

The **W**orld We **rld** Care

Annual Report
2010



INDORAMA
VENTURES

Vision

To be one of the leading global producers with key focus on people and processes thus making INDORAMA one of the most admired companies in the world.



Mission

Continuously upgrade quality of products and services through people involvement and world class processes to attain customer delight thus becoming a preferred supplier and institutionalise people learning as a key factor for business growth.

Value

People First

We believe that people are our core strength, be it our employees, suppliers, customers, shareholders and stakeholders. Their involvement and satisfaction are the key drivers for our success and growth.

Customer Delight

We believe we exist because of our customers. We focus our activities to achieve customer delight and loyalty for a long lasting relationship.



Social Responsibility

We believe in being responsible and caring for society; maintaining as well as enhancing the environment around us.

Corporate Governance

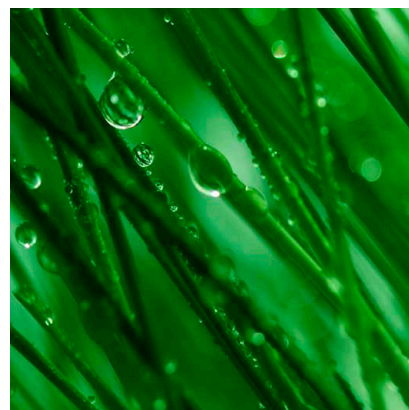
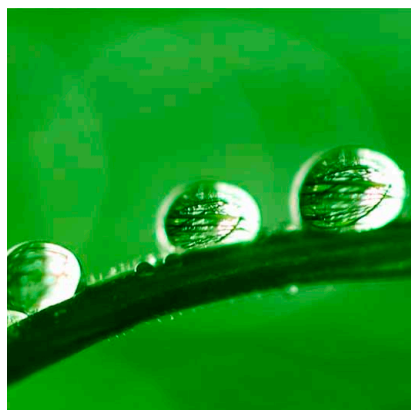
We believe in transparency, accountability and ethics. We aim to achieve the highest degree of governance in accordance with best practice.

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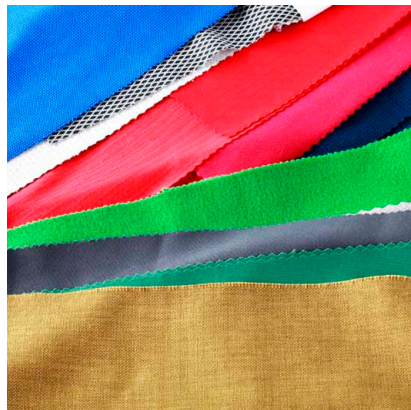
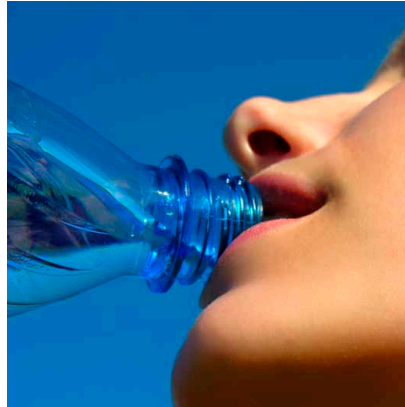
Performance Highlights



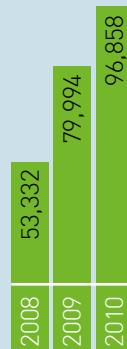
(Baht Million)	2010	2009	2008	CAGR
CONSOLIDATED INCOME STATEMENT				
Net sales	96,858	79,994	53,332	35%
Cost of sales	82,125	67,666	48,178	31%
Gross profit	14,733	12,328	5,154	69%
Selling and administration and others expenses	5,466	4,950	2,851	38%
Forex (gain) loss	(1,178)	(568)	524	n.a.
Operating profit	10,445	7,946	1,779	142%
*Other (income) expense	(1,165)	1,373	(1,397)	-9%
Profit before tax and minority	11,610	6,573	3,176	91%
Income tax	488	554	53	203%
Profit before minority	11,122	6,019	3,123	89%
Minority interest	562	1,195	467	10%
Net profit after tax and minority interest	10,560	4,824	2,656	99%
EBITDA	13,777	11,106	3,346	103%
CONSOLIDATED BALANCE SHEET				
Total Current Assets	26,144	23,566	18,835	
Property, plant and equipment	48,748	49,505	49,642	
Other Assets	3,113	1,189	1,291	
Total Assets	78,005	74,260	69,768	
Total Current Liabilities	24,080	25,785	23,779	
Long term loans - net of current portion	20,863	25,404	28,058	
Other liabilities	657	605	224	
Total Liabilities	45,600	51,794	52,061	
Issued and paid-up capital	4,334	3,352	3,352	
Share premium	13,031	4,443	4,443	
Retained earnings and reserves	14,704	9,384	5,000	
Minority interest	336	5,287	4,912	
Total shareholders equity	32,405	22,466	17,707	
FINANCIAL RATIOS				
Gross margin	15.2%	15.4%	9.7%	
EBITDA margin	14.2%	13.9%	6.3%	
Net margin before minority	11.5%	7.5%	5.9%	
Earnings per Share	2.49	1.44	0.79	
Return on equity	42.9%	32.2%	27.8%	
Return on capital employed	17.4%	14.3%	5.2%	
Net gearing	48.2%	62.6%	69.7%	
Net debt - equity	0.93	1.67	2.30	

*Year 2010 includes extraordinary income from gain on bargain purchase of Baht 2,451 million

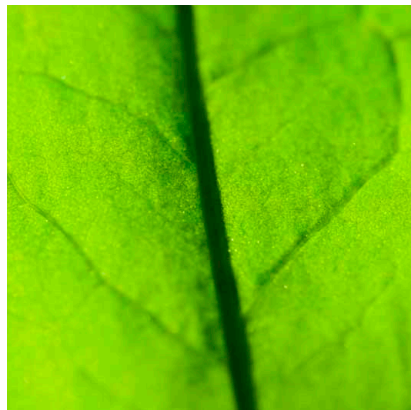
Performance Charts



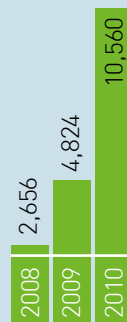
Net Sales
(Baht Million)



EBITDA
(Baht Million)



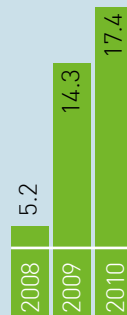
Net Profit After Tax And Minority
(Baht Million)



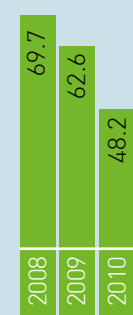
Earnings per Share
(Baht per Share)



Return on Capital Employed
(%)



Net Gearing
(%)





PET Division

INDORAMA
VENTURES



PET

Indorama Ventures PET division is a leading global manufacturer of Polyethylene Terephthalate (PET).

PET is an important versatile plastic used to produce a wide spectrum of packaging for beverages, food, personal and home care, pharmaceuticals, as well as other consumer and industrial products. We also produce PET packaging such as preforms, bottles and closures through a joint venture with Serm Suk Public Company Limited, the exclusive Pepsi bottler in Thailand.

We entered the PET business in 1995 with the establishment of a PET facility in Thailand with a capacity of 20,000 tons per year. Through organic growth, strategic acquisitions, and expansions we have grown today to operate 24 production facilities across 11 countries with a combined capacity to produce 3.3* million tons of PET polymers.

We are now the largest Polyester value chain producer in the world.



Chairman's Message



Dear Shareholders:

They say a smart man does not wait for opportunities but rather, makes them. As I take a look at where we are today, I can say that here at Indorama Ventures, I am surrounded by smart men. From a single PET resin facility in Thailand 15 years ago, we are now considered a global powerhouse in the Polyester Value Chain, creating profits in the three major divisions of PET, PTA and Polyester fibers and yarns.

As we embrace our new position the forefront of the Polyester industry, we must also accept responsibility for what comes with this leadership. To our customers, suppliers, employees and all stakeholders, we uphold the promise to grow and expand our reach, whether that is in terms of assets, profitability, or contribution to society.

The year 2010 brought a series of acquisitions, greenfield projects, and expansions as we remained dedicated to our growth strategy. This explosive growth required us to carefully consider the financial support of such consolidation, constructing a plan that called for funding from our cash flow and borrowings, supplemented by additional equity from shareholders. Several methods of raising capital were mulled, and after much consideration, we proceeded with the offering of rights to new shares to our existing shareholders. These free Transferable Subscription Rights, or TSRs, allowed us to give those shareholders who had been supporting IVL to receive the benefit first. The advantage of TSRs was the short period to the subscription date and the ability to trade in the open market, similarly to warrants. I am delighted to report that the TSRs were almost fully subscribed with 99.7% of TSRs being converted into 480 million new shares, raising approximately US\$ 566 million.

With the incredible momentum at which we have been advancing, I feel the Board is satisfied that we have not overstretched ourselves by maintaining a reasonable debt to equity ratio and a dividend payout of 30% of net profit after the deduction of all appropriated reserves. In 2010, the profits were up considerably, with earnings per share reaching Thai Baht 2.49, up from Thai Baht 1.44 per share in 2009. A dividend of

Thai Baht 0.66 was believed to be appropriate and the board has decided to recommend the same to the shareholders, and I am pleased to say this is double what was paid out in 2009. The total amount to be paid is Baht 3,178.5 million, or a 122% increase from the annual dividend declared in 2009.

In 2010 we also began to think seriously about the sustainability of the business and the actions we would need to attain this. The major area we knew we should contribute to was society and we decided to commence by improving the quality of life of our employees and the local community. By decreasing the Company's impact on the environment, all the community would benefit. The main thrust became recycling and we approved a project to construct a recycling plant at our Alabama PET facility. In Thailand we initiated projects to encourage recycling and are currently looking at a further investment in this area.

We officially opened our first solar energy project in Lopburi, Thailand with the intention of later using the experience gained to study alternative energy applications at our other facilities across the globe. As you may remember, we are already using wind power at our Northern England plant in Workington. Lopburi has amongst the highest solar radiation in Thailand, and we therefore decided to use the most appropriate technology for that area.

Moving forward, you will see IVL exploring further avenues of lowering our carbon footprint and our impact on the environment and local communities. That is the direction any company that wishes to be sustainable in the long term must pursue.

As always, we endeavor to remain transparent, committed, and loyal to your continued confidence and support in us.

On behalf of the board, I would like to thank the management for their hard work and conscientious delivery of results as well as the global presence that Indorama is today.



(S.P. Lohia)

Chairman of the Board

Group Chief Executive Officer's Message

Last year, I hinted that there were big things in store for your company and 2010 certainly exceeded many expectations as we went through a transformative period, during which we became the world's largest PET manufacturer and a global leader in the Polyester Value Chain. We commenced the year with a successful public offering on the Stock Exchange of Thailand on February 5th and since, gradually but confidently, IVL has grown today to amongst the top 15 corporates of Thailand and a member of the MSCI Index.

One of the keys to unlocking the value of IVL's shares in 2010 has been the education process. I have met with both institutional and retail shareholders over the past year to instill in them the understanding that IVL is not a typical petrochemical company. The nature of our products is that they are utilized by the global fast moving consumer goods companies in the application of staple products such as beverages, food, and clothing among others. Due to its unique characteristics, Polyester products have become indispensable to everyday life. In essence, IVL acts as the bridge between the petrochemical industry and the consumer goods industry. This close link to the consumers has resulted in the less volatile nature of our business and resilience to economic downturns.

With a successful listing behind us, the Company moved on to our 3rd strategy review having out performed the earlier reviews done in 2002 and 2006. With a larger group of management from each of the business, we took a close look at the dynamics and growth opportunities of our industry and business segments, establishing the next four-year agenda. This deep dive analysis opened up a world of opportunities for us. The culmination was a business plan dubbed Aspiration 2014, with the final goal of growing our capacity to 10 million Tons Per Annum (TPA) by 2014, whilst keeping in mind the customer and our model of global operations, scale, integration, and competitive cost structure.

Thus, 2010 began a succession of strategic expansions.

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Pioneering the Way Forward

If I am to choose one phrase that encompasses the spirit behind our strategy, it is 'Follow the Customer.' Each strategic initiative has been undertaken with an overarching theme to go where our customers are, will be, or want us to be. In addition to the organic global growth of PET and Polyester of 7-8% annually, we have successfully achieved high double digit inorganic growth over the years with some game-changing moves, encompassing both acquisitions as well as green- and brown-field expansions. These strategic initiatives not only achieved us the leadership in our core business but has also helped consolidate the Industry, especially in North America and Europe which will be have long term value accretion.

Besides the acquisition of our on-site utilities supplier, UIP, in Rotterdam, through which we reduced our utilities cost, we successfully closed a deal in Italy to acquire Ottana, an integrated 150,000 TPA PET and 192,000 TPA PTA facilities on the island of Sardinia. This was accomplished through a joint venture with the local utilities supplier, again a move towards further reducing costs. When we acquired the company in July last year it had been utilized at just 52% of its capacity during the 1st half of the year. During our tenure and the 2nd half of the year it was utilized up to 99%. This is a testament to the strength of our experienced management, their ability to turn companies around, and our good relations with customers and suppliers alike, which we believe is a key to our continued success.

We became the only PET company in Europe to add capacity in 2010 as we commenced the construction of a new line at our Rotterdam plant, to be completed in 2012. The European PET market still imports about 900,000 tons of PET a year, providing the potential for further growth. The 190,000 TPA line will effectively double the capacity at this facility and fully consume the PTA made on the same site. We also announced the construction of a 75,000 TPA PET plant in Nigeria that will mark our first inroads into Africa. As a first mover, we are hoping to create a strong presence in a continent with an emerging market and established as well as growing PET customers.

Within a short period towards the end of the year and the start of 2011, we managed to secure four significant acquisitions. Our first entry in China came about with the acquisition of Guangdong Shinda UHMWPE Co., Ltd., which we agreed to in November 2010 and concluded in January 2011. China of course is a fast-growing market for all consumer products and Guangdong in the South has a good concentration of soft drink companies as well as a supplier of PTA. The plant has an installed capacity of 406,000 TPA to produce PET polymers and Polyester polymers for fibers and yarns and industrial applications. We are currently seeking to expand on that capacity to benefit from the rising double-digit demand growth in China.

The announcement in December 2010 to acquire South Korea's SK Chemicals 336,000 TPA Indonesian and Polish PET and Polyester businesses provided us entry into two new markets. Indonesia, specifically, is a large and populous emerging nation with no single dominant player in the industry, and therefore provides vast potential for growth. The deal was closed in March 2011. The acquired plants will also assist us to expand the diversification of our product offering in specialty fibers and yarns. To further establish our presence in Indonesia, our Board recently approved the installation of a 300,000 TPA Continuous Polymerization resin plant at Purwakarta to cater to the growing demand of the Polyester Fiber, Yarn and Chips market in the country as well as the broader ASEAN region which is due for closer cooperation in 2015 under the framework of AEC. The plant is expected to start commercial operations in Q1-2013.

We also announced in 2010 that we would seek to acquire the Polyester resin and fiber assets of INVISTA in the USA and Mexico. The capacity acquired equals 1,005,000 TPA and includes polymer research and development facilities. This acquisition gave us access to the potentially lucrative Latin American market through Mexico, some well-known brands, and research and development capabilities to develop more specialty polymers for which we would own the intellectual property. The deal was completed in March 2011.

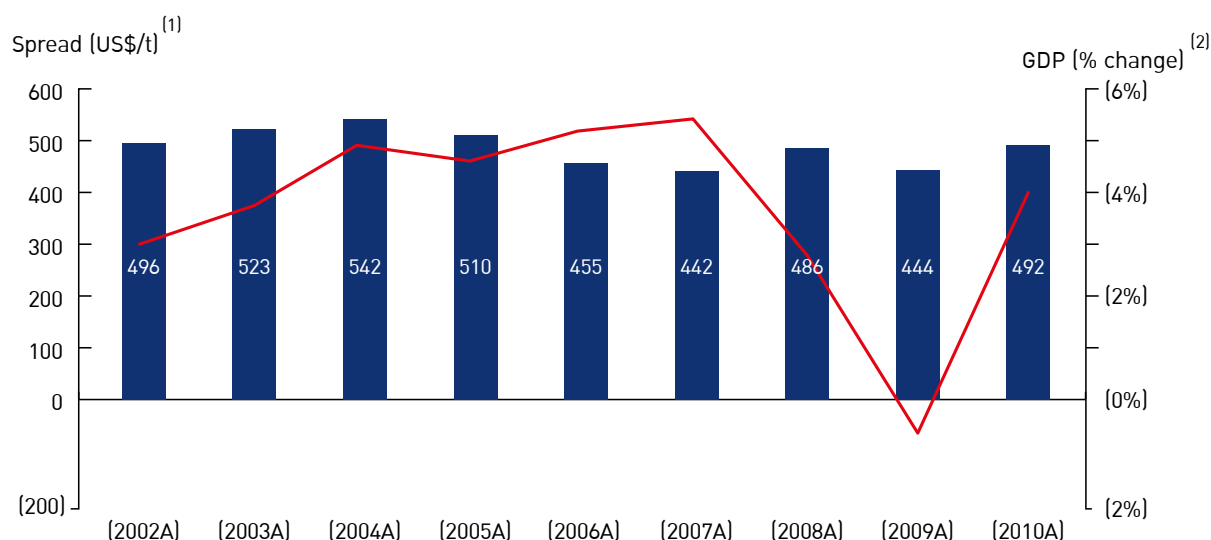
Recently, in February 2011, we announced the acquisition of the globally renowned manufacturer of specialty polyester, Trevira GMBH of Germany having a capacity of 120,000 TPA. Under a 75:25 joint venture with Sinterama, an Italian company that is in the specialty filaments business and an old acquaintance and friend. Trevira has its own Polyester research and development facilities, thus providing us with the potential for innovation in Polyester fibers as well as leveraging their brand with our global network. The Trevira deal is expected to be closed in the second quarter of 2011.

Why are we taking the company further into research and development! The terrific spurt of growth we have seen in the last few years moves us into a leadership position globally. As we move forward to our 2014 goals, our customers will expect us to take up the baton from the previous multinationals that are exiting the industry. Indorama will develop new polymers and fibers that will maintain continued innovation in the industry. We have accepted that challenge. For the Company it also means that we have ownership of some of the most attractive intellectual property in our industry. The potential is for us to add to our bottom line through value-added specialty products that can, through IVL's substantial marketing network, be sold globally.

Results Continue to Impress

As mentioned earlier, economic conditions have not had a great impact on our business and the year ended with a record-breaking fourth quarter with sales up 33% over the same quarter in 2009 to US\$832 million. Annually as well, the results were remarkable, up 31% over 2009 at US\$3,055 million. The record earnings are driven by strong demand globally across all our business lines, resulting in higher integrated margins. The IVL business model of global operations, scale and integration delivered robust growth in both revenues and earnings. The depth of our integration allows us to capture margins in the Polyester Value Chain, while our scale provides for a competitive cost structure.

Figure 1: Steady spreads are a long term phenomenon of an integrated PET/PTA strategy. Despite economic fluctuations, they have remained steady.

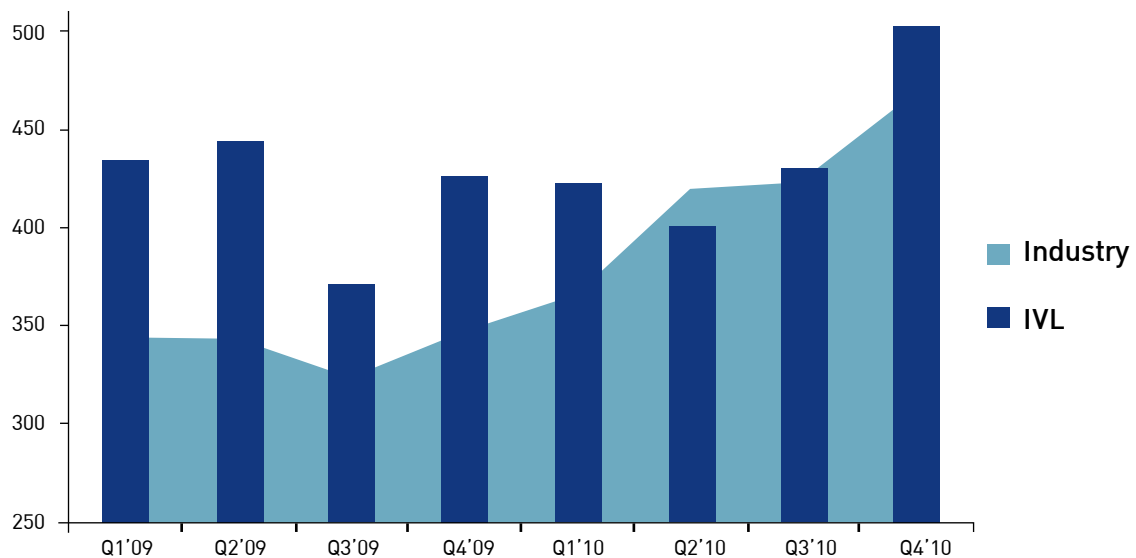


Note

1. Blended industry spread across three regions, Europe, US, Asia; per 1t of PET
2. World GDP at constant prices

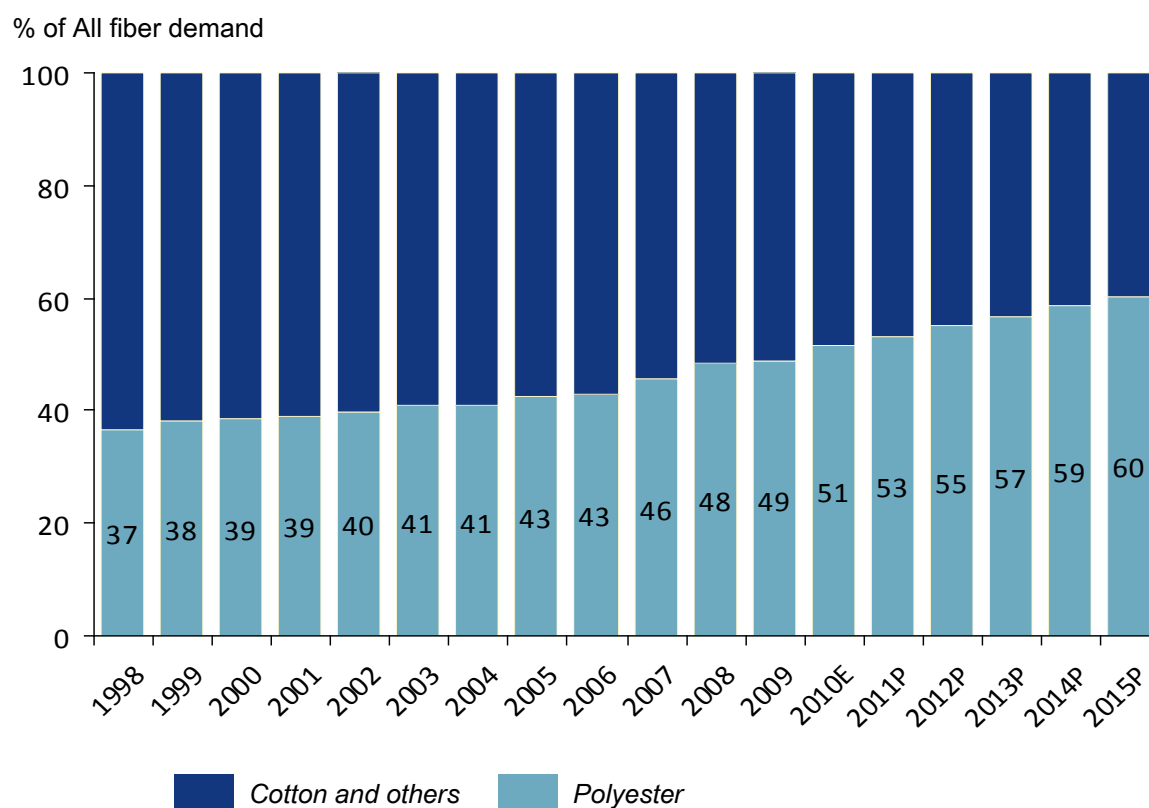
This has been proven by historical analysis of the spreads for IVL and the industry. We have seen that through integration, the combination of PET and PTA automatically led to less volatile spreads through different economic cycles. Since widened earnings are a function of cost savings and efficiency, we have taken various measures in creating sustainable savings where we can. The geographical distribution of our production facilities places us close to the customer and supplier, thereby reducing our logistics costs. We also benefit from our economies of scale as we grow globally, and our focus and integration allows us to produce at around 100% utilization rates as compared to the industry's average of 75%.

Figure 2: IVL vs. industry spreads are attractive due to the high utilization rates and geographical closeness with customers and raw materials that saves on logistics costs



The Company's annual net profit after tax and minorities saw 137% growth over 2009, with a healthy US\$ 333 million (Baht 10,560 million). I should note that our net profit Compound Annual Growth Rate, or CAGR, from 2006 to 2010 has been 79% while our CAGR for sales and EBITDA over the same period has been 44% and 53%, respectively. This illustrates the efficiency of operations of the Company over the long term.

Figure 3: Since 1998 Polyester has gradually taken a greater market share away from cotton and other fibers.



Source: Industry data

By the end of the year, our Polyester and PTA margins were given a strong upward boost by the soaring price of cotton. From an average of around US\$0.70, cotton climbed to US\$1.40 by the end of the year and still continues to climb and presently hovering at around \$2.00 per pound. This has led Polyester to fill the vacuum of demand for a lower cost material and has created a strong substitution effect. While I cannot be sure that cotton will continue to price itself as high as today in the long term, the growth of Polyester fibers is a long term fact.

As natural fibers are prey to the vagaries of weather and farmers' desire for cash crops with better returns, Polyester will continue to provide a low cost alternative. When Polyester climbs, PTA is just behind it. As the essential and major raw material used in Polyester (and PET) production, PTA is in short supply and delivering strong Operating EBITDA margins. As a vertically integrated producer we benefit from the security of raw material supply and enhanced margins.

In 2010, the Thai Baht continued to strengthen while the Euro and US Dollar weakened. The Euro in particular was weak throughout 2010, ending 16% down, while the US Dollar was down 10% on 2009. As all companies in the group use local currencies for their businesses, this meant that while the weak Euro and Dollar appeared to affect the foreign exchange exposure of the business in Thai Baht terms, in Europe and the USA, our businesses were able to sell more and were more competitive as compared to foreign imports. IVL is not adversely affected by currency fluctuations due to a natural hedge policy whereby we keep a basket of debt in foreign currencies in Thailand.

Looking ahead

As I look towards the future, I am excited by what I see on the horizon. We will have new markets to serve, and we will be able to offer our customers a more diverse range of products and services built around innovation. A more global and innovative Indorama Ventures will continue to create value for all its stakeholders.

We must remember though, that as we continue to grow, it is imperative to remain flexible to our ever-changing environment. To all our partners who have shown us continual trust and support, I assure you we shall not compromise on our agility, but rather strive to stay nimble as we move towards greater accomplishments.

The Indorama family of companies in Thailand and Internationally is proud to have built a trust with it's supplier base as well as banking corporations which has allowed us to grow at astonishing rates and I would like express my gratitude to each one of them.

I would also like to thank our Board members for their guidance and support. I would like to thank the agencies and authorities in the many countries that we operate in for their timely support and finally to all the employees and management of Indorama for their honest hard work that has put Indorama ahead of this exciting and growing industry.



(Alope Lohia)

Group Chief Executive Officer

Indorama Ventures

Public Company Limited (IVL)

Type of Business	Holding Company
Head Office	75/102 Ocean Tower 2, 37 th Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Kwaeng Klongtoey Nuer, Khet Wattana, Bangkok 10110, Thailand
Company's Registration Number	0107552000201
Tel.	+662 661 6661
Fax.	+662 661 6649, +662 661 6664
Web site	www.indoramaventures.com
Registered Share Capital	Baht 4,815,856,719.00 divided into 4,815,856,719 ordinary shares each of Baht 1 par value
Issued and paid-up Capital	Baht 4,334,271,047.00 divided into 4,334,271,047 ordinary shares each of Baht 1 par value
Listing on Stock Exchange	The Stock Exchange of Thailand The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok, 10110, Thailand Tel. +662 229 2000 Fax. +662 359 1009-11 www.set.or.th
Shares Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok, 10110, Thailand Tel. +662 596 9302-12 Fax. +662 359 1259 www.tsd.co.th
Auditors	KPMG Phoomchai Audit Limited 50th - 51st Floors, Empire Tower 195 South Sathon Road, Yannawa, Sathon, Bangkok 10120, Thailand Tel. +662 677 2000 Fax. +662 677 2222
Legal Counsel	Weerawong, Chinnavat & Peangpanor Ltd. 22nd Floor, Mercury Tower, 540 Ploenchit Road, Lumpini Pathumwan, Bangkok 10330, Thailand Tel. +662 264 8000 Fax. +662 657 2222
Company Contact	Secretarial & Legal: Mr. Souvik Roy Chowdhury Ms. Thamonwan Woraphongjirakarn e-mail: souvikroy@indorama.net thamonwan@indorama.net Investor Relations: Mr. Richard Jones Mr. Ashok Jain e-mail: richard@indorama.net ajain@indorama.net

Information of Subsidiaries, Associated and Affiliated Companies

Manufacturing Companies

Indorama Polymers PCL.

75/102,103 Ocean Tower 2, 37th Floor,
Soi Sukhumvit 19 (Wattana), Asoke
road, Kwaeng Klongtoey Nuer,
Khet Wattana, Bangkok 10110,
Thailand

Tel. + 66 (0) 2661 6661

Fax. + 66 (0) 2661 6649

Core Business

PET Polymers Manufacture

Number of Ordinary Shares :

Outstanding

1,382,197,870

Held

1,369,539,228

Equity Interest

99.08%*

(72.60% held by Indorama Ventures PCL and 26.48% held by Indorama Holdings Ltd.)



