



# Together We Can

ANNUAL REPORT 2015

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# Vinythai Public Company Limited

## Annual Report 2015





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## FINANCIAL HIGHLIGHTS

Unit : Million Baht	2013 <sup>#</sup>	2014 <sup>#</sup>	2015 <sup>#</sup>
Sales Revenues	17,332	17,742	16,555
Total Revenues	17,496	17,847	16,653
Gross Profit	1,393	1,365	1,786
Income before Financial Cost	297	(1,078)	660
Net Profit	198	(963)	566
Depreciation	1,398	1,433	1,466
Cash Flow from Operating Activities	1,475	1,890	2,197
Capital Expenditures	993	615	404
Total Assets	21,783	19,665	19,048
Total Liabilities	5,638	4,594	3,552
Total Loan	3,428	3,000	1,827
Shareholders' Equity	16,145	15,072	15,496
Persons Employed as of Year End	468	464	457

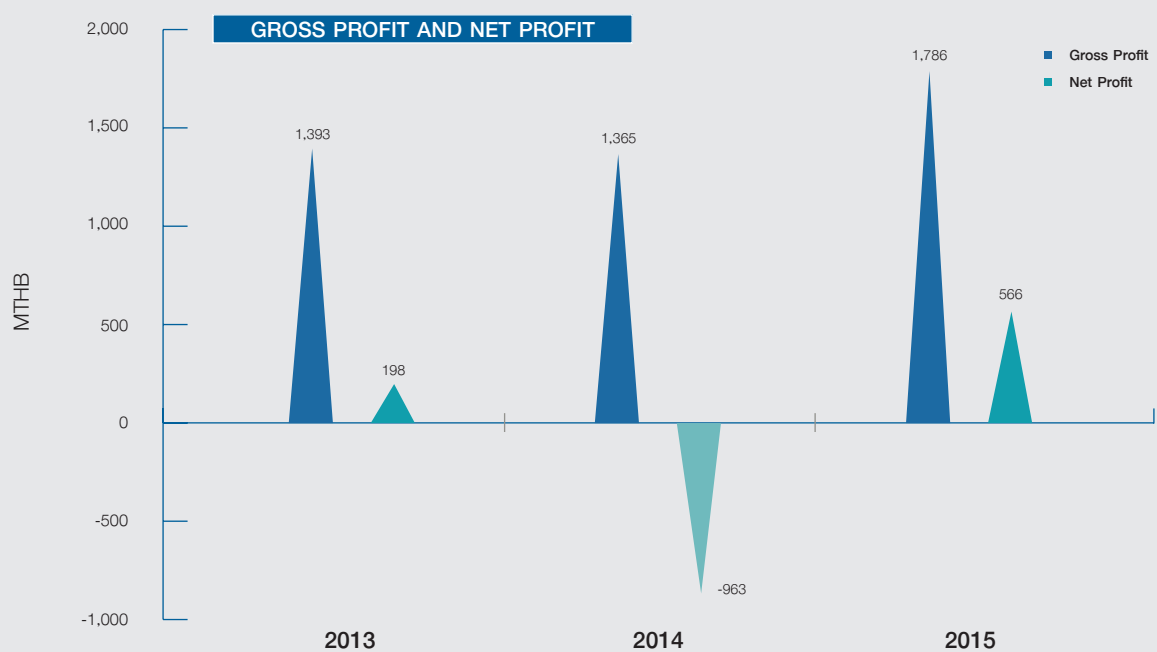
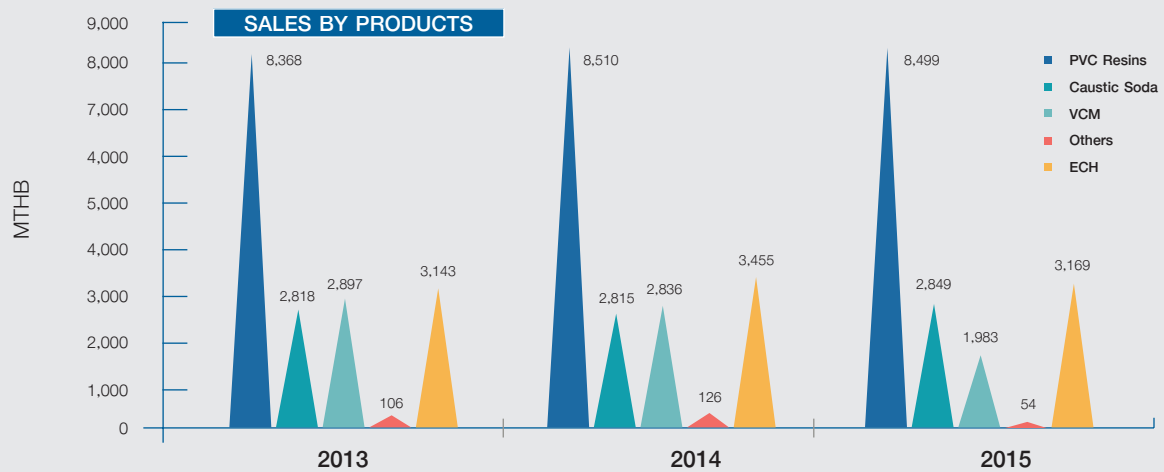
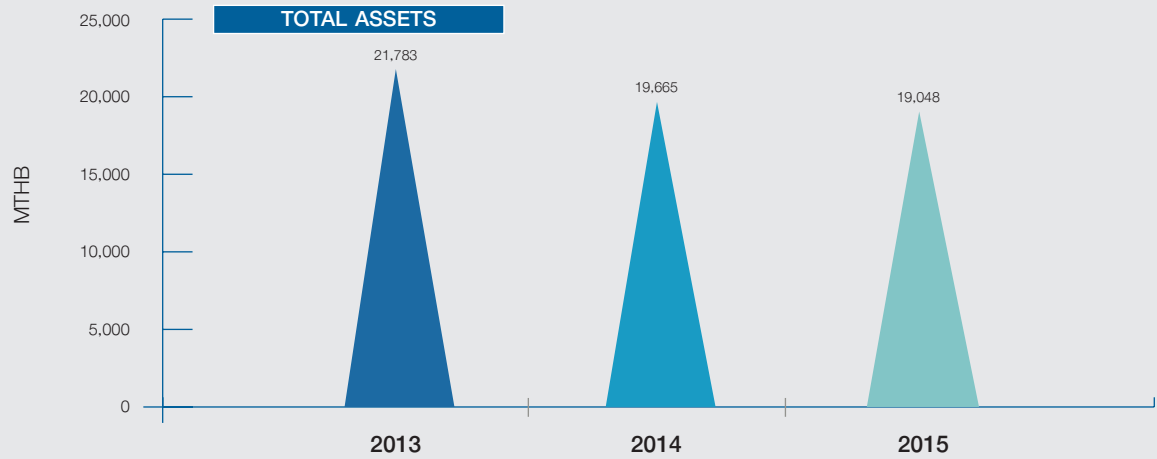
### Information per Share & Financial Ratio

Unit : Baht	2013 <sup>#</sup>	2014 <sup>#</sup>	2015 <sup>#</sup>
Earning per Share	0.17	(0.81)	0.48
Book Value per Share	13.62	12.72	13.07
Dividend per Share (Baht/share)	0.064	0.100	0.400*
Net Profit Margin	1.1%	-5.4%	3.4%
Return on average equity (ROE)	1.2%	-6.2%	3.7%
Return on average assets (ROA)	1.4%	-5.2%	3.4%

<sup>#</sup> Information above were extracted from consolidated financial statements.

\* The Board of Directors' Meeting resolved to propose the Annual Ordinary General Meeting of Shareholders to consider and approve in April 2015.









# MESSAGE FROM THE CHAIRMAN

## The Solid Recovery Materializes

After Vinythai faced a very difficult and volatile market environment in 2014, 2015 has really been a year of recovery for Vinythai and its subsidiary, Advanced Biochemical (Thailand).



On the Safety side, the continuous attention that all employees of the Company are paying to safer working environment and practices brought the Company's performance to an outstanding record: 8 million worked-hours without any Lost Time Incident. This performance has been recognized by the Minister of Labor who granted the Company the "Zero Accident Award – Gold Level", an award that so far has been granted to just a few companies in Thailand.

On the overall performance, the Company strengthened and enlarged the deployment of its Excellence Programs. Thanks to the strong dedication of all teams to those Programs, the production reliability has been significantly improved on all units, and variable costs and fixed costs have been dramatically reduced. Through those Programs in 2015, annual production records have been broken on all production units without any major investment and the Company generated more than 500 MTHB of additional margins. And those improvement Programs are far from being over. They will be reinforced in the years to come. At the end, they will transform the whole Company and the way all its employees think and behave, for the benefit of all its stakeholders.

On the markets, Advanced Biochemical (Thailand) scored important points as the environmental performances of its production process and the Bio-based nature of Epicerol® are getting more and more recognized. JEC, the world's largest composites industry organization, bestowed its Innovation Award on Epicerol®. The Roundtable on Sustainable Biomaterials (RSB), an independent and global multi-stakeholder coalition which works to promote the sustainability of biomaterials, has also given the product its official endorsement. All those successes will progressively better position Advanced Biochemical (Thailand) at the forefront of the Sustainable Development, a key differentiating vector in several market applications.

To track all its progresses in Sustainable Development, the Company follows the Solvay Way, an integrated and holistic management system, which gathers its performances versus the interests of all its stakeholders. During 2015, working particularly with suppliers, customers and surrounding communities, the Company significantly improved its scorings. A key element has also been the signature of the Declaration of Intent to promote Thailand's Private Sector Collective Action Coalition against Corruption (CAC) which is coordinated by the Thai Institute of Directors Association (IOD). This significant move emphatically endorses the Company's commitment to contribute to the elimination of corruption and to the development of stronger ethical behaviors in all its business activities.

Clearly, 2015 has been a turning point in the Company's results recovery. Through all those developments, Vinythai is building very solid market and financial bases for further growth in its core businesses and potentially adjacent product lines. This is supported by a fully dedicated team to whom I extend my deepest thanks for their engagement.

The Board of Directors and the Management of the Company would like to take this opportunity to thank all shareholders for their continuous support in 2015, and for the years to come.

With warmest regards,



(Mr. Vincent De Cuyper)  
Chairman of the Board of Directors



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# BUSINESS OVERVIEW





# Vision, Mission and Values

## Our Vision

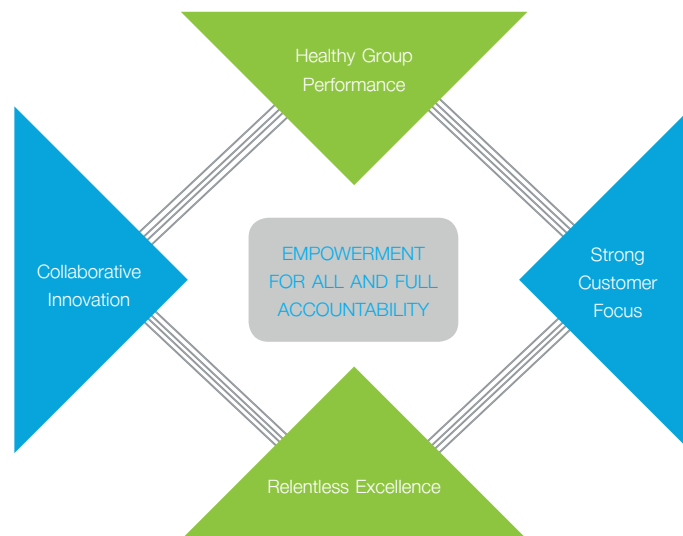
The Innovative, Competitive and Trusted Partner in Sustainable Chloro-Vinyls and Biochemicals

## Our Mission

Vinythai supplies customers in Thailand and Asia with Polyvinyl Chloride resins, Caustic Soda, and Epichlorohydrin backed by world-class technology while creating ever-increasing value to its stakeholders.

## Our Values

### Our Management Model



### Our People Model

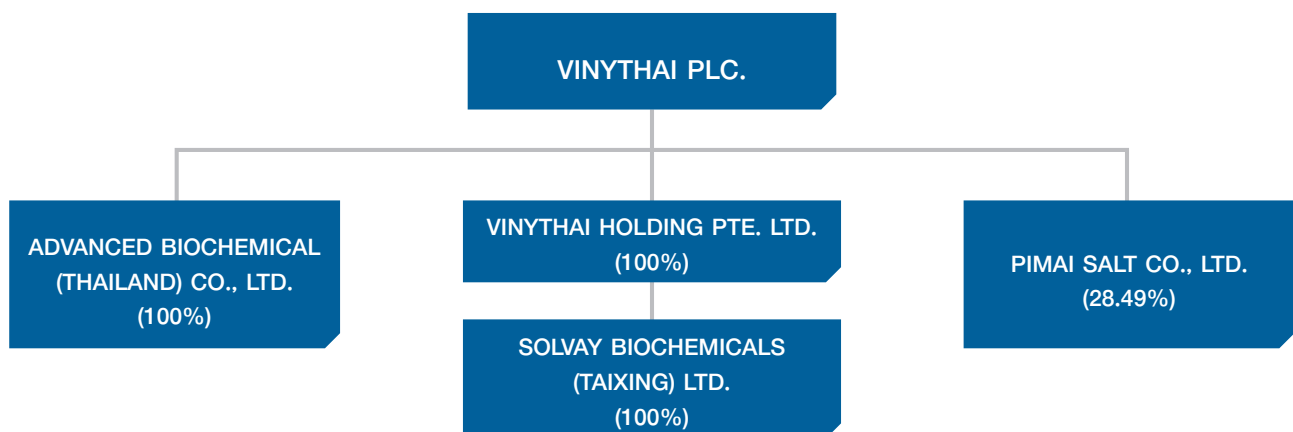
What does the Group expect from its employees?



What can the employees expect from the management?



# Shareholding Structure



## Advanced Biochemical (Thailand) Co., Ltd.

Advanced Biochemical (Thailand) Limited [formerly known as “Solvay Biochemicals (Thailand) Limited”], the subsidiary company of Vinythai, principally engaged in manufacturing and trading of chemical product. Vinythai holds 100% of the company’s total issued shares amounting to 15,000,000 ordinary shares at par value of THB 100 each. Advanced Biochemical (Thailand) Limited’s plant and head office is located at: No. 2/1, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province, Telephone No. 0-3892-5000, Fax No. 0-3868-3048. The Company’s business office is located at: 14<sup>th</sup> Floor, Green Tower 3656/41 Rama IV Road, Khet Klongtoey, Bangkok 10110, Telephone No. 0-2229-9100 (30 lines), Fax No. 0-2240-1383, 0-2240-1386, 0-2240-1375.



### Vinythai Holding Pte. Ltd.

Vinythai Holding Pte. Limited, a company registered in Singapore, the subsidiary company of Vinythai, holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited with its registered share capital of RMB 287 million.

Vinythai Holding Pte. Limited office is located at: 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore.

### Solvay Biochemicals (Taixing) Ltd.

Solvay Biochemicals (Taixing) Limited, a company registered in the People's Republic of China, the subsidiary company of Vinythai, principally engaged in manufacturing and trading of chemical product. Vinythai holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited via Vinythai Holding Pte. Ltd. amounting to RMB 287 million. Solvay Biochemicals (Taixing) Limited's head office is located at: No. 1, Futai Road, Taixing Economic Development Zone, Jiangsu Province, the People's Republic of China.

### Pimai Salt Co., Ltd.

Pimai Salt, an associated company of Vinythai, is a producer of pure refined salt. The company was established under a joint venture agreement between Thasco Chemical Co., Ltd., Thai Refined Salt Co., Ltd. and Vinythai, to produce and supply pure refined salt. Vinythai holds 552,331 ordinary shares in Pimai Salt, equivalent to 28.49% of the company's total issued shares, amounting to 1,938,915 ordinary shares at par value of THB 100 each. Pimai Salt's plant is located in Amphoe Pimai, Nakhon Ratchasima Province, Thailand. Pimai Salt's Head Office is located at: 2<sup>nd</sup> Floor, Srfuengfung Building, 1016 Rama IV Road, Silom, Khet Bangrak, Bangkok 10500, Telephone No. 0-2633-9380-6, Fax No. 0-2633-9390.



### Relation between the Company and its major shareholders

Vinythai's major shareholders are Solvay Vinyls Holding AG holding 58.77% of shares and PTT Global Chemical Public Company Limited (PTTGC) holding 24.98% of shares (information as of 3 March 2015). Vinythai Public Company Limited is a manufacturer and distributor of Polyvinyl Chloride (PVC) and Caustic Soda which are important chemical products. In the production process of PVC, technology and technical assistance are supported by Solvay S.A., an indirect ultimate shareholders of Solvay Vinyls Holding AG, a major shareholder, under the License Agreements and the Technical Assistance and Support Agreement. Main raw material, Ethylene, is purchased from PTT Global Chemical Public Company Limited (PTTGC), the largest producer of ethylene in Thailand and the company's second major shareholder. The company entered into a long-term purchase agreement in order to secure the supply of such raw material. The said mentioned agreements have been approved by the Board of Directors. The company has also complied with all related rules/regulations for the transactions.



# NATURE OF BUSINESS OPERATIONS

## **Vinythai Public Company Limited**

The Company's production facilities are located at Map Ta Phut in Rayong Province. They include two PVC plants (suspension and emulsion resins), one Vinyl Chloride Monomer (VCM) plant, one Ethylene Dichloride (EDC) plant, and one Chlor-Alkali (MCA) plant. The purpose of the latter three units is to integrate upstream production of PVC, so that the Company can rely as much as possible on locally-purchased raw materials and utilities, including ethylene from PTT Global Chemical Public Company Limited (formerly known as "PTT Chemical Public Company Limited"), salt from Pimai Salt Company Limited (PSC), and electricity from Glow Energy Public Company Limited (Glow Group). Also with the objective of ensuring availability of raw materials, Vinythai holds a minority shareholding in PSC.

In addition to chlorine, which is utilized in downstream production processes, the Company's Chlor-Alkali plant produces significant quantities of Caustic Soda as well as Hydrogen and Sodium Hypochlorite. These products are sold in the domestic market. The Company's facilities are also equipped to import EDC and VCM as the need arises.

## **Advanced Biochemical (Thailand) Co., Ltd.**

The Company manufactures and sells Epichlorohydrin, a chemical substance mainly used in the Epoxy Resin production. It operates a plant located at Map Ta Phut in Rayong, on the site of its parent company (Vinythai). The Company uses a new production technology based on the Epicerol® process, developed and patented by Solvay S.A. The main raw materials of this process are Glycerin, Hydrochloric Acid and Caustic Soda. The Glycerin is supplied from import and domestic suppliers, Chlorine and Caustic Soda are supplied from the parent company (Vinythai).

## **Solvay Biochemicals (Taixing) Limited**

The Company manufactures and sells Epichlorohydrin, the same product as Advanced Biochemical (Thailand) Co., Ltd. Shareholders of the Company is Vinythai Holding Pte. Limited, which is the Company's Subsidiary and incorporated in Singapore. It operates a plant located in Taixing Economic Development Zone, Jiangsu Province, People's Republic of China. The main raw materials of this process are Glycerin which is supplied from import and domestic suppliers, Chlorine and Caustic Soda which are supplied from domestic supplier located within the same area.



# Income Structure

Vinythai obtains the major part of its income from the manufacture and distribution of PVC resins, under the “SIAMVIC” trademark, VCM and from Caustic Soda. The income structures of Vinythai and its associated company are as follows:

Sales Revenues	2015		2014		2013	
	MTHB	%	MTHB	%	MTHB	%
<b>Sales in Thailand</b>						
1. PVC Resins	4,955	35.2	5,347	35.8	5,184	34.9
2. Caustic Soda	3,009	21.4	2,935	19.7	2,688	18.1
3. VCM	1,983	14.1	2,760	18.5	2,824	19.0
4. Others	498	3.5	540	3.6	533	3.6
<b>Total Sales in Thailand</b>	<b>10,445</b>	<b>74.2</b>	<b>11,582</b>	<b>77.6</b>	<b>11,229</b>	<b>75.6</b>
<b>Sales Abroad</b>						
1. PVC Resins	3,544	25.2	3,164	21.2	3,184	21.4
2. Caustic Soda	79	0.6	107	0.7	362	2.4
3. VCM	0	0.0	76	0.5	73	0.5
<b>Total Sales Abroad</b>	<b>3,624</b>	<b>25.8</b>	<b>3,347</b>	<b>22.4</b>	<b>3,619</b>	<b>24.4</b>
<b>Sales in Thailand and Abroad</b>						
1. PVC Resins	8,499	60.4	8,510	57.0	8,368	56.4
2. Caustic Soda	3,088	22.0	3,042	20.4	3,050	20.5
3. VCM	1,983	14.1	2,836	19.0	2,897	19.5
4. Others	498	3.5	540	3.6	533	3.6
<b>Total Sales in Thailand and Abroad</b>	<b>14,069</b>	<b>100</b>	<b>14,929</b>	<b>100</b>	<b>14,848</b>	<b>100</b>

## Income Structure of Subsidiary Company

Product / Service	2015		2014		2013	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
<b>Advance Biochemical (Thailand) Co., Ltd.</b>						
Produce & Supply Epichlorohydrin	3,169	97.0	3,455	97.5	3,143	97.2
Others	99	3.0	87	2.5	90	2.8
% Shareholding by Vinythai		100		100		100

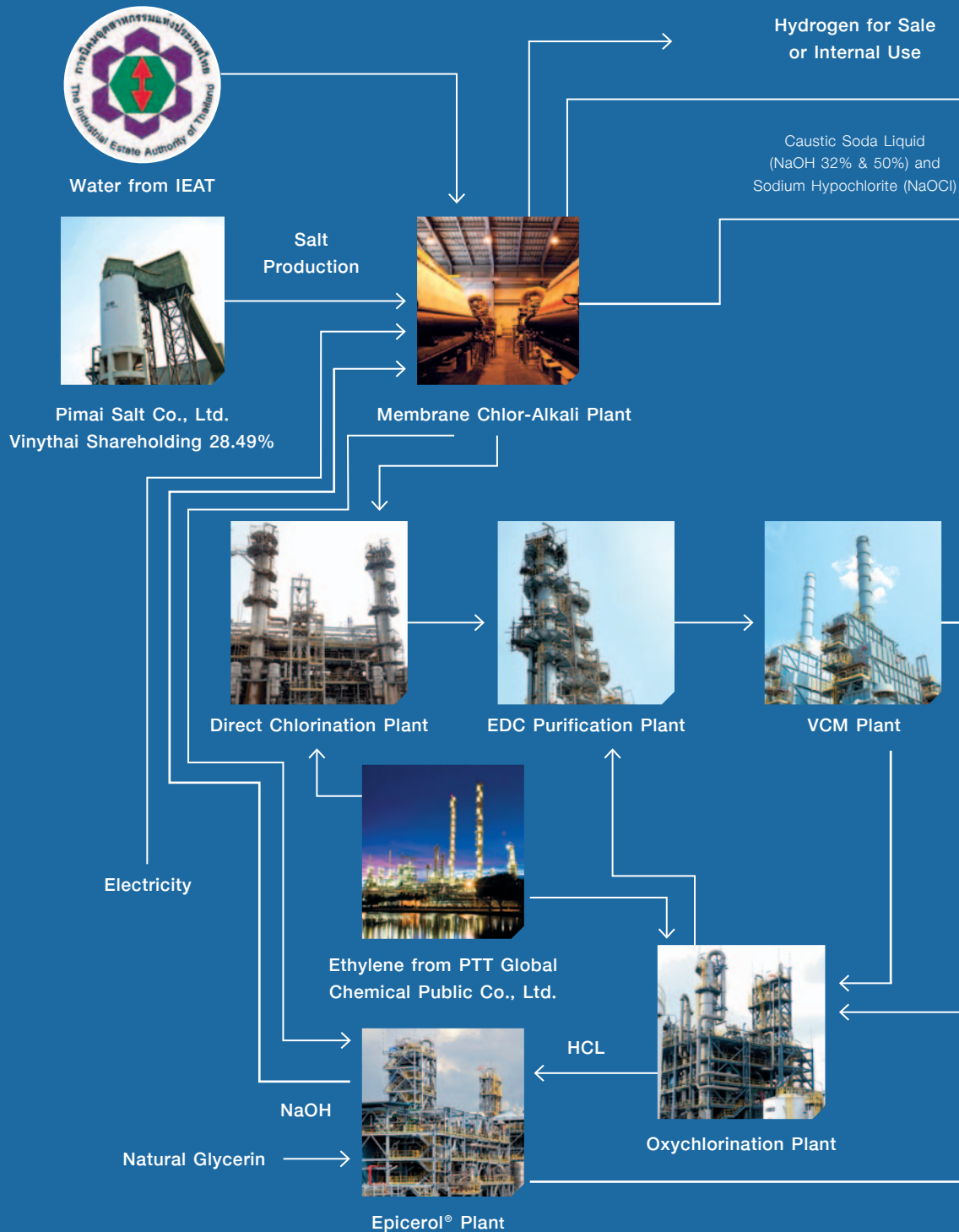
## Income Structure of Associated Company

Product / Service	2015		2014		2013	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
<b>Pimai Salt Co., Ltd.</b>						
Produce & Supply Pure Refined Salt	1,736		1,675		1,548	
% Shareholding by Vinythai		28.49		28.49		28.49

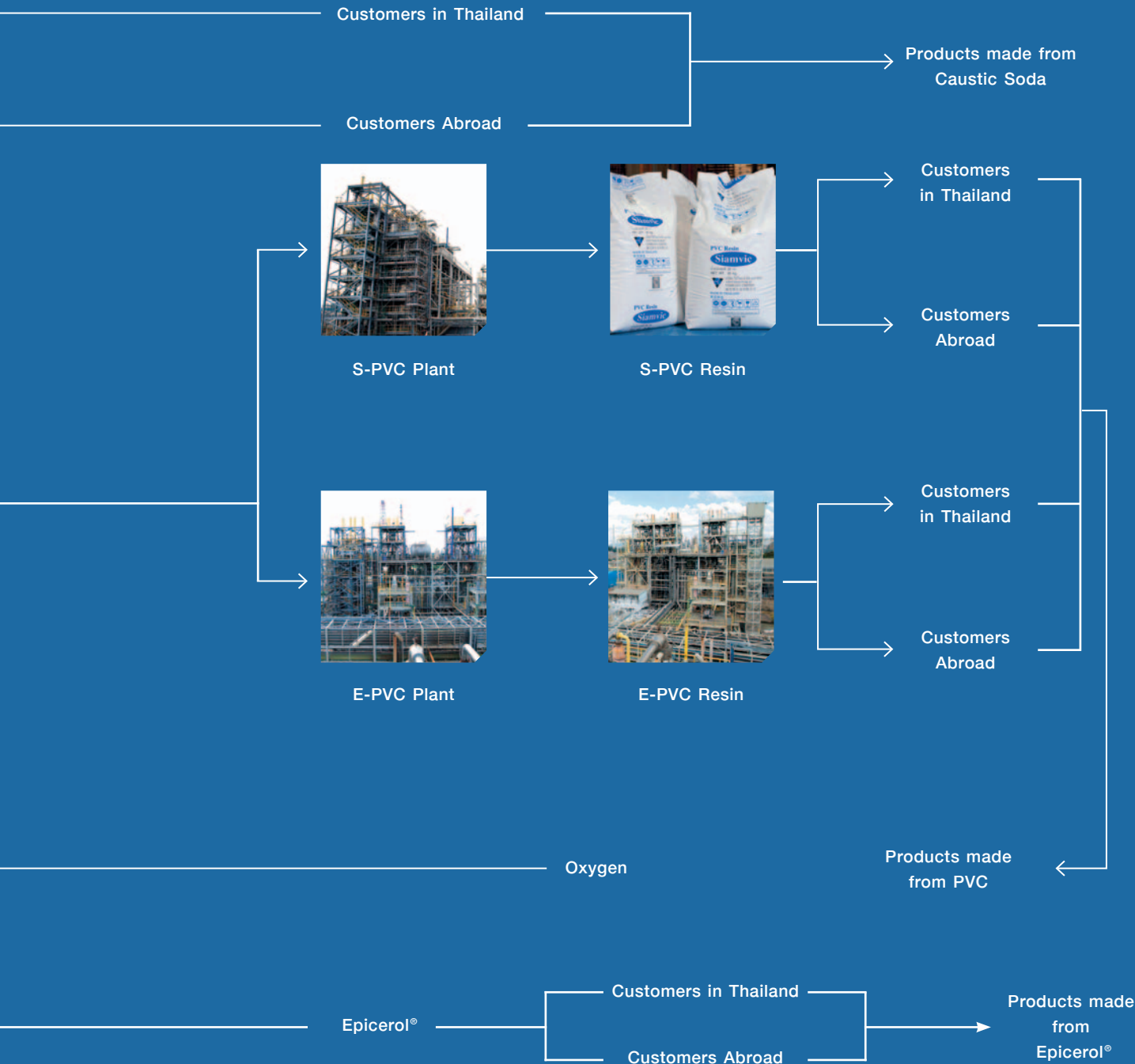


# Production Structure

VINYTHAI IS FULLY INTEGRATED PRODUCTION PROCESS









# Production and Process Development

◦ All production units performed well, each achieving a new output record:

- NaOH +0.15% vs previous record
- VCM +2.4% vs previous record
- PVC-S +11.3% vs previous record
- PVC-E +6.2% vs previous record
- Total PVC +10.8% vs previous record
- ECH +2.6% vs previous record

◦ Besides increasing production volume, savings were achieved in variables and fixed costs, especially energy (see figure).



## Manufacturing Excellence

◦ The Company's entire workforce comprehensively implements its Manufacturing Excellence Program:

- Technical System → idea generation, selection, implementation, control
- Performance Management → KPI management through appropriate tools and effective meetings
- Mindset & Behavior → engage and motivate shop floor staff to propose ideas and suggest solutions to operational issues on their own initiatives

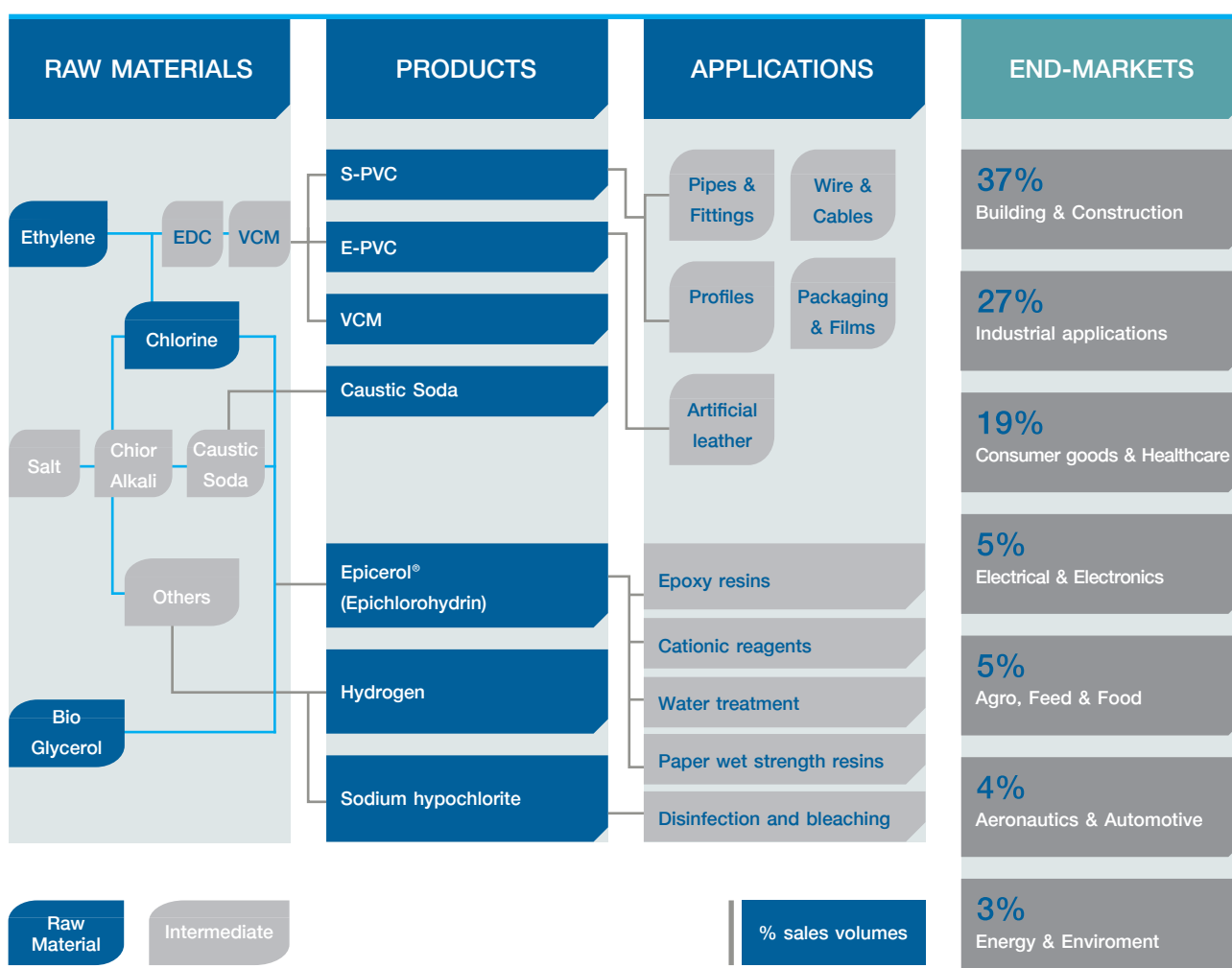
◦ To improve plant reliability and support extension of the duration between turnarounds from 3 to 4 years, the Company implements Solvay Work Order Management (SOLWOM). SOLWOM focuses on sound work preparation and scheduling as means to achieve optimum execution efficiency. A designated team monitors reliability and analyzes deviations.



# Marketing and Sales

Vinythai and its subsidiary Advanced Biochemical (Thailand) produce and supply chlorinated derivatives and Caustic Soda to a wide range of industries and markets, mostly in Asia.

## Portfolio Outline





- **PVC or polyvinylchloride resins under the trademark Siamvic®**

High-quality range of suspension and paste PVC resins serving a variety of industries including automotive, building & construction, electricals & electronics, consumer goods, packaging, healthcare.

- **Caustic Soda, or sodium hydroxide**

Strong base soluble in water. It is used in various applications which are part of our daily life, such as pulp and paper, aluminum, detergents, fibers, food & feed among others. Kosher, Halal and HACCP certificates are available on request.

- **Epicerol®, or Bio-based Epichlorohydrin**

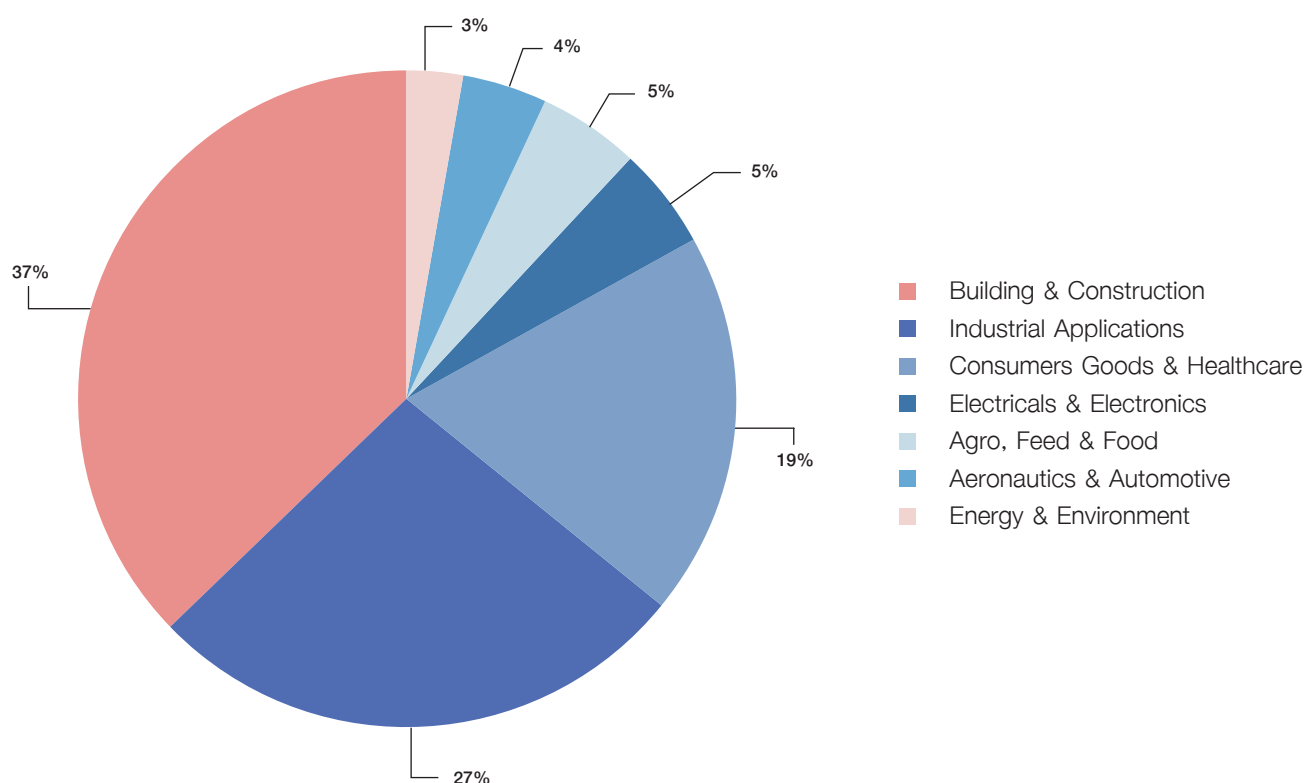
Epicerol® is 100% bio-based epichlorohydrin (ECH) produced by Solvay patented technology. Epichlorohydrin is a chemical intermediate for a wide range of industries including epoxy resins for corrosion protective coatings, electronics, automotive, aerospace and wind turbine industries.

Solvay's production process is based on natural and renewable glycerol as a raw material, instead of propylene – a fossil fuel derivative.

