mg/l	0.004	0.012	0.008	0.01	0.01	0.00
- Manganese (<5 mg/l)	mg/l	0.33	0.29	0.19	-	-	-
- Lead (<0.2 mg/l)	mg/l	0.001	0.003	0.002	0.05	0.023	0.079
Emission							
Total emitted metals	kg	416	450	574	159	616	331
Total emitted SOx	ton	252	214	110	66	44	36
Air quality							
1. Air emission							
- SO ₂ at Acid Plant (< 500 ppm)	ppm	46	57	58	82	63	88
- SO ₂ at Coal fired Boiler (< 700 ppm)	ppm	-	-	148	-	-	-
- Total suspended particulate at Coal Fired Boiler (< 320 mg/m ³)	mg/m ³	-	-	205	-	-	-
- Total suspended particulate at Bag Filter (< 400 mg/m ³)	mg/m ³	9.43	9.86	11.86	-	-	-
2. Ambient air							
- Total suspended particulate (< 0.33 mg/m ³)	mg/m ³	0.068	0.053	0.052	0.215	0.207	0.105
- 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	-	-	-	0.03	0.06	0.03
Greenhouse gas							
Total greenhouse gas	ton	254,251	211,173	203,437	3,543	2,904	3,650
Total greenhouse gas/ton production	kg/ton production ¹⁾	2,518	2,547	2,901	31.90	33.36	101.57
Recycle							
- Reduce waste							
- Total recyeled waste	ton	97	148	171	54	33	10
- Recycled waste	%	0.02	0.03	0.03	2.35	1.40	0.53
- Reduce water							
- Recycle and reuse water	%	42	44	63	10	16	8

Remark : 1) ton production means ton of is 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

Indicator	Measurement	Tak Plant			Rayong Plant			Mae Sod Mine		
	Unit	2012	2013	2014	2012	2013	2014	2012	2013	2014
Financial Indicators										
Environmental investment and operating costs										
Total environmental investment costs	million Baht	110	23	0.4	19	3	14	2	0	0
Total environmental operating costs	million Baht	164	161	96	57	44	35	23	7	2

Mae Sod Mine Rehabilitation

The Rehabilitation Plan is Now More than Sixty Percent Completed

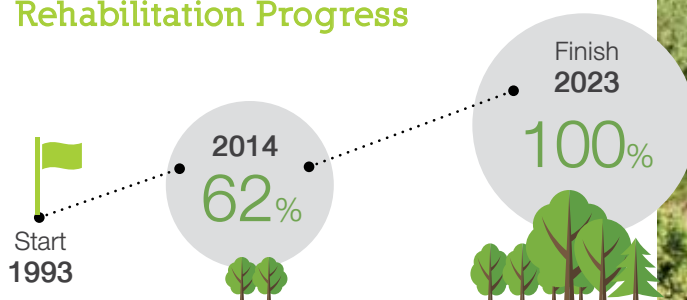
The mine rehabilitation program at PDI-Mae Sod started in 1993. This year, our achievements reflected another milestone in more than a decade of efforts. The tailing area has been turned into a densely forested mountainside, which stands as physical evidence of PDI-Mae Sod's commitment to mine rehabilitation.



The planting of vetiver has prevented soil erosion and improved soil quality at PDI-Mae Sod. Indigenous trees have been chosen for the rehabilitation, along with infills of fast-growing trees. A total of 6,631 indigenous trees and 4,670 fast-growing bushes to nurture soil quality were planted this year. By the year-end, PDI-Mae Sod has now planted close to 100,000 indigenous and perennial plants.

Another 96 rai of depleted mining areas were completely rehabilitated this year. These areas are capable of absorbing 141.12 tons of carbon dioxide per year¹. This brings the total rehabilitated area up to 641 rai, capable of absorbing 942.27 tons of carbon dioxide per year. Compared with the total rehabilitation target area of 1,040 rai, 62% of this area has been completely rehabilitated. Out of the total PDI rehabilitation budget of Baht 114 million, Baht 62.60 million, or 55%, has been expended.

Rehabilitation Progress





Vetiver Plantation to Conserve Soil and Water for 12 Consecutive Years

The planting of vetiver to conserve soil and water was first practiced at PDI – Mae Sod on August 15, 2003. Since then, the activity has been constantly pursued. Experimenting with 39 species of vetiver, PDI – Mae Sod has discovered that in Kamphaeng Phet there are two species that are most suitable for the soil and climate conditions at the Padaeng Mine. Another 1.65 million stems of vetiver were planted at PDI-Mae Sod this year. As of this year, a total of 20 million stems have been planted through PDI – Mae Sod.

Planting about 1-2 million stems of vetiver with a number of perennial trees per year has been employed by PDI-Mae Sod over the years. These efforts were completed with the ultimate goal of turning the depleted mining site into a fertile forest upon completion. The vetiver planting at PDI, following a royal initiative, has been undertaken every year since. Members

of the public from government authorities, neighboring communities, and especially primary and secondary schools from around the region have been invited to join PDI in the promotion and education of the use of vetiver and its significance for soil and water conservation. In addition to this, community engagement has strengthened the ties between PDI – Mae Sod and the public. More than 1,000 people from various groups participate every year, including this year's 12th annual event in a row. Vetiver planting at PDI – Mae Sod is quite possibly the largest plantation exercise in Thailand, and is certainly the first domestic mine with ultimate efforts to deploy vetiver plantation to turn depleted mining areas into a sizeable mountainside forest.

As of
Y2014

20
million stems
of vetiver



100,000 indigenous
and perennial plants

absorbing
942 tons
of carbon dioxide per year

CO₂

Remark: 1) Referenced to the carbon-trapping capability by various types of trees tabulated in the Clean Development Mechanism Handbook, published by Thailand Greenhouse Gas Management Organization and the Faculty of Forestry, Kasetsart University, June 2011.

Restoring the Surroundings Until the End of the Mining License in 2023

Fully recognizing its responsibility to society, PDI has been continuously restoring the surroundings in parallel with mining operations, which are set to cease in 2016 or early 2017. The restoration program will continue to the end of the mining license in 2023. The depleted open-pit terrace areas are gradually restored with about 30 centimeters of topsoil and are planted with groundcovers, which will be followed by shallow-rooted perennial trees. The same technique applies to all tailing areas. For the ore residual pits, there is a need to let the evaporation take place for a while before landfilling with rocks and soil can begin. The use of planted groundcovers and shallow-rooted perennial trees will be deployed until this process can begin. For other work areas, including the living compound, office structures, ore crushing, and ore flotation dressing plants, the company will demolish and prepare the sites properly before landfilling with top soil and planting groundcovers and perennial trees throughout the area. The overall rehabilitation program is scheduled to end by the end of the mining license in 2023.

Creation of Choices and Participation in Managing the Area for Sustainability

PDI is set to return the mining area to the Royal Forest Department in 2023, when the mining license expires. At that point the entire mine will have undergone complete restoration into a fertile forest area. The surrounding communities and local stakeholders will then take control and participate in the management of the area for sustainability. They will cooperate to define and design ways to manage the area for optimal benefit to all stakeholders



involved. The area management could potentially diversify the use of the area by incorporating a Doi Padaeng Zinc Mine museum; a training and seminar center; a care center for the elderly, the handicapped, chronic patients or the terminally ill; a resort; a national park; and/or a community forest area. Further considerations are also being made.

PDI - Mae Sod enters Vetiver Achievement at International Contests

As a result of the company's vetiver planting to conserve soil and water under an initiative of HM the King for over a decade (2003-2014), successfully applied by PDI-Mae Sod to environmental rehabilitation of mining-depleted areas, the company proudly submitted the task as an entry to The King of Thailand Vetiver Awards and The Vetiver Network International Awards contests, to be decided at The 6th International Conference on Vetiver (ICV-6) from May 5 to 8, 2015, in Danang, Vietnam. This seminar will be presided over by HRH Princess Maha Chakri Sirindhorn.

Economy

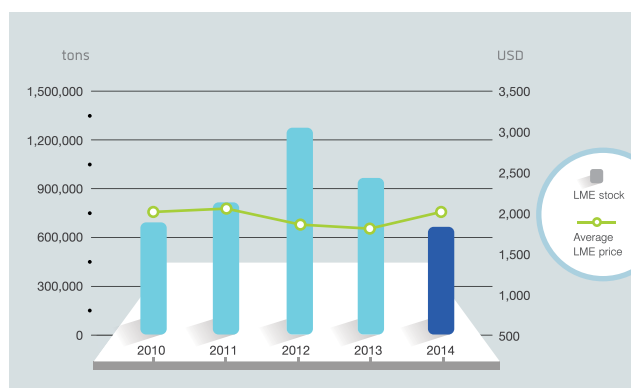
Sales and Market Review

Due to the shrinking domestic and international economies during the first three quarters of the year, the domestic zinc market slowed down in several industrial groups, most notably the main automotive and the zinc galvanizing groups, but posted overall good recovery in the final quarter of the year. As a result, zinc demand slightly exceeded output and import, which lead to a shortage, as well as rises in zinc prices and improved premiums. Due to this, to support the needs of our retail customers and the demands of all of our customers, PDI imported zinc metal from trustworthy sources.

The sluggish economy has lowered zinc demand from last year by six percent, totaling 126,000 tons this year. PDI managed to maintain its domestic market share despite its lower output to balance the costs. According to experts in global zinc prices, the outlook for zinc prices in this coming year is healthy, given the fact that global output cannot keep pace with demand. For the coming year, PDI has set a sales target at a comparable level to this year.



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



Strategic Plan

Our sales strategy for 2015 will stress the sale of zinc alloys and zinc SHG ingots. New products, including zinc spheres and grains, will be presented to the market this year. In addition to this, PDI will still import assorted forms of zinc for sale to its customers, particularly retail customers that cannot directly import them.

Besides selling excellent quality zinc products, PDI will keep searching for service excellence to foster maximum customer loyalty, notably in the area of technical advice and the development of specific customer competences. In 2015, PDI will be staging a major seminar for our customers (primarily the zinc die casting and zinc galvanizing groups) to convey knowledge and advanced technologies about the zinc industry.

Figure 2 :
Zinc Consumption in Thailand from 2010–2014

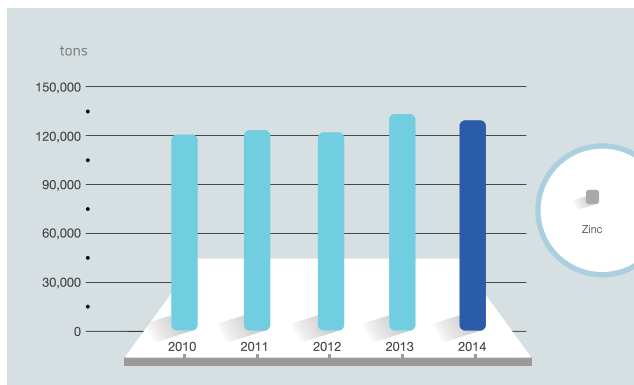


Figure 3 :
Sales Volume of Zinc Metal and Alloys from 2010–2014 (Ton/Year)

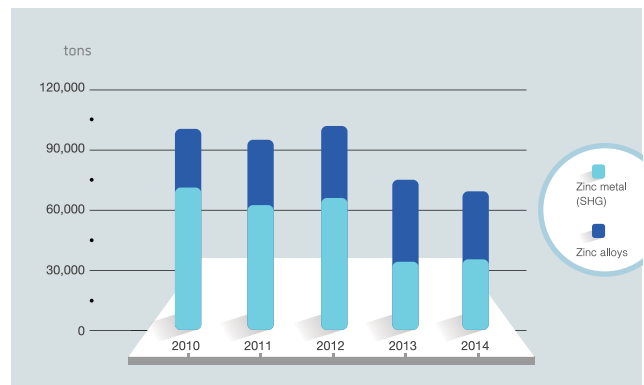


Figure 4 :
Sales Value of Zinc Metal and Alloys from 2010–2014 (Million Baht/Year)

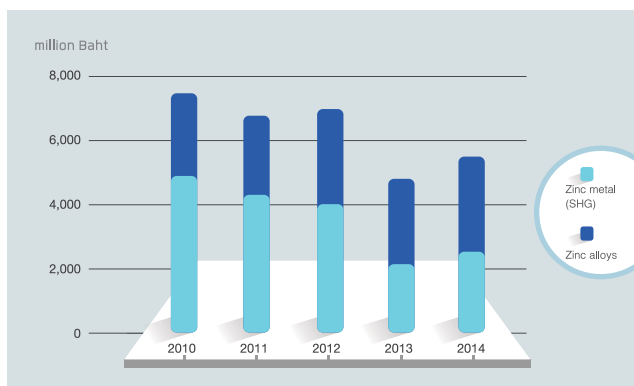
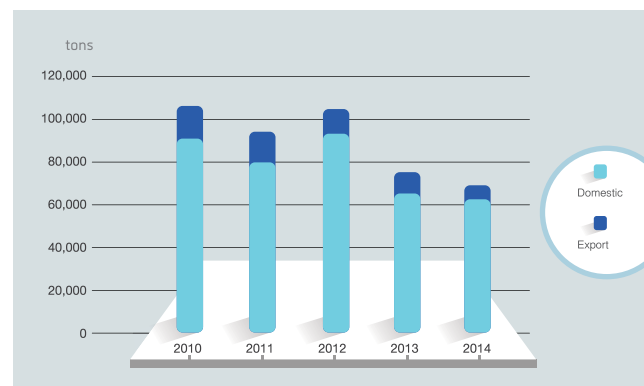


Figure 5 :
Sales Volume of Zinc Metal from 2010–2014 (Domestic/Export)



Operations

Raw Material Procurement

In addition to the zinc silicate derived from the Mae Sod mine, PDI also imports zinc sulfide and non-sulfide, including crude zinc oxides (recyclables derived from steel dust) and cinders (derived from galvanizing plants). Thanks to this practice, PDI lowers the use of mining ores while disposing of industrial waste, in accordance with our strategy of striving for green business.

Raw-material imports this year amounted to 52,000 dry tons, the bulk of which was imported zinc sulfide concentrates from Australia. Most of these go to the Rayong Roaster before arriving at the Tak Refinery to yield zinc products.

Tak Operations

Tak Refinery Optimizes its Operations and Lowers Electricity Costs

In 2014, the Tak Refinery continued to apply its strategy for production balance in order to manage electricity costs. The strategy is a core component of achieving operating cost optimization and as a result, the overall output of zinc products fell by 16% from last year. This is in line with our capacity adjustment to lower peak-period production costs, which exceeded off-peak period production costs by Baht 1.44 per unit of electricity. The focus is now on maintaining higher production efficiency, and is evident in this year's reduction in energy costs of Baht 137 million.



Reduced energy cost

137 MB



Ore Feed Plan Revised in Favor of Mae Sod Silicates and Recycled Raw Materials

In 2014, our Tak Refinery continued to rely on feed cost optimization through a focus on the silicate zinc supplied by the Mae Sod mine, which rose to 51 percent. This optimization also included the supply of zinc oxide raw material derived from steel dust recycling, which rose to seven percent, and zinc ores from other sources, which accounted for four percent. Meanwhile, the refinery successfully lowered the consumption of costly zinc sulfide concentrate from 55% last year to only 38% this year.