Petform (Thailand) Limited

85 Moo 11, Bang-Nga Tha-Klong
Road, Khaosamorkhon Sub - District,
Thawung District, Lopburi 15180,
Thailand

Tel. + 66 (0) 3648 9164-5

Fax. + 66 (0) 3648 9115

Core Business

PET Preforms, Closures and Blown
Bottles Manufacture

Number of Ordinary Shares :

Outstanding

7,500,000

Held

4,499,995

Equity Interest

59.99%

Asia Pet (Thailand) Limited

75/102, Ocean Tower 2, 37th Floor,
Soi Sukhumvit 19 (Wattana), Klongtoey
Nuer Sub-District, Wattana District,
Bangkok 10110, Thailand

Tel. + 66 (0) 2661 6661

Fax. + 66 (0) 2661 6649

Core Business

Amorphous Chips Manufacture

Number of Ordinary Shares :

Outstanding

45,000,000

Held

44,999,994

Equity Interest

99.99%



Indorama Holdings Limited

75/64, 65 Ocean Tower 2, 28th Floor,
Soi Sukhumvit 19 (Wattana), Asoke
Road, Kwaeng Klongtoey Nuer,
Khet Wattana, Bangkok 10110,
Thailand
Tel. + 66 (0) 2661 6661
Fax. + 66 (0) 2661 6649

Core Business

Wool Yarns, Polyester Fibers and
Yarns Manufacture and Holding
Company

Number of Ordinary Shares :

Outstanding

77,446,800

Held

77,303,050

Equity Interest

99.81%



Indorama Petrochem Limited

75/93 Ocean Tower, 35th Floor,
Soi Sukhumvit 19, Sukhumvit Road,
Kwaeng Klongtoey Nuer,
Khet Wattana, Bangkok 10110,
Thailand
Tel. + 66 (0) 2661 6661
Fax. + 66 (0) 2661 6649

Core Business

PTA Manufacture

Number of Ordinary Shares :

Outstanding

472,782,042

Held

472,782,036

Equity Interest

99.99%

TPT Petrochemicals PCL

75/116 - 117 Ocean Tower 2,
41st Floor, Soi Sukhumvit 19,
Sukhumvit Road,
Kwaeng Klongtoey Nuer,
Khet Wattana, Bangkok 10110,
Thailand
Tel. + 66 (0) 2661 6661
Fax. + 66 (0) 2661 6649

Core Business

PTA Manufacture

Number of Ordinary Shares :

Outstanding

492,500,000

Held

492,316,023

Equity Interest

99.96%



Indorama Polyester Industries PCL

75/92 Ocean Tower 2, 35th Floor,
Soi Sukhumvit 19 (Wattana), Asoke
Road, Kwaeng Klongtoey Nuer,
Khet Wattana, Bangkok 10110,
Thailand
Tel. + 66 (0) 2661 6661
Fax. + 66 (0) 2661 6649

Core Business

Polyester Fibers and
Yarns Manufacture

Number of Ordinary Shares :

Outstanding

2,202,850,000

Held

2,193,065,413

Equity Interest

99.55%* (64.94% held by Indorama
Ventures PCL. and 34.61% held by
Indorama Holdings Ltd.)

StarPet Inc.

801 Pineview Road, Asheboro, North Carolina 27203, USA

Core Business

Bottle Grade Resin

Chips Manufacture

Number of Ordinary Shares :

Outstanding

1,200

Held

1,200

Equity Interest

100.00%



AlphaPet Inc.

1301 Finley Island Road, Decatur, Alabama, AL35601, USA

Core Business

Bottle Grade Resin

Chips Manufacture

Number of Ordinary Shares :

Outstanding

4,400

Held

4,400

Equity Interest

100.00%

UAB Orion Global Pet

Metalo g.16, LT-94102, Klaipeda, Republic of Lithuania

Core Business

Bottle Grade Resin

Chips Manufacture

Number of Ordinary Shares :

Outstanding

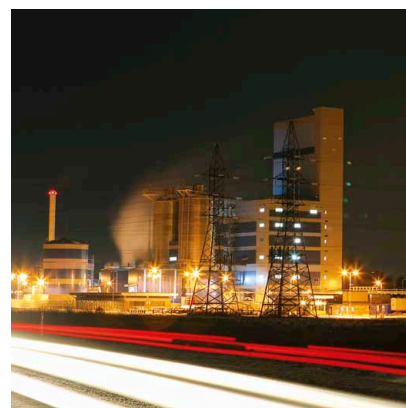
776,880

Held

776,880

Equity Interest

100.00%* (74% held by Indorama Polymers PCL and 26% held by Asia Pet (Thailand) Ltd.)



Indorama Polymers Rotterdam B.V.

Markweg 201, 3198 NB Europoort, Harbour Number 6347, Rotterdam, the Netherlands

Core Business

Bottle Grade Resin

Chips Manufacture

Number of Ordinary Shares :

Outstanding

18,000

Held

18,000

Equity Interest

100.00%

Indorama Polymers Workington Ltd.

Siddick, Workington, Cumbria,
CA14 1LG, United Kingdom

Core Business

Bottle Grade Resin
Chips Manufacture

Number of Ordinary Shares :
Outstanding

1

Held

1

Equity Interest
100.00%



Indorama Holdings Rotterdam B.V.

Markweg 201, 3198NB Europoort,
Rotterdam, the Netherlands

Core Business

PTA Manufacture

Number of Ordinary Shares :
Outstanding

18,000

Held

18,000

Equity Interest
100.00%

Indorama PET (Nigeria) Limited

East West Expressway,
Eleme, Port Harcourt,
Rivers State, Nigeria

Core Business

Bottle Grade Resin Chips
Manufacture

Number of Ordinary Shares :
Outstanding

10,000,000

Held

9,999,999

Equity Interest
99.99%



Ottana Polimeri S.R.L.

Strada Provinciale 17, Km 18,
Ottana (NU) - 08020
Italy

Core Business

Bottle Grade Resin Chips
Manufacture

Number of Ordinary Shares :
Outstanding

-*

Held

-*

Equity Interest
50.00%

Remarks: * Share Capital consists of 1 Quota of EUR 100,000 of which we hold 50%

Trading Companies

UAB Indorama Polymers Europe Metalo g.16, LT - 94102, Klaipeda, Republic of Lithuania	Core Business Trading Company (PET) Number of Ordinary Shares : Outstanding 725,088 Held 725,088 Equity Interest 100.00%	
	UAB Indorama Holdings Europe Metalo g.16, LT - 94102, Klaipeda, Republic of Lithuania	Core Business Trading Company (PTA) Number of Ordinary Shares : Outstanding 1,173,952 Held 1,173,952 Equity Interest 100.00%
Beacon Trading (UK) Ltd. 23 Northiam, Woodside Park, London N12 7ET	Core Business Trading Company (Wool Yarns) Number of Ordinary Shares : Outstanding 10,000 Held 10,000 Equity Interest 100.00%	
	Indorama Trading (UK) Ltd. 23 Northiam, Postal code - N12 7ET, London, United Kingdom	Core Business Trading Company (Wool Yarns) Number of Ordinary Shares : Outstanding 10,000 Held 10,000 Equity Interest 100.00%

Indorama Trading AG

Strengelbacherstrasse 1
4800 Zofingen, Switzerland

Core Business

Trading Company (Wool Yarns)

Number of Ordinary Shares :

Outstanding

100

Held

100

Equity Interest

100.00%

Holding Companies

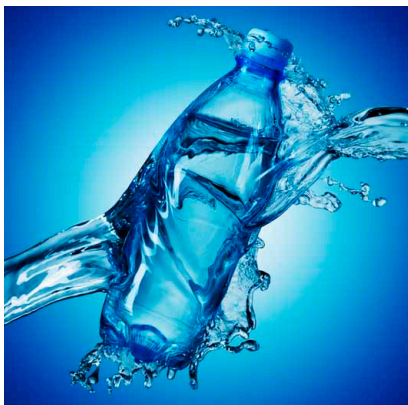
Indorama Polymers (USA) Inc. 1301 Finley Island Road, Decatur, Alabama, AL35601, USA	Core Business Holding Company Number of Ordinary Shares : Outstanding 4,400 Held 4,400 Equity Interest 100.00%	
	IVL Belgium N.V. Jules Bordetlaan 160, 1140 Evere Belgium	Core Business Holding Company (for UAB Ottana Polimeri Europe) Number of Ordinary Shares : Outstanding 30,615 Held 30,614 Equity Interest 99.99%
UAB Ottana Polimeri Europe Metalog. 16, Klaipeda LT - 94102 Lithuania	Core Business Holding Company (for Ottana Polimeri S.R.L.) Number of Ordinary Shares : Outstanding 21,072,080 Held 10,536,040 Equity Interest 50.00%	


Remarks: The following subsidiaries were set up in 2010 but capital contributions were made in 2011

<p>1) IVL Singapore Pte. Limited</p> <p>17 Phillip Street #05 - 01 Grand Building Singapore (048695)</p>	<p>Core Business Investment Company Number of Ordinary Shares : Outstanding 100 Held 100 Equity Interest 100.00%</p>	
<p>2) Guangdong IVL PET Polymer Co., Ltd.</p> <p>No. 1 Meihua Road, Shuikou Town, Kaiping City, Guangdong, PRC</p>	<p>Core Business PET Polymers Manufacture Number of Ordinary Shares : Outstanding N.A.* Held N.A.* Equity Interest 100.00%</p>	
<p>3) Auriga Polymers Inc.</p> <p>2711 Centerville Road, Suite 400, City of Wilmington, New Castle, Delaware 19808, USA</p>	<p>Core Business PET Polymers Manufacture Number of Ordinary Shares : Outstanding 5,000 Held 5,000 Equity Interest 100.00%</p>	

* Equity Investment is USD 31 million

Organization Structure





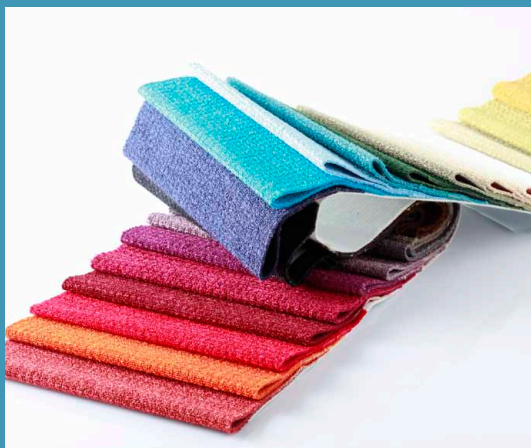
Polyester Division

INDORAMA
VENTURES



Polyester

Indorama Ventures Polyester division is a global, dedicated specialty producer of polyester fibers, yarns, and chips.



We manufacture a broad range of over 200 products and are one of the few companies present in all key polyester market verticals such as non-wovens, home textiles, technical textiles, automobiles and apparel.

The growth of our Polyester division was based on the acquisition of distressed assets that enabled us to expand our scale as well as enhance our product mix. We entered the Polyester business in 1997 in Thailand with the takeover of Indo Poly (formerly Siam Polyester). The facility was successfully turned around in a short period of time. In 2008, we acquired Tuntex (Thailand) Plc, the largest manufacturer of polyester fibers in Thailand, subsequently re-naming it Indorama Polyester Industries. Non-operational at the time of acquisition, the facility restarted production

during the same year. We are currently the largest polyester fiber producer in Thailand with a total production capacity of 244,800 tons per year.

Our Polyester division is recognized for its manufacturing consistency and reliability, product quality, use of best practices and processes, and experienced team of professionals. We place the highest emphasis on building strong and lasting relationships with our customers, providing continually rising service levels and continuing investment to expand economies of scale and product portfolio to provide customers with the right product, at the right time, in the right place and at the right price.

As the original business of the Lohia family, there is significant sharing of in-house expertise and experience in this field.

Board of Directors

The **W**orld
We  Care



1. Mr.Sri Prakash Lohia

Position

Chairman

Age 58

Education/Training

- Bachelor of Commerce, Delhi University, India

Present Important Positions

- Chairman of Eleme Petrochemicals Company Limited
- Chairman of Indorama Shebin Textiles Co. (S.A.E)
- Chairman of Indorama Petrochemicals (Nigeria) Limited
- President Commissioner of PT. Indo-Rama Synthetics Tbk
- Director of Indorama Group Holdings Limited
- Director of Indorama Corporation Pte. Ltd.
- Director of Indorama International Limited
- Director of Indorama Petro Limited
- Director of Indorama Petrochem Limited
- Director of Indorama Iplik Sanayi ve Ticaret AS
- Director of Isin Lanka (Private) Limited
- Director of Indorama Industries Limited
- Director of Indorama Global Finance Limited

% of shareholding in IVL As of 31 December 2010

- None -

2. Mr. Alope Lohia

Position

Vice Chairman, Group CEO and Member of Nomination, Compensation and Corporate Governance Committee

Age 52

Education/Training

- Bachelor of Commerce, Delhi University, India
- Honorary Doctoral Degree of Business Administration, Rajamangala University of Technology Krungthep
- Director Accreditation Program Class No. 65/2007, Thai Institute of Directors

Present Important Positions

- Chairman of Indorama Polymers PCL
- Chairman of Indorama Resources Ltd.
- Chairman of TPT Petrochemicals PCL
- Chairman of UAB Indorama Holdings Europe
- Chairman of Indorama Polymers Rotterdam B.V.
- Chairman of Indorama Holdings Rotterdam B.V.
- Chairman of Indorama Polymers Workington Ltd.
- Chairman of UAB Indorama Polymers Europe.
- Chairman of Indorama Polymers (USA) Inc.
- Chairman of AlphaPet Inc.
- Chairman of UAB Orion Global PET
- Chairman of StarPet Inc.
- Chairman of Asia Pet (Thailand) Limited
- Chairman of Indorama Holdings Ltd.
- Chairman of IVL Belgium N.V.
- Director of Indorama Polyester Industries PCL
- Director of Indorama Petrochem Ltd.
- Director of Canopus International Limited
- Director of Petform (Thailand) Limited

% of shareholding in IVL As of 31 December 2010

10 shares or 0.00%

(Held by Minor Child 10 shares or 0.00%)

Board of Directors

The **W**orld
We  Care



3. Mrs. Suchitra Lohia

Position

Director

Age 46

Education/Training

- Bachelor of Commerce, Delhi University, India

Present Important Positions

- Director of Indorama Polymers PCL
- Director of Indorama Resources Ltd.
- Director of TPT Petrochemicals PCL
- Director of UAB Indorama Holdings Europe
- Director of Indorama Polymers Rotterdam B.V.
- Director of Indorama Holdings Rotterdam B.V.
- Director of Indorama Polymers Workington Ltd.
- Director of UAB Indorama Polymers Europe
- Director of Indorama Polymers (USA) Inc.
- Director of AlphaPet Inc.
- Director of UAB Orion Global PET
- Director of StarPet Inc.
- Director of Asia Pet (Thailand) Limited
- Director of Indorama Holdings Ltd.
- Director of IVL Belgium N.V.
- Director of Indorama Polyester Industries PCL
- Director of Indorama Petrochem Ltd.
- Director of Canopus International Limited
- Director of Petform (Thailand) Limited

% of shareholding in IVL As of 31 December 2010

- None -

(Held by Spouse and Minor Child 20 shares or 0.00%)

4. Mr. Sashi Prakash Khaitan

Position

Director

Age 62

Education/Training

- Bachelor of Science, St. Xavier College, Kolkata, India

Present Important Positions

- Director of Indorama Polyester Industries PCL
- Director of Indorama Holdings Ltd.
- Director of Beacon Trading (UK) Ltd.
- Director of Indorama Trading (UK) Ltd.
- Director of Indorama Trading AG

% of shareholding in IVL As of 31 December 2010

90,000 shares or 0.00%

Board of Directors

The **W**orld
We  Care



5. Mr. Dilip Kumar Agrawal

Position

Director

Age 53

Education/Training

- Bachelor of Science, University of Udaipur, India
- Chartered Accountant, The Institute of Chartered Accountants of India
- Company Secretary, The Institute of Company Secretaries of India
- Director Accreditation Program Class No. 65/2007, Thai Institute of Directors

Present Important Positions

- Chairman of Indorama Pet (Nigeria) Ltd.
- Director of Indorama Polymers PCL
- Director of Petform (Thailand) Limited
- Director of Asia Pet (Thailand) Limited
- Director of Indorama Petrochem Ltd.
- Director of TPT Petrochemicals PCL
- Director of StarPet Inc.
- Director of AlphaPet Inc.
- Director of UAB Orion Global PET
- Director of IVL Belgium N.V.
- Director UAB Ottana Polimeri Europe
- Director of UAB Indorama Holdings Europe
- Director of Indorama Holdings Rotterdam B.V.
- Director of UAB Indorama Polymers Europe.
- Director of Indorama Polymers Rotterdam B.V.
- Director of Indorama Polymers Workington Ltd.
- Director of Indorama Polymers (USA) Inc.

% of shareholding in IVL As of 31 December 2010

- None -

6. Mr. Amit Lohia

Position

Director

Age 36

Education/Training

- Bachelor of Economics and Finance, Wharton School of Business, USA

Present Important Positions

- Vice Chairman Indorama Shebin Textiles Co SAE
- President Director PT Indo-Rama Synthetics TBK
- Director of Indorama Polyester Industries PCL
- Director of TPT Petrochemicals PCL
- Director of Indorama Corporation Pte. Ltd.
- Director of Indorama Petrochemicals (Nigeria) Ltd.
- Director of Indorama Group Holdings Ltd.
- Director of Eleme Petrochemicals Company Limited
- Director of Indorama Petro Ltd.
- Director of Indorama International Ltd.
- Director of Isin International Pte Ltd.
- Director of UIB Insurance Brokers (India) Private Ltd.
- Director of Indorama International Private Ltd.
- Director of Indorama Industries Ltd.
- Director of Indorama Industry Pte Ltd.
- Director of Indorama Iplik Sanayi ve Ticaret AS
- Director of Indorama International Finance Ltd.
- Director of Indorama Petrochem Ltd.
- Director of Indorama Energy Pte Ltd.
- Director of Isin Lanka (Private) Ltd.
- Supervisory Board Member of
- JV Indorama Kokand Textile LLC

% of shareholding in IVL As of 31 December 2010

- None -

Board of Directors

The **W**orld
We  Care



7. Mr. Rathian Srimongkol

Position

Independent Director, Vice Chairman and
Chairman of Audit Committee

Age 51

Education/Training

- Bachelor of Medical Science, Mahidol University
- Medical Degree (Siriraj Hospital), Mahidol University
- Master of Business Administration, Thammasat University
- M.P.A. (General Administration), Suan Sunandha Rajabhat University
- Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9) King Prajadhipok's Institute
- Diploma, National Defence College,
- The Joint State - Private Sectors Course Class No. 21, National Defence College of Thailand
- Capital Market Academy Leadership Program, Capital Market Academy (Class 11)
- Director Certification Program Class No. 8/2001, Thai Institute of Directors
- Role of the Chairman Program Class No. 19/2008, Thai Institute of Directors
- Financial Statements Demystified for Director Class No. 1/2009, Thai Institute of Directors

Present Important Positions

- Director and Chairman Audit Committee, Indorama Polymers PCL
- Senior Executive Vice President of Siam City Bank PCL
- Director of State Enterprise Director Nomination Committee, Ministry of Finance
- Director of Thailand Center of Excellence for Life Sciences
- Member of Performance Agreement Subcommittee, Organization Management (Internal Audit and Internal Control), State Enterprise Policy Office, Ministry of Finance
- Member of Performance Agreement Subcommittee (Energy Sector), State Enterprise Policy Office, Ministry of Finance

% of shareholding in IVL As of 31 December 2010

- None -

8. Mr. Chakramon Phasukavanich

Position

Independent Director and Member of Audit Committee

Age 62

Education/Training

- M.A. (Economics), California State University, Northridge, U.S.A.
- Bachelor's Degree in Economics, Chulalongkorn University
- Certificate, Senior Executive Development Program (Class 12)
- The National Defense College of Thailand (Class 39)
- Director Accreditation Program Class No. 20/2004, Thai Institute of Directors
- Financial for Non-Financial Director Class No. 13/2004, Thai Institute of Directors
- Audit Committee Program Class No. 14/2006, Thai Institute of Directors
- Director Certification Program Class No. 71/2006, Thai Institute of Directors
- Role of the Chairman Program Class No. 20/2008, Thai Institute of Directors
- Current Issue Seminar Class No. 1/2008 Thai Institute of Directors
- Director Forum Class No. 1/2009, Thai Institute of Directors

Present Important Positions

- Member of Council of State
- Member of Council of Burapha University
- Member of Economic Policy Advisory Committee,
- The Office of the Prime Minister
- Chairman of Civil Service Commission Sub - Committee on Job Qualification and Post Classification for Senior Executives of Ministry of Public Health, Ministry of Science and Technology, and Nation Intelligence Agency

% of shareholding in IVL As of 31 December 2010

- None -

(Held by Spouse - 155,650 shares or 0.00%)

Board of Directors

The **W**orld
We  Care



9. Mr. Maris Samaram

Position

Independent Director and Member of Audit Committee

Age 68

Education/Training

- B.S.B.A. Accounting, University of the East, Philippines
- Program for Management Development, Harvard Business School, USA
- Director Certification Program Class No. 33/2003, Thai Institute of Directors
- Audit Committee Program Class No. 3/2004, Thai Institute of Directors
- Quality of Financial Reporting Class No. 2/2006, Thai Institute of Directors
- Monitoring the Internal Audit Function Class No. 3/2008, Thai Institute of Directors
- Monitoring the System of Internal Control and Risk Management Class No. 4/2008, Thai Institute of Directors
- Handling Conflicts of Interest: What the Board Should Do? Thai Institute of Directors

Present Important Positions

- Independent Director and Chairman of Audit Committee of Siam Commercial Bank PCL
- Independent Director, Member of Audit Committee and Member of the Corporate Governance and Nomination Committee of Tata Steel (Thailand) PCL
- Independent Director of Marsh PB Co., Ltd.
- Member of Executive Committee and Chairman of Audit Committee of Asian Institute of Technology
- Director of PAC (Siam) Ltd.

% of shareholding in IVL As of 31 December 2010

- None -

10. Mr. William Ellwood Heinecke

Position

Independent Director and Chairman of Nomination, Compensation and Corporate Governance Committee

Age 61

Education/Training

- Honorary Doctoral Degree of Business Administration in Management, Yonok University, Lampang
- International School of Bangkok
- Director Certification Program Class No. 64/2005, Thai Institute of Directors

Present Important Positions

- Chairman and Chief Executive Officer of Minor International PCL
- Chairman and Chief Executive Officer of Minor Corporation PCL
- Chairman of Minor Food Group PCL
- Director of Rajadamri Hotel PCL
- Director of Serm Suk PCL

% of shareholding in IVL As of 31 December 2010

887,000 shares or 0.02%

Board of Directors

The **W**orld
We  Care



11



12



11. Dr. Siri Ganjarerndee

Position

Independent Director and Member of Nomination,
Compensation and Corporate Governance Committee

Age 62

Education/Training

- B.E. (Hons.) Economic Statistics, University of Sydney, Australia
- M.E. Economic Statistics and Monetary Economics, University of Sydney, Australia
- Ph.D. Monetary Economics and Econometrics & Operations Research, Monash University, Australia

Present Important Positions

- Independent Director, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee of the Post Publishing PCL
- Vice Chairman and Chairman of the Audit Committee of Thai Vegetable Oil PCL
- Vice Chairman and Chairman of the Executive Board of Prasit Pattana PCL
- Member of Board of Directors, Audit Committee, Nomination Committee and Compensation Committee of Thoresen Thai Agencies PCL
- Independent Director, Executive Committee, Chairman of the Nomination & Remuneration Committee of Bangkok Life Assurance Ltd.
- Director of the Bank of Thailand Board, Bank of Thailand
- Director of Monetary Policy Committee Bank of Thailand
- Performance Assessment Committee of State Enterprise Policy Office, Ministry of Finance
- Director, Member of Audit Committee, Compensation Committee, Nomination Committee and Chairman of Investment Committee of TRIS Corporation Co., Ltd

% of shareholding in IVL As of 31 December 2010

- None -

12. Mr. Kenneth See

Position

Independent Director and Member of Nomination,
Compensation and Corporate Governance Committee

Age 60

Education/Training

- MBA - Finance & Quantitative Method, University of New Orleans, USA
- Bachelor of Engineering (Honor & Gold Medal), Chulalongkorn University
- Director Certification Program 2003, Thai Institute of Directors
- Global Leadership Development Program International Centre for Leadership in Finance (ICLIF)
- Capital Market Academy Leadership Program, Capital Market Academy (Class 9)

Present Important Positions

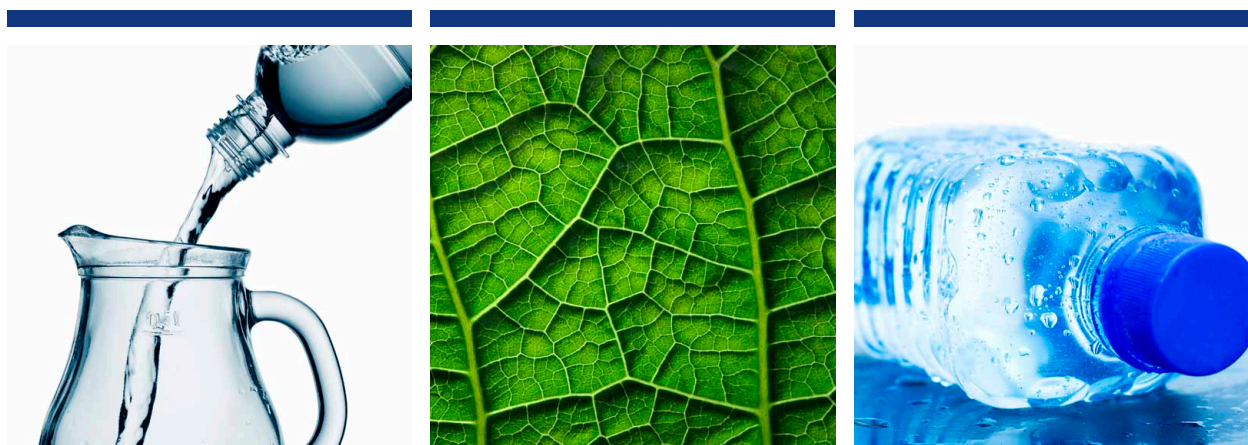
- Executive Vice President of Bangkok Bank PCL
- Director of TPT Petrochemicals PCL
- Director of HMC Polymers Company Limited
- Director of Bangkok Industrial Gas Company Limited
- Director of Indorama Polyester Industries PCL
- Director of Golden River Investment International Corp

% of shareholding in IVL As of 31 December 2010

- None -

List of Major Shareholders

Indorama Ventures Public Company Limited (IVL)



Rank	Shareholders	Number of Shares	%
1.	Indorama Resources Ltd.	3,119,434,540	71.97
2.	Bangkok Bank PCL.	206,082,850	4.75
3.	Indorama Synthetics (India) Ltd.	128,029,200	2.95
4.	Thai NVDR Ltd.	65,311,994	1.51
5.	HSBC (Singapore) Nominees PTE. Ltd.	48,391,822	1.12
6.	Mr. Kamlesh Chandumal Daswani	36,000,000	0.83
7.	K Equity LTF	23,941,900	0.55
8.	GPF EQ-TH	19,843,600	0.46
9.	American International Insurance Company Limited-Tiger	18,000,000	0.42
10.	Energy and Petrochemical Index Fund (FAM EPIF)	16,824,800	0.39

Note : Indorama Ventures PCL's top 10 shareholders at the closing date of the share register for receiving Transferable Subscription Rights as of 27 December 2010

Dividend Payment Policy

The Company has a policy to pay a total dividend of not less than 30% of our net profit after tax and after the appropriation of the reserve. However, our Board of Directors may amend the dividend policy at any time to take into account the availability of funds to be used as a reserve for debt repayment, capital investment for production expansion, to react to changing market conditions or as required to manage the company's future cashflows.

The payout of dividend by the subsidiaries to IVL is not less than 80% of their net profit after tax and after appropriation to reserve fund. However, the subsidiary Board may amend the dividend payment at any time to take into account the availability of funds to be used as a reserve for debt repayment, capital investment for production expansion, to react to changing market conditions or as required to manage their company's future cashflows.



PTA Division
INDORAMA
VENTURES



PTA

Indorama Ventures PTA division is a world scale manufacturer of PTA with a total production capacity of 1.78 million tons per year.



Our PTA division manufactures purified terephthalic acid (PTA), a key raw material in the production of PET and Polyester fiber, of which approximately 50% is used captively and the rest marketed to external customers worldwide.

Our growth philosophy for the PTA division is the strategic acquisition of quality and fit-for-purpose assets while also providing complementary support for our downstream PET and Polyester businesses. We entered the PTA business in 2008 with the acquisition of Eastman's PTA plant in the Netherlands, Indorama Petrochem facility in Thailand, and the majority stake in TPT Petrochemicals Ltd in Thailand.

As a result of changing industry dynamics, we believe that our proactive approach towards vertical integration will result in high operating rates, cost savings through co-location and raw material security.