Epicerol®'s glycerol feedstock is an existing by-product from other industries, such as oleochemical or biodiesel production, created by the transformation of vegetable oils. Epicerol® improves the sustainability of products, reducing environmental footprint with no loss of quality or performance.

By choosing Epicerol® over propylene-based ECH, downstream users can reduce the impact raw materials have on their end-products' carbon footprint. For each ton of Epicerol® incorporated, they reduce their carbon footprint by 2.56 tons (including biogenic CO<sub>2</sub> capture).

## A Diversified Market Offering (Distribution of 2015 Net Sales)





## A Competitive Leader on Its Core Markets and an Emerging Biochemical Player

Several factors contribute to the success of the Company as a competitive player in S.E.A.:

- **Integrated Manufacturing:** well integrated industrial site in Map Ta Phut
- **Secured Raw Materials:** Ethylene secured with the Company's shareholder (PTTGC), Salt secured with the Company's stake in Pimai Salt, Glycerin of vegetable origin is sourced from diversified origins.
- **Successful Excellence Programs:** our employees relentlessly strive to outperform manufacturing, commercial and supply chain excellence programs.
- **Research & Innovation:** focusing on improvement of technologies.

The Company, as opposed to its main competitors, sells its products on the merchant market only and is recognized by its customers as a reliable and competitive partner to accompany their growth. This allowed the Company to reach a **leadership position** on its core markets.

### PVC as Sustainable and Versatile Solution for the Society

Our teams jointly work to further develop and secure sustainable use of PVC in the Industry, in collaboration with our customers, with authorities and associations.

Vinythai notably mentors young architects on the energy saving benefits of using PVC in buildings and construction but also joins efforts of the Industry to certify PVC for Green Label in Thailand.

### Epicerol® Bio-Value Promotion Intensifies and Delivers

"Sustainability begins at the Source" eloquently says the slogan of Advanced Biochemical (Thailand).

AkzoNobel for instance, ranking top of Dow Jones

Sustainability index promotes the use of bio-based materials in its coating formulations. AkzoNobel and Solvay have signed a three-year agreement whereby AkzoNobel will progressively increase the use of Solvay's bio-based epichlorohydrin, or Epicerol®, which is already contained in many of the company's resins for its coatings products. By 2016, AkzoNobel aims to source 20% of its total epichlorohydrin demand as bio-based material.

Epicerol® won the 2015 JEC Asia Innovation Award for "Bio-based ECH for more sustainable epoxy resins". JEC is the largest composites industry organization in Europe and in the world with a network of 250,000 professionals. A recent partnership with customers saw Epicerol®-based epoxy resins being used in the composite matrix of a Belgian Solar Car, the Punch One, allowing for 45% bio content in the resin.

More recently, Advanced Biochemical (Thailand) Co., Ltd. became the first bio-based chemical operator in Asia to obtain certification from the Roundtable on Sustainable Biomaterials (RSB). RSB is an independent and global multistakeholder coalition which works to promote the sustainability of biomaterials. This certification scheme has been recognized as the strongest and most trusted of its kind by a number of influential NGOs.

Vinythai is truly emerging as a leading **biochemical partner** well recognized in the value chain.





## Resilient Business Throughout 2015 Despite Challenging Market Conditions

The Company weathered several **challenges** in 2015 which maintained pressure on margins for PVC, Caustic Soda and Epichlorohydrin players in the region.

### Structural overcapacities from China coupled with demand growing at slower pace

Structural overcapacities in China on PVC, Caustic Soda and Epichlorohydrin coupled with a demand growing at slower pace in the region further increased competitive pressure on all our products. The Company faced increasing PVC imports in Thailand from China (carbide based) and from Northeast Asia.

### Volatile Ethylene price disconnected from PVC and Energy costs

Despite low crude oil price, Vinythai experienced quite volatile ethylene price along the year due to unexpected cracker shutdowns and consecutive supply and price surge issues.

Meanwhile, PVC price remained capped in the region by Chinese PVC export capability.

### Low ECH price / market oversupply

ECH prices remained under pressure as a consequence of low propylene price and market oversupply. Hopefully, glycerin market price has been also low throughout the year.

Despite this difficult market environment, the Company proved to be very **resilient** thanks to its agility and achievements brought by manufacturing, supply chain and commercial excellence programs.

PVC and Epicerol® bet their yearly production and sales volumes records.

Thanks to capacity creeping, and despite some supply incidents during second trimester, Vinythai



succeeded to deliver an impressive increase of PVC sales volumes on both domestic and export markets. This contributed significantly to the improvement of PVC business performance in 2015.

Epicerol® business line kept enlarging its market shares not only via enhanced partnerships with key epoxy resin manufacturers but also successfully developed new niche markets recognizing bio-value. Low glycerin market price enhanced by ABT purchasing power as one of the largest buyer of glycerin worldwide strongly contributed as well to improve Epicerol® business margins.

### Summary and Outline for 2016

Vinythai group performed resiliently throughout 2015 and Advanced Biochemical has been widely recognized as reliable biochemical player with its Epicerol® business. Our teams swiftly reacted to volatile and challenging market conditions with sustainable marketing strategies and innovative excellence programs. Despite persistent volatility of markets and growth slowing down of China economy, the Company is determined to further improve its performance in 2016 through further development of its strong market positions in both business lines.



# Human Resources Management

## Employees

As at 31 December 2015, total headcount is as follows:

	Vinythai	Advanced Biochemical (Thailand)	Solvay Biochemicals (Taixing)
Map Ta Phut	413	3	0
Bangkok	37	2	0
China	0	0	2

Number of Employees in each main working unit are:

	Vinythai	Advanced Biochemical (Thailand)	Solvay Biochemicals (Taixing)
Managing Director Unit	15	0	0
Business and Administration	24	2	3
Production Unit	200	3	0
Production and Business Support Unit	211	0	0
Project and Construction Unit	0	0	2

## Remuneration to Staff

In 2015, the total remuneration consisting of salary, bonus and other benefits, including provident fund scheme paid to employees is as follows:

	Vinythai	Advanced Biochemical (Thailand)	Solvay Biochemicals (Taixing)
Total remuneration of employees (MTHB)	521.06	41.0	3.13

## HUMAN RESOURCES - A Journey towards HR Excellence

Vinythai is strongly committed to offering its employees a safe working environment and promoting their professional development. It is a Company policy to respect fundamental human rights and provide all its employees with equal opportunity without any discrimination. The Company also promotes regular dialogue with its employees and their representatives in an atmosphere of trust.



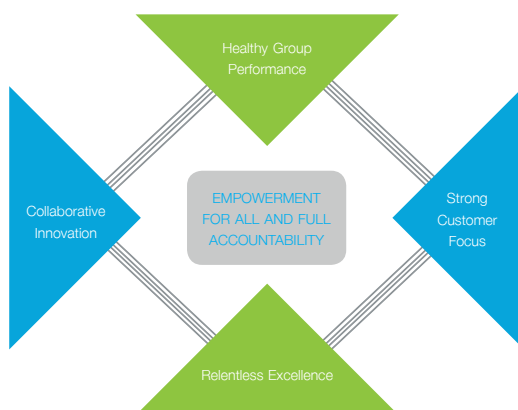
### 1) Vinythai Values Its Employees

Vinythai values and respects equally its employees. All employees are also expected to respect the distinctions of our individuality. The Company provides equal opportunity and encourages diversity at every level of employment. All employees should respect one another and should move forwards the Company's objectives collectively and collaboratively without regard to race, ethnicity, religion, national origin, gender, sexual orientation, disability, age, family status, or any other basis. Unlawful discrimination will not be tolerated.

Vinythai is also committed to respecting and supporting human rights with regard to its employees, the communities in which it operates and its business partners. The Company prohibits any kind of child labor or forced labor and takes seriously any indication that human rights are not properly protected within the workplace or that it may be complicit in any human rights violation. Employees are expected to understand the human rights issues that may be at stake in their workplaces and should prevent any violation of these rights.

Furthermore, the Company promotes open labor relations in the workplace by collaboratively working with Welfare Committee, representatives of employees in the format of working groups and committees. The Company is committed to maintaining trust and constructive relations between employees, their representatives and the management. All employees are encouraged to develop an open dialogue between themselves, their representatives and the management for mutual better understanding and favorable relationship.

### 2) Promoting Our Culture



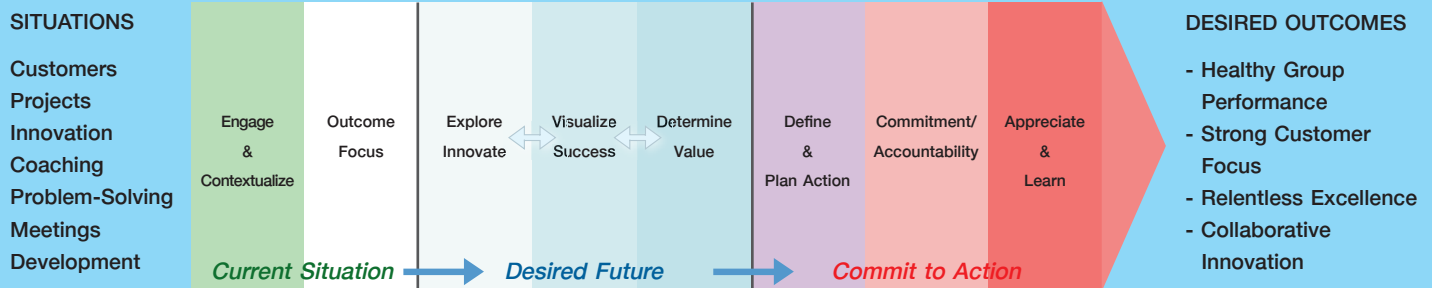
Since the new culture was defined in the year 2013 with the deployment of the “Management Model & People Model,” embedding these principles in our day-to-day management required us to transform the Company's culture. This foundation allows everyone, regardless of their level in organization, to develop behaviors consistent with this new culture. Employee ownership is of great importance. Our Management Model builds on our culture of excellence and aims to empower teams, committing them to tangible objectives, and encourages a “customer-oriented” and “collaborative innovation”. The People Model, a “social contract” between the Company and its employees promotes the relationship based on dialogue, mutual respect and transparency.

### 3) Develop People

“E3 Leader Program: Engage, Empower, Execute” was extended this year to Supervisor and Engineer level after successfully rolled out last year for all Manager. This 4-month program aims to build our management skills in positively engaging and empowering our people which encourage initiative, culture of accountability and results at all levels.

Along the journey of this program, our Supervisors and Engineers applied skills and processes to conduct powerful, focused and productive conversations with peers, employees, customers and partners that engage, focus, development and deliver business results. They shared E3 practice and exchanged their opinion through Line Group and Community of Practice session.





From the result of change tracking survey in November 2015 after completed the training, overall rating by direct subordinates and colleagues on leadership behaviors demonstrated is very positively by **74%**, especially **79%** said that *"I feel comfortable in sharing my thoughts and opinions with this person"*.

#### **Leadership & Management Training with Solvay Corporate University:**

Our nominated talents attended Leadership & Management training of Solvay Corporate University in following program:

##### **1) Management Development Series (MDS) Program:**

10-day program helps to support the transition from individual contributor to a people management role by developing core management skills in alignment with Group's requirements.

##### **2) Adaptive Leadership:**

3-day program helps our people improve the interpersonal/leadership and feedback skills in order to better influence, lead and enhance performance of oneself and a team.

##### **3) International Management Seminar:**

5-day program engages our people in strategic challenges of the Group in a way that develops cross business perspectives, proactive cooperation and networks. This course allowed our people to work in virtual teams on key business challenges with challenge and support from a facilitator and a senior leader.

##### **4) Transformational Leadership Program:**

3-day program have a business focus and will require the cohorts to work on live business projects which will have a transformational impact within their business areas. This program was defined to equip leaders to transform

their organizations and engage their people in the process of cultural change. The program focuses on two distinct applications of transformational leadership skills:

- Horizontal transformation – improve collaboration across the organization, in support of identified business objectives and enhancing end delivery to the customer
- Vertical leadership – develop a culture of empowerment and accountability by helping the Senior Managers prepare to cascade this program to their direct reports, and the broader organization.

#### **Behaviors for High Performance Teams - Observing Behavioral Competencies Program**

In 2013, the Company implemented a new set of behavioral competencies in line with the Management Model and People Model. The behavioral competencies are assessed in the Performance, Development and Career Review (PDCR) as a lever for achieving high performance and effective development plans.

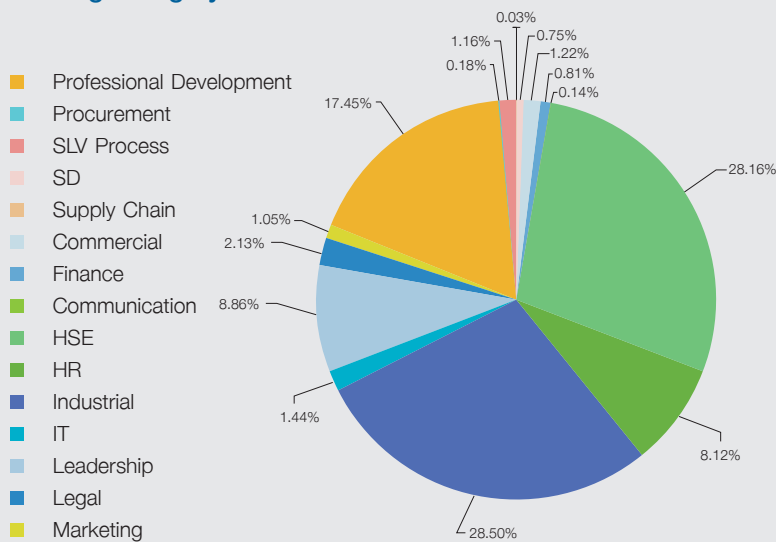
In order to enable employees and managers to understand and apply the 12 behavioral competencies for selection and development of people, the Observing Behavioral Competencies workshop (OBC) was organized to all Managers to help them develop their ability to identify competencies correctly, give fact-based feedback, and build relevant development plans.

#### **The Behavioral Event Interview (BEI):**

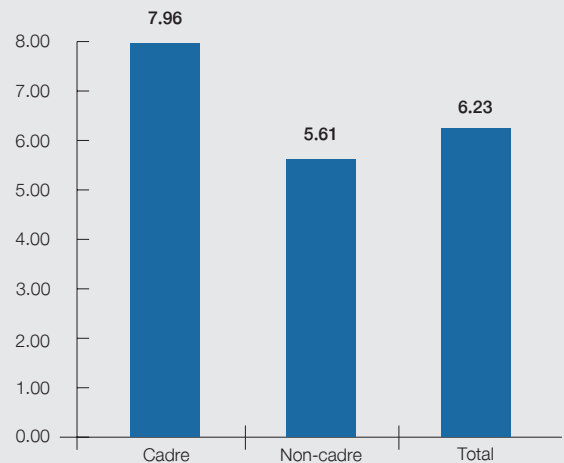
In order to enable our Managers to understand the link of these competencies with the selection interviews to get the right people with required competencies, the Behavioral Event Interview technique is equipped to Managers to develop their abilities to identify behavioral characteristics displayed by the interviewee. BEI technique helps Managers focus on actual thoughts and actions from the past of interviewee and on what is most important for success, and uncover what people really do in their day-to-day behavior.



### Training Category



### Training Day / Employee



## 4) Career Management and Development

The Career management process aims to provide development opportunities to ensure that every employee reaches his/her highest potential and develop skills for the future by focusing on individual development needs and career aspirations from Performance, Development and Career Review.

“Employee Mobility” and “Development & Succession Planning” policy are the crucial HR tools of career management and talent development.

### Employee Mobility:

First and foremost, the Company is committed to the ongoing development of our employees and as a part of this to providing interesting and enriching career opportunities. We believe it is in the best long-term interest of both the Company and our people, to ensure that there are open channels to communicate about job opportunities to our employees and to provide clear rules that are applicable globally for how to apply to these opportunities.

We also believes that the movement of our employees across Business, Functions, and Locations is a key to promoting our culture, sharing of management practices, and ensuring the necessary transfer of scientific, technical and commercial expertise across the organization. All of this contributes to a motivated workforce, the sustainability of the Company and the employability of our people throughout their careers.

In year 2015, the movements of our employees within the Group are totally 7 persons across Business and Function.

### Development and Succession Planning

The Development and Succession Planning deployment aims to ensure the Company has the right people at the right place to achieve its growth strategy and performance.

Development and Succession Planning is a management meeting where topics related to Succession Planning, Talent Identification and Career Development are discussed, and where decisions are prepared and made collectively taking into account employees’ career aspirations and abilities.

The career evolution of each talent is discussed in the DSP process at least once a year. And each talent receives feedback about next career steps and development plan based on the DSP outcome.



In year 2015, DSP meeting was conducted between HR and Department Managers in all Functions across the Company. The development needs identified during the DSP meeting will be discussed with employees in Performance, Development and Career review in order to define the individual development plan.

### 5) Compensation Policy – Reward for Performance

Compensation policy is based on 4 guiding principles:

#### Reward Performance

- Compensation is performance driven
- Direct link between PDCR and Compensation

#### Market Competitiveness

- Attract best new employees
- Retain employees

#### Manager Empowerment

- Support delegation
- Harmonized level of transparency

#### Internal Equity

- Support equity by paying a similar job, in a similar way
- Support internal mobility

The employees' Base Salary is annually reviewed to reward the job performance assesses in Performance, Development and Career Review (PDCR). Annual salary increase is linked to market movement to ensure market competitiveness.

Short-term incentive (bonus) policy applies to all employees and is designed to:

- Implement a high performing culture to contribute to the Company success
- Reward individual and collective performance
- Measure progresses on sustainable development targets

Individual Bonus is based on the achievement of individual objectives set as a part of Performance, Development and Career Review process (PDCR), and the Collective Bonus is based on the realization of economic and sustainable development KPI's.

The bonus also links the performance of employees to the economic performance of the company where they have a direct impact and contribution. This will foster

empowerment, collective engagement at the company level, and reward performance closer to the reality of the contribution of each.

### 6) Employee Survey 2015 – Your Opinion Matters

Vinythai values the individual voices of its employees. Employee Survey 2015 was conducted in order to listen to individual reflective feedback.

In this survey, we want to measure the “Employee Engagement” as well as the factors influencing this Engagement. “Engagement” is a term used to describe how we measure how people feel about the organization they work with and, as a result, the extent to which they will commit their time and energy to make it a success.

The overall participation rate of **98%** was highly appreciative, which means that the results are genuinely meaningful and represent the **“true voice of the employees”**.

The results of 2015 Employee Survey shows overview top three favorable dimensions that we are good at:

- **Relentless Excellence (75%)** showing we strive to continuously improve in all aspects of work and a high level of performance is expected of people in our team.

- **Customer Focus (72%)** showing the impact to our customers (internal and external) will be considered as a priority when making decisions.

- **Innovation (71%)** showing we are constantly seeking to develop and apply new ideas, products, technologies, etc. in order to better serve all our stakeholders (internal and external).

- Our **Safety and Environment** are important to all of us, a point strongly reinforced by the results of this survey. Most employees positively report that we are a socially and environmentally responsible GBU (**86%**) and we never compromise our safety in order to meet other targets (**85%**). On top of that, most employees perceive that sustainable development is an important part of Solvay's strategy (**82%**).

Nevertheless, the 2015 Solvay Employee Survey shows we will be continuing to work on improvement in term of **“Engagement”**, the results show that we are moderately engaged decreasing from the last survey in year 2011.

We really appreciate the discriminating and measured responses that employees made – these help us identify some very specific areas for improvement.



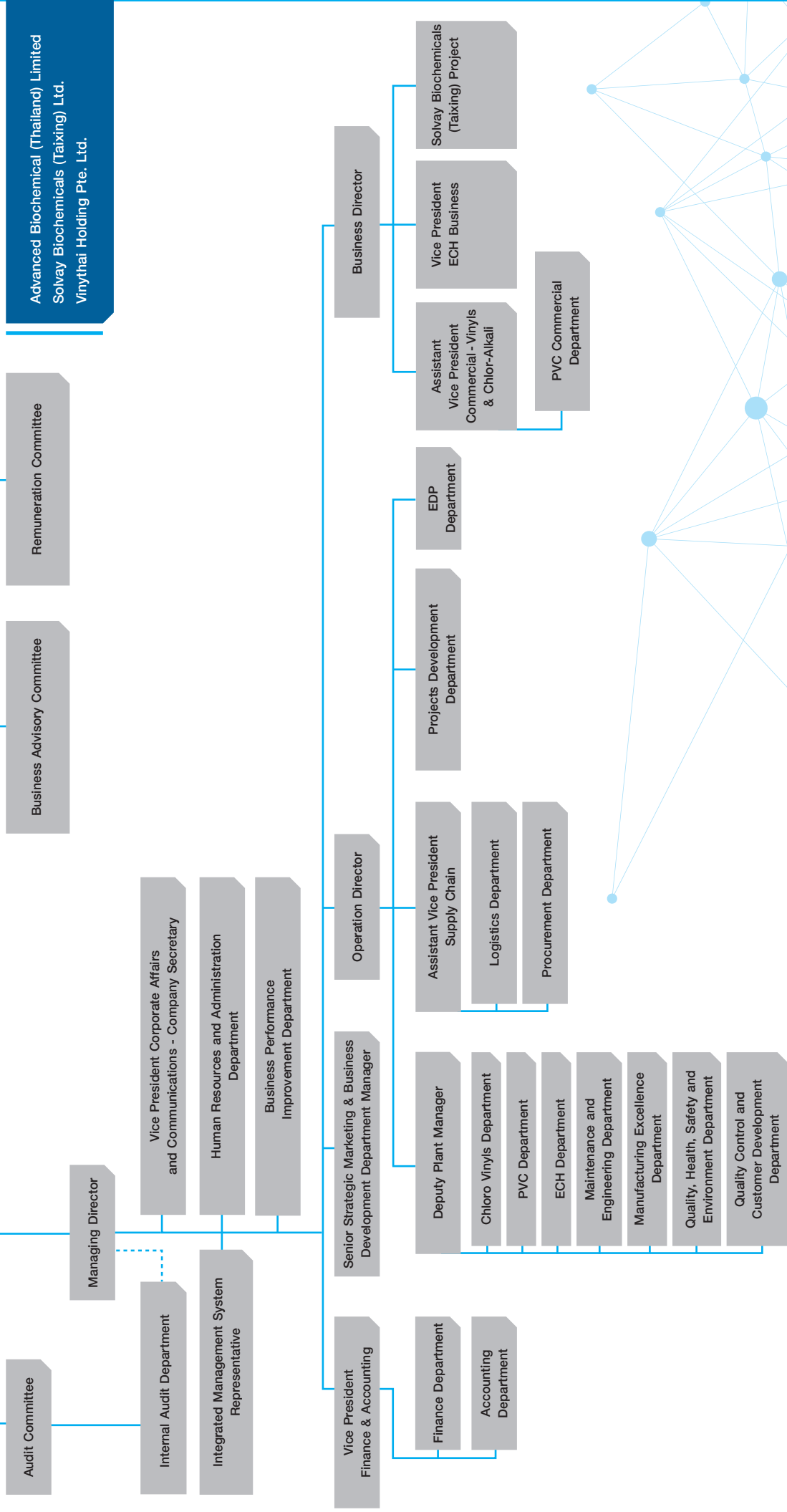
# MANAGEMENT STRUCTURE





# Organization Chart of Vinythai Public Company Limited

## Board of Directors



Advanced Biochemical (Thailand) Limited  
Solvay Biochemicals (Taixing) Ltd.  
Vinythai Holding Pte. Ltd.



# Board of Directors of Vinythai



**Mr. Vincent De Cuyper**  
(Age 54)

Chairman of the Board of Directors, Chairman of Nomination & Remuneration Committee, and authorized to sign to bind the Company

## Educational Qualification

- Master Degree in Industrial Management, University of Leuven, Belgium
- Master Degree in Chemical Engineering, Catholic University of Louvain-la-Neuve, Belgium

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

## Main Experience

- **20 Sep 2014 - Present** Chairman of the Board of Directors and Chairman of Nomination & Remuneration Committee, Vinythai Public Company Limited
- **29 Apr 2014 - 19 Sep 2014** Director, Vinythai Public Company Limited
- **2012 - Present** Member of the Executive Committee, Solvay S.A., Belgium
- **Mar 2006 - 2012** Group General Manager of the Chemicals Sector and Member of the Executive Committee, Solvay S.A., Belgium
- **Sep 2005 - Feb 2006** Deputy Group General Manager of the Chemicals Sector, Solvay S.A., Belgium
- **1 Aug 2002 - 1 Sep 2005** Managing Director, Vinythai Public Company Limited
- **1 Feb 1999 - 31 Jul 2002** Plant Manager, Vinythai Public Company Limited
- **1 Sep 1992 - 1 Oct 1996** PVC Production Manager, Vinythai Public Company Limited





**Mr. Supattanapong  
Punmeechaow**  
(Age 56)

Vice Chairman of the Board of Directors, Member of Nomination & Remuneration Committee and authorized to sign to bind the Company

#### Educational Qualification

- Master in Business Administration, Chulalongkorn University
- Bachelor in Chemical Engineering, Chulalongkorn University
- Certificate of the Advance Management Program, INSEAD University, France
- Certificate of the National Defence Course (Class 50) and The Joint State-Private Sector Course (Class 20), National Defence College
- Certificate of the Oxford Energy Seminar 2013, United Kingdom
- Certificate of the Top Executives in the Energy Education Program, Thailand Energy Academy (Class 4)
- Certificate of the Corporate Governance Program for Directors and Executives of State Enterprises and Public Organizations (Class 12 ), 2014, King Prajadhipok's Institute-State Enterprise Policy Office and Office of the Public Sector Development Commission
- Certificate of the Director Certification Program (DCP) Class 131/2010
- Certificate of the Role of Chairman Program (RCP) Class 30/2013, Thai Institute of Directors Association (IOD)
- Rule of Law for Democracy Course Class 3/2015

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- |                            |  |
|----------------------------|--|
| - 27 Nov 2014 - Present    | Vice Chairman of the Board of Directors and Member of Nomination & Remuneration Committee, Vinythai Public Company Limited   |
| - 1 Oct 2014 - Present     | CEO & President, PTT Global Chemical Public Company Limited  |
| - 17 Jul 2015 - Present    | Chairman of the Board of Directors, Thai Oleo Chemical Company Limited   |
| - 24 Oct 2014 - Present    | Director, PTT Chemical International Private Limited   |
| - 24 Oct 2014 - Present    | Director, PTT Chemical International (Asia Pacific ROH) Limited  |
| - 5 Nov 2014 - Present     | Director, Global Power Synergy Public Company Limited  |
| - 1 Oct 2011 - 30 Sep 2014 | Senior Executive Vice President, Corporate Strategy, PTT Public Company Limited  |
| - 2009 - 2011              | Executive Vice President, Business Development, and Executive Vice President, Corporate Strategy, PTT Public Company Limited, PTT International Company Limited and PTT Public Company Limited |
| - 2006 - 2008              | Executive Committee, SCB Securities Company Limited  |





**Mrs. Puntip Oungpasuk**  
(Age 55)

Director and Chairperson of the Business Advisory Committee and authorized to sign to bind the Company

#### Educational Qualification

- Master in Business Administration (Commerce and Accountancy), Thammasat University
- Bachelor in Chemical Engineering, Prince of Songkla University
- Leadership Development Program (LDP) III – PTT Leadership and Learning Institute (PLLI), 2015
- Certificate of the Advance Management Program (AMP), The Harvard Business School, USA
- Certificate of the Completion Directors Certification Program (DCP) Class 67/2005, Thai Institute of Directors Association (IOD) and Australian Institute of Company Directors
- Certificate of the Completion Chief Financial Officer Certification Program (CFO) Class 1/2004, The Institute of Certificated Accountants and Auditors of Thailand

#### Proportion of Shareholding (%)

C:84,200 Shares (0.01%)

\* All of these shares held by her spouse,  
Mr. Piya Oungpasuk

#### Family's Relationship Management

none

#### Main Experience

- |                             |  |
|-----------------------------|--|
| - 22 Sep 2005 - Present     | Director and Chairperson of the Business Advisory Committee, Vinythai Public Company Limited |
| - 12 Sep 2012 - 1 Jul 2013  | Director, Vinythai Holding Pte. Ltd., Singapore  |
| - 19 Oct 2011 - Present     | Executive Vice President, Corporate Strategy, PTT Global Chemical Public Co., Ltd.           |
| - 29 Jun 2010 - Present     | Director, Solution Creation Co., Ltd.  |
| - 15 Dec 2008 - Present     | Director, PTT Chemical International Private Limited   |
| - 15 Dec 2008 - Present     | Director, PTT Chemical International (Asia Pacific ROH) Ltd.                                 |
| - 24 Nov 2008 - Present     | Director, Emery Oleochemicals (M) Sdn Bhd  |
| - 20 Mar 2007 - Present     | Director, PTT Phenol Co., Ltd.   |
| - 8 Sep 2005 - 8 Aug 2014   | Director, TOC Glycol Co., Ltd.   |
| - 31 May 2012 - 25 Jul 2014 | Director, VENCOREX Holding   |
| - 13 Jan 2012 - 25 Jul 2014 | Director, PTTGC International (Netherlands) B.V.   |
| - 19 Apr 2012 - 3 Jul 2013  | Director, Solvay Biochemicals (Taixing) Co., Ltd.  |
| - 23 Jan 2010 - 19 Jun 2013 | Director, Advanced Biochemical (Thailand) Co., Ltd.  |
| - 27 Apr 2009 - 16 Jul 2012 | Director, Pimai Salt Company Limited   |
| - 13 Jan 2011 - 31 Dec 2011 | Myriant Corporation  |





**Mr. Pote Videtyontrakich**  
(Age 62)

Independent Director and Member  
of Audit Committee

#### Educational Qualification

- M.B.A., Harvard Business School, USA
- B.A. in Economics, Yale University, USA
- Certificate in Chairman 2000 Class 2/2001, Thai Institute of Directors Association (IOD)
- Certificate in Directors Certification Program (DCP) Class 57/2005, Thai Institute of Directors Association (IOD)

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **3 Aug 1999 - Present** Independent Director and Member of Audit Committee, Vinythai Public Company Limited
- **Feb 2002 - Present** Managing Director, Private Equity (Thailand) Company Limited
- **Sep 2014 - Present** Director, Viet-Uc Seafood Joint Stock Company



**Mr. Pipop Pruecksamars**  
(Age 68)

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

#### Educational Qualification

- Bachelor Degree, Industrial Engineering, Chulalongkorn University
- Graduate Diploma, Environmental Technology and Management, Asian Institute of Technology
- Certificate, Program for Management Development, Harvard University
- Certificate in Audit Committee Program (ACP) Class 23/2008, Thai Institute of Directors Association (IOD)
- Certificate in Director Certification Program (DCP) Class 124/2009, Thai Institute of Directors Association (IOD)
- Certificate in Role of the Chairman Program (RCP) Class 28/2012, Thai Institute of Directors Association (IOD)

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **24 Apr 2008 - Present** Independent Director, Chairman of Audit Committee, and Member of Nomination & Remuneration Committee, Vinythai Public Company Limited
- **1 Mar 2005 - 31 Dec 2009** Executive Director, Petroleum Institute of Thailand
- **1 Jan 2000 - 28 Feb 2005** Director and Public Affairs Manager, Esso (Thailand) Public Co., Ltd.
- **1 Oct 1997 - 28 Feb 2005** Chairman and Managing Director, Exxon Mobil Chemical (Thailand) Co., Ltd.
- **1 Sep 1994 - 30 Sep 1997** Managing Director, Thai Petroleum Pipeline Co., Ltd.





**Associate Professor Danuja  
Kunpanitchakit, Ph.D.  
(Age 62)**

Independent Director and Member  
of Audit Committee

#### Educational Qualification

- Doctor of Philosophy (Business Administration), University of Wisconsin-Madison, USA
- Master of Business Administration (Accounting), University of Wisconsin-Madison, USA
- Bachelor of Accountancy (First Class Honors, Gold Medal), Chulalongkorn University
- Certificate of Director Accreditation Program Class 98/2012 (IOD)
- Certificate of Audit Committee Program Class AACP 44/2013 (IOD)

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **27 Feb 2014 - Present** Member of Audit Committee, Bank of Thailand
- **25 May 2012 - Present** Independent Director and Member of Audit Committee, Vinythai Public Company Limited
- **1 Apr 2008 - Present** Vice President (Finance), Chulalongkorn University
- **2005 - Present** Advisory Committee, Asian-Pacific Conference on International Accounting Issues
- **30 Jul 2009 - 29 Jul 2011** Committee, Financial Institutions Policy Committee, Bank of Thailand
- **30 Mar 2007 - 29 Mar 2011** Committee, Institution Council Committee, Panyapiwat Institute of Management
- **30 Jul 2008 - 29 Jul 2011** Subcommittee, Management Accounting Subcommittee, Federation of Accounting Professions
- **1 May 2003 - 30 Apr 2007** Dean, Faculty of Commerce and Accountancy, Chulalongkorn University
- **1 Oct 1998 - 30 Sep 2002** Head, Department of Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University



**Mr. Martin Laudenschach  
(Age 51)**

Director and authorized to sign to  
bind the Company

#### Educational Qualification

- Master in Business Administration, Mannheim University in Germany

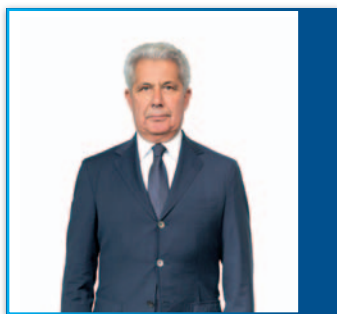
**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **16 Sep 2014 - Present** Director, Vinythai Public Company Limited
- **Jul 2014 - Present** President, Asia Pacific, Solvay China, PRC
- **Sep 2010 - Jun 2014** President, Polyamide & Intermediates, Solvay (Rhodia Operations SA), France
- **Jun 2009 - Aug 2010** Executive Management Consultant & Investment Advisor, Solvay (Rhodia Operations SA), France
- **Feb 2007 - Mar 2009** Chief Executive Officer, Almatris Group, Germany





**Mr. Vincenzo Morici**  
(Age 64)

Director and Member of Business Advisory Committee and authorized to sign to bind the Company

#### Educational Qualification

- Master Degree in Mechanical Engineering - Ecole Politecnico Torino, Italy
- General Management Program - Imede, Lausanne, Switzerland
- Leadership Program - Insead and Chirec, France

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **1 Mar 2010 - Present** Director and Member of Business Advisory Committee, Vinythai Public Company Limited
- **1 Dec 2013 - Present** Senior Executive Vice President Vinyls Development Project, Solvay S.A., Belgium
- **1 Feb 2010 - 30 Nov 2013** Senior Executive Vice President, SDU Vinyls, Solvay S.A., Belgium
- **1 Jan 2000 - 31 Jan 2010** Senior Executive Vice President, SBU Specialty Polymers, Solvay S.A., Belgium



**Mr. Richard Verlaque**  
(Age 51)

Director and authorized to sign to bind the Company

#### Educational Qualification

- Post Graduate Degree in Commercial Law, Tax and Accounting, University of Aix en Provence, France (1989)
- Post Graduate Degree in International Business Law, Institute for Business Law, University of Aix en Provence, France (1989)
- Masters Degree in Commercial Law, University of Aix en Provence, France (1987)

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **16 Sep 2014 - Present** Director, Vinythai Public Company Limited
- **1 Sep 2014 - Present** General Counsel Asia Pacific, Solvay S.A. (China)
- **1 Jan 2012 - 31 Aug 2014** Associate General Counsel Corporate and Industrial Affairs, Solvay S.A. (Belgium)
- **1 Jan 2007 - 31 Dec 2011** Associate General Counsel, Solvay S.A. (Belgium)





**Mr. Andre R. van der Heyden**  
(Age 67)

Independent Director

#### Educational Qualification

- Master Degree in Metallurgical Engineering, Universite Catholique de Louvain

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **29 Apr 2010 - Present** Independent Director, Vinythai Public Company Limited
- **16 Apr 2008 - 13 Dec 2011** Managing Director, Padaeng Industry Public Company Limited
- **1 Dec 2005 - 10 May 2010** Co-owner / Executive Director, Mali Mining & Metallurgy Pte., Ltd., Singapore
- **1 Nov 2004 - 30 Nov 2005** Project Director, Tenango Mining Co., Guatemala
- **16 Nov 2000 - 30 Oct 2004** Managing Director, Padaeng Industry Public Company Limited
- **1 May 1993 - 15 Nov 2000** Senior Vice President, UM Zinc/Umicore, Belgium



**Mrs. Vallapa Assakul**  
(Age 65)

Independent Director

#### Educational Qualification

- Master Degree in Economics, University of Detroit, Michigan, USA
- Bachelor Degree in Economics, Chulalongkorn University (second honor)
- Certificate in Audit Committee Program (ACP) 21/2008
- Certificate in Role of the Compensation Committee (RCC) 5/2008, Thai Institute of Directors
- Certificate in Directors Certification Program (DCP), 86/2007, Thai Institute of Directors
- Certificate in Directors Accreditation Program (DCP), 37/2005, Thai Institute of Directors

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **1 Aug 2012 - 12 Feb 2015** Independent Director, Vinythai Public Company Limited
- **4 Oct 2013 - Present** Director, Ocean Property Co., Ltd.
- **25 May 2010 - Present** Director, Siam Estate Company Limited
- **24 Feb 2010 - Present** Director & Member of Executive Committee, Bangkok Expressway Public Company Limited
- **27 Mar 2009 - Present** Independent Director, Bangkok Metro Public Company Limited
- **3 Apr 2012 - Present** Chairman of the Risk Committee, Bangkok Metro Public Company Limited
- **2008 - Present** Director, Amphan Company Limited
- **4 Jul 2006 - Present** Director, The Ocean Life Insurance Company Limited
- **23 Nov 2006 - Present** Chairman of Compensation Committee, The Ocean Life Insurance Company Limited
- **2 Jul 2009 - Present** Member of the Risk Committee, The Ocean Life Insurance Company Limited

\* resigned from her directorship  
on 13 February 2015





**Mr. Bruno van der Wielen**  
(Age 59)

Director, Managing Director, and Member of Business Advisory Committee, and authorized to sign to bind the Company

#### Educational Qualification

- Master Degree in Mechanical Engineering, Liège University, Belgium
- Master Degree in Business Administration, Louvain University, Belgium
- Bachelor Degree in Mechanical Engineering, Liège University, Belgium
- PED Program – IMD Lausanne, Switzerland
- Certificate in Directors Certification Program (DCP) 145/2011, Thai Institute of Directors Association (IOD)

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Main Experience

- **1 May 2011 - Present** Director, Managing Director and Member of Business Advisory Committee, Vinythai Public Company Limited
- **20 Jun 2013 - Present** Chairman, Advanced Biochemical (Thailand) Co., Ltd.
- **12 Sep 2012 - Present** Director, Vinythai Holding Pte. Ltd., Singapore
- **19 Apr 2012 - Present** Chairman and Director, Solvay Biochemicals (Taixing) Co., Ltd.
- **May 2011 - Present** Director, Pimai Salt Company Limited
- **May 2011 - Present** Director, Thai Refined Salt Company Limited
- **May 2011 - 19 Jun 2013** Director and Managing Director, Advanced Biochemical (Thailand) Co., Ltd.
- **Jan - Apr 2011** Deputy Managing Director, Vinythai Public Company Limited
- **2002 - 2010** S-PVC Business Manager, SolVin, Belgium
- **1999 - 2002** PVDC Business Manager, SolVin, Belgium
- **1996 - 1999** PVDC Business Manager, Solvay S.A., Belgium
- **1993 - 1996** Engineering Compounds Business Manager, Solvay S.A., Belgium



# Steering Committee



**Mr. Bruno van der Wielen**  
Managing Director



**Mr. Jean-Luc Daniel G. Pr  at**  
Business Director



**Mrs. Siriporn Wutthilaohaphan**  
Operation Director



**Mrs. Jamjuree Sirovetnukul**  
Vice President Finance  
and Accounting



**Mr. Eric Jean Jacques Deruelle**  
Senior Strategic Marketing &  
Business Development  
Department Manager



# Management Team



**Mr. Bruno van der Wielen**  
Managing Director



**Mr. Jean-Luc Daniel G. Pr  at**  
Business Director



**Mrs. Siriporn Wutthilaohaphan**  
Operation Director



**Mrs. Jamjuree Sirovetnukul**  
Vice President Finance  
and Accounting



**Mr. Sompot Cheeranorawanich**  
Vice President Corporate Affairs  
and Communications -  
Company Secretary



**Mr. Eric Jean Jacques Deruelle**  
Senior Strategic Marketing &  
Business Development  
Department Manager



**Mr. Bruno Van Parys**  
Vice President ECH Business



**Mr. Apichart Kijjaroenvisal**  
Deputy Plant Manager



**Mr. Boonchana Mangkonkam**  
Assistant Vice President -  
Supply Chain



**Mrs. Sudarut Worasuwat**  
Assistant Vice President Mar-  
keting and Sales - Vinyls



**Dr. Supachat  
Chairatanathavorn**  
Internal Audit and Business  
Performance Improvement  
Department Manager



**Ms. Jirasree Vorakanjana**  
Human Resources and  
Administration Department  
Manager



# Management Structure

The Company's management structure comprises the Board of Directors and three other committees, namely the Business Advisory Committee, the Audit Committee and the Nomination and Remuneration Committee.