38%

concentrate from 55% last year to only 38% this year.



Adding Value through Cost-Effective Resource Consumption

Recognizing the high costs of zinc sulfide, PDI values optimal, conscientious consumption of these natural resources. As a result, the Tak Refinery continuously made production process improvements to extract valuable metals from ore residue in order to add value. This year, it successfully produced about 6,500 mt of Padaeng Leached Product (PLP), whereas the output of copper cathode registered a sharp drop, in line with the drop in zinc sulfide concentrate feed and copper content in the concentrate.

In 2014, PDI successfully developed the use of recycled raw materials from brass plants, namely dust, bag filter, and sediment cake, which are recyclable through the Tak plant's extraction process for yielding zinc and copper. This plant is due to start using such raw materials in 2015.



Mine Operations and Ore Reserves

Mine Operations

In 2014, all mine operation targets were achieved. The overburden removal was even 22% higher than targeted, in order to compensate for underperformance in 2013, due to extension delays for our forestry permit. Zinc metal from ore production reached 39,140 metric tons, a 28% increase from the previous year.

PDI decided to cancel the new mining lease application in the Mae Sod mine area because the administrative court ordered no new mining activities could be opened in the area, as it is now considered as protected watershed zone. because it was a part of the existing mine pit.

The mine closure plan has been developed to harmonize with the termination of mine operations by the end of 2016 or early 2017, and will be implemented between 2015 and 2021. The first two years of which will complete the mining activities. The remaining five years following the termination of mine operations will be dedicated to environmental rehabilitation and monitoring.

Ore Reserves

As of December 31, 2014, the total mineral resources at the Mae Sod mine, with economical recoverable zinc-contents of three percent, is estimated to be 930,000 dry metric tons (dmt) with 8.45% zinc (Zn), or the equivalent of approximately 78,500 tons of zinc metal as shown in Table 1.

Table 1: Mineral Resources at Mae Sod mine, December 31st 2014

Category	dmt	Zinc Grade (%Zn)
Measured Resource	251,000	10.55
Indicated Resource	697,000	7.67
Total	930,000	8.45

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 (Assistant Manager-Geotechnical Engineering, 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 activities that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. 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.

Ore reserves exclude the new mining lease application area which was cancelled, and would have consisted of 558,000 dmt at 11.56% Zinc (Zn), containing 64,500 tons of zinc metal as shown in Table 2.

Table 2: Ore Reserves at Mae Sod mine, December 31st 2014

Category	dmt	Zinc Grade (%Zn)
Stock	120,000	14.78
Proven Reserve	235,000	11.60
Probable Reserve	203,000	9.62
Total	558,000	11.56

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 (Manager-Ore Production, 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 activities that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Somchok Yu-iat consents to the inclusion in this Report of the matters based on their information in the form and context in which it appears.

Process & Technology Innovation (PTI)

In 2014, the Process & Technology Innovation Department (PTI) elaborated on several research and development (R&D) projects that could be applied to any supply chain level, specifically the recycling of waste materials that could support any or all of PDI business lines: PDI materials, PDI eco, and PDI energy.

Several R&D projects to support the material business were deployed in order to enable the retrieval of materials from recyclable (industrial) waste for production of new or existing commodities or products. One such project involved a process to enhance the electroextraction that produced more zinc metal directly from crude zinc oxide. Crude zinc oxide is the material from electric arc furnace (EAF) dust recycling, a process used to produce zinc compounds from EAF dust recycled zinc. Also a process to produce copper metal from copper bearing waste materials, was elaborated.

A number of R&D projects have been started to support the transformation processes of (industrial) waste or biomass to energy.

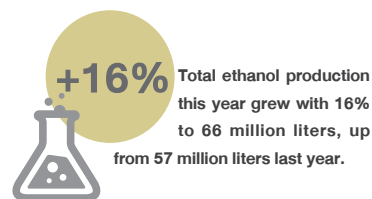
The development of zinc products that respond to the dynamics of the Thai market is another target of the PTI department. The Thai zinc galvanizing market and associated technologies are moving in a new direction, away from the traditional galvanizing process as in the rest of the Southeast Asia region. PTI worked on some similar zinc product developments, such as a high aluminum-contained-zinc alloys, which can potentially support and participate in the evolution of Thai zinc galvanizing industry.



The Operations of Our Subsidiaries and Joint-Ventures

Maesod Clean Energy Co., Ltd.

For the sixth straight year, Maesod Clean Energy has been successfully producing ethanol from sugarcane. Total ethanol production this year grew with 16% to 66 million liters, up from 57 million liters last year. However, our production of raw sugarcane remained at 300,000 tons, which was virtually the same as last year and below our target. This was primarily due to a mixture of challenging weather conditions in 2014, as well as a lack of experienced farmers to manage crops. As a result of disappointing sugarcane production, we had to secure 160,000 tons of molasses from an external source in order to achieve the stated growth in ethanol production.



In 2014, Maesod Clean Energy produced 74 million kilowatts, a seven percent rise from last year, and sold 43 million kilowatts of surplus electricity to the Thailand's Provincial Electricity Authority. This accounted for a 41% rise from last year's sale of 31 million kilowatts.

The rises in ethanol sales and generated electricity led to an improved financial performance. Maesod Clean Energy was able to record its first annual profit of Baht 3.1 million. In the forthcoming year, we will be improving the production efficiency of ethanol from sugarcane and molasses in a bid to lower the production cost per unit and seek higher operating profits.

Financial Review

Overview of Company Performance in 2014



Note: The following management review is based on a formation of accounts which may not have been audited. The purpose of presenting such a format is to disclose the results in a way more useful 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 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 the Thai Baht to the US Dollar, 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 2014 was USD 2,162 per ton, a 13% increase compared to the price of USD1,910 per ton in 2013. This was supported by the understanding that some big zinc mines will close in the very near future, as well as the improved trend of the US economy, despite a slowdown of the Chinese economy and the geographical political unrest. However, the zinc metal has shown its strong position with a lesser reduction of its year-end closing price from the highest price level of the year in the third quarter, compared with other base metals.

The average exchange rate of Thai Baht against US Dollar in 2014 was Baht 32.62 to the dollar, which represents a 6% depreciation from Baht 30.86 in 2013. The Thai Baht weakened against the US Dollar due to the impact of the Thai political situation, as well as signs of recovery of in the US economy.

In 2014, the Company generated net revenue from zinc sales of Baht 5,427 million, an eight percent increase compared to Baht 5,036 million in the previous year. The increase in zinc sales resulted mainly from the higher zinc price and the depreciated Thai Baht against the US Dollar. The 2014 average of sales premium on zinc metal was also improved compared to previous year. This resulted from the supply shortage of zinc metal in the market, especially that of the Thai market. The sales volume of zinc metal dropped from the previous year due to the slowdown of the Thai economy, particularly in the automotive sector. This impacted the ratio of zinc alloy sales being dropped by five percent from previous year.

Despite this, and in an effort to protect cash flow from operations, PDI hedged 70% of 2014 zinc metal production from its Mae - Sod mine at USD 2,072 per ton on average. The Company then had an opportunity loss from strategic hedging in 2014, as the hedged price of zinc metal was lower than the actual average price of zinc.

The income of by-products decreased compared to the previous year. This was in line with the Company plan to reduce feed from imported zinc concentrate. It resulted in less recovery of by-products including copper, PLP and sulphuric acid.

The raw material costs decreased with more than 25% from previous year, by optimizing production and using more resources from the Company's own mine in accordance with the strategic decision of the Group to realign production and focus more on its own resources.

In 2014, a decrease of seven percent from the previous year was recognized in total operating expenses from a strict control process. Depreciation and other expenses increased from the previous year due to an additional provision of Baht 150 million. This resulted from reviewing the residual ponds with an updated utilization plan and decommissioning cost. This will serve as preparation for the Company's endeavour into Green Business.

The Group announced a consolidated net profit of Baht 461 million, which a significant improvement compared to the net loss of Baht 522 million in 2013. The consolidated earnings per share in 2014 are Baht 2.04, compared with a loss per share of Baht 2.31 in 2013.

The Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) in 2014

substantially improved to Baht 832 million, compared to a negative EBITDA of Baht 307 million in 2013. This represents an increase of over Baht 1 billion, and it confirms and emphasizes the continuous improvement in PDI's operations and performance.

The prospering global economy will increase the demand for zinc. Supply of zinc ores is anticipated to shrink as zinc mines are being depleted and investment in zinc mining remains stagnant. Some shortages in supply can already be seen, and are expected to grow further, especially starting from the second half of 2015, at a point when some major mines are predicted to close. This anticipation will presumably allow zinc prices to remain high over the next year.

While the zinc industry is recovering, offering a high zinc price and favourable exchange rate, the PDI Group has also made significant internal efforts to further enhance its operations. The monitoring and controlling of operating expenses and capital expenditures is carefully continued to facilitate positive results in the future.

Nevertheless, the volatility of zinc price and the depletion of the Mae Sod mine will have a major impact on PDI's performance. Therefore, since early last year, the PDI Group has been exploring new business opportunities to enable robust and sustainable growth. A number of different projects in the field of renewable energy, recycling, and waste management have been studied and explored.



Statement of Financial Position

Assets and Liabilities

At the end of 2014, total assets of the PDI Group reached Baht 5.55 billion, an increase of Baht 314 million compared to last year. The cash and cash equivalent, including short-term deposits, were increased from Baht 679 million in 2013 to Baht 1.72 billion in 2014. while there were a reduction in inventories. The restoration costs related to residual ponds at the Tak smelting facilities were reviewed and the amount of Baht 149.4 million was provisioned for impairment.

At the end of 2014, total liabilities decreased by Baht 69 million to Baht 2.23 billion from Baht 2.29 billion in 2013. The decrease follows from debt and trade payables repayment. The advances of Baht 50 million related to a joint venture agreement on Padaeng Industry (Laos) was received and included in other non-current liabilities as of December 31, 2014.

Shareholder's Equity

As of December 31, 2014, the total shareholder's equity of PDI amounted to Baht 3.33 billion, a net increase of Baht 383 million compared to the previous year. This mainly resulted from the enhanced performance during 2014.

On February 20, 2015, the Board of Directors approved a dividend payment of Baht 90.4 million from the net profit of the operating year 2014. The dividend payment to shareholders will occur in May 2015, and is subject to approval at the annual shareholder meeting scheduled for April 27, 2015.

Cash Flow and Capital Expenditures

The net cash generated from operating activities for 2014 of the Group was Baht 1.68 billion, compared to Baht 10 million in 2013. This resulted mostly from significant improvement in operations and reduction of inventories.

In 2014, the cash flow from investing activities in property, plant, and equipment of the PDI Group was Baht 1.06 billion. This included Baht 800 million of short-term fixed deposits. The capital expenditure for the maintenance of machinery and equipment was Baht 116.2 million. The investing amount of Baht 164.1 million was from the increase of provisions on residual ponds, to be offset with Baht 47.4 million of asset impairment and Baht 102.2 million from decommissioning the costs of written-off items in cash flow from operating activities.

The net cash flow of Baht 386.5 million was used in financing the activities of 2014, mainly for short-term loan repayments, amounting to Baht 329.7 million, and dividend payments for the previous year's operations, which amounted to Baht 67.8 million.

The PDI Group sustained a healthy financial position with consolidated net cash of Baht 915 million by the end of 2014, excluding short term deposits of Baht 800 million.



	Year 2013		Year 2014	
Averages				
LME Zn (USD/ton)		1,910		2,162
LME Cu (USD/ton)		7,326		6,859
USD/Baht		30.86		32.62
Zn (Baht/ton)		58,962		70,526
Cu (Baht/ton)		226,117		223,761
	ton	2013 million Baht	ton	2014 million Baht
Net Zinc sales	69,283	5,036	75,841	5,427
Net Copper sales	17	68	301	4
Net Acid sales	46,376	174	77,926	96
Net PLP sales	1,135	95	10,625	14
Company revenue		5,372		5,541
Other income		10		6
Expenses				
Zinc purchased		2,397		1,798
PLP purchased		36		9
Alloying metals		109		90
Sulphur		236		255
Total raw materials		2,779		2,152
Personnel expenses		456		511
Energy expenses		1,123		1,033
Materials and supplies		73		50
Consumables		253		237
Services (freight, contracts)		361		419
Other expenses		115		284
Depreciation& amortisation		247		363
Subtotal		5,407		5,049
Gain (loss) on foreign exchange		(33)		4
Financial income (expenses) - net		(5)		13
Gain from fixed asset sales		0		0
Loss from provision		(441)		0
Net consolidation effect - profit/(loss)		(5)		(4)
Share of loss from joint venture		(14)		1
Operating result		(522)		513
Corporate income tax		0		(51)
Net operating result		(522)		461

Note: PLP stands for Padaeng Leached Product (Lead-silver residue)

Development in Related Companies

Puthep Co., Ltd.

Since August 21, 2000, a Participation Agreement was kicked off between the Company and Pan Australian Resources Limited (PanAust) and PNA (Puthep) Pty Ltd., which is a wholly owned subsidiary of PanAust, in order to embark on the exploration and mining of the Puthep Copper Project in Loei Province, in the Northeastern region of Thailand.

As of December 31, 2014, the capitalized exploration and acquisition costs incurred by Puthep amounted to Baht 926 million, which was mainly financed in the form of equity and loans coming from PNA (Puthep). long term loan, including the accrued interest of Baht 584 million has been provided by PNA (Puthep) to finance the project. According to the loan agreement, the repayment of the loan will come as soon as Puthep generates sufficient profit.

Even though the viability of the project had been confirmed based on actualized assumptions for metal prices, investment, and operating costs, Puthep's acquisition of mining operation permits remained a major hurdle, primarily due to the increasing general public concerns with respect to mining in Thailand, and even more so for the Loei region.



In 2013, the Company decided to cease any further activities and recognized a provision of all capitalized exploration costs. The Company has started discussions with PNA (Puthep), the other shareholder, to consider the possibility of the dissolution of Puthep in the near future.

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

In 2012, the Company's management concluded that substantial expenditures and other alternative drilling methods would be required to proceed with the zinc exploration Project of Padaeng Industry (Laos) Co., Ltd. (PDIL). Therefore, PDIL has ceased all its exploration activities and has recognized a provision of Baht 107 million for impairment with respect to the exploration costs capitalized since 2012.

In 2013, PDIL was approached by a potential investor with interest in further development and possibly taking over the project. This initiated a series of negotiations. As of December 31, 2014, the negotiations with the potential buyer have continued and are expected to conclude at some point within 2015.

PDI Materials Co., Ltd. (PDI Materials)

In line with the Company strategic plan, Southeast Asia Metal Co., Ltd., a wholly owned subsidiary of Padaeng Properties Co., Ltd., has been renamed to PDI Materials Co., Ltd., as of June 24, 2014, with the purpose of accommodating the PDI Group in its zinc and other metals related business in the near future.



PDI Energy Co., Ltd. (PDI Energy)

In line with the Company strategic plan, Padaeng International Mining Co., Ltd., a wholly owned subsidiary of PDI, has been renamed to PDI Energy, as of since May 12, 2014, with the purpose of being a vehicle for investment and operation in renewable energy.