Business Operations

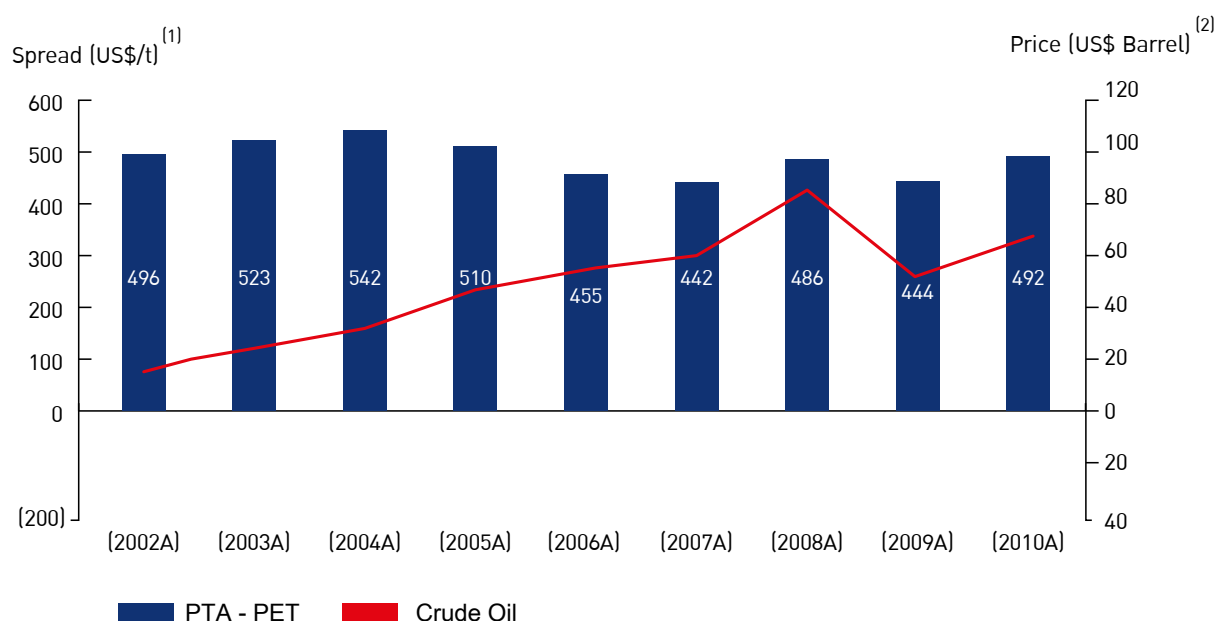
Description of Indorama Ventures' Business

Indorama Ventures Public Company Limited (IVL) is one of the world's foremost producers in the polyester chain industry; in terms of both capacity and level of integration almost all of our revenues come from the sale of products in the Polyester Value Chain. IVL produces two major polyester polymer types, PET resin and Polyester fibers and yarns, and a small amount of specialist polyester types such as film grade chips. In March 2008 we began to manufacture PTA, a feedstock essential to all polyester polymers.

The principal products are all intermediates connecting the oil and petroleum industry with fast moving consumer goods (FMCG) producers. This lends itself to less volatility than up-stream manufacturers, with consistent demand from downstream customers. Contracts with customers are for long term volumes, typically of one to three years; however the pricing is adjusted monthly allow for the rise and fall of raw material supplies according to an agreed mechanism. This system is an industry-wide norm and indicates our ability to pass through all price movements to customers.

This mechanism implies that crude oil and its derivative raw materials used to produce PET and Polyester fibers have very little impact on the business except in the case that there is a sharp rise or fall in the price of such materials, entailing an adjustment in the cost of inventory by reflecting market prices.

Figure 1: Global blended PET and PTA spreads compared to the fluctuations in crude oil price (2002-2010)



Note

1. Blended (Simple average) industry spread across three regions, Europe, US, Asia; per 1t of PET
2. Average WTI Crude Oil Price for the year

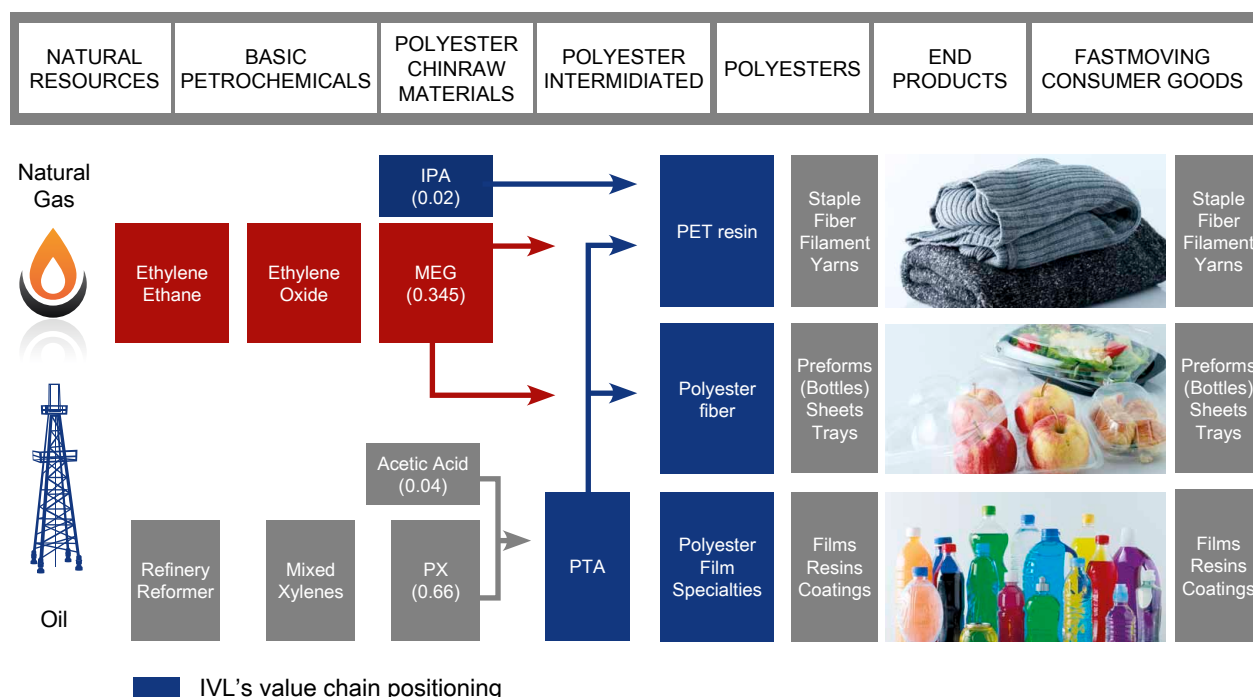
Crude oil prices have a modest effect on global producers of carbonated soft drinks. For instance, the actual crude oil cost in a two liter PET bottle is around 2-3%, and therefore fluctuations in price a minor or insignificant effect on customers. Due to the undulating nature of the prices having little impact on the business, the company tries to maintain its spread, the difference between the selling price and the price of the raw materials.

Raw Materials and the Polyester Value Chain

The two main feed stocks for PET (Polyethylene Terephthalate) and Polyester fiber are PTA (Purified Terephthalic Acid) and MEG (Monoethylene Glycol), with PX (Paraxylene) an important raw material for the production of PTA.

PX is derived from naphtha, a product of crude oil and is part of the aromatics chain of products, while MEG is derived from natural gas and is part of the olefins chain of products. IVL obtains its raw materials from established producers with volume contracts to guarantee its supply.

Figure 2: Overview of the flow from upstream raw materials to the Polyester value chain and on to consumer goods.



Towards the end of 2010, PTA availability became tight due to the increase in demand for Polyester as cotton prices began to soar. With increased demand, PTA prices rose accompanied by increased spreads. This high demand is expected to remain as long as cotton process remains high and strengthen powerful demand for Polyester.

Vertical Integration and Spread

Vertical integration as a strategy has brought the company numerous benefits since initiated in 2008. Whether through asset ownership or virtual integration through co-location with key raw material suppliers we have enhanced our operational and logistical efficiency, cost competitiveness and raw material security. Integration through owned assets also enhances our ability to insulate ourselves from sector phasing and improve the quality and predictability of earnings. Moving forward, our strategy will focus on increasing our PTA capacities in line with our downstream PET and polyester capacities, especially in markets that we identify to be important.

During 2008, we acquired three PTA production facilities, which provide raw material support for our downstream PET and polyester facilities. We intend gradually to consume an increasing quantity of PTA internally through our PET and polyester facilities, reducing quantities available for merchant sales. About half of our PTA production today is used internally.

What we integrate

The key raw material for PET/Polyester production is PTA and MEG, with Paraxylene (PX) used to produce PTA. IVL is among the world's largest buyers of PX and MEG. We are vertically integrated into PTA, either through our own co-located PTA production facilities, or through virtual integration, such as our AlphaPet plant in Alabama, which is co-sited with BP Chemicals' PTA plant.

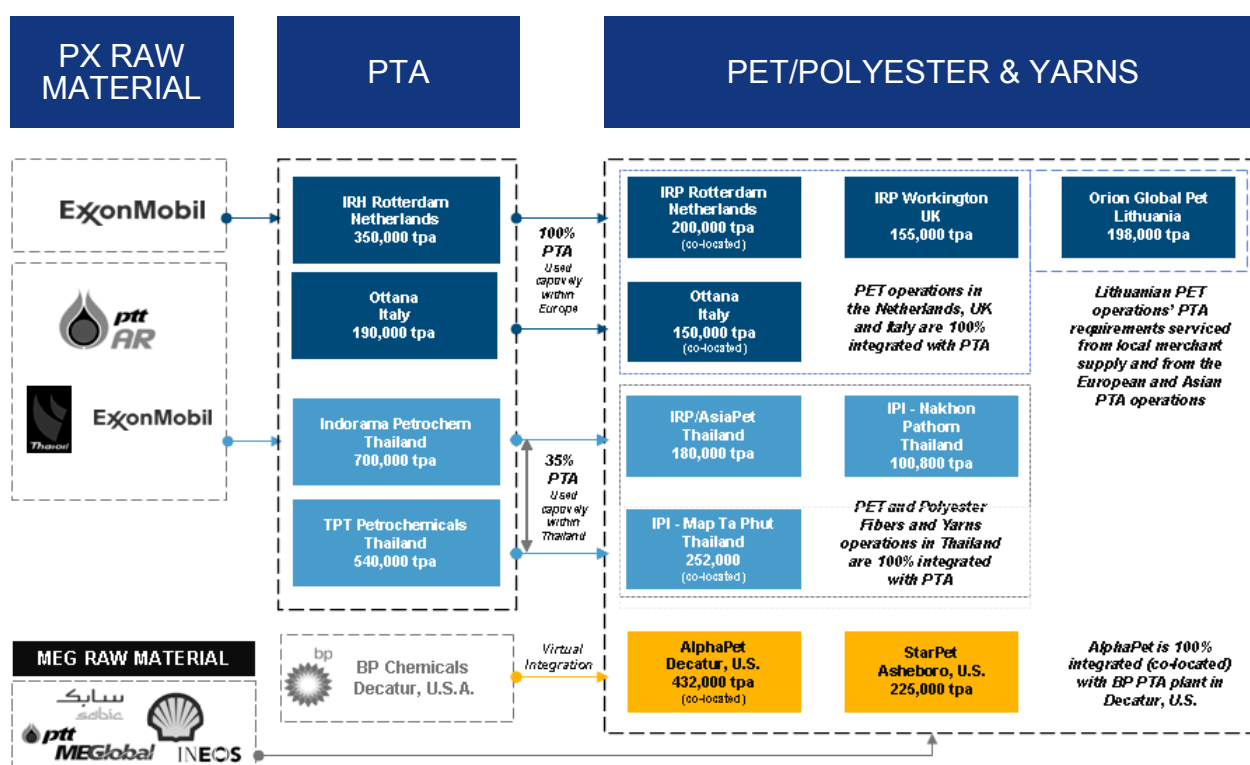
There are opportunities for further real or virtual integration into PX and MEG, as well as energy integration by acquiring the utility assets of, or partner with, suppliers. By increasing supply chain efficiency the logistics cost for raw materials comes down.

The key benefits of vertical integration

PTA supply security for our PET and polyester operations during periods of market fluctuations, specifically in periods of high PTA demand as at the end of 2010, permits us to make better cost planning and enhances lower volatility. Integration gives us the ability to maintain higher capacity utilization as compared to merchant PTA suppliers at all times. PTA and PET or PTA and Polyester site co-locations costs can be reduced due to the reduction of logistics, the sharing of common services, the reduction of fixed costs associated with raw materials procurement, sales and marketing and administrative functions.

Integration enhances operating efficiency, competitiveness and responsiveness to customers and market developments, as well as allowing stability in volumes and profits.

How vertical intergration at IVL works.



Global Footprint and Economies of Scale

Indorama Ventures is a global company with 23 manufacturing facilities located in 11 countries across four continents, namely Asia, North America Africa and Europe, supplying products to customers worldwide. Indorama Ventures is the only PET resin producer with a global footprint. Our polyester business is located in Thailand and has a diversified customer base. Our PTA is manufactured in Thailand and Europe to provide the support to our downstream operations as well as to market to external customers worldwide.

This global footprint enables us to capture volume growth and widen our customer base. By being closer to both customers and suppliers, we can increase our cost competitiveness and lower our logistical costs. As protectionism leads to trade barriers, globalization means we benefit by avoiding existing trade barriers and reduce exposure and dependence on any single market. We operate our facilities at full utilization rates.

Figure 3: IVL's Global Footprint covers four continents, ensuring ease of delivery and low costs for customers

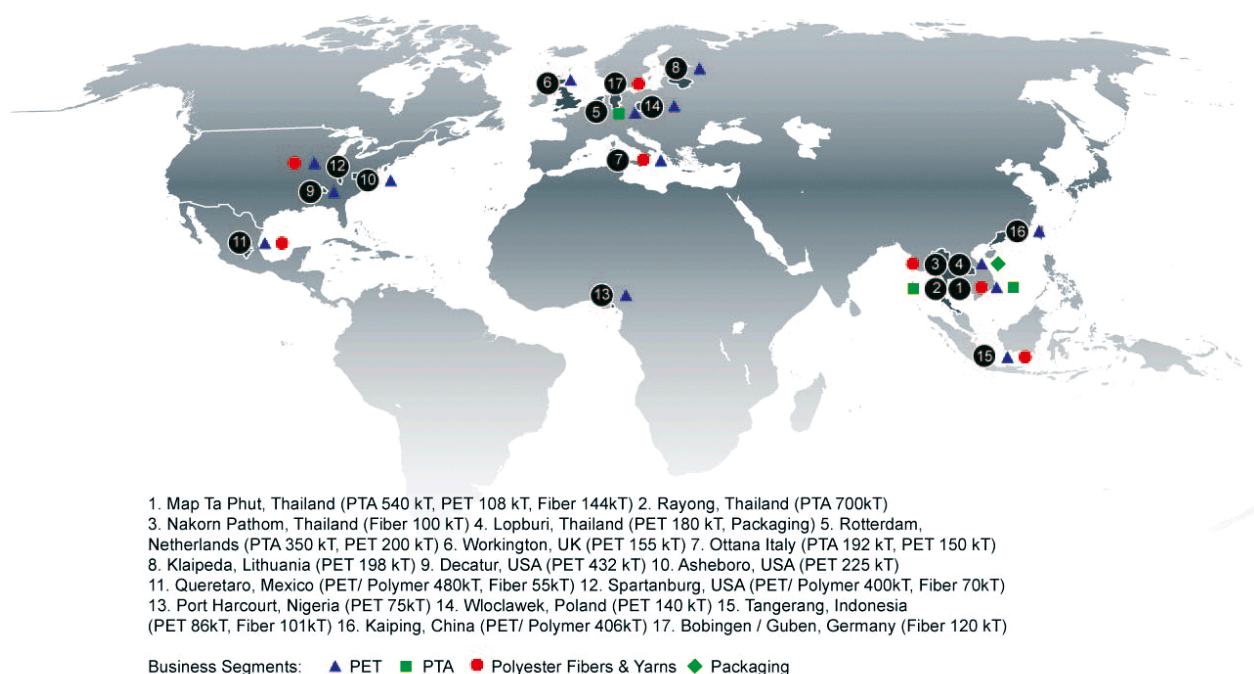
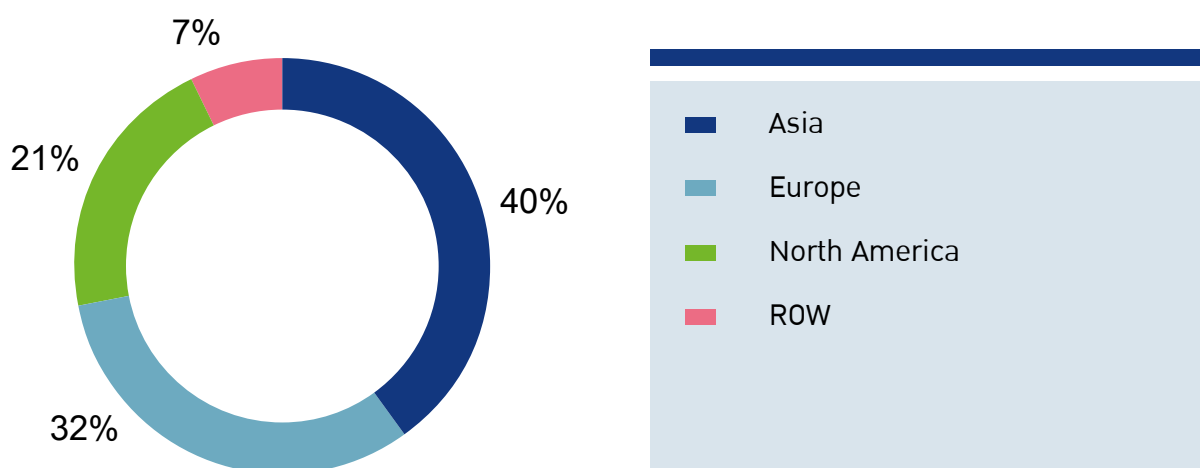


Figure 4: IVL sales revenue by geographic region in 2010



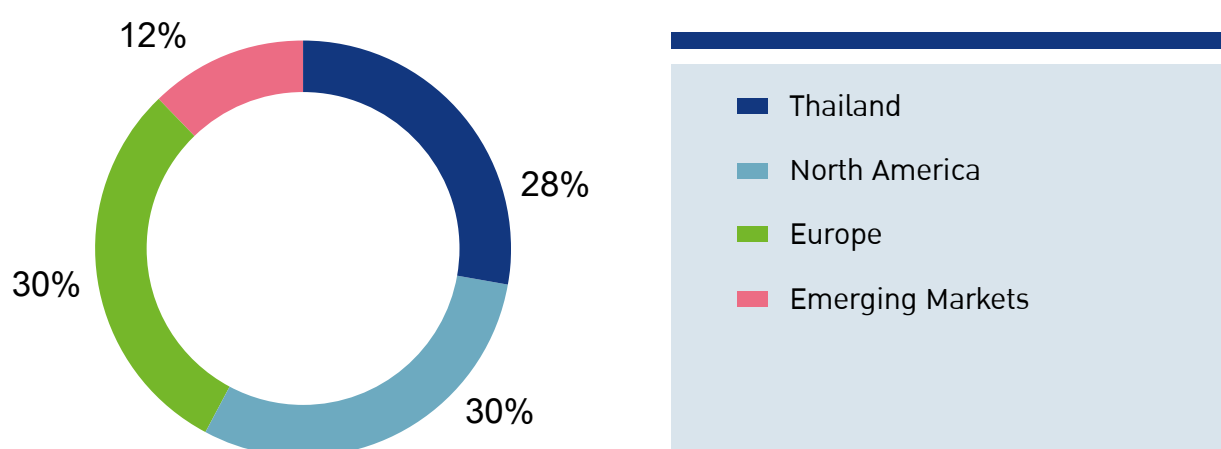
IVL has large, efficient, production facilities in the PET resin and PTA industries. AlphaPet, in Alabama, is one of the largest PET facilities in North America at 432,000 tonnes per annum (tpa) and employs the latest generation melt-to-resin, or MTR® technology from Germany's Uhde Inventa Fischer. Such large-scale, modern and efficient facilities enable us to achieve a competitive cost position in the industries where economies of scale are critical. In the polyester business, where we focus on the production of niche products, we have invested in fit-for-purpose, flexible assets, which are ideally suited for the production of niche and value added products.

Diversifying the Product and Customer Mix

Diversifying our customer mix is an important aspect for our continued success in the polyester value chain. We plan to continue to enhance our marketing efforts geographically, in addition to diversifying our customers based on the end-use application mix. In 2011 onwards, we expect to have a broader base of value-added products available due to our acquisition of the polymer and fibers assets of INVISTA and Trevira.

To date, this strategy has helped insulate us from dependence on individual customers and/or an individual application base, providing us with protection against potential customer distress or industrial downturns in individual application sectors.

Figure 5: Capacity distribution by region in 2011

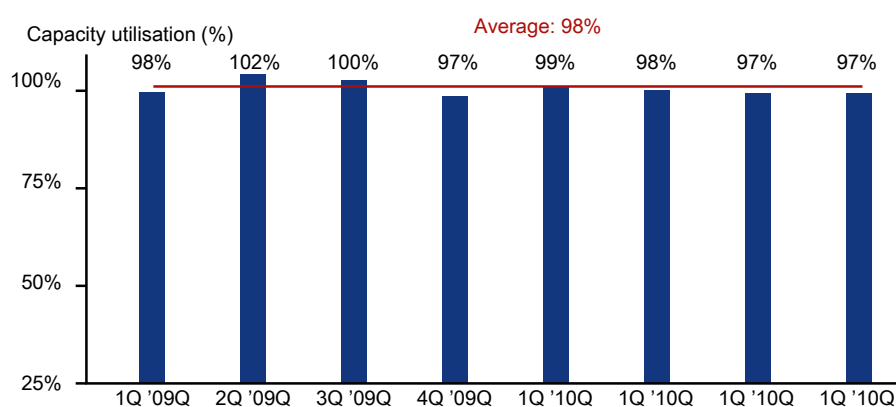


Our capacity are balanced among the largest market at approximately 30% of capacity going into each major region of the world while 12% went into new or emerging markets.

Utilization Rates Compared to the Industry

One of our key success factors is our ability to run our plants at full utilization at all times, while the average utilization rate for the industry is around 75%. As the costs associated with production do not rise significantly when utilizing the capacity fully, we are able to derive more value from the process. To enable utilization to remain high, the company has very proactive maintenance programs and benchmarking across factories to ensure technical knowledge is always updated and shared across the business.

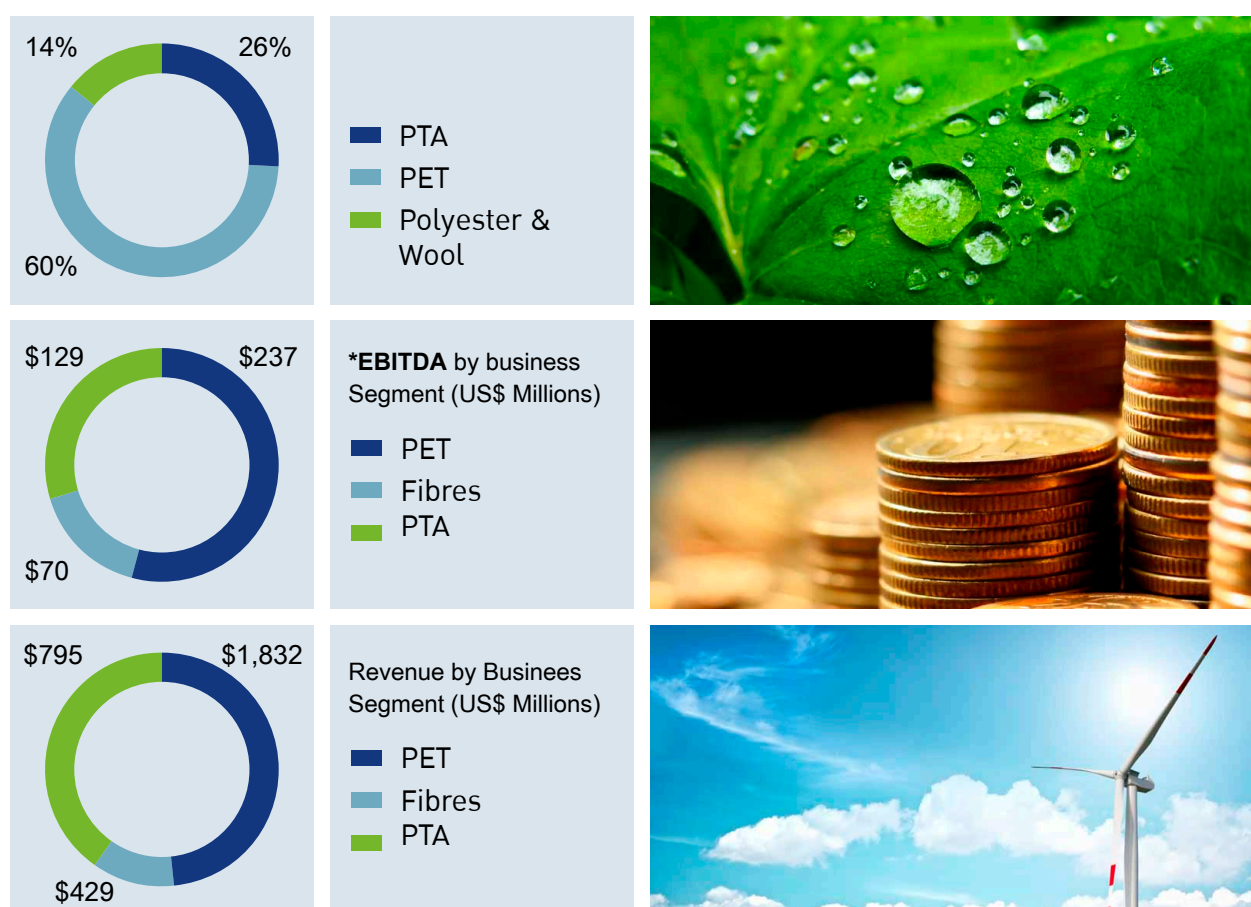
Figure 6: Capacity utilization at IVL 2009-2010.



Description of business segments

Indorama Ventures has three major business divisions today, comprising PET, Polyester and Wool fibers and yarns and PTA. PET accounts for approximately 60% of our consolidated sales with PTA taking up 26% and Polyester and Wool fibers and yarns taking up the remaining 14%.

Figure 7: Breakdown of the products made by IVL in 2010.



* After allocation of PTA EBITDA on intra-business segment sales to PET and polyester fibers

PET resin is used in the production of food and drinks packaging. About 90% is used by the drinks industry, from carbonated drinks, fruit juices and plain water. Special uses are for films, such as the film used to wrap food, protect mobile phone screens and x-ray film. Polyester fibers and yarns are used to make fiber fills for ski jackets and duvets as well as materials used in clothing, upholstery and even car tires.

PET



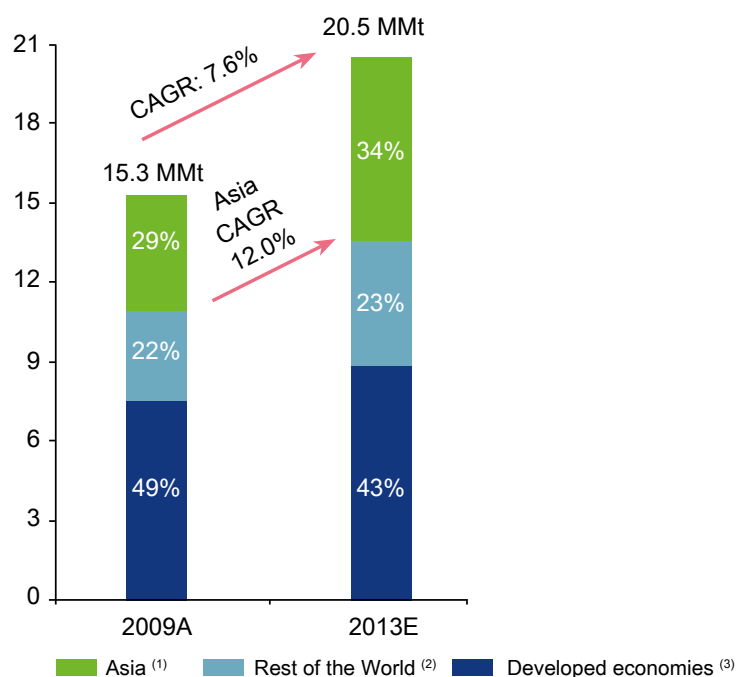
Description

PET can be semi-rigid to rigid, depending on its thickness, and very lightweight. PET bottle recycling is more practical than many other plastic applications. Plastic carbonated soft drink bottles and water bottles are almost exclusively PET, which makes them easier to identify for recycling. PET has a resin identification code of 1.

The PET (polyethylene terephthalate) business segment primarily comprises the manufacture and sale of PET resin, a plastic polymer resin primarily used for beverage containers and food, pharmaceutical and household product packaging and in industrial packaging applications. PET resin is produced from a polyester polymer, which is a mixture of PTA (Purified Terephthalic Acid) and MEG (Monoethylene Glycol). PET is one of the most widely-used packaging materials worldwide.

From 2009 to 2013, global PET resin demand grew and is expected to continue to grow at a Compound Annual Growth Rate (CAGR) of 7.6%, while it is expected that the Asian region will continue to grow at a CAGR of approximately 12%.

Figure 8: Compound Annual Growth Rate of PET



Source SBACCI (February 2010)

1. Includes Asia and Australia

2. Includes Central Europe, South America, Middle East and Africa

3. Includes North America and Europe Union countries

This growth is being driven by increasing consumer spending, population growth and the substitution by PET of traditional packaging materials and the increased use of PET resin in other products.

Installed Capacity

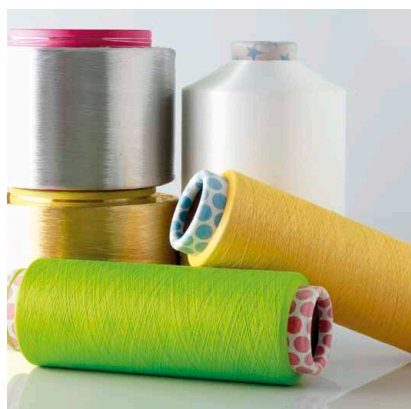
Our aggregate PET installed capacity as of December 31, 2010, was 1.6 million tonnes per year. As of that date, we had two PET plants in Thailand, four in Europe (the Netherlands, the United Kingdom, Italy and Lithuania) and two in the United States (North Carolina and Alabama). In the first quarter of 2011, certain announced PET acquisitions were completed: 406,000 tpa in Guangdong, China; 400,000 tpa in Spartanburg, the United States; 480,000 tpa in Mexico; 140,000 tpa in Poland and 86,000 tpa in Indonesia. In 2010, PET accounted for 60% of Sales and 55% of EBITDA.