## Board of Directors Structure

### Structure of the Board of Directors

- The Board of Directors comprises at least 10 directors, not less than half of whom must have residence in Thailand.
- It is the policy of the Board of Directors that the Chairman and Chief Executive Officer or Managing Director should not be the same person. This is so as to ensure clarity of responsibilities for issuing governance policy and undertaking the Company's management.
- The Board of Directors is responsible to shareholders, with each director representing all shareholders and participating in the corporate governance of the Company with independence and neutrality, for the benefit of all shareholders and other stakeholders.
- The Board of Directors sets its own appropriate membership numbers and composition, including a proportion of independent directors that is equal to at least one-third of the total board size and numbering not less than three positions.
- At least one Independent Director should be knowledgeable in the matter of reviewing the Company's financial statements.
- The Directors may not be directors of more than five listed companies on the Stock Exchange of Thailand and must notify the Board of Directors of their positions for acknowledgment and approval.

### Characteristics and Qualifications of Directors

- Directors must be persons who have knowledge and experience that are beneficial to the Company's business and must understand and be interested in the Company's business.
- Directors must be qualified in accordance with Section 68 of the Public Company Limited Act, B.E. 2535.
- Directors must be recruited and approved by the Board of Directors.
- No Director shall engage in any business of the same nature as or coinciding with the business of the Company, either for their own benefits or for the benefits of others, unless they have notified the General Meeting of Shareholders prior to their appointment as director.
- Directors shall act in good faith, ethically and honestly.
- Directors shall be responsible and accept the obligation to fully perform their duties for the Company and interested parties, ethically and legally.
- Directors must use independent discretion that shareholders can trust.
- Directors must devote time and pay attention to the Company's affairs and regularly participate in the Company's meetings.
- Directors must comply with corporate governance guidelines set by relevant agencies.



The Board of Directors is in charge of managing and carrying on the business of the Company in accordance with the law, the Company's objectives and Articles of Association, and any resolutions that are made at the shareholders' meeting. The Board of Directors performs its duties in good faith, with due diligence and care, in the optimum interest of the Company. Moreover, the Board of Directors plays a role in endorsing the Company's vision, mission and strategy. The setting of targets, business plans and the corporate budget are also the responsibility of the Board of Directors. Under the Board's direction, the Company has implemented the internal control and internal audit systems, along with effective risk management measures. In addition, the Business Advisory Committee and Audit Committee are assigned to monitor constantly the Company's performance and internal audit operation.

The Board of Directors is accountable for clearly defining and separating the roles and responsibilities of the Board of Directors, the Audit Committee, the Business Advisory Committee, the Nomination and Remuneration Committee and the management.

The Board of Directors supervises and monitors the activities of the Business Advisory Committee to ensure that its performance is in line with the established policy. The Board of Directors shall consider and approve the Company's capital expenditure in accordance with the Business Advisory Committee's review. However, such expenditure cannot be approved without the consent of the shareholders if a conflict of interest is involved. Similarly, the shareholders' consent is required in specific situation itemized under the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Pursuant to the Company's Articles of Association, the Board of Directors shall comprise at least 10 directors, provided that not less than half of the total number of directors must have residence in Thailand. The Board structure consists of accepted knowledge, competent persons with various qualifications, skills, experience and expertise that can provide optimum benefit to the Company and its shareholders.

As of 31 December 2015, the Board of Directors comprises 11 directors as follows:

1. Mr. Vincent De Cuyper <sup>1/</sup>	Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee
2. Mr. Supattanapong Punmeechaow	Vice Chairman of the Board of Directors / Member to the Nomination and Remuneration Committee
3. Mr. Pipop Pruecksamars	Independent Director / Chairman of the Audit Committee / Member to the Nomination and Remuneration Committee
4. Mr. Bruno van der Wielen	Director / Managing Director / Member to the Business Advisory Committee
5. Mr. Pote Videtyontrakich <sup>2/</sup>	Independent Director / Member to the Audit Committee
6. Mr. Vincenzo Morici <sup>1/</sup>	Director / Member to the Business Advisory Committee
7. Mrs. Puntip Oungpasuk	Director / Chairperson of the Business Advisory Committee
8. Associate Professor Dr. Danuja Kunpanitchakit <sup>2/</sup>	Independent Director / Member to the Audit Committee
9. Mr. Andre R. van der Heyden	Independent Director
10. Mr. Martin Laudenbach <sup>1/</sup>	Director
11. Mr. Richard Verlaque <sup>1/</sup>	Director

Note: <sup>1/</sup> Director whose residence is outside the Kingdom.

<sup>2/</sup> Declared as audit committee member with adequate expertise and experience to reliably review the accuracy and credibility of the Company's financial statements.





The directors authorized to sign on behalf of the Company are Mr. Vincenzo Morici or Mr. Bruno Marie Joseph van der Wielen or Mr. Martin Laudenbach and Mr. Richard Marcel Auguste Verlaque or Mr. Vincent De Cuyper or any of these five persons can jointly sign with Mr. Supattanapong Punmeechaow or Mrs. Puntip Oungpasuk totalling two persons with the Company's Seal affixed.

Directors, who have the authority to sign for the Company as mentioned above, have appointed Mr. Bruno Marie Joseph van der Wielen, as Managing Director, to do and execute any and all acts and things in connection with the business of the Company as granted by the General Power of Attorney of Company.

Furthermore, Mr. Bruno Marie Joseph van Der Wielen, who is the Company's representative as Managing Director so designated by the General Power of Attorney as mentioned above, has assigned his power to the Company's Management, in the level of Business Director, Operation Director, Vice President, Deputy Plant Manager, Assistant Vice President, Senior Department Manager and Department Manager to perform any and all of the acts and matters in connection with the business of the Company specified by the Deed of Substitution.

### Meeting of the Board of Directors

- At the beginning of the year, the schedule of the Board meeting shall be set in advance to allow the directors to arrange their timetable for attendance of every meeting. Special session of the meeting may be called by the Chairman as deemed appropriate
  - Meetings of the Board of Directors shall be held at least once every three months.
  - Not less than fifteen days prior to the meeting date, notice of the Board of Directors' meeting shall be given to each director or director's representative. The Company Secretary is responsible for ensuring that the Board of Directors receives adequate and timely information. The Company Secretary is responsible for ensuring that all directors receive relevant information at least seven days in advance in order that they may have enough time to study the materials, consider the matters raised, and reach appropriate decisions to be expressed at the applicable Board of Directors' meeting.
  - At all meetings of the Board of Directors, at least one half of the total number of directors in office shall constitute a quorum.
  - Directors who have an interest in agenda items under consideration will be considered non-voting and shall not participate in that part of the meeting.
  - Directors can access and request from the management information regarding the Company's operations. They can also request an opinion from the Company's independent external advisors at the Company's expense.
  - The Chairman of the Board shall approve the matters to be included in the agenda in consultation with the Company Secretary. The Company Secretary will consider the directors' request to add other important matters for consideration at the next Board of Directors' Meeting.
  - The Chairman is responsible for allocating sufficient time for management to present sufficient information for the Board of Directors to fully discuss important issues.
  - The Chairman of the meeting shall highlight items on the agenda for consideration by the directors and give necessary support and opportunity for each director to share his/her opinion in order to process ideas and reach a conclusive resolution by the meeting.



Each meeting usually lasts approximately three hours. The concerned management may also attend the meeting to make presentations and join discussions on issues of concern. The Chairman of the Board provides sufficient time for the meeting so that the management can present pertinent information and the Board of Directors can discuss the issues at hand.

**The record of Board of Directors meeting and committee meeting attendance for 2015 is as follows:**

**Meeting attendance / Total No. of meeting**

Name	Board of Directors Total 5 times/year	Business Advisory Committee Total 6 times/year	Audit Committee Total 5 times/year (including the Non-Management meeting)	Nomination and Remuneration Committee Total 2 times/year
1. Mr. Vincent De Cuyper <sup>(1)</sup>	5/5	-	-	2/2
2. Mr. Supattanapong Punmeechaow	2/5	-	-	1/2
3. Mrs. Puntip Oungpasuk	5/5	6/6	-	-
4. Mr. Vincenzo Morici <sup>(1)</sup>	4/5	6/6	-	-
5. Mr. Martin Laudénbach <sup>(1)</sup>	4/5	-	-	-
6. Mr. Richard Verlaque <sup>(1)</sup>	5/5	-	-	-
7. Mr. Bruno van der Wielen	5/5	6/6	-	-
8. Mr. Pipop Pruecksamars	5/5	-	5/5	2/2
9. Mr. Pote Videtyontrakich	3/5	-	4/5	-
10. Mr. Andre R. van der Heyden	3/5	-	-	-
11. Associate Professor Dr. Danuja Kunpanitchakit	1/5	-	5/5	-
12. Mrs. Vallapa Assakul <sup>(2)</sup>	1/1	-	-	-

Note: <sup>(1)</sup> Directors whose residence is outside the Kingdom.

<sup>(2)</sup> Resigned from the Company's independent director, effective from 13 February 2015; therefore the number of directors' meetings are 1 time/year.

- Current Business Advisory Committee members are directors number 3, 4, and 7.

- Current Audit Committee members are directors number 8, 9 and 11.

- Current Nomination and Remuneration Committee members are directors number 1, 2, and 8.



Directors who are representatives of the foreign shareholder and who do not reside in the Kingdom are sometimes unable to attend the Board meetings. However, in such cases, they arrange to have at least one of them attending the meeting. The directors share their opinions and propose suggestions related to the agenda and meeting materials which are submitted to them in advance.

## Committees

The Board of Directors has set up three committees to strengthen good corporate governance and support its administration as follows:

- (1) The Business Advisory Committee
- (2) The Audit Committee
- (3) The Nomination and Remuneration Committee

## Company Secretary

Mr. Sompot Cheeranorawanich, Vice President - Corporate Affairs and Communications has been appointed as the Company Secretary effective from 24 July 2008.

### Certifications

- Certificate in Company Secretary Program (CSP), 2/2002, Thai Institute of Directors Association (IOD)
- Certificate in Directors Certification Program (DCP) Class 184/2014, Thai Institute of Directors Association (IOD)

## Remuneration of Directors and Management

### Remuneration (money)

The Company has fixed a policy for remuneration of directors that entails maximum transparency. The remuneration is considered by the Nomination and Remuneration Committee and proposed to the Board of Directors to seek approval from the Company's shareholders. The remuneration of directors is set at a level that is appropriate within the industry. Any Board members who serve in various positions, in the Board, shall receive payment only from the position with the highest remuneration.

In 2015, the shareholders' meeting considered and approved monthly remuneration of the directors as follows:

- Chairman of the Board of Directors	70,000 Baht/month
- Vice Chairman	50,000 Baht/month
- Chairman of the Business Advisory Committee	65,000 Baht/month
- Business Advisory Committee	60,000 Baht/month
- Chairman of the Audit Committee	65,000 Baht/month
- Audit Committee	60,000 Baht/month
- Other Director	30,000 Baht/month

The Remuneration for the Board of Directors includes monthly remuneration and bonus. In 2015, the shareholders approved remuneration for the Board of Directors in the shareholders' meeting, including bonus payments based on the operational results for 2014. The total remuneration for the Board of Directors amounted to 7,002,857.14 Baht, inclusive of a total bonus payment of 0.00 Baht. Details are as follows:



Unit: Baht/year

Name	Position	Remuneration	Bonus paid in 2015	Total Remuneration and Bonus
1. Mr. Vincent De Cuyper	Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee	840,000	-	840,000
2. Mr. Supattanapong Punmeechaow	Vice Chairman of the Board of Directors / Member to the Nomination and Remuneration Committee	600,000	-	600,000
3. Mr. Bruno van der Wielen	Director / Managing Director / Member to the Business Advisory Committee	720,000	-	720,000
4. Mr. Pote Videtyontrakich	Independent Director / Member to the Audit Committee	720,000	-	720,000
5. Mrs. Puntip Oungpasuk	Director / Chairperson of the Business Advisory Committee	780,000	-	780,000
6. Mr. Pipop Pruecksamars	Independent Director / Chairman of the Audit Committee / Member to the Nomination and Remuneration Committee	780,000	-	780,000
7. Mr. Vincenzo Morici	Director / Member to the Business Advisory Committee	720,000	-	720,000
8. Associate Professor Dr. Danuja Kunpanitchakit	Independent Director / Member to the Audit Committee	720,000	-	720,000
9. Mr. Andre R. van der Heyden	Independent Director	360,000	-	360,000
10. Mr. Martin Laudenbach	Director	360,000	-	360,000
11. Mr. Richard Verlaque	Director	360,000	-	360,000
Directors who were appointed during 2015				
-no-	-	-	-	-
Directors who resigned during 2015				
12. Mrs. Vallapa Assakul <sup>(1)</sup>	Independent Director	42,857.14	-	42,857.14
<b>Grand Total</b>		<b>7,002,857.14</b>	<b>-</b>	<b>7,002,857.14</b>

Note: <sup>(1)</sup> Resigned from the Company's Independent Director effective from 13 February 2015





In addition to above, as resolved by the Nomination and Remuneration Committee, executive who served as the Company Secretary is entitled to receive an appropriate additional remuneration due to increased workload. The total of remuneration of the Company Secretary paid in 2015 was 240,000 Baht, comprising total annual remuneration of 240,000 Baht and annual bonus payment of 0.00 Baht.

Remuneration of management is in conformity with the principles and policy set by the Board of Directors, which corresponds to the performance of the Company. The total 2015 remuneration for the five executives (as the definition of the SEC) was 43,744,352.77 Baht, such remuneration comprised salary and bonus.

#### Remuneration (other)

- **Other Remuneration for Director**

None

- **Other Remuneration Management**

##### **Provident Fund**

The Company provides pension support to employees by contributing to the provident fund at a level of 5% to 8% of basis salary.



# CORPORATE GOVERNANCE



## Corporate Governance Policy

The Board of Directors realizes the importance of good corporate governance principles and lays strong emphasis on implementation and practices, believing that implanting good governance systems increases the Company's competitiveness and ensures sustained business growth while enhancing confidence in the Company among its shareholders, investors and other stakeholders. The Board of Directors, the Company's management and employees, rigorously adhere to good corporate governance principles and strictly comply with applicable laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). With an aim to continually improve corporate governance practices, the Company's management actively takes into account the recommendations of the SEC, the SET, and the Thai Institute of Directors Association (IOD). The Company creates and maintains awareness of good corporate governance practices and business conduct among its management and staff at all levels.

Given Vinythai's commitment to closely adhering to the principles of good corporate governance, in 2015, the Company received "Very Good" corporate governance recognition level evaluated by the Thai IOD. In the evaluation, Vinythai achieved the "Excellent" level for its recognition in the "Right of Shareholders", "Equitable Treatment of Shareholders" and "Disclosure and Transparency", the "Very good" level in "Role of Stakeholders", and the "Good" level in "Board Responsibilities". In the evaluation of the Company's arrangement of its Annual General Meeting of Shareholders 2015 by the Thai Investors Association, Vinythai ranked on the list of "Excellent" listed companies.



To ensure that Vinythai's businesses are conducted responsibly, ethically, fairly, transparently and accountably, with a clear focus on the creation of utmost benefits for the shareholders and stakeholders, towards mutual trust and sustainable growth, the Board of Directors has established the good corporate governance policy for all directors, managers, and employees to observe in their discharge of duties as follows:

(1) The Board of Directors shall observe the international guidelines and consistently improve the Company's corporate governance in accordance with these international standards in matters relating to consideration of the rights of shareholders, the equitable treatment of shareholders, the responsibilities to stakeholders, the disclosure of information and transparency, and the responsibilities of the Board of Directors.

(2) The Board of Directors, the managers and all employees shall be determined in their observance of the core of good corporate governance principles. Additionally, they need to ensure strict compliance with the laws and relevant regulations in all countries in which the company invests.

(3) The Board of Directors shall arrange for an administrative structure with fair relationship between the Board of Directors, the managers and the shareholders. They shall play a vital role in the determination of visions, strategies, policies and key plans. They shall ensure that a performance monitoring and evaluation system is in place, that risks are efficiently managed, that they are independent, and that they are responsible for their discharge of duties in accordance with the good corporate governance principles.

Moreover, the company has clearly demonstrated, its will to conduct business in accordance with the principles of Corporate Governance and Code of Conduct of the Company as follows:

#### In 2014, the Company

- Appointed Senior Legal and Compliance Manager as the Corporate Governance Officer and Head of Compliance Unit to ensure that the Company's activities are aligned with rules, regulations and applicable laws in order to mitigate compliance risk.
- Delivered the Charter of Corporate Governance and Code of Conduct to directors, management and employees for acknowledgment and practice.
- Communicated and published the Charter of Corporate Governance and Code of Conduct through the Company's website: <http://www.vinythai.co.th/en/binaries/VNT-CG-Handbook-EN-040814-195018.pdf>
- Provided training to all employees to create awareness on policies and ensure compliance with laws and regulations.
- Provided activities to communicate to all employees for better understanding about the practice of Corporate Governance and Code of Conduct.

#### In 2015

- The Company has studied and conducted a self-assessment for countering bribery, as recommended by the Thai Institute of Directors in order to join the Declaration of Intent in view of establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC) in October 2015.
- The Company has joined the Declaration of Intent, In View of establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC). The Chairman of the Board of Directors executed the said Declaration of Intent on 19 November 2015. The Chairman of Thailand's Private Sector Collective Action Coalition against Corruption Council signed for the acknowledgment of the Declaration of Intent of the Company on 2 December 2015.
- After the Declaration of Intent, the Company has changed its Corporate Governance Policy and Audit Committee Charter expanding to the Anti-Corruption. In addition, the Board of Directors approved to amend the Corporate Governance Policy and Audit Committee Charter.



- The Company has provided the communication channel in various ways with employees within its organization e.g. external communication, internal communication (TV, Vinythai Today Magazine, email) in order to communicate and explain to employees to understand and know the Anti-Corruption Policy of the Company.

## Committees

The Board of Directors has set up three committees to strengthen good corporate governance and support its administration as follows:

### (1) The Business Advisory Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to create a new **“Business Advisory Committee”** to supersede Executive Committee and expand the advisory roles on Strategic and Risk Management.

As of December 2015, the Business Advisory Committee comprises the following members:

- |                             |             |
|-----------------------------|-------------|
| 1. Mrs. Puntip Oungpasuk    | Chairperson |
| 2. Mr. Vincenzo Morici      | Member      |
| 3. Mr. Bruno van der Wielen | Member      |

Mrs. Jamjuree Sirovetnukul, Vice President Finance and Accounting served as Secretary to the Business Advisory Committee.

**The Business Advisory Committee has the following authority and duties:**

#### **Business Roles**

- Monitor the effective operation of the Company according to the directions of the Board of Directors and the Company’s targets.
- Screen issues to be presented to the Board of Directors for consideration.
- Challenge short- and long-term action plans, investment and strategic plans developed to achieve the Company’s objectives and goals.



- Assess and advise the corporate target achievements and identify the business risks that will impact corporate value.
- Advise financial management in order to reduce the financial burden and maintain a strong financial structure.
- Orient public relations plan that develops a positive and sustainable image.
- Recommend the salary structure and other benefits to employees provided by the Company.
- Perform any other acts as assigned by the Company’s Board of Directors.





### Risk Management Roles

- Prescribe policies and suggest measures for the appropriate and efficient management of risks associated with the business conduct of the Company.
- Follow up on and evaluate the performance in accordance with the organization-wide risk management framework.
- Define material risks and risk tolerance of the Company.
- Exercise the oversight of management's responsibilities, and review the risk profile of the Company to ensure that risk is not higher than the determined risk tolerance.

- Review issues raised by the Internal Audit or Audit Committee that impact the risk management framework.
- Ensure that the risk awareness culture is pervasive throughout the Company.
- Engage in any other duty as assigned by the Board of Directors.

### (2) The Audit Committee

The Board of Directors Meeting No. 6/1999 held on 15 November 1999 appointed the **"Audit Committee"** whose qualifications comply with the SEC rules which define that the Audit Committee shall comprise at least three independent directors, and at least one of them must have sufficient knowledge understanding or experience in the field of accounting or finance.

As of December 2015, the Audit Committee comprises the following members:

- |   |          |
|---|----------|
| 1. Mr. Pipop Pruecksamars                 | Chairman |
| 2. Mr. Pote Videtyontrakich               | Member   |
| 3. Assoc. Prof. Dr. Danuja Kunpanitchakit | Member   |

Dr. Supachat Chairatanathavorn, Internal Audit Department Manager served as Secretary to the Audit Committee.

All members of the committee are evidently knowledgeable and competent persons with appropriate experience to perform their duties.

**Mr. Pote Videtyontrakich and Assoc. Prof. Dr. Danuja Kunpanitchakit, committee members possess adequate expertise and experience to review the reliability and creditability of the financial statements.**

**The Audit Committee is in charge of the following duties:**

- Review financial statements of the Company in order to ensure the accuracy, creditability, adequate disclosure, and compliance with the accounting standards and other relevant laws and standards.
- Consider, select and nominate an independent person to be the Company's external auditor in



order to ensure no conflicts of interest exist that might interfere with the auditor's ability to issue its opinion on the financial statements. The Audit Committee also proposes the annual audit fee to the Board of Directors for consideration.

- Review to ensure that internal control systems of the Company are adequate, suitable and efficient.
- Review to ensure that the risk management systems of the Company are appropriate including corruption risk and measures.
- Review the internal procedures concerning incident reports and complaints.
- Ensure that the internal audit systems are adequate, efficient, and appropriate for the Company.
- Review and determine the independence of Internal Audit Department, as well as approve the appointment, transfer and dismissal of the chief of Internal Audit Department or any other unit in charge of an internal audit, including expressing an opinion on qualifications and performance of the chief of Internal Audit Department.
- Review and evaluate the annual internal audit plan in order to ensure consistency with the nature and the level of risks faced by the Company.
- Review the findings together with internal auditors.
- Review and approve Internal Audit Department Charter.
- Promote understanding among the Audit Committee, the Management, the Internal Audit Department and External Auditor in order to ensure a unified direction.
- Review the Company's compliance with the laws on Securities and Exchange Act, the Stock Exchange of Thailand's regulations and other laws relating to the business of the Company.
- Prepare the Audit Committee's Report which shall consist of information and activities carried out during the year according to duties and responsibilities required by the Stock Exchange of Thailand. The report must be signed by the Chairman of the Audit Committee, and disclosed in the Company's annual report.
- Review connected transactions or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

- Seek or acquire advice of an independent, third party consulting resources and expertise deemed necessary to perform their responsibilities at the expense of the Company.

- Review the Audit Committee Charter at least annually and propose any changes to the Board of Directors for approval.

- Engage in any other duty as assigned by the Board of Directors at the approval of the Audit Committee.

### (3) The Nomination and Remuneration Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to extend the roles of the "Nomination and Remuneration Committee" to also consider and recommend for the development of Senior Management (Vice President Level up).

As of December 2015, the Committee comprises of existing members as follows:

1. Mr. Vincent De Cuyper	Chairman
2. Mr. Supattanapong Punmeechaow	Member
3. Mr. Pipop Pruecksamars	Member

Mr. Sompot Cheeranorawanich, Vice President Corporate Affairs and Communications – Company Secretary served as Secretary to the Nomination and Remuneration Committee.

### The Nomination and Remuneration Committee is authorized to perform the following duties:

- Select individuals worthy of nomination as new Directors or Chief Executive Officer or Managing Director using structured and transparent screening and nomination criteria for subsequent nomination to the Board of Directors and/or the Annual General Meeting for their approval.
- Determine remuneration for Directors, Chief Executive Officer or Managing Director and Senior Management (Vice President Level up) by prescribing fair and reasonable criteria or procedures and proposing them to the Board of Directors and/or the Annual General Meeting for their approval.



- Consider and recommend for senior management development (Vice President Level up).
- Engage in any other duty as assigned by the Board of Directors.

## Nomination and Appointment of Directors and Top Management

### 1. Independent Directors

The Company's independent directors possess qualifications as prescribed under the SEC regulations as follows:

1. holding shares not exceeding one percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the Office;
3. not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
4. not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any company having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;
5. neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate

or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

6. neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

7. not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

8. not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

### 2. Directors and Top Management

The Nomination and Remuneration Committee is responsible for considering candidates deserve a nomination as new directors, Chief Executive Officer or Managing Director, including consideration and advising on the development of various aspects of the Vice President level and above. The Rules and Procedures for the Nomination are established the best criteria and transparency to be presented to the Board of Directors and/or the shareholders' meeting for approval.

#### Rules and Procedures for the Nomination of Director(s), Independent Director(s) and Audit Committee Member(s)

1. In case of any vacancy for a Director, Independent Director or Audit Committee Member, the Nomination and Remuneration Committee shall nominate a qualified



candidate who does not possess any prohibited characteristics to serve as Director, Independent Director or Audit Committee Member and propose to the Board of Directors' Meeting for consideration and approval of the appointment.

2. Any director has the right to propose the name of a qualified candidate to the Nomination and Remuneration Committee within the time frame for consideration, including preliminary qualification check, before proposing such person to the Board of Directors' Meeting for consideration and approval of appointment.

3. Any major shareholder has the right to propose the name of a qualified candidate to the Nomination and Remuneration Committee within the allotted time frame for consideration, including preliminary qualification check, before proposing the person to the Board of Directors' Meeting for consideration and approval of appointment.

4. The Nomination and Remuneration Committee will announce the time frame for proposing the name of a qualified candidate who does not possess any prohibited characteristics to serve as a Director, Independent Director or Audit Committee Member.

5. Any time the Nomination and Remuneration Committee identifies a qualified candidate or candidates not possessing any prohibited characteristics, to serve as a Director, Independent Director or Audit Committee Member, the Nomination and Remuneration Committee shall forward the resume(s) of the proposed qualified candidate(s) to the Company Secretary to conduct a preliminary check of the candidate(s) qualifications.

6. Once the Company Secretary has checked the proposed candidate(s) qualifications, the Company Secretary will prepare a summary report and propose the candidate to the Nomination and Remuneration Committee for its consideration and resolution. If it agrees with the proposal, the Nomination and Remuneration Committee will propose the candidate for consideration and approval by the Board of Directors' Meeting.

7. Once the Board of Directors' Meeting has approved the appointment, the Company Secretary will be responsible for disclosure to or registration with the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), Ministry of Commerce

and/or any related organizations. The Company Secretary will compose a profile of the Director in compliance with the relevant rules and/or laws.

8. In case of any vacancies for Directors, Independent Directors or Audit Committee Members arising otherwise than by rotation, and the remaining term of office of such Directors, Independent Directors and Audit Committee Members being less than two months, the Board of Directors' Meeting will propose replacement candidate(s) to the shareholders' meeting for consideration and approval.

Once the Shareholders' Meeting has approved the replacement, the Company Secretary will be responsible for disclosure to or registration with the SET, the SEC, Ministry of Commerce and/or any related organizations. The Company Secretary will be responsible for composing a profile of the director in compliance with the relevant rules and/or laws.

The Board of Directors resolved to propose the shareholders' meeting to elect new directors in place of those to be retired by rotation and amend the authority of directors (in case there is a change in directorship). The shareholders' meeting will resolve by a simple majority vote, in accordance with the following rules and methods:

1. Each shareholder shall have votes equal to the number of shares held.

2. Each shareholder may exercise all the votes he has under item 1 to elect one or several persons as directors, but may not allot his votes to any person at any number.

3. The persons receiving the highest number of votes, in their respective order of the votes, shall be elected as directors according to the number of directors that the Company may have or the number that are to be elected at such meeting. Where the votes cast for candidates in descending order are tied, which would cause the number of directors that the Company may have or that are to be elected at such a meeting to be exceeded, the Chairman of that meeting shall have a casting vote.



## Good Corporate Governance of its Subsidiaries and Associates

Nomination and appointment for a director of the subsidiaries and the associates must be approved by the Company's Board of Directors. Such director is responsible to act at the optimum interest of the Company. Moreover, prior to proceeding of any important issue(s) of the subsidiaries, it should get approval from the Company's Board of Directors.

In addition, the Vinythai Board has directed several important policies of the subsidiaries such as Management policies, Financial Accounting Policies, Management policy on Safety, Health and Environment, CSR policy and HR management policies. It also ensures that those policies are consistent with the requirements and regulations of the Securities and Exchange Commission and related laws.

## Control on the Use of Internal Information

Considering the supervision of the usage of inside information, the Company has established control measures related to the use of internal information and stipulated the measures in the Corporate Governance Charter and Code of Conduct.

In addition, the Company has established policy about the protection of the Company's confidential information. A measure of protection of the Company's confidential information has been stipulated as a standing instruction for all employees at all level to comply with. Failure to control and protect the Company's confidential information is breach of employment duties, and grounds for disciplinary action, up to, and including termination of employment. Disclosure or use of the Company confidential information without authorization is illegal and may subject an employee to civil or criminal liability.

To ensure the security of the information, the Company has put in place and developed the

Information Technology system to secure the accessibility to the Company's information. As such, the IT system prevents the accessibility to the Company's confidential and important information from external parties, and gives the rights for accessibility to confidential and important information properly classified for units in line with their works and responsibilities.

## Audit Fee

### (1) Audit Fee

The Company and all subsidiaries paid the audit fee to the auditor in the past fiscal year in the amount of THB 4,175,000.

### (2) Non-Audit Fee

The Company and all subsidiaries paid the non-audit fee for corporate income tax review to the auditor in the past fiscal year in the amount of THB 200,000.





## Compliance with Good Corporate Governance Principles in Other Matters

With the aim of further strengthening its governance systems, the Company has continued to rigorously implement action plans that reinforce its compliance with principles of good corporate governance for listed companies.

### 1. Rights of Shareholders

The Company respects the right of shareholders equally and ensures that all shareholders are fully entitled to exercise their fundamental rights. These include: the rights to buy, sell, or transfer shares, ownership rights to participate in shareholders' meeting; voting rights to elect board members and approve directors' remuneration; the right to receive dividends; the right to express opinions freely, etc. The Company also regularly discloses its information through the SET channel, publications and its website, including organizing activities for shareholders such as invitation to plant visit and coral cultivation using PVC pipe. The Company enhances the exercise of rights and does not infringe upon or curtail those rights. Shareholders are actively encouraged to exercise their rights, as follows:

#### **Prior to the Annual General Meeting of Shareholders (AGM)**

- Following the Board of Directors' resolution dated 12 February 2015 to call an Annual Ordinary General Meeting of Shareholders, the Company, on the same day, announced a meeting schedule along with the agenda through the SET's communication channels and the Company's website. In 2015, the Annual Ordinary General Meeting of Shareholders was duly held on 30 April 2015. Shareholders presenting either in person or by proxy accounted for 89.28% of the total number of paid-up capital of 1,185,193,444 shares.

- In 2015, prior to the shareholders' meeting, the Company prepared a notice to call the shareholders' meeting both in Thai and English specifying the date, time and venue of the meeting, along with an agenda including the respective opinion of the Board of Directors pertaining to each item:

- 1) Agenda items considered at the meeting included: the Company's annual operating results and dividend payment; the appointment of an auditor and consideration of the auditing fees; appointment of new directors in place of those to be retired by rotation; and remuneration for the Board of Directors.

- 2) The notice of the shareholders' meeting and the agenda included significant and sufficient detailed information; and were distributed together with: a map clearly indicating the meeting venue; a barcode registration form; a copy of the Company's most recent annual report; a copy of the minutes of the previous shareholders' meeting; a copy of the Company's Articles of Association relating to the shareholders' meeting; the names of directors to be retired by rotation and those proposed to be reappointed for another term; proxy forms containing name and details of independent director, appointed as proxy, and details about the credentials each shareholder needs to bring to the meetings.

- Concerning director nominations, the Company specified type of directors proposed for approval and provided their relevant personal records, including shareholding (if any), meetings attendance record and years of service with the Company. Particularly for the nomination of independent director, the Company pays significant attention to follow the SEC regulations.

- The Company designated Thailand Securities Depository Co., Ltd., its share registrar, to distribute the notice of shareholders' meeting and relevant documents as above-mentioned, to shareholders. The distribution took place 22 days in advance of the meeting day in order to allow shareholders sufficient time to consider proposed meeting agenda items. The Company disclosed the notice of shareholders' meeting and accompanying documents on its website 38 days ahead of the meeting and communicated such disclosure through the SET channels. The Company also publicized the notice to call a shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.

- To enhance the rights of shareholders, the Company allowed shareholders to propose agenda items prior to the meeting day. The Company notified



shareholders accordingly through the SET channels and the Company's website including clear explanation of criteria and consideration procedures, as well as a form for proposing agenda made available in the Company's website. Shareholders were allowed to exercise such right from 27 November 2014 to 30 January 2015. Judgment and consideration of the agenda proposed will be deliberated by the Board of Directors. However, no agenda item was proposed by any shareholder for consideration prior to the 2015 shareholders' meeting. For the upcoming 2015 shareholders' meeting, the Company allowed shareholders to exercise such right from 19 November 2015 to 30 January 2016. The notification was posted on the Company's website.

- Prior to the shareholders' meeting, the Company also provided its shareholders with the opportunity to send their questions concerning the agenda to the Company's website ([www.vinythai.co.th/feedback](http://www.vinythai.co.th/feedback)). Notification of this opportunity was posted through the applicable SET channel.

#### **On the AGM Day**

- For the convenience of shareholders on the meeting day, the Company implemented a barcode system for registration, recording attendance of the participants, and vote-counting. The barcode system significantly accelerated these processes and enhanced the convenience of the shareholders.

- Upon registration, the Company also provided shareholders with ballots for each agenda items and encouraged them to cast their votes, especially those wishing to vote against or abstain on any item.

- The shareholders' meeting starts when there is a quorum, based on both shareholder attendance and proxies. Prior to the meeting, the Company introduced its directors, management, the Company's auditor, legal advisor, and explained the procedures for voting, counting of votes and result of vote counting. Resolutions of the meeting are passed by a vote of the attending shareholders and proxies on the basis of 1 share 1 vote. Procedures for voting and counting of votes are as follows:

- 1) A shareholder may vote in favor of, against, or abstain from voting for each agenda item, in the ballot received upon registration.

- 2) When the Chairman requests the meeting to put a vote to any resolution to, the Chairman will first ask the meeting whether there would be an objection from any shareholders to the proposed resolution. If there is no objection (in which case no ballot will be used), it shall be deemed that the meeting passes a unanimous resolution approving what has been proposed. The Chairman will then state that the meeting passes a unanimous resolution for that agenda item.

- 3) If a shareholder votes against or abstains from voting on any agenda item, the Chairman will request him or her to mark the ballot and raise his or her hand for the official to collect the ballot.

- 4) Only the votes cast by shareholders voting against or abstaining shall be counted. The votes of disagreement or abstention shall be deducted from all the votes of those attending the meeting, and the remaining votes shall be deemed to have agreed with the proposal for the relevant agenda item.

- 5) The voting method for the agenda of appointment of directors will be on a person by person basis. The ballots will be collected from the shareholders for the vote cast for each director separately, whether for, against or abstain from voting.