Since 2013, a number of projects have been studied to identify potential investment. However, there are no confirmed projects at this point, as related regulations regarding permissions are still unclear. The Company expects the regulations to be finalized soon.

PDI Eco Co., Ltd. (PDI Eco)

PDI Eco Co., Ltd., a wholly owned subsidiary of the Company, has been established since June 16, 2014, with the purpose to be a vehicle for investment and operation in waste treatment.

Maesod Clean Energy Co., Ltd. (MCE)

Maesod Clean Energy Co., Ltd., or simply MCE, has been provided with a shareholder loan of Baht 105 million by the Company as of October 5, 2011. The purpose was to improve the liquidity of MCE, and in 2014, the operation of was substantially improved from previous year. The operating profit increased by 30% and MCE was able to generate a net profit of Baht 3.1 million. Despite this, the liquidity improvement is still in consideration due to the shortage of sugarcane supply in that area.



Business Risk Assessment

Identifying and Mitigating the Inherent Risks of New Green Businesses

In 2014, PDI ventured in a new direction towards green businesses for sustainable growth. Our company has restructured its organization into three business units: PDI Materials, PDI Eco, and PDI Energy; with the intention of targeting added value materials, waste management and renewable energy projects. As with all new projects, a level of uncertainty and risk is involved, and green business are no different. We at PDI have always deployed sound risk management as part of the strategy for achieving our corporate objectives and reaching our goals. This strategy has added value to the Company by

balancing costs with expected results. We aim to identify and mitigate the risks inherent to our ongoing activities as well as those that arise from venturing into new green business. The major risks for the Company include:

• Credit Risk

Our main credit risks at PDI occur in our accounts receivable. PDI actively monitors payment performance of all its customers and evaluates their solvency prior to granting any credit. In addition to this, we apply a credit insurance system for non-credit worthy customers in order to cover receivables that are not supported by cash advance, a bank guarantee, or a letter of credit. A yearly audit plan has been taken to ensure the proper treatment of all of our accounts receivable.



• **Commodity Price Exposure**

Through the nature of our business, PDI is exposed to fluctuations in the market price of commodities. For day-to-day operations, we engage in transactional hedging, meaning that we generally limit hedging transactions to cover the time risks between raw material purchases and the sale of metals, in order to cover any exposure on fixed-price forward sales of metals for our customers.

As reported last year PDI sold forward a total of 26,300 tons. of zinc covering 67% of PDI's Mae Sod mine 2014 production. This forward selling has protected our income against fluctuations in the LME zinc price and the US dollar to Thai Baht exchange rate. Although these strategic hedging transactions have at times prevented PDI from taking advantage of a potential upside on the zinc metal tonnage hedged, the Company was able to lock-in an acceptable return for its shareholders. The strategic hedging policy is still active and will be ongoing in 2015. Any decisions for strategic hedging will be made at the Board level, following a detailed screening of proposals given by our management.

• **Currency Exposure**

PDI incurs foreign currency risk on sales, purchases, and borrowings that are made in currencies other than Thai Baht. The primary currency giving rise to this risk is the US dollar. We address this exposure by using foreign-exchange forward contracts and US dollar deposits.

• **Raw Materials and Exploration**

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

In 2014, PDI and its subsidiaries ceased all of its mining exploration activities. Any expenses incurred by exploration activities have already been capitalized and if necessary impaired in previous years, according to the potential of the exploration projects.

• **Social and Environmental Issues**

PDI operates its mine and refinery under licenses and permits issued by governmental authorities which require our emissions to meet regulatory standards. Occupational health and safety risks are also assessed and monitored in accordance with these standards.

In order to meet our current obligations at our mining operations, provisions are made for the present value of the rehabilitation and risk fund. These provisions have been continuously reviewed in anticipation of costs incurred by upcoming changes in social and environmental laws and regulations. This is to ensure sufficient provisions for environmentally -related expenditures that are to be expected.

• **New Projects**

As mentioned earlier, PDI has embarked upon green business ventures and projects. All new projects studied are supported by a strict risk assessment process, following our standard procedures, in order to identify and mitigate any risks that might occur. This covers all areas of the project, including technical, financial, environmental and business risks. These risks are presented to the Board of Directors before any final decisions are made.

2014 Board of Directors, Strategic Committee, Audit Committee and Nomination and Remuneration Committee



Paron Israsena

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

Arsa Sarasin

Chairman

Francis Vanbellen

Director, Managing Director
and Strategic Committee
Member



Vinai Vamvanij

Independent Director
and Audit Committee
Chairman

Karel Vinck

Independent Director
and Strategic
Committee Member

Pinit Vongmasa

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

Aswin Kongsiri

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

**1 ARSA
SARASIN**
78 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 • Chairman, Mitsubishi Elevator Asia Co., Ltd.

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

**2 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 • Director Certification Program (DCP), IOD, Bangkok, Thailand

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

Other current position • Chairman of the Board, PDI Materials Co., Ltd., Bangkok Thailand • Chairman of the Supervisory Board, GMM Quartz, Berlin, Germany • Director, Belgian-Luxembourg/Thai Chamber of Commerce, Bangkok, Thailand • Director, Maesod Clean Energy Co. Ltd., Bangkok, Thailand • Director, Puthet Co. Ltd., Bangkok, Thailand • Director, GMM Quartz, Antwerp, Belgium • Director, 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 : None

Date of the first appointment: April 26, 2012

**3 PARON
ISRASENA**
87 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, Chairman of the Audit Committee and Risk Management Chairman, Summakorn Public Company Limited • Chairman of the Board of Directors, Thaicom Public Company Limited

Other current position • Member, National Reform Council • Chairman, Educational Reform and Personal Development Commission • Chairman, Mitr Technical Consultant Co., Ltd • President, Darunsikhalai School for Innovative Learning of King Mongkut's University of Technology Thonburi • Vice President, Thaicom Foundation • Committee, Swissotel Park Nai Lert • Member and Chairman of Audit Committee, the Thai Red Cross Society • Board Member, National Competitiveness Development Committee • 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 • Member of Chiang Mai University Council

% Share possession: None

Date of the first appointment: April 28, 1994

<p>4 KAREL VINCK 76 Years Old Independent Director and Strategic Committee Member</p>	<p>Education • Master's Degree in Electrical and Mechanical Engineering, Katholieke Universiteit Leuven (KUL), Belgium • Master of Business Administration, Cornell University, U.S.A.</p> <p>Current position • Director, La Monnaie Opera House • Coordinator European Commission ERTMS, for Railway Transport • Director, Tessenderlo Chemicals, Belgium • Director, Nyrstar N.Y., Belgium • Senior Advisor, Roland Berger Consultants, Germany</p> <p>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</p> <p>% Share possession: None</p> <p>Date of the first appointment: July 13, 2000</p>
<p>5 VINAI VAMVANIJ 74 Years Old Independent Director and Audit Committee Chairman</p>	<p>Education • Professional Accountancy, CPA, Australia</p> <p>Training • Thai Institute of Directors Association - Advance Audit Committee Program 2013 - Chartered Director Class 2007 - Audit Committee Program 2007 - DCP Refresher Course - Director Certification Program 2001 - Chairman 2000 - Creating a Strategic Direction</p> <p>Current position • Director, Palang Sophon Company Limited • Director, Continental Petrochemical (Thailand) Company Limited</p> <p>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</p> <p>% Share possession: 0.0035</p> <p>Date of the first appointment: November 6, 1998</p>
<p>6 ASWIN KONGSIRI 69 Years Old Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member</p>	<p>Education • B.A. (Hons.) in Philosophy, Politics and Economics, Oxford University, England</p> <p>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</p> <p>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</p> <p>Other current position • Chairman, Thai Orix Leasing Company Limited • Chairman, Ton Poh Thailand Fund</p> <p>Working experience • Member, Monetary Policy Committee, Bank of Thailand • 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</p> <p>% Share possession: None</p> <p>Date of the first appointment: April 10, 1981</p>
<p>7 PINIT VONGMASA 70 Years Old Independent Director, Strategic Committee Member and Nomination and Remuneration Committee Member</p>	<p>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.</p> <p>Training • Thai Institute of Directors Association - Director Certification Program (DCP), 2001</p> <p>Current position in listed company • Independent Director, Strategic Committee Member and Nomination and Remuneration Committee Member, Padaeng Industry Public Company Limited</p> <p>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</p> <p>% Share possession: None</p> <p>Date of the first appointment: June 1, 1999</p>

Remark: Board of Directors resigned during the year on page 129

Company Executives



Surin Tanticharoenkiat

Corporate Vice President -
Internal Audit, Company Secretary

Tianchai Singhakarn

Executive Vice President -
Mae Sod Mining

Chaya Hasdiseve

Executive Vice President -
Commercial

Francis Vanbellen

Managing Director

Manoch Jaroenvuthitham

Executive Vice President -
Tak Operations



Pothong Pipatpaiboon
Vice President - Maintenance

Unnop Tungkananukulchai
Corporate Vice President -
Regulatory Affairs

Siam Dowmanee
Corporate Vice President -
Process & Technology Innovation
Executive Vice President -
Rayong Operations

Woratip Rerkpiboon
Corporate Vice President - Finance

Chitchai Thaveepanich
Corporate Vice President -
Human Resources

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 2015.

In 2014, 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. Using the result from its internal audit department's recommendation, PDI continues to improve the efficiency and effectiveness of the control systems which aim to lead to continuous improvement and sustainable development. For year 2014 the areas that benefit from the

audit work and improve in internal control include ore procurement process and metal hedging process, fixed asset management, treasury and cash management, logistic management.

In addition to internal audits and control, the Audit Committee also oversees risk management. In this dynamic environment, PDI has emphasized risk prevention measurements and risk management, with the anticipation of upcoming changes in internal factors, economic changes, and general external influences as well as those that arise from venturing into new green business. For 2014, and continuing into 2015, PDI has also conducted its risk assessment to focus on fraud and anticorruption, in addition to its normal operation risks.

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 Mrs. Nattaporn Phan-Udom Certified Public Accountant (Thailand) No. 3430 and/or Mr. Paiboon Tunkoon Certified Public Accountant (Thailand) No. 4298 and/or Mr. Pisit Thangtanagul Certified Public Accountant (Thailand) No. 4095 of PricewaterhouseCoopers ABAS Ltd. to conduct the audit of financial statements for the Company and its subsidiaries for the year 2015.



(Vinai Vamvanij)

Chairman of the Audit Committee
March 12, 2015

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, 2014, 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.

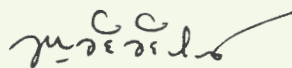
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The

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, 2014, 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 20, 2015



Statements of Financial Position

As at December 31, 2014

	Notes	Consolidated		Company	
		December 31, 2014 Baht	December 31, 2013 Baht	December 31, 2014 Baht	December 31, 2013 Baht
Assets					
Current assets					
Cash and cash equivalents	6	914,927,885	679,285,633	741,125,578	534,625,583
Short-term investments	7	800,000,000	-	800,000,000	-
Trade accounts receivable	8	286,769,252	300,307,845	286,059,008	299,662,016
Trade accounts receivable-related party	26 (iv)	-	-	-	14,926,497
Inventories	9	1,734,189,154	2,211,754,503	1,734,189,154	2,211,754,503
Value added tax receivables		65,173,269	164,317,756	64,194,899	163,383,499
Other receivables-related parties	26 (v)	-	-	66,444	90,202
Other current assets		11,591,998	7,869,281	8,474,718	7,166,549
Total current assets		3,812,651,558	3,363,535,018	3,634,109,801	3,231,608,849
Non-current assets					
Advances to related parties	26 (vi)	-	-	477,630	-
Investments in subsidiaries	26 (i)	-	-	117,549,925	80,000,000
Investment in jointly controlled entity	26 (i)	56,887,175	55,790,538	236,249,800	236,249,800
Long-term loan to jointly controlled entity	26 (i)	105,000,000	105,000,000	105,000,000	105,000,000
Property, plant and equipment	10	1,358,486,212	1,533,092,293	1,361,316,034	1,534,816,033
Exploration and acquisition costs	11	19,529,937	26,962,570	19,529,937	26,962,570
Deferred tax assets	12	129,792,121	114,596,606	15,195,515	-
Other non-current assets					
- deferred environmental rehabilitation expenses	13 (i)	48,339,825	21,189,606	48,339,825	21,189,606
- deferred environmental risk assurance expenses	13 (ii)	8,622,852	13,045,286	8,622,852	13,045,286
- others	13 (iii)	10,769,862	2,687,655	2,062,860	2,541,469
Total non-current assets		1,737,427,984	1,872,364,554	1,914,344,378	2,019,804,764
Total assets		5,550,079,542	5,235,899,572	5,548,454,179	5,251,413,613

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

Statements of Financial Position (Cont'd)

As at December 31, 2014

		Consolidated		Company	
	Notes	December 31, 2014 Baht	December 31, 2013 Baht	December 31, 2014 Baht	December 31, 2013 Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	503,481,882	826,635,779	503,481,882	826,635,779
Trade accounts payable		187,694,346	304,316,132	186,647,175	318,172,297
Accrued electricity expenses		194,047,406	190,811,384	194,047,406	190,811,384
Other payables-related party	26 (vii)	-	-	374,420	668,362
Income tax payable		63,909,799	102,970	63,667,146	-
Other current liabilities	18	154,580,954	85,086,440	150,242,634	80,099,429
Total current liabilities		1,103,714,387	1,406,952,705	1,098,460,663	1,416,387,251
Non-current liabilities					
Long-term loan from other party	26 (ix)	514,770,588	503,841,740	-	-
Accrued interest expenses-other party	26 (ix)	69,141,292	69,141,292	-	-
Provision for cadmium legal case	28	27,000,000	27,000,000	27,000,000	27,000,000
Provision for restoration and rehabilitation expenses	16	390,327,856	181,211,191	390,327,856	181,211,191
Employee benefit obligations	17	119,912,183	105,502,928	119,888,183	103,124,126
Total non-current liabilities		1,121,151,919	886,697,151	537,216,039	311,335,317
Total liabilities		2,224,866,306	2,293,649,856	1,635,676,702	1,727,722,568

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

Statements of Financial Position (Cont'd)

As at December 31, 2014

	Notes	Consolidated		Company	
		December 31, 2014 Baht	December 31, 2013 Baht	December 31, 2014 Baht	December 31, 2013 Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital					
226,000,000 ordinary shares					
of Baht 10 each		2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Issued and paid-up share capital					
226,000,000 ordinary shares					
of Baht 10 each, fully paid	20	2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Premium on share capital	20	602,413,600	602,413,600	602,413,600	602,413,600
Cumulative currency differences on translation		(7,133,551)	(8,362,167)	-	-
Retained earnings					
Appropriated legal reserve	21	226,000,000	226,000,000	226,000,000	226,000,000
Unappropriated		442,295,060	55,964,001	824,363,877	435,277,445
Total equity attributable to owner of the parent company		3,523,575,109	3,136,015,434	3,912,777,477	3,523,691,045
Non-controlling interests		(198,361,873)	(193,765,718)	-	-
Total shareholders' equity		3,325,213,236	2,942,249,716	3,912,777,477	3,523,691,045
Total liabilities and shareholders' equity		5,550,079,542	5,235,899,572	5,548,454,179	5,251,413,613