FY 2010

Sales revenue of PET in US Dollar terms increased by 40 percent year on year due to both higher sales volume and selling prices.

Our new AlphaPet plant ramped up utilization over the year to reach full capacity by year end; however the average utilization for 2010 was 66%. Thus we expect that the facility will run at full utilization in 2011. The higher selling prices were in line with the rising prices of the feedstock in the polyester value chain as PTA prices rose based on demand for Polyester fibers. Operating EBITDA in dollar terms increased by 36% over last year. In 2010, despite price increase of 13% over 2009, the Operating EBITDA margin remained relatively stable at 12.9%, compared with 13.3% in 2009.

Polyester Fibers and Wool Yarns



Description

Polyester is a widely used synthetic fiber globally because it is a versatile material with wide-ranging textile and industrial applications. Fabrics in woven, knitted, or non-woven forms made from polyester filament or staple fibers are used extensively in apparel and home furnishings, from dresses, shirts and trousers to jackets and high performance sportswear, bed sheets, blankets and upholstered furniture, including car interiors. Industrial polyester fibers are used, among other things, in tire reinforcements, roofing for airports, fabrics for conveyor belts, safety belts, fabrics for soft luggage, coated fabrics and plastic reinforcements with high-energy absorption. Polyester fiber is used as cushioning and insulating material in pillows, comforters and upholstery padding. Non-woven fabrics using polyester are also used for hygiene end use such as diapers. Polyester fiber is classified as either a commodity or non-commodity polyester fiber, based on the end use application.

Commodity polyester fibers are sold in bulk with little differentiation between suppliers and generally at lower margins than non-commodity polyester fibers. The better companies such as IVL establish a reputation for consistency of quality and service which allows slightly better prices. Non-commodity polyester fibers are produced in smaller volumes. They are by and large custom made, have a higher unit value and a customer base that has low price sensitivity. The production of commodity polyester fibers is profitable when done by large producers with economies of scale, whereas the production of non-commodity fibers tends to be the domain of producers with fit-for-purpose assets and cost efficient and flexible operations.

Production Methods

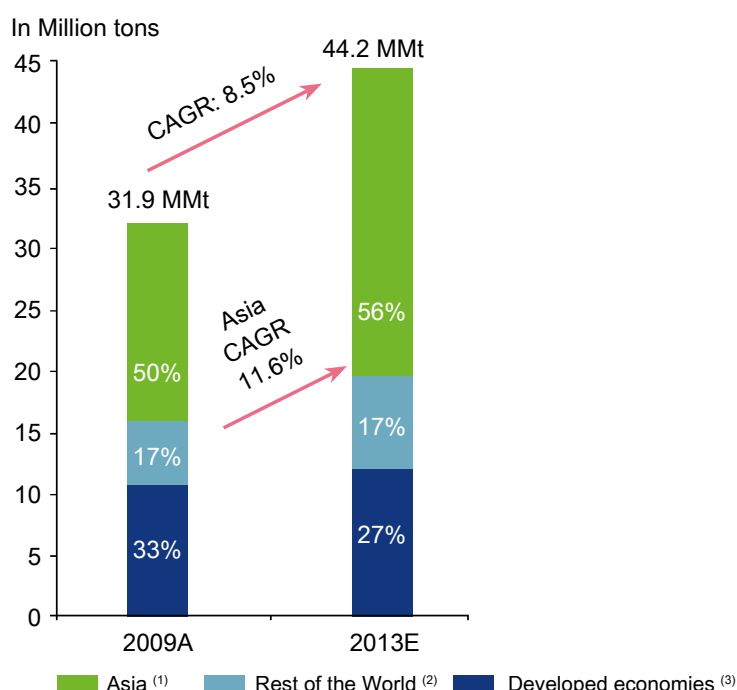
Polyester fiber is produced from a mixture of PTA and MEG to produce polyester polymer. There are two polyester polymer production processes, which may be used to produce polyester fibers: the batch process and the continuous process. In the batch process, polymerization yields polyester chips, which are processed into polyester fiber. In the continuous process, polyester fiber can be extruded directly from polymerization to direct spinning. For the production of commodity polyester fiber, the continuous process is popular because it is more economical, creating less waste with lower energy and labor costs. For the production of non-commodity polyester fiber, batch processing is preferred because the producer has more flexibility to produce different types of polyester fibers with minimal loss of intermediate products.

The Polyester Fiber Industry

The Polyester fiber industry comprises polyester staple fibers and polyester filament yarns. Polyester staple fibers are bundles of strands cut into short lengths, which are primarily used in clothing and home textiles and are often blended with cotton or other natural and synthetic fibers. Another form of polyester staple fibers, fiberfill, is used as stuffing for toys and pillows and as insulation and padding for bedding and furniture. Polyester filament yarns are continuous strands of fiber, which are used in apparel, home textiles and industrial end use markets.

About 60% of Polyester fibers are in the form of polyester filament yarns and the remaining are in the form of polyester staple fibers.

Figure 9: Compound Annual Growth Rate of Polyester Fibers and Yarns



Source SBACCI (February 2010)

1. Includes Asia and Australia

2. Includes Central Europe, South America, Middle East and Africa

3. Includes North America and European Union countries

There is steady global CAGR demand growth of approximately 8.5% for polyester fiber in markets and approximately 11.6% in Asia. Developed markets like North America and the European Union grow at approximately 4.3% and 2.1%, respectively. Asian demand is mostly driven by China and India (+8.3% and +8.2% respectively) due to low per capita consumption in India, disposable income growth and population growth.

The developed regions of North America and the European Union have a per capita consumption of 10.3 kg and 10.1 kg, respectively. In comparison, the developing regions of Central Europe, Asia, South America, and the Middle East & Africa, have lower per capita consumption of 6.4 kg, 4.6 kg, 4.1 kg and 1.2 kg, respectively. Therefore, given the large gap of per capita consumption between the developed and the developing regions, there is ample scope for growth, most notably in Asia.

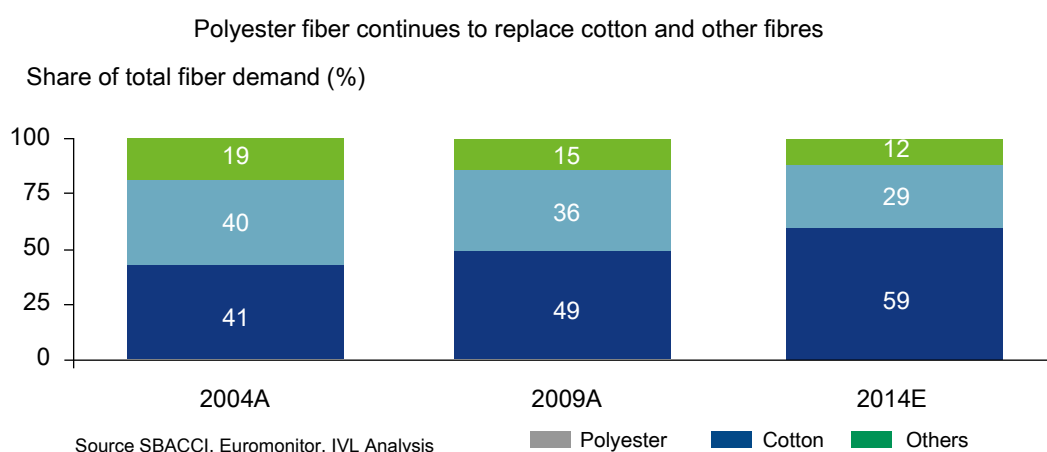
Asia is both the largest producer and consumer of polyester fiber and is a net exporter of polyester fiber. China is by far the largest regional producer and consumer of polyester fiber, accounting for 72.9% of the regional capacity and 64.0% of the regional consumption. China is also the largest net exporter of polyester fiber, which can be considered as a potential competitive threat to producers in Asia, in particular, and the rest of the world. Apart from China, the other major producing countries in the region are India, Indonesia, Taiwan, Korea and Thailand, collectively representing 22% of the regional capacity, while the major consuming countries in the region are India, Indonesia, Japan, South Korea and Thailand, collectively representing 22% of the regional consumption. The major net exporters in the region are Taiwan, South Korea, Indonesia and Thailand and the major net importers in the region are Japan, the Philippines, Bangladesh and Australia. Polyester fibers and Wool yarns accounted for 14% of sales and 16% of EBITDA in 2010

Installed Capacity

At the end of 2010, we had 0.3 million tonnes per annum of Polyester fibers and yarns capacity. In the first quarter of 2011, we acquired 55,000 tpa of capacity in Mexico, 70,000 tpa in the United States and 110,000 tpa in Indonesia. We also agreed to acquire a company in Germany called Trevira, which is a specialist polyester fiber manufacturer. That deal is expected to close in the first half of 2011.

Substitution of Competing Fibers

Polyester fibers and yarns have been taking market share, replacing other fibers such as cotton, viscose, nylon, acrylic, and other fibers. It has increased market share from 39% in year 2000 to 49% in 2009 of all fibers. Polyester growth has come from more stable supply, as it is not dependent on the weather, which can impact production of natural fibers; it is more functional, has better elasticity, is more durable and has less water absorbency as well as lower cost. Cotton production competes with cash crops and bio-fuel demand for scarce arable land area.



Polyester fibers are more economical to produce than other man-made fibers including nylon and acrylic. In addition, the substitution of nylon as well as acrylic fibers with polyester fibers has gathered significant momentum over the last two decades. As a result significant investment in polyester fiber production capacity and the lack of correspondingly sizeable investments in acrylic and nylon fibers have changed the economies of scale in the synthetic fiber industry. It is unlikely that such dynamics will be reversed.

Expanding the market with specialty yarns

As we continue to pursue a goal of broadening our product offering to customers, we are seeking entry into the specialty yarns business through research and development. As we now have achieved a prominent position in the Polyester value chain, we see opportunities to make our product offering suited to the needs of our customers and will be developing new products to suit the market. Pre-eminent among this latter portfolio are our Performance Yarns.

Flame retardant materials are in demand from many other industries and businesses, and this specialty market is served by X Flame® our top-level performance yarn - a flame retardant fiber that provides textile solutions to public safety issues. It is a halogen free, non toxic and environment friendly polymer with permanent flame retardant properties, eliminating the need for any chemical treatment. X Flame is perfect for upholstery and furnishings in public buildings like cinemas, as well as in the home for curtains, partitions and bed linen as well as in automobiles, shipping, railways and airlines.

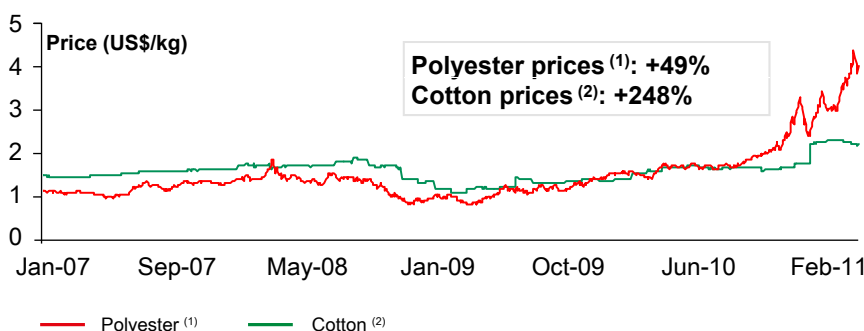
Two products approach the market for yarns for baby-wear and bedding as well as any apparels where there is a need to limit odors and germs. Ambs® and AmbsCool® polyester fibers incorporate Nano Horizons Inc. SmartSilver™ to provide additives integrated at the molecular level to provide antimicrobial and anti-odor protection that lasts the expected life of the product.

To address the market for an environment friendly polymer that is free from Antimony, and to ensure we make products green products, we produce Afron®. Afron is available as a homopolymer as well as masterbatch for use in making packaging films and as yarns for carpets and other textiles applications aimed at the hygienic products required for baby diapers and furnishing textiles. Besides Afron, Ecorama®, is an umbrella of products and services designed to reduce emission of greenhouse gasses.

Polyester vs. Cotton

In the past decade, polyester fiber has gained market share against cotton. In 2003, polyester fiber surpassed cotton as the most widely used fiber in the world. Unlike cotton, man-made polyester fiber production is not impacted by the elements. Polyester fiber is less expensive to produce than cotton (therefore energy costs are lower and its carbon footprint smaller) and can be used in a wide range of end use products ranging from apparel to industrial products.

Figure 10: A structural shift occurred in the price of Polyester as cotton prices skyrocketed in 2010



Source Thomson Reuters Datastream

Notes

1. Rebased price of Polyester 115D
2. Rebased price of Cotton 1 1/16Str Low-Midl, Memph

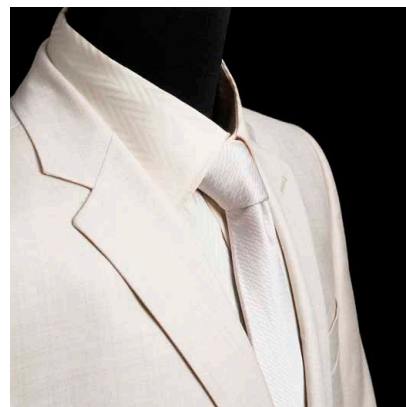
In 2010, cotton prices surged due to natural disasters and the higher price of crops used by the ethanol industry. Whereas in 2011 there is a likelihood that prices will continue to remain high, we do not think this is a long term phenomenon and that there may be a softening of prices in the next year if the crop is better priced and farmers decide to plant it in quantity. During this period, we have seen the prices and spreads of Polyester rise dramatically, and as a core feedstock, PTA has followed suit.

Wool



IVL's wool business segment comprises the processing of wool into worsted wool yarn. We established worsted wool spinning mill in Thailand with an installed capacity of 5,900 tonnes per year. Raw wool is imported from Australia, processed in to worsted yarns. As this segment represents less than 1% of our business, we incorporate all performance-related information into the general Polyester fibers and yarns description.

Polyester fibers and Wool yarns - Operating EBITDA in US\$ terms increased by 78% over 2009, due to improvement in margins from product-mix shift to higher value addition, lower conversion cost and strong demand supported by soaring cotton prices resulting in greater product substitution in favor of polyester. These factors resulted in Operating EBITDA margin improving to 16.3% in 2010 from 11.9% last year. Sales revenue increased by 31% over 2009, due to higher selling prices.



Description

Our PTA business segment comprises the manufacture and sale of Purified Terephthalic Acid or PTA, an organic acid in the form of fine, white powder principally used as a precursor or raw material in the production of polyester products.

Manufacturers of PTA can be classified between merchant producers and integrated PTA producers. Merchant producers manufacture and supply PTA to third parties, whereas integrated PTA producers manufacture PTA for their own captive consumption

Installed Capacity and the Importance of Utilization

We produce PTA as part of our vertical integration strategy. An important factor on the profitability of a PTA plant is capacity utilization. Down-stream, integrated PTA producers can maintain higher capacity utilization due to captive PTA consumption as compared to merchant PTA producers.

Our PTA business segment supports our PET and polyester business segments. Our aggregate PTA installed capacity is 1,782,000 tonnes per year as of December 31, 2010. We have two PTA plants in Thailand, one plant in Italy and another in the Netherlands.

PTA Demand and Supply

Demand for PTA is primarily driven by the growth in demand of polyester fiber, PET resin and film and specialties. Global PTA demand has grown rapidly in 2010 due to the increased demand for Polyester fibers. Global PTA demand is driven primarily in Asia and mainly in China due to the profusion of polyester fibers and yarns companies in the region.

Diversifying PTA Markets

In early 2010, China imposed anti-dumping duty on imports of PTA from South Korea and Thailand at a rate of 18.5% - 18.9%. By that time, IVL had already started to diversify its customer base to other markets in Asia and less than 10% of sales can be attributed to China. We sell principally to re-processing areas for re-exports which are not affected by the new duties.

PTA demand in North America and the European Union is expected to continue rising as Polyester demand soars. We are currently building a second PET line at Rotterdam in the Netherlands that will use up almost the entire PTA made there and plan for our plants in Lithuania and the UK to source PTA from third parties.

FY 2010

PTA - Operating EBITDA increased by 18% over 2009 in US\$ terms, due to improvement in volume and increase in margins supported by strong demand from polyesters led by soaring cotton prices and limited PTA capacity availability. In 2010, despite price increase of 11% over 2009 the Operating EBITDA margin improved to 16.2% in 2010 from 15.7% in 2009. Our PTA plants were operating at 100%, the same as last year, despite 2 of our 4 PTA plants (including Ottana, Italy) having scheduled maintenance shutdowns in 2010.

PTA accounted for 28% of sales and 29% of EBITDA in 2010.

PTA is tight on strong demand from Polyester and PET and spreads are expected to remain firm in 2011.

Current Expansion Plans

Acquisitions at a Reasonable Cost

Achieving a low capital cost structure has meant constructing large scale plants and acquiring assets at a discount to their replacement cost. Our Orion Global Pet and AlphaPet PET production facilities benefit from a low capital cost per tonne because of their large scale. We have acquired our Thai PTA and polyester assets as non-performing assets at a discount to their replacement cost. Our European PET and PTA assets were purchased at lower than the replacement cost and turned around in one year through a high utilization rate, increasing sales volume, the integration of PTA into our PET production in Europe and lower conversion costs to create excellent profitability.

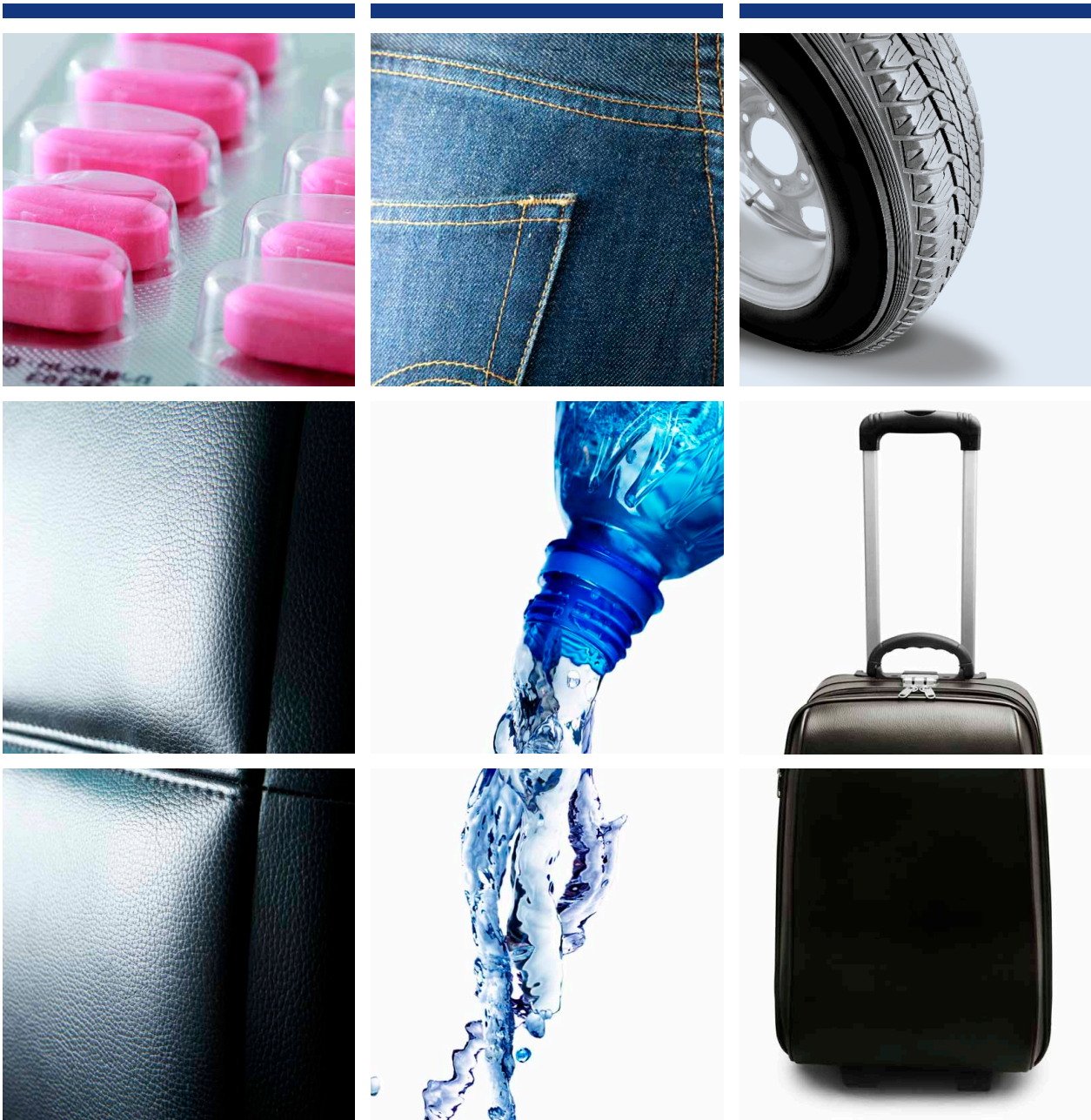
Figure 11: Capacity Increases up to Q1 2011.

Transaction	Country	Capacity
Invista	Mexico & USA	1,005,000 tpa
SK Chemicals	Indonesia & Poland	336,000 tpa
Shinda	China	406,000 tpa
Trevira	Germany & Poland	120,000 tpa
IVL	Netherland	190,000 tpa
IVL	Nigeria	75,000 tpa

Acquisition
 Expansion

We have a target to achieve 10 million tonnes of capacity by 2014. Called Aspiration 2014, this plan is considered conservative in its assessment. By 2011, we are already at 60% of our target. Financing our growth plan will require US\$3.8 billion of investment, which includes fixed assets and working capital.

US\$900 million has already been spent or has financing commitments in place – this will fully fund the transactions closing by 1Q' 11. The balance will be funded by the rights issue proceeds, debt and internal cash flow. However, we do not expect that we would need any more equity issuance to finance our growth plan. Furthermore, we will continue our dividend policy and maintain a 30% payout ratio.



Risk Factors and Risk Management

IVL and its group of companies manage business risks through identification and mitigation. It is our endeavor to handle timely and efficiently risks that may occur from changes in internal and external environment. The following describes some of the significant risks that could affect our business operations and financials.

Risks Relating to Our Businesses and Operations

We operate in highly competitive industries and actions of our competitors could impact our profitability and market share.

The industries in which we operate are characterized by high levels of price and other competition. In addition, many of our products are commodity products, and it may be difficult to have product differentiation and pass on increased cost to customers. Other competitive factors include product quality, specifications or product performance, continuity and reliability of supplies to customers and sustaining long-term customer relationships. We principally compete with several large multinational companies in each of our business segments. We also compete with numerous regional and/or specialized producers in the markets for our polyester fiber products. Some of these competitors may have greater market presence and/or financial and other resources than us. In addition, margin pressure could arise from, among other factors, limited demand growth and overcapacity in a relevant market (for example, China whose domestic demand for PET resin may fall short of the forecasted capacity increase), price reductions by competitors, new industry players, industry consolidation, the ability of competitors to capitalize on their economies of scale and create excess product supply and the access of competitors to new technology which we do not possess.

The continuous demand growth of the PTA, the PET resin, and polyester fiber industries could result in overcapacity.

Our operating results reflect the historical cyclical pattern of the PTA, PET resin, and polyester fiber industries, with periodic overcapacity and resulting pressure on pricing. This cyclicity arises, in part, from investments made at the top of the cycle (when margins are high and funds are available), thereby shifting the balance of supply and demand by new capacity coming on stream in large quantities. Consequently, the industry has from time to time experienced periods of overcapacity, such as when new plants are built and become operational, and there can be no assurance that this will not recur. In the absence of sufficient economic growth to generate increased demand or the closure of facilities to mitigate the effect, new capacity can cause a period of regional or global overcapacity which may lead to downward margin pressure.

Our operations are dependent on the availability and cost of raw materials.

Our operations are substantially dependent on the availability and cost of our primary raw materials: PTA (limited to merchant purchases primarily in USA) and MEG for our PET and polyester fiber and yarn businesses, and PX for our PTA business. PX, PTA and MEG are oil and natural gas derivatives, and are usually manufactured by large petrochemical companies. Thus, the costs of production of PTA, PET and polyester are affected by the international and domestic prices of crude oil, natural gas and refined petroleum products. Our financial condition and results of operations are thereby influenced by market prices for crude oil, natural gas and refined petroleum products, which are subject to the forces of international, regional and domestic supply and demand, as well as other factors beyond our control.

The markets and prices for petroleum products may be influenced by aggregate demand for such products (which can fluctuate with changes in economic conditions and cycles, seasons and weather patterns), the level of domestic and regional production, the prices and availability of imports, the prices and availability of substitute fuels and the extent and nature of governmental regulation and taxation. Worldwide supply conditions and the price levels of crude oil may also be significantly influenced by international groupings, which control the production of a significant portion of the worldwide supply of crude oil, and by political developments, especially in the Middle East. In addition, factors such as domestic and foreign government regulations, weather conditions, and competition from other energy sources also have an impact on crude oil and petroleum product prices.

Any increase in raw materials costs without a corresponding increase in selling price would reduce our operating results. Our ability to pass on raw materials price increases is dependent upon market conditions and our relative cost position compared to competitors. There may be periods of time in which we may not be able to fully recover increases in the cost of raw materials due to contractual arrangements or to weaknesses in demand for, or oversupply of, our products.

[Increases in our costs could adversely affect our operating results.](#)

As we are unable to influence commodity prices directly, our competitiveness and long-term profitability are, to a significant degree, dependent upon our ability to reduce costs and maintain low-cost and efficient operations. Our inability to maintain our cost structure and efficiently operate our manufacturing facilities may increase our costs and adversely affect our operating results. Certain non-controllable costs may increase by reason of external factors beyond our control, which may also reduce our operating results. Examples of non-controllable costs are energy costs, insurance costs, tax costs and pension costs.

Over the past few years, we have experienced significant cost increases for energy sources. While we attempt to match energy price increases with corresponding product price increases. Ultimately, our ability to pass on increases in our costs to customers is dependent upon market conditions.

In addition, production in our polyester fiber and yarn business is labor intensive. Consequently, inflationary pressures, changes in applicable laws and regulations or other factors resulting in increased labor costs.

[Shortages or disruptions of supplies to our customers due to unplanned production capacity decreases or shutdowns of production plants may reduce sales.](#)

Production at our manufacturing facilities or delivery of supplies to our customers could be adversely affected by technical failures, strikes, natural disasters, regulatory rulings and other factors. Unexpected events, such as manufacturing problems, unplanned shutdowns or loss of supplies, could lead to reduced sales.

If the capacity of one or more material facilities is reduced or the manufacturing of material products is shut down for a prolonged period and we are unable to shift sufficient production to other plants or draw on inventories or if we are unable to run our production facilities at our typical utilization rates because of a disruption to our raw material supplies, we may not be able to fulfill our product delivery obligations and we could be exposed to claims for damages and suffer reputational harm.

The costs and difficulties of integrating future acquired businesses and technologies could impede our future growth and adversely affect our competitiveness.

As part of our strategy, we may seek further growth through acquisitions of other PET, polyester or PTA companies in order to maintain a competitive position within the industries in which we operate and to enhance our position in our core areas of operations. This strategy entails risks including:

- unidentified or unanticipated liabilities or risks in the operations of the companies which we may acquire;
- potential failure to achieve the economies of scale, synergies or other benefits sought;
- greater than expected costs and management time and effort involved in completing and integrating the acquisitions;
- inability to successfully integrate the services, products and personnel of the acquisitions into our operations or to realize any expected cost savings or other synergy benefits from the acquisitions;
- inability to retain employees, customers and supplier relationships;
- lack of return on our investment.

We may not be able to identify attractive acquisition opportunities or make acquisitions on attractive terms, or obtain financing necessary to complete and support such acquisitions. Regulation of merger and acquisition activity by the European Union, the United States, Thailand or other national regulators may also limit our ability to make future acquisitions or mergers.

Significant capital investments including future development of new facilities have been, and may in the future continue to be, necessary to achieve our growth plans, which carry project and other risks.

Our growth plans have required, and may continue to require, significant capital investments to expand, renovate, convert or upgrade existing facilities, develop new facilities or make major acquisitions or investment. Projects that require significant capital expenditure carry risks including:

- failure to complete a project within the prescribed project timetable and/or within budget; and
- failure of the project to perform according to prescribed operating specifications following its completion.

In addition, any significant increases in costs unforeseen in the project plan and any inability to sell the products produced at volumes and/or price levels envisaged in the project plan could affect the success of our projects. Due to the significant amount of capital required and the long lead time between planning and completion of such projects, project delays could have an effect on our business and prospects.

Our production facilities are subject to operating risks that may adversely affect our operations.

We are dependent on the continued operation of our production facilities. These production facilities are subject to hazards associated with the manufacturing, handling, storage and transportation of chemical materials and products, including pipeline leaks and ruptures, explosions, fires, inclement weather and natural disasters, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, remediation complications, chemical spills, discharges or releases of toxic or hazardous substances or gases, storage tank leaks and other environmental risks. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment, environmental damage, fines and liabilities.

In addition, some of our production facilities, such as our AlphaPet PET facility, our IRP Rotterdam PET and IRH Rotterdam PTA facilities, our Indorama Polyester Industries' Map Ta Phut polyester facility and our TPT Petrochemicals PTA facility, are co-located at sites where our neighbors face the same operational risks and, in some cases, they provide critical supplies and/or services, and any disruption in those supplies and/or services could affect our operations.

Exchange rate and/or interest rate fluctuations may have a significant adverse impact on our business, financial condition, results of operations and prospects.