- 6) Where a shareholder has appointed a proxy and has casted his or her votes in the instrument appointing the proxy, the votes shall be counted as marked by the shareholder. If the shareholder does not indicate his intention, and the proxy does not vote against, such shareholder shall be deemed to vote for that resolution.

With due transparency, the Company announces the result of the vote on each agenda item at the meeting, enumerating the votes for and against and abstentions. The result of each vote is displayed together with the percentage of affirmative votes out of the total number of shares held by the shareholders present.

- The Board members participating in the meeting included the Chairman of the Board, the Vice Chairman of the Board, the Managing Director, Chairman of the Audit Committee, Chairperson of the Business



Advisory Committee, Independent Director and other Board members totaling 10 persons. The Chairman of the Board of Directors acted as chairman of the meeting. In addition, the Company's auditor and concerned Management were present to answer shareholders' inquiries and provide any clarifications required. To facilitate the shareholders' understanding, a professional interpreter was provided to help translating messages and information discussed in the meeting in Thai Language. The Chairman of the meeting allowed adequate time for the meeting to proceed and equal opportunities for all shareholders to examine the Company's operations. To ensure that shareholders have sufficient information, they were encouraged to express their opinions, make recommendations and raise questions on agenda items before casting votes. In addition, after the meeting adjourned, directors, management, and the shareholders informally discussed relevant matters and exchanged views.

- Shareholders are permitted to register their attendance and exercise the right to vote on still pending agenda items after the meeting starts.

- The Company conducted the shareholders' meeting in accordance with the sequence of agenda items as specified in the notice of shareholders' meeting. When conducting the meeting, the Company neither switched the agenda nor added any items to the agenda specified in the notice of shareholders' meeting.

- The Company distributed ballots to the shareholders to vote against or abstain from voting on any agenda item. Concerning the election of directors, the Company allowed shareholders to cast separate votes for individual directors whether for, against or abstain from voting. Lawyers from Chandler and Thong-Ek Law Office Limited also attended the meeting to oversee proceedings, and assure transparency with respect to ballots and vote counts and compliance with relevant laws and regulations and the Company's Articles of Association.

#### **After the AGM Day**

- The Company notified the resolutions of the shareholders' meeting after the shareholders' meeting through SET Portal. The resolution stated the results of the vote and the voting results on each agenda.

- All significant inquiries were recorded in the minutes of the meetings, together with attendance of directors, key issues discussed, Management responses and vote counts on each agenda item where votes were taken.

- The meeting minutes were prepared accurately and in their entirety, both in Thai and English. They were submitted to the SET within 14 days after the date of shareholders' meetings, and posted on the Company's website for shareholders to examine without having to wait until the next shareholders' meeting. In addition, to ensure the transparency, the meetings were videotaped by the Company with copies available to shareholders on request.

The Company's management is fully cognizant of how an effective shareholders' meeting is constituted. As such, it continually promotes and supports the rights of shareholders prior to, during and after the shareholders' meeting in accordance with the Annual General Meeting (AGM) Checklist initiated by the SEC, with joint support by Thai Investors Association. As a further indication of the Company's commitment to shareholder rights, the management reviewed the assessment findings of the AGM Checklist and find ways to correct areas where the need for improvement was indicated.





## 2. Equitable Treatment of Shareholders

The Company provides equitable treatment to all shareholders. The shareholders' meetings are conducted in strict compliance with the applicable legal framework, including rules and regulations of the SET, the SEC, and the Company's Articles of Association. This applies to every aspect of arranging and conducting meetings, from sending out invitations to distributing meeting documents and communicating meeting agenda to all concerned. Meeting procedures and submissions of reports is in full compliance with the SET and the SEC regulations. Shareholders can appraise themselves of the Company's Articles of Association by accessing through the Company's website.

### **The Company values and treats all shareholders fairly through the following actions:**

- The Company fully facilitates the attendance of shareholders at every shareholders' meeting by organizing the meeting according to a convenient schedule, at a convenient time and at a convenient venue.
- The Company provides shareholders with the option of appointing a proxy to attend the shareholders' meeting on their behalf. Any shareholder who is unable

to attend the meeting also has the option of delegating their votes to an independent director. In order to facilitate the shareholders' authorization of a proxy according to their wishes, proxy forms are provided in various forms and distributed to the shareholders including the proxy in the format that the shareholders can specify the voting direction for each agenda. In the 2015 Annual Ordinary General Meeting of Shareholders, shareholders representing 2,141,100 shares assigned proxy rights to the independent director.

- Considering the supervision of the utilization of inside information, as stipulated in its Code of Conduct, the Company practices effective safeguards against the abuse of inside information, including internal controls and monitoring systems tailored to each business unit and scenario. The Company prohibits executives or concerned departments who receive inside information from disclosing corporate data to the public or outside parties and requires them not to misuse their positions and confidential information to which they are privy for their own advantage. The employees are prohibited from utilizing the Company information or news which has not been disclosed to the public and may be material to the Company share price, with the purpose of seeking profit or benefiting from trading the Company's stock, whether directly or indirectly. Strict implementation of these preventive measures has resulted in no insider trading violations arising.

- The Board of Directors specified that Board members and Management must disclose any changes in their securities holdings to the SEC in accordance with Section 59 of the Securities of Exchange Act B.E. 2535. In case of purchase, sale, or transfer of securities, Board members and Management shall report changes in their applicable securities holding to the SEC and the SET. In addition, any changes in directors' shareholding shall be reported to the Board of Directors' meetings. The Board of Directors and Management shall submit one copy of the securities disclosure to the Company for record.

- The Company disclosed complete information about the shareholding of the Company's directors and management as defined by the SEC regulation, including their spouse and minor children (if any) in the annual report.





- Any director or management, who may have a vested interest in any transaction or matter directly affecting the Company, should not participate in the decision making process on such issue.

### 3. Role of Stakeholders

The Board of Directors has fully appreciated the value of the support of all groups of stakeholders, recognizing that they all contribute to the Company's competitiveness and corporate profits. Thus, the Corporate Governance Charter approved by the Board of Directors promotes practices towards each of various groups of stakeholders. Moreover, the Company's Code of Conduct also includes practices toward shareholders, customers, employees, and business partners, which the management and all employees shall follow so as to uphold consistent standard of conduct.

As it is understood that the participation of stakeholders can have a positive effect on the Company on an on-going basis, considerable effort is made to safeguard the interests of each group as follows:

#### Shareholders

Vinythai drives the sustainable growth of the Company and creates continuous profits by conducting business with care and transparency, so as to generate competitive, long-term value for shareholders.

#### Board of Directors and Management

The Company's Board of Directors and Management are aware of their rights, exercise their duties within frameworks and models defined by the Company, and apply the rules of equity and fairness of all stakeholders.

#### Employees

The Company realizes the value of every employee and enables its employees to have pride in the organization by providing working environments designed to maximize participation and opportunities for career advancement. The Company encourages employees to develop their ability to thoroughly and continually create value and maintain business excellence by:

- Offering equal employment opportunity, respect for human rights and respect employee's right, and develop and fully realizing employees' potential in performing their tasks and duties. The Company also implements equitable employment conditions and maintains a safe and conducive working environment. A welfare committee comprising representatives from the management and employees monitors and reviews employee benefits to ensure the employees welfare is adequate and secure for them as well as to maintain parity with the industry.

- Providing training and employee development opportunities at all levels. Employees are encouraged to develop thorough knowledge and competencies so as to continuously upgrade both the ability of the organization and its capacity in each work area.

- Providing seminars and trainings for all employee levels in order to gain the knowledge and understanding in respect to the environment including creation of the awareness in protection of natural resource and environment within the community and the public.

- Promoting two-way Communications within the whole Company and making employees proud to work for the organization.

- Providing suitable welfare for all levels of employees.

- Placing the top of all priorities hygiene, safety and environment in the workplace.

#### Customers

The Company is resolved to deal promptly with customer claims. Moreover, it strives to achieve high customer satisfaction, promotes sound relations based on respect for customer interests and is committed to continually developing products and services that add value to the customer. The Company takes full responsibility for consistently providing good-quality products and services at reasonable prices. The Company also provides comprehensive and accurate information concerning its products and services in conjunction with professional advice on product selection and utilization. Moreover, the Company actively consults with customers to find the best ways to mitigate any potential harmful impacts from utilization of its products and jointly develops





products with customers that optimize their business growth while safeguarding public health and the environment. Also with the objective of maintaining sustainable relationships with its customers, the Company regularly organizes Customer Relationship Management (CRM) activities and conducts customer satisfaction surveys.

#### **Creditors**

The Company treats all creditors equally and is fully cognizant of its accountability to creditors and its obligation to ensure that its conduct strictly adheres to contractual commitments and financial obligations. To ensure that all creditors are kept up-to-date with relevant financial information, the Company submits its financial statement to all creditors on a quarterly and annual basis. Furthermore, the Company's internal procedures ensure that it is open equally to all creditors to offer competitive pricing and services. In addition, the Company can only accept new credit facilities offered by any financial institution after they are proposed to and approved by resolution of the Board of Directors.

#### **Business Partners**

The Company obliges directors, executives and employees involved in leasing, hiring, purchasing or selling property or goods or services of all kinds to act strictly in the Company's best interests based on accurate, actual information that does not mislead lessors, leaseholders, buyers or sellers of assets, products or services with information that is incomplete or insufficiently accurate. Involved executives and employees do not accept gifts or any other remuneration

unless it is a traditional practice, in which cases such gifts or remuneration should not be of such high value as to invite censure or prompt special consideration in the future.

#### **Business Alliances**

The Company is committed to compliance with agreements made with its business partners in a manner that is mutually beneficial to the overall business.

#### **Competitors**

The Company supports and encourages free and fair competition, always behaving in accordance with accepted rules of etiquette and good competition within the framework of the law.

#### **Community, Society and Environment**

The Company conducts itself as a good corporate citizen and operates its business in accordance with its well-recognized duties and responsibilities to the community, society and the environment.

In addition, the Company is fully conscious of its responsibilities to the Thai society and societies of host countries, with its prime concern to develop and strengthen communities towards sustainable self-sufficiency resulting in economic prosperity and social harmony throughout the country. The Company encourages its employees to be aware of their social responsibilities in both their work and daily lives, including:

- Creating business practices and implementing activities that are responsible and beneficial to



society, both in the short and long term, and focusing on business transactions with trade partners who share common intentions regarding social and environmental responsibility.

- Supporting learning and skills development among youths and the public and promoting awareness of natural resource and environment preservation in communities and Thai society.

- Providing correct information, creating understanding, and listening to problems and information about impacts on surrounding communities with a view to implementing appropriate solutions, all based on the principle of coexistence between the Company's plants and communities for mutual benefit and without conflict.

- Supporting beneficial activities, especially in areas where the Company's businesses are located, taking into consideration suitability and providing sustainable benefits to society and communities.

- Supporting public activities and national development policy for the country's benefit as a whole.

- Considering how to utilize natural resources with minimum impact on society, the environment and quality of life.

### Public Sectors

The Company is resolved to fully conform to all relevant laws and regulations without reservation.

### Suggestions and/or Complaints

To improve the Company's services, customers, employees and any person can make recommendations or comments or complaints related to the Company through the following:

- Audit Committee, <http://www.vinythai.co.th/en/contacts/index.html#audit>
- The Company's website or [www.vinythai.co.th](http://www.vinythai.co.th)

## 4. Disclosure and Transparency

The Company is committed to providing equal treatment to shareholders, financial institutions, securities companies, investors and others who use financial information, with emphasis on open, accurate, complete and timely data that does not discriminate either positively or negatively. However, the Company





realizes the need to keep secret certain vital business information, including its operational strategies. Disclosure is governed by the relevant rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Disclosure of information includes but is not limited to annual disclosures of information (Form 56-1), the Company's annual report (Form 56-2), quarterly reports, any minutes of meeting, news, press releases, letters to shareholders, information on the Company's website, information provided through various media, and interviews with the media and press conferences, etc.

#### • Disclose and Transparency

The Board of Directors is well aware of its responsibility for the integrity of the Company's financial information. As such, the Board maintains effective internal control systems that ensure the accuracy and completeness of the Company's bookkeeping as well as adequacy of measures to safeguard the Company's assets. Recognizing the right of shareholders and investors to receive adequate and reasonable notification of the Company's financial status, the Company prepared the "Responsibility Statement from the Board of Directors on Disclosure of the Financial Report" and presented it both in Thai and in English in a separated item in its Annual Report and Form 56-1. The Board of Directors also ensures that the financial information is disclosed completely, correctly and in timely manner in line with the SET's regulations.

To ensure equitable treatment to all stakeholders, in addition to disclosing information as specified in relevant regulations through the SET's channel, the Company also discloses information such as the Company's news, its vision, mission and values, Articles of Association, corporate governance policy, corporate activities, Board members and sub-committees, and investors news on its website both in Thai and in English. In addition, a list of the Company's current top ten major shareholders is disclosed on its website and is updated on a monthly basis. In this way, shareholders can find information about the Company's major shareholders prior to the shareholders' meeting.

In addition, the Company disclosed the duties of the Board of Directors and committees, including the number of meetings attended by each director. It also disclosed the remuneration policy, type and details with respect to directors and management.

#### • Policy to Report the Shareholding and Transactions of Company Shares to the Board of Directors

The Board of Directors specified that Board members and Management must disclose any changes in their securities holdings to the SEC in accordance with Section 59 of the Securities of Exchange Act B.E. 2535. In case of purchase, sale, or transfer of securities, Board members and Management shall report changes in their applicable securities holding to the SEC and the SET. In addition, any changes in directors' shareholding shall be reported to the Board of Directors' meetings. The Board of Directors and Management shall submit one copy of the securities disclosure to the Company for record.





The holding of the Company's shares by the Director and Management as of 31 December 2015 and changes from the past year is as follows:

#### Common Shares

Name	Title	No. of Shares 31 December 2014	No. of Shares 31 December 2015	Change
1. Mrs. Puntip Oungpasuk	Director Chairperson of the Business Advisory Committee	84,200*	84,200*	None
2. Mr. Sompot Cheeranorawanich	VP Corporate Affairs and Communications - Company Secretary	3,990	3,990	None

\*All of these shares held by her spouse, Mr. Piya Oungpasuk

With regard to any issues that might result in a conflict of interest, the Company strictly complies with the SEC and the SET's related regulations on "Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions" while always taking into account the best interests of all stakeholders.

#### • Investor Relations

The Company's Vice President Finance and Accounting is in charge of investor relations activities and is required to communicate directly with institutional and individual investors, analysts and concerned government agencies. In year 2015, the Company recorded five visits by investors and analysts as follows:

Type of Visit	No. of Visits	No. of Companies
One-on-One Meeting	3	3
Group Analyst Meeting	2	2

Investors may request any information from the Company at Tel. 0-2229-9100 or Fax 0-2240-1375, e-mail at Sirovetnukul.Jamjuree@solvay.com or mailing address at Vinythai Public Company Limited, 14<sup>th</sup> floor, Green Tower, 3656/41 Rama IV Road, Klongtoey, Bangkok 10110.



### • Whistleblowing and Whistleblower Protection Measures

With a view to enhancing the participation of stakeholders in improving the Company's performance to ensure the sustainability, the Company opened communication channel for stakeholders to voice their concern about any crucial case related to the Company's operations or unethical practices via the Audit Committee at the Company's website: <http://www.vinythai.co.th/en/contacts/index.html#audit>

Where such concerns are raised, the Audit Committee shall arrange an investigation and report the findings to the Board of Directors for consideration, so that the Company can find solution in a timely manner. The rights of any person who communicates such concern should be protected. The Company has duly communicated this information to stakeholders through the SET channel. Since the channel was opened by the Company, no complaint has been reported.

In addition to the above, the Company's website includes details of personnel responsible for each area so that investors, customers, local communities and other stakeholders can communicate recommendations and make inquiries from the Company via the Company's website.

### • Policy for Prevention of Software Copyrights Violations

The Company has the policy on prevention of software copyrights violations, the Company also formulated guidelines to which its employees must strictly adhere. The guidelines include abuse of Company's computer and IT system, such as, store and/or use illegal software on Company's computer. In event of violations of the mentioned policy, an investigation shall be conducted as quickly as possible. An employee found guilty of such conduct is subject to the Company's disciplinary actions.

## 5. Responsibilities of the Board

Pursuant to the Company's Articles of Association, the Board of Directors shall comprise at least 10

directors, provided that not less than half of the total number of directors must have residence in Thailand. The Board structure consists of accepted knowledgeable, competent persons with various qualifications, skills, experience, and expertise that can provide optimum benefit to the Company and its shareholders. Qualifications and experiences of the Board of Directors are disclosed in the Annual Report and the Form 56-1, which were posted on the Company's website. With respect to the Company's Corporate Governance Charter, the directors may not be directors of more than five listed companies and must notify the Board of Directors of their positions for acknowledgment and approval.

It is the policy of the Board of Directors that the Chairman and Managing Director should not be the same person. This is to ensure clarity of responsibilities for issuing governance policy and undertaking the Company's management. Although the Chairman of the Board and the Managing Director both represent one of the Company's major shareholders, Solvay Vinyls Holding AG, the current structure of the Company's Board also includes representation of the other major shareholder, PTT Global Chemical Plc., and 4 independent directors. This arrangement creates a balance of power that ensures fair oversight of the Company's administration. Even though, the Chairman is not an independent director, he has performed his duty in good faith, with due diligence and care, in accordance with the Board policy and in the best interests of the Company.

The roles and responsibilities of the Chairman of the Board are different from those of the Managing Director. The Chairman of the Board conducts the Board meeting efficiently by urging all directors to actively participate, raise questions, and provide essential recommendations, leading to decision taken on significant policies pertaining to the Company. The Managing Director reports to the Board of Directors and is authorized to administer, manage, supervise, and execute all acts in connection with the business of the Company in accordance with the policies endorsed by the Board of Directors. The Managing Director takes responsibility



for the Company's operating results, controls expenses and capital expenditures limits as approved by the Board of Directors, manages the Company's human resources to ensure a high level of motivation, performance and productivity and delegates authority in accordance with the strategy and performance of the Company, and maintains effective communication with the stakeholders. The Managing Director takes step to ensure that the policies and action plans of the Company are implemented in line with its strategy and to the highest level.

The roles and responsibilities of the Board of Directors and the Management are clearly segregated. The Board of Directors formulates significant policies and oversees the Management's implementation of those policies. The Management shall be responsible for implementing policies formulated by the Board of Directors and ensuring that these are carried out as planned. Managerial authority is channeled through the Management according to clearly specified levels of authority. The Board advises and supports the Management through the Business Advisory Committee. However, the Board does not intervene in routine tasks and business activities under the Management's responsibility.

In compliance with the Securities and Exchange Act (No. 4) B.E. 2551, and to be in line with the Principles of Good Corporate Governance for Listed Companies, the Board of Directors resolved to appoint Mr. Sompot Cheeranorawanich, Vice President Corporate Affairs and Communications, to serve as the Company Secretary. His personal record and work experiences are disclosed in the Form 56-1. According to the above-mentioned Act, the Company Secretary is in charge of preparing and maintaining a register of directors, issuing notices calling directors' meeting, taking and issuing minutes of Board of Directors meetings, coordinating and issuing the Company's annual report, issuing notices calling shareholders' meetings, taking and issuing minutes of shareholders' meeting, including keeping a report on interest filed by a director or executive of the Company.

### **Roles and Responsibilities of the Board**

The Board of Directors fully commits to their roles and responsibilities in order to ensure effective discharge of their duties. All members of the Board of Directors exert their utmost efforts to perform their duties in good faith, with due diligence and care, in the best interests of the Company and all stakeholders. Each director shall discharge their responsibilities in good faith in such a way to safeguard and promote the Company's interests. The Board of Directors also conducts its meeting in accordance with its responsibilities to shareholders, including participating in setting targets to secure optimum benefit for shareholder and other stakeholders within legal framework and business conduct. The Board of Directors reviews and approves the Company's vision, mission, values and strategy every year. It has initially formulated a written corporate governance policy in 2004 and has implemented it ever since, including promoting compliance among the Board of Directors, Management and employees. Such policy was embraced in the Corporate Governance Charter approved by the Board meeting in May 2012. In addition, the Company has improved the Charter on Corporate Governance and Code of Conduct in 2014.

(see the details at: <http://www.vinythai.co.th/en/binaries/VNT-CG-Handbook-EN-040814-195018.pdf> & [http://www.vinythai.co.th/en/binaries/CG\\_code\\_of\\_conduct\\_handbook\\_EN-190696.pdf](http://www.vinythai.co.th/en/binaries/CG_code_of_conduct_handbook_EN-190696.pdf))

### **The Board of Directors takes overall responsibility for the following:**

1) Endorse the vision, goals and strategies of the Company, including risk policies, business plans & annual budgets, monitor the Company's operations and approve major investments, takeovers and sales of the Company businesses.

2) The Board of Directors shall manage and carry on the business of the Company in accordance with the law, the Company's objectives and Articles of Association and resolutions of shareholders' meetings. Moreover, directors shall do so in good faith and consistent with the best interests of the Company and shareholders.



3) Supervise and monitor activities of the Company's management to ensure that their performance is in line with established policy in accordance with good corporate governance and so as to add economic value to the Company and increase wealth for shareholders.

4) Monitor the operation of the Company at any time with cognizance of relevant laws and contract terms as they relate to the Company and require management to report its performance and other important matters to each Board of Directors' meeting, thereby effectively improving the Company's operation.

5) Provide accounting systems, financial reporting, internal controls and effective and credible internal audits.

6) Control and oversee management treatment of all interested parties to ensure that they are ethical and equitable.

7) Evaluate the Company's success in order to determine bonuses and rates of annual salary increases within the Group.

8) Play a key role in risk management matters so as to establish and maintain guidelines and measures to ensure adequate risk management and regular monitoring.

9) Independent directors and other outside directors are prepared to use their discretion in independently considering issues pertaining to strategic management of resources, appointment of directors and setting operational standards, and are ready to challenge the actions of directors and other management figures in cases of conflicting opinions as they affect the equitable treatment of all shareholders.

10) If necessary, the Board of Directors shall enlist the services of external professional advisors at the Company's expense.

11) Appoint a Company Secretary to assist the Board of Directors with various activities, including Board of Directors' meetings and shareholders' meetings, and

regularly advise the Board and the Company on their conduct and correct operations according to laws and relevant regulations. The Company Secretary will also ensure that the Directors and the Company disclose information correctly and transparently.

12) Provide provisions pertaining to business conduct, director conduct, executive conduct, and employee conduct to be implemented in-house.

13) Suspend trading at least one month prior to announcements of financial news and for at least three days after announcement of financial statements.

14) Report the securities holdings of their spouses and minors to each Board of Directors' meeting and notify the Company without delay in the event of an interest, whether directly or indirectly held, arising in any contract made within the Company's fiscal year, or if holding shares or debentures in the Company and/or the Company's subsidiaries.

To avoid unnecessary problems, the Board of Directors carefully scrutinizes any issues that might result in a conflict of interest. Such issues are acknowledged by the Board of Directors in accordance with the SEC and the SET regulations stipulated for a transaction based on an Arm's Length Basis. The Board of Directors monitors compliance with the regulations regarding criteria, procedures and disclosure of transactions with conflict of interests. The Audit Committee is assigned to review significant related transactions to ensure the transparency and the best interest of the Company. To ensure fairness, directors or management having interests in the related transaction must not be involved in decisions and approval process.

The Board of Directors assigns the Business Advisory Committee and the Management to arrange and maintain internal control systems and ensure their effectiveness. The Board of Directors also assigns the Audit Committee to ensure that the Company has suitable and efficient internal control and the internal audit. Extending from the management down to the operational level, the Company's control system



explicitly defines, in writing, the authority and duties of all employees. The Company has clearly defined, in writing, the Management's roles and responsibilities at each level. For the sake of maintaining good control, the Company separates the function of authorization of the transactions from that of book recording and safeguarding of assets. All relevant parties are given a framework, within which they can control utilization of the Company's assets, while the duties of operational staff and inspectors are kept separate. Additionally, a financial control system has been introduced, via the implementation of a financial reporting process for the various levels of management.

The Company has established Internal Audit Department to perform audit-related duties, with the aim of ensuring that the Company's main business and significant financial activities are operated efficiently and in accordance with established guidelines. The department must also ensure that activities are conducted in full conformity with compliance controls and the law. The department oversees constant internal monitoring to ensure improved control measures specific to all events, conditions and variable risks, in addition to report the audit results to the Audit Committee, the Steering Committee, and concerned Management. The internal audit reports state that no significant issues have been found and that all the Company's operations are performed legitimately. The report also states that internal control systems are proper and adequate. It also notes that satisfactory supervision of measures to safeguard assets is carried out, so as to prevent Management and employees from exploiting assets for their own benefit. Additionally, the Internal Audit Department reviews the corporate governance practices based on the principles of good corporate governance outlined by the SET, and provides advice to develop the corporate governance system of the Company to safeguard the interests of all its stakeholders equally.

Vinythai being one of Solvay's affiliates, Solvay sends its own internal audit team to Vinythai at least once a year to review the effectiveness of the Company's operations as well as its information technology system.

This is to ensure that Vinythai's operations are in line with Solvay's corporate policies and standards. On each of the occasions-to-date, Solvay's auditor has found the Company's internal control systems to be satisfactory and has identified no significant issues.

The Board of Directors strongly emphasizes risk management. Therefore, in order to ensure that the Company has in place standard practices for responding in an appropriate, systematic and efficient manner to any risk that confronts any part of its business operations, the Company established a Risk Management Policy and a Risk Management System which are steered by Risk Management Committee. The Risk Management Committee comprises the Company's top level executives. The Committee meets periodically, at least once a year. All Risk Management members are responsible for management and mitigation of the potential risks identified that could affect the achievement of the Company's objectives, including focusing on risk awareness, improving work procedures and optimizing utilization of resources. Under the Risk policy, employees are required to integrate the risk management into normal management processes such as business planning, investment analysis, project and operational management. Ignoring risk is not permissible. All managers with support of their subordinates are expected to maintain an up-to-date risk list or equivalent approaches to provide assurance that the risk management system is being followed. Reporting on key risks and status of controls shall be incorporated in management reports. Risk factors related to the Company's business are identified in a separate section of the Company's annual report and in Form 56-1.





### **Board Assessment**

The Board of Directors has carried out its duties with maximum transparency and in full conformity with the Principles of Good Corporate Governance and Code of Best Practices for Directors of Listed Companies, as prescribed by the SET, as well as the Securities and Exchange Act B.E. 2535. The Board of Directors recognizes the importance of a self-evaluate and a constant improvement in its working performance. Therefore, the Company conducted a self-assessment for all of the Board's members to evaluate their performance in accordance with the principles of Corporate Governance. The process and criteria of the self-assessment are mentioned here under.

### **The Process of Board of Directors Self-Assessment**

1. The Nomination and Remuneration Committee reviewed the assessment form for its accuracy and completeness as determined by the Principles of Corporate Governance.
2. The Company Secretary summarized the results of the assessment.
3. The Company Secretary reported the assessment resulted to the Board of Directors as reference for performance improvement.

### **The self-assessment has generally been taken in 6 main criteria;**

1. Structure and qualifications of the Board of Directors.
2. Roles and responsibilities of the Board of Directors.
3. The Board of Directors meetings
4. The Board's performance in duties
5. The Board's relationship with the Company's management.
6. Self-improvement of the directors and management development plan.

The Board of Directors' self-assessment is conducted on an annual basis. The result of the previous year self-assessment is satisfactory. The Board has effectively contributed for their duties. The findings

of the assessment were presented and reviewed for continual improvement.

### **Board Self-Assessment of Sub-Committee**

Annual evaluation of performance of Sub-Committee e.g. Audit Committee was carried out in order to monitor and carry out continual improvement. The assessment result was reported in the Board meeting for their acknowledgment. Based on 2015, the result showed that all performance was highly satisfactory.

### **Board and Management and Employee Training**

The Company supports and facilitates trainings for members of the Board of Directors, the Management and employees so as to continuously improve their skills, knowledge and working performance. The Company's Board of Directors actively participates in the director trainings arranged by the Thai Institute of Directors Association (IOD). Some foreign directors who do not reside in the Kingdom are sometimes unable to attend the director training sessions as scheduled by the Thai IOD. However, they are provided relevant information by the Management to update themselves. Details of the Board of Directors' trainings are presented in the Annual Report and Form 56-1.

Business Orientation and plant visit are provided to the new directors in order to help them better understand the nature of the business and operations of the Company. Training sessions for directors on pertinent topics are arranged to enhance their performance of their roles and responsibilities.

The Company has introduced a career development planning program to cultivate the potential of its personnel and prepare those showing promise for roles that will serve the future needs of the Company. The career development highlights management positions for which training and development are recommended for each individual, both technical and non-technical programs, so as to enhance and promote learning and transfer of technologies and knowledge, both domestically and abroad.



# PRACTICE FOR ANTI-CORRUPTION

The Company introduced a Code of Conduct for its Management and employees, providing guidance as to how to perform their duties in line with the Company's corporate mission, and with honesty and fairness to the Company and its stakeholders including the public and local communities. The Code of Conduct has been amended to reflect changes in the business environment. The Management and staff members have agreed via written consent to adhere to the code. The Management is accountable for ensuring that conduct is in full compliance with the code and are required to sign their acknowledgment on an annual basis. In 2012, the training on the Code of Conduct was organized for executives and all staff in order to refresh their awareness of associated practices and their compliance. The Company takes all steps to ensure continuous compliance with ethical principles and that appropriate penalties are imposed in the event of any violation. In addition, employees who customarily deal with and generate business activities with customers, suppliers and competitors, are required to abide by the Company's Competition Rules which describe criteria for conducting such activities in accordance with ethical values and within the parameters of fair competition.

## Business Ethics Policy

The policy of Vinythai Public Company Limited is to comply with all government Laws, Rules, and Regulations applicable to its business.

The Company Ethics policy does not stop there. Even where the law is permissible, the Company chooses the course of highest integrity. Although local customs, traditions, and morals differ from places to places, honesty is not subject to criticism in many cultures. Shades of dishonesty simply invite demoralizing and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless company asset.

The Company cares how results are obtained, not just that they are obtained. Directors, managers, and employees should deal fairly with each other and with the Company's suppliers, customers, competitors, and other third parties.

The Company expects compliance with its standard of integrity throughout the organization and will not tolerate employees who achieve results at the cost of violation of law or who deal unscrupulously. The Company's directors and managers support, and expect the Company's employees to support, any employee who lets slip opportunity or advantage that would sacrifice ethical standards.



It is the Company's policy that all transactions will be accurately reflected in its books and records. This, of course, means that falsification of books and records and the creation or maintenance of any off-the-record bank accounts are strictly prohibited. Employees are expected to record all transactions accurately in the Company's books and records, and to be honest and forthcoming with the Company's internal and independent auditors.

The Company expects candor from employees at all levels and adherence to its policies and internal controls. One harm which results when employees conceal information from higher management or the auditors is that other employees think they are being given a signal that the Company's policies and internal controls can be ignored when they are inconvenient. That can result in corruption and demoralization of an organization. The Company's system of management will not work without honesty, including honest bookkeeping, honest budget proposals, and honest economic evaluation of projects.

It is the Company's policy to make full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with the Stock Exchange of Thailand (SET), and in other public communications. All employees are responsible for reporting material information known to them to higher management so that the information will be available to senior executives responsible for making disclosure decisions.

**The policies of Code of Conduct are as follow:**

- o Conflicts of Interest Policy
- o Safety, Health and Environment Policy
- o Safeguarding of Confidential Information Policy
- o Gifts, Entertainment and Anti-Corruption Policy
- o Customers Relations and Product Quality Policy
- o Harassment in Workplace Policy
- o Charitable Activities & Company Philanthropy Policy

(Please see more details in: [http://www.vinythai.co.th/en/binaries/CG\\_code\\_of\\_conduct\\_handbook\\_EN-190696.pdf](http://www.vinythai.co.th/en/binaries/CG_code_of_conduct_handbook_EN-190696.pdf))





## The Implementation of Anti-Corruption and Bribery

The Company has continued promotion on the Anti-Corruption and Bribery as follows:

### In 2014, The Company

- Reviewed and developed the Code of Conduct guidebook to commit the high standards of legal compliance and business conduct.
- Distributed the Code of Conduct guidebook to directors, management and employees for acknowledgment and further practices.
- Communicated and published the Company's Code of Conduct in the Company's website:  
[http://www.vinythai.co.th/en/binaries/CG\\_code\\_of\\_conduct\\_handbook\\_EN-190696.pdf](http://www.vinythai.co.th/en/binaries/CG_code_of_conduct_handbook_EN-190696.pdf)
- Provided Code of Conduct training to all employees in order to increase their awareness and comply with the Company's policies and regulations.
- Provided Code of Conduct activities to all employees for better understanding about the practice of the Code of Conduct.

### In 2015:

- The Company has studied and conducted a self-assessment for countering bribery, as recommended by the Thai Institute of Directors in order to join the Declaration of Intent In View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC) in October 2015.
- The Company has joined the Declaration of Intent, In View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC). The Chairman of the Board of Directors executed the said Declaration of Intent on 19 November 2015. The Chairman of Thailand's Private Sector Collective Action Coalition against Corruption Council signed for the acknowledgment of the Declaration of Intent of the Company on 2 December 2015.
- After the Declaration of Intent, the Company has changed its Corporate Governance Policy and Audit Committee Charter expanding to the Anti-Corruption. In addition, the Board of Directors approved to amend the Corporate Governance Policy and Audit Committee Charter.

- The Company has provided the communication channel in various ways with employees within its organization e.g. external communication, internal communication (TV, Vinythai Today Magazine, email) in order to communicate and explain to employees to understand and know the Anti-Corruption Policy of the Company.

In addition to the Anti-Corruption, the Company provided employees the training on Competition Law for their working with the Company and for compliance with laws and regulations relevant to the business operation of the Company.

As mentioned above, the Company continually recognizes the importance of the Anti-Corruption. This includes the Company has taken in various actions, indicated the Company has not accepted any corruption, bribery or provision of things in return in all aspects that as a result may cause the corruption. As a result, in 2015 the Company obtained the Sustainable Development Assessment of the Thai Listed Company as conducted by Thaipat in respect to the prevention of corruption involvement. The Company received the 3<sup>rd</sup> Ranked ("Established"), increased from the year 2014 that the Company received 1<sup>st</sup> Ranked ("Committed") from such assessment.

For the next step, the Company is in preparation for the certification processes of Thailand's Private Sector Collective Action Coalition against Corruption.





# INTERNAL CONTROL AND RISK MANAGEMENT



Reviewing the effectiveness of the internal control is an important role of the Board's responsibility while the management is accountable to the Board for developing, operating and monitoring the internal control so as to achieving the Company's objectives. The Audit Committee has been assigned by the Board of Directors to review and evaluate adequacy and appropriateness of the internal control to cope with changing business environment while taking into consideration the risk management as well as to maintain accuracy and transparency in operations. The reviews have been made during the Audit Committee meetings with the auditors and concerned management through the financial reports, relevant management report, and internal audit reports to ensure accuracy of the financial reporting and disclosure, completeness of the Company's bookkeeping and adequate safeguarding of its properties, as well as compliance with the generally accepted accounting principles and relevant regulations. The reviews have been also extended to

the risks identified and managed by the Company's management in order to ensure that there is an ongoing process and measures to mitigate the risks.

Realizing the importance of good internal control, in 2015, training sessions for employees have been initiated by the Audit Committee in order to raise the employees' awareness towards their responsibilities and to gain better understanding of the internal control, thus will help enhance control performance involved in the operations.

The Audit Committee presented its semi-annual report to the Board of Directors in the Board Meeting No. 3/2015 held on 16 July 2015, and year-end report of 2015 to the Board Meeting No. 1/2016 held on 17 February 2016 which included the evaluation of the internal control of the Company in compliance with the internal control evaluation form outlined by the SEC based on COSO Framework. After consideration, the Board of Directors has the same view as the Audit Committee that overall internal control system is present and functioning, remains satisfactory, adequate and appropriate for the Company's business operations. Current risk management is adequate to safeguard the shareholders' investment, the interests of customers, regulators, stakeholders, and company's assets. The review has not identified any circumstances which suggest any fundamental deficiencies in the Company's internal control system, which can be summarized that

## 1) Control Environment

- The Board of Directors supervises the Company to set clear and measurable annual business goals and strategic plans, as well as to monitor KPIs set



by the management, which are used as guideline and benchmarks to ensure achievement of the objectives.

- Policy on Corporate Governance, business ethics and Code of Conduct have been defined and approved by the Board as well as communicated to employees at all level. The latest revisions of the policy and the code were considered and approved by the Board of Directors in 2014. To further raise awareness of the Code of Conduct, the Company has promoted adherence to the Company's Code of Conduct all over the year through Code of Conduct handbook including Corporate Governance principles disseminated to employees, internal publications and trainings. The Company takes all steps to ensure full compliance with ethical principles and that appropriate penalties are imposed in the event of any violation. Implementation on principles of good corporate governance has been continually carried out to further improvement.

- According to the Company's structure, delegation of authorities has been clearly defined by the Board of Directors, especially for significant matters, to ensure transparency and accountability. Explicit approval procedures for operations, the roles and responsibilities of management and operation in each level, including reporting lines, have been clearly stated in writing and reviewed upon changes to ensure sufficient control. Appropriate resources are regularly reviewed and adjusted to ensure that the duty performance process especially involving high risks are justifiable. Performance measures are formulated and applied to employees at all levels. Trainings are continuously provided to employees to enhance their competency.

## 2) Risk Assessment

- The Company's risk management system is integrated into the review of corporate strategic plan which is annually presented to the Board of Directors for consideration. The Board of Directors assigned the Business Advisory Committee to prescribe policies and suggest measures for the appropriate and efficient management of risks associated with the business of the Company, to evaluate the performance and to

review risk profiles of the Company as to ensure that the risks are not higher than determined risk tolerance. The review by the Audit Committee is to ensure that the risk management systems and measures of the Company are appropriate.

- The Company has implemented an Enterprise Wide Risk Management (ERM) framework to identify, measure, access and manage risks encountered by the Company and its subsidiaries, both internally and externally. In 2015, the ERM process has been also revamped to strengthen the risk identification and assessment of the risks relating to objectives.