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

Statements of Comprehensive Income

For the year ended December 31, 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Sales and services		5,593,073,716	5,466,270,554	5,581,749,637	5,453,095,903
Cost of sales and services		(4,741,452,867)	(5,175,942,082)	(4,735,369,037)	(5,168,107,296)
Gross profit		851,620,849	290,328,472	846,380,600	284,988,607
Other operating income		25,880,764	23,614,783	23,941,372	21,646,098
Gain (loss) on exchange rate		3,958,151	(31,470,926)	6,200,198	(39,902,618)
Gain on sale of fixed assets		1,368,458	5,159,073	1,368,458	5,446,863
Profit before expenses		882,828,222	287,631,402	877,890,628	272,178,950
Selling expenses		(39,779,719)	(72,365,344)	(39,779,719)	(72,365,344)
Operating and administrative expenses		(329,173,493)	(1,231,294,239)	(316,206,282)	(433,753,822)
Total expenses		(368,953,212)	(1,303,659,583)	(355,986,001)	(506,119,166)
Operating profit (loss)		513,875,010	(1,016,028,181)	521,904,627	(233,940,216)
Share of gain (loss) of investment in jointly controlled entity on equity method	26 (i)	1,096,637	(14,148,559)	-	-
Profit (loss) before finance costs and corporate income tax		514,971,647	(1,030,176,740)	521,904,627	(233,940,216)
Finance costs		(6,630,983)	(8,710,431)	(6,630,983)	(8,710,431)
Profit (loss) before corporate income tax		508,340,664	(1,038,887,171)	515,273,644	(242,650,647)
Corporate income tax (expense)	23	(51,809,765)	114,319,840	(51,391,217)	-
Net profit (loss) for the year		456,530,899	(924,567,331)	463,882,427	(242,650,647)
Other comprehensive income					
Actuarial (loss) gain on defined benefit plan	17	(6,998,044)	7,929,871	(6,998,044)	7,929,871
Currency differences on translation		1,228,616	(8,362,167)	-	-
Total comprehensive income (expenses) for the year		450,761,471	(924,999,627)	456,884,383	(234,720,776)
Net profit (loss) for the period attributable to:					
Owners of the parent		461,127,054	(521,700,072)	463,882,427	(242,650,647)
Non-controlling interests		(4,596,155)	(402,867,259)	-	-
		456,530,899	(924,567,331)	463,882,427	(242,650,647)
Total comprehensive income (loss) for the year attributable to:					
Owners of the parent		455,357,626	(522,132,368)	456,884,383	(234,720,776)
Non-controlling interests		(4,596,155)	(402,867,259)	-	-
		450,761,471	(924,999,627)	456,884,383	(234,720,776)
Earnings (loss) per share					
Basic earnings (loss) per share		2.04	(2.31)	2.05	(1.07)

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

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2014

Consolidated								
Attributable to owners of the parent								
Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Cumulative currency differences on translation 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, 2014	2,260,000,000	602,413,600	(8,362,167)	226,000,000	55,964,001	3,136,015,434	(193,765,718)	2,942,249,716
Net profit for the year	-	-	-	-	461,127,054	461,127,054	(4,596,155)	456,530,899
Dividend paid 24	-	-	-	-	(67,797,951)	(67,797,951)	-	(67,797,951)
Other comprehensive income								
Actuarial loss on defined benefit plan	-	-	-	-	(6,998,044)	(6,998,044)	-	(6,998,044)
Currency Differences on translation, net of tax	-	-	1,228,616	-	-	1,228,616	-	1,228,616
Total comprehensive income (expense) for the year	-	-	1,228,616	-	386,331,059	387,559,675	(4,596,155)	382,963,520
Closing balance as at December 31, 2014	2,260,000,000	602,413,600	(7,133,551)	226,000,000	442,295,060	3,523,575,109	(198,361,873)	3,325,213,236
Opening balance as at January 1, 2013	2,260,000,000	602,413,600	-	226,000,000	569,734,202	3,658,147,802	209,101,541	3,867,249,343
Net loss for the year	-	-	-	-	(521,700,072)	(521,700,072)	(402,867,259)	(924,567,331)
Other comprehensive income								
Actuarial gain on defined benefit plan	-	-	-	-	7,929,871	7,929,871	-	7,929,871
Currency Differences on translation, net of tax	-	-	(8,362,167)	-	-	(8,362,167)	-	(8,362,167)
Total comprehensive income (expense) for the year	-	-	(8,362,167)	-	(513,770,201)	(522,132,368)	(402,867,259)	(924,999,627)
Closing balance as at December 31, 2013	2,260,000,000	602,413,600	(8,362,167)	226,000,000	55,964,001	3,136,015,434	(193,765,718)	2,942,249,716

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

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2014

Company					
Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total shareholders' equity Baht
			Appropriated legal reserve Baht	Unappropriated Baht	
Opening balance as at January 1, 2014	2,260,000,000	602,413,600	226,000,000	435,277,445	3,523,691,045
Net profit for the year	-	-	-	463,882,427	463,882,427
Dividend paid 24	-	-	-	(67,797,951)	(67,797,951)
Other comprehensive income					
Actuarial loss on defined benefit plan	-	-	-	(6,998,044)	(6,998,044)
Total comprehensive income for the year	-	-	-	389,086,432	389,086,432
Closing balance as at December 31, 2014	2,260,000,000	602,413,600	226,000,000	824,363,877	3,912,777,477
Opening balance as at January 1, 2013	2,260,000,000	602,413,600	226,000,000	669,998,221	3,758,411,821
Net loss for the year	-	-	-	(242,650,647)	(242,650,647)
Other comprehensive income					
Actuarial gain on defined benefit plan	-	-	-	7,929,871	7,929,871
Total comprehensive income (expense) 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

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

Statements of Cash Flows

For the year ended December 31, 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash flows from operating activities					
Profit (loss) before income tax		508,340,664	(1,038,887,171)	515,273,644	(242,650,647)
Adjustments for:					
Unrealised loss on foreign currency		7,575,565	27,212,123	7,575,565	38,791,790
Depreciation and amortisation expenses	22	330,783,416	278,967,387	330,305,222	278,506,520
Interest expenses		6,630,983	8,710,431	6,630,983	8,710,431
Interest income		(18,180,201)	(15,254,602)	(15,234,946)	(11,937,717)
Share of (gain) loss from jointly controlled entity	26 (i)	(1,096,637)	14,148,559	-	-
Allowance for doubtful debts	26 (i)	-	-	(123,262,778)	2,023,486
Allowance of slow-moving and obsolete stocks (reversal)		(3,337,090)	(1,698,588)	(3,337,090)	(1,698,588)
Provisions for employee benefits	17	12,094,477	13,038,285	11,856,043	12,403,383
Provisions for annual leave		-	(3,613,756)	-	(3,613,756)
Gain on disposal of property, plant and equipment		(1,368,460)	(5,446,863)	(1,368,460)	(5,446,863)
Provision for asset impairment		47,399,742	5,887,688	47,399,742	5,887,688
Provisions for restoration expense	16	226,403,871	88,139,160	226,403,871	88,139,160
Diminution (reversal) of investment		-	-	(100,000)	145,650,772
Exploration costs written-down	11, 22	4,366,375	926,283,470	4,366,375	-
Fixed assets and decommissioning costs written off	22	102,236,982	14,914	101,573,975	14,914

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

Statements of Cash Flows (Cont'd)

For the year ended December 31, 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Changes in operating assets and liabilities					
Trade accounts receivable-other parties		12,756,991	(16,565,533)	12,821,406	(17,334,123)
Trade accounts receivable-related parties		-	-	14,926,497	(14,926,497)
Inventories		480,902,439	(224,185,930)	480,902,439	(224,185,930)
Value added tax receivables		99,144,487	(33,089,652)	99,188,600	(33,037,525)
Other receivables-related parties		-	-	37,373,926	283,098
Prepayment to a related party		-	-	85,434,980	(2,012,694)
Other current assets		(3,521,989)	18,346,758	(1,184,966)	17,788,577
Other non-current assets					
- deferred environmental		(44,907,372)	(4,508,390)	(44,907,372)	(4,508,390)
- others		(8,740,919)	4,780,697	(154,918)	4,757,178
Trade accounts payable		(117,550,208)	(528,720)	(132,453,544)	15,109,384
Accrued electricity expenses		3,236,022	(11,450,247)	3,236,022	(11,450,247)
Royalty payable		(1,740,000)	1,530,000	(1,740,000)	1,530,000
Other payable-related parties		-	-	(293,942)	-
Other current liabilities		72,854,378	9,404,056	72,018,267	5,116,352
Provision for cadmium legal case		-	(27,000,000)	-	(27,000,000)
Provisions for restoration expenses utilised	16	(17,287,206)	(11,196,606)	(17,287,206)	(11,196,606)
Provisions for employee benefits expenses utilised	17	(4,683,266)	(27,662,661)	(2,090,030)	(27,662,661)
Cash generated from (used in) operation		1,692,313,044	(24,625,191)	1,713,872,305	(13,949,511)
Interest paid		(6,892,430)	(9,232,738)	(6,892,430)	(9,232,738)
Income tax paid		(3,098,552)	(230,552)	(2,826,712)	-
Corporate income tax refund		-	44,118,504	-	44,118,504
Net cash provided by operating activities		1,682,322,062	10,030,023	1,704,153,163	20,936,255

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

Statements of Cash Flows (Cont'd)

For the year ended December 31, 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash flows from investing activities					
Cash paid for short-term investments	7	(800,000,000)	-	(800,000,000)	-
Cash paid for investments in subsidiaries		-	-	(37,449,925)	-
Interest received		17,716,263	15,429,553	15,111,743	12,036,619
Cash paid for purchase of property, plant and equipment	10	(280,317,632)	(362,201,991)	(280,307,697)	(361,998,828)
Cash received from sales of property, plant and equipment		1,776,589	5,609,206	1,776,589	5,609,206
Cash paid for exploration		-	(6,925,207)	-	(2,840,063)
Net cash used in investing activities		(1,060,824,780)	(348,088,439)	(1,100,869,290)	(347,193,066)
Cash flows from financing activities					
Payment on short-term loans from financial institutions		(329,682,738)	(10,678,854)	(329,682,738)	(10,678,854)
Proceeds from long-term loan from other party	26 (ix)	10,928,848	9,519,090	-	-
Dividends payment		(67,764,440)	(68,340)	(67,764,440)	(68,340)
Net cash used in financing activities		(386,518,330)	(1,228,104)	(397,447,178)	(10,747,194)
Effects from changes in exchange rate for cash and cash equivalents		663,300	(7,999,204)	663,300	(7,999,204)
Net increase (decrease) in cash and cash equivalents		235,642,252	(347,285,724)	206,499,995	(345,003,209)
Cash and cash equivalents at beginning of the year		679,285,633	1,026,571,357	534,625,583	879,628,792
Cash and cash equivalents at end of the year		914,927,885	679,285,633	741,125,578	534,625,583

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

Notes to the Consolidated and Company Financial Statements

1 General Information

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

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

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

Company

Principal activities

Padaeng Industry Public Co., Ltd.

Mining and smelting zinc, the main products are zinc and zinc alloys

Subsidiaries

Principal activities

Padaeng Properties Co., Ltd.

Providing property services

Puthep Co., Ltd.

Copper exploration

Padaeng Industry (Laos) Co., Ltd.

Zinc exploration and mining in Laos

PDI Energy Co., Ltd (formerly name is “Padaeng International Mining Co., Ltd.”)

Expand and diversify into renewable energy business

PDI Materials Co., Ltd. (formerly name “South East Asia Metals Co., Ltd.”)

Minerals exploration in Vietnam (non operating)

Ton Sangkasi Pte Ltd.

Trading of various base metals and their by-products

Minerals exploration, prospecting, mining and processing of base metals

PDI Eco Co., Ltd.

Expand and diversify into eco-management business

PDI Tak Solar One Co., Ltd.

Solar energy business

PDI Tak Solar Two Co., Ltd.

Solar energy business

PDI Tak Solar Three Co., Ltd.

Solar energy business

Jointly controlled entity

Principal activities

Maesod Clean Energy Co., Ltd.

Production and sales of ethanol and electricity

These consolidated and company financial statements have been authorized for issue by the Board of Directors at its meeting on February 20, 2015.

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 and company 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

2.2.1) Revised accounting standards which are effective on January 1, 2014 and are relevant to the Group. These implement have no impact to the Group.

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
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities

TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 10	Interim financial reporting and impairment

2.2.2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on January 1, 2015. These standards are relevant to the group and are not early adopted. The Group has not yet assess the full impact of the amendments.

a) Financial reporting standards, which are expected to have a major changes to the Group:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 20	Stripping costs in the production phase of a surface mine

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognized as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognized immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognized in profit or loss; and (b) past-service costs will be recognized in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period.

TAS 27 (revised 2014) provides the requirements relating to separate financial statements.

TAS 28 (revised 2014) provides the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs.

TFRIC 14 (Revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

TFRIC 20 (Revised 2014), this interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine.

b) Financial reporting standards with minor changes and do not have impact to the group are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 12 (revised 2014)	Income taxes

TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 10 (revised 2014)	Interim financial reporting and impairment

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 26 (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 26 (i).

2.4 General Investment

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) 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.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognized at cost, which is equal to the fair value of consideration paid plus transaction cost. General investments are non-marketable securities and are carried at cost less impairment.

Purchases and sales of investments are recognized 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 recognized in the profit or loss.

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

2.8 Inventories

Inventories are stated at the lower of cost or net realizable 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 labor, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Where net realizable 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. Allowances are 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 labor 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 amortized 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 recognized 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 capitalized 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 recognized 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 amortized 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 amortized 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 recognized as a provision.

Deferred environmental rehabilitation expenses and environmental risk assurance costs are amortized by the straight-line method over the useful life of mining area. Mine restoration assets are subsequently amortized on a unit-of production basis. The provisions are reviewed regularly and any changes in provisions are recognized 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 recognized in the profit or loss on a prospective basis over the remaining life of the operation. Accretion expenses recognized 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 amortization 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 recognized 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 levels for which there are separately identifiable cash flows. Assets other than goodwill that suffered 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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized 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 recognized, 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 realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. 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 recognized 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 unrecognized past-service costs. The defined benefit obligation is calculated 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 recognizes 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

Financial instrument contracts relating to foreign currency transactions 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 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 recognized 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 recognized in the financial statements upon settlement of the transactions; their valuation at period end is nevertheless mentioned in Note 27.

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 are based on the Group's management and internal reporting structure (See more information in Note 5).

3 Critical Accounting Estimates, Assumptions and Judgments

Accounting estimates, assumptions, and judgments 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 recognized 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 recognized 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 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, utilization and performance.

3.3 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.

3.4 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 judgment 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 recognized.