As a result of the global nature of our business, changes in foreign currency rates could have an adverse impact on our business, financial condition, results of operations and prospects. Currency fluctuations affect us because of mismatches between the currencies in which operating costs are incurred and those in which revenues are received. We sell products that are typically priced by reference to prices in U.S. dollars or Euros, while a portion of operating costs are incurred in local currencies, including the Baht, Pound Sterling pound and Lithuanian litas.

Our reported earnings may also be affected by fluctuations between the Baht, which is our reporting currency, and the non-Baht currencies in which some of our overseas subsidiaries report their results of operations. Overseas subsidiaries in Europe and the USA represent around 48% of consolidated sales of Baht 96.8 billion in year 2010. During year 2010, the average Baht has strengthened over year 2009 resulting in lower revenues and earnings on translation into Baht. In year 2010, the average Baht strengthened 7.6% viz-a-viz US dollar compared to year 2009 and the average baht has strengthened 12.0% viz-a-viz Euro compared to year 2009. The same resulted in increase in currency translation loss to Baht 2,068.4 million at end of December 31, 2010 from Baht 324.2 million at end of December 31, 2009 which is recorded under Equity in the Balance Sheet.

On other hand, the company has assets and liabilities in foreign currency which are recorded on closing Baht rates at the end of the year. The foreign currency liabilities in our Thai entities are greater than foreign currency assets thus, the strengthening of the Baht resulted in a net foreign exchange gain of Baht 1,178.4 million (of which there was a net realized foreign exchange gain of Baht 377.5 million) for the year ended December 31, 2010 which is recorded under Income in the Statement of Income.

In addition, our operating subsidiaries usually borrow in the principal currency in which they do their business to minimize currency risks. At the end of December 31, 2010, the currency exposure for long term loans is 43% in Baht, 36% in US dollars and 21% in Euros. Generally, the long term loans are borrowed on floating interest rates and are linked to the benchmark interest rates for each currency. The floating interest rates are impacted by macro-economic conditions and the monetary policy of each region, therefore floating interest rates leaves us exposed to interest rate risk, which is mitigated partially from time-to-time by entering into fixed interest rate contracts. The net interest expense for the year ended December 31, 2010 is Baht 1,286.4 million or around 1.3% of consolidated sales.

Litigation

Eastman Chemical Company ("Eastman") filed a complaint in the Delaware District Court against AlphaPet, IRP Rotterdam, IRP Workington, IRH Rotterdam and Indorama Polymers on December 18, 2009 in connection with commercial production at the AlphaPet PET facility. IRP Rotterdam, IRP Workington and IRH Rotterdam (the "European Defendants") entered into a Technology License Agreement with Eastman in connection with our acquisition of Eastman's north-west European PET and PTA businesses in March 2008, pursuant to which the European Defendants received a license to use licensed technology secrets to make certain commercial products as part of the acquired business. In the complaint, Eastman alleges that:

- AlphaPet infringes certain patents owned by Eastman;
- the European Defendants breached the Technology License Agreement; and
- the defendants misappropriated Eastman's confidential and proprietary trade secret information under Delaware statutes.

Eastman's complaint includes an allegation that the European Defendants breached the Technology License Agreement, as described above. If the court were to find that the European Defendants had materially breached the Technology License Agreement, Eastman may be able to terminate the agreement and all licenses granted thereunder. In that event, the European Defendants would be required to either renegotiate the terms of the license with Eastman or implement suitable substitutes to continue operation of the plants, which could result in the suspension of operations until new terms were negotiated with Eastman or a suitable substitute technology was implemented. We believe that alternative technologies are readily available in the market for a relatively low cost; however, we cannot assure you how long it would take to implement any new technologies at these plants.

We intend to vigorously defend ourselves against these claims. We have appointed our legal counsel Kirkland and Ellis LLP. The legal counsel has submitted a response in the courts and the case is in a discovery process. AlphaPet has purchased the plant and technology for its PET resins plant from Uhde Inventa Fischer, a plant and technology supplier. The audited financial statements have disclosed the lawsuit as a contingent liability and at this time it is not possible to quantify the impact. However, litigation of this nature can take a long time to resolve and we cannot predict when these legal proceedings will be completed. In the last quarter of 2010, Eastman announced the sale of its PET business in the USA to Dak Americas LLC.

Changes in laws and regulations relating to beverage containers and packaging could reduce demand for such end use products

Legal requirements have been enacted in various jurisdictions in the United States and elsewhere requiring that deposits or certain ecotaxes or fees be charged for the sale, marketing and use of certain nonrefillable beverage containers. Other proposals relating to additional beverage container deposits, recycling, ecotax and/or product stewardship have been or may be introduced in various jurisdictions in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and related publicity could result in the adoption of such legislation or regulations. This has encouraged some of our PET customers to reduce the amount of PET resin they use in their bottle production process. This process, known as light weighting, has reduced the amount of PET resin used in each bottle and has impacted the demand for PX, PTA and PET resin. PET can be recycled, IVL is making investments in PET recycling projects in the USA and Thailand at its existing sites.

Environmental regulations may cause us to incur costs and liabilities.

Our operations are subject to environmental laws and regulations by central and local authorities in the countries in which we operate. These include laws and regulations pertaining to pollution, the protection of human health and the environment, air emissions, wastewater discharges, occupational safety and health, and the generation, handling, treatment, remediation, use, storage, release and exposure to hazardous substances and wastes. These requirements are complex, subject to frequent change and have tended to become more stringent over time. We have incurred, and will continue to incur, costs and capital expenditures in complying with these laws and regulations and in obtaining and maintaining all necessary permits.

We have procedures in place to allow us to comply with environmental laws and regulations; however, there can be no assurance that we will at all times be in compliance with all of our obligations in the future or that we will be able to obtain or renew all licenses, consents or other permits necessary to allow us to continue to operate our businesses. Any failure by us to comply with such laws and regulations could subject us to fines, penalties and other liabilities.

We have activities in certain countries which are subject to sanctions in the United States and elsewhere and such activities could trigger these sanctions under relevant legislation.

The U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, administers certain laws and regulations that impose penalties upon U.S. persons and, in some instances, foreign entities, for conducting activities or transacting business with certain countries, governments, entities or individuals subject to U.S. economic sanctions, or U.S. Economic Sanctions Laws.

As a globally operating organization, we conduct business with customers (either directly or indirectly through traders and agents) in various countries including Iran, Syria, Myanmar and the Ivory Coast. Our activities with customers in these states, which are predominantly sales of PET resin, polyester fiber and yarn and wool, are insignificant when compared to our entire business. We seek to comply fully with international sanctions to the extent they are applicable to us and will continue to do so.

Our international presence exposes us to macro economic, political, legal and regulatory risks in the markets in which we operate and to other challenges.

International operations present challenges related to operating under different business cultures and languages. We may experience increased difficulty in the collection of accounts receivable, including longer collection periods; we may have to comply with inconsistent, or unexpected changes in, foreign laws and regulatory requirements which could negatively impact our operations and ability to manage our global financial resources; export controls or other regulatory restrictions could prevent us from shipping our products into and from some markets; quota requirements, including quotas regulating the composition of our employee base or promoting local sourcing of raw materials, could have an adverse effect on our production costs; changes in currency control, tax regulation and international tax treaties could impact the financial performance of our international operations and their contributions to our overall financial performance. Similarly, events beyond our control, such as political instability or social unrest, could impact consumer demand in general and increase volatility in price of raw materials and other costs.

Our business depends, in part, on our informal relationships with other Indorama group entities in Indonesia and India.

We are a part of an informal Indorama Group, which consists of three independently managed associate groups, namely ourselves, the S.P. Lohia Group Indonesia and the O.P. Lohia Group India. The Indorama Group was founded by Mr. M.L. Lohia in 1976 in Indonesia, and each of the groups is currently managed by one of Mr. M.L. Lohia's sons.

The Indorama name does not belong to us, and we have a non-exclusive license for its use pursuant to a License Agreement with Lohia Global Holdings Limited, a company controlled by Mr. M.L. Lohia. IVL paid Baht 44.0 million on a consolidated basis for year 2010 to Lohia Global Holdings Limited for the use of Indorama name under the agreement. The S.P. Lohia Group and the O.P. Lohia Group also use the Indorama name. We do not control how the S.P. Lohia Group and the O.P. Lohia Group use the Indorama name and cannot assure you that their actions will not adversely impact the reputation associated with the Indorama name.

The Company is a holding company and is dependent on the receipt of dividends to make dividend payments on our shares

As a holding company, the Company is dependent on the receipt of dividends from its subsidiaries and associated companies, the payment of which will depend on their future financial performance, which in turn depends on successfully implementing their strategies and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices for their products and other factors specific to their respective industries or specific projects, many of which are beyond our control. In the period ended December 31, 2010, IVL company only received dividend income of Baht 3,496.7 million from its direct subsidiaries.

The ability of our direct and indirect subsidiaries to pay dividends to their shareholders, including the Company, is subject to applicable law. Although we intend to pay dividends with respect to the shares, our ability to pay dividends in the future will depend upon a decision of the Board of Directors and/or the approval of the shareholders at a general meeting, our results of operations, cashflows, financial condition, contractual restrictions and restrictions imposed by applicable law and other factors the Board of Directors deems relevant.

[For details: Please refer to Section on Risk Factors in Form 56-1]

Related Party Transactions

The related party transactions of IVL occur in the normal course of business and the pricing is akin to market prices that would normally be charged to/ by any other customer/ supplier with comparable and reasonable terms and conditions. The following is a summary of such transactions as at 31 December 2010 with the rationale for each:

I. Normal Business Transactions

Type of Transaction	Rationale	Pricing Method	Amount (MB)
<i>Sale of Preforms, Closures and Bottles</i>			
- Petform (Thailand) Ltd. sells to Sermasuk PCL.	Sermasuk PCL is Petform's major customer, buying preforms, closures and bottles for blowing/ filling Pepsico products.	Pricing is negotiated with Sermasuk PCL, periodically reflecting prevailing market prices.	869.05
<i>Sale of Purified Terephthalic acid</i>			
- Indorama Petrochem Ltd. and TPT Petrochemicals PCL sells to Indorama Synthetics India Ltd.	Indorama Synthetics India Ltd. is a Polyester manufacturer and uses PTA as a raw material.	Negotiated per market rate as applicable to other customers.	3,560.45

II. Rental/Lease (not exceed 3 years) without any indication of General Trading Condition

Type of Transaction	Rationale	Pricing Method	Amount (MB)
<i>Dormitory Rental at Rayong</i>			
- Indorama Polyester Industries PCL ("IPI") pays to Pacific Resources Ltd.	Pacific Resources Ltd. owns a dormitory near the factory site of IPI measuring 7,577 Sqm which IPI requires to rent for accommodation of their factory staff.	Rent and service charge based on Fair Market value of property with a return of 7% - 8%. * Stopped with effect from 12 October 2010, Refer to Note III (B)	2.12
<i>Office Space Rental at Ocean Tower 2, Bangkok</i>			
- Indorama Polyester Industries PCL pays to Pacific Resources Ltd.	Pacific Resources Ltd. is the owner of 28th floor at Ocean Tower 2, Bangkok, has rented out office space of 1,457.88 Sqm to Indorama Polyester Industries PCL for their use.	As per prevailing rent in Ocean Tower building	5.25

III. Relating to Asset/Services Transaction

Type of Transaction	Rationale	Pricing Method	Amount (MB)
A. Royalty Fee <i>(use of the name “Indorama”)</i>			
1) Indorama Polymers PCL.	Fee paid for use of the name “Indorama” which is owned by Lohia Global Holdings Limited.	Royalty fee is charged at USD 0.50 per MT of net production as per the Royalty payment agreement.	2.21
2) Indorama Holding Ltd.			0.045
3) Indorama Polyesters Industries PCL			5.01
4) Indorama Petrochem Ltd.			10.39
5) UAB Orion Global Pet			3.02
6) AlphaPet Inc.			4.69
7) StarPet Inc.			3.07
8) TPT Petrochemicals PCL			7.29
9) UAB Indorama Holdings Europe			4.50
10)UAB Indorama Polymers Europe			4.75
Pay to Lohia Global Holdings Limited			
B. Purchase of Dormitories at Rayong			
- Indorama Polyester Industries PCL (“IPI”) purchase from Pacific Resources Ltd.	<p>IPI formerly Tuntex owned this dormitory at Rayong that was used as residential accommodation for its workers. The said property was not a part of the rehab plan and so Tuntex had to sell the property before the plan could be completed and settled with IPI.</p> <p>Since September, 2008 IPI was using the said property and paying monthly rent & maintenance of THB 225,000 to Pacific Resources Ltd. The management of IPI was of the fair opinion that it would be to buy back the property at the book value of Pacific Resources Ltd. to ensure permanent accommodation for IPI workers and avoidance of the payment of monthly rent.</p>	The purchasing price based on the market price appraised by independent appraisal.	32.00

Relationship with Related Parties

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. The relationships within the Group are as follows:

Name of entities	Country of incorporation	Nature of relationships
Serm Suk PCL	Thailand	Major Shareholder of Petform (Thailand) Ltd., holding 40%, which one common director
Indorama Synthetics India Ltd.	India	Mr. O.P. Lohia, major shareholder of Indorama Synthetics India Ltd. is a blood brother of Mr. Alope Lohia
Pacific Resources Ltd.	Thailand	Mr. Anuj Lohia, son of Mr. Alope Lohia is the major shareholder of Pacific Resources Ltd.
Lohia Global Holding Limited	Hong Kong	Lohia Global Holdings Limited is owned by Mr. M.L Lohia father of Mr. S.P. Lohia and Mr. Alope Lohia Directors of Indorama Ventures PCL and its subsidiaries

The Audit Committee Opinion on the Related Party Transaction

The above related party transactions have been considered and opined by the Company's Audit Committee that the foresaid related party transactions are reasonable and necessary to the Company's operation. Entering into those transactions, the Company has considered for the best interest of the Company, as a priority and no additional benefit has been transferred between the Company and the persons who have the conflict of interest.

Policy and Procedure to Approve Related Party Transactions

In the event that the Company carries out its business with the related party who may have a conflict of interest with the Company, the Audit Committee expresses its opinion regarding the necessity of such transactions. The Audit Committee ensures that terms and conditions of these transactions are consistent with market practice and price charged for these transactions are evaluated and compared with market prices. In the event that market price is not available, the Audit Committee ensures that these prices are reasonable and the transactions are carried out in the best interest of the Company and its shareholders. If the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Company arranges an independent expert to evaluate and give opinion on such transactions. The Board of Directors or Audit Committee or the Company shareholders, as the case may be, uses this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have conflict of interests with the Company are prohibited from voting on issues regarding related parties transactions.

All Related Party transactions are reported by the External Auditors in their Quarterly and Audited Financial Statements and in Form 56-1 and Annual Report as per the SEC/SET guidelines.

Policy on the Entering into New Related Party Transaction

For any new related transaction, Indorama Ventures PCL ensures that such transactions are carried out in compliance with the SEC Act, rules, notifications and regulations of the Capital Market Supervisory Board, the SEC and the SET. In addition, the Company also complies with the Thai GAAP on disclosure rules related to related party transactions and other requirements as specified by the Institute of Certified Accountants of Thailand and the policy of Indorama Ventures PCL.

In addition, when Indorama Ventures PCL proposes to conduct their business with a related party, Indorama Ventures PCL seeks Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Committee may arrange an independent expert, such as independent appraiser, to evaluate and give opinion on the transactions. The opinion of the Audit Committee or the independent expert is be used by the Company's Board of Directors or shareholders for making a decision to ensure that these related party transactions are carried out without any conflict of interest and for the best interest of all shareholders of Indorama Ventures PCL.

However, the Company and its subsidiaries may have related party transactions with their directors, executives or potential connected persons. The Board of Directors meeting has approved in principle that the management is empowered to approve such transactions under the reasonable, transparent and uncorrupted conditions, provided that such transaction is categorized as a transaction with same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances, on the basis of commercial negotiation (general trading conditions) and without any dependent interest resulting from the status of director, executive or related person as the case maybe.



INDORAMA
VENTURES

Wool Division



Wool

Indorama Ventures is recognized as one of the leading producers of premium worsted yarns.



Indorama Ventures entered the Wool business in 1994 with the establishment of Indorama Holdings as the first wool yarn producer in Thailand. In 1995, to have better control of raw material quality, a wool top plant was established under the name of Indorama Textiles for upstream integration.

Our wool business focuses on a niche segment of the market with a strategy of low cost and best quality production with optimal profitability. Our state of the art production facility is equipped with best-in-class machinery. We regularly upgrade our technology to maintain our competitive edge in our sector, improving our cost effectiveness and bottom line.

Our Worsted division manufactures a broad range of over 500 types of worsted yarns used in various sectors such as woven, non woven, active apparels, technical textiles and interior textiles. All yarns are produced using 100% Full Fleece Merino Wool from Australia. Indorama Ventures products have a strong presence in all major markets and strong brand image across the globe.

Management's Discussion And Analysis (Md&A)

The management is pleased to announce record annual earnings of the company's history. The record earnings are driven with strong demand globally across all our business lines. Strong demand in the Polyester value chain has resulted in higher integrated margins. The IVL business model of global operations, scale and integration continues to deliver strong growth in revenues and earnings. The depth of our integration allows us to capture margins in the polyester value chain and our scale provides for a competitive cost structure. The global shortage of cotton availability and sharp increase in cotton prices has led to stronger substitution demand in favor of Polyester fibers & yarns, which in turn has resulted in stronger demand for PTA, a key raw material for Polyesters.

Indorama Ventures PCL (SET: "IVL") announced Net Profit after tax and minority of US\$ 333 million (Baht 10,560 million) for the year 2010. In year 2010, Baht continues to strengthen with weakness in Euro and US Dollars. The Euro has been significantly weak in 2010 ending 16% cheaper Year-on-Year (YonY), and the US Dollar ended 10% cheaper YonY as on 31st December 2010.

Key Financial Information			
US\$ in Millions			FY10 vs.
	FY10	FY09	FY09
Exchange Rate Baht vs US\$	30.15	33.37	-10%
Exchange Rate Baht vs Euro	39.94	47.79	-16%
Consolidated Sales	3,055	2,331	31%
PET resins	1,832	1,307	40%
Polyester & wool	429	328	31%
PTA	795	696	14%
Consolidated EBITDA	435	324	34%
PET resins	237	174	36%
Polyester & wool	70	39	78%
PTA	129	109	18%
Net profit after tax and minority	333	141	137%
CAPEX	206	115	79%
Net Debt	1,001	1,125	-11%
Net Debt to Equity	0.9	1.7	-44%
Interest Coverage	10.7	7.0	53%
ROE	43%	32%	33%
ROCE	17%	14%	22%

Net profit after tax and minority for the year 2010 includes the share of equity income from jointly controlled entity - UAB Ottana Polimeri Europe of US\$ 60 million (Baht 1,888 million). It operates an integrated PTA - PET plant located in Ottana, Italy. The equity income mainly comprises of 'Gain on a bargain purchase or Negative Goodwill' from the acquisition completed in July, 2010.

IVL 2010 Results

PET - Sales revenue increased by 40 percent in Dollar terms YonY, due to both higher sales volume and higher selling prices. The higher sales volume was attributed primarily to the startup of AlphaPet in USA for both lines in 2Q 2010 and improved customer demand globally. The higher selling prices were in line with the rising prices of the feedstock in the polyester value chain. Operating EBITDA in dollar terms increased by 36% over last year. In 2010, despite price increase of 13% over 2009 the Operating EBITDA margin remained relatively stable at 12.9%, comparing with 13.3% in 2009.

Polyester fibers and Wool yarns - Operating EBITDA in US\$ terms increased by 78% over 2009, due to improvement in margins from product - mix shift to higher value addition, lower conversion cost and strong demand supported by soaring cotton prices. Cotton has become much more expensive than Polyester which creates substitution demand for Polyester and conditions conducive for Polyester makers to increase prices and expand margins. Polyester fibers and yarns demand was strong in the year 2010 and the additional demand from cotton substitution has provided greater strength to demand growth. These factors resulted in Operating EBITDA margin improving to 16.3% in 2010 from 11.9% last year. Sales revenue increased by 31% over 2009, due to higher selling prices.

PTA - Operating EBITDA increased by 18% over 2009 in US\$ terms, due to an improvement in volume and an increase in margins supported by strong demand from polyesters led by soaring cotton prices and limited PTA capacity availability. In 2010, despite price increase of 11% over 2009 the Operating EBITDA margin improved to 16.2% in 2010 from 15.7% in 2009. Our PTA plants were operating at 100%, same as last year, despite 2 of our 4 PTA plants (includes Ottana, Italy) having scheduled maintenance shutdowns in 2010.

Cash Flow

IVL generated US\$ 328 million of cash from operating activities during the year compared to US\$ 269 million in 2009. In 2010, witnessed cash outflow for working capital of US\$ 66 million on higher volumes and selling prices. The free cashflow before capex was US\$ 280 million compared to US\$ 216 million in 2009. During the year, there was cash outflow for capex and investments of US\$ 206 million primarily for the purchase of additional shares in TPT Petrochemicals PCL, the completion of greenfield plant AlphaPet Inc. in USA, acquisition of utility plant in Rotterdam, Netherlands and equity investment for acquisition of an integrated PTA-PET plant in Ottana, Italy. In 2010, the company paid US\$ 47 million as dividend. The remaining surplus cash has been used for repayment of debt.

Net Profit after Tax and Minority

The Net Income after tax and minority was US\$ 333 million in 2010, a tremendous growth of 137% over the same period last year. This included the fair value adjustment or Negative Goodwill of US\$ 17 million on acquisition of the Utility Plant in Rotterdam and the share of equity income US\$ 60 million which mainly comprises of Negative Goodwill from the acquisition completed in July, 2010 of an integrated PTA and PET plant in Ottana, Italy. The annualized ROE achieved is 43% in 2010 compared to 32% achieved in 2009.

Financial Status and Ratios

IVL Net Debt stands at US\$ 1,001 million as on 31st December 2010, which was 11 percent lower than same time last year. The Net Gearing ratio decreased to 48% as at 31st December 2010 from 63% same time last year. The annualized ROCE is 17%, which does not include extraordinary income, in 2010 against 14% in 2009. As at 31st December 2010, IVL had unutilized credit facilities of USD 654 million, ensuring high liquidity in the group.

Annual Dividend

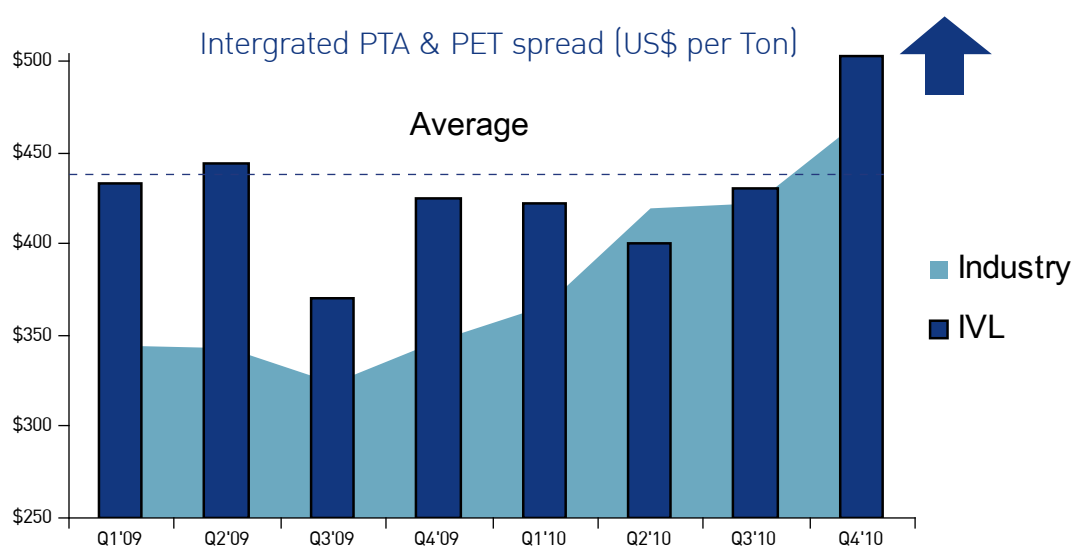
IVL dividend policy is to pay 30% of net profit after appropriation of legal reserve. The board of IVL has proposed to the shareholders for approval a dividend of Baht 0.66 per share, amounting to a dividend amount of upto Baht 3,178.5 million (based on increased issued and paid-up capital of IVL after rights issue of Baht 4,815.8 million). The proposed dividend pay-out is higher by 122% over year 2009 annual dividend of Baht 1,430.3 million.

Rights issue

In November, 2010, the IVL Board of Directors approved the issuance of 481,585,672 free Transferable Subscription Right (TSRs) or "IVL-T1" to the Company's existing shareholders (rights issue) at the ratio of 9 existing shares to 1 TSR. The TSR has an exercise ratio of 1 TSR for 1 share at an exercise price of Baht 36 per share. The issuance and offering of the TSRs was subsequently approved in the Extraordinary General Meeting of Shareholders convening in December, 2010. The exercise of TSRs into shares is ongoing and the subscription will complete on February 24, 2011. The cash received from rights issue will increase liquidity in IVL to take-up growth initiatives, acquisitions and expansions, in year 2011-14 and reduce the net debt-equity ratio to much below 1 time at end of Q1, 2011.

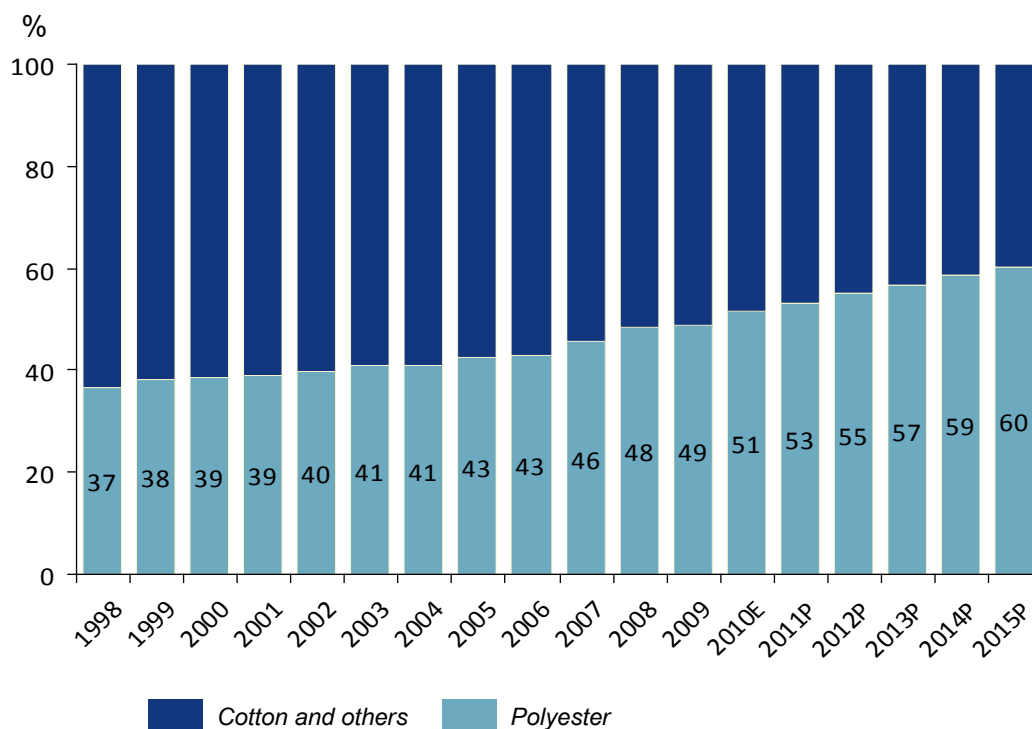
2011 Outlook

Positive outlook for Polyester Value Chain supported by strong demand and expanding integrated margins of our end products- PET, PTA and Polyester fibers & yarns. PTA demand is equally very strong and compliment to integration model of IVL. The sharp increase in Cotton prices to historical highs has resulted in shift of demand towards Polyester Fiber and Yarns creating scarcity for PTA which is one of the major raw materials for polyester fibers and yarns. Further, the strong demand globally is supported by turnaround of the economy in North America after the 2008 crisis and is now seeing strong demand growth. The Polyester value chain has been able to pass through the increase in prices and expand integrated margins. As shown in chart below, integrated spreads for PTA and PET in Q4'10 were higher over the last 8 quarters average and continues to remain strong for IVL:



Source: IVL, Industry prices

Polyester fibers and yarns has been taking market share which has increased from 39% in year 2000 to 51% in year 2010E of all fibers. Polyester growth over other fibers is from more stable and sufficient supply as not dependent on weather related production impact, more functional as better stretch, durability and less water absorbency and its lower cost. Cotton is a natural fiber and its supply is dependent on weather conditions as well as on competing cash crops and Bio-fuel demand, due to limited supply of land. The proximity of Polyester Value Chain to consumer necessity has resulted in continuous positive growth in demand whether it is PET or polyester fibers and yarns. PTA is tight on strong demand from Polyester and PET and spreads are expected to remain firm. Polyester fibers and yarns will continue to gain market share among demand for all fibers and yarns as shown in bar chart below:



Source: Industry data

2011 is expected to see the fast pace of IVL in delivery of both performance and size growth. The AlphaPet plant is fully operational and has demonstrated its full nameplate capacity of 1200tpd in November and is expected to ramp-up to full capacity in the first half of next year. The first full year impact of volume from AlphaPet will be in year 2011. In addition, IVL has been able to turnaround the integrated PTA - PET plant in Italy to positive earnings in 4Q 2010, shortly after completed the joint venture investment in July, 2010. IVL has completed the acquisition of PET plant in China at the end of January, 2011 and within 1Q 2011, IVL will complete all the acquisitions announced, namely the Invista PET and Polyester plants in US & Mexico, the SK PET and Polyester plants in Indonesia and Poland. Recently announced Trevira is also expected to be closed within the first half of year 2011. These will add the installed capacity by 2.1 million tonnes to the IVL current installed capacity of 3.6 million tonnes (excluding joint venture plants in Italy). The management continues to look at various growth options in all parts of the world, especially in Asia and Middle East & Africa, in line with its "Aspiration 2014" plan.