Under current Risk Management Policy and the Risk Management System which are steered by top level executives, all risk management members are responsible for management and mitigation of the potential corporate risks identified both from internal factors and external factors that could affect the achievement of the Company's objectives in the changing business environment, by taking into consideration, risks to objectives related to operation, compliance, external financial and non-financial reporting. The management is also well aware of operation risk related to fraud, thus measures for preventing and detecting potential fraud are implemented through effective control procedures, segregation of duties, explicit delegation of authorities and control over information system and accessibility. Ongoing monitoring of high risks are monitored and assessed to ensure effective mitigation measures. According to the policy, employees are required to integrate the risk management into normal management processes. All managers with support of their subordinates are expected to maintain an up-to-date risk list or equivalent approaches to provide assurance that the risk management system is being followed. Reporting on key risks and status of controls shall be incorporated in management reports.

## 3) Control Activities

- Policies, business process manuals, and procedures related to procurement, finance and credit management, contracts and loan agreement have been formulated to ensure management directives are



carried out. Such policies and procedures are regularly reviewed to be appropriate for business operations. Delegation of power and transaction authority with line of approval has been defined in writing and regularly reviewed with approval by the Board of Directors, which covers delegation of power granted to the management to act as Directors in its subsidiaries. Extending from the management down to the operational level, roles and responsibilities at each level have been defined, in writing, to demonstrate clear authority and duties of all employees. For the sake of maintaining good control, the Company separates the function of authorization of the transactions from that of book recording and safeguarding of assets. All relevant parties are given a framework, within which they can control utilization of the Company's assets, while the duties of operational staff and inspectors are kept separate. Additionally, a financial control system has been introduced, via the implementation of a financial reporting process for the various levels of management.

- Regarding connected transaction, Directors and the management are well aware of and comply with the regulations governing the connected transactions. Significant related transactions had been reviewed by the Audit Committee, covering criteria, procedures and information to ensure the transparency and the best interest of the Company. Directors or management having interests in the related transaction were not involved in decisions and approval process. The Company Secretary is responsible to keep report on interest filed by a director or executive of the Company.

- The financial reporting and all connected transactions are correct, complete with adequate disclosures to meet the generally accepted accounting principles and in conformity with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand, and any other relevant laws.

- The Company selects and develops control activities over technology to ensure accuracy and transparency of the operations. Access to confidential information, significant data, or critical application is limited to authorized persons. Rules and regulations

have been established to ensure security of the Company's information system. In addition, procedure of business continuity plan which extended to supply chain logistics was established to ensure company operation, products to customers and information system continuously in operation from any kind of failure.

- The Company always monitors legal compliance relevant to business operation of the Company and its subsidiaries, both locally and internationally.

#### 4) Information and Communication

- The management obtains or generates and uses relevant and quality information from internal and external sources. Meeting materials prepared for the decision of the Board of Directors are adequate and submitted to the directors in advance. Meeting minutes are recorded and kept for reference. Transactions and accounting records are completely filed. The financial reporting has been prepared in compliance with the generally accepted accounting principles in Thailand and other appropriate and consistent accounting policies. The Company has disclosed all important information both financial and non-financial to the SEC, the SET, and relevant regulators in a proper and transparent manner.

- The Company has implemented systematic data processing and enhanced information quality through a data governance program, as well as, identified, protected, and retained financial data and information with access and application control.

- Several internal communication channels have been set up to deliver important business information to employees. In 2015, the Company has organized Town Hall meetings to facilitate communication from senior managements to employees at all level in order to update business information, the Company's visions and objectives to the employees.

- The Company has set up communication channel for stakeholders to voice their concern about any crucial case related to the Company's operations or unethical practices via the Audit Committee at the Company's



website. The Company's website also includes details of personnel responsible for each area so that investors, customers, local communities and other stakeholders can communicate recommendations and make inquiries from the Company via the Company's website. Furthermore, the Company encourages employees to ask questions, voice concerns and make appropriate suggestions regarding the business practices of the Company. Employees are expected to report promptly to management suspected violations of laws, policies, and internal controls. Alternative channels of communication on such concern are provided for employees. According to the Company's Code of Conduct, the rights of any person who communicates such concern shall be protected.

### 5) Monitoring Activities

- The Company has a monitoring process at both operational and management levels. The Board of Directors assigned the Business Advisory Committee to assist the Board in monitoring the performance indicators and business goals compared to the approved targets. The Management Team holds monthly meeting to discuss and follow up significant issues related to business performance, resources planning, employee development plan, as well as to monitor the risk mitigation measures as defined. In case there is a major issue with possible impact to the Company, the management will review the situation and propose actions to the Board of Directors. Each operational unit has implemented their ongoing monitoring process to ensure their works are aligned with and achieved the business targets of the Company, with consideration of risk assessment.

- The Company has also established internal audit department to review the control system and monitor plans to ensure an effectiveness and adequacy of the internal control. Audit findings are reported to the Audit Committee meetings whereby the Audit Committee reviewed and provided recommendations for improvement. As assigned by the Board of Directors, the Audit Committee shall review the overall

management of the Company's corporate governance practices. In 2015, the audit reports did not find significant deficiency in the internal control system. No violations of the SEC and the SET regulations or other related laws were found.

- The Company's external auditor reviewed the internal control and found that the internal control system is satisfactory and the financial reporting is in compliance with the accounting standard. Being one of Sovlay's affiliates, Solvay audit team also performed an audit as well as internal control audit at the Company and its subsidiaries to review the effectiveness of the Company's operations. On each of the occasions-to-date, Solvay's auditors have found the Company's internal control systems to be satisfactory and have identified no significant issues.

### Head of Internal Audit

The Company has appointed Dr. Supachat Chairatanathavorn as Internal Audit Department Manager and in charge of Secretary to the Audit Committee. The Audit Committee recognized that Dr. Supachat Chairatanathavorn has competency to perform the duty in leading the internal audit unit. He has continuously participated in relevant trainings to update knowledge and expertise. With his in-depth experiences in various aspects and qualifications, Dr. Supachat has extensively supported the Company for business performance improvement.

According to the Audit Committee Charter, the Audit Committee approves the appointment, transfer, and dismissal of the chief of an internal audit unit, or any other unit in charge of an internal audit, including expressing an opinion on qualifications and performance of the chief of an internal audit unit.

(Experience and educational qualification of the Internal Audit Department Manager are disclosed in the Attachment 3 - Information of Head of Internal Audit.)



# RISK ISSUES AND MITIGATION

## Risk Management

Enterprise risk management is placed as one of the key business activities, due the Company realizes that with rapid change in business and industrial environment, the Company requires an appropriate tool in managing performance and sustainability of the business in short and long terms.

Risk management is under supervision of the Board of Directors through Business Advisory Committee and Audit Committee. In addition, Management-level committee has been set up to assess, manage and timely monitor risk exposures and mitigation measures to ensure that risk impacts can be prevented and mitigated at an acceptable level for business operations.

Risk Management Committee at the Management level (RMC) comprises the Managing Director, Business Director, Operation Director, Vice President Finance & Accounting, Plant Manager, Vice President Corporate Affairs & Communications, Vice President Marketing & Sales for each product business unit, including Senior Strategic Marketing and Business Development, AVP Supply Chain Department Manager, HR and Administration Department Manager, and Business Performance Improvement Department Manager. Risk management policy and framework are defined and aligned with the Company's strategy and vision. The Committee actively develops risk management processes covering all identified & potential risks that pertain to its businesses, with each process closely linked to corporate strategy and opportunities for growth. All RMC members are responsible for management and mitigation of the risks that could potentially affect achievement of the Company's strategic goals.

Like all petrochemical industrial concerns, the Company faces a variety of risks which may be broadly classified into five types: industrial risks, financial risks, project risks, operational risks, and megatrend & green movement risks.

## Risk Issues and Mitigation

### 1. Industrial Risks

#### 1.1 Fluctuation of product and raw material prices in international markets

- **Finished goods**

Prices of PVC resin, Caustic Soda and Epichlorohydrin on international markets can fluctuate considerably. As such, Vinythai's revenues from both exports and domestic sales may rise or fall sharply, often due to circumstances beyond its control.

- **Raw materials**

Vinythai is vulnerable to international fluctuations in the

price of Ethylene and Glycerin, which are its pivotal inputs, alongside with Salt and Electricity. Ethylene and Glycerin respectively accounted for around 50% of the Company's total production costs in 2015.

*Mitigation:*

*Concerning fluctuations in its end product prices, Vinythai's marketing & sales teams closely monitor price evolution in order to proactively make adjustments to prevailing conditions. The Company's fully-integrated production processes help, to some extent, to shield it from Ethylene and Glycerin price volatility. To further reduce the impact of those cost factors, the Company negotiates with suppliers to*



ensure effective pricing management that best reflects Asian market conditions.

Furthermore by last year, the Company with expert supports from the Solvay, deploys the Sustainable Excellence programs in key business areas. Those areas are manufacturing and maintenance sites, procurement and supply chain, and marketing & sales; as a result this would significantly enhance the Company business performance in term of the fixed & variable cost including productivity.

### 1.2 Reliance on a limited number of suppliers

Vinythai's integrated Vinyls production process is dependent upon Ethylene, Electricity and Salt as its principal raw materials. The Company has entered into agreements with individual suppliers accordingly. In the cases of Ethylene and Salt, in particular, the number of suppliers is limited. As such, Vinythai faces the risk of a key raw material shortage should any of its suppliers suddenly be unable to fulfill its commitment.

#### Mitigation:

The Company has entered into long-term contracts with each of its suppliers to ensure that it is able to secure supplies continuously. It is also able to negotiate extensions to these agreements as they expire. In the event of short-term supply problems, the Company will source Ethylene from other suppliers, whether local or overseas. In the case of salt, the Company could import Ethylene Dichloride (EDC) as a substitute raw material for production.

### 1.3 Reliance on a Single Business Sector

In 2015, over 40% of all PVC resin demand in Thailand came from the pipe and fitting sector, with consumption being closely aligned with the construction industry and government-initiated public infrastructure projects.

#### Mitigation:

Vinythai has adopted a policy of diversification that focuses on expanding into different sectors, such as rigid profiles, films and sheets, wires & cables, and artificial leather. The Company also endeavors to penetrate new export markets and diversify within existing export markets.

Additionally, the diversification into Epichlorohydrin production using "green technology", reduced its sole reliance on, and sensitivity to, the PVC market. Epichlorohydrin is an essential feedstock for production of epoxy resins and is increasingly used in such applications as corrosion protection coatings as well as the electronics, automotive, aerospace, and windmill power-generating industries.

## 2. Financial risks

### 2.1 Repayment Risk

At the end of 2015, the Company has 2 Long-Term Loan Agreements with financial institutions to support its expansion.

- In 2010, the Company entered into a THB 4,500 million Long-Term Loan Agreement with local banks to finance the Epichlorohydrin production project in Thailand of its subsidiary, Advanced Biochemical (Thailand) Company Limited, which started commercial operation in Q1 2012. This loan was fully drawn down in mid of 2013.

The THB Long-Term Loan has a term of 10 years with a grace period of 3 years. The repayment schedule identifies fourteen equal, semi-annual installments, commencing 30 June 2013, with the final installment due December 2019. The Company is obligated to pay interest on its borrowings under the loan on a quarterly basis. The Company is also obligated to maintain certain financial ratios with respect to the loan.

The Company has prepayment in 2014 and 2015, amount THB 650 million and THB 1,000 million consequently. The loan's recorded outstanding as at 2015 is THB 1,047.10 million, after repayments and prepayment.

- In 2013, the Company entered into 2 RMB Long-Term Loan agreements totaling RMB 420 million with commercial banks in Thailand to finance the Epichlorohydrin production project in China of its subsidiary, Solvay Biochemicals (Taixing) Company Limited. At 2014 end, a RMB Long-Term Loan agreement was drawn for 180 million.

The RMB Long-Term Loans have their term of 7 years with their grace period of 3 years. The principal repayments are set for semi-annual installments, commencing 1 August 2016, with the final installment due 1 August 2020. The Company is obligated to pay interest on its borrowings under the loans on a quarterly basis. The Company is also obligated to maintain certain financial ratios with respect to the loan.

Due to the Company has decided to suspend the Project in China, so the Company didn't withdraw another RMB Long-Term Loan of the amount of RMB 240 million, and reimbursed a part of the RMB Long-Term Loan RMB 180 million, for the amount of RMB 40 million. The loan's recorded outstanding as at 2015 is RMB 140 million, after prepayment.

#### Mitigation:

The Company closely monitors its performances, including all its projects. Moreover, the Company adopts a conservative treasury policy and liquidity management



while targeting a reasonable, low-level debt-to-equity ratio. The Company is not reluctant to utilize its cash generation for loan prepayment without penalty fee. As such, the Company is confident that it is unlikely to encounter any debt repayment or liquidity inadequacy problems.

## 2.2 Interest rate risk

In view of current uncertainty surrounding economic conditions and financial market liquidity, the Company is exposed to interest rate volatility as the Company is engaged with a floating THB loan and floating RMB loans.

### Mitigation:

For a floating THB loan, the Company closely monitors movements on its deposit accounts with financial institutions and on its Long-Term Loans in response to financial market conditions and responds appropriately. According to conditions at any given time, the Company may, as it deems necessary, enter into financial hedging arrangements in order to manage associated risks.

For a floating RMB loan, the Company has entered to Cross Currency SWAP to fix the interest rate.

## 2.3 Foreign exchange rate risk

The Company and Advanced Biochemical (Thailand) Company limited, its affiliate, are exposed to exchange rate volatility on their revenues from both domestic and export sales, all of which are mainly priced in US dollars. The Company is also exposed to risk on payments to its main feedstock, as they are priced in US dollars. The Company's other raw materials, machinery and equipment maintenance are also all denominated in foreign currencies, notably US dollars, Euro, Japanese yen.

Regarding the Company's long-term loan in RMB currency to support the investment in an Epichlorohydrin plant in China via its holding company in Singapore, Vinythai Holding PTE, the Company is exposed to RMB foreign exchange movements against other currencies, especially THB.

### Mitigation:

Vinythai closely monitors foreign exchange rate movements as part of its day-to-day operations. The Company both manages its foreign exchange rate risk exposure with natural hedges and carefully applies available financial hedging tools, including forward contracts and others as necessary, so as to minimize its foreign exchange rate risk exposure at any given time.

To protect foreign exchange risk exposure associated

with its new Epichlorohydrin project in China, the Company has already entered to Cross Currency Swap from RMB to THB to mitigate Exchange Rate risk of long-term loan in RMB currency.

## 2.4 Liquidity risk

Due to uncertain market conditions ensuing from precarious US and EU conditions, liquidity risk has become another major concern for all businesses. Moreover, the risk is intensified for businesses with multiple operations. The Company considers this to be another important risk exposure that can potentially push its costs higher.

### Mitigation:

The Company closely monitors financial market liquidity via its day-to-day banking operations. Its policy is to work with a variety of banks (US, European, Japanese, Chinese and Thai). By spreading its funding sources to include a wide selection of short- and long-term alternatives, the Company mitigates its risk exposure to potential liquidity constraints. The Company also stresses efficient working capital management to ensure consistently smooth liquidity.

## 3. Project Risk

The Company had invested in its subsidiary, Solvay Biochemicals (Taixing) Limited which registered in the People's Republic of China. The Company held 100% of the ordinary shares of its subsidiary via Vinythai Holding Pte. Ltd. amounting to RMB 286 million. To finance this investment project, the Company has entered into loan agreement with a local bank and the amount of RMB 140 million has been drawn down.

Currently the project is put on hold for some period due to the volatility of pricing and supply that could expose to the risk on the repayment of such intercompany loan to the Company.

### Mitigation:

The Company has closely monitored the market trend of the People's Republic of China in order to swiftly react to the market conditions. In the meantime, the impairment provision for this intercompany loan has been recognized in the Company's financial statement to reflect its fair value.

## 4. Operation Risks

### 4.1 Plant operation risk

Certain unexpected occurrences, both internal and external, could potentially disrupt the Company's plant operations. Accidents, insufficient or undeliverable utilities,



machinery failures, and operational failures such as to feedstock supply, as well as customer-related issues, can lead to interruptions to production, with significant potential impact on the Company's financial performance.

**Mitigation:**

*The Company has developed exercises designed to avert business emergencies and accidents, or at least minimize their impacts and losses, while also safeguarding personnel and the environment. The Company has also established preventive and predictive maintenance procedures to minimize machinery risks, including drawing up specific machinery maintenance procedures and composing manuals showing how to minimize errors, accidents and disruptions. Safety trainings are provided to whole employees and contractors, such as HSE culture and management system, transport & process safety, and the life saving rules. Moreover, the Company has an insurance policy to compensate for and minimize financial losses from such occurrences.*

## 4.2 Supply chain risk

Nowadays customers carefully control their costs, and especially have a tight raw materials/finished goods inventory management. Some applies a “zero inventory” policy.

Therefore as a key supplier, Vinythai has to ensure that all potential risks related to supply chain such as threats from terrorism, piracy, and fraud, or disturbances caused by natural disasters; are treated and managed properly.

**Mitigation:**

*The Company implemented according to a framework of ISO 28000 – security management systems for the supply chain. The relevant team has been nominated to assess all potential risks and implement necessary measures to prevent those risks and threats from adversely affecting the customer businesses. As a result this increases the Company's supply chain ability to effectively implement mechanisms that address security vulnerabilities at operational levels, as well as to establish preventive actions.*

## 5. Megatrend & Green Movement Risks

### 5.1 Greenhouse gas emission

Greenhouse gases could trap heat and make the planet warmer. The largest sources of greenhouse gas emissions are from burning fossils fuels for electricity, heat, and transportation. Nevertheless other sources would be from industry, commercial & residential, agriculture, and land use & forestry.

Holding a world-scale manufacturing plant, the Company realizes that it is one of the emission sources, and it should be a part of the solutions. Necessary actions taken would help the Company not only in term of emission reduction, but also in term of natural preservation.

**Mitigation:**

*Vinythai participates and implements several measures to reduce emissions and to target the development of products that contribute to emission reductions. Those measures are taken with clear objectives in short term and long term, being aligned with our strategic targets relating to energy saving.*

*For example: Production & Support Processes - the managers roll out continuous improvement programs:*

- 3Rs For All – Reduce, Reuse, and Recycle
- energy savings: by support from energy saving experts (Solwatt), energy saving committee,
- production: carbon footprint reduction, manufacturing excellence program,
- supply chain excellence program,
- support functions: carbon reduction label for buildings (Laboratory building at plant), Green meeting.

*Those programs led the Company to receive many recognition awards over the past few years.*

### 5.2 Sustainable product portfolio management

Vinythai sees sustainability as crucial aspect of its strategy; a product application portfolio is one of areas where the Company puts an effort to enhance its sustainability. Without a properly managed product application portfolio, this could generate a significant impact on business performance in the long run.

**Mitigation**

*The Company has adopted a tool, named “Sustainable Portfolio Management (SPM)” since 2011. This tool has been developed by the main shareholder; it is a kind of analysis, that the Company assesses on product application VS sustainability into two dimensions: 1 - environmental impact of manufacturing, and 2 - degree to which the product in that application be in line with the consumers’ long-term expectations. From this, it allows the Company better understanding the market trends and to help in the development & investment in the right strategic track.*

*Nowadays more than 90% of the product portfolio has been assessed and the Company also extended this assessment to all important R&D projects.*



# AUDIT COMMITTEE'S REPORT FOR 2015

The Company's Audit Committee as appointed by the Board of Directors comprises three Independent Directors, leading by Mr. Pipop Pruecksamars as Chairman, with Mr. Pote Videtyontrakich and Associate Professor Danuja Kunpanitchakit, Ph.D. as members. All of the Audit Committee members have knowledge, expertise and experiences in various areas such as finance and investment, accounting, technical and petrochemical business. The Audit Committee's qualifications and composition meet all standards as defined by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has independently performed its duties in conformity with the Audit Committee Charter which fully aligned with the requirements of the Stock Exchange of Thailand, and the mission entrusted to it by the Board of Directors. The Audit Committee also emphasized on adherence to good corporate governance and compliance with laws and regulations in relation to the business operations of the Company and its subsidiaries.

## Major activities held during 2015 are summarized as follows:

### • Meetings

In 2015, the Audit Committee held totally five meetings: four ordinary meetings and one non-management meeting with the external auditor. Meeting attendance of each committee member was disclosed in the Annual Report 2015, under Corporate Governance. The management and external auditor were invited to attend the meeting to discuss various issues of concern. The Audit Committee held a non-management meeting once a year with the external auditor without the presence of the Company's management in order to freely discuss issues concerning the preparation of the financial statements, disclosure of information, internal control and management's cooperation, as well as to review other special items so as to obtain sufficient clarifications

from the external auditor. The external auditor did not find significant issues which could impact the financial statements. The management provided full support and information as required by the external auditor to perform its duties.

### • Review of quarterly and annual financial statements

Reviewed the financial statements and auditor reports of the Company as well as the consolidated financial statements for the Company and its subsidiaries for ended 2014 and 2015 quarterly reports, in collaboration with the external auditor and management, prior to





submission to the Stock Exchange of Thailand and the public. The Audit Committee expressed its observations, provided recommendations and obtained clarification from the external auditor and the management to ensure that the financial statements were credible, complete in compliance with the generally accepted accounting principles, and contained adequate information and timely disclosure.

Reviewed significant accounting and reporting issues and their impact on the financial statements and provided recommendations pertinent to the Company's financial issues. The review process ensured that the financial information was complete, correct and reliable, with adequate disclosure to meet the generally accepted accounting principles and requirements of relevant laws and regulations.

- **Connected transaction review**

Reviewed the disclosure of connected transactions and potential conflicts of interest to ensure that the Company has conducted its affairs in full compliance with relevant rules and regulations. Based on the review of commercial transactions undertaken in the normal course of business, no unusual transactions considered material were found. In 2015, the Audit Committee also considered the contracts of the Company's subsidiary to be entered with the Company's major shareholder in order to ensure the related transactions are justified by taking into account of the interest of the Company and all stakeholders, as well as strict

compliance with the SEC's and the SET's rules and regulations.

- **Internal control and risk management review**

Advised and monitored the adequacy, appropriateness and effectiveness of the Company's internal control systems and risk management in place.

Assessed the internal control in accordance with the SEC's internal control checklist form, whereby the Audit Committee found that the internal control system remains satisfactory, adequate and appropriate for the Company's business operations. This is in line with the assessment of the external auditor that the internal control system of the Company and its subsidiaries are overall satisfactory. In addition, internal control test was conducted annually by Solvay Group's auditors to ensure an efficiency of internal processes particularly those contributing to the protection of its assets and reliability of financial information.

Recommended the Company to focus on creating employee awareness on roles and responsibility of internal control in order to implant the concept and importance of internal control and to gain better understanding of internal control to enhance control performance involved in the operations.

- **Internal audit review**

Reviewed the internal audit reports of the Company's



operations and internal auditing processes, including planning, reporting and following up on implementation of the internal auditor's recommendations for improving operational effectiveness and efficiency. Based on its review, the Audit Committee concluded that the Company's internal auditing has been carried out adequately, properly and effectively. All outstanding issues from previous audit reports had been satisfactorily resolved.

Considered the development of internal audit practices and recommended increasing area management roles and responsibilities to enhance control performance.

Reviewed the selection process of the transportation service provider and provided recommendations to ensure that the process is effective and treated fairly for the benefit of the Company.

#### • Corporate Governance review

Reviewed overall management of Corporate Governance in line with regulations and recommendations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Thai Institute of Directors Association (IOD). Resulting from continually conforming to the good corporate governance principles, in 2015, the Company has been assessed and received the Very Good level of Corporate Governance recognition from the SET, the SEC and the Thai IOD. In addition, a scoring result of AGM assessment by the Thai Investors Association was ranked in "Excellent".

Reviewed reports, submitting via the Company's website, from stakeholders communicating critical issues and complaints regarding accounting, deficient internal control or unethical behaviors. In 2015, there has been no report of such finding through the Audit Committee.

Reviewed the Audit Committee Charter to ensure that the scope of duty and responsibility is in compliance with the requirement of the Stock Exchange of Thailand. In November 2015, the Board of Directors approved to extend the responsibility of Audit Committee to cover the review of the Anti-Corruption Compliance program.

Continued to perform self-assessment of the Audit Committee as a whole to evaluate its general effectiveness. Based on 2015 self-assessment, which was assessed by all committee members, the result showed that all performance was satisfactory.

Acknowledged the Company's Sustainability Development practices and progress of the actions.

#### • External auditor and audit fee review

Evaluated and selected KPMG Phoomchai Audit Ltd. to be the auditor of the Company and its subsidiaries based on the auditor knowledge, expertise, engagement and reasonable audit fee. Consequently, the Audit Committee recommended to the Board of Directors to seek the approval of the shareholders' meeting to appoint Mr. Waiyawat Kosamarnchaiyakit, or Mr. Vairoj Jindamaneepitak, or Mr. Sakda Kaothanthong, as the Company's auditor, and determined the auditor's remuneration for 2015.

Upon consideration of the above issues, the Company's Audit Committee is of the opinion that the Company's financial statements were prepared in accordance with generally accepted accounting principles and adequate disclosure of connected transactions and that the Company conducted its business in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand and related laws. It is further deemed that the internal audit functions, internal control systems, and suitable risk management are effective in ensuring that the Company's financial information is complete, correct and reliable with sufficient disclosure.



(Mr. Pipop Pruecksamars)  
Chairman of the Audit Committee

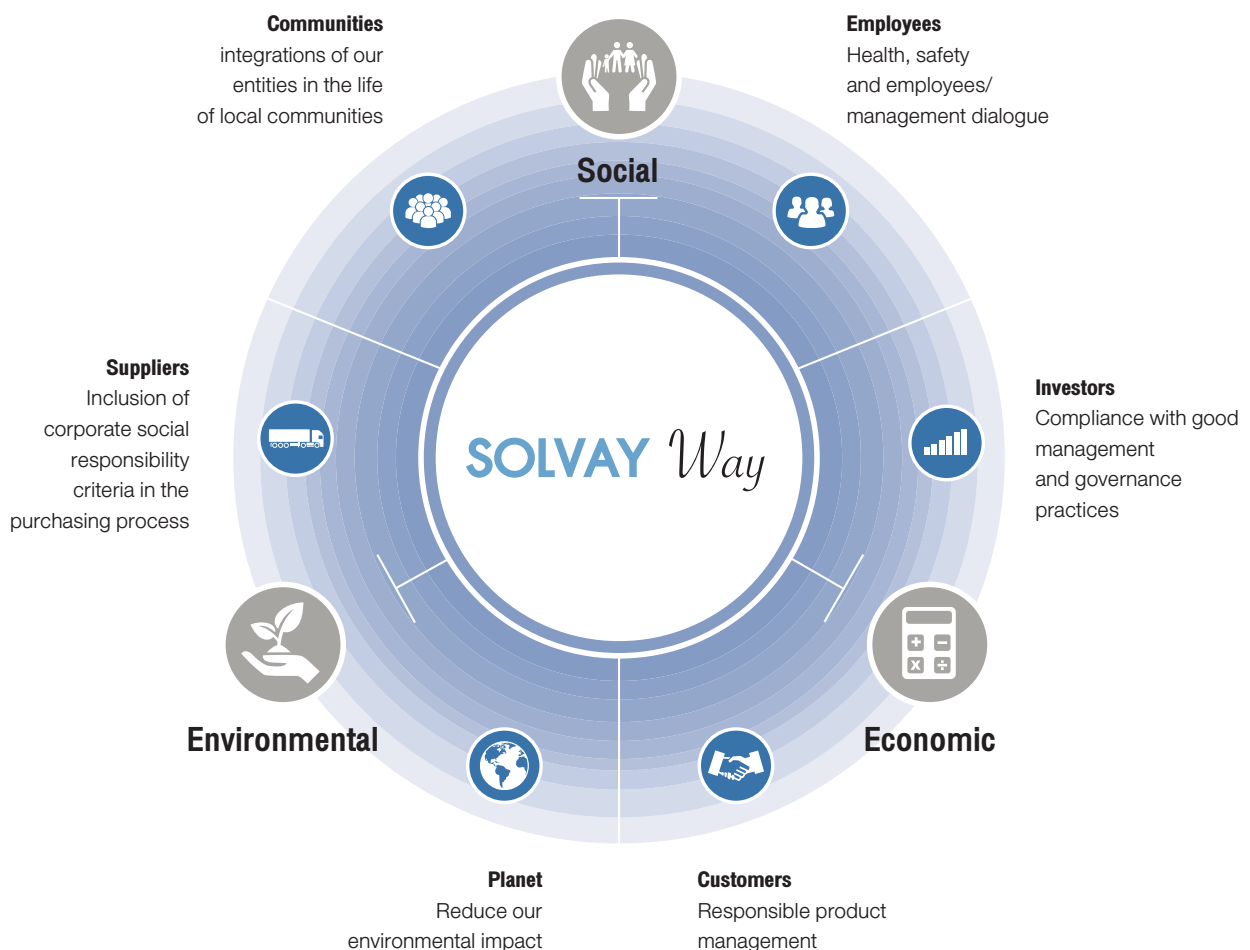


# CORPORATE SOCIAL RESPONSIBILITY

## Sustainable Development based on the Solvay Approach and Solvay Way

As Vinythai Plc's major shareholder is Solvay Group, the Company has adopted Solvay's sustainability management practices - "The Solvay Way" - as its framework for achieving its sustainability objectives and to ensure consistency and relevance throughout the organization and its business chain.

The Solvay Way is based on a reference framework covering six primary stakeholders: customers, employees, investors, suppliers, communities, and the planet.





## The Board of Directors' Engagement in Corporate Social Responsibility Practices

The Vinythai Plc Board of Directors' engagement in CSR practices exists at the policy and management levels. The Board of Directors analyzes the previous years' operations and gives suggestions on needed improvements.

One aspect of Vinythai's CSR practices that received close attention from the Board in 2015 is anti-corruption efforts. The Chairman of the Board of Directors signed the Declaration of Intent, In View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC), coordinated by the Thai Institute of Directors (IOD). This significant move emphatically endorses Vinythai's willingness and commitment to strong ethical behavior in all its activities.

The Board of Directors' engagement in this process greatly contributes to the accomplishment of the sustainability goals set by the Company which are prioritized according to its economic, environmental and social responsibilities.

## Integrated Management System Policy

Vinythai Group aims to be a sustainable development reference point. As such, the Company applies management system excellence practices and adheres to the following key principles:

- **To make safety the first priority** wherever and whenever employees and contractors are working while always striving for improvement and achievement of the Company's ongoing zero accident target.
- **To integrate health and environmental principles** into its daily activities by continually-reducing the key impacts of its businesses, including energy consumption, natural resources & resources consumption, emission reduction, and product life-cycle perspectives.
- **To comply with all applicable legal requirements, business code of conduct** and other rules to which the Group subscribes internally and externally.
- **To commit to continual improvement, taking a risk-based approach adhering to preventive principles** and best practices via established management tools and processes, including innovations & suggestions, knowledge management, excellence programs, and a sustainable development program.
- **To enhance employee engagement and foster teamwork practices** in order to nurture and maintain a happy work place.
- **To enhance and deliver satisfaction to the Group's key stakeholders** – customers, suppliers, external providers, communities and investors.



(Mr. Bruno van der Wielen)  
Managing Director



# Economic Responsibility

Vinythai has to manage its products properly. Besides complying with local and international laws and regulations, the Company manages and enhances the needs and expectations of customers relative to sustainability issues.

In terms of product sustainability, the Company periodically reviews its product portfolio using the SPM (Sustainable Portfolio Management) tool. This tool provides the Company a better understanding of each product in terms of market sustainability and operational vulnerability. It also aids identification and selection of research and development projects.

## Total Quality Management

### Company Action Plan

In 2015, the Company reviewed and formulated plans in accordance with its Vision and Mission, by taking into consideration all risks that might inhibit the attainment of its business targets.

### Customer Satisfaction Survey

Vinythai desires that its products should be the first choice of its customers. To this end, the Company consistently monitors and measures customer satisfaction. On a regular basis, the Company's marketing team outsources an independent survey of both its domestic and export customers. The findings from the surveys are used to design marketing plans closely tailored to both individual customers and market trends, implementation of which further strengthens the Company's position going forward.

These surveys target eight areas of customer perception: product, price, sales representation, delivery, financial/shipping documentation, credit policy, technical services and Corporate Social Responsibility. Responses consistently indicate increasing levels of satisfaction. Nevertheless, the Company, as ever, remains committed

to continuing to raise its customer satisfaction levels in each area in the coming year and beyond.

The Company also tracks customer complaints and acts to prevent or resolve any issues or problems. These internal measures are used by the Company to monitor, understand, predict and improve its overall performance. Meanwhile, several visits were undertaken during the past year to both Thai and foreign customers of the Company's PVC and Caustic Soda output. In all cases, these visits indicated high levels of customer satisfaction.

Besides external customers, the Company has internal suppliers who are very much instrumental in achieving external customer satisfaction, as such, they too are surveyed. Here the objective is to gain information which can be used to improve internal process efficiencies. Surveyed areas include the Company's testing laboratory and its quality control, maintenance and engineering departments.

Moreover, these efforts to accentuate customer satisfaction in the past years included complimentary provision of specialist technical training in connection with the Company's products.



## Management Systems

In order to achieve the Company's goals, to instill employee's understanding and awareness of targets, and to keep everyone moving in the same direction, the Management team has fixed Key Performance Indicators which are communicated to all employees via the Company's intranet and through various public relations activities.

In 2015, the Company's fully integrated subsidiary Advanced Biochemical Thailand Co., Ltd. (ABT) has received certification from the Roundtable on Sustainable Biomaterials (RSB) which has been assessed by third party - SCS Global Services for the production of Epicerol®, a bio-based building block for renewable chemicals and resins.

Related current product licenses and management standards for which the Company has been certified are as follows:

### Product Licenses

- Thai Industrial Standards Institute license to display a Standard Grade stamp on PVC piping resin.
- Thai Industrial Standards Institute license to display a Standard stamp on 32% & 50% sodium hydroxide, quality level 1.
- Food and Drug Administration (FDA), Ministry of Public Health, Thailand, license to display an FDA stamp on 32% & 50% sodium hydroxide food additives.
- A Central Islamic Committee of Thailand license to display a Halal stamp on 32% & 50% sodium hydroxide food additives.
- Kosher Certification for Caustic Soda product, which achieved the requirement of the Jewish law framework, certified by Thai Kashrut Services Ltd., the Jewish Community of Thailand.
- Thailand Greenhouse Gas Management Organization (TGO), license to display a Carbon Reduction Label for PVC Suspension, PVC Emulsion, and 32% & 50% Sodium Hydroxide.

## Management Standards

- ISO 9001:2008 certification, as assessed by Bureau Veritas Certification Thailand.
- ISO 14001:2004 certification, as assessed by Bureau Veritas Certification Thailand.
- OHSAS 18001:2007 certification, as assessed by Bureau Veritas Certification Thailand.
- GMP Certification & HACCP Certification of Caustic Soda product as assessed by Bureau Veritas Certification Thailand.
- ISO/IEC 17025:2005 laboratory accreditation, originally certified by the Thai Industrial Standards Institute (TISI).
- Certified compliance with Standard for Corporate Social Responsibility (CSR-DIW) B.E. 2552 of the Department of Industrial Works, Ministry of Industry.
- In addition, continuous improvement of its system to compliance with guidelines for social responsibility ISO 26000:2009 Guidance on Social Responsibility.
- Carbon Footprint Label issued by the Thailand Greenhouse Gas Management Organization (TGO) for carbon dioxide emission reduction during production of PVC Suspension, PVC Emulsion and Sodium Hydroxide, and intermediate products, namely, Vinyl Chloride Monomer and Ethylene Dichloride.
- Carbon Reduction Label for Laboratory Buildings from Thailand Environment Institute (TEI). This label testifies that carbon dioxide emissions from the laboratory building were reduced by at least 10% from 2002.
- Green Industry Certificate Level 3 and Level 4 issued by the Ministry of Industry.
- Green Building Council of Australia (GBCA) - Green Star Credit Best Practice Guidelines PVC as assessed by Lloyds Register Quality Assurance Limited.

Independent assessors perform audits annually on the Company's Integrated audits to monitor and help to ensure high standards, effective implementation, full compliance and continuous improvement of three



integrated management systems — ISO 9001, ISO 14001, OHSAS 18001. To date, these meticulous audits have not uncovered any non-conformity, leading to the conclusion that the integrated management systems are functioning according to design.

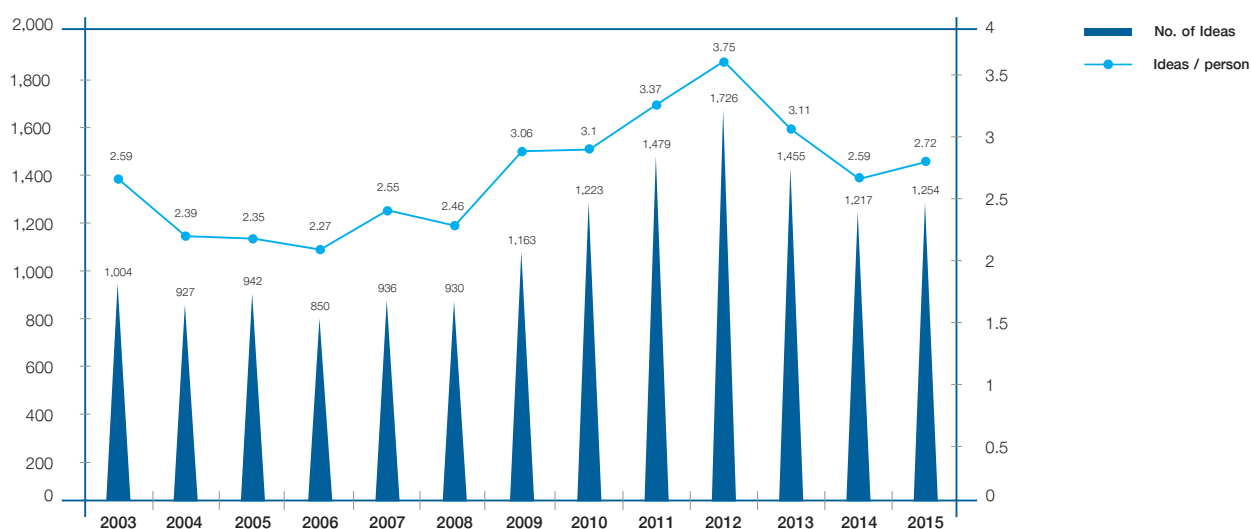
### Product Stewardships

To prevent safety, health and environment impacts, Vinythai applies the Solvay Product Stewardship policy, the Company's existing programs and regulations related to the acquisition of the products covering selection of raw materials, control of production process, storage, transportation and use of products. Vinythai sets regulations and measures for safe, and distribution of end-products. The Company sets measures and ensures this by:

- Improving safety documentation in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS).
- Providing customers and transport service providers with a wide range of product safety training courses.
- Assessing health impact risks potentially pertaining to the products and implementing risk mitigation measures.