Deferred tax assets and liabilities are measures at the tax rates that are expected to apply to the period when the asset is realized 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 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 years ended 31 December

	2014 in million Baht	2013 in million Baht
Revenue domestic		
- zinc ingot	2,532	2,093
- zinc alloy	2,284	2,208
- others	144	290
Revenue export		
- zinc ingot	12	49
- zinc alloy	605	696
- others	16	130
Total sales and services	5,593	5,466
Operating profit (loss)	514	(1,016)
Net profit (loss) for the year	457	(925)

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 10.

6 Cash and Cash Equivalents

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash on hand	481,749	585,000	350,000	480,000
Deposits held at call with banks	472,822,410	364,180,685	299,151,852	219,625,635
Bill of exchange	441,623,726	314,519,948	441,623,726	314,519,948
Cash and cash equivalents	914,927,885	679,285,633	741,125,578	534,625,583

Average interest rates on deposits and bill of exchange are in the range of 0.10% - 3.10% per annum (2013: 0.10% - 2.71% per annum).

7 Investments

Short-term investments

Short-term investments represented fixed deposits at banks that have maturity date ranging from 4-7 months with interest rate ranged between 2.75 to 3.10 % per annum.

General investments

The Company also has general investments which are invested in third parties in the amount of Baht 14.40 million that have been fully written down in value.

8 Trade Accounts Receivable

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Trade accounts receivable	286,769,252	300,307,845	286,059,008	299,662,016
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable, net	286,769,252	300,307,845	286,059,008	299,662,016

Outstanding trade accounts receivable as at December 31, 2014 and 2013 can be analysed as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Up to 3 months	286,769,252	273,783,488	286,059,008	273,137,659
3 – 6 months	-	26,524,357	-	26,524,357
	286,769,252	300,307,845	286,059,008	299,662,016
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable, net	286,769,252	300,307,845	286,059,008	299,662,016

9 Inventories

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Raw materials	448,226,396	884,279,700	448,226,396	884,279,700
Spare parts and consumables	116,548,665	125,323,785	116,548,665	125,323,785
Goods in transit	8,689,196	145,109,975	8,689,196	145,109,975
Work in process	760,400,404	586,392,352	760,400,404	586,392,352
Finished goods	409,771,274	483,432,562	409,771,274	483,432,562
	1,743,635,935	2,224,538,374	1,743,635,935	2,224,538,374
<u>Less</u> Allowance for slow moving and obsolete inventories	(9,446,781)	(12,783,871)	(9,446,781)	(12,783,871)
Inventories-net	1,734,189,154	2,211,754,503	1,734,189,154	2,211,754,503

The cost of inventories recognized as expense and included in 'cost of sales' amounted to Baht 4,735 million (2013: Baht 5,168 million) in the consolidated and company financial statement. Inventories are presented net of allowance for net realizable value.

10 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, 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
Less 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
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	-	-	-	(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

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, 2014								
Opening balance	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
Additions	-	-	-	2,414,381	-	113,805,553	164,097,698	280,317,632
Transfers	17,783,150	14,296,586	150,134,447	6,399,914	1,619,907	(190,234,004)	-	-
Disposals	-	-	(992,463)	(78,673)	-	-	(101,573,975)	(102,645,111)
Reversal (Provision) for impairment	-	-	401,796	1,666,629	-	-	(49,468,167)	(47,399,742)
Depreciation expense	(35,032,694)	(63,647,548)	(173,512,573)	(8,145,074)	(11,304,408)	-	(13,236,563)	(304,878,860)
Closing net book value	432,628,737	152,163,066	614,976,457	36,675,952	19,585,503	18,853,805	83,602,692	1,358,486,212
At December 31, 2014								
Cost	853,206,891	1,676,864,720	5,711,351,767	496,460,986	231,872,909	18,853,805	257,297,505	9,245,908,583
Less Accumulated depreciation	(417,269,409)	(1,518,394,862)	(4,930,708,430)	(453,671,252)	(206,693,238)	-	(22,652,671)	(7,549,389,862)
Accumulated provision for impairment	(3,308,745)	(6,306,792)	(165,666,880)	(6,113,782)	(5,594,168)	-	(151,042,142)	(338,032,509)
Net book value	432,628,737	152,163,066	614,976,457	36,675,952	19,585,503	18,853,805	83,602,692	1,358,486,212

Company

	Land and land improvements	Buildings	Machinery and heavy equipment	Equipment, furniture and fixtures	Vehicles	Building and machinery under constructions	Mine restoration assets	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
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
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	-	-	-	(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
Less 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	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At January 1	187,987,655	182,099,966	187,987,655	182,099,966
Addition	150,044,854	5,887,689	149,375,522	5,887,689
At December 31	338,032,509	187,987,655	337,363,177	187,987,655

The provision for impairment for the year ended 31 December 2014 related to equipment no longer in use.

11 Exploration and Acquisition Costs

Exploration and acquisition costs as at 31 December comprise:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
<u>Exploration costs</u>				
At January 1	1,110,587,816	1,107,747,753	84,660,487	81,820,424
Expenditure incurred during the year	-	2,840,063	-	2,840,063
Transfer/ (out) exploration costs	1,110,587,816 (4,366,375)	1,110,587,816 -	84,660,487 (4,366,375)	84,660,487 -
Provisions for impairment of exploration costs	(1,101,966,637)	(1,101,966,637)	(76,039,308)	(76,039,308)
At December 31	4,254,804	8,621,179	4,254,804	8,621,179
<u>Acquisition costs</u>				
Land use compensation-net	8,044,397	12,066,617	8,044,397	12,066,617
Other capitalized expenditure-net	7,230,736	6,274,774	7,230,736	6,274,774
At December 31	15,275,133	18,341,391	15,275,133	18,341,391
Total	19,529,937	26,962,570	19,529,937	26,962,570

Exploration Costs

Exploration costs consist previously those incurred by the Company and its subsidiaries, Puthep Co., Ltd. (“Puthep”) and Padaeng Industry (Laos) Co., Ltd. (“Padaeng Industry (Laos)”). In accordance with the Group’s accounting policy for exploration, these costs will remain capitalized until final determination of whether economically recoverable resource exists. The remaining balance of exploration cost are related to mining license no.5 which will be expired within 2016.

Puthep Co., Ltd.

As at December 31, 2014, 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 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. PDI has started discussions with PanAust, the other shareholder, to consider the possibility of dissolution of Puthep in the near future.

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 which expired October 27, 2011 and has been extended to January 4, 2015, for the purposes of exploring and producing resources containing Zinc. As at December 31, 2014, the total amount of exploration costs capitalized amounted to Baht 106.8 million. 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. PDI continues its negotiation with potential buyers and expects to conclude within 2015.

PDI Materials Co., Ltd.

PDI Materials Co.,Ltd., formerly name “South East Asia Metals Company Limited (SEAMET)”, a subsidiary of Padaeng Properties Co.,Ltd.. In 2011, PDI Materials 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, PDI Materials and Mayflower signed a termination agreement to cease 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.

12 Deferred Income Taxes

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

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	130,010,355	-	15,413,749	-
Deferred tax assets to be recovered after 12 months	-	114,596,606	-	-
	130,010,355	114,596,606	15,413,749	-
Deferred tax liabilities:				
Deferred tax liabilities to be recovered after 12 months	(218,234)	-	(218,234)	-
	(218,234)	-	(218,234)	-
Deferred tax assets - net	129,792,121	114,596,606	15,195,515	-

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

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At 1 January 1	(114,596,606)	-	-	-
Charged/ (credited) to profit or loss	(15,195,515)	(114,596,606)	(15,195,515)	-
At December 31	(129,792,121)	(114,596,606)	(15,195,515)	-

	Consolidation			Company		
	Deferred tax assets	Deferred tax liabilities	Total	Deferred tax assets	Deferred tax liabilities	Total
	Exploration cost Baht	Other Baht	Baht	Other Baht	Other Baht	Baht
At January 1, 2014	(114,596,606)	-	(114,596,606)	-	-	-
(Credited)/charge to profit or loss	-	(15,413,749)	218,234	(15,413,749)	218,234	(15,195,515)
At December 31, 2014	(114,596,606)	(15,413,749)	(129,792,121)	(15,413,749)	218,234	(15,195,515)
At January 1, 2013	-	-	-	-	-	-
Credited to profit or loss	(114,596,606)	-	(114,596,606)	-	-	-
At December 31, 2013	(114,596,606)	-	(114,596,606)	-	-	-

Deferred income tax assets are recognized for tax loss and carry forwards only to the extent that realization of the related tax benefit through the future taxable profits is probable. The Company has no any unrecognized tax losses (2013: Baht 274.61 million), to carry forward against future taxable income.

13 Other Non-Current Assets

Other non-current assets as at December 31, 2014 and 2013 comprise:

i) Deferred Environmental Rehabilitation Expenses-net

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At January 1	21,189,606	23,820,625	21,189,606	23,820,625
Additions	45,010,647	3,657,106	45,010,647	3,657,106
Closing book amount	66,200,253	27,477,731	66,200,253	27,477,731
<u>Less</u> Amortization expense	(17,860,428)	(6,288,125)	(17,860,428)	(6,288,125)
At December 31	48,339,825	21,189,606	48,339,825	21,189,606

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	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At January 1	13,045,286	16,359,563	13,045,286	16,359,563
Additions	-	851,284	-	851,284
Closing book amount	13,045,286	17,210,847	13,045,286	17,210,847
<u>Less</u> Amortization expense	(4,422,434)	(4,165,561)	(4,422,434)	(4,165,561)
At December 31	8,622,852	13,045,286	8,622,852	13,045,286

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 amortized over the life of the related mining licenses which will be expired in the first half of 2017.

iii) Others

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 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)	-	-
	-	-	-	-
Capitalized software				
At January 1	772,029	1,794,984	746,842	1,700,412
Additions	167,000	-	167,000	-
<u>Less</u> Amortization expense	(658,711)	(1,022,955)	(633,526)	(953,570)
	280,318	772,029	280,316	746,842
Others	10,489,544	1,915,626	1,782,544	1,794,627
At 31 December	10,769,862	2,687,655	2,062,860	2,541,469

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 Unfavorable economic conditions.

14 Short-Term Loans from Financial Institutions

Short-term loans from financial institutions as at 31 December 2014 and 2013 comprise:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Trust Receipts	503,481,882	826,635,779	503,481,882	826,635,779

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 is in the range of 1.00% - 2.8% per annum.

Financing arrangements available

	Consolidated		Company	
	2014 in million Baht	2013 in million Baht	2014 in million Baht	2013 in million Baht
Bank Overdraft	60	60	60	60
Short-term Loans	2,112	2,739	2,112	2,739
Bank Guarantee	1,277	1,329	1,274	1,326
Total	3,449	4,128	3,446	4,125

15 Bank Guarantees

As at December 31, 2014, the Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks of approximately Baht 425.59 million (2013: Baht 408.40 million).

16 Provisions for Restoration and Rehabilitation Expenses

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At January 1	181,211,191	104,268,637	181,211,191	104,268,637
Accretion expense	226,403,871	88,139,160	226,403,871	88,139,160
Amounts utilized	(17,287,206)	(11,196,606)	(17,287,206)	(11,196,606)
At December 31	390,327,856	181,211,191	390,327,856	181,211,191

The provision for restoration and rehabilitation costs represents amounts provided for 1) the estimated costs of restoration of cadmium and residue ponds at Tak and 2) 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 including removing any related assets and site restoration are included in the cost of restoration and rehabilitation assets as at the date the obligation first arises in conjunction with a related liability recognized in the same amount. 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 end of period Weighted Average Cost of Capital ("WACC").

17 Employee Benefit Obligations

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

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At January 1	105,502,928	128,057,175	103,124,126	126,313,275
Current service cost	6,940,914	7,703,887	6,702,480	7,068,985
Interest cost	5,153,563	5,334,398	5,153,563	5,334,398
Benefits paid	(4,683,266)	(27,662,661)	(2,090,030)	(27,662,661)
Actuarial loss/ (gain)	6,998,044	(7,929,871)	6,998,044	(7,929,871)
At December 31	119,912,183	105,502,928	119,888,183	103,124,126

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

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Current service cost	6,940,914	7,703,887	6,702,480	7,068,985
Interest cost	5,153,563	5,334,398	5,153,563	5,334,398
Actuarial loss/ (gain)	6,998,044	(7,929,871)	6,998,044	(7,929,871)
Total	19,092,521	5,108,414	18,854,087	4,473,512

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2014 (Percent)	2013 (Percent)	2014 (Percent)	2013 (Percent)
Discount rate	4.01	4.3	4.01	4.3
Salary increase rate	5.4	5.7	5.4	5.7
Turnover rate	0-15	0-15	0-15	0-15

The Company recognizes the costs of employee retirement benefits payable in accordance with Thai Labor 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 recognized through equity in the year of occurrence.

18 Other Current Liabilities

Other current liabilities as of December 31, comprise:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Accrued expenses	67,693,759	39,976,189	66,017,818	37,367,530
Social security and other taxes	7,171,842	5,908,938	7,118,340	4,203,165
Others	79,715,353	39,201,313	77,106,476	38,528,734
Total	154,580,954	85,086,440	150,242,634	80,099,429

19 Commitments

As at December 31, 2014 and 2013, the Company has the following commitments for the acquisition of plant and equipment that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Not later than 1 year	17,152,982	23,789,277	17,152,982	23,789,277

As at December 31, 2014 and 2013, the Company has the following commitments for the purchase of raw materials that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Not later than 1 year	369,245,263	186,262,829	369,245,263	186,262,829

In addition, as at December 31, 2014, the Company has contracted for the purchase of raw materials that contained zinc units of approximately 152 tones (2013: 1,400 tones).

20 Share Capital and Premium on Share Capital

	Number of shares	Ordinary shares Baht	Shares premium Baht	Total Baht
For the year ended December 31, 2014				
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, 2014, the total authorized number of ordinary shares is 226,000,000 shares (2013: 226,000,000 shares) with a par value of Baht 10 per share (2013: Baht 10 per share). All issued shares are fully paid.

21 Legal Reserve

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 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.

22 Expenses by Nature

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

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Movement in inventories	(102,706,607)	(204,798,146)	(102,706,607)	(204,798,146)
Raw materials, spare parts and consumables used	2,489,822,458	3,379,493,159	2,489,822,458	3,379,493,159
Employee benefits expense	518,457,601	476,061,899	513,516,732	468,938,655
Utility expenses	1,069,817,939	1,205,158,374	1,069,404,725	1,204,367,738
Depreciation and amortization expenses	330,783,416	278,967,387	330,305,222	278,506,520
Exploration costs written-down (Note 11)	4,366,375	926,283,470	4,366,375	-
Fixed assets and decommissioning costs written off	102,236,982	14,914	101,573,975	14,914

23 Income Tax Expense

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Current tax:				
Current tax on profits for the year	181,601,886	276,766	66,586,732	-
Total current tax	181,601,886	276,766	66,586,732	-
Deferred tax:				
Origination and reversal of temporary differences	(129,792,121)	(114,596,606)	(15,195,515)	-
Total deferred tax	(129,792,121)	(114,596,606)	(15,195,515)	-
Total tax expense (income)	51,809,765	(114,319,840)	51,391,217	-

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:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Profit (loss) before corporate income tax	508,340,664	(1,038,887,171)	515,273,644	(242,650,647)
Tax calculated at a tax rate of 20% [2013: (-20%)]	101,668,133	(207,777,434)	103,054,729	(48,530,129)
Tax effect of:				
Expenses not deductible for tax purpose	26,526,612	1,684,915	26,508,331	1,684,915
Deferred tax assets recognized	(15,195,515)	-	(15,195,515)	-
Deferred tax assets unrecognized	(8,053,916)	75,673,049	(8,053,916)	32,852,204
Utilization of previously unrecognized tax losses	(54,922,412)	-	(54,922,412)	-
Tax losses for which no deferred income tax asset was recognized	1,786,863	16,099,630	-	13,993,010
Total tax expense (income)	51,809,765	(114,319,840)	51,391,217	-

The weighted average applicable tax rate was 10.19%, 2013: 11.00%.