Projects update

In May, 2010, IVL agreed to expand PET production at the site of its existing plant, owned and operated by its subsidiary Indorama Polymers Rotterdam BV. It will add a new production line with an annual capacity of PET resin of 190,000 tons thus bringing the total capacity at the site to 390,000 tons. The expansion is expected to be completed and start operations in quarter 1, 2012. The new plant will generate employment. The proposed expansion is being taken up to increase market share in Europe, to fully integrate with the PTA capacity of 350,000 tons and utilities at the same location and benefit from economies of scale. It is expected to be value accretive to earnings.

In August, 2010, IVL agreed to set up a new PET plant by one of its subsidiary Indorama Polymers PCL. "IRP". IRP through a new wholly owned subsidiary will be setting up a 75,000 tons per annum solid state polymerization "SSP" plant to produce PET at Port Harcourt, Nigeria. This is the first PET investment of IVL in Africa and thus establishing its foothold in the 450,000 tons per annum market demand. Currently, there is only one producer of PET in Africa. The plant is expected to complete and start commercial operations in quarter 4, 2011. It is expected to be value accretive to earnings.

In August, 2010, IVL agreed to implement a PET Recycling project or Flake to Resins with a capacity of 36,000 tpa in AlphaPet Inc., USA. The project is in line with demand from branded beverage companies in the fast moving consumer goods sector. The process and technology is approved and availability of clean flakes has been tied-up from within a close proximity of the plant. The project is expected to complete and start-up in quarter 4, 2011. It is expected to be value accretive to earnings. Also, the project meets CSR objectives of IVL to protect environment and to promote recycling.

In August, 2010, IVL agreed to implement a 2 MW Solar Power Project in Lopburi, Thailand. The electricity generated will be supplied to the PEA grid and falls in the Very Small Power Producer Program "VSPP" under which will avail long term incentives on investment in renewable energy. Thailand with very good solar radiation provides opportunity to tap solar energy, a renewable energy source. The project will be located at our existing site and will utilize for productive use surplus vacant land which falls in the Green Zone. The project will avail BOI promotion privileges for exemption of corporate tax, custom duty and other incentives. The project is expected to complete and start-up in quarter 1, 2011. Also, the project meets CSR objectives of IVL to protect environment, reduce carbon footprint and community development.

In November, 2010, IVL agreed to the acquisition of a plant with an installed capacity of 406,000 tons of PET and Polyester polymers per annum from Guangdong Shinda UHMWPE Co., Ltd. The plant is located in Kaiping City, Guangdong Province of China. This is the first investment of IVL in China and will allow IVL to establish its footprint in one of the fast growing countries for PET. IVL has completed the acquisition on January 27, 2011. It is expected to be value accretive to earnings.

In November, 2010, IVL agreed to acquire from Invista S.à r.l., their Polyester resins and Polyester staple assets located at Spartanburg, South Carolina, USA and to also acquire their Latin American Polyester resins and Polyester staple business (Grupo Arteva S. de R.L. de C.V. and certain of their affiliates) in Queretaro, Mexico. Both sites produce wide ranges of PET, Specialty Polymers, Fibers and Film. The total capacity is 470,000 tons per annum in Invista's Spartanburg plant and 535,000 tons per annum in Invista's Querétaro plant. The transaction is expected to close during the first quarter of 2011. This acquisition is expected to be value accretive to earnings, making IVL the largest PET producer in the world and at the same time complement the strategy to increase its footprint into new higher growth markets of Central and Latin America. Strong R&D set up in the plants will enable IVL to provide innovative products to its customers.

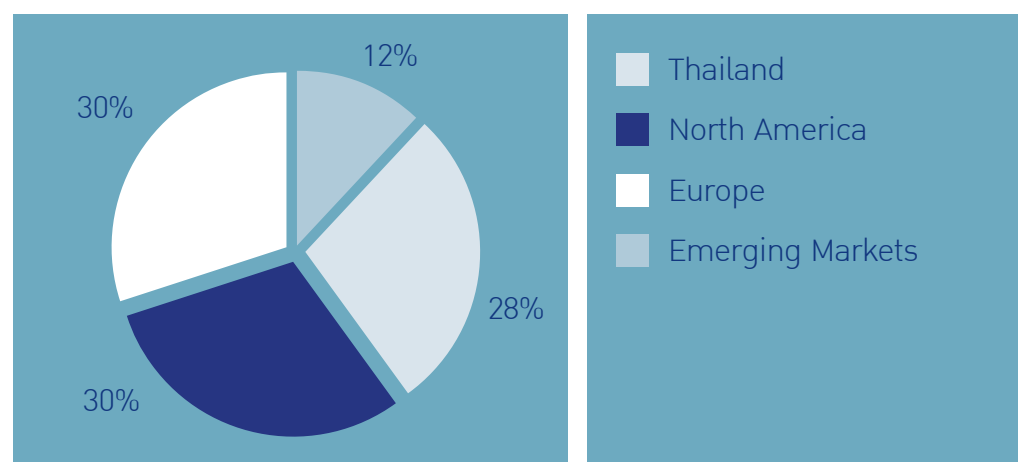
In December, 2010, IVL agreed to acquire and for the purpose signed two definitive Share Purchase Agreements, the first with SK Chemicals, Korea and or its affiliates to acquire the PET business of SK Eurochem Sp. z o.o. in Poland and the second with SK Syntec (a subsidiary of SK Chemicals) to acquire the PET and Polyester business of PT SK KERIS

and PT SK Fiber in Indonesia. SK Eurochem Sp. z o.o. in Poland is a PET chips manufacturing facility having a capacity of 140,000 tons per annum. PT SK Keris, Indonesia is a PET Chips and Polyester Filament Yarn manufacturing facility with a combined capacity of 160,000 tons per annum. PT SK Fiber Indonesia is a Polyester Filament Yarn manufacturing facility having a capacity of 36,000 tons per annum. The transaction is expected to close during the first quarter of 2011. It is expected to be value accretive to earnings.

In February, 2011, IVL agreed to acquire 75% equity stake in the Polyester Staple Fiber, Specialty Filament business of Trevira GmbH having operations in Germany and Poland. The remaining 25% will be held by Sinterama S.p.A., Italy (the "JV Partner"). The acquisition of the 100% shares in Trevira GmbH will be done through a new Joint Venture Company. The formation of the new JV Company and the transaction are expected to be completed by Q2, 2011. Trevira GmbH is a fully integrated Polyester Fiber Company in Europe with a capacity of 120,000 tons per annum of Staple Fiber and Filament Yarn at its manufacturing locations in Germany and Poland. Trevira GmbH is the market leader in Europe in high value applications of polyester, especially in automotive and home textiles. The company is a widely known and well - recognized brand both amongst customers and producers of synthetic fabrics. The company has several valuable patents and technologies together with a strong R&D setup with substantial accumulated research knowledge. Trevira's knowledge base developed over a period of time will be complementary to IVL. The synergy will provide comprehensive and innovative solutions for apparel and industrial applications of polyester to customers worldwide through IVL global operations.

On completion of the above stated acquisitions and expansions, IVL will have an increasingly advantaged portfolio and its capacity will increase by 2.1 million tons. IVL will have the leading market position in Thailand, North America and Europe. The regional capacity distribution of IVL will be as shown below in the pie-chart:

Regional Capacity - Leading market share in Thailand, North America and Europe



Important Note: The Polyester Chain businesses are generally traded in US dollars and therefore IVL believes in helping its reader with translated US Dollar figures. IVL reporting currency is in Thai Baht and the accompanying pages are an integral part of this report. The accompanying pages report the Reviewed Thai Baht results of 3Q 2010 and its translation in US Dollars at average exchange rates and closing exchange rates where applicable. Readers should rely on the Thai Baht results only.

Forward-Looking Statements: This earnings release includes forward-looking statements concerning current expectations for demand for the company's products, implementation and impact of previously announced growth initiatives. Such expectations are based upon certain preliminary information, internal estimates, and management assumptions, expectations, and plans, and are subject to a number of risks and uncertainties inherent in projecting future conditions, events, and results. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations prove to be inaccurate or are unrealized.

FINANCIAL INFORMATION



IVL CONSOLIDATED

Table 1

IVL : CASH FLOW			FY10 vs.
Baht in millions	FY10	FY09	FY09
EBITDA	13,777	11,106	24%
Net working capital and others	(3,109)	(1,554)	100%
Net financial expenses	(1,333)	(1,884)	-29%
Income tax	(469)	(264)	78%
Free cash flow before Capex	8,866	7,404	20%
Capital expenditures	(2,418)	(3,785)	-36%
Net (acquisitions) disposals of subsidiaries	(4,124)	(165)	2399%
Free cash flow after Capex	2,324	3,454	-33%
Dividends	(1,489)	(182)	718%
Proceeds from issues of shares	3,825	0	n/a
Changes in net debt	(4,660)	(3,272)	42%

Note: The consolidated financials are based upon elimination of intra - company (or intra business segment) transactions reason which the total of each segment may not tally with consolidated financials.

Table 2

IVL : FINANCIAL RATIOS		
	FY10	FY09
Current ratio (times)	1.1	0.9
Net gearing ratio (%)	48%	63%
* Net operating gearing ratio (%)	48%	61%
Interest coverage ratio (times)	10.7	7.0
** ROE (%)	42.9%	32.2%
*** ROCE (%)	17.4%	14.3%

* Based on net operating debt which is net debt less debt for capex and investments not generating revenue and earnings

** Net profit after minority to average total equity attributable to shareholders

*** Operating income to average capital employed (net operating debt plus total shareholder's equity)

PET

Table 3

PET : CAPACITY AND UTILISATION (%)			
	FY10	FY09	FY10 vs. FY09
* Production capacity (in Tonnes)	1,402,013	1,036,944	35%
Production volumes (in Tonnes)	1,306,728	1,047,414	25%
Utilisation rate (%)	93%	101%	

* Capacity based on available days in the quarter for production. From 4Q09 onwards, PET capacity and volumes include a line switched from Polyester fibers to PET

Table 4

PET : REVENUES			
	FY10	FY09	FY10 vs. FY09
Total revenues			
Baht in millions	58,073	44,860	29%
USD in millions	1,832	1,307	40%
Growth in Baht revenues from:			
Volume growth			25%
Price movement			13%
Exchange rate movement			-9%
Proportion of revenues by geographic			
Thailand	7%	6%	
Asia (excluding Thailand)	5%	4%	
North America	34%	26%	
Europe	47%	57%	
Rest of the World	7%	6%	

Table 5

PET : OPERATING EBITDA AND MARGIN			
	FY10	FY09	FY10 vs. FY09
*Operating EBITDA			
Baht in millions	7,511	5,979	26%
USD in millions	237	174	36%
Margin (%)	12.9%	13.3%	

* Based on pro-rata allocation of earnings of PTA business calculated on intra-group sales to PET and Polyester fibers

POLYESTER & WOOL

Table 6

POLYESTER & WOOL : CAPACITY AND UTILIZATION (%)			
POLYESTER FIBERS & YARNS			FY10 vs. FY09
	FY10	FY09	FY09
* Production capacity (in Tonnes)	262,948	328,300	-20%
** Production volumes (in Tonnes)	278,930	297,750	-6%
Utilisation rate (%)	106%	91%	

WOOL YARNS			
	FY10	FY09	FY10 vs. FY09
* Production capacity (in Tonnes)	5,900	5,900	0%
** Production volumes (in Tonnes)	5,068	3,062	66%
Utilisation rate (%)	86%	52%	

* Capacity based on available days in the quarter for production. From 4Q09 onwards, Polyester fibers and yarns capacity and volumes exclude a line switched from Polyester fibers to PET

** Production volumes based on equivalent production

Table 7

POLYESTER & WOOL : REVENUES			
	FY10	FY09	FY10 vs. FY09
Total revenues			
Baht in millions	13,593	11,264	21%
USD in millions	429	328	31%
Growth in Baht revenues from:			
Volume growth			-3%
Price movement			32%
Exchange rate movement			-7%
Proportion of revenues by geography			
Thailand	23%	22%	
Asia (excluding Thailand)	40%	44%	
North America	6%	5%	
Europe	18%	14%	
Rest of the World	12%	15%	

Table 8

POLYESTER & WOOL : OPERATING EBITDA AND MARGIN			
	FY10	FY09	FY10 vs. FY09
*Operating EBITDA			
Baht in millions	2,218	1,345	65%
USD in millions	70	39	78%
Margin (%)	16.3%	11.9%	

* Based on pro-rata allocation of earnings of PTA business calculated on intra-group sales to PET and Polyester fibers

PTA

Table 9

PTA : CAPACITY AND UTILISATION (%)			
	FY10	FY09	FY10 vs. FY09
* Production capacity (in Tonnes)	1,590,000	1,590,000	0%
Production volumes (in Tonnes)	1,594,777	1,584,683	1%
Utilisation rate (%)	100%	100%	

* Capacity based on available days in the quarter for production.

Table 10

PTA : REVENUES			
	FY10	FY09	FY10 vs. FY09
Total revenues			
Baht in millions	47,991	45,981	4%
USD in millions	1,514	1,340	13%
Growth in Baht revenues from:			
Volume growth			-1%
Price movement			11%
Exchange rate movement			-6%
Sales to PET business			
Baht in millions	16,529	15,891	4%
USD in millions	521	463	13%
Sales to Polyester business			
Baht in millions	6,270	6,220	1%
USD in millions	198	181	9%
Total revenues after eliminations			
Baht in millions	25,193	23,870	6%
USD in millions	795	696	14%
PTA integration ratio (%)	48%	48%	

	FY10	FY09	FY10 vs. FY09
Proportion of revenues (after eliminations) by geographic			
Thailand	26%	28%	
Asia (excluding Thailand)	63%	52%	
North America	0%	0%	
Europe	7%	13%	
Rest of the World	4%	8%	

Table 11

PTA : OPERATING EBITDA AND MARGIN			
	FY10	FY09	FY10 vs. FY09
*Operating EBITDA			
Baht in millions	4,076	3,750	9%
USD in millions	129	109	18%
Margin (%)	16.2%	15.7%	

* Based on pro-rata allocation of earnings of PTA business calculated on intra-group sales to PET and Polyester fibers

IVL CONSOLIDATED STATEMENT OF INCOME

Baht in millions	FY10	FY09	FY10 vs. FY09
Net sales	96,858	79,994	21%
*Cost of sales	82,125	67,666	21%
Gross profit	14,733	12,328	20%
*Selling and administrative expenses	5,582	5,045	11%
Other income (expense), net	116	95	22%
Foreign exchange gain (loss)	1,178	568	107%
EBITDA	13,777	11,106	24%
Depreciation and amortization	3,332	3,160	5%
Operating income	10,445	7,946	31%
**Extraordinary items	2,451	210	1067%
Interest income	7	18	-61%
Interest expense	1,293	1,601	-19%
Profit (loss) before tax	11,610	6,573	77%
Income tax expense	488	554	-12%
Profit (loss) for the period	11,122	6,019	85%
Minority interest	562	1,195	-53%
Net profit after minority interest	10,560	4,824	119%
Weighted average no. of shares (in Million)	4,240	3,352	27%
Annualised earnings per share (in Baht)	2.49	1.44	73%

* Includes depreciation and amortization expenses

** Includes gain on bargain purchase on new acquisitions and share of equity income from joint venture company in Italy

Note: The consolidated financials are based upon elimination of intra-company (or intra business segment) transactions. For this reason the total of each segment may not tally with consolidated financials.

IVL CONSOLIDATED BALANCE SHEET

Baht in millions	Dec - 10	Dec - 09	Dec - 10 vs. Dec - 09
Assets			
Cash and current investments	2,024	2,560	-21%
Trade accounts receivable	11,771	9,963	18%
Inventories	11,384	9,674	18%
Other current assets	965	1,369	-30%
Total current assets	26,144	23,566	11%
Investment	2,013	0	n/a
Property, plant and equipment	48,748	49,505	-2%
Intangible assets	760	879	-14%
Other assets	340	310	10%
Total assets	78,005	74,260	5%
Liabilities			
Bank OD and short - term loans from financial institutions	5,365	10,004	-46%
Trade accounts payable	10,858	9,004	21%
Current portion of long-term loans	5,954	4,667	28%
Current portion of finance lease liabilities	22	25	-12%
Other current liabilities	1,881	2,085	-10%
Total current liabilities	24,080	25,785	-7%
Long - term loans from financial institutions	20,805	25,331	-18%
Finance lease liabilities	58	73	-21%
Other liabilities	657	605	9%
Total liabilities	45,600	51,794	-12%
Shareholder's equity			
Share capital	4,334	3,352	29%
Share premium	13,031	4,443	193%
Retained earnings	18,910	10,093	87%
Reserves	(4,206)	(709)	493%
Total equity attributable to shareholders	32,069	17,179	87%
Minority interest	336	5,287	-94%
Total shareholder's equity	32,405	22,466	44%
Total liabilities and shareholder's equity	78,005	74,260	5%

Note: The consolidated financials are based upon elimination of intra-company (or intra business segment) transactions. For this reason the total of each segment may not tally with consolidated financials.

Corporate Governance Report, 2010



Indorama Ventures PCL (IVL) believes in striking a balance between economic and social goals by executing high standards of Corporate Governance and always strives to implement the Corporate Governance principles set by the Stock Exchange of Thailand (SET).

The Company firmly believes in transparency, accountability and ethical conduct in pursuit of its mission and acts in accordance with our framework for sound corporate governance to enhance Company's competitiveness and best serve the interests of our many stakeholders - and our business.

IVL has in place a written Corporate Governance Policy and the Policy follows the guidelines set out by SET. The Board and management are strongly committed to the implementation and practice of the Corporate Governance principles and this reflects our allegiance to doing what is fair, right and legal.

It is the policy of IVL to uphold the core and relevant principles of corporate governance as hereunder:

Rights of Shareholders and Equitable Treatment of Shareholders

It is the Company's top most priority to protect Shareholders' rights, irrespective of their shareholding, and encourage them to exercise those rights as spelt out in relevant laws.

The Company recognizes the basic legitimate right of Shareholders to participate in Shareholders' meetings; the right to appoint a proxy to participate and vote at the said meeting; the right to vote for the appointment or removal of individual directors; the right to vote on the annual appointment of statutory auditors and fix their remuneration and the right to vote on various other businesses of the Company. IVL implemented these rights of the shareholders at their first Annual General Meeting of Shareholders held in April, 2010.

Shareholders rights also include eligibility to receive dividend payments, the right to give opinions and enquire into business matters of the Company during the Shareholders' meeting.

Apart from the above, IVL also recognizes the equal rights of all Shareholders to obtain accurate, adequate and timely information from the Company, for their decision-making and will always strive to provide the same.

General Rights and Equality

IVL provided the opportunity to minority shareholders to propose agenda items and to nominate qualified individuals to be elected as directors of the Company before the AGM for a period of 60 days. Such notification to the shareholders was informed to SET website on 15 November 2010 and posted on the Company's website on the same day. The notification clearly mentioned the procedure and criteria. The company received no proposal from any shareholder and the same was informed to the Board.

IVL will continue to provide opportunities to the minority shareholders to participate in fundamental corporate decisions.

In order to ensure that the shareholders receive the annual audited financial statements and the quarterly reviewed financial results on time, IVL disclosed the annual audited financial statements (2009) and the three reviewed quarterly financial statements of 2010 the very next day of its approval by the Board of Directors through the website of the Stock Exchange of Thailand and also through its website - www.indoramaventures.com, both in English and Thai.

IVL made regularly and timely disclosures through its website and also through the SET about all relevant information like the Annual Report, Form 56 - 1, Shareholders' meeting resolutions, important Board resolutions, acquisition updates, analyst reports, press releases and other relevant information about the Company and its subsidiaries in an effort to keep the Shareholders informed.

IVL strongly believes in the participation of its shareholders to understand the operation and businesses activities of the Company and its subsidiaries and to interact with the management. It organized a visit of the shareholders to its plants located at Rayong on September 1, 2010. The shareholders who visited the plants showed keen interest and enthusiasm. Such annual visits shall continue to be organized in future.

Shareholders were notified more than 14 days before the shareholders meeting, each shareholder received complete and adequate information on the criteria and procedure of the meeting. The AGM was held on April 27, 2010 and the Notice was issued out on April 8, 2010.

All information sent to the shareholders was posted on the Company's website both in English and Thai 30 days before the meeting date. The Shareholders were provided the facility to download the relevant information including the proxy forms. Notice of the meeting was also communicated through the SET.

The shareholders were given the opportunity to submit questions in advance regarding the agenda, together with comments if any, from the date they were notified of the meeting. The procedure for submitting such questions was clearly mentioned in the Notice to the meeting.

IVL shareholders were encouraged to attend the AGM in person or by proxy. In case of proxy, Shareholders could either appoint their authorized person or any one of the 3 Independent Directors nominated by the Company in this regard. The profiles of the Independent Director(s) were attached to the notification of the meeting.

The venue of the AGM was at a central location easily accessible to all and a map of the location was provided in the Notice to the meeting.

On the meeting date the Company arranged for the shareholder registration to start at least one hour before the meeting. Preparation of the venue, greeters and appropriate number of registration staff were arranged to assist shareholders before the meeting. The Company had detailed all documents necessary for shareholders to present on the meeting date in order to have the right to attend the meeting, including the designated proxy form.

A barcode scanning system was used for registration allowing for a quick and efficient registration process. Bar coded ballots were handed out to each shareholder for voting.

To enable Shareholders to make decisions, IVL provided adequate information in the Notice to the meeting on the following agenda items.

Re-appointment of Directors and appointment of new Directors

Profiles of the directors retiring and offering themselves for re-appointment and of the 4 new directors proposed for appointment together with name, age, type of director, educational background, working experience, positions held in other organizations, number of years as director of the Company and the opinion of the Board, in order to facilitate the voting of the Shareholders. Re-appointment and appointment of new directors was done by individual voting.

Approving Directors remuneration

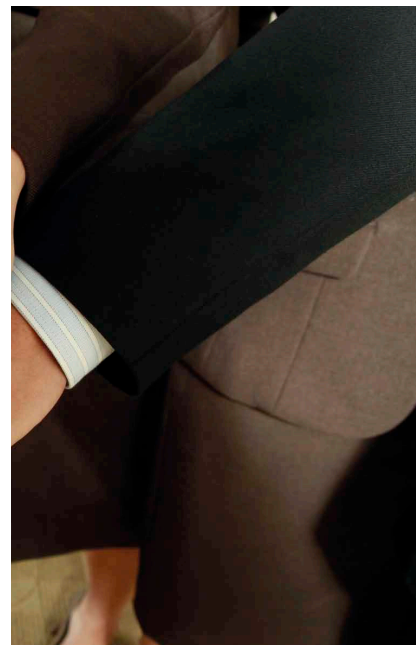
The total remuneration for the Independent Directors and Non-Executive Directors as proposed by the Board for the year 2010 together with the amount approved and paid for in 2009. The Board reviewed the annual remuneration of the Directors with comparable listed companies. Details of remuneration paid to the Independent Directors and Non-Executive Directors is provided in the later part of this report.

Appointing the external auditor and approving the audit fee

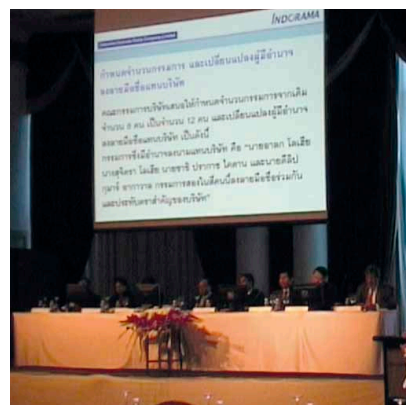
The name of the audit firm and the auditor's names, independence of the proposed auditor, number of years as the company's auditor, remuneration proposed for the year 2010 together with the opinion of the Board mentioned in the Notice to Meeting in order to facilitate the voting of the Shareholders.

Payment of dividend

Regarding to the dividend policy of the Company, the amount of dividend proposed for the year 2009 of Baht 0.33 per share amounting to Baht 1,430,309,445. This was the first year of dividend payout by IVL since its listing on the SET on February 05, 2010



Shareholders Meeting



It is IVL's policy to conduct Shareholders meetings properly in accordance with the Articles of Association of the Company and related laws to allow Shareholders to exercise their rights fully and in an informed manner.

The annual general meeting of Shareholders was organized within four months from the closure of the fiscal year of December. For the fiscal year 2009, the AGM was held on April 27, 2010. The total number of shareholders who attended the meeting in person or proxy was 116 shareholders and representing 76.81% of the total shares sold.

During the meeting, all the Shareholders were encouraged to pose questions, express their opinions, suggestions, recommendations and request for additional information to clarify any issues relating to the Meeting.

Prior to starting the meeting, the Chairman and his representative briefed the Shareholders on the criteria governing the meeting including the voting procedure. Two independent observers from the shareholders' present witnessed the vote counting procedure.

In order to make the voting process fast and accurate, the Company used an electronic voting system. For each agenda/sub-agenda separate ballots were provided. After every agenda item was discussed and put to a vote, the ballots were collected and scanned. The results of the voting for each agenda were declared at the close of the meeting.

The vote counting was carried out in a transparent manner with one share being equal to one vote. Approval of a resolution was based on majority of votes as there was no special resolution which would require three fourth of the eligible votes.

During the meeting, the Company did not introduce any unexpected important information or any new agenda item that was not notified to the Shareholders earlier.

The Company ensured that all Shareholders were accommodated to attend the meeting even beyond the specified time limit. The Chairman of the Board chaired the meeting. There were 7 out of 8 Directors including the Group Chief Executive Officer (GCEO), Chairman of the Audit Committee, the external auditors, the legal counsel of the Company and management team members attended the meeting.

The Chairman gave the Shareholders sufficient opportunity to ask questions and make recommendations about the operations, financial matters and other issues of the Company without prejudicing the rights of any Shareholder. The Chairman, GCEO, Chairman Audit Committee and their nominated representative provided clarifications during the meeting and met the Shareholders informally after the meeting.

All the agenda items were passed by an average of 99% of the total eligible votes. The resolution of the meeting including the number of vote's cast was disclosed through the SET website on the same day of the meeting.

Comprehensive Minutes of the meeting were recorded. They included names of Directors who attended and who did not attend the meeting, summary of questions asked, important explanations and clarifications, and the voting results of each agenda and sub-agenda item was divided into for/against/ abstained. The Minutes were submitted to the SET within the required time frame of fourteen days after the AGM date.

A copy of the Minutes was also posted on the Company's website.

Internal information and related party transactions

The Company has in place a written policy on the use of confidential and/or internal information so as to prevent any illegal use. The statement is prominently displayed at the head office and at the offices and the working places of all its subsidiaries, for the knowledge of all employees.

The code of conduct prohibits employees from buying, selling, transferring or accepting the transfer of Company securities by using confidential and/or internal information in any manner that may take advantage of outsiders by using inside information.

All directors, senior management, auditors and employees having access to financial statements of the Company are required to make a declaration of their movement in shareholding including their spouse and minor children, to the Company Secretary who in turn presents a summary report to the Board.

Also the directors shall file with the company a report, in the form as approved by the Board, on their interest or a related person's interest in the company or its subsidiaries.

Reporting of and trading in IVL Securities

The Company has in place a written policy on reporting of and trading in IVL Securities. As per this policy no director or "Management" shall directly or indirectly trade in IVL Securities during the period of 15 working days prior to and 2 working days subsequent to the date of filing with the SET of the quarterly and annual financial statements of the Company. Further if any director or management trades in IVL securities, they have to report to SEC in the prescribed form within 3 working days and inform the Company Secretarial Department. Moreover a quarterly declaration on their trading needs to be provided to the Company Secretary. This declaration is also taken from the Company auditors.

Related party transactions

The Company has in place a detailed policy on Related Party Transactions ("RPT") which is strictly followed. The policy states who is a related party and what constitutes a related party transaction, the various types of RPT's and their threshold criteria/values for approval and disclosure purpose and what procedures to follow when there is a new related party transaction. The guideline is circulated at the beginning of each year in order to remind all concerned about the compliance requirement on RPT's. The Internal Audit Department is responsible to ensure that all related party transactions follow the rules and regulations as prescribed by the SEC/SET and the internal policy guidelines. Any proposed new related party transaction is brought to the notice of the Internal Audit Department who after their verification forwards to the Audit Committee with their recommendation through the Secretary of the Audit Committee. The Audit Committee after their review will make a recommendation to the Board. Without IVL Board approval, no new related party transaction can take effect. At every quarterly meeting of the Audit Committee and Board of Directors, a statement of all the continuing RPT's of the Company and its subsidiaries is submitted for acknowledgement.

However, the Company and its subsidiaries may have related transactions with their directors, executives or potential connected persons. As a result, the Board of Directors Meeting approves, in principle, that the management is empowered to approve such transactions under reasonable, transparent and non-corrupt conditions, provided that such transaction is categorized as a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances, on the basis of commercial negotiation (general trading conditions) and without any dependant interest resulted from the status of director, executive or related person, as the case may be.

Any Director who is directly or indirectly interested in any transaction abstains from discussions and voting.

The Company also has in place a written Board and Audit Committee Charters, Code of Conduct for directors & employees, an Internal Audit Manual and Internal Audit Charter.

Role of Stakeholders





IVL gives equal importance to all of its stakeholders both internal and external such as shareholders, personnel, business partners, customers, competitors, creditors, community, environment and society. The Company is fully aware that support from each stakeholder will sustain and reinforce its competitive advantage and profitability.

It is the policy of IVL to safeguard their rights by strictly complying with applicable laws and regulations and to take into consideration their interests.

Shareholders:

IVL and its subsidiaries strive to conduct its business in a transparent and efficient manner with a view to enhancing shareholder value and returns. We will seek new businesses and projects that are accretive to shareholder value only.

Customers:

IVL and its subsidiaries will strive to maintain and strengthen its long-term and loyal relationships with its customers and is determined to ensure customer delight by providing high quality products and services that best fit customer needs at competitive prices, supported by a high standard of service and accurate information regarding our operations and products.