## Innovation and Suggestion

Total Number of Ideas & Ideas/Person from 2003 - 2015



A committee is nominated to run and promote the Innovation & Excellence activities. Before each year ends, the committee organizes the Innovation & Suggestion event in order to celebrate and recognize those implemented & outstanding innovative ideas.

In 2015, the innovation and suggestion idea ratio reached 2.7 ideas per person, saving approximately a total of 315 MTHB. Those ideas were classified in several categories, such as energy saving, effective and efficient use in natural resources, environmentally friendliness, customer satisfaction improvement, quality & quantity improvement, Lean Six Sigma projects, etc.

In 2015, Vinythai pursue the deployment of the Lean Six Sigma project management process. As such, 5 new Black Belts and 7 new Green Belts have been certified, reaching the total of 11 Black Belts and 32 Green Belts. The LSS process generated 34 specific projects that generated 71 MTHB of savings for the coming years, it is planned to further deploy the LSS methodology and bring everyone to the level of white or yellow belt certificate.



# Environmental Responsibility

With its strong commitment to environmental governance, the Company seriously implements its environmental management in accordance with stringent legal and regulatory requirements. The Company never rests on its laurels and continuously enhances its production efficiency with clear targets and indicators. This, in turn, entails focusing on optimizing consumption of natural resources, including raw materials, water and energy, and minimizing waste. Regular environmental assessments are thoroughly reviewed. Corrective and preventive measures are implemented to lessen environmental impacts and maximize the efficiency of environmental resources consumption. Suggestions from local and international experts are welcomed. Moreover, environmental awareness is raised and environmental culture promoted among employees and stakeholders in the Company.

Environment and energy conservation measures taken in the past year include:

- **Water Management:** In collaboration with Solvay, Vinythai set a team to study and conducted risk assessment in water management with a view to planning and efficiently optimizing water usage.
- **Climate Change and Energy Efficiency:** Energy efficiency has been improved with respect to optimization and improvement of production processes, machinery and energy savings. The Company could reduce the CO<sub>2</sub> emissions to 31 tons per 1,000 tons/product and energy consumption to 339 gigajoules per 1,000 tons/product.
- **Air Emissions:** Since 2002, Vinythai has rigorously implemented Leak Detection and Repair (LDAR) guidelines in performing its VOC management. LDAR is a highly efficient and cutting-edge technology.
- **Waste Management:** Vinythai implements 3Rs (Reduce, Reuse, Recycle) principles in its waste management to reduce solid wastes. Moreover, wherever possible waste is re-used or recycled.

In 2015, Vinythai won prestigious awards for its environmental responsibility from three sources: 1) “3Rs and Zero Waste to Landfill Award 2015” for its Zero Waste Project from the Industrial Waste Management Bureau, Department of Industrial Works. 2) The 8<sup>th</sup> Environmental Governance Awards (Excellent Level) and The 3<sup>rd</sup> Environmental Governance Award (Best Level) from the Industrial Estate Authority of Thailand. 3) The Green Industry (Level 4) award from the Industrial Estate Authority of Thailand.



# Social Responsibility

Vinythai's policy regarding its role with respect to community, society and environment, as defined in its Corporate Governance manual, lays the ground-rules for the Company's sustainable operation and contribution to the welfare of society.

The Company conducts itself as a good corporate citizen and operates its business in accordance with its clearly defined duties and responsibilities to community, society and environment.

The Company encourages its employees to be aware of their social responsibilities in both their work and daily lives, including:

- Creating business practices and implementing activities that are responsible and beneficial to society, both in the short and long term, and focusing on business transactions with trade partners who share common intentions regarding social and environmental responsibility.
- Supporting learning and skills development among youths and the public and promoting awareness of natural resource and environment preservation in communities and Thai society.
- Providing correct information, creating understanding, and listening to problems and information about impacts on surrounding communities with a view to implementing appropriate solutions, all based on the principle of co-existence between the Company's plants and communities for mutual benefit and without conflict.
- Supporting beneficial activities, especially in areas where the Company's businesses are located, taking into consideration suitability and providing sustainable benefits to society and communities.
- Supporting public activities and national development policy for the country's benefit as a whole.
- Considering how to utilize natural resources with minimum impact on society, the environment and quality of life.

In 2015, Vinythai enlisted the Kenan Institute Asia to conduct a Community Perception Survey on the Company's CSR projects. The results of the survey indicated high satisfaction, at 84.46%. The aim of mutual benefit and harmony between the Company's industrial activities and society is further enhanced as follows:

## 1. Health and Safety of Employees and Surrounding Communities

In 2015, the Company implemented the following health and safety projects:

### Community Health and Safety

- In collaboration with Noenphra Municipality and communities, Vinythai organized the 6<sup>th</sup> Noenphra-Vinythai Super Minimarathon for the HRH Princess Soamsawali Cups. The event involved 1,785 participants from across the country. Organized since 2010, the event celebrated His Majesty the King's 84<sup>th</sup> birthday. The ongoing project is acclaimed for encouraging youngsters and the public to exercise and for promoting the tourism potential of Sangchan-Suchada Beach.
- In collaboration with Map Ta Phut Industrial Estate and the Office of Disaster Prevention and Mitigation, Map Ta Phut Municipality, the Company staged a rehearsal of the Community Emergency Preparedness Plan for Soi Prapa Community and Rayong Wittayakom



Nikom Utsahakam School. The objective of this project is to ensure that 1,224 locals and over 550 teachers and students know how to manage crises when they occur and can minimize the risk of loss of life and/or impairment of natural resources.

- On Open House Day, 160 locals from eight communities in Map Ta Phut visited Vinythai's plant to learn how it applies rigorous quality, health, safety, environment and social measures to its production, followed by a guided tour of the plant. Questions raised and suggestions made were answered and noted in a spirit of helpfulness and transparency.

- As a member of the Chlor-Alkali Products Transportation Emergency Mutual Aid Group, Vinythai led emergency drills in case of chemical leakage from tank trucks during transportation. The drills ensure that concerned parties are ever ready to competently and speedily contain and neutralize any emergency that may occur.

### Health and Safety for Employees and Contractors

#### **Occupational Safety – from “Zero Injuries” to “Zero Incidents” Organization**

The Company promotes systematic risk assessments in relation to activities performed, and monitors for potential hazards at the earliest stage, thereby minimizing risks. Several development programs have been introduced for employees and contractors, including safety management system guidelines, as follows:

- Conducting systematic risk assessment and following plans to avoid or mitigate the impact of such risks. Concerned employees receive continuous training. In 2015, all Vinythai employees received at least 16 hours of safety training.
- Leveraging safety management to avert fatal accidents and accidents with irreversible consequences. With a very simple concept, “Life Saving Rules” was rolled out to inculcate safety consciousness and strict compliance with safety rules to employees and contractors through training and communication initiatives.

- Promoting systematic risk assessments in relation to activities performed, and monitoring for potential hazards at the earliest stage, thereby minimizing risks. “Behavior Based Safety” (BBS) is implemented to continuously promote a safety culture throughout the Company. In 2015, over 10,000 dialogues were initiated with employees and contractors.

- Reinforcing safety standard reviews by exchanging knowledge and experience with other plants every month.

- Enhancing safety management and performance by using Solvay's “Safety Excellence” framework.

In 2015, Vinythai won the “2015 Zero Accident Award - Gold Level” bestowed by the Department of Labor Protection and Welfare, Ministry of Labor, for achieving over 8 million work hours without lost working day accident. This was all the more gratifying as it came on top of the Department having bestowed Zero Accident Awards – Silver Level in each of the five preceding years.

The Company organized its 20<sup>th</sup> Health, Safety and Environment Day with the aim of raising safety awareness among employees, contractors and suppliers.

#### **Health Risk Assessment**

The Company has voluntarily and proactively implemented the Health Risk Management system developed by its major shareholder, Solvay. The Company undertook its annual review of the program and the progress with the concerned staff, and health protection and promotion programs effectiveness. Critical Task Exposure Screening is implemented to study and analyze primary risks and impacts to operators' health. The information gained from the analysis is used to compile and plan for advanced risk analysis.

#### **Process Safety Management Program Enhancement**

To operate and maintain its plant and asset integrity in such a way that all risks are appropriately



managed and contained, the Company implements Process Safety Management. Moreover, the Company conducts Quantitative Risk Analysis to define risk control measures and maintain process safety reliability, as follows:

- Reviewing risks that may impact production processes and safety analysis systems, and applying Solvay's risk analysis practices in parallel with existing risk management practices.
- Providing regular training courses on risk assessment, analysis, prevention & control, as well as safety management systems, to all concerned.
- Sharing cases and experiences from other organizations with employees and designing preventive measures accordingly.
- Being risk-assessed by an insurance company. The Company was designated "Excellence" level risk management of insurance concerns.
- Effective emergency response plans and regular drills were implemented.
- In the year 2015, the Company reported one process incident with an leakage of HCl in the Chlorovinyls Unit. The accident was quickly brought under control without any environmental impact or injuries. Thorough investigation and root cause analysis were carried out and preventive actions and measures were taken to avert future risk.

### **Transportation Management Risk**

In collaboration with transport service providers, Vinythai took several steps to avoid transport accidents and ensure reliable delivery to customers. These included: defining route maps; training truck drivers in hazardous chemicals transportation; providing truck check-ups aligned with The European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR); installing GPS tracking devices in trucks, and; maintaining an active role in the "Chlor-alkali Agreement for Transportation Emergency Mutual Aid Group, CATEMAG", the well-recognized organization initiated by chlor-alkali manufacturers and transport service providers in Thailand. Training for truck drivers, inspections, audits and emergency response drills are regularly conducted with full support from the Board of Directors and concerned committees.

## **2. Environmental Conservation and Management**

Vinythai has engaged in a wide range of environmental conservation activities, notably:

- The Company management and staff in collaboration with Map Ta Phut Industrial Estate Authority, 26 industrial enterprises and communities, enthusiastically participated in the 13<sup>th</sup> International Coastal Cleanup along 11.5 kilometers of Mae Rumphueng Beach. The annual cleanup raised over 2,500 people's awareness of coastal protection and garbage management and helped to improve the local environment.
- Vinythai has for many years been a key supporter of the Starting Coral Cultivation (80,000 branches) for His Majesty the King Project which revives coral beds by cultivating coral on artificial structures and planting them in the sea. So far, 69,162 coral branches have been cultivated. In 2015, 11,440 people participated in these coral cultivation activities during which they were informed about marine and coastal resource conservation.
- Vinythai organized an Open House Day to welcome around 160 locals from eight communities in Map Ta Phut to learn how the Company implements rigorous quality, health, safety, environment and social measures in its operations. This was followed by a guided tour of the plant. Questions raised and suggestions made were answered and noted in a spirit of helpfulness and transparency. The party then proceeded to Vinythai's Coral Cultivation project at the Samaesan community in Chon Buri.

## **3. Educational Support for Youths**

STEM (Science, Technology, Engineering, Mathematics) education was brought to the fore of the Company's attention by its Community Perception survey. Besides financial support for students in need, Vinythai organized activities to promote STEM education accordingly:

- In collaboration with the National Science and Technology Development Agency (NSTDA), Vinythai organized a contest to encourage schools to make good use of PVC telescopes given to them to promote astronomy studies in their communities and society.



Five selected schools won over 250,000 Baht in scholarships. In addition, the Company set up a booth at the National Science and Technology Fair 2015, held 14-25 November 2015, to show how telescopes work and introduce star observation activities. The booth welcomed over one million youngsters and members of the general public.

- The Company organized an excursion for 42 teachers and students from Map Ta Phut Panpittayakarn School to visit the National Science and Technology Fair 2015.
- The Company supported the instruction of 7,261 students in coral reef life cycles, benefits of coral reefs to ecosystems, and how to cultivate coral with PVC pipes.

#### 4. Activities Supporting Religion, Traditions and Important National Days

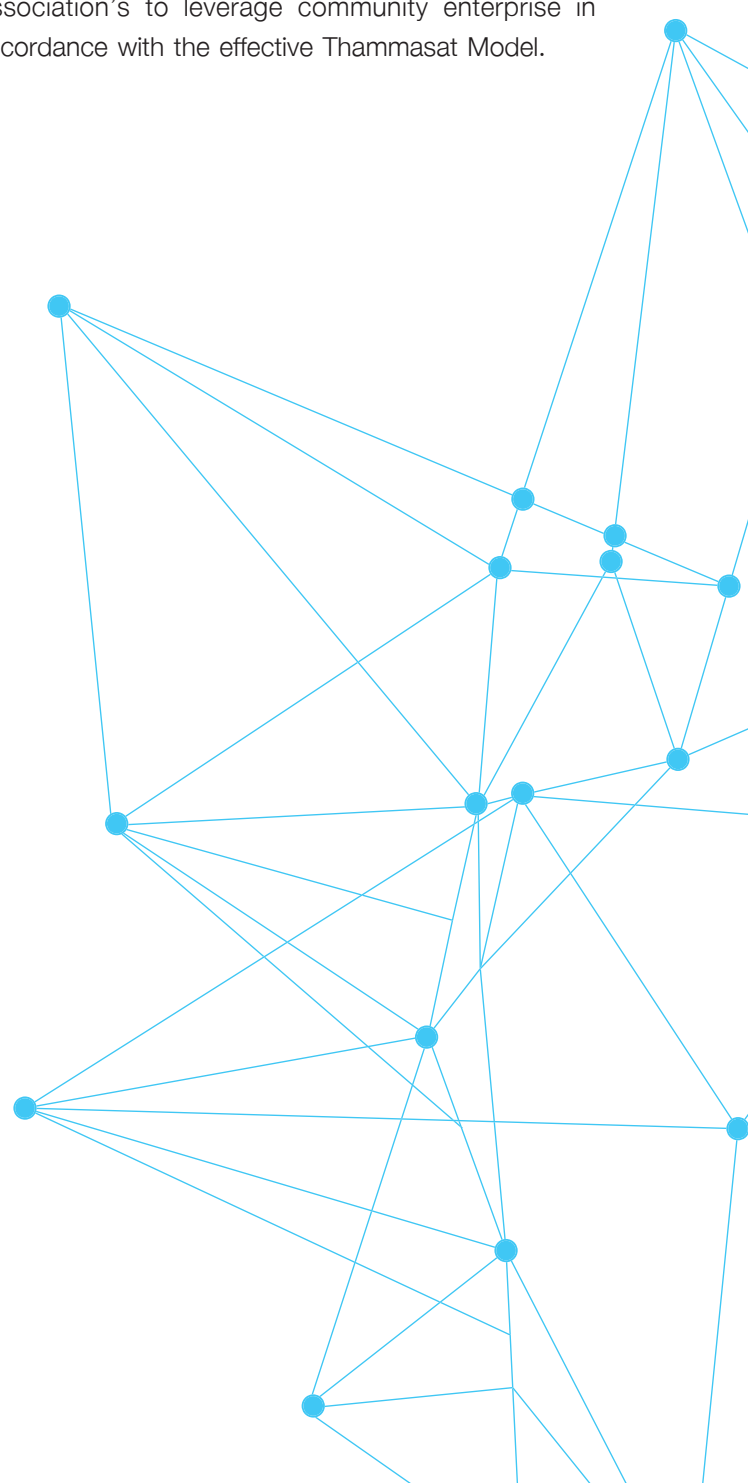
The Company cooperates with communities, temples, schools and public sector entities in Map Ta Phut, to organize events and activities that respect and celebrate the religions, cultures and traditions of Thailand. In 2015, the Company cooperated with Khodhinmitrapap community to fund and organize the annual ceremonial presentation of robes. Other examples include the pouring of water onto the hands of revered elders and seeking their blessing during the annual Thai New Year “Songkran” festival, and renovation of a mosque in a Muslim community in Map Ta Phut. In addition, Company staff regularly volunteer for worthy causes undertaken as part of significant national celebrations such as His Majesty the King’s Birthday (Father’s Day) and Her Majesty the Queen’s Birthday (Mother’s Day).

#### 5. Occupational Development and Community Well-being

Vinythai staff regularly visit communities around Map Ta Phut to spread awareness and understanding of the Company’s operations and synchronize areas of mutual interest. The Company listens and responds to suggestions that help resolve issues and generate income in the communities.

Vinythai has formed an occupational group comprised of members of Map Kha-Map Nai, Soi Ruam Pattana and Ban Plong communities and empowered it to develop community members’ skills so that they can produce handicrafts of commercial quality and viability. The Company’s support includes arranging expertise-raising in-house training courses taught by professionals, and supporting marketing efforts.

As an active member of the Community Partnership Association, Vinythai proposed the Map Kha-Map Nai occupational group to join an initiative of the Association’s to leverage community enterprise in accordance with the effective Thammasat Model.





# ANALYSIS AND EXPLANATION

## An Analysis of Performance \*

### Analysis of Income

The Company and its subsidiaries recorded the total revenue of 16,653 MTHB of which 16,555 MTHB earned from sales revenue. The sales revenue decreased by 1,187 MTHB or 6.7% comparing to year 2014. The main reason was the decrease of average selling price of all products resulting from the declining of crude oil price and market condition. However, overall sales volumes were increased thanks to reliability improvements on the Company's production units. The share of domestic and export sales has no significant change comparing to the previous year.

Sales Revenues	2015		2014	
	MTHB	%	MTHB	%
<b>Domestic Sales</b>				
1. PVC Resins	4,955	29.9	5,347	30.1
2. Caustic Soda	2,770	16.7	2,708	15.3
3. VCM	1,983	12.0	2,760	15.6
4. ECH	739	4.5	1,001	5.6
5. Others	55	0.3	126	0.7
<b>Total Domestic Sales</b>	<b>10,501</b>	<b>63.4</b>	<b>11,941</b>	<b>67.3</b>
<b>Export Sales</b>				
1. PVC Resins	3,544	21.4	3,164	17.8
2. Caustic Soda	79	0.5	107	0.6
3. VCM	-	-	76	0.4
4. ECH	2,430	14.7	2,454	13.8
<b>Total Export Sales</b>	<b>6,054</b>	<b>36.6</b>	<b>5,801</b>	<b>32.7</b>
<b>Domestic and Export Sales</b>				
1. PVC Resins	8,499	51.3	8,510	48.0
2. Caustic Soda	2,849	17.2	2,815	15.9
3. VCM	1,983	12.0	2,836	16.0
4. ECH	3,169	19.1	3,455	19.5
5. Others	55	0.3	126	0.7
<b>Total Domestic and Export Sales</b>	<b>16,555</b>	<b>100.0</b>	<b>17,742</b>	<b>100.0</b>

\* Note Please find further information in the consolidated financial statements.



### **Analysis of Costs and Expenses**

1. In 2015, Cost of Sales amounting to 14,769 MTHB, decreased by 1,607 MTHB comparing to 2014 or 9.8% decrease. This decrement is mainly from the decrease of average Ethylene price in 2015 resulting from the reduction of crude oil price, and lower Glycerin price due to its abundant supplies. However, as the consequence of shortage of Ethylene supplies in Asia during Q2'2015, the costs gain due to lower Ethylene price was not sufficient to maintain the products' spread margin.

Through the year, specific Excellence programs have been implemented which could enable the Company to further improve production efficiency and reduce costs. As a result, the Company has been able to increase its Gross Profit margin by 3.1% comparing to 2014.

2. In 2015, Selling & Administrative Expenses was 1,172 MTHB, decreased by 11 MTHB or 1% from 2014. Administrative expenses were decreased thanks to the management actions to reduce controllable costs. Selling expenses were increased due to the increasing of distribution costs led by higher sales volumes.

3. The Company recorded the impairment loss amounting to 54 MTHB in 2015 (1,365 MTHB in 2014) from the impairment of ECH plant construction project of Solvay Biochemicals (Taixing) Limited (SBT) in Taixing, Jiangsu, China.

### **An Analysis of Financial Status \***

#### **Analysis of Assets**

As at 31 December 2015, the Company and its subsidiaries had 19,048 MTHB of the total assets, which was decreased 725 MTHB or 3.7% from previous year.

Details of the major changes were following:

1. As at 31 December 2015, the Company and its subsidiaries had net cash and cash equivalents amounting to 2,505 MTHB, increasing 356 MTHB of 17% comparing to 2,149 MTHB at the end of 2014 (see further information in analysis of cash flow).

2. The balance of trade and other receivables at the end of 2015 was 1,784 MTHB, decreasing by 276 MTHB comparing to 2,060 MTHB at the end of 2014. Most of the receivables are not yet due. For the corresponding bad debt, the Company had already set sufficient provision.

3. The Company and its subsidiaries maintain high level of inventories at the end of 2015 in order to cope with Q1'2016 sales. Total inventories amounting to 1,028 MTHB, increasing by 19% from 862 MTHB in year 2014.

4. At the end of 2015, the Company and its subsidiaries had net property, plant and equipment, Intangible assets, and Advance payment for construction in progress amounting to 12,541 MTHB or decreasing by 1,103 MTHB comparing to 13,644 MTHB at the end of 2014, mainly from normal depreciation.

\* Note Please find further information in the consolidated financial statements.



### Analysis of Liabilities

The Company and its subsidiaries had total liabilities at the end of 2015 amounting to 3,552 MTHB which decreased by 1,149 MTHB or 24% comparing to 2014. The major change of the liabilities was the prepayment of long term loan for its subsidiaries' operation.

As at 31 December 2015, the status of loan agreements with commercial banks to finance the investment projects of the Company and its subsidiaries are presented as follows.

- 3,300 MTHB loan facilities to finance the project of its subsidiary, ABT. The loan is repayable in fourteen, equal, semi-annual installments commencing from 2013 with carrying a floating interest rate based on THBFX plus a certain percentage. The outstanding balance as at 31 December 2015 is 1,047 MTHB.

- 140 MRMB loan facilities to finance the project of its subsidiary, SBT. The loan is repayable in nine, equal, semi-annual installments commencing from 2016 with fixed interest rate. This loan has been drawn down since 2013. The outstanding balance as at 31 December 2015 is 780 MTHB.

### Analysis of Shareholders' Equity

As at 31 December 2015, the shareholders' equity was 15,496 MTHB which increased by 424 MTHB or 3% comparing to 15,072 MTHB at the end of 2014. The increment was mainly from the Net profit in 2015 offset with dividend paid to its shareholders.

### Analysis of Cash Flow

As of 31 December 2015, the Company and its subsidiaries' Cash Flow Statement presented 2,505 MTHB of cash and cash equivalents. The sources and uses of funds were following:

1. In 2015, the net cash flow from operating activities was 2,197 MTHB which increased by 306 MTHB or 16% comparing to 2014 from the Company's better operating results.

2. In 2015, the net cash flow used in investing activities was 381 MTHB which decreased by 204 MTHB comparing to its amount of 584 MTHB for 2014. The reason was the construction project of its subsidiary SBT being put on hold.

3. In 2015, the net cash flow used in financing activities totaling of 1,435 MTHB mainly from the repayment of long term loan 1,218 MTHB and dividends paid to shareholders 119 MTHB.

Net cash flow from operating activities	2,197	MTHB
Net cash flow used in investing activities	(381)	MTHB
Net cash flows used in financing activities	(1,435)	MTHB
Increase in translation adjustments of its subsidiary (SBT)	—(25)	MTHB
Net increase in cash and cash equivalents	<b>356</b>	MTHB

### Financial Ratios

	2015	2014
Gross Profit margin	10.8%	7.7%
Net Profit margin	3.4%	-5.4%
Debt to Equity ratio	0.23	0.31
Earnings per share	0.48	(0.81)
ROA	3.4%	-5.2%
ROE	3.7%	-6.2%

Gross Profit margin	=	Gross Profit (Total Sales - Costs of Sales) to Sales
Net Profit margin	=	Net Profit to Total Revenues
Debt to Equity	=	Total Liabilities to Total Equity
Return on Assets (ROA)	=	Profit before financial costs and income tax to average Total Assets
Return on Equity (ROE)	=	Net Profit to average Total Equity



# Responsibility Statement from the Board of Directors on Disclosure of the Financial Report

The Board of Directors recognizes its duties and responsibilities towards the importance of conformity with all applicable rules and regulations in preparing financial statements for each financial year.

The financial statements of Vinythai Public Company Limited and its subsidiaries have been prepared with careful consideration, in compliance with the generally accepted accounting principles in Thailand, under Accounting Act B.E. 2543 (A.D. 2000), the financial reporting requirement of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535, and other appropriate accounting policies. The Company has disclosed all important information in the Notes under the Financial Statements, in a proper and fully transparent manner.

The Board of Directors provides and maintains appropriate and efficient internal control systems, ensuring that all accounting records are accurate, complete and sufficient to prevent fraud or mismanagement and to protect the Company's assets.

In this regard, the Board of Directors has appointed the Audit Committee to review the financial reporting and internal control. The Audit Committee has monitored, evaluated, commented on, and reported to the Board of Directors the findings of the external auditor, KPMG Phoomchai Audit Limited, and the Internal Audit Department, so as to ensure the development of a thorough risk management program. The Committee also ensures that internal control systems are adequate, appropriate and in compliance with all relevant laws and regulations. The Audit Committee's Report is presented accordingly in this Annual Report.

The Board of Directors agrees that the overall internal control systems of the Company are satisfactory. It further concurs that the financial statement of Vinythai Public Company Limited and its subsidiaries for the year ending 31 December 2015 has been prepared in accordance with the generally accepted accounting principles in Thailand and that it complies with all relevant rules and regulations.



(Mr. Vincent De Cuyper)  
Chairman of the Board of Directors



(Mr. Bruno van der Wielen)  
Managing Director



Vinythai Public Company Limited and its Subsidiaries

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND INDEPENDENT AUDITOR'S REPORT

### Independent Auditor's Report

#### To the Shareholders of Vinythai Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Vinythai Public Company Limited and its subsidiaries (the "Group") and of Vinythai Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*Waiyawat h.*

(Waiyawat Kosamarnchaiyakij)  
Certified Public Accountant  
Registration No. 6333

KPMG Phoomchai Audit Ltd.  
Bangkok  
17 February 2016



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF FINANCIAL POSITION

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2015	2014	2015	2014
(in Baht)					
<b>Current assets</b>					
Cash and cash equivalents	5	2,504,740,286	2,149,100,554	2,103,318,749	1,810,409,356
Trade accounts receivable	4, 6	1,773,072,383	1,917,056,090	1,529,984,841	1,657,950,240
Other receivables	4, 7	10,706,344	35,081,588	29,774,572	44,138,071
Short-term loans to subsidiary	4	-	-	1,450,000,000	1,600,000,000
Current portion of long-term loans to subsidiaries	4	-	-	595,246,667	-
Inventories	8	1,028,165,846	862,293,824	824,572,994	676,943,236
Other current assets		341,955,467	254,743,602	124,251,465	96,162,714
<b>Total current assets</b>		<b>5,658,640,326</b>	<b>5,218,275,658</b>	<b>6,657,149,288</b>	<b>5,885,603,617</b>
<b>Non-current assets</b>					
Investment in associate	9	385,935,858	384,295,733	397,678,320	397,678,320
Investments in subsidiaries	10	-	-	1,454,097,446	1,454,097,446
Long-term loans to subsidiaries	4	-	-	2,492,362,404	3,006,549,071
Property, plant and equipment	11	12,224,102,446	13,305,732,724	8,621,576,820	9,467,819,609
Intangible assets	12	316,799,227	337,951,733	48,672,360	51,827,457
Deferred arrangement fee for long-term loan		5,519,046	6,898,808	-	-
Deferred tax assets	13	398,886,480	396,126,397	398,886,480	396,126,397
Other non-current assets		58,080,927	16,113,376	52,534,144	8,665,465
<b>Total non-current assets</b>		<b>13,389,323,984</b>	<b>14,447,118,771</b>	<b>13,465,807,974</b>	<b>14,782,763,765</b>
<b>Total assets</b>		<b>19,047,964,310</b>	<b>19,665,394,429</b>	<b>20,122,957,262</b>	<b>20,668,367,382</b>

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF FINANCIAL POSITION

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2015	2014	2015	2014
		(in Baht)			
<b>Current liabilities</b>					
Trade accounts payable	4, 15	1,343,479,215	1,227,157,990	1,179,699,502	1,094,156,950
Other payables	4, 16	175,427,337	189,505,535	131,393,619	126,153,692
Current portion of long-term loans	14	112,460,000	-	112,460,000	-
Other current liabilities	17	88,488,581	80,580,777	66,107,223	67,289,979
<b>Total current liabilities</b>		<b>1,719,855,133</b>	<b>1,497,244,302</b>	<b>1,489,660,344</b>	<b>1,287,600,621</b>
<b>Non-current liabilities</b>					
Long-term loans	14	1,714,129,231	3,000,389,631	1,714,129,232	3,000,389,631
Employee benefit obligations	18	118,014,325	96,151,249	118,014,325	96,151,249
<b>Total non-current liabilities</b>		<b>1,832,143,556</b>	<b>3,096,540,880</b>	<b>1,832,143,557</b>	<b>3,096,540,880</b>
<b>Total liabilities</b>		<b>3,551,998,689</b>	<b>4,593,785,182</b>	<b>3,321,803,901</b>	<b>4,384,141,501</b>
<b>Equity</b>					
Share capital:	19				
Authorized share capital		7,111,160,664	7,111,160,664	7,111,160,664	7,111,160,664
Issued and paid-up share capital		7,111,160,664	7,111,160,664	7,111,160,664	7,111,160,664
Additional paid-in capital:					
Premium on ordinary shares	19	1,303,712,790	1,303,712,790	1,303,712,790	1,303,712,790
Retained earnings:					
Appropriated					
Legal reserve	20	711,116,066	711,116,066	711,116,066	711,116,066
Unappropriated		6,303,486,588	5,870,309,466	7,674,685,616	7,159,827,201
Other components of equity		66,489,513	75,310,261	478,225	(1,590,840)
<b>Total equity</b>		<b>15,495,965,621</b>	<b>15,071,609,247</b>	<b>16,801,153,361</b>	<b>16,284,225,881</b>
<b>Total liabilities and equity</b>		<b>19,047,964,310</b>	<b>19,665,394,429</b>	<b>20,122,957,262</b>	<b>20,668,367,382</b>

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF COMPREHENSIVE INCOME

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2015	2014	2015	2014
		(in Baht)			
<b>Income</b>	4				
Revenue from sale of goods	25	16,555,114,987	17,742,038,864	14,068,868,255	14,929,681,730
Interest income		22,973,046	27,915,368	177,616,166	192,356,715
Other income, net		75,078,014	77,138,176	214,835,960	199,224,015
<b>Total income</b>	21	<b>16,653,166,047</b>	<b>17,847,092,408</b>	<b>14,461,320,381</b>	<b>15,321,262,460</b>
<b>Expenses</b>	4, 23				
Cost of sales of goods	8	14,769,366,148	16,376,559,432	12,751,182,431	13,940,966,877
Selling expenses		868,029,314	830,611,957	576,583,472	559,643,116
Administrative expenses		303,561,991	352,395,045	284,487,899	308,389,431
Impairment loss on plant and equipment and intangible assets	11, 12	54,048,796	1,365,149,145	-	-
Impairment loss on investment in subsidiary	10	-	-	-	1,416,400,330
Doubtful debt expense	4	-	-	115,943,477	101,400,000
Finance costs		97,465,998	157,206,544	89,107,884	147,401,266
<b>Total expenses</b>		<b>16,092,472,247</b>	<b>19,081,922,123</b>	<b>13,817,305,163</b>	<b>16,474,201,020</b>
<b>Share of profit of investment in associate</b>	9	<b>1,640,125</b>	<b>743,356</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) before income tax expense</b>		<b>562,333,925</b>	<b>(1,234,086,359)</b>	<b>644,015,218</b>	<b>(1,152,938,560)</b>
Income tax benefits	24	3,683,537	270,361,871	3,683,537	272,098,405
<b>Profit (loss) for the year</b>		<b>566,017,462</b>	<b>(963,724,488)</b>	<b>647,698,755</b>	<b>(880,840,155)</b>

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF COMPREHENSIVE INCOME

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2015	2014	2015	2014
		(in Baht)			
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Defined benefit plan actuarial losses	24	(14,320,996)	(7,158,584)	(14,320,996)	(7,158,584)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		(9,975,112)	(29,377,879)	-	-
Effective portion of changes in fair value of cash flow hedges	24	1,154,364	2,739,750	2,069,065	944,550
		(8,820,748)	(26,638,129)	2,069,065	944,550
Other comprehensive loss for the year, net of income tax		(23,141,744)	(33,796,713)	(12,251,931)	(6,214,034)
Total comprehensive income (loss) for the year		542,875,718	(997,521,201)	635,446,824	(887,054,189)
Profit (loss) attributable to:					
Owners of the Company		566,017,462	(963,724,488)	647,698,755	(880,840,155)
Profit (loss) for the year		566,017,462	(963,724,488)	647,698,755	(880,840,155)
Total comprehensive income (loss) attributable to:					
Owners of the Company		542,875,718	(997,521,201)	635,446,824	(887,054,189)
Total comprehensive income (loss) for the year for the year		542,875,718	(997,521,201)	635,446,824	(887,054,189)
Basic earnings (loss) per share	26	0.48	(0.81)	0.55	(0.74)

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



Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF CHANGES IN EQUITY

		Consolidated financial statements						
		Retained earnings		Other components of equity				
				Currency translation differences (in Baht)		Differences on combination of business under common control		Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Cash flow hedges	Total other components of equity	
Note								
Year ended 31 December 2014								
Balance at 1 January 2014		7,111,160,664	1,303,712,790	711,116,066	6,917,044,918	120,538,812	(4,473,894)	101,948,390
								16,144,982,828
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company								
Dividends to owners of the Company	27	-	-	-	(75,852,380)	-	-	(75,852,380)
Total distributions to owners of the Company		-	-	-	(75,852,380)	-	-	(75,852,380)
Comprehensive income for the year								
Loss		-	-	-	(963,724,488)	-	-	(963,724,488)
Other comprehensive income (loss)		-	-	-	(7,158,584)	(29,377,879)	2,739,750	(33,796,713)
Total comprehensive income for the year		-	-	-	(970,883,072)	(29,377,879)	2,739,750	(997,521,201)
Balance at 31 December 2014		7,111,160,664	1,303,712,790	711,116,066	5,870,309,466	91,160,933	(1,734,144)	75,310,261
								15,071,609,247

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF CHANGES IN EQUITY

	Consolidated financial statements						
	Retained earnings			Other components of equity			
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Currency translation differences (in Baht)	Cash flow hedges	Differences on combination of business under common control
							Total other components of equity
Year ended 31 December 2015							
Balance at 1 January 2015	7,111,160,664	1,303,712,790	711,116,066	5,870,309,466	91,160,933	(1,734,144)	75,310,261
							15,071,609,247
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	-	-	-	(118,519,344)	-	-	-
							(118,519,344)
Total distributions to owners of the Company	-	-	-	(118,519,344)	-	-	-
							(118,519,344)
Comprehensive income for the year							
Profit	-	-	-	566,017,462	-	-	-
Other comprehensive income (loss)	-	-	-	(14,320,996)	(9,975,112)	1,154,364	(8,820,748)
							(23,141,744)
Total comprehensive income for the year	-	-	-	551,696,466	(9,975,112)	1,154,364	(8,820,748)
							542,875,718
Balance at 31 December 2015	7,111,160,664	1,303,712,790	711,116,066	6,303,486,588	81,185,821	(579,780)	66,489,513
							15,495,965,621

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



Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF CHANGES IN EQUITY

	Separate financial statements					
	Retained earnings			Other component of equity		Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated reserve	Cash flow hedges	
Note			<i>(in Baht)</i>			
Year ended 31 December 2014						
Balance at 1 January 2014	7,111,160,664	1,303,712,790	711,116,066	8,123,678,320	(2,535,390)	17,247,132,450
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	-	-	-	(75,852,380)	-	(75,852,380)
Total distributions to owners of the Company	-	-	-	(75,852,380)	-	(75,852,380)
Comprehensive income for the year						
Loss	-	-	-	(880,840,155)	-	(880,840,155)
Other comprehensive income (loss)	-	-	-	(7,158,584)	944,550	(6,214,034)
Total comprehensive income for the year	-	-	-	(887,998,739)	944,550	(887,054,189)
Balance at 31 December 2014	7,111,160,664	1,303,712,790	711,116,066	7,159,827,201	(1,590,840)	16,284,225,881

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF CHANGES IN EQUITY

	Separate financial statements					
	Retained earnings			Other component of equity		Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated reserve	Cash flow hedges	
Note				(in Baht)		
Year ended 31 December 2015						
Balance at 1 January 2015	7,111,160,664	1,303,712,790	711,116,066	7,159,827,201	(1,590,840)	16,284,225,881
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	-	-	-	(118,519,344)	-	(118,519,344)
Total distributions to owners of the Company	-	-	-	(118,519,344)	-	(118,519,344)
Comprehensive income for the year						
Profit	-	-	-	647,698,755	-	647,698,755
Other comprehensive income (loss)	-	-	-	(14,320,996)	2,069,065	(12,251,931)
Total comprehensive income for the year	-	-	-	633,377,759	2,069,065	635,446,824
Balance at 31 December 2015	7,111,160,664	1,303,712,790	711,116,066	7,674,685,616	478,225	16,801,153,361

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF CASH FLOWS

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2015	2014	2015	2014
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	566,017,462	(963,724,488)	647,698,755	(880,840,155)
<i>Adjustments for</i>				
Depreciation and amortization	1,466,459,125	1,433,364,368	1,139,131,142	1,107,495,069
Impairment losses on plant and equipment and intangible assets	54,048,796	1,365,149,146	-	-
Impairment losses on investment in subsidiary	-	-	-	1,416,400,330
Doubtful debt expense	-	-	115,943,477	101,400,000
Amortization of arrangement fee for long-term loan	1,379,762	1,379,761	-	-
Interest income	(22,973,046)	(27,915,368)	(177,616,166)	(192,356,715)
Finance costs	97,465,998	157,206,544	89,107,884	147,401,266
Unrealized (gain) loss on foreign exchange and derivatives	(5,822,405)	8,955,151	(39,234,594)	9,025,869
Reversal of allowance for doubtful accounts (Reversal of) allowance for decline in value of inventories	(10,000,000)	-	(10,000,000)	-
	4,152,979	29,275,354	(6,094,527)	34,723,904
Loss on disposals of plant and equipment	802,120	13,996,120	802,120	13,872,423
Share of profit of investment in associate	(1,640,125)	(743,356)	-	-
Income tax benefits	(3,683,537)	(270,361,871)	(3,683,537)	(272,098,405)
Employee benefit obligations	10,722,941	10,242,834	10,722,941	10,242,834
	<u>2,156,930,070</u>	<u>1,756,824,195</u>	<u>1,766,777,495</u>	<u>1,495,266,420</u>
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	154,977,569	724,683,445	140,428,092	777,178,322
Other receivables	22,977,844	(17,151,258)	14,372,665	7,825,530
Inventories	(170,025,001)	13,107,088	(141,535,231)	36,234,254
Other current assets	(79,898,137)	25,780,303	(22,666,261)	26,377,989
Other non-current assets	2,423,193	6,324,150	2,498,032	2,113,676
Trade accounts payable	115,724,661	(460,154,015)	84,805,633	(458,610,982)
Other payables	(11,573,114)	(62,444,097)	17,700,974	35,527,233
Other current liabilities	7,907,804	(86,230,975)	(1,182,757)	(89,187,384)
Employee benefit paid	(2,651,034)	(8,504,871)	(2,651,034)	(8,504,871)
Income tax paid	-	(1,736,743)	-	-
<b>Net cash from operating activities</b>	<u><b>2,196,793,855</b></u>	<u><b>1,890,497,222</b></u>	<u><b>1,858,547,608</b></u>	<u><b>1,824,220,187</b></u>

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



## Vinythai Public Company Limited and its Subsidiaries

## STATEMENT OF CASH FLOWS

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
Note		2015	2014	2015	2014
		(in Baht)			
<b>Cash flows from investing activities</b>					
Interest received		24,364,207	29,643,946	177,600,808	189,038,155
Purchase of plant and equipment		(404,259,091)	(613,355,880)	(289,174,176)	(367,493,481)
Purchase intangible assets		(734,000)	(1,866,166)	(734,000)	(1,866,166)
Sale of plant and equipment		144,711	1,134,058	144,711	1,134,058
Net (increase) decrease in short-term loans to subsidiary		-	-	150,000,000	(350,000,000)
Net (increase) decrease in long-term loans to subsidiaries		-	-	(163,893,121)	19,104,529
<b>Net cash used in investing activities</b>		<b>(380,484,173)</b>	<b>(584,444,042)</b>	<b>(126,055,778)</b>	<b>(510,082,905)</b>
<b>Cash flows from financing activities</b>					
Finance costs paid		(98,917,274)	(155,539,784)	(103,313,002)	(145,734,506)
Dividends to owners of the Company		(118,519,344)	(75,852,380)	(118,519,344)	(75,852,380)
Proceeds from long-term loans from financial institutions		-	375,501,000	-	375,501,000
Repayment of long-term loans from financial institutions		(1,217,795,631)	(810,000,000)	(1,217,795,631)	(810,000,000)
<b>Net cash used in financing activities</b>		<b>(1,435,232,249)</b>	<b>(665,891,164)</b>	<b>(1,439,627,977)</b>	<b>(656,085,886)</b>
<b>Currency translation differences</b>		<b>(25,483,241)</b>	<b>6,276,093</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>355,594,192</b>	<b>646,438,109</b>	<b>292,863,853</b>	<b>658,051,396</b>
Cash and cash equivalents at 1 January		2,149,100,554	1,502,660,862	1,810,409,356	1,152,356,377
Effect of exchange rate changes on balances held in foreign currencies		45,540	1,583	45,540	1,583
<b>Cash and cash equivalents at 31 December</b>	5	<b><u>2,504,740,286</u></b>	<b><u>2,149,100,554</u></b>	<b><u>2,103,318,749</u></b>	<b><u>1,810,409,356</u></b>
<b>Non-cash transaction</b>					
Purchase of fixed assets for which no cash has been paid		12,150,258	13,979,510	9,880,596	9,108,685

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







## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

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## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 17 February 2016.