24 Dividend

At the Board of Directors Meeting held on February 20, 2015, Board of Directors approved the dividend payment from retained earnings of the Company of Baht 0.4 per share totaling Baht 90.4 million (2013: Totaling Baht 67.80 million, Baht 0.30 per share). This will be submitted for final approval at the Annual General Shareholders Meeting.

25 Basic Earnings (Loss) per Share

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

	Consolidated		Company	
	2014	2013	2014	2013
Net gain (loss) attributable to ordinary shareholders (Baht)	461,127,054	(521,700,072)	463,882,427	(242,650,647)
Weighted average number of ordinary shares outstanding (shares)	226,000,000	226,000,000	226,000,000	226,000,000
Basic earnings (loss) per share (Baht)	2.04	(2.31)	2.05	(1.07)

There are no potential dilutive ordinary shares in issue for the years ended December 31, 2014 and 2013.

26 Related Parties Transactions

i) Investments in Related Parties

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

	December 31, 2014			December 31, 2013		
	Consolidated	Company		Consolidated	Company	
	Equity	Paid-up capital	% ownership	Equity	Paid-up capital	Cost
	Baht	Baht	investment	Baht	Baht	Baht
Subsidiaries						
Padaeng Properties Co., Ltd.	-	80,000,000	100	-	80,000,000	100
Puthep Co., Ltd.	-	285,589,732	51	-	285,589,732	51
Padaeng Industry (Laos) Co., Ltd.	-	151,302,520	100	-	27,563,113	100
PDI Eco Co., Ltd.	-	12,499,925	100	-	-	-
PDI Energy Co., Ltd.	-	25,050,000	100	-	100,000	100
Ton Sangkasi Pte Ltd.	-	246,700	100	-	246,700	100
Total	-			-		253,560,585
Less Diminution						
Puthep Co., Ltd.	-			-		(145,650,772)
Padaeng Industry (Laos) Co., Ltd.	-			-		(27,563,113)
PDI Energy Co., Ltd.	-			-		(100,000)
Ton Sangkasi Pte Ltd.	-			-		(246,700)
Investments in subsidiaries-net	-			-		80,000,000
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.	56,887,175	675,000,000	35	55,790,538	675,000,000	35
						236,249,800

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

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At January 1	55,790,538	69,939,097	316,249,800	461,900,572
Investment in subsidiaries	-	-	161,289,332	-
Share of gain/ (loss) from jointly controlled entity	1,096,637	(14,148,559)	-	-
Diminution in value of investment	-	-	(123,739,407)	(145,650,772)
At December 31	56,887,175	55,790,538	353,799,725	316,249,800

Subsidiaries

PDI Eco Co., Ltd. ("PDI Eco"), registered on June 16, 2014, has a total authorized share capital of 500,000 shares, amount of Baht 50,000,000 of which Baht 12,499,925 has been issued and paid up. The company purpose is to expand and diversify into eco- management business.

PDI Energy Co., Ltd. ("PDI Energy") (formerly name is Padaeng International Mining Co., Ltd.) registered, on June 17, 2014, its increased capital from Baht 100,000 to Baht 50,000,000 of which Baht 25,050,000 has been issued and paid up. The company purpose is to expand and diversify into renewable energy business.

As at December 31, 2014, Padaeng Industry (Laos) has total authorized share capital of USD 4,673,000 of which has been issued and paid up. The process of capital increase of USD 3,400,000 by convert all related parties' advanced payment and other payables has been finished on November 17, 2014. The current investment value of Padaeng Industry (Laos) in the Company's books, total amount of 123 million THB, net of diminution in value of investment, is zero.

As at December 31, 2014, Puthep has a total authorized share capital of 4,606,286 shares (2013: 4,606,286 shares) outstanding for a cumulative amount of Baht 377,102,615 (2013: Baht 377,102,615). The investment value of Puthep has been fully impaired in 2013.

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 produces ethanol as an alternative energy source. As at December 31, 2014, Maesod Clean Energy has 67,500,000 shares issued and paid-up. The Company has subscribed to a total of 23,625,000 shares in Maesod Clean Energy.

Under the terms of a loan agreement dated September 9, 2011, signed by the Company and its partners with Maesod Clean Energy, the Company provided to Maesod Clean Energy a Baht 105 million loan on October 5, 2011. The Company is eligible to convert this loan into equity of MCE. The loan carries interest rate of 4.2% per annum.

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

	2014 in million Baht	2013 in million Baht
Property, plant and equipment	1,366	1,542
Current assets	646	683
Non-current assets	13	1
Total assets	2,025	2,226
Long-term borrowing	565	835
Current liabilities	1,297	1,231
Total liabilities	1,862	2,066
Net assets	163	159
Revenues	1,865	1,529
Expenses	(1,862)	(1,569)
Net profit (loss) for the year	3	(40)

As at December 31, 2014, 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 31 December	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Sales of goods and services:				
Padaeng Properties Co., Ltd.	-	-	1,037,520	1,037,520
PDI Materials. Co., Ltd. (Formerly name "South East Asia Metals Company Limited")	-	-	-	20,632,480
Puthep Co., Ltd.	-	-	-	316,680

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

iii) Purchases of Goods and Services

For the years ended December 31	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Purchases of goods and services: Padaeng Properties Co., Ltd.	-	-	4,512,300	5,538,679

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

iv) Trade Accounts Receivable-Related Parties

For the years ended December 31	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Sales of goods:				
PDI Materials Co., Ltd. (Formerly name "South East Asia Metals Company Limited")	-	-	-	14,926,497
<u>Less</u> Allowance for doubtful account	-	-	-	-
	-	-	-	14,926,497

v) Other Receivables-Related Parties

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Padaeng Properties Co., Ltd.	-	-	-	90,202
Padaeng Industry (Laos) Co., Ltd.	-	-	-	37,202,463
Puthep Co., Ltd.	-	-	66,444	-
PDI Energy Co., Ltd.	-	-	-	147,705
Total	-	-	66,444	37,440,370
<u>Less</u> Allowance for doubtful accounts	-	-	-	(37,350,168)
Other receivables-related parties-net	-	-	66,444	90,202

vi) **Advances to Related Parties**

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Padaeng Industry (Laos) Co., Ltd.	-	-	-	85,966,110
Ton Sangkasi Co., Ltd.	-	-	13,154,358	12,528,558
PDI Eco Co., Ltd.	-	-	307,795	-
PDI Energy Co., Ltd.	-	-	-	572,300
PDI Tak Solar One Co., Ltd.	-	-	56,705	-
PDI Tak Solar Two Co., Ltd.	-	-	56,710	-
PDI Tak Solar Three Co., Ltd.	-	-	56,420	-
Total	-	-	13,631,988	99,066,968
<u>Less</u> Allowance for doubtful accounts	-	-	(13,154,358)	(99,066,968)
Advance to related parties-net	-	-	477,630	-

Advance from the Company in the amount of Baht 85,966,110 for share subscription payment in Padaeng Industry (Laos) has been converted to investment in November 17, 2014.

Advance from the Company in the amount of Baht 169,835 represents an advance for PDI Tak Solar One, PDI Tak Solar Two, and PDI Tak Solar Three's registration fee. These companies purpose are to expand and diversify into solar energy business.

As at December 31, 2014, advance to the related entities have been fully provided against because as noted in Note 11, exploration activities in these entities have not resulted in economically viable projects.

vii) **Other Payables-Related Party**

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Padaeng Properties Co., Ltd.	-	-	374,420	668,362
Total	-	-	374,420	668,362

viii) **Key Management Compensation**

The compensation paid or payable to key management for employee services for the year ended December 31 is shown below:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Short-term employee benefits	36,991,120	35,367,900	36,991,120	35,367,900
Post-employee benefits and termination benefits	3,190,849	5,029,560	3,190,849	5,029,560
Total	40,181,969	40,397,460	40,181,969	40,397,460

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 capitalized. 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 11.

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
PNA (Puthep) Pty Ltd.				
At January 1	503,841,740	494,322,650	-	-
Loan increase during the year	10,928,848	9,519,090	-	-
At December 31	514,770,588	503,841,740	-	-
Accrued interest expenses	69,141,292	69,141,292	-	-

27 Risk Management Policy for Assets and Liabilities

27.1 Risk Management and Hedging Instruments

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, 2014, the balance of forward foreign exchange contracts outstanding were total sales contracts of USD 20,863,200 and total purchase contracts of USD 22,036,191 and EUR 219,000. The changes in fair value of outstanding are Baht 507,560 favorable and unrealized.

As at December 31, 2014, total sales contracts of 9,400 metric tons of zinc and total purchase contracts of 5,850 metric tons of zinc on the London Metal Exchange are outstanding for both transactional and strategic hedges. The change in fair value of these open positions amount to USD 63,770 or Baht 2,102,114 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 and Company	
	2014 Baht	2013 Baht
Financial instruments of foreign currency exchange rate		
Favorable (Unfavorable) total sales contracts	(774,524)	(17,832,133)
Favorable (Unfavorable) total buy contracts	1,282,084	11,592,541
Financial instruments of commodity products		
Favorable (Unfavorable) total Zinc contracts	2,102,114	39,678,904
Favorable (Unfavorable) total Aluminum 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.

27.2 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.

27.3 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 capitalized and eventually impaired as explained in Note 11 of these financial statements. The current increased level of activity is likely to generate higher level of exploration costs capitalized than in the previous year 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.

28 Litigation

As of December 31, 2014, 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 Sot Hospital, 2) Plaintiffs who claimed that they were unable to use the land for agriculture, 3) Plaintiffs who claimed of losing their jobs, and 4) Plaintiffs who were scared of cadmium contamination, 5) 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 Sot 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 is in process to appeal the court order accordingly.

On February 28, 2014, the Bangkok South Civil Court ruled judgment in the Black Case No. 9/2553, in the same manner above, which claimed over Baht 230 million as damage compensation. The court judgment orders the Company 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. The Company is considering the court resolution and in process to appeal to the court order.

On September 29, 2014, the Bangkok South Civil Court ruled judgment in the Black Case No. 64/2552, in the same manner above, which claimed over Baht 836 million as damage compensation. The court judgment orders the Company and Tak Mining to pay a compensation to 82 plaintiffs (villagers) who hold the Cadmium patient's card issued by the Mae Sod Hospital, from the total 218 plaintiffs, at the total amount of Baht 8.20 million. The Company is considering the court resolution and in process to appeal to the court order.

The other 2 complaints are pending for the court proceedings.

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 dated October 22, 2010 ordering the company 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.

On September 11, 2014, the Central Administrative Court ruled the judgment on this plaint that the latest mining concession of the Company has been granted legally under the governing rules and regulations effective at that time. The Ministry of Industry is not competent to order the Company to conduct additional EHIA, therefore the Letter from the Ministry of Industry dated October 22, 2010 is unlawful and must be revoked.

Management and Corporate Governance

Securities and Shareholders Information

Number of Registered Capital and Paid-up Capital

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 25, 2015 which is the latest date of the close of the Shareholders' Register, are as follows:

No.	Name	No. of Shares	% of Total shares
1.	Bali Ventures Limited	39,387,900	17.428
2.	Ministry of Finance	31,200,000	13.805
3.	Mr. Anan Tanticharatcheep	7,700,000	3.407
4.	Bangkok Bank Public Company Limited	7,301,070	3.231
5.	Mr. Supachai Veeraborvornpong	3,938,500	1.743
6.	Thai NVDR Limited	3,326,960	1.472
7.	Mr. Taveechat Jurangkul	3,000,000	1.327
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⁾	39,387,900	17.428
2.	Ministry of Finance	31,200,000	13.805

Remark: 1) Bali Ventures Limited is a 100% subsidiary of Istithmar World Limited (A Premier Investment Company, 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 28, 2014 and after reviewing the financial statements of December 31, 2013, the Company has a net loss for the year 2013 in the amount of Baht 242.65 million which has reduced from the year 2012, the net loss of which was Baht 507.75 million despite an increase in the operational and raw material costs. The shareholders then approved the dividend payment for 2013 at Baht 0.30 per share to be paid from the retained earnings.

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

Dividend Payment for the Year 2009–2013

Year	2009	2010	2011	2012	2013
Net (Loss) profit per share	1.31	1.83	0.02	(2.52)	(2.35)
Dividend payment per share	0.92	1.29	0.50	-	0.30
Proportion of dividend from net profit (%)	61.30	59.52	100.00 ¹⁾	-	NA ²⁾

Remark: 1) The remaining dividends are paid from retained earnings.

2) Not applicable.

Management Structure

PDI Organization Chart



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 meets 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 7 members. During 2014, the Board of Directors met 6 times with records of attendance as follows:

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

Directors	Position	Meetings	
		No. of Meetings	Attendance
7. Mr. Karel Vinck	Independent Director Strategic Committee Member	6	6
8. Mr. Vinai Vamvanij (Authorized director)	Independent Director Audit Committee Chairman	6	6
9. Mr. Aswin Kongsiri	Independent Director Audit Committee Member Nomination & Remuneration Committee Member	6	6
10. Mr. Pinit Vongmasa	Independent Director Strategic Committee Member Nomination & Remuneration Committee Member	6	6

Remark: 1) Mr. Ahmad Bin Fahad resigned from the director on October 16, 2014.
 2) Mr. Ravi Gidwani resigned from the director on October 16, 2014.
 3) Mrs. Pantip Sripimol resigned from the director on December 19, 2014.