The Company believes in and will strive to keep communication channels open for constant customer feedback.

Personnel:

All personnel of IVL and its subsidiaries are considered to be valuable assets, critical to the growth and profitability of the company and its subsidiaries, and strive to provide a conducive and quality oriented work environment with utmost emphasis on safety along with fair and equitable compensation compatible with similar businesses.

The Company gives importance to developing skills, knowledge and potential of its employees, and strives to build a work environment that is rich in diversity and will attract and retain high performance employees.

Business Partners:

IVL and its subsidiaries fosters symbiotic, long-standing and growing relationships with all its business partners, based on mutual benefit and guided by good business ethics.

Creditors:

IVL and its subsidiaries attempts to provide its creditors with all full and accurate information about the progress of the company, as required for smooth business dealings and to comply with all its obligations.



“ We care about
how we do our
business ”

Community, Environment & Society:

IVL and its subsidiaries cares about safety of its society, environment and quality of life of people associated with all its operations and strives to comply with applicable laws and regulations.

IVL and its subsidiaries try to actively participate in all activities that support and care for environment and society and promote the cultures in which the companies operate.

IVL and its subsidiaries treat and dispose of waste in a manner that will have least impact on society, environment and people.

IVL has taken various steps towards the sustainability of not only the company, but of the community as a whole. We want to ensure:

- A consistent supply high quality products and services to our customers
- That we create value for our investors
- we provide a favorable working environment
- we are a good community neighbor
- That we minimize the environmental footprint we leave behind

We are committed to meet and surpass the environmental laws and regulations pertaining to each business and region, with periodic analysis and third party inspection conducted in each plant.

Competitors:

IVL and its subsidiaries will act within the rules with respect to its competitors and employ best practices in dealing with them, as well as working towards market development and growth for the benefit of the industry as a whole.

Disclosure and Transparency

It is IVL's policy to deliver all-important information relevant to the Company, both financial and non-financial that may have an impact on the interests of the Shareholders or any decision to invest in or on the price of its shares. All such information will be disclosed sufficiently, accurately, on a timely basis and transparently through easy-to-access channels that are fair and trustworthy and all such information to comply with the relevant rules of SEC/SET.

The communication channels used are the Annual Report, Form 56 - 1, press releases, SET website, Shareholders meeting, analysts meeting and the Company's own website.

The designated executives that can disclose information about IVL is the Group Chief Executive Officer (Group CEO), the Secretarial and Investor Relations Department. They provide information to interested parties on various occasions such as one-on-one meetings with Shareholders, creditors, analysts, quarterly meetings with analysts to discuss the recent financial performance, road shows and others.

The Company gives utmost importance to its website, which is both in Thai and English, and regularly reviews it to ensure all information provided is current and up-to-date.

For the year 2010, the Company was not penalized by the SEC/SET for breaching any disclosure rules and regulations.

The information of the following provided on the Company website is regularly updated:

Vision, Mission, Value Statements, financial statements, analyst reports, press releases, Annual Report, IVL Board and management structure, shareholding structure and major shareholders.

The company has a designated department/person for Investor Relations for disclosing essential information to investors and financial reporting. An annual investor relations plan is established and the executive in charge is involved in various investor relations activities including but not limited to periodical plant visits for the benefits of shareholders, investors and analysts etc. Also regular investor meetings are organized.

To contact the Company's investor relations department, the general public may call (+66) 2 661 6661 or email richard@indorama.net or ajain@indorama.net. The details are provided on the Company website.

A statement on the Board's responsibility concerning the Company's financial report is disclosed in the Annual Report which mentions among other things that the Company complies with generally accepted accounting principles and that accounting standards and practices used are appropriate and consistent to the nature of the business. It also states that all information presented in the financial reports are accurate, complete and adequate. The Chairman of the Board and the Group CEO sign the statement.

The individual shareholdings of Directors, Management, including their spouse and minor children for the period January 1, 2010 to December 31, 2010 was as follows:

Name	Opening	Purchased	Sold	Balance
Mr. Sri Prakash Lohia ⁺	-	-	-	-
Mr. Alope Lohia ⁺	10	-	-	10
Mrs. Suchitra Lohia ⁺	-	-	-	-
Mr. Sashi Prakash Khaitan	-	167,000	77,000	90,000
Mr. Amit Lohia ⁺	-	-	-	-
Mr. Rathian Srimongkol	-	-	-	-
Mr. William Ellwood Heinecke	707,500	632,500	453,000	887,000
Mr. Chakramon Phasukavanich (held by spouse)	155,650	-	-	155,650
Dr. Siri Ganjarende ^{*1}	-	-	-	-
Mr. Maris Samaram ^{*1}	-	-	-	-
Mr. Kenneth See ^{*1}	20,000	-	20,000	-
Mr. Dilip Kumar Agarwal ^{*1}	-	-	-	-

Name	Opening	Purchased	Sold	Balance
Mr. Prem Chandra Gupta	-	-	-	-
Mr. Gopal Lal Modi	-	15,000	-	15,000
Mr. Satyanarayan Mohta	136,972	-	126,000	10,972
Mr. Ramesh Kumar Narsinghpura	-	233,000	-	233,000
Mr. Vikash Jalan	-	10,000	10,000	-
Mr. Anuj Lohia ⁺	10	-	-	10

⁺ As at December 31, 2010 the direct and indirect shareholding of companies owned and controlled by Lohia family and related persons totaled 3,119,434,560 shares, representing 71.97% of the issued shares.

[†] The Directors were appointed as directors at the Shareholders' meeting no 1/2010 dated 27 April, 2010

Responsibility of the Board

Board Structure

The IVL Board during the year increased the number of directors from 8 to 12 consisting of 4 Executive Directors, 2 Non-Executive Directors and 6 Independent Directors representing half of the total Board size.

The Board structure is appropriate in relation to the size of the Company, number of Executive, Non - Executive and Independent Directors and qualification in terms of knowledge and expertise and provides a fair balance of power and effective management monitoring.

In the Directors' profile, IVL discloses its director's names, profiles, qualifications, experience, and shareholding in the Company to demonstrate the Board's knowledge, competence, qualification and experience via the Annual Report and its website. It also mentions which Director is independent, executive and non-executive and representative of a major shareholder.

The profile mentions the Board membership of other Companies held by the Directors.

In order to achieve a balance of power, the position of the Chairman of the Board and that of the Group CEO are different. The Chairman of the Board of Directors is a Non-Executive Director.

One third of the Directors retire by rotation at every Annual General Meeting as specified in the Articles of Association of the Company. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been in office for the longest term shall retire. A retiring director is eligible for re-election. Voting for appointment/re-appointment of Directors is done individually. This will be the second year where the selection will be by draw of lots.

The Board has appointed a Company Secretary in order to meet the requirements of the SEC regulations. The Company secretary is responsible for matters connected with meetings of the Board and Shareholders and to advise the Board on law and regulations that the Board must know to effectively perform its duties and to administer the Board's activities and ensure Board resolutions are complied with.

Audit Committee

The Audit Committee of IVL was reconstituted by the Board at its meeting on May 12, 2010, in view of the appointment of three new independent directors and Mr. William Ellwood Heinecke relinquishing his position as Audit Committee member on becoming Chairman of the Nomination, Compensation and Corporate Governance Committee (NC&CG). The new Audit Committee comprises of Mr. Rathian Srimongkol as Chairman, Mr. Chakramon Phasukavanich and Mr. Maris Samaram as members. All members are Independent Directors and have the requisite experience and knowledge to review financial statements. The term of the Committee will expire on September 2011.

The Audit Committee held 7 meetings during the year with the attendance of members as follows:

Name	Attendance
Mr. Rathian Srimongkol	7/7
Mr. William Ellwood Heinecke * ¹	2/2
Mr. Chakramon Phasukavanich	7/7
Mr. Maris Samaram * ²	5/5

*¹ Upto May 2010

*² From August 2010

The Audit Committee Charter approved by the Board in September 2009, is in line with the new SEC regulations. It is available for reference on the Company's website.

The main duties and responsibilities of the Audit Committee include:

1. To review the company's financial reporting process to ensure that it is accurate and adequate;
2. To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the company's compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, and the laws relating to the company's business;
4. To consider, select and nominate an independent person to be the company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and credibility of the company's financial report;
 - (b) an opinion on the adequacy of the company's internal control system;
 - (c) an opinion on the compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, or the laws relating to the company's business;
 - (d) an opinion on the suitability of an auditor;
 - (e) an opinion on the transactions that may lead to conflicts of interests;
 - (f) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;

- (g) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors.
7. To perform any other act as assigned by the company's board of directors, with the approval of the Audit Committee.

The Chairman of the Audit Committee reported on the Audit Committee's activities to the Board, immediately following the Audit Committee meetings. Between the meetings, the Committee reviewed emerging issues with the management team, Secretary of Audit Committee, Chief of Internal Audit and with the statutory auditors. The Minutes of the Audit Committee form part of the Board papers every quarter.

During the year, the Audit Committee visited the European manufacturing subsidiaries and had detailed reviews with the local management team and external auditors on their activities, risks, internal control systems and its mitigations.

The Audit Committee Report on its performance to the shareholders was separately disclosed in the Annual Report.

Nomination, Compensation and Corporate Governance Committee (NC&CG)

In order to maintain the highest corporate governance standards, the Board constituted the Nomination, Compensation and Corporate Governance Committee at its meeting on May 12, 2010.

The Committee comprises of the following four directors:

- Mr. William Ellwood Heinecke as Chairman
- Mr. Alope Lohia, Dr. Siri Ganjarendee and Mr. Kenneth See as members.

Other than Mr. Alope Lohia all other members are Independent Directors.

The role and responsibilities of the NC&CG committee is to periodically review the structure, size and composition of the Board; identify and nominate candidates to fill the Board or recommend the Board and shareholders to re-elect directors who retire by rotation, review the management's recommendations for senior management, review compensation packages and other benefits of the Board, its committees and Group CEO. The committee will formulate a corporate governance policy for the Board's consideration and monitor compliance with policies. The committee will co-ordinate the annual performance assessment of the Chairman of the Board and its members and sub-committees.

The NC&CG Committee met informally during the year in order to formalize their strategy and to develop the key areas of focus. All such decisions were to be ratified at their meeting beginning of 2011.

Responsibility and duties of the Board of Directors

The Board of Directors of IVL has the vision, mission, value statement, plans, strategies, key policies and budgets of the Company with a view to effectively and efficiently manages the business for maximum shareholders value. Detailed budgets and plans are formulated for the Company and its subsidiaries. The Board closely monitors the management and implementation of business plans to achieve targets. The Board also sets internal controls and audit procedures, including risk management.

The Board through the Audit Committee, internal auditor, and compliance department reviews potential conflicts of interest. The internal guidelines of the company on related party transactions and the relevant rules and regulations of SET/SEC provide a basis for avoiding conflicts of interest. Details of all related party transactions are updated in Form

56-1 and reported in the Annual Report. Those Board members who have an interest in a matter that might involve a conflict of interest must abstain from voting and other involvement, as prescribed by the Board. Company policy prohibits personnel at all levels from using inside information for personal benefit with all business decisions based on achieving the maximum benefit for the company and its subsidiaries.

The company has a code of conduct for Directors, executives and employees, approved by the Board and communicated to everyone. The Company through this Code of Conduct strives to achieve observance of ethical practices, honesty, and accountability, as well as a responsibility to all stakeholders and external agencies.

Internal Audit

The company has its own Internal Audit Department, Internal Audit Manual and Internal Audit Charter. The Internal Audit Department is entrusted to carry out internal audit activities of the company and its subsidiaries under the supervision of the Chief of Internal Audit. The Internal Audit Department reports functionally to the Audit Committee. A detailed plan for the year is formulated for the units and approved by the Audit Committee which then reviews the work of the internal audit department against the plan periodically and makes recommendations to management. For the year 2010, the audit was carried out for Thailand units and some overseas units. The Secretary of the Audit Committee follows up on the implementation of recommendations and reports the progress to the Audit Committee and also undertakes periodic checks to ensure compliance with statutory and regulatory requirements.



The regulations on the use of internal information of the Company

The regulations on the use of internal information of the Company are as follows:

1. All directors, executives, staff and employees of the Company shall keep the confidential and/or internal, all information of the Company except for the purpose of the operation of the Company's businesses;
2. All directors, executives, staff and employees of the Company shall not disclose confidential and/or internal information of the Company with the aim to seek benefit for oneself or for other persons either directly or indirectly regardless of whether or not such benefit is to be received; and
3. All directors, executives, staff and employees of the Company shall not sell, purchase, transfer or take the assignment of securities of the Company by using confidential and/ or internal information of the Company and/ or enter into any transactions by using confidential and/or internal information of the Company in a manner that could possibly cause damage to the Company either directly or indirectly. This provision shall also apply to spouses and minor children of the directors, executives, staff and employees of the Company. Violators of the regulations shall be deemed as committing a serious offence.

Post listing of its shares on the Stock Exchange of Thailand (SET), all directors, executives, managers, any persons responsible for the operation, auditors, staffs or employees of the Company purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell the shares of the Company in such a way as to take advantage of other persons by using internal information material to changes in the prices of the shares of the Company which has not yet been disclosed to the public and to which information he has access by virtue of his office or position, and whether or not such act is done for his own or another person's benefit, or to disclose such information so that he will receive consideration from the person who engages in the aforesaid acts, such person shall be liable under the applicable laws with respect to insider trading as a result of such contravention.

In the event that, directors, executives, managers, any persons responsible for the operation, auditors of the Company acquire or dispose of shares or other securities (if any) of the Company, such person have to report on such acquire or dispose to the SEC within the time described by SEC Act B.E. 2535. The said acquire or dispose of such person shall include the holding of shares and other securities (if any) by his spouse and minor children of securities in the Company.

These regulations have been informed to all employees.

Board of Directors' Performance

The Board of Directors held 9 times meetings during the year. The Company generally proposes to schedule a minimum of 5 meetings a year. Typically, a meeting is convened every 3 months with extra meetings convened as and when deemed necessary to review operations, financial matters, plans, or other matters. Prior to the close of each year a schedule of meetings for the next year is circulated to the members so as to fix the meeting dates well in advance and also to ensure maximum participation.

The Chairman, Group CEO and Company Secretary set Board meeting agendas and the Company Secretary sends invitation letters together with the Agenda and relevant documents to the Directors at least 7 days prior to the meeting to allow adequate time for the directors to study the information.

At each Board Meeting, the Chairman allows each Board member to express his or her views and management to answer all queries in full. If desired, Directors can request for additional information from a designated person.

Detailed minutes are prepared for each meeting which includes the meeting date, beginning and ending times, name of Directors who attended and were absent from the meeting, summarized information proposed to the Board on each issue, summarized discussion and Director's observations and the person authorizing the Minutes.

The summary of Minutes of all subsidiary companies was attached to the Board papers every quarter in order for the Board members to gain full knowledge of the activities at the various locations.

The followings are the details of attendance of the Board of Directors' meeting in 2010

Name	No. of attendance / total meeting
1. Mr. Sri Prakash Lohia	5/9
2. Mr. Alope Lohia	9/9
3. Mrs. Suchitra Lohia	6/9
4. Mr. Sashi Prakash Khaitan	7/9
5. Mr. Amit Lohia	3/9
6. Mr. Rathian Srimongkol	9/9
7. Mr. William Ellwood Heinecke	8/9
8. Mr. Chakramon Phasukavanich	8/9
9. Mr. Maris Samaram ^{*1}	6/6
10. Dr. Siri Ganjarerndee ^{*1}	6/6
11. Mr. Kenneth See ^{*1}	6/6
12. Mr. Dilip Kumar Agarwal ^{*1}	3/6

^{*1} the four directors were appointed by the shareholders on April 27, 2010 and attended the first Board meeting in May 2010

Remuneration

The current remuneration of Independent Directors and Non-Executive Directors is established based on assignments, responsibilities. Such remuneration proposed by the Board requires the approval of the Shareholders' meeting.

For the year 2010 the total annual remuneration to the Independent Directors and Non-Executive Directors approved at the Annual General Meeting of Shareholders No.1/2010 held on April 27,2010 was for an amount not exceeding Baht 7,500,000. to be allocated by the Board.

The actual remuneration paid in 2010 is Baht 6,780,000 as against the approved amount of Baht 7,500,000. The details of the remuneration paid are given hereunder:

As Directors of the Company

No.	Independent Directors	Amount approved (Baht)	Actual Paid (Baht)
1.	Mr. Sri Prakash Lohia (from May 10)*	75,000 per month	600,000
2.	Mr. Rathian Srimongkol	50,000 per month	600,000
3.	Mr. William Ellwood Heinecke	50,000 per month	600,000
4.	Mr. Chakramon Phasukavanich	50,000 per month	600,000
5.	Mr. Amit Lohia (from May 10)*	50,000 per month	400,000
6.	Mr. Maris Samaram (from May 10)	50,000 per month	400,000
7.	Dr. Siri Ganjarerndee (from May 10)	50,000 per month	400,000
8.	Mr. Kenneth See (from May 10)	50,000 per month	400,000
Total			4,000,000

* Mr.Sri Prakash Lohia and Mr.Amit Lohia are Non-Executive Directors.

As Audit Committee members

No.	Members	Amount approved (Baht)	Actual Paid (Baht)
1.	Mr. Rathian Srimongkol	75,000 per month	900,000
2.	Mr. William Ellwood Heinecke (upto Apr'10)	50,000 per month	200,000
3.	Mr. Chakramon Phasukavanich	50,000 per month	600,000
4.	Mr. Maris Samaram (from May 10)	50,000 per month	400,000
Total			2,100,000

Note: The remuneration to the Audit Committee Members is paid effective from September, 2009 Mr. William Ellwood Heinecke relinquished his position as Audit Committee member to become Chairman of the Nomination, Compensation and Corporate Governance Committee.

As Nomination, Compensation and Corporate Governance Committee Members (from May 2010)

No.	Members	Amount approved (Baht)	Actual Paid (Baht)
1.	Mr. William Ellwood Heinecke	35,000 per month	280,000
2.	Dr. Siri Ganjarende	25,000 per month	200,000
3.	Mr. Kenneth See	25,000 per month	200,000
Total			680,000

The Executive Directors on the IVL Board are not paid any director's fee. Remuneration paid to the Management team for the year was Baht 64,902,177.

Professional Development of Directors & Management

The Directors who joined the Company during the year were given a Directors Orientation folder with complete information about the Company and its subsidiaries to assist them in getting well acquainted with the business, practices and procedures of the company and their rights, duties and obligations as Directors.

In addition to the above, the new directors were arranged orientation meetings with the management team members.

The Board encourages the Board members, Audit Committee members, management team members, Company Secretary and Internal Auditor to attend seminars, training and courses which would assist in further improving their contribution/performance in the Company.

The Company Secretary attended the Director Certification Program organized by the Thai Institute of Directors (IOD) Class 133/ 2010.

We encourage the members of the Board to undergo applicable training programs.

Our company's policies, integrity, ethics and disclosures always seek to emulate the best practices in Corporate Governance.

People and Corporate Social Responsibility

Our people - Drivers of Performance at IVL

At IVL, our people are the most valuable resource. We believe that managing our people effectively is a fundamental to the success of the business. Over the years, our focus has been on creating employee participation and involvement through the EEE (3E) Concept - Environment, Engagement and Excitement.

Our 3E concept is a way of life at IVL. We have successfully moved from the margins of employee involvement towards constantly engaging employees through various forums and events to build the excitement, passion and competency of our people. IVL is committed to their professional and personal development.

Environment

IVL is committed to provide great work environment for all employees. We have carried out periodic measures to ensure that employees are involved in IVL's vision and plans for the future. At present, we focus on the following five key practices;

1. **Indorama Song** - this inspirational song is allowed our vision and values to be communicated as well as strengthen unity and pride in IVL
2. **Communication of Vision Mission and Values (VMV)** - Mission, vision and values are vital to the long term health of the company. Regular sessions on the communication of VMV allowed us to create a sense of organizational purpose and build the company's atmosphere, characteristics and attitude.
3. **Environment, Health and Safety (EHS)** are the major concerns and remain a priority at IVL. We believe that good EHS performance is essential element of a successful and sustainable business. IVL's EHS principles are applicable to all of our offices and factories across the world.

As part of our EHS efforts, the following activities were carried out;

- Tree planting activities to increase green areas
- Celebration of World Environment Day on June, 5
- Complete Medical Health Checkup for all employees
- Health care workshop for employees organized by local hospital
- Fire fighting training organized by local fire station
- Traffic safety seminar by the local police chief
- Hands-on training to protect from diseases





4. **Employee Opinion Survey (EOS)** - IVL's emphasis is on continuous improvement. These survey measure key aspects of employee attitude, employee opinion, and organizational effectiveness which are important in the building and development of a smooth organizational culture.
5. **Quality Circles Concept (QCC)** - is a reflection of our focus on continuous improvement for quality consistency. IVL's QCC projects are focusing on people development, team-based culture and contribution to the improvement of the company.

Engagement

We believe that to create a high commitment, high performance organization, we need high levels of employee engagement. Building engagement is an ongoing process which takes time and commitment. IVL is committed to developing employees' willingness and ability to contribute to company success. We continue to make good progress in engagement of our employees through a variety of activities;

- **Promoting Mutual Learning (PML)** - At IVL, we value knowledge, culture and experience. Our PML program aims to support and encourage employees in exchange, integration and elaboration of viewpoints and knowledge. We plan to implement Microsoft SharePoint, a collaboration knowledge management platform, which aligns with our long-term strategy to build a continuous learning organization.

- **Total Quality Assurance (TQA)** - Indorama Business Excellence Model (IRBEM) is based on TQA principles. We have implemented IRBEM with the goal of improving business performance under the concepts of Approach, Deployment, Integration and Learning. This model helps in improving organizational performance practices, capabilities and results and also facilitates communication and sharing of opportunities for learning. The categories of the IRBEM model at IVL are:
 - Leadership
 - Strategy
 - Empowerment
 - Capability Building
 - Continuous Improvement
 - Benchmarking
 - Commitment
 - Involvement
 - Self Development
- **Quality of Life (QOL)** - IVL is committed to insuring employee quality of life. We offer a variety of benefits to maintain the quality of our employees' live. These programs include;
 - Employee workshops on a weekend program on self development
 - Reward and recognition program
 - Holidays
 - Health Care
- **Training and Development (T&D)** - IVL invests and actively encourages training and development at all levels in the company. By providing training and development programs, on-the-job training, coaching and feedback, we ensure that our employees have the necessary resources to maximize their own potential and contribute to the success of our business.

Employees are trained in various areas tailored to both long-term career objectives and to the needs of our businesses like Leadership Attitude for Excellence, Team work, Interpersonal skills, Motivation, Communication, Health Care as well as technical training related to their job.
- **Performance Management System (PMS)** - Our performance management system has initiated to improve the performance of our people and help them achieve their full potential. We provide regular face-to-face feedback and performance review and give appropriate feedback to support employees' professional growth. A formal performance appraisal is conducted at least once a year. We also provide employee reward program which aligned with their performance, potential and contribution to the success of the business.
- **Aspiration 2014 Day** - This significant session was held on June 16 - 17, 2010 at J.W. Marriot Riverside, Bangkok for the purpose of determining the strategy over the next 4 years by top management. Respective businesses presented their growth plans & strategies to the Board of Directors and top management.

Excitement



We recognized that employee well - being affects the performance of individuals, team and organization. Employees with a positive and committed attitude towards the company are more motivated to achieve business success and can create sustainable business benefits.

IVL encourages our people's well - being and supports them in developing a healthy lifestyle. Throughout the year, we organize various activities and events that focus on helping our employees maintain a good balance between their work and private life.

- IVL Picnic Day - aims to build employee relationships and enhance engagements towards the company through team building activities.
- Family Day Celebrations
- Annual Physical Checkup
- Diwali and New Year Party Celebration
- Songkran Festival

Other activities include the Celebration of H.M. the King's Birthday Anniversary and Merit Making.

The 3E concept which is moving on successfully is gradually evolving into a fourth **E-"Excellence"** in all arenas of IVL operations and people. It is an endeavor towards enhancing the existing culture of education so IVL becomes a learning organization.

“We care for our communities”

IVL will always stand to support and contribute to the well-being of its people, communities and the environment. We have taken various steps towards the sustainability of not only the company, but of the community as a whole. We do our best to:

- Consistently supply high quality products and services to our customers
- Create value for our investors
- Provide a favorable working environment
- Be a good community neighbor
- Minimize the environmental footprint we leave behind



IVL social activities and respect for communities reflect its commitment to be a good corporate citizen. Some of our initiatives in the different regions worldwide include;

- Scholarship programs
- Support and participation in cultural activities and events, such as National Children's Day, Loy Krathong, Songkran Festival and Makha Bucha Day
- Financial support for non-profit organization
- Sponsorship program
- Educational Projects, such as an English tutor program by the spouses of senior managements and job training programs for villagers
- Cleaning Day - volunteer projects by IVL employees
- Waste Recycle Bank - to encourage communities' moral sense in household waste separation for recycling and reduce pollution and promote environmental protection.
- Fishery Project - to increase the amount of aquatic life and create sustainable growth for both community and industry
- Support local farmers - to relieve the impact of low fruit prices
- Charity to Center Cancer Foundation - financial support to Bangkok Breast Center Cancer Foundation of Chulalongkorn Hospital.
- Flood Donation - distribute relief packages to people affected by flooding
- Green Energy Project - apply green power from natural sources, like solar and wind power at IVL plants

- Computer Donation by Orion Global PET in Lithuania to Jakai Village Elementary School to celebrate “Children and Parents Day”
- “Zoo To Do” project sponsored by StarPet, USA - enable the North Carolina Zoo to maintain and upgrade exhibits at the zoo



Report of Audit Committee

To the Shareholders

The Audit Committee of Indorama Ventures Public Company Limited consists of three Independent Directors of the Company namely;

Mr.Rathian Srimongkol - Chairman

Mr.Chakramon Phasukavanich - Member

Mr.Maris Samaram - Member

During the year 2010, the Committee held 7 meetings and performed the following tasks in accordance with the scope of their responsibilities as assigned by the Board of Directors and those required by regulations.

1. Reviewed the Company's quarterly and annual audited financial statements with the Company's auditors, including the significant accounting policies, the preparation process for financial statements, information disclosures and other issues, in order to assure that the financial reports are accurate, reliable and in compliance with generally accepted accounting standards and relevant regulations.
2. Approved the annual Internal Audit Plan and reviewed the opinion on internal control on all the major subsidiaries of Indorama Ventures PCL with the Internal Auditor of the Company. The Internal Audit Department carried out its audit activities covering all subsidiaries of IVL across all geographic location.
3. Assessed the adequacy of internal control system of the company with the Company's Auditors, Internal Auditors and Management. The Committee will continue work together with the Internal Auditor and Management to further streamline the systems and procedures.
4. Reviewed the company's compliance with laws and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and other relevant laws pertaining to the Company's business and found no issue of non-compliance for the period.
5. Evaluated, selected and nominated the external auditors, and fixing the audit fee for the Board and Shareholders for approval.
6. The Committee reviewed for each quarter all related party transactions to the Company and its subsidiaries and found the same to be line with the Internal Related Party Transaction Policy and complied with regulatory requirements.
7. The Audit Committee made a visit to the Rotterdam and Lithuania plants of IVL in October 2010 to understand and review the process and practice of internal controls at the European sites with the local management and auditors.

The Audit Committee believes that the Company's financial statements are properly presented, Internal Controls are adequate and the Company's practices are in compliance with relevant regulations and good governance practices.

On behalf of the Audit Committee



(Mr.Rathian Srimongkol)

Chairman of the Audit Committee

February 21, 2011

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Indorama Ventures PCL places significance on its roles and responsibilities in supervising the Company's operations in compliance with good Corporate Governance Principles and is accountable for the financial statements including financial data as shown in the Annual Report.

The financial statements for the accounting year ended December 31, 2010 has been prepared under the generally accepted accounting standards of Thailand. In preparing the said financial statements, the Company has adopted accounting practices and standards that are appropriate to its nature of business. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been audited by qualified and independent auditors who have confirmed that the said statements accurately reflect the actual financial standing, results and operating results over the past year, as well as being transparent.

Moreover, the Board of Directors has maintained internal control, internal audit, risk management and corporate governance in order to ensure the completeness, adequacy and accurateness of the financial statements. The Board of Directors has appointed the Audit Committee to review the quality of financial reports, the internal control system as well as complete and appropriate disclosure of connected transaction.

The Board of Directors expresses its satisfaction on the adequacy, credibility and reliability on the internal control system and the financial statements of Indorama Ventures Public Company Limited and its subsidiary companies for the year ended December 31, 2010.



(Mr.Sri Prakash Lohia)

Chairman



(Mr.Alope Lohia)

Group CEO

Audit report of Certified Public Accountant

To the Shareholders of Indorama Ventures Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended of Indorama Ventures Public Company Limited and its subsidiaries, and of Indorama Ventures Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of two subsidiaries included in the consolidation for the year ended 31 December 2009 which had total assets as at 31 December 2009 constituting 26 percent and total revenues for the year then ended constituting 22 percent, of the related consolidated totals. The carrying value of these investments in the separate balance sheet as at 31 December 2009 amounted to Baht 3,752.2 million. I did not audit the financial statements of one jointly-controlled entity and its subsidiary established in 2010 for the year ended 31 December 2010. The carrying value of this investment in the consolidated balance sheet as at 31 December 2010 amounted to Baht 2,012.6 million and share of profit of jointly-controlled entity recorded in the consolidated statement of income was Baht 1,888.2 million. The financial statements of these subsidiaries, the jointly controlled entity and its subsidiary were audited by other auditors whose reports have been furnished to me and my report, insofar as it relates to the amounts included for these subsidiaries, jointly-controlled entity and its subsidiary, is based solely on the reports of the other auditors.