## 1 General information

Vinythai Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at No. 2, I-3 Road, Tambon Map Ta Phut, Amphoe Mueang, Rayong 21150.

The Company was listed on the Stock Exchange of Thailand in February 1995.

The Company’s major shareholders during the financial year were Solvay Vinyls Holding AG (59% shareholding) which is incorporated in Switzerland and PTT Global Chemical Public Company Limited (25% shareholding) which is incorporated in Thailand.

The principal activities of the Group are the manufacturing and distributing of Polyvinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Sodium Hydroxide (Caustic Soda) and Epichlorohydrin. Details of the Company’s subsidiaries and associate as at 31 December 2015 and 2014 are given in notes 4, 9 and 10.

## 2 Basis of preparation of the financial statements

### (a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements, except that the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 31.

### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except derivative financial instrument are measured at fair value and net defined benefit liability are measured at present value of the defined benefit obligation, limited as explained in note 3(n).

### (c) *Functional and presentation currency*

The financial statements presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

**(d) Use of estimates and judgments**

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognized in the financial statements is included in the following notes:

Note 13 and 24	Current and deferred taxation and utilization of tax losses
Note 10	Key assumptions used in discounted cash flow projections
Note 11 and 12	Key assumptions used for impairment testing of plant and equipment and intangible assets
Note 18	Measurement of defined benefit obligations
Note 28	Valuation of financial instruments

## Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of fair value hierarchy after and of the reporting period during which the change had occurred.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Further information about the assumptions made in measuring fair values is included in note 28 financial instruments.

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate.

##### *Acquisitions from entities under common control*

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder’s consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of share premium. Any cash paid for the acquisition is recognized directly in equity.

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Interests in equity-accounted investees*

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies***Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at cost in foreign currencies are translated the functional currency at the exchange rates at the date of the transactions.

Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedge is effective are recognized in other comprehensive income.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognized in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

**(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, where derivatives qualify for hedge accounting recognition of any resultant gain or loss depends on the nature of the item being hedged [see accounting policy 3(d)].

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

**(d) Hedging***Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognized immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognized in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

*Discontinuing hedge accounting*

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument existing in equity is retained in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognized in profit or loss immediately.

**(e) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(f) Trade and other receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

**(g) Inventories**

Inventories are stated at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(h) Investments***Investments in subsidiaries and associate*

Investments in subsidiaries and associate in the separate financial statements of the Company are accounted for using the cost method. Investment in associate in the consolidated financial statements is accounted for using the equity method.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(i) Property, plant and equipment***Recognition and measurement**Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Lease land improvements	50	years
Buildings and building improvements	10 - 50	years
Machinery and equipment	5 - 30	years
Furniture, fixtures and office equipment	3 - 30	years
Vehicle	5 - 10	years

No depreciation is provided on freehold land or assets under construction and machinery under installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognized in profit or loss as incurred.

*Amortization*

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Patents	15 - 20	years
Software licenses	5 - 10	years
Leasehold right for land	50	years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognized initially at cost.

**(m) Trade and other payables**

Trade and other payables are stated at cost.

**(n) Employee benefits***Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(o) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognized as services are provided.

*Dividend income*

Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

*Interest income*

Interest income is recognized in profit or loss as it accrues.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

**(q) Finance costs**

Finance costs comprise interest expense on borrowings that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

**(r) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

**(s) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current tax and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(t) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(u) Segment reporting**

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate are described in notes 9 and 10. Relationship with key management and other related parties were as follows:

Name of Entities	Country of Incorporation / Nationality	Nature of Relationships
Solvay Vinyls Holding AG	Switzerland	Major shareholder, 59% shareholding
PTT Global Chemical Public Company Limited	Thailand	Major shareholder, 25% shareholding
Advanced Biochemical (Thailand) Company Limited	Thailand	Subsidiary, 100% shareholding
Vinythai Holding Pte. Limited	Singapore	Subsidiary, 100% shareholding
Solvay Biochemicals (Taixing) Limited	China	Indirect subsidiary, 100% shareholding by subsidiary
Pimai Salt Company Limited	Thailand	Associate



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Name of Entities	Country of Incorporation / Nationality	Nature of Relationships
Solvay Peroxythai Limited	Thailand	Related company
Solvay S.A. and Solvay Group companies	Belgium, Japan, America, Korea, China, India, France, Italy, Singapore, Germany, Russia, South Africa and Spain	Related company
Thai Tank Terminal Limited	Thailand	Related company
Solvay Asia Pacific Company Limited	Thailand	Related company
MTP HP JV (Thailand) Company Limited	Thailand	Related company
Key management personnel	Thailand, Belgian, Italian, German and French	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for transactions with related parties are explained further below:

**Transactions****Pricing policies****Subsidiaries**

Revenue from sale of goods  
Interest income  
Service income, net  
Revenue from sale of spare parts  
Purchase of raw materials  
Purchase of spare parts

With reference to market price  
Contract rate and market rate  
Contract price  
With reference to market price  
Market price  
Net book value

**Associate**

Purchase of raw materials

Contract price of salt which approximate production cost

**Other related parties**

Revenue from sale of goods  
Interest income  
Service income  
Purchase of raw materials  
  
Purchase of spare parts, services expenses and other manufacturing expenses

With reference to market price  
Contract rate and market rate  
Normal market rate  
Average Ethylene market prices in major regions worldwide and market price  
Market price



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## Transactions

## Pricing policies

## Other related parties

License and technical assistance service expenses	Contract rate
Insurance premium, commission expenses and other operating expenses	Contract rate
Interest expense	Commercial rate

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
<b>Subsidiaries</b>				
Revenue from sale of goods	-	-	682,498	642,294
Interest income	-	-	158,104	166,474
Service income, net	-	-	151,405	196,442
Revenue from sale of spare parts	-	-	5,724	6,090
Purchase of raw materials	-	-	171,386	157,049
Purchase of spare parts	-	-	115	-
<b>Associate</b>				
Purchase of raw materials	469,339	450,449	469,339	450,449
<b>Other related parties</b>				
Revenue from sale of goods	1,270,296	1,504,671	114,501	151,268
Interest income	23	58	23	58
Service income	18,951	14,960	18,951	14,888
Purchase of raw materials	6,393,125	7,324,154	6,239,607	7,271,794
Purchase of spare parts, services expenses and other manufacturing expenses	94,055	88,962	94,055	88,962
License and technical assistance service expenses	10,544	38,262	10,544	38,262
Insurance premium, commission expenses and other operating expenses	136,761	182,241	3,006	2,381
Interest expense	-	-	-	4
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	94,231	102,688	75,953	87,146
Post-employment benefits	1,789	1,700	1,789	1,700



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Balances as at 31 December with related parties were as follows:

**Trade accounts receivable  
from related parties**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Subsidiaries	-	-	28,353	45,836
Other related parties	143,868	39,408	15,870	19,639
<b>Total</b>	<b>143,868</b>	<b>39,408</b>	<b>44,223</b>	<b>65,475</b>

**Other receivables from related parties**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Subsidiaries	-	-	19,494	18,887
Other related parties	9,307	32,652	9,306	22,893
<b>Total</b>	<b>9,307</b>	<b>32,652</b>	<b>28,800</b>	<b>41,780</b>

**Loans to related  
parties**

	Interest rate		Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014	2015	2014
	(% per annum)		(in thousand Baht)			
<b>Short-term loans</b>						
Subsidiary	1.94	2.63	-	-	1,450,000	1,600,000
<b>Long-term loans</b>						
Subsidiaries						
Current portion of long-term loans	4.7 and THBFIX +fixed rate	4.7 and THBFIX +fixed rate	-	-	707,707	-
Less allowance for doubtful accounts			-	-	(112,460)	-
			-	-	595,247	-
Long-term loans	4.7 and THBFIX +fixed rate	4.7 and THBFIX +fixed rate	-	-	2,597,245	3,107,949
Less allowance for doubtful accounts			-	-	(104,883)	(101,400)
			-	-	2,492,362	3,006,549
<b>Total loans to related parties-net</b>			<b>-</b>	<b>-</b>	<b>4,537,609</b>	<b>4,606,549</b>
<b>Doubtful debts expense for the year</b>			<b>-</b>	<b>-</b>	<b>115,943</b>	<b>101,400</b>

The Company recorded an allowance for doubtful accounts of long-term loan to subsidiary of Baht 115.9 million in the separate statement of comprehensive income for the year ended 31 December 2015 (2014: Baht 101.4 million) (see note 10).



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Movements during the years ended 31 December of loans to related parties were as follows:

**Short-term loans to related party**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
<b>Subsidiary</b>				
At 1 January	-	-	1,600,000	1,250,000
Increase	-	-	2,850,000	450,000
Decrease	-	-	(3,000,000)	(100,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>1,450,000</b>	<b>1,600,000</b>

**Long-term loans to related parties**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
<b>Subsidiaries</b>				
At 1 January	-	-	3,006,549	3,127,053
Increase	-	-	163,893	323,328
Decrease	-	-	-	(333,333)
Effect of exchange rate	-	-	33,110	(9,099)
Less allowance for doubtful accounts	-	-	(115,943)	(101,400)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,087,609</b>	<b>3,006,549</b>

**Trade accounts payable to related parties**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Subsidiaries	-	-	7,198	12,429
Associate	39,463	36,552	39,463	36,552
Other related parties	690,328	485,981	676,557	470,332
<b>Total</b>	<b>729,791</b>	<b>522,533</b>	<b>723,218</b>	<b>519,313</b>

**Other payables to related parties**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Subsidiaries	-	-	51	-
Other related parties	35,980	32,922	13,872	9,739
<b>Total</b>	<b>35,980</b>	<b>32,922</b>	<b>13,923</b>	<b>9,739</b>

**Significant agreements with related parties****Short-term loans to subsidiary**

As at 31 December 2015, the outstanding balances represented loans to subsidiary, carrying interest at money market rates quoted by the commercial banks and they shall be repayable on 30 June 2016.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

***Long-term loans to subsidiaries***

On 22 July 2010, the Company has entered into a loan agreement of Baht 4,500 million with its subsidiary, Advanced Biochemical (Thailand) Company Limited, to finance the investment project. The loan is repayable in 14 semi-annual installments commencing from 2013 carrying interest at a floating rate based on THBFX plus a certain percentage. The subsidiary may prepay all or any part of any loan with the amount and condition as specified in the loan agreements. The first installment of Baht 273.8 million will be repaid in June 2016 and the remaining amount will be repaid at Baht 321.4 million each from December 2016 to December 2019.

On 17 June 2013, the Company has entered into a loan agreement of RMB 180 million with its subsidiary, Solvay Biochemicals (Taixing) Limited, to finance the investment project. The loan is repayable in 9 semi-annual installments commencing from 2016 carrying interest at a fixed rate of 4.7% per annum. Up to 31 December 2015, the subsidiary has drawn down a total of RMB 140 million or equivalent to Baht 779.5 million from this facility.

***Lease agreement***

On 1 December 2005, the Company and its subsidiaries entered into the inventory tank lease agreements with a related company. Thereafter, on 2 November 2011, both parties had agreed to amend the certain stipulated terms of the original contract. In consideration thereof, the Company and its subsidiaries shall pay the service fee as specified in the agreement. The term of agreement is for a period of 15 years starting from January 2012 to January 2027.

***License and technical assistance services agreement***

As at 31 December 2015, the Company and its subsidiaries entered into license and technical assistance services agreements with Solvay S.A. for the purpose of construction of a new plant and expansion of production capacity. The Company and its subsidiaries shall pay the service fee as specified in the agreements.

***Right of way and service agreement***

On 1 May 2010, the Company entered into a right of way and service agreement with its subsidiary, Advanced Biochemical (Thailand) Company Limited, whereby the Company agrees to provide rights of way over the Company's land and the Company agrees to provide services, equipment, facilities, space and access to the subsidiary, and the subsidiary hereby agrees and accepts the services and right of way from the Company. In consideration thereof, the subsidiary shall pay service fee as specified in the agreement. This agreement is for a period of 3 years after which this agreement shall be automatically renewed for successive periods of 3 years. Either party may terminate this agreement by giving notice in writing not less than 6 months before the date of expiry.

***Service contracts***

On 10 March 2014, the Company entered into service contracts with certain related parties whereby the Company agreed to provide various treasury services to those related parties. In consideration thereof, the Company shall receive service incomes as specified in the contracts. These contracts are for a period of 1 year commencing on 1 April 2014 and shall be automatically renewed for another 1 year each. Either party may terminate these contracts by giving notice in writing not less than 3 months before the date of expiry.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Cash on hand	187	168	167	148
Cash at banks - current and savings accounts	2,504,553	1,774,105	2,103,152	1,435,433
Highly liquid short - term investments	-	374,828	-	374,828
<b>Total</b>	<b>2,504,740</b>	<b>2,149,101</b>	<b>2,103,319</b>	<b>1,810,409</b>

The currency denominations of cash and cash equivalents as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	2,361,917	1,578,994	2,087,057	1,400,537
Chinese Yuan (CNY)	70,906	448,596	-	374,828
United States Dollar (USD)	35,838	86,387	16,262	35,044
Euro (EUR)	36,079	35,124	-	-
<b>Total</b>	<b>2,504,740</b>	<b>2,149,101</b>	<b>2,103,319</b>	<b>1,810,409</b>

## 6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	143,868	39,408	44,223	65,475
Other parties		2,063,605	2,322,049	1,920,163	2,036,876
<b>Total</b>		<b>2,207,473</b>	<b>2,361,457</b>	<b>1,964,386</b>	<b>2,102,351</b>
Less allowance for doubtful accounts		(434,401)	(444,401)	(434,401)	(444,401)
<b>Net</b>		<b>1,773,072</b>	<b>1,917,056</b>	<b>1,529,985</b>	<b>1,657,950</b>
Bad and doubtful debts expense (reversal) for the year		(10,000)	-	(10,000)	-

*Accounts receivable purchase agreement*

As at 31 December 2015, the Group and the Company had assigned its rights over collection from account receivable amounted of Baht 386.7 million (2014: Baht 88.8 million) in the consolidated financial statements and Baht 298.5 million (2014: Baht 88.8 million) in the separate financial statements to a financial institution according to the accounts receivable purchase agreement with the rate as stipulated in the agreement. In this regards, the purchaser shall not have any right of recourse against the seller.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
<b>Related parties</b>				
Within credit terms	139,099	38,476	40,623	56,309
Overdue:				
Less than 3 months	4,769	932	3,600	9,166
	<b>143,868</b>	<b>39,408</b>	<b>44,223</b>	<b>65,475</b>
<b>Other parties</b>				
Within credit terms	1,572,090	1,771,877	1,428,889	1,498,707
Overdue:				
Less than 3 months	55,931	115,771	55,931	103,768
3 - 6 months	1,183	-	942	-
Over 12 months	434,401	434,401	434,401	434,401
	<b>2,063,605</b>	<b>2,322,049</b>	<b>1,920,163</b>	<b>2,036,876</b>
Less allowance for doubtful accounts	(434,401)	(444,401)	(434,401)	(444,401)
	<b>1,629,204</b>	<b>1,877,648</b>	<b>1,485,762</b>	<b>1,592,475</b>
<b>Net</b>	<b>1,773,072</b>	<b>1,917,056</b>	<b>1,529,985</b>	<b>1,657,950</b>

The normal credit term granted by the Group ranges from 30 days to 60 days.

The currency denominations of trade accounts receivable as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Thai Baht (THB)	1,713,567	1,956,185	1,700,465	1,944,065
United States Dollar (USD)	478,391	495,069	263,921	265,612
Japanese Yen (JPY)	6,975	14,635	-	-
Euro (EUR)	8,540	2,894	-	-
<b>Total</b>	<b>2,207,473</b>	<b>2,468,783</b>	<b>1,964,386</b>	<b>2,209,677</b>

## 7 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		(in thousand Baht)			
Related parties	4	9,305	32,652	28,800	41,780
Other parties		1,401	2,430	975	2,358
<b>Total</b>		<b>10,706</b>	<b>35,082</b>	<b>29,775</b>	<b>44,138</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

The currency denominations of other receivables as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	4,691	12,087	16,518	25,262
Chinese Yuan (CNY)	4,776	1,497	10,786	5,955
United States Dollar (USD)	1,034	10,151	1,034	11,333
Euro (EUR)	205	11,347	1,437	1,588
<b>Total</b>	<b>10,706</b>	<b>35,082</b>	<b>29,775</b>	<b>44,138</b>

## 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Finished goods	573,089	468,841	488,448	382,878
Raw materials	210,585	160,823	162,281	129,777
Packaging	3,271	3,789	3,271	3,789
Spare parts	229,868	222,237	210,202	206,223
Goods in transit	61,928	53,026	-	-
<b>Total</b>	<b>1,078,741</b>	<b>908,716</b>	<b>864,202</b>	<b>722,667</b>
Less allowance for decline in value and slow-moving	(50,575)	(46,422)	(39,629)	(45,724)
<b>Net</b>	<b>1,028,166</b>	<b>862,294</b>	<b>824,573</b>	<b>676,943</b>

Inventories recognized as an expense in  
cost of sale of goods:

- Cost	14,765,213	16,347,284	12,757,277	13,906,243
- (Reversal of) write-down to net realizable value	4,153	29,275	(6,095)	34,724
<b>Net total</b>	<b>14,769,366</b>	<b>16,376,559</b>	<b>12,751,182</b>	<b>13,940,967</b>

## 9 Investment in associate

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
At 1 January	384,296	383,553	397,678	397,678
Share of profit of investment in associate	1,640	743	-	-
<b>At 31 December</b>	<b>385,936</b>	<b>384,296</b>	<b>397,678</b>	<b>397,678</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Investment in associate as at 31 December 2015 and 2014, and dividend income from this investment for the years then ended were as follows:

Consolidated financial statements										
	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(in thousand Baht)									
<b>Associate</b>										
Pimal Salt Company Limited	28.49	28.49	193,892	193,892	397,678	397,678	385,936	384,296	-	-
Separate financial statements										
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(in thousand Baht)									
<b>Associate</b>										
Pimal Salt Company Limited	28.49	28.49	193,892	193,892	397,678	397,678	-	-	397,678	397,678



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

*Immaterial associate*

The following is summarized financial information for the Group's interest in immaterial associate based on the amounts reported in the Group's consolidated financial statements:

	Immaterial associate	
	2015	2014
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associates	<u>385,936</u>	<u>384,296</u>
Group's share of profit from continuing operations	<u>1,640</u>	<u>743</u>

**10 Investments in subsidiaries**

	Separate financial statements	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	2,870,498	2,870,498
Allowance for impairment	<u>(1,416,400)</u>	<u>(1,416,400)</u>
<b>At 31 December</b>	<b><u>1,454,098</u></b>	<b><u>1,454,098</u></b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income from those investments for the years then ended were as follows:

Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(%)</i>											
	<i>(in thousand Baht)</i>											
<b>Subsidiaries</b>												
Advanced Biochemical Manufacturing (Thailand) Company Limited	100	100	Baht 1,500 million	Baht 1,500 million	1,454,098	1,454,098	-	-	1,454,098	1,454,098	-	-
Vinythai Holding Pte. Limited	100	100	RMB 287 million	RMB 287 million	1,416,400	1,416,400	(1,416,400)	(1,416,400)	-	-	-	-
					<u>2,870,498</u>	<u>2,870,498</u>	<u>(1,416,400)</u>	<u>(1,416,400)</u>	<u>1,454,098</u>	<u>1,454,098</u>	<u>-</u>	<u>-</u>
<b>Indirect subsidiary</b>												
Solvay Biochemicals (Taixing) Limited	100	100	RMB 287 million	RMB 287 million	1,410,708	1,410,708	(1,410,708)	(1,410,708)	-	-	-	-
					<u>1,410,708</u>	<u>1,410,708</u>	<u>(1,410,708)</u>	<u>(1,410,708)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 19 November 2015, at the Board of Director's meeting the directors resolved that Advanced Biochemical (Thailand) Company Limited established Advanced Biochemical Europe in Belgium of EURO 20,000.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

On 29 August 2013, the Board of director meeting of the Company had unanimously approved to put off the construction project of Epichlorohydrin plant, located in Taixing Economic Development Zone, Jiangsu province, People's Republic of China, of Solvay Biochemicals (Taixing) Limited ("SBT"), which is the indirect subsidiary of the Company via Vinythai Holding Pte. Limited ("VNTH"), for some certain period due to the volatility of pricing and supply while evaluating alternatives that would optimize returns for the project.

However, during the year 2014, as the business conditions in China had not improved, the decision to restart has been deferred for some additional time. These are the indicator that the value of investment in VNTH, the subsidiary, which presented in the separated financial statement, the net book value of plant and equipment, intangible asset and advance payment for construction in progress, which presented in the consolidated financial statement as at 31 December 2014 might be impaired. Therefore, the management of SBT assessed the recoverable amount of plant and equipment, intangible asset and advance payment for construction in progress and determined the fair value less cost to sell by the independent appraisal based on the market comparison approach for leasehold right for land and intangible assets and on the cost approach for plant and equipment and advance payment for construction in progress.

Based on the result of the assessment, SBT recorded an allowance for impairment loss on plant and equipment of Baht 1,030.1 million, intangible asset of Baht 224.4 million and the advance payment for construction in progress of Baht 110.7 million or totalling to Baht 1,365.1 million in the consolidated statement of comprehensive income for the year ended 31 December 2014 and the Company recorded an allowance for impairment loss on investment in VNTH of Baht 1,416.4 million and recorded an allowance for doubtful accounts of long-term loan to subsidiary of Baht 101.4 million in the separated statement of comprehensive income for the year ended 31 December 2014.

During the year 2015, the management of SBT reassessed the recoverable amount of the asset and recorded an allowance for impairment loss on plant and equipment of Baht 54.0 million in the consolidated financial statement as at 31 December 2015 for additional equipment acquired according to the agreed contracts for machinery and equipment and an allowance for doubtful accounts of long-term loan to subsidiary of Baht 115.9 million in the separated financial statement as at 31 December 2015.

The records of an allowance for impairment loss and allowance for doubtful accounts resulted in the reduction of the Group's financial performance, but would have no cash flow consequences and no effect on any covenants in the debt facility.



## NOTES TO THE FINANCIAL STATEMENTS

## 11 Property, plant and equipment

		Consolidated financial statements						
		<i>(in thousand Baht)</i>						
		Land	Lease land improvement	Building and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Asset under construction and machinery under installation
								Total
<b>Cost</b>								
At 1 January 2014		2,909	589,882	2,159,050	21,912,468	303,156	6,677	953,466
Additions		-	-	-	1,661	39	-	591,359
Transfers		-	-	2,958	265,289	428	-	97,348
Disposals		-	-	(2,489)	(33,873)	(8,955)	(209)	-
Foreign currency translation		-	-	-	-	(36)	-	(35,945)
<b>At 31 December 2014 and 1 January 2015</b>		<b>2,909</b>	<b>589,882</b>	<b>2,159,519</b>	<b>22,145,545</b>	<b>294,632</b>	<b>6,468</b>	<b>1,606,228</b>
Additions		-	-	-	-	-	-	402,430
Transfers		-	-	15,681	453,746	2,191	-	(529,488)
Disposals		-	-	(872)	(45,595)	(27,890)	(6)	-
Foreign currency translation		-	-	-	-	120	-	236,508
<b>At 31 December 2015</b>		<b>2,909</b>	<b>589,882</b>	<b>2,174,328</b>	<b>22,553,696</b>	<b>269,053</b>	<b>6,462</b>	<b>1,715,678</b>
								<b>27,312,008</b>



2,909	363,389	1,609,882	11,864,147	47,277	-	953,466	14,841,070
2,909	351,591	1,543,395	10,801,825	33,986	-	572,027	13,305,733
2,909	339,793	1,490,111	9,902,406	26,699	-	462,184	12,224,102







Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## Separate financial statements

	Land	Lease land improvement	Building and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Asset under construction and machinery under installation	Total
<i>(in thousand Baht)</i>								
<b>Depreciation</b>								
At 1 January 2014	-	226,493	508,930	9,517,326	253,917	6,677	-	10,513,343
Depreciation charge for the year	-	11,798	46,761	1,033,897	11,281	-	-	1,103,737
Disposals	-	-	(1,117)	(21,673)	(7,180)	(209)	-	(30,179)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>238,291</b>	<b>554,574</b>	<b>10,529,550</b>	<b>258,018</b>	<b>6,468</b>	<b>-</b>	<b>11,586,901</b>
Depreciation charge for the year	-	11,798	47,620	1,067,355	8,469	-	-	1,135,242
Disposals	-	-	(855)	(45,304)	(27,248)	(6)	-	(73,413)
<b>At 31 December 2015</b>	<b>-</b>	<b>250,089</b>	<b>601,339</b>	<b>11,551,601</b>	<b>239,239</b>	<b>6,462</b>	<b>-</b>	<b>12,648,730</b>
<b>Net book value</b>								
At 1 January 2014	2,909	363,389	1,103,039	8,545,845	45,813	-	171,493	10,232,489
At 31 December 2014 and 1 January 2015	2,909	351,591	1,057,396	7,716,491	33,527	-	305,906	9,467,820
At 31 December 2015	2,909	339,793	1,023,169	7,085,648	26,610	-	143,448	8,621,577

The gross amount of the Group's and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2015 amounted to Baht 548.2 million and Baht 546.4 million, respectively (2014: Baht 513.8 million and Baht 513.0 million, respectively).

The Group recorded an allowance for impairment loss on plant and equipment of Baht 4.0 million (2014: Baht 1,030.1 million) and advance payment for construction in progress of Baht 50.6 million (2014: Baht 110.7 million) in the consolidated statement of comprehensive income for the year ended 31 December 2015 (see note 10).



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## 12 Intangible assets

	Consolidated financial statements				Total
	Patents	Software licenses	Leasehold right for land	Asset under installation	
	(in thousand Baht)				
<b>Cost</b>					
At 1 January 2014	586,117	61,493	34,055	-	681,665
Additions	-	-	11,810	1,866	13,676
Transfer	-	1,866	-	(1,866)	-
Disposals	-	(120)	-	-	(120)
Foreign currency translation	(4,625)	-	(639)	-	(5,264)
<b>At 31 December 2014 and 1 January 2015</b>	<b>581,492</b>	<b>63,239</b>	<b>45,226</b>	<b>-</b>	<b>689,957</b>
Additions	-	-	-	734	734
Transfers	359	375	-	(734)	-
Disposals	-	(18,353)	-	-	(18,353)
Foreign currency translation	10,464	2	2,088	-	12,554
<b>At 31 December 2015</b>	<b>592,315</b>	<b>45,263</b>	<b>47,314</b>	<b>-</b>	<b>684,892</b>
<b>Amortization and impairment losses</b>					
At 1 January 2014	42,556	59,314	555	-	102,425
Amortization charge for the year	22,825	974	665	-	24,464
Disposals	-	(120)	-	-	(120)
Impairment losses	224,359	-	-	-	224,359
Foreign currency translation	885	-	(8)	-	877
<b>At 31 December 2014 and 1 January 2015</b>	<b>290,625</b>	<b>60,168</b>	<b>1,212</b>	<b>-</b>	<b>352,005</b>
Amortization charge for the year	22,828	1,101	-	-	23,929
Disposals	-	(18,353)	-	-	(18,353)
Foreign currency translation	10,462	(6)	56	-	10,512
<b>At 31 December 2015</b>	<b>323,915</b>	<b>42,910</b>	<b>1,268</b>	<b>-</b>	<b>368,093</b>
<b>Net book value</b>					
At 1 January 2014	543,561	2,179	33,500	-	579,240
At 31 December 2014 and 1 January 2015	290,867	3,071	44,014	-	337,952
At 31 December 2015	268,400	2,353	46,046	-	316,799



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

	Separate financial statements			
	Patents	Software licenses	Asset under installation	Total
	(in thousand Baht)			
<b>Cost</b>				
At 1 January 2014	55,729	61,481	-	117,210
Additions	-	-	1,866	1,866
Transfers	-	1,866	(1,866)	-
Disposals	-	(120)	-	(120)
<b>At 31 December 2014 and 1 January 2015</b>	<b>55,729</b>	<b>63,227</b>	<b>-</b>	<b>118,956</b>
Additions	-	-	734	734
Transfers	359	375	(734)	-
Disposals	-	(18,353)	-	(18,353)
<b>At 31 December 2015</b>	<b>56,088</b>	<b>45,249</b>	<b>-</b>	<b>101,337</b>
<b>Amortization</b>				
At 1 January 2014	4,188	59,303	-	63,491
Amortization charge for the year	2,787	971	-	3,758
Disposals	-	(120)	-	(120)
<b>At 31 December 2014 and 1 January 2015</b>	<b>6,975</b>	<b>60,154</b>	<b>-</b>	<b>67,129</b>
Amortization charge for the year	2,790	1,099	-	3,889
Disposals	-	(18,353)	-	(18,353)
<b>At 31 December 2015</b>	<b>9,765</b>	<b>42,900</b>	<b>-</b>	<b>52,665</b>
<b>Net book value</b>				
<b>At 1 January 2014</b>	<b>51,541</b>	<b>2,178</b>	<b>-</b>	<b>53,719</b>
<b>At 31 December 2014 and 1 January 2015</b>	<b>48,754</b>	<b>3,073</b>	<b>-</b>	<b>51,827</b>
<b>At 31 December 2015</b>	<b>46,323</b>	<b>2,349</b>	<b>-</b>	<b>48,672</b>

The Group recorded an allowance for impairment loss on intangible asset of Baht 224.4 million in the consolidated statement of comprehensive income for the year ended 31 December 2014 (see note 10).

### 13 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated / Separate financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
	(in thousand Baht)			
Total	398,886	396,126	-	-
Set off of tax	-	-	-	-
<b>Net deferred tax assets</b>	<b>398,886</b>	<b>396,126</b>	<b>-</b>	<b>-</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Movements in total deferred tax assets during the year were as follows:

	Consolidated / Separate financial statements			
	At 1 January 2015	(Charged) / credited to		At 31 December 2015
		Profit or loss	Other	
			comprehensive income	
		(in thousand Baht)		
<b>Deferred tax assets</b>				
Allowance for impairment loss on assets	5,963	-	-	5,963
Allowance for decline in value of inventories	9,145	(1,219)	-	7,926
Employee benefit obligations	19,230	4,903	(530)	23,603
Loss carry forward	361,000	-	-	361,000
Derivative liabilities	788	-	(394)	394
<b>Total</b>	<b>396,126</b>	<b>3,684</b>	<b>(924)</b>	<b>398,886</b>
<b>Net</b>	<b>396,126</b>	<b>3,684</b>	<b>(924)</b>	<b>398,886</b>

	Consolidated / Separate financial statements			
	At 1 January 2014	(Charged) / credited to		At 31 December 2014
		Profit or loss	Other	
			comprehensive income	
		(in thousand Baht)		
<b>Deferred tax assets</b>				
Allowance for impairment loss on assets	5,963	-	-	5,963
Allowance for decline in value of inventories	2,200	6,945	-	9,145
Employee benefit obligations	17,093	347	1,790	19,230
Loss carry forward	96,000	265,000	-	361,000
Derivative liabilities	2,323	-	(1,535)	788
<b>Total</b>	<b>123,579</b>	<b>272,292</b>	<b>255</b>	<b>396,126</b>
<b>Net</b>	<b>123,579</b>	<b>272,292</b>	<b>255</b>	<b>396,126</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets have not been recognized in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Allowance for doubtful account of trade accounts receivable	86,880	88,880	86,880	88,880
Allowance for doubtful account of long-term loans to subsidiary	-	-	43,469	20,280
Allowance for decline in value of inventories	2,189	139	-	-
Allowance for impairment loss on investment in subsidiary	-	-	283,280	283,280
Allowance for impairment loss on plant and equipment, intangible assets and advanced payment for construction in progress	357,882	342,634	-	-
Provision for trade discount	25,309	21,465	25,309	21,465
Loss carry forward	799,022	538,501	502,957	265,027
<b>Total</b>	<b>1,271,282</b>	<b>991,619</b>	<b>941,895</b>	<b>678,932</b>

The tax losses expire during 2019 to 2025. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilize the benefits therefrom.

However, the Group recognized deferred tax assets in respect of a portion of unused tax losses because the management believes that it is probable that future taxable profit arising from the improvement of the Group's operations and the expiration of double deducting expenses for certain promotional certificates will be available against which the Group can utilize the benefits.

## 14 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Current portion of long-term loans from financial institutions – unsecured	112,460	-	112,460	-
<b>Non-current</b>				
Long-term loans from financial institutions – unsecured	1,714,129	3,000,390	1,714,129	3,000,390
<b>Total interest-bearing liabilities</b>	<b>1,826,589</b>	<b>3,000,390</b>	<b>1,826,589</b>	<b>3,000,390</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Within one year	112,460	-	112,460	-
After one year but within five years	1,714,129	2,788,548	1,714,129	2,788,548
After five years	-	211,842	-	211,842
<b>Total</b>	<b>1,826,589</b>	<b>3,000,390</b>	<b>1,826,589</b>	<b>3,000,390</b>

As at 31 December 2014, the Group and the Company has unutilized credit facilities totalling amount RMB 240 million.

The currency denominations of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,047,100	2,047,100	1,047,100	2,047,100
Chinese Yuan (CNY)	779,489	953,290	779,489	953,290
<b>Total</b>	<b>1,826,589</b>	<b>3,000,390</b>	<b>1,826,589</b>	<b>3,000,390</b>

*Long term loans from financial institutions*

The Company entered into long-term agreements with financial institutions for the projects of the Group. Long-term loans presented as follows.

Date of loan agreement	Currency	Loan facility		Balance as at		Interest rate (%)	Guarantee	Payment schedule
				31 December 2015	31 December 2014			
		2015	2014	2015	2014			
		<i>(unit: million) (in million Baht)</i>						
11 February 2010	Baht	3,300	3,300	1,047	2,047	THBFIX +fixed rate	Unsecured	14 semi-annual installments commencing from the eighty- fourth month after the initial utilization (30 June 2013)
27 March 2013	Renminbi	-	240	-	-	CNH-HIBOR +fixed rate	Unsecured	8 semi-annual installments commencing from the forty-eighth month after the initial utilization (As at 31 December 2014 not withdrawal and as at 31 December 2015, this facility is already expired.)
17 June 2013	Renminbi	140	180	780	953	4.7	Unsecured	9 semi-annual installments commencing from the fifty-fourth month after the initial utilization (1 November 2013)
				<b>1,827</b>	<b>3,000</b>			

The Company may prepay all or any part of any loan with the amount and condition as specified in the loan agreements. The Company is required to comply with certain covenants pertaining to maintenance of certain financial ratios, percentage of share held by the major shareholder and other conditions as specified in the agreements.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

On 3 March 2015, the Company entered into a currency and interest rate swap contract with a local financial institution to protect the volatility of the foreign exchange rate for loan principal and interest rate which swap loan principal from loan in Chinese Yuan (CNY) of CNY 140 million to be loan in Baht of Baht 721.3 million and interest rates from CNY fixed interest rate of 4.7% per annum to Baht fixed interest rate of 2.96% per annum.

## 15 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	729,791	522,533	723,218	519,313
Other parties		613,688	704,625	456,482	574,844
<b>Total</b>		<b>1,343,479</b>	<b>1,227,158</b>	<b>1,179,700</b>	<b>1,094,157</b>

The currency denominations of trade accounts payable as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,173,431	1,187,721	1,109,547	1,054,720
United States Dollar (USD)	157,049	19,457	59,977	19,457
Euro (EUR)	9,294	-	6,596	-
Japanese Yen (JPY)	3,580	19,497	3,580	19,497
Singapore Dollar (SGD)	-	376	-	376
Chinese Yuan (CNY)	-	107	-	107
Pound Sterling (GBP)	125	-	-	-
<b>Total</b>	<b>1,343,479</b>	<b>1,227,158</b>	<b>1,179,700</b>	<b>1,094,157</b>

## 16 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	4	<b>35,980</b>	<b>32,922</b>	<b>13,923</b>	<b>9,739</b>
<b>Other parties</b>					
Other payables		107,066	99,055	87,359	63,757
Accrued operating expenses		20,231	43,549	20,231	43,549
Payables for fixed assets purchased		12,150	13,980	9,881	9,109
		139,447	156,584	117,471	116,415
<b>Total</b>		<b>175,427</b>	<b>189,506</b>	<b>131,394</b>	<b>126,154</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

The currency denominations of other payables as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	126,607	141,919	113,321	102,233
United States Dollar (USD)	30,395	21,161	16,659	11,710
Chinese Yuan (CNY)	13,457	11,580	-	7,420
Euro (EUR)	4,968	14,846	1,414	4,791
<b>Total</b>	<b>175,427</b>	<b>189,506</b>	<b>131,394</b>	<b>126,154</b>

## 17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Accrued bonus	62,836	57,376	60,384	56,347
Others	25,653	23,204	5,723	10,943
<b>Total</b>	<b>88,489</b>	<b>80,580</b>	<b>66,107</b>	<b>67,290</b>

## 18 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Statement of financial position obligations for:</b>				
Post-employment benefits	113,799	90,632	113,799	90,632
Other long-term employment benefits	4,215	5,519	4,215	5,519
<b>Total</b>	<b>118,014</b>	<b>96,151</b>	<b>118,014</b>	<b>96,151</b>

*Year ended 31 December***Statement of comprehensive  
income:****Recognized in profit or loss**

Post-employment benefits	10,407	8,878	10,407	8,878
Other long-term employment benefits	316	1,365	316	1,365
<b>Total</b>	<b>10,723</b>	<b>10,243</b>	<b>10,723</b>	<b>10,243</b>

**Recognized in other comprehensive income**

Actuarial losses recognized in the year	13,791	8,948	13,791	8,948
Cumulative actuarial losses recognized	30,231	16,440	30,231	16,440

The Group and the Company operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Present value of unfunded obligations</b>	<b>118,014</b>	<b>96,151</b>	<b>118,014</b>	<b>96,151</b>

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	96,151	85,465	96,151	85,465
<b>Included in profit or loss</b>				
Current service cost	7,207	6,517	7,207	6,517
Interest on obligation	3,833	3,455	3,833	3,455
Actuarial (gain) loss	(317)	271	(317)	271
	<b>10,723</b>	<b>10,243</b>	<b>10,723</b>	<b>10,243</b>
<b>Included in other comprehensive income</b>				
Actuarial loss	13,791	8,948	13,791	8,948
<b>Other</b>				
Benefits paid	(2,651)	(8,505)	(2,651)	(8,505)
<b>Defined benefit obligations at 31 December</b>	<b>118,014</b>	<b>96,151</b>	<b>118,014</b>	<b>96,151</b>

Actuarial losses recognized in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Financial assumptions	9,494	8,118	9,494	8,118
Experience adjustment	4,297	830	4,297	830
<b>Total</b>	<b>13,791</b>	<b>8,948</b>	<b>13,791</b>	<b>8,948</b>



## NOTES TO THE FINANCIAL STATEMENTS

### Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
				(%)
Discount rate	3.5	4.3	3.5	4.3
Future salary increases	6.0	6.0	6.0	6.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 13 years (2014: 12 years).

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
Defined benefit obligation 31 December 2015	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	(235)	246	(235)	246
Future salary growth (0.25% movement)	255	(244)	255	(244)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 19 Share capital

	Par value per share (in Baht)	2015 Number	Amount (thousand shares / thousand Baht)	2014 Number	Amount
<b>Authorized</b>					
At 1 January - ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161
<b>At 31 December - ordinary shares</b>	<b>6</b>	<b>1,185,193</b>	<b>7,111,161</b>	<b>1,185,193</b>	<b>7,111,161</b>
<b>Issued and paid</b>					
At 1 January - ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161
<b>At 31 December - ordinary shares</b>	<b>6</b>	<b>1,185,193</b>	<b>7,111,161</b>	<b>1,185,193</b>	<b>7,111,161</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

*Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## 20 Reserve

Reserves comprise:

***Appropriations of profit and/or retained earnings*****Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

***Other components of equity*****Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

**Cash flow hedges**

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

***Movements in reserves***

Movements in reserves are shown in the statements of changes in equity.

## 21 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Vinyl segment
- Segment 2 Biochemical segment

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## Information about reportable segments

	Vinyl segment		Biochemical segment		Total reportable segments	
	2015	2014	2015	2014	2015	2014
	<i>(in thousand Baht)</i>					
External revenue	13,386,370	14,287,388	3,168,745	3,454,651	16,555,115	17,742,039
Inter-segment revenue	682,498	642,294	98,586	86,915	781,084	729,209
<b>Total segment revenue</b>	<b>14,068,868</b>	<b>14,929,682</b>	<b>3,267,331</b>	<b>3,541,566</b>	<b>17,336,199</b>	<b>18,471,248</b>
Other revenue					98,051	105,053
Elimination of inter-segment revenue					(781,084)	(729,209)
<b>Consolidated revenue</b>					<b>16,653,166</b>	<b>17,847,092</b>
Interest expense	16,883	15,511	80,583	141,696	97,466	157,207
Depreciation and amortization	1,139,131	1,107,495	327,328	325,869	1,466,459	1,433,364
Capital expenditure	290,680	355,940	112,484	415,408	403,164	771,348
Segment profit (loss) before income tax	761,599	365,605	(201,533)	(1,596,654)	560,066	(1,231,049)
Elimination of inter-segment (profit) losses					2,268	(3,037)
<b>Consolidated profit (loss) before income tax</b>					<b>562,334</b>	<b>(1,234,086)</b>
<b>Other material non-cash item:</b>						
Impairment loss on plant and equipment and intangible assets	-	-	54,049	1,365,149	54,049	1,365,149
<b>Reportable segment assets as at 31 December</b>	<b>14,071,660</b>	<b>14,648,417</b>	<b>4,976,304</b>	<b>5,124,304</b>	<b>19,047,964</b>	<b>19,772,721</b>
<b>Reportable segment liabilities as at 31 December</b>	<b>1,487,966</b>	<b>1,478,648</b>	<b>2,064,033</b>	<b>3,222,463</b>	<b>3,551,999</b>	<b>4,701,111</b>

## Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based principally in Thailand.

	Revenues	
	2015	2014
	<i>(in thousand Baht)</i>	
<b>Thailand</b>		
External revenue	10,501,062	11,940,884
Other revenue	98,051	105,053
	10,599,113	12,045,937
India	1,262,084	1,136,018
South Korea	986,704	1,026,069
Malaysia	600,018	524,237
Others	3,205,247	3,114,831
<b>Total</b>	<b>16,653,166</b>	<b>17,847,092</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

*Major customer*

Revenues from certain customers of the Group's segments represents approximately Baht 3,907.4 million (2014: Baht 4,670.8 million) of the Group's total revenues.

**22 Employee benefit expense**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Wages and salaries	525,479	536,014	488,607	508,599
Director remuneration	10,215	10,792	10,215	10,792
Contribution to defined contribution plans	5,874	4,312	4,382	4,269
Others	78,879	72,587	69,083	63,457
<b>Total</b>	<b>620,447</b>	<b>623,705</b>	<b>572,287</b>	<b>587,117</b>

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 8% of their basic salaries and by the Group at rates ranging from 5% to 8% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**23 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	(262,358)	(251,625)	234,277	241,252
Raw materials and consumables used	9,354,561	10,755,784	7,515,800	8,535,824
Electricity and fuel expense	3,792,529	3,953,910	3,447,587	3,588,777
Impairment loss on plant and equipment and intangible assets	54,049	1,365,149	-	-
Depreciation and amortization	1,466,459	1,433,364	1,139,131	1,107,495
Employee benefit expenses	620,447	623,705	572,287	587,117
Transportation expenses	427,684	385,311	286,378	258,442
Impairment loss on investment in subsidiary	-	-	-	1,416,400
Doubtful debts expense	-	-	115,944	101,400
Rental expenses	33,517	33,725	28,520	27,656
(Reversal of) write-down to net realizable value	4,153	29,275	(6,095)	34,724
Others	503,965	596,118	394,368	427,713
<b>Total cost of sales of goods, selling expenses and administrative expenses</b>	<b>15,995,006</b>	<b>18,924,716</b>	<b>13,728,197</b>	<b>16,326,800</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## 24 Income tax

## Income tax recognized in profit or loss

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2015	2014	2015	2014
		(in thousand Baht)			
<b>Current tax expense</b>					
Current year		-	(1,736)	-	-
Adjustment for prior years		-	(194)	-	(194)
		-	(1,930)	-	(194)
<b>Deferred tax expense</b>					
Movements in temporary differences	13	3,684	272,292	3,684	272,292
<b>Total</b>		<b>3,684</b>	<b>270,362</b>	<b>3,684</b>	<b>272,098</b>

## Income tax recognized in other comprehensive income

	Consolidated financial statement					
	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in thousand Baht)					
Cash flow hedges	1,548	(394)	1,154	9,467	(1,535)	7,932
Defined benefit plan actuarial gains (losses)	(13,791)	(530)	(14,321)	(8,948)	1,790	(7,158)
<b>Total</b>	<b>(12,243)</b>	<b>(924)</b>	<b>(13,167)</b>	<b>519</b>	<b>255</b>	<b>774</b>

	Separate financial statement					
	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in thousand Baht)					
Cash flow hedges	2,463	(394)	2,069	7,672	(1,535)	6,137
Defined benefit plan actuarial gains (losses)	(13,791)	(530)	(14,321)	(8,948)	1,790	(7,158)
<b>Total</b>	<b>(11,328)</b>	<b>(924)</b>	<b>(12,252)</b>	<b>(1,276)</b>	<b>255</b>	<b>(1,021)</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

**Reconciliation of effective tax rate**

	Consolidated financial statements			
	Rate	2015	Rate	2014
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit (loss) before income tax expense		562,334		(1,234,086)
Income tax using the Thai corporation tax rate	20	112,467	20	(246,817)
Effect of different tax rates in foreign jurisdictions		2,702		(347)
Income not subject to tax from promotional privileges		(65,131)		(55,774)
Expenses not deductible for tax purposes		745		11,276
Expenses additionally deductible for tax purposes		(5,013)		(5,307)
Expenses additionally deductible from promotional privileges		(58,238)		(13,821)
Current year losses for which no deferred tax asset was recognized		8,784		355,365
Recognition of tax loss during the year		-		(315,131)
Over provided in prior year		-		194
<b>Total</b>	<b>(1)</b>	<b>(3,684)</b>	<b>(22)</b>	<b>(270,362)</b>

	Separate financial statements			
	Rate	2015	Rate	2014
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit (loss) before income tax expense		644,015		(1,152,939)
Income tax using the Thai corporation tax rate	20	128,803	20	(230,588)
Income not subject to tax from promotional privileges		(82,590)		(86,233)
Expenses not deductible for tax purposes		744		11,276
Expenses additionally deductible for tax purposes		(5,013)		(5,307)
Expenses additionally deductible from promotional privileges		(60,303)		(13,821)
Current year losses for which no deferred tax asset was recognized		14,675		317,381
Recognition of tax loss during the year		-		(265,000)
Over provided in prior year		-		194
<b>Total</b>	<b>(1)</b>	<b>(3,684)</b>	<b>(24)</b>	<b>(272,098)</b>

**Income tax reduction**

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period begins on or after 1 January 2016.

The Group has applied the rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by FAP in 2012.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## 25 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Group has been granted privileges by the Board of Investment relating to various operations which included:

	The Company				A subsidiary in Thailand
	1579/2541	1166(2)/2548	1164(2)/2550	9010(2)/2553	2012(2)/2553
1. Promotional certificate No.	Manufacture of additional volumes of PVC and VCM, and Caustic Soda	Manufacture of additional volume of VCM and Caustic Soda	Manufacture of additional volume of PVC	Manufacture of additional volumes of PVC, VCM and Caustic Soda, and chlorine gas	Manufacture of additional volumes of Caustic Soda, and hydrogen gas
2. Operations for which the privileges have been granted	8 years	8 years	8 years	8 years	8 years
3. The privileges granted include:					
3.1 exemption from payment of income tax from the date on which the income is first derived from such operations	Granted	Granted	Granted	Not granted	Granted
3.2 A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in 3.1	Granted	Granted	Granted	Not granted	Granted
3.3 Permission to double deduct the amount expended on transportation, electricity and water for a period of 10 years from the date on which the income is first derived from such operations	Granted	Granted	Granted	Not granted	Granted
4. Date on which the income is first derived from operations	1 June 2002	1 January 2007	1 August 2008	1 January 2011	1 July 2012
					7 February 2012

As a promoted company, the Group must comply with certain terms and conditions prescribed in the promotional certificates.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	Promoted business	2015 Non-promoted business	Total	Promoted business	2014 Non-promoted business	Total
	<i>(in thousand Baht)</i>					
Export sales	3,623,428	2,430,385	6,053,813	4,306,745	1,494,410	5,801,155
Local sales	6,285,410	4,215,892	10,501,302	7,026,740	4,914,144	11,940,884
<b>Total revenues</b>	<b>9,908,838</b>	<b>6,646,277</b>	<b>16,555,115</b>	<b>11,333,485</b>	<b>6,408,554</b>	<b>17,742,039</b>

	Separate financial statements					
	Promoted business	2015 Non-promoted business	Total	Promoted business	2014 Non-promoted business	Total
	<i>(in thousand Baht)</i>					
Export sales	1,834,865	1,789,072	3,623,937	1,852,788	1,494,410	3,347,198
Local sales	5,288,458	5,156,473	10,444,931	6,411,301	5,171,183	11,582,484
<b>Total revenues</b>	<b>7,123,323</b>	<b>6,945,545</b>	<b>14,068,868</b>	<b>8,264,089</b>	<b>6,665,593</b>	<b>14,929,682</b>

## 26 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for years ended 31 December 2015 and 2014 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>566,017</u>	<u>(963,724)</u>	<u>647,699</u>	<u>(880,840)</u>
Number of ordinary shares outstanding	<u>1,185,193</u>	<u>1,185,193</u>	<u>1,185,193</u>	<u>1,185,193</u>
Basic earnings (loss) per share <i>(in Baht)</i>	<u>0.48</u>	<u>(0.81)</u>	<u>0.55</u>	<u>(0.74)</u>

## 27 Dividends

At the annual general meeting of the shareholders of the Company held on 30 April 2015, the shareholders approved the appropriation of dividends of Baht 0.1 per share, amounting to Baht 118.5 million. The dividend was paid to shareholders in May 2015.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

At the annual general meeting of the shareholders of the Company held on 29 April 2014, the shareholders approved the appropriation of dividends of Baht 0.064 per share, amounting to Baht 75.8 million. The dividend was paid to shareholders in May 2014.

## 28 Financial instruments

### Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholder's equity, excluding non-controlling interests and also monitors the level of dividends or ordinary shareholders.

### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are fixed and floating. The Group is primarily exposed to interest rate risk from its borrowings (Note 14). The Group mitigate this risk by using derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific borrowings and by matching the same interest rate between some loan receivables and interest-bearing liabilities to ensure the natural hedge of the loans.

The effective interest rates of loan receivables as at 31 December and the periods in which loan receivables mature or re-price were as follows:

	Effective Interest Rates (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2015</b>					
Short-term loans	1.94	1,450,000	-	-	1,450,000
Long-term loans	3.1 and 4.7	595,247	2,492,362	-	3,087,609
		<b>2,045,247</b>	<b>2,492,362</b>	<b>-</b>	<b>4,537,609</b>
<b>2014</b>					
Short-term loans	2.63	1,600,000	-	-	1,600,000
Long-term loans	3.6 and 4.7	-	3,107,949	-	3,107,949
		<b>1,600,000</b>	<b>3,107,949</b>	<b>-</b>	<b>4,707,949</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or reprice were as follows:

Consolidated/Separate financial statements					
	Effective	Within	After	After	Total
	Interest	1 year	1 year	5 years	
	Rates		but within	5 years	
	(% per annum)		5 years		
			(in thousand Baht)		
<b>2015</b>					
Long-term loans	3.1 and 4.7	<u>112,460</u>	<u>1,714,129</u>	<u>-</u>	<u>1,826,589</u>
<b>2014</b>					
Long-term loans	3.6 and 4.7	<u>-</u>	<u>2,788,548</u>	<u>211,842</u>	<u>3,000,390</u>

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

As at 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated		Separate	
	Note	financial statements		financial statements	
		2015	2014	2015	2014
		(in thousand Baht)			
<b>United States Dollar</b>					
Cash and cash equivalents	5	35,838	86,387	16,262	35,044
Trade accounts receivable	6	478,391	495,069	263,921	265,612
Other receivables	7	1,034	10,151	1,034	11,333
Trade accounts payable	15	(157,049)	(19,457)	(59,977)	(19,457)
Other payables	16	(30,395)	(21,161)	(16,659)	(11,710)
<b>Gross statement of financial position exposure</b>		<b>327,819</b>	<b>550,989</b>	<b>204,581</b>	<b>280,822</b>
Estimated of forecast sales		190,588	324,992	170,363	301,273
Estimated of forecast purchases		(127,645)	(107,871)	(41,683)	(5,046)
<b>Gross exposure</b>		<b>390,762</b>	<b>768,110</b>	<b>333,261</b>	<b>577,049</b>
Currency forwards		(380,733)	(710,653)	(298,296)	(446,471)
<b>Net exposure</b>		<b>10,029</b>	<b>57,457</b>	<b>34,965</b>	<b>130,578</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2015	2014	2015	2014
		(in thousand Baht)			
<b>Euro</b>					
Cash and cash equivalents	5	36,079	35,124	-	-
Trade accounts receivable	6	8,540	2,894	-	-
Other receivables	7	205	11,347	1,437	1,588
Trade accounts payable	15	(9,294)	-	(6,596)	-
Other payables	16	(4,968)	(14,846)	(1,414)	(4,791)
<b>Gross statement of financial position exposure</b>		<b>30,562</b>	<b>34,519</b>	<b>(6,573)</b>	<b>(3,203)</b>
Estimated of forecast purchases		(2,812)	-	(631)	-
<b>Gross exposure</b>		<b>27,750</b>	<b>34,519</b>	<b>(7,204)</b>	<b>(3,203)</b>
Currency forwards		216	(2,628)	3,552	(2,628)
<b>Net exposure</b>		<b>27,966</b>	<b>31,891</b>	<b>(3,652)</b>	<b>(5,831)</b>
<b>Chinese Yuan</b>					
Cash and cash equivalents	5	70,906	448,596	-	374,828
Other receivables	7	4,776	1,497	10,786	5,955
Long-term loans	4	-	-	779,897	584,182
Trade accounts payable	15	-	(107)	-	(107)
Other payables	16	(13,457)	(11,580)	-	(7,420)
Long-term loans	14	(779,489)	(953,290)	(779,489)	(953,290)
<b>Gross statement of financial position exposure</b>		<b>(717,264)</b>	<b>(514,884)</b>	<b>11,194</b>	<b>4,148</b>
Currency swap		721,280	-	721,280	-
<b>Net exposure</b>		<b>4,016</b>	<b>(514,884)</b>	<b>732,474</b>	<b>4,148</b>
<b>Japanese Yen</b>					
Trade accounts receivable	6	6,975	14,635	-	-
Trade accounts payable	15	(3,580)	(19,497)	(3,580)	(19,497)
<b>Gross statement of financial position exposure</b>		<b>3,395</b>	<b>(4,862)</b>	<b>(3,580)</b>	<b>(19,497)</b>
Estimated of forecast sales		-	6,852	-	-
<b>Gross exposure</b>		<b>3,395</b>	<b>1,990</b>	<b>(3,580)</b>	<b>(19,497)</b>
Currency forwards		(1,875)	(15,467)	2,418	247
<b>Net exposure</b>		<b>1,520</b>	<b>(13,477)</b>	<b>(1,162)</b>	<b>(19,250)</b>



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<b>Other currencies</b>					
Trade accounts payable	15	(125)	(376)	-	(376)
<b>Gross statement of financial position exposure</b>		<b>(125)</b>	<b>(376)</b>	<b>-</b>	<b>(376)</b>
Estimated of forecast purchases		-	(373)	-	(373)
<b>Gross exposure</b>		<b>(125)</b>	<b>(749)</b>	<b>-</b>	<b>(749)</b>
Currency forwards		-	374	-	374
<b>Net exposure</b>		<b>(125)</b>	<b>(375)</b>	<b>-</b>	<b>(375)</b>

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

**Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Fair values of financial assets and liabilities**

The fair value of current portion of financial assets is taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

The fair values of other financial assets and liabilities not stated above, together with the carrying values shown in the consolidated and separate statement of financial position at 31 December were as follows:



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

		Consolidated		Separate	
		financial statements		financial statements	
	Note	Carrying amount	Fair value level 2	Carrying amount	Fair value level 2
		(in thousand Baht)			
31 December 2015					
Current					
Current portion of long-term loans to subsidiaries					
- gross	4	-	-	707,707	704,601
Current portion of long-term loans from financial institutions	14	(112,460)	(112,478)	(112,460)	(112,478)
Derivatives (forward contracts and currency and interest rate swap)		5,092	5,092	5,092	5,092
Non-current					
Long-term loans to subsidiaries - gross	4	-	-	2,597,245	2,381,518
Long-term loans from financial institutions	14	(1,714,129)	(1,560,818)	(1,714,129)	(1,560,818)
Derivatives (currency and interest rate swap)		44,391	44,391	44,391	44,391

		Consolidated financial statements		Separate financial statements	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		(in thousand Baht)			
31 December 2014					
Current					
Derivatives (forward contracts)		(3,944)	(3,944)	(3,944)	(3,944)
Non-current					
Long-term loans to subsidiaries - gross	4	-	-	3,107,949	2,787,889
Long-term loans from financial institutions	14	(3,000,390)	(2,615,671)	(3,000,390)	(2,615,671)

## Financial instruments carried at fair value

## Fair value hierarchy

The table above analyzes recurring fair value measurements for financial assets. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

The Group determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

## 29 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
<b>Capital commitments</b>				
<i>Contracted but not provided for</i>				
Building and building improvement	30,030	33,944	-	-
Machinery and equipment	407,117	520,142	2,591	11,104
<b>Total</b>	<b>437,147</b>	<b>554,086</b>	<b>2,591</b>	<b>11,104</b>
<b>Non-cancelable operating lease commitments</b>				
Within one year	143,493	139,962	65,991	68,245
After one year but within five years	476,373	460,391	168,602	176,300
After five years	524,392	567,773	38,752	71,333
<b>Total</b>	<b>1,144,258</b>	<b>1,168,126</b>	<b>273,345</b>	<b>315,878</b>
<b>Other commitments</b>				
Purchase orders for raw material and spare parts	139,905	300,696	65,398	47,567
Bank guarantees	20,537	19,251	17,592	17,678
<b>Total</b>	<b>160,442</b>	<b>319,947</b>	<b>82,990</b>	<b>65,245</b>

As at 31 December 2015, the Group had:

- operating lease agreements covering the land, inventory tank, vehicles and office equipment for periods ranging from 0.5 years to 30 years expiring on various dates up to March 2040. However, the Company can renew the land rental agreement for another 20 years given the written notice to the counterparty not less than 6 months before the expiration of the agreement.
- bank guarantees issued by banks on behalf of the Company and its subsidiaries for leasehold right for land use, payment for pipeline placement, storage and electricity.
- commitments to purchase raw materials, packaging and spare parts from related parties and external suppliers at agreed prices.
- commitments to pay the final payment of technology license agreement to parent Company amounted to Euro 1.54 million.



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

- (e) forward contract with local financial institution and branch of certain foreign financial institutions for protect import purchase transaction and export sale transaction which forecast that will be occurred as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
		(unit: thousand)			
Estimated sales export	USD	14,249	25,332	9,527	13,768
	EUR	127	73	-	73
	JPY	14,693	54,039	-	-
Estimated import purchase	USD	3,632	3,693	1,218	171
	EUR	130	9	93	9
	JPY	8,064	880	8,064	880
	Others	-	15	-	15

In addition, as at 31 December 2015, the Company issued the letter of support to provide financial support to its subsidiary.

### 30 Events after the reporting period

At the Board of Directors' Meeting hold on 17 February 2016, the directors resolved to propose the dividend payment of Baht 0.4 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

### 31 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures



## Vinythai Public Company Limited and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

TFRS	Topic
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 13 (revised 2015)	Fair Value Measurement
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



# GENERAL INFORMATION AND OTHER INFORMATION

## General Information

### (1) Information of Listed Company

Name of the Listed Company	: <b>Vinythai Public Company Limited</b>
Address of Head Office and Plant	: No.2, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province 21150
	Telephone No. : 0-3868-3112, 0-3892-5000
	Fax No. : 0-3868-3048
Address of Business Office	: 14 <sup>th</sup> Floor, Green Tower 3656/41 Rama IV Road, Khwang Klongton, Khet Klongtoey, Bangkok 10110
	Telephone No. : 0-2240-2425-38, 0-2229-9100 (30 lines)
	Fax No. : 0-2240-1383, 0-2240-1386, 0-2240-1375
Type of Business	: Production and supply of petrochemical products: PVC resins, VCM, Caustic Soda and other products from PVC production
Company's Registration No.	: 0107536000846
Home Page	: <a href="http://www.vinythai.co.th">www.vinythai.co.th</a>
Registered Capital	: 7,111,160,664 Baht
Number of Ordinary Shares	: 1,185,193,444 Shares
Number of Fully Paid-up Shares	: 1,185,193,444 shares

### (2) Information concerning Juristic Person in which Vinythai holds at least 10% of issued shares

#### *(a) Advanced Biochemical (Thailand) Company Limited*

Address of Head Office and Plant	: No. 2/1, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province 21150
	Telephone No. : 0-3868-3112, 0-3892-5000
	Fax No. : 0-3868-3048
Address of Business Office	: 14 <sup>th</sup> Floor, Green Tower 3656/41 Rama IV Road, Khwang Klongton, Khet Klongtoey, Bangkok 10110
	Telephone No. : 0-2240-2425-38, 0-2229-9100 (30 lines)
	Fax No. : 0-2240-1383, 0-2240-1386, 0-2240-1375



Type of Business	: Manufacturing and trading of chemical product
Company's Registration No.	: 0105551033847
Home Page	: -
Registered Capital	: 1,500,000,000 Baht
Number of Ordinary Shares	: 15,000,000 Shares
Number of Fully Paid-up Shares	: 15,000,000 shares

***(b) Vinythai Holding Pte. Ltd.***

Address of Business Office	: No. 10 Collyer Quay #10-01 Ocean Financial Centre, Singapore (049315)
Telephone No.	: 656 531 4187
Type of Business	: Holding company
Company's Registration No.	: 201221341H
Home Page	: -
Registered Capital	: 286,690,007 RMB
Number of Ordinary Shares	: 286,690,007 Shares
Number of Fully Paid-up Shares	: 286,690,007 Shares

***(c) Solvay Biochemicals (Taixing) Co., Ltd.***

Address of Business Office	: No.1, Futai Road, Taixing Economic Development Zone, Jiangsu Province, the People's Republic of China
Type of Business	: Manufacturing and trading of chemical product
Company's Registration No.	: 321200400016994
Home Page	: -
Registered Capital	: 286,599,387 RMB

***(d) Pimai Salt Co., Ltd.***

Address of Business Office	: 1 <sup>st</sup> Floor Room A, Srfuengfung Building, 1016 Rama 4 Road, Silom Sub-district, Bangrak District, Bangkok 10500
Telephone No.	: 0-2633-9380-3
Fax No.	: 0-2633-9390
Type of Business	: Manufacturing of salt
Company's Registration No.	: 0105537097221
Home Page	: www.psc.co.th
Registered Capital	: 193,891,500 Baht
Number of Ordinary Shares	: 1,938,915 Shares
Number of Fully Paid-up Shares	: 1,938,915 Shares



### (3) Other Referenced Information

Ordinary Share Registrar	:	Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
	Telephone No.	: (66 2) 009 9000
	Fax No.	: (66 2) 009 9991
	TSD Call Center	: (66 2) 009 9999
	Website	: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
	E-mail	: SETContactCenter@set.or.th
Auditor	:	Mr. Waiyawat Kosamarnchaiyakit and/or Ms. Sureerat Thongarunsang and/or Ms. Pornthip Rimdusit
		KPMG Phoomchai Audit Limited 48 <sup>th</sup> Floor, Empire Tower 195 South Sathorn Road, Bangkok 10120
	Telephone No.	: 0-2677-2000
	Fax No.	: 0-2677-2222
Legal Counsel Limited	:	Chandler and Thong-Ek Law Offices
		7 <sup>th</sup> Floor, Bubhagit Building 20 North Sathorn Road, Bangkok 10500
	Telephone No.	: 0-2266-6485
	Fax No.	: 0-2266-6483-4

### Other Important Information

- None



# SHAREHOLDERS AND DIVIDEND POLICY

## Securities Information

### Number of Common Shares and Paid-up Capital

Registered capital and Paid-up capital was 7,111,160,664 Baht consist of 1,185,193,444 ordinary shares of 6 Baht each.

### Shareholders

(a) Major Shareholders:

No.	Names of Shareholders	3 March 2015	
		Number of Shares (Shares)	%
1	SOLVAY VINYL HOLDING AG	696,511,059	58.768
2	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	296,038,689	24.978
3	CHAROEN POKPHAND HOLDING CO., LTD.	21,200,000	1.789
4	MR. CHAVENG APATA	13,950,000	1.177
5	THAI NVDR COMPANY LIMITED	13,272,432	1.120
6	MR. ANUCHA KITTHANAMONGKONCHAI	11,500,000	0.970
7	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	6,688,917	0.564
8	MR. VITTAYA CHUSAK	4,118,200	0.347
9	MRS. CHONGPHIS KITTHANAMONGKONCHAI	4,030,000	0.340
10	MR. YANYONG PHATRALAOHA	3,537,800	0.298

(b) At the above-mentioned latest closing date of the share register, the group of major shareholders who can significantly influence and determine the policy, management and operations of the Company are as follows:

- Solvay Group held a total of 696,511,059 shares, or 58.768%, in the Company:

SOLVAY VINYL HOLDING AG 58.768%

- PTT Global Chemical Public Company Limited holds a total of 296,038,689 shares, or 24.978%, in the Company.

PTT Global Chemical Public Company Limited 24.978%

### Dividend Policy

It is the policy of the Company to pay an annual dividend of not less than 30% of net profit after tax and legal reserve.

### The Dividend Payment Policy for Vnt's Subsidiaries

The payment of dividends by the subsidiaries shall be considered and proposed by the Board of Directors of each subsidiary for approval at the Annual General Meeting of each subsidiary. The dividend payment of subsidiaries shall be calculated based on the investment plans and other requirements and considerations, such as the adequacy of cash flow of each subsidiary after deducting reserve funds in accordance with the law.

The report is supplemented by further information given in Vinythai Plc.'s annual disclosure of information (form 56-1) shown on [www.sec.or.th](http://www.sec.or.th) or [www.vinythai.co.th](http://www.vinythai.co.th).



## 2015 SIGNIFICANT RELATED TRANSACTIONS

The Company had significant business transactions with subsidiaries, associated and related parties as following:

	Product or nature of business	Nature of relationship and connected transactions	Transaction between companies	2014 Thousand Baht	2015 Thousand Baht
<b>Transaction with subsidiaries</b>					
1. Advanced Biochemical (Thailand) Co., Ltd.	Production of Epichlorohydrin (ECH)	Vinythai holds 100 percent of its shares.	Service income Interest income Sale of Caustic Soda Purchase of raw materials Reimbursement expense Reimbursement income Spare part income Spare part expense	131,701 139,043 642,294 157,049 - - 6,090 -	151,405 122,688 682,498 171,386 254 31 5,699 115
2. Solvay Biochemicals (Taixing) Co., Ltd.	Production of Epichlorohydrin (ECH)		Reimbursement expense Interest income	- 27,431	- 35,416
<b>Transaction with associated company</b>					
1. Pimai Salt Co., Ltd.	Manufactured and trading of industrial salt	Vinythai holds 28.49 percent.	Purchase of raw materials	450,449	469,339
<b>Transactions with related companies</b>					
1. Solvay S.A. and Solvay's Subsidiaries	Production and distribution of products in 2 core businesses: Chemical and Plastic.	Solvay S.A. holds 100 percent of Solvay Vinyls Holding AG's shares.	PVC export for testing Interest income Commission income Purchase of raw materials Purchase of spare parts, services expenses and others SIS service charge License expenses and technical assistance services Commission expenses Sale of PVC Other service income	912 58 - 4,586 9,402 21,001 38,262 2,381 - 1,868	- 23 - 1,554 14,707 17,113 10,544 3,006 849 3,607
2. Solvay Peroxythai Co., Ltd.	Production and distribution of Hydrogen peroxide	Company owned by Solvay's subsidiaries holds 100 percent of its shares.	Sales of Hydrogen Service income Purchase of Hydrogen peroxide 50% Purchase of spare parts	74,571 7,099 3,743 6	37,478 8,475 2,407 -
3. PTT Global Chemical Public Co., Ltd.	Production and distribution of petrochemical products, by-products and the provision of support services	Holds 24.98 percent.	Sales of NaOH Purchase of ethylene Throughput fee and services	62,601 7,247,788 15,457	61,296 6,235,646 9
4. Thai Tank Terminal Limited	Provide storage and transport services for liquid chemicals, oil and gas.	Company owned by PTT Global Chemical Public Co., Ltd.	Rental tank and services	48,292	52,214
5. Solvay Asia Pacific Co., Ltd.	Regional Office Headquarters to provide services and consulting for business administration and technical assistances to affiliates	Solvay S.A. holds 100 percent of Solvay Asia Pacific's shares.	Service income Service Expense	5,921 6,588	6,864 10,017
6. MTP HP JV (Thailand) Co., Ltd.	Production and distribution of Hydrogen peroxide	Company owned by Solvay's subsidiaries	Sale of Caustic Soda	13,184	14,878
<b>Total</b>				<b>9,117,777</b>	<b>8,119,518</b>

Remark: The above related party transactions are in the ordinary course of business. The amounts shown above were already included in the Statements of Earning. There are additional explanations in Notes no. 4 to the 2015 financial statements as examined and reported by the auditor under his audit report dated 17 February 2016.





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# AWARDS & CSR 2015

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## Awards



Safety in Workplace Award



Ecomagination Awards



Green Industry (Level 4) Award



3Rs and Zero Waste to Landfill Awards



JEC Award



Zero Accident Award - Gold Level



Environmental Governance Award  
(Excellent Level)



## CSR

### Health and Safety of Employees and Surrounding Communities



### Environmental Conservation and Management







## Educational Support for Youths





## Activities Supporting Religion, Traditions and Important National Days



## Occupational Development and Community Well-being







Annual Report 2015



Annual Report 2014



Annual Report 2013



Annual Report 2012



Annual Report 2011



Annual Report 2010



Annual Report 2009



Annual Report 2008



Annual Report 2007



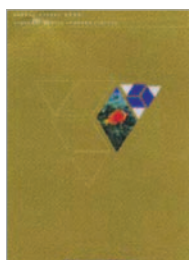
Annual Report 2006



Annual Report 2005



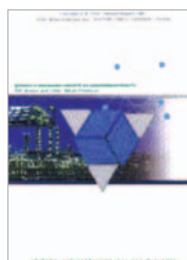
Annual Report 2004



Annual Report 2003



Annual Report 2002



Annual Report 2001



Annual Report 2000



Annual Report 1999



Annual Report 1998



Annual Report 1997



Annual Report 1996

## Vinythai Public Company Limited

BKK Office: 3656/41 14<sup>th</sup> floor Green Tower Rama IV Road, Klong Toey, Bangkok 10110  
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Website: [www.vinythai.co.th](http://www.vinythai.co.th), [www.vinythaicoral.org](http://www.vinythaicoral.org)







Vinythai Public Company Limited's major shareholders: Solvay S.A. Belgium,  
PTT Global Chemical Public Company Limited