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. Tianchai Singhakarn	Executive Vice President – Mae Sod Mining
4.	Mr. Chitchai Thaveepanich	Corporate Vice President – Human Resources
5.	Mr. Chaya Hasdiseve	Executive Vice President – Commercial
6.	Mr. Siam Dowmanee	Corporate Vice President – Process & Technology Innovation Executive Vice President – Rayong Operations
7.	Mr. Unnop Tungkananukulchai	Corporate Vice President- Regulatory Affairs
8.	Mr. Manoch Jaroenvuthitham	Executive Vice President – Tak Operations
9.	Mr. Pothong Pipatpaiboon	Vice President – Maintenance
10.	Mrs. Woratip Rerkpiboon	Corporate Vice President – Finance
11.	Dr. Surin Tanticharoenkiat	Corporate Vice President – Internal Audit Company Secretary

1 ARSA SARASIN
78 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 • Chairman, Mitsubishi Elevator Asia Co., Ltd.

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

2 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 • Director Certification Program (DCP), IOD, Bangkok, Thailand

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

Other current position • Chairman of the Board, PDI Materials Co.,Ltd., Bangkok Thailand • Chairman of the Supervisory Board, GMM Quartz, Berlin, Germany • Director, Belgian-Luxembourg/Thai Chamber of Commerce, Bangkok, Thailand • Director, Maesod Clean Energy Co., Ltd., Bangkok, Thailand • Director, Puthet Co., Ltd., Bangkok, Thailand • Director, GMM Quartz, Antwerp, Belgium • Director, 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

3 TIANCHAI SINGHAKARN
58 Years Old
Executive Vice President -
Mae Sod Mining

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

Training • Business Excellence Model, 2013 • CSR: Global Reporting Initiative (GRI: G4), 2014

Current position • Executive Vice President - Mae Sod Mining

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

4 CHITCHAI THAVEEPANICH
53 Years Old
Corporate Vice President-
Human Resources

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 • CSR: Global Reporting Initiative (GRI: G4), 2014

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

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

5 CHAYA HASDISEVE
52 Years Old
Executive 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 • Director Certification Program (DCP), 2014, Thai Institute of Directors Association, Bangkok, Thailand • CSR: Global Reporting Initiative (GRI: G4), 2014

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

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

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- 6 SIAM DOWMANEE**
58 Years Old
Corporate Vice President
– Process & Technology Innovation
Executive Vice President – 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 • CSR: Global Reporting Initiative (GRI: G4), 2014
Current position • Corporate Vice President – Process & Technology Innovation, Padaeng Industry Public Company Limited • Executive Vice President – Rayong Operations, Padaeng Industry Public Company Limited
Working experience • Vice President – Process & Technology Innovation, Padaeng Industry Public Company Limited • Vice President – Technical Service, Padaeng Industry Public Company Limited • Vice President – Operations, Calcine Plant, Padaeng Industry Public Company Limited
-
- 7 UNNOP TUNGKANANUKULCHAI**
57 Years Old
Corporate 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 • CSR: Global Reporting Initiative (GRI: G4), 2014
Current position • Corporate Vice President – Regulatory Affairs, Padaeng Industry Public Company Limited
Working experience • Vice President – Regulatory Affairs, Padaeng Industry Public Company Limited • Senior Manager – Central Personnel, Padaeng Industry Public Company Limited
-
- 8 MANOCH JAROONVUTHITHAM**
49 Years Old
Executive Vice President – 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, Sasin Graduate Institute of Business Administration, Chulalongkorn University • Business Excellence Model, 2013 • CSR: Global Reporting Initiative (GRI: G4), 2014
Current position • Executive Vice President – 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
-
- 9 POTHONG PIPATPAIBOON**
59 Years Old
Vice President – Maintenance
- Education** • Bachelor Degree in Industrial Education Science, Concentrated on Electrical Technology, King Mongkut'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 WORATIP RERKPIBOON**
49 Years Old
Corporate Vice President – Finance
- Education** • Master Degree in Business Administration (Financial Management), National Institute of Development Administration (NIDA)
Training • Business Communication Skill, 2013 • Business Excellence Model, 2013 • Director Certification Program (DCP), 2014, Thai Institute of Directors Association, Bangkok, Thailand • CSR: Global Reporting Initiative (GRI: G4), 2004
Current position • Corporate Vice President – Finance, Padaeng Industry Public Company Limited
Working experience • Vice President – Finance, Accounting & IT, Padaeng Industry Public Company Limited • Vice President – Finance and Accounting, Padaeng Industry Public Company Limited • Senior Manager – Treasury, Padaeng Industry Public Company Limited
-
- 11 SURIN TANTICHAROENKIAT**
57 Years Old
Corporate 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 Metallurgical Engineering, 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 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
Training (Other) • CSR: Global Reporting Initiative (GRI: G4), 2014
Current position • Corporate Vice President – Internal Audit, Padaeng Industry Public Company Limited • Company Secretary, Padaeng Industry Public Company Limited
Working experience • Vice President – Internal Audit, Padaeng Industry Public Company Limited • 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

Unit: share

No.	Name	December 31, 2014		December 31, 2013		Change +(-)
		Own	Spouse/ Minor child	Own	Spouse/ Minor child	
1.	Mr. Arsa Sarasin	-	-	-	-	-
2.	Mr. Francis Vanbellen	-	-	15,000	-	(15,000)
3.	Mr. Karel Vinck	-	-	-	-	-
4.	Mr. Paron Israsena	-	-	-	-	-
5.	Mr. Vinai Vamvanij	8,000	-	8,000	-	-
6.	Mr. Aswin Kongsiri	-	-	-	-	-
7.	Mr. Pinit Vongmasa	-	-	-	-	-
8.	Mr. Tianchai Singhakarn	-	-	-	-	-
9.	Mr. Chitchai Thaveepanich	-	-	-	-	-
10.	Mr. Chaya Hasdiseve	30,000	-	-	-	30,000
11.	Mr. Siam Dowmanee	-	-	-	-	-
12.	Mr. Unnop Tungkananukulchai	-	-	-	-	-
13.	Mr. Manoch Jaroonvuthitham	-	-	-	-	-
14.	Mr. Pothong Pipatpaiboon	-	-	-	-	-
15.	Mrs. Woratip Rerkpiboon	-	-	-	-	-
16.	Dr. Surin Tanticharoenkiat	-	-	-	-	-

As at December 31, 2014

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 the 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 share holders' resolution are followed. Credential of the Company Secretary is listed in the executive 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 2014 the Company paid a total of Baht 4,173,239.12 to 10 Directors, 6 Strategic Committee Members, 3 Audit Committee Members and 4 Nomination and Remuneration Committee Members as director's fees and director's remuneration:

Name/Position	Meeting Allowance (Baht)				Director Bonus For 2014 ¹⁾	Total Remuneration (Baht) ³⁾
	Director	Strategic Committee	Audit Committee	Nomination and Remuneration Committee		
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 (Until October 15, 2014)	203,152.17	80,000.00	-	20,000.00	94,570.00	397,722.17
4. Mr. Ravi Gidwani Director Strategic Committee Member (Until October 15, 2014)	203,152.17	60,000.00	-	-	94,570.00	357,722.17
5. Mrs. Pantip Sripimol Director Strategic Committee Member (Until December 18, 2014)	267,934.78	60,000.00	-	-	115,585.00	443,519.78
6. Mr. Paron Israsena Independent Director Audit Committee Member Nomination and Remuneration Committee Chairman	275,000.00	-	200,000.00	40,000.00	119,855.00	634,855.00
7. Mr. Karel Vinck Independent Director Strategic Committee Member	290,000.00	100,000.00	-	-	119,855.00	509,855.00
8. Mr. Vinai Vamvanij Independent Director Audit Committee Chairman	290,000.00	-	200,000.00	-	119,855.00	609,855.00
9. Mr. Aswin Kongsiri Independent Director Audit Committee Member Nomination and Remuneration Committee Member	290,000.00	-	200,000.00	40,000.00	119,855.00	649,855.00
10. Mr. Pinit Vongmasa Independent Director Strategic Committee Member Nomination and Remuneration Committee Member	290,000.00	120,000.00	-	40,000.00	119,855.00	569,855.00
				Total	904,000.00	4,173,239.12

Remark: 1) Director Bonus will be proposed to the 2015 Shareholders' Meeting for approval.

2) Executive Director's bonus are included in b) the Company bonus paid to the executives.

3) No remuneration payment for the executive directors.

b) The Company paid a total of Baht 59,409,000 to the 11 executives in the year 2014, 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%.

Directors in Subsidiary, Affiliated and Other Companies

1. Padaeng Properties Co., Ltd.

1. Mr. Chitchai Thaveepanich
2. Mr. Unnop Tungkananukulchai
3. Mr. Siam Dowmanee
4. Ms. Woratip Rerkpiboon

2. PDI Materials Co., Ltd.

(South East Asia Metals Co.,Ltd. : SEAMET)

1. Mr. Francis Vanbellen
2. Ms. Woratip Rehrpiboon
3. Mr. Chitchai Thaveepanich
4. Mr. Chaya Hasdiseve
5. Mr. Tianchai Singhakarn
6. Mr. Unnop Tungkananukulchai

3. PDI Energy Co., Ltd.

(Padaeng International Mining Co.,Ltd.)

1. Mr. Unnop Tungkananukulchai
2. Ms. Woratip Rerkpiboon
3. Mr. Anthony Waring Chisnal

4. PDI Eco Co., Ltd

1. Mr. Chaya Hasdiseve
2. Ms. Woratip Rerkpiboon
3. Mr. Unnop Tungkananukulchai

5. Puthep Co., Ltd.

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

6. Padaeng Industry (Laos) Company

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

7. Maesod Clean Energy Co., Ltd.

1. Mr. Arsa Sarasin
2. Mr. Francis Vanbellen
3. Mr. Unnop Tungkananukulchai
4. Mr. Saran Harinsuta
5. Ms. Prisana Praharnkhasuk
6. Mr. Wisanu Wongsomboon
7. Mr. Isara Vongkusolkrit
8. Mr. Krisda Monthienvichienchai
9. Mr. Pravit Prakitsri

8. Ton Sangkasi Pte. Ltd.

(Incorporated in the Republic of Singapore)

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

9. PDI Tak Solar One Co., Ltd.

1. Mr. Unnop Tungkananukulchai
2. Ms. Woratip Rerkpiboon
3. Mr. Manoch Jaroonvuthitharm

10. PDI Tak Solar Two Co., Ltd.

1. Mr. Unnop Tungkananukulchai
2. Ms. Woratip Rerkpiboon
3. Mr. Manoch Jaroonvuthitharm

11. PDI Tak Solar Three Co., Ltd.

1. Mr. Unnop Tungkananukulchai
2. Ms. Woratip Rerkpiboon
3. Mr. Manoch Jaroonvuthitharm

Board of Directors (Resigned during the year)

- 1 AHMAD BIN FAHAD**
44 Years Old

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

Working experience • Chief Executive Officer, Istithmar World Ventures LLC, UAE • 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

- 2 RAVI GIDWANI**
39 Years Old

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

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

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

% Share possession: None

Date of the first appointment: May 11, 2010

- 3 PANTIP SRIPIMOL**
52 Years Old

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 • Director, Chairman of Risk Management Committee and Remuneration Committee, MCOT 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

Corporate Governance

Policy of Corporate Governance

PDI conducts its business in compliance with “The Principles of Good Corporate Governance”, published in 2012, and outlined by the Stock Exchange of Thailand. In doing so, we at PDI have demonstrated our commitment to these accepted standards and have fostered the confidence of our employees, our investors, and all stakeholders involved in our operations and business endeavors. Our Audit Committee, by means of the “Internal Audit Department”, supervises financial statements, internal control, and practices of good corporate governance to ensure compliance with our vision, values and policies. PDI has also endorsed a Code of Conduct and an Anti-corruption Policy to which all executives and employees are assumed to comply with in conducting business and business related affairs. “Internal Audit Department” in conducting business and business related affairs. We have installed a Nomination and Remuneration Committee to supervise the process of director nominations and to recommend fair and reasonable annual remuneration for the Board of Directors, the subcommittees, and the top executives. To ensure efficient and productive business operations, a Strategic Committee has also been established to oversee our strategic plan, prior to giving recommendations to the Board of Directors.

The Company has proceeded in other areas as well, in an effort to be recognized by all of our stakeholders as having good corporate governance as imposed by the Stock Exchange of Thailand.

Subcommittees

1) The structure of the Board of Directors consists of three Subcommittees as follows:

1. The Audit Committee

The Audit Committee was first established on December 22, 1998. At present it consists of three directors:

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

In 2014, the committee held four meetings in order to perform its duties as stipulated in the Audit Committee Charter, and the proceedings from each meeting were reported to the Board of Directors. In addition to this, there were non-managerial meetings among the committee and the auditors.

The Scope of Authority of the Audit Committee

1. To have the authority to request any information it considers relevant to its activities from the managing director and/or any managers of the Company.
2. To seek independent professional advice as it deems necessary.
3. To abstain from executive powers with regard to its findings and recommendations.

Duties and Responsibilities of the Audit Committee

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, and 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, nominate, and dismiss an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-managerial meetings with an external 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 Stock Exchange of Thailand'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 Credibility 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 Stock Exchange of Thailand'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. The Strategic Committee

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

No.	Name	Title
1.	Mr. Francis Vanbellen	Member
2.	Mr. Karel Vinck	Member
3.	Mr. Pinit Vongmasa	Memaber
	Dr. Surin Tanticharoenkiat	Secretary to the Strategic Committee

In 2014 the committee held six 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 other 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. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established on February 25, 2005 and at present consists of three members:

No.	Name	Title
1.	Mr. Paron Israsena	Chairman, Independent Director
2.	Mr. Aswin Kongsiri	Member, Independent Director
3.	Mr. Pinit Vongmasa	Member, Independent Director
	Dr. Surin Tanticharoenkiat	Secretary to the Nomination and Remuneration Committee

In 2014 the committee held two meetings and reported to the Board of Directors.

The Scope of Authority of the Nomination and Remuneration Committee

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 on the hiring of advisers to the Board as it 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	-	6/6	-	1/1
3. Mr. Ahmad Bin Fahad ¹⁾	-	4/5	1/1	0/1
4. Mr. Ravi Gidwani ²⁾	-	3/5	-	0/1
5. Mrs. Pantip Sripimol ³⁾	-	3/6	-	1/1
6. Mr. Paron Israsena	4/4	-	2/2	1/1
7. Mr. Karel Vinck	-	5/6	-	0/1
8. Mr. Vinai Vamvanij	4/4	-	-	1/1
9. Mr. Aswin Kongsiri	2/4	-	2/2	1/1
10. Mr. Pinit Vongmasa	-	6/6	2/2	1/1

Remark: 1) Mr. Ahmad Bin Fahad resigned from the director on October 16, 2014.

2) Mr. Ravi Gidwani resigned from the director on October 16, 2014.

3) Mrs. Pantip Sripimol resigned from the director on December 19, 2014.

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

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

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 persons with proper qualification and experiences that can beneficial to the Company.

Qualification of Company Independent Directors

1. Holding shares not exceeding five percent 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 one 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 shareholder of the Company.
5. Not being appointed as a representative to safeguard the interests of the Company's directors, majority shareholders of the Company or those 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

The NRC, consisting of three independent directors, is responsible for the selection of a qualified person, not subject to the prohibitive characteristics under the law for nomination, to the Board of Directors prior to submitting for final election in the "Annual General Shareholders' Meeting (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 website. The Company also refers to the list of qualified candidates released by the Thai Institute of Directors (IOD).

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 annual general shareholders' meeting. Voting shall be casted 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 other 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 three-fourths (¾) of the votes from the remaining directors.

At present, of all the Company's directors, five are independent directors and two are executive 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 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 are under Company 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 policies and guidelines to prevent executives and related persons from using internal company information for personal gains. Before the announcement of company results, internal data is restricted to related departments including Accounting and Finance, Investor Relations, Internal Audits, and the Company Secretary. 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.