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

In my opinion, based on my audits and the reports of the other auditors, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010 and 2009, and the results of operations and cash flows for the years then ended of Indorama Ventures Public Company Limited and its subsidiaries, and of Indorama Ventures Public Company Limited, respectively, in accordance with generally accepted accounting principles.



(Vichien Thamtrakul)

Certified Public Accountant

Registration No. 3183

KPMG Phoomchai Audit Ltd.

Bangkok

21 February 2011

Balance sheets

Indorama Ventures Public Company Limited and its Subsidiaries
As at 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
Assets					
<i>Current assets</i>					
Cash and cash equivalents	6	1,482,637	1,396,824	2,132	131,727
Current investments	7	541,726	1,162,929	-	572,808
Trade accounts receivable	5,8	11,770,725	9,962,811	-	-
Short-term loans to related parties	5	-	-	5,681,235	-
Inventories	9	11,384,262	9,673,954	-	-
Other current assets	5,10	964,894	1,369,479	1,688	301,415
Total current assets		26,144,244	23,565,997	5,685,055	1,005,950
<i>Non-current assets</i>					
Investments in subsidiaries and associates	11	-	-	18,524,840	9,622,066
Investment in jointly-controlled entity	12	2,012,582	-	-	-
Other long-term investments	7	20,278	32,706	-	-
Long-term loans to related party	5	-	-	1,163,172	1,262,628
Property, plant and equipment	13	48,748,087	49,505,319	-	-
Intangible assets	14	760,194	878,874	-	-
Other non-current assets	15	319,323	277,216	4,698	-
Total non-current assets		51,860,464	50,694,115	19,692,710	10,884,694
Total assets		78,004,708	74,260,112	25,377,765	11,890,644

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

Balance sheets

Indorama Ventures Public Company Limited and its Subsidiaries

As at 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
Liabilities and equity					
<i>Current liabilities</i>					
Bank overdrafts and short-term loans from financial institutions	16	5,364,893	10,004,447	-	-
Trade accounts payable	17	10,858,319	9,003,958	-	-
Current portion of long-term loans from financial institutions	16	5,954,143	4,643,396	755,083	162,600
Current portion of long-term loans from related parties	5	-	24,467	-	24,467
Current portion of finance lease liabilities	16	22,135	24,538	-	-
Income tax payable		267,614	313,643	-	-
Other current liabilities	5, 18	1,612,350	1,770,907	109,749	222,255
Total current liabilities		24,079,454	25,785,356	864,832	409,322
<i>Non-current liabilities</i>					
Long-term loans from financial institutions	16	20,805,098	25,330,385	3,659,726	2,155,158
Finance lease liabilities	16	58,424	73,374	-	-
Other non-current liabilities		657,135	605,182	-	-
Total non-current liabilities		21,520,657	26,008,941	3,659,726	2,155,158
Total liabilities		45,600,111	51,794,297	4,524,558	2,564,480

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

Balance sheets

Indorama Ventures Public Company Limited and its Subsidiaries
As at 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
Liabilities and equity					
<i>Equity</i>					
Share capital					
Authorised share capital	19	4,815,857	5,082,000	4,815,857	5,082,000
Issued and paid-up share capital	19	4,334,271	3,351,544	4,334,271	3,351,544
Additional paid-in capital					
Share premium	20	13,030,827	4,443,214	13,030,827	4,443,214
Unrealized surpluses (deficits)					
Revaluation surplus	20	2,254,970	864,535	-	-
Fair value changes on cash flow hedges	20, 32	(109,040)	(132,795)	-	-
Currency translation differences	20	(2,068,446)	(324,283)	-	-
Excess of book value of acquired subsidiaries over cost/(cost over book value)		(3,307,048)	173,674	-	-
Differences arising from common control transactions	20	(1,580,670)	(1,580,670)	-	-
Retained earnings					
Appropriated					
Legal reserve	20	604,230	290,575	58,650	-
Unappropriated		18,909,718	10,093,238	3,429,459	1,531,406
Total equity attributable to equity holders of the Company		32,068,812	17,179,032	20,853,207	9,326,164
Minority interests		335,785	5,286,783	-	-
Total equity		32,404,597	22,465,815	20,853,207	9,326,164
Total liabilities and equity		78,004,708	74,260,112	25,377,765	11,890,644

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

Statements of income

Indorama Ventures Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
Income					
Revenue from sale of goods	5	96,858,195	79,994,226	-	-
Interest income	5	7,077	18,360	61,013	33,074
Dividend income		-	-	3,496,726	1,232,471
Net foreign exchange gain		1,178,449	567,715	-	-
Gain on a bargain purchase	4	562,797	-	-	-
Other income		157,015	305,274	21,811	-
Total income		98,763,533	80,885,575	3,579,550	1,265,545
Expenses					
Cost of sale of goods	5, 22	82,124,632	67,665,880	-	-
Selling expenses	5, 23	4,649,569	4,269,652	-	-
Administrative expenses	5, 24	826,627	651,973	33,342	11,496
Management benefit expenses	25	147,271	123,901	6,780	1,300
Impairment loss on investment	11	-	-	-	16,103
Net foreign exchange loss		-	-	36,453	7,115
Total expenses		87,748,099	72,711,406	76,575	36,014
Share of profit of jointly-controlled entity	4, 12	1,888,164	-	-	-
Profit before finance costs and income tax expense		12,903,598	8,174,169	3,502,975	1,229,531
Finance costs	5, 27	1,293,520	1,601,532	115,354	56,564
Profit before income tax expense		11,610,078	6,572,637	3,387,621	1,172,967
Income tax expense	28	487,846	553,954	608	33
Profit for the year		11,122,232	6,018,683	3,387,013	1,172,934
Profit attributable to:					
Equity holders of the Company		10,560,445	4,824,097	3,387,013	1,172,934
Minority interests		561,787	1,194,586	-	-
Profit for the year		11,122,232	6,018,683	3,387,013	1,172,934
Earnings per share (in Baht)	30	2.49	1.44	0.80	0.35

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

Statements of changes in equity

Indorama Ventures Public Company Limited and its Subsidiaries
For the years ended 31 December 2010 and 2009

Consolidated financial statements													
	Note	Issued and paid-up share capital	Additional paid-in capital	Unrealized surpluses (deficits)			Retained earnings			Total equity attributable to equity holders of the Company	Minority interests	Total equity	
				Share premium	Revaluation surplus	Fair value changes on cash flow hedges	Currency translation differences	Excess of book value of acquired subsidiaries over cost/ (cost over book value)	Difference arising from common control transactions				Legal reserve
(in thousand Baht)													
Balance at 1 January 2009		3,351,544	4,443,214	986,546	-	(109,247)	94,517	(1,580,670)	146,011	5,462,619	12,794,534	4,912,408	17,706,942
Unrealized losses													
Depreciation of revaluation increment in property, plant and equipment		-	-	(132,329)	-	-	-	-	-	-	(132,329)	(194,732)	(327,061)
Cash flow hedges		-	-	-	(132,795)	-	-	-	-	-	(132,795)	(72,622)	(205,417)
Loss recognised in equity		-	-	-	-	-	-	-	-	-	-	-	-
Translation of financial statements differences		-	-	-	-	(215,036)	-	-	-	-	(215,036)	(69,825)	(284,861)
Net expense recognised directly in equity		-	-	(132,329)	(132,795)	(215,036)	-	-	-	-	(480,160)	(337,179)	(817,339)
Profit for the year		-	-	-	-	-	-	-	-	4,824,097	4,824,097	1,194,586	6,018,683
Total recognised income and expense		-	-	(132,329)	(132,795)	(215,036)	-	-	-	4,824,097	4,343,937	857,407	5,201,344
Purchase of minority interests	11	-	-	10,318	-	-	79,157	-	5,228	(54,142)	40,561	(301,112)	(260,551)
Transfer to legal reserve		-	-	-	-	-	-	-	139,336	(139,336)	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(181,920)	(181,920)
Balance at 31 December 2009 and 1 January 2010		3,351,544	4,443,214	864,535	(132,795)	(324,283)	173,674	(1,580,670)	290,575	10,093,238	17,179,032	5,286,783	22,465,815
Unrealized losses													
Depreciation of revaluation increment in property, plant and equipment		-	-	(133,394)	-	-	-	-	-	-	(133,394)	(136,704)	(270,098)
Revaluation increment in Plant, machinery and equipment		-	-	1,523,829	-	-	-	-	-	-	1,523,829	7,787	1,531,616
Cash flow hedges		-	-	-	23,755	-	-	-	-	-	23,755	44	23,799
Loss recognised in equity		-	-	-	-	-	-	-	-	-	-	-	-
Translation of financial statements differences		-	-	-	-	(1,744,163)	-	-	-	-	(1,744,163)	(24,792)	(1,768,955)
Net expense recognised directly in equity		-	-	1,390,435	23,755	(1,744,163)	-	-	-	-	(329,973)	(153,665)	(483,638)
Profit for the year		-	-	-	-	-	-	-	-	10,560,445	10,560,445	561,787	11,122,232
Total recognised income and expense		-	-	1,390,435	23,755	(1,744,163)	-	-	-	10,560,445	10,230,472	408,122	10,638,594
Purchase of minority interests	11,19	582,727	5,244,544	-	-	-	(3,480,722)	-	-	2,346,549	2,346,549	(5,300,422)	(2,953,873)
Issue of share capital	19	400,000	3,680,000	-	-	-	-	-	-	-	4,080,000	-	4,080,000
Initial public offering costs	19	-	(336,931)	-	-	-	-	-	-	-	(336,931)	-	(336,931)
Transfer to legal reserve		-	-	-	-	-	-	-	313,655	(313,655)	-	-	-
Dividends	31	-	-	-	-	-	-	-	(1,430,310)	(1,430,310)	(1,430,310)	(58,698)	(1,489,008)
Balance at 31 December 2010		4,334,271	13,030,827	2,254,970	(109,040)	(2,068,446)	(3,307,048)	(1,580,670)	604,230	18,909,718	32,068,812	335,785	32,404,597

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

Statements of changes in equity

Indorama Ventures Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

Separate financial statements						
		Additional paid-in capital		Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
(in thousand Baht)						
Balance at 1 January 2009		3,351,544	4,443,214	-	358,472	8,153,230
Profit for the year		-	-	-	1,172,934	1,172,934
Balance at 31 December 2009						
and 1 January 2010		3,351,544	4,443,214	-	1,531,406	9,326,164
Profit for the year		-	-	-	3,387,013	3,387,013
Total recognised income		3,351,544	4,443,214	-	4,918,419	12,713,177
Issue of share capital	19	982,727	8,587,613	-	-	9,570,340
Transfer to legal reserve		-	-	58,650	(58,650)	-
Dividends	31	-	-	-	(1,430,310)	(1,430,310)
Balance at 31 December 2010		4,334,271	13,030,827	58,650	3,429,459	20,853,207

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

Statements of cash flows

Indorama Ventures Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
<i>Cash flows from operating activities</i>					
Profit for the year		11,122,232	6,018,683	3,387,013	1,172,934
<i>Adjustments for</i>					
Depreciation and amortisation	26	3,331,875	3,081,932	-	-
Interest income		(7,077)	(18,360)	(61,013)	(33,074)
Dividend income		-	-	(3,496,726)	(1,232,471)
Gain on a bargain purchase	4	(562,797)	-	-	-
Share of profit of jointly-controlled entity	12	(1,888,164)	-	-	-
Finance costs	27	1,293,520	1,601,532	115,354	56,564
Unrealized foreign exchange (gain) loss		(800,944)	(470,097)	41,868	22,071
Reversal of bad and doubtful debts expense, net	8	(325)	(28,527)	-	-
Reversal of provision for inventory obsolescence, net	9	(6,744)	(87,764)	-	-
Gain on disposal of property, plant and equipment		(8,354)	(1,045)	-	-
Impairment loss on investment in subsidiary	11	-	-	-	16,103
Income tax expense	28	487,846	553,954	608	33
		12,961,068	10,650,308	(12,896)	2,160
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(2,786,599)	(1,080,090)	-	-
Inventories		(2,414,799)	(2,202,914)	-	-
Other current assets		1,286	319,836	(1,614)	(301,188)
Other non-current assets		19,213	86,085	(97)	-
Trade accounts payable		2,786,079	1,886,452	-	-
Other current liabilities		215,807	(139,268)	6,146	216,761
Other non-current liabilities		69,922	(33,875)	-	-
Income taxes paid		(468,893)	(263,634)	(608)	(33)
Net cash provided by (used in) operating activities		10,383,084	9,222,900	(9,069)	(82,300)
<i>Cash flows from investing activities</i>					
Interest received		5,879	31,475	60,811	3,962
Dividend received		-	-	3,496,726	1,232,471
Loans to a related party		-	(236,721)	-	(354,586)
Purchase of property, plant and equipment		(2,418,419)	(3,784,501)	-	-
Proceeds from sale of property, plant and equipment		12,367	2,741	-	-
(Purchase) sale of other investments, net		618,547	(900,082)	572,808	(572,808)
Purchase of intangible assets		(6,376)	(2,730)	-	-
Net cash outflow on acquisition of business	4	(1,048,872)	-	-	-
Net cash outflow on additional investment in subsidiaries and a jointly-controlled entity	11, 12	(3,075,104)	(165,092)	(3,075,503)	(824,058)
Return of capital from subsidiary	11	-	-	-	659,711
Net cash provided by (used in) investing activities		(5,911,978)	(5,054,910)	1,054,842	144,692

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

Statements of cash flows

Indorama Ventures Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
<i>Cash flows from financing activities</i>					
Interest paid		(1,338,680)	(1,915,610)	(113,941)	(59,111)
Dividends paid to equity holders of the company	31	(1,430,246)	-	(1,430,246)	-
Dividends paid to minority interest		(58,593)	(181,920)	-	-
Proceeds from borrowings		4,887,546	3,870,572	2,480,000	1,147,541
Repayment of borrowings		(10,058,227)	(5,618,712)	(265,985)	(1,046,545)
Repayment of finance leases		(26,068)	(72,269)	-	-
Proceeds from issue of shares	19	3,824,504	-	3,824,504	-
Loans to a related party		-	-	(5,669,700)	-
Net cash provided by (used in) financing activities		(4,199,764)	(3,917,939)	(1,175,368)	41,885
Net increase (decrease) in cash and cash equivalents		271,342	250,051	(129,595)	104,277
Cash and cash equivalents at beginning of year		1,396,824	1,179,241	131,727	27,450
Effect of exchange rate changes on balances held in foreign currencies		(185,529)	(32,468)	-	-
Cash and cash equivalents at end of year	6	1,482,637	1,396,824	2,132	131,727

Non-cash transaction

In 2010, the Company issued ordinary shares at a premium with an aggregate value of Baht 5,827,271,370 for the exchange of shares held by minority interest shareholders in subsidiary (see Note 1).

Note to the financial statements

Indorama Ventures Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

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Notes to the financial statements

Indorama Ventures Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 February 2011.

1. General information

Indorama Ventures Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 75/102, Ocean Tower II, 37th Floor, Sukhumvit Soi 19, Asoke Road, Klongtoey Nua, Wattana, Bangkok, Thailand.

The immediate and ultimate parent companies as at 31 December 2010 were Indorama Resources Limited, incorporated in Thailand, and Canopus International Limited, incorporated in Mauritius, respectively.

On 19 September 2009, the shareholders approved the change of the status of the Company from a private company to a public company.

On 25 September 2009, the Company registered a change in its name from “Indorama Ventures Limited” to “Indorama Ventures Public Company Limited” with the Ministry of Commerce.

On 1 February 2010, the Company received the proceeds from an initial public offering of ordinary shares of 400 million shares at an issue price of Baht 10.20 per share. On 3 February 2010, the Company registered the increase in issued and paid-up capital with the Ministry of Commerce, Thailand and the Securities and Exchange Commission approved the listing and trading of the shares of the Company. The first trading day of the shares was 5 February 2010.

The principal business of the Company and its subsidiaries is the manufacture and distribution of polyethylene terephthalate (“PET”), purified terephthalic acid (“PTA”) and related products, polyester fibres and yarns, and wool products. Details of the Company’s subsidiaries and jointly-controlled entity as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2010	2009
<i>Direct subsidiaries</i>				
Indorama Petrochem Limited	Manufacture of purified terephthalic acid (“PTA”)	Thailand	100.00	100.00
Indorama Holdings Limited	Manufacture of wool yarn, polyester fiber and yarns	Thailand	99.81	97.93
TPT Petrochemicals Public Company Limited	Manufacture of PTA	Thailand	99.96	54.60
IVL Belgium N.V.	Holding company	Belgium	100.00	-
Auriga Polymers Inc.	Holding company	United States of America (“USA”)	100.00	-

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2010	2009
<i>Direct and indirect subsidiaries</i>				
Indorama Polyester Industries Public Company Limited	Manufacture of polyester fibers and yarns	Thailand	Direct	Direct
			64.94	64.94
			Indirect	Indirect
			34.55	33.90
			99.49	98.84
Indo Poly (Thailand) Limited	Manufacture of polyester fibers and yarns	Thailand	Direct	Direct
			44.38	44.38
			Indirect	Indirect
			54.37	53.33
			98.75	97.71
Indorama Polymers Public Company Limited	Manufacture and sale of solid-state polymerised chips (generally known as bottle grade resin chips), polyethylene terephthalate ("PET")	Thailand	Direct	Direct
			72.60	42.81
			Indirect	Indirect
			26.44	25.93
			99.04	68.74
<i>Indirect subsidiaries</i>				
UAB Indorama Holdings Europe	Trading in PTA	Lithuania	99.81	97.93
Indorama Holdings Rotterdam B.V.	Manufacture of PTA	The Netherlands	99.81	97.93
Indo Rama Textiles (Thailand) Limited	Manufacture of wool top	Thailand	94.92	93.13
UAB Indorama Polymers Europe	Trading in PET	Lithuania	99.04	68.74
Indorama Polymers Rotterdam B.V.	Manufacture of bottle-grade resin chips	The Netherlands	99.04	68.74
Indorama Polymers Workington Limited	Manufacture of bottle-grade resin chips	United Kingdom	99.04	68.74
AlphaPet, Inc.	Manufacture of bottle-grade resin chips	USA	99.04	68.74
Indorama Polymers (USA), Inc.	Holding company	USA	99.04	68.74
UAB Orion Global Pet	Manufacture of PET bottle-grade resin chips	Lithuania	99.04	68.74
StarPet Inc.	Manufacture of bottle-grade resin chips	USA	99.04	68.74
Asia Pet (Thailand) Limited	Manufacture of amorphous chips	Thailand	99.04	68.74
Petform (Thailand) Limited	Manufacture of PET preforms, closures and blown bottles	Thailand	59.42	41.24
TPT Utilities Company Limited (liquidated in 2010)	Power generation and other utilities	Thailand	-	54.60
Chao Pha Ya Heritage Company Limited	Real estate development	Thailand	99.49	98.84
Indorama Trading AG	Trading in wool yarns	Switzerland	99.81	-
Indorama PET (Nigeria) Limited	Manufacture of bottle-grade resin chips	Nigeria	99.04	-
Indorama Trading (UK) Limited	Trading in wool yarns	United Kingdom	99.81	-
Beacon Trading (UK) Limited	Trading in wool yarns	United Kingdom	99.81	-

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2010	2009
Guangdong IVL PET Polymer Company Limited	Manufacture of PET bottle-grade resin chips	China	99.04	-
IVL Singapore Pte. Limited	Holding company	Singapore	99.04	-
<i>Jointly-controlled entity</i>				
UAB Ottana Polimeri Europe	Holding company	Lithuania	50.00	-
<i>Indirect jointly-controlled entity</i>				
Ottana Polimeri S.R.L.	Manufacture of PTA and PET bottle-grade resin chips	Italy	50.00	-
<i>Indirect associates</i>				
Tuntex Textile (Thailand) Company Limited	Manufacture of fibers and yarns	Thailand	16.58	16.48
Tri Ocean Tuntex Textile (Thailand) Company Limited	Trading of fibers and yarns	Thailand	5.97	5.93

Effective 31 July 2009, Indo Poly (Thailand) Limited ("IPL") transferred its entire business to Indorama Polyester Industries Public Company Limited ("IPI"). IPI purchased all IPL's assets and assumed all its liabilities for a consideration of Baht 1,487.5 million which was equal to the net book value of IPL's assets and liabilities as at 31 July 2009. IPL registered its dissolution with the Ministry of Commerce on 3 August 2009, but was still controlled by the Group as at 31 December 2010.

Effective 9 November 2009, IPI's shares were delisted from the Stock Exchange of Thailand.

Effective 14 November 2009, TPT Utilities Company Limited ("TPT-UC") transferred its entire business to TPT Petrochemicals Public Company Limited ("TPT"). TPT purchased all the TPT-UC's assets and assumed all its liabilities for a consideration of Baht 1,556.9 million which was equal to the net book value of the TPT-UC's assets and liabilities as at 14 November 2009. TPT-UC registered its dissolution with the Ministry of Commerce on 16 November 2009 and registered for the completion of liquidation on 29 October 2010.

Pursuant to the shareholding restructuring plan for the exchange of shares in Indorama Polymers Public Company Limited ("IRP") for shares in the Company, a tender offer for the IRP shares was initiated on 24 December 2009. The Company successfully concluded the tender offer on 1 February 2010. The tender offer resulted in the increase in the combined direct and indirect shareholding of the Company in IRP from 69.29% to 99.08%. The shares of IRP were delisted on 5 February 2010 from the Stock Exchange of Thailand.

On 7 May 2010, Indorama Trading AG, a new indirect subsidiary, was incorporated in Switzerland, with an authorized share capital of CHF 0.1 million (Baht 3.0 million).

On 23 June 2010, IVL Belgium N.V., a new subsidiary, was incorporated in Belgium, with an authorized share capital of EUR 3.1 million (Baht 121.6 million). IVL Belgium then invested for 50% interest in UAB Ottana Polimeri Europe ("UAB OPE"), a jointly-controlled entity in Lithuania (see Note 4(ii)).

On 23 August 2010, Indorama PET (Nigeria) Limited, a new indirect subsidiary, was incorporated in Nigeria, with an authorized share capital of NGN 10.0 million (Baht 2.1 million).

On 30 September 2010, Indorama Trading (UK) Limited, a new indirect subsidiary, was incorporated in the United Kingdom, with an authorized share capital of GBP 0.01 million (Baht 0.5 million).

On 30 September 2010, Beacon Trading (UK) Limited, a new indirect subsidiary, was incorporated in the United Kingdom, with an authorized share capital of GBP 0.01 million (Baht 0.5 million).

Effective 30 September 2010, Indo-Rama Textiles (Thailand) Limited ("IRT") transferred its entire business to Indorama Holdings Limited ("IRH"). IRH purchased all of IRT assets and assumed all its liabilities for a consideration of Baht 187.5 million which was equal to the net book value of IRT's assets and liabilities as at 30 September 2010. IRT registered its dissolution with the Ministry of Commerce on 29 October 2010, but was still controlled by the Group as at 31 December 2010.

On 20 October 2010, Auriga Polymers Inc., a new subsidiary, was incorporated in the USA, with an authorized share capital of 5,000 shares with no par value (see Note 35).

On 10 December 2010, Guangdong IVL PET Polymer Co., Ltd., a new subsidiary, was incorporated in China, with an authorized share capital of USD 31 million (Baht 935 million) (see Note 35). The Group contributed capital in January 2011.

On 27 December 2010, IVL Singapore Pte. Limited, a new indirect subsidiary, was incorporated in Singapore, with an authorized share capital of USD 100 (Baht 3 thousand).

2. Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

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

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Accounts and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities

Former no.	Revised no.	Topic
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in Note 36.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 4	Acquisitions
Note 25	Measurement of defined benefit obligations
Note 32	Financial instruments
Note 34	Contingent liabilities

3. Significant accounting policies

(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 interests in associates.

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net identifiable assets and liabilities of the acquiree over cost ("gain on a bargain purchase") is recognized in the consolidated statement of income.

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

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

The difference between the proceeds from the disposal of a subsidiary and its carrying amount as of the date of disposal, including the cumulative amount of any currency translation differences that relate to the subsidiary recognised in equity, is recognised in the consolidated statement of income.

Jointly-controlled entity and associates

Jointly-controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's share of the income, expenses and equity movements of jointly-controlled entity from the date that jointly control commences until the date that control ceases. When the Group's share of losses exceeds its interest in a jointly-controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly-controlled entity.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entity are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised 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 Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

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

Goodwill and fair value adjustments arising on the date of acquisition of foreign entities are stated at exchange rates ruling on transactions dates.

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

Foreign exchange differences arising on translation are recognised in a separate component of equity until disposal of the investments.

Where monetary items, in substance, form part of the Group's net investment in a foreign entity, foreign exchange differences arising on such monetary items and related hedges are recognised directly in a separate component of equity until disposal of the investment.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment 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.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income. 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 marked 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 governmental bonds).

(d) Hedging**Fair value hedges**

Where a derivative financial instrument hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of income.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated cumulative gains or losses that were recognised directly in equity are recognised in the statement of income in the same period or periods during which the asset acquired or liability assumed affects the statement of income.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gains or losses that were recognised directly in equity are removed from equity and recognised in the statement of income in the same period or periods during which the asset acquired or liability assumed affects the statement of income.

For cash flow hedges other than those noted in the preceding two paragraphs, the associated cumulative gains or losses that were recognised directly in equity are removed from equity and recognised in the statement of income in the same period or periods during which the hedged forecast transaction affects the statement of income.

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 recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in the statement of income immediately.

(e) Cash and cash equivalents

Cash and cash equivalents 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 accounts receivable

Trade and other accounts receivable 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.

(g) Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable 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, jointly-controlled entity and associates

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investment in jointly-controlled entity in the consolidated financial statements are accounted for using the equity method.

An investment in a subsidiary that is not controlled by the Group is accounted for using the cost method in the consolidated financial statements.

Investments in associates that is not controlled by the Group in the consolidated and separate financial statements are accounted for using the cost method.

(i) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for machinery and equipment related to the manufacture of textiles and related products which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the assets' existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is credited to equity under the heading 'revaluation surplus' unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and credited to accumulated depreciation. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from equity to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Depreciation

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

Land improvements	20-25 years
Buildings and building improvements	15-30 years
Machinery and equipment-other	4-30 years
Machinery and equipment-textile production	15-20 years
Office furniture, fixtures and office equipment	3-15 years
Transportation equipment	4-10 years

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

(i) Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Rights acquired	3-15 years
Software licenses	5-7.5 years
Customer lists	9 years
Technology license	30 years

(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 recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses recognised in prior periods in respect of 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 amortisation, if no impairment loss had been recognised.

(i) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit, the recognised asset is limited to the total of any unrecognised past service costs and 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. An economic benefit is available if it is realisable during the life of the plan, or on settlement of the plan liabilities.

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

(p) Revenue

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

Sale of goods

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised 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.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payment is established.

(q) Expenses**Operating leases**

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest method.

(r) Income tax

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

4. Acquisitions**(I) Europoort Utility Partners VOF**

On 4 May 2010, the Group acquired the net assets (inventories, property, plant and equipment and intangible assets) and assumed the operation of a utility production facility located on the premises of Indorama Holdings Rotterdam B.V., previously owned and operated by Europoort Utility Partners VOF, a joint venture company in the Netherlands. The net assets were acquired for a cash consideration of EUR 24.6 million (Baht 1,048.9 million) and the transaction is accounted for as a business combination.

The acquirees' net assets at the acquisition date comprised of the following:

	Carrying amounts	Fair value adjustments	Recognised values
	(in thousand Baht)		
Inventories	85,227	-	85,227
Property, plant and equipment	963,645	538,478	1,502,123
Intangible assets	-	24,319	24,319
Net identifiable assets	1,048,872	562,797	1,611,669
Gain on a bargain purchase			(562,797)
Total consideration			1,048,872

(II) Ottana Polimeri S.R.L

On 24 March 2010, the Company signed a definitive agreement with PC Holding S.R.L. ("PCH") to form a joint venture company in Lithuania. In June 2010, IVL Belgium N.V. and PCH each made a cash investment of EUR 3.1 million (Baht 121.2 million) in UAB Ottana Polimeri Europe ("UAB OPE") in Lithuania. On 1 July 2010, UAB OPE completed the business acquisition of a PTA and PET facility from Equipolymers S.R.L. through the acquisition of 100% of the outstanding shares of Ottana Polimeri S.R.L., located in Ottana, Italy, for a cash consideration of EUR 0.1 million (Baht 4.0 million) and the transaction is accounted for as a business combination. The production facilities contributed a net profit, after adjusting the percentage of ownership owned by the Group, in the amount of Euro 0.4 million (Baht 17.3 million) during the period since their acquisition.

The acquirees' net assets at the acquisition date, not adjusted by the percentage of ownership held by the Group, comprised of the following:

	Carrying amounts	Fair value adjustments	Recognised values
	(in thousand Baht)		
Inventories	587,588	-	587,588
Property, plant and equipment	1,763,161	2,224,539	3,987,700
Other assets/(liabilities), net	(852,969)	19,899	(833,070)
Net identifiable assets and liabilities	1,497,780	2,244,438	3,742,218
Gain on a bargain purchase			(3,738,230)
Total consideration			3,988

The Company applied the equity method of accounting for its investment in UAB OPE in the consolidated financial statements for the year ended 31 December 2010 and, consequently, the share of the gain on bargain purchase that is applicable to the interest of the Company is recorded within share of profit of jointly-controlled entity in the consolidated statement of income (see Note 12).

5. Related party transactions and balances

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Canopus International Limited	Mauritius	Ultimate parent company of the Group, some common directors
Indorama Resources Limited	Thailand	Immediate parent company, 71.97% shareholder, some common directors
Indorama Petrochem Limited	Thailand	Subsidiary, 100% shareholding, some common directors
Indorama Holdings Limited	Thailand	Subsidiary, 99.81% shareholding, some common directors
TPT Petrochemicals Public Company Limited	Thailand	Subsidiary, 99.96% shareholding, some common directors
Indorama Polymers Public Company Limited	Thailand