Directors, executives, and employees at all levels are forbidden from using internal data containing crucial information that would have a significant impact on the stock price and has not yet been declared to the public or the Stock Exchange of Thailand for trading to the advantage of self or others. Furthermore, the Company plans to establish a policy such that aforementioned parties are to avoid or refrain from trading the Company's stock for one (1) month prior to the announcement date of the Company's results.

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 3,346,000.

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 2014 the Company organized an annual shareholders' meeting on April 28, 2014 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 2014 annual shareholders' meeting, a total of seven directors attended, including the Chairman of the Audit Committee. The Chairman of the meeting allowed equal opportunity for all shareholders to question, comment, and submitted suggestions regarding Company operations. Prominent opinions were recorded in the minutes of the meeting.

In addition to the annual shareholders' meeting, the Company will call additional shareholders' meetings, if necessary, in the event 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 in accordance to the law and in compliance with guidelines of the Stock Exchange of Thailand. Each shareholder has one vote for each share. Shareholders can send a proxy on their behalf 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 Audit Committee is responsible for reviewing the related transactions to ensure that no conflict of interest will occur in order to maximize the overall Company's benefits. The Company discloses all necessary information together with Directors' opinion to the public according to SET regulation.

The Company has established a channel, through the 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. In alignment with PDI's vision, the Company commits to profitable and safe operations yielding the best possible return for the benefit of all its shareholders. The details of Commitment to Customers & Suppliers, commitment to Employees and commitment to the Community (Local and National) can be found in the social section.

The Company has dedicated an 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 the Chairman of the 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 manages its business with honesty, ethical conduct, and responsibility concerning all stakeholders: customers, employees, shareholders and the general public. The Company issued a Code of Conduct, which gives guidelines for work and employee behavior. All employees use this as a guide for their daily work, along with the influence and inspiration of the vision of the Company. The latest version of Code of Conduct has been revised in 2014.

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

The Board of Directors has also called for the disclosure of company information in an accurate, complete, transparent, and widespread manner. As such, all financial information, as well as general information about the Company that 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 PDI Board of Directors is responsible for acting in compliance with the by-laws, objectives, and guidelines of the Company, as well as the resolutions of the shareholders' meeting, with honesty and prudence and in the best interest of the Company. In addition to this, the Board of Directors also makes contributions towards establishing the vision, mission, strategy, objectives, business plans and the budget of the Company. The Board ensures that the management team conducts operations in accordance with the Company's business plan, in order 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 that its financial statements as of December 31, 2014 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 seven members at the end of 2014 as follows:

1. Executive Directors: Two directors.
2. Non-Executive Directors: Five independent directors; three of which are Audit Committee members.

Aggregation or Segregation of Positions

The function of the Chairman of the Board of Directors and the Managing Director (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 of Directors annually engages in self-assessment, which enables all board members to consider their overall performance and resolve any potential problems or issues. This serves as a tool for reviewing performance, as well as a way to identify issues and obstacles that each director faced over the past year. It also helps increase the operational effectiveness of the Board. At present, the performance assessment of the Board is conducted using an overall performance method. To facilitate this, the Company has developed an assessment form consistent with the Statement of Corporate Governance Principles and the duties and responsibilities stated in the Board of Directors Charter. In 2014, the results of the self-assessment were distributed to all board members for acknowledgment and self-improvement.

Orientation for New Directors and Director Participation in Seminars

The Board of Directors secretary division is responsible for preparing general information and briefing newly elected directors on the actions and procedures of the Company to ensure that they are updated on all Company operations, as well as the SEC and SET regulations and requirements. Site visits will also be available for new directors who would like to have a more in-depth knowledge of Company operations.

In order to keep the directors currently informed on new rules, regulations, and requirements, they are encouraged to attend refresher courses and seminars organized by the Thai Institute of Directors and other relevant organizations.

In 2014, directors and executives of the Company who participated in such courses are listed below:

	Name	Position	Course
1.	Mr. Chaya Hasdiseve	Executive Vice President - Commercial	Director Certification Program (DCP), 2014
2.	Mrs. Woratip Rerkpiboon	Corporate Vice President - Finance	Director Certification Program (DCP), 2014

Internal Control and Risk Management

At PDI, internal control is a crucial process for achieving our goals and objectives. In this respect, the Audit Committee is tasked with supervising the Internal Audit Office and ensuring that it works independently, with the utmost integrity, and under proper ethics as defined in 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 responsible for ensuring a strict and appropriate assessment and review of the internal control systems, the internal audit activities, and risk management. This enables employees at all levels to perform their duties efficiently, effectively and under no other pressure aside from their roles and responsibility.

Based on recommendations gathered from the Internal Audit Department, PDI has streamlined our working procedures to ensure the efficiency and effectiveness of our control systems, with the aim of continuous improvement and sustainable development. In 2014, our auditing work and improved internal control significantly enhanced our metal hedging transactions, ore procurement, logistics, treasury, and cash management.

In addition to internal audits and control, the Audit Committee also oversees risk management. In this dynamic environment, PDI has emphasized risk prevention measurements and risk management, with the anticipation of upcoming changes in internal factors, economic changes, and general external influences. For 2014, and continuing into 2015, PDI has also conducted its risk assessment to focus on fraud and anticorruption, in addition to its normal operation risks.

In 2014, PDI reconsidered its current position and envisioned a move towards green business for sustainable growth. New projects were studied, with emphasis placed upon renewable energy and industrial waste management, especially those that are in line with the national agenda. Each feasibility study for all proposed projects included risk assessments that followed standard risk assessment procedures. All possible risks, including technical, financial, and managerial risks, for each project are identified and analyzed, and this information is presented to the Strategic Committee and the Board of Directors before any final decisions for the projects are made.

At Board meeting no. 01-2015, with all three Audit Committee members present, the Board reviewed the system of internal control, the organization and external influencing factors, risk management, methods of dissemination, communications, and monitoring information. In conclusion, it was confirmed that PDI deploys an adequate system of internal controls regarding transactions with major shareholders, directors, management and related persons, as well as internal controls in other areas.

Head of Internal Auditor:

In Board meeting no.08-1998, on December 22, 2008, the Board appointed Dr. Surin Tanticharoenkiat as head of the Internal Audit Department and secretary to the Audit Committee. Dr. Surin had worked as the technical support manager, and possesses an extensive knowledge of the company's operations. In addition to this, he has also 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 credential is listed in the executive section.

The independence of the Internal Audit Department is ensured by the fact that the head of the department reports directly to the Audit Committee, and the Audit Committee is responsible for approving the appointment, as well as transferring and dismissing of the chief of the internal audit unit.

Below is the judgment of the auditor, Mr. Chanchai Chaiprasit, Certified Public Accountant (Thailand) No. 3760, PricewaterhouseCoopers ABAS Ltd.:

“In planning and performing our audit of the financial statements of Padaeng Industry Public Company Limited for the year ended December 31, 2014, 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 (revised) ‘Identifying and assessing the risks of material misstatement through understanding the entity and its environment.’”

Legal Disputes

As of December 31, 2014, PDI 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 patient’s 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; and 5) compensation for loss of culture and traditional living. The Company and Tak Mining have also been requested by the plaintiffs to pay Baht 50 million and three percent of the Company's profit to the Risk Insured Fund, and to improve the 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 considered the court resolution and already appealed for the court order. Now, the case is pending at the Appeal Court.

On February 28, 2014, the Bangkok South Civil Court ruled judgment in the Black Case No. 9/2553, in the same manner above, which claimed over Baht 230 million as damage compensation. The court judgment orders the Company 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. The Company has considered the court resolution and already appealed for the court order. Now, the case is pending at the Appeal Court.

On September 29, 2014, the Bangkok South Civil Court ruled judgment in the Black Case No. 64/2552, in the same manner above, which claimed over Baht 836 million as damage compensation. The court judgment orders the Company and Tak Mining to pay a compensation to 82 plaintiffs (villagers) who hold the Cadmium patient's card issued by the Mae Sod Hospital, from the total 218 plaintiffs, at the total amount of Baht 8.20 million. The Company has considered the court resolution and already appealed for the court order. Now, the case is pending at the Appeal Court.

The other two complaints are pending court proceedings.

The Company is confident that its strict environmental measures are in full compliance with the regulations and requirements of the authorities. Management continuous to defend the case vigorously. At this stage, the outcome of the proceedings remains unknown, however, for prudence purposes, a contingency liability amount of Baht 27 million has been recorded for these five complaints.

On October 26, 2010, PDI received a Letter from the Ministry of Industry, dated October 22, 2010, ordering the company 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.

On September 11, 2014, the Central Administrative Court ruled the judgment on this complaint that the latest mining concession of the Company has been granted legally under the governing rules and regulations effective at that time. The Ministry of Industry is not competent to order PDI to conduct additional EHIA, therefore the Letter from the Ministry of Industry dated October 22, 2010 is unlawful and must be revoked.

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 26 of the 2014 financial statement.

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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For more information, the investor shall study the Company's information from the Annual Registration Statement (Form 56-1) at www.sec.or.th and www.padaeng.com

GRI Content Index

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G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees	-	-	Not available: we expect this data to be available in the next year
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	-	-	Not available: we expect this data to be available in the next year
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G4-EC3	Coverage of the organization's defined benefit plan obligations			
G4-EC4	Financial assistance received from government	-	-	PDI does not receive financial assistance from government
Market Presence				
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-	-	Not available: we expect this data to be available in the next year
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	-	-	Not available: we expect this data to be available in the next year
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G4-EC7	Development and impact of infrastructure investments and services supported	-	-	Not available: we expect this data to be available in the next year
G4-EC8	Significant indirect economic impacts, including the extent of impacts	-	-	Not available: we expect this data to be available in the next year
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G4-EN5	Energy intensity	Energy Conservation and Energy Efficiency Improvement	38-39	
G4-EN6	Reduction of energy consumption	Energy Conservation and Energy Efficiency Improvement	38-39	
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G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas Include impacts identified as a consequence of any resettlement and closure activities reported under Indicators MM9 and MM10 respectively	-	-	Not available: we expect this data to be available in the next year
MM1	Amount of land (owned or leased, and manage for production activities or extrative use) disturbed or rehabilitated	Mae Sod Mine Rehabilitation	41-43	
G4-EN13	Habitats protected or restored	Mae Sod Mine Rehabilitation	41-43	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	-	Not available: we expect this data to be available in the next year
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Mae Sod Mine Rehabilitation	41-43	

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G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	-	-	Not available: we expect this data to be available in the next year
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	-	-	Not available: we expect this data to be available in the next year
G4-EN18	Greenhouse gas (GHG) emissions intensity	Overview of the Environment Performance Indicators	40	
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G4-EN20	Emissions of ozone-depleting substances (ODS)	-	-	Not available: we expect this data to be available in the next year
G4-EN21	NOX, SOX, and other significant air emissions Include emissions from both major mobile sources and on-site stationary sources	Air Quality Management	36-37	
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G4-EN22	Total water discharge by quality and destination	Overview of the Environment Performance Indicators	40	
G4-EN23	Total weight of waste by type and disposal method	Overview of the Environment Performance Indicators	40	
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	-	-	Not available: we expect this data to be available in the next year
G4-EN24	Total number and volume of significant spills	-	-	Not available: we expect this data to be available in the next year
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention 2 annex i, ii, iii, and viii, and percentage of transported waste shipped internationally	Overview of the Environment Performance Indicators	40	
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	-	-	Not available: we expect this data to be available in the next year
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G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Product Responsibility	31	
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G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	-	-	Not available: we expect this data to be available in the next year
Overall				
G4-EN31	Total environmental protection expenditures and investments by type	Overview of the Environment Performance Indicators	40	
Supplier Environmental Assessment				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	-	-	Not available: we expect this data to be available in the next year
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	-	-	Not available: we expect this data to be available in the next year
Environmental Grievance Mechanisms				
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Community Involvement and Participation Involvement	39	
Social: Labor Practices and Decent Work				
Employment				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employment	20-21	
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G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	People Engagement	27	
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G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	People Development		
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G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	People Development: Compensation Ratio of Female comparing to Male Employee	23	
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G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Supply Chain Management	32	
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G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	-	All agreements are in compliance with PDI Code of Conduct
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	People Development, Human & Labor Rights	22-23 / 25	
Non-discrimination				
G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	-	There was no incidents of discrimination
Freedom of Association and Collective Bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Freedom of Association and Collective Bargaining	25	

Indicator	Disclosures	Report Section	Page	Note
Child Labor				
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human & Labor Rights Supply Chain Management	25 32	
Forced or Compulsory Labor				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Supply Chain Management	32	
Security Practices				
G4-HR7	human rights policies or procedures that are relevant to human rights policies or procedures that are relevant to operations	Human & Labor Rights	25	
Indigenous Rights				
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	-	None
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities	-	-	None
Assessment				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-	-	None
Supplier Human Rights Assessment				
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supply Chain Management	32	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Supply Chain Management	32	
Human Rights Grievance Mechanisms				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanism	-	-	No grievances about human rights impacts filed
Social: Society				
Local Communities				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs Report whether there are programs in place for assessing the impacts of operations on local communities	Community Engagement	28-30 / 39	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Community Engagement	28-30, 39	
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples	-	-	None
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes	-	-	None

Indicator	Disclosures	Report Section	Page	Note
Artisanal and Small-scale Mining				
MM8	Number (and percentage) or company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	-	-	None
Resettlement				
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	-	-	None
Closure Planning				
MM10	Number and percentage of operations with closure plans	The Preparation of Occupational Training Program for Employee after the Closure of the Mae Sod Mine in 2017	24	
Anti-corruption				
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Anti-Corruption	33	
G4-SO4	Communication and training on anti-corruption policies and procedures	Anti-Corruption	33	
G4-SO5	Confirmed incidents of corruption and actions taken	Anti-Corruption	33	
Public Policy				
G4-SO6	Total value of political contributions by country and recipient / beneficiary	Code of Conduct / www.padaeng.com/Code of Conduct	25	
Anti-competitive Behavior				
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Conducting Fair Business	30	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Code of Conduct / www.padaeng.com/Code of Conduct	25	
Supplier Assessment for Impacts on Society				
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	-	-	Not available: we expect this data to be available in the next year
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	-	-	
Grievance Mechanisms for Impacts on Society				
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	-	-	No grievances about environmental impacts filed, and addressed
Social: Product Responsibility				
Customer Health and Safety				
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	-	-	100% of significant products

Indicator	Disclosures	Report Section	Page	Note
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-	-	None
Materials Stewardship				
MM11	Programs and progress relating to materials stewardship	Strategic Plan	44	
Product and Service Labeling				
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	-	-	All significant product and service categories are assessed regarding health and safety impact
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	-	There was no incidents of non-compliance
G4-PR5	Results of surveys measuring customer satisfaction	Customer Satisfaction Surveys	31	
Marketing Communications				
G4-PR6	Sale of banned or disputed products None	-	-	There was no banned or disputed products
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	-	None
Customer Privacy				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Customers' Information Privacy	31	
Compliance				
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	-	There was no fines for non-compliance



This Annual Report and Sustainability Report 2014 use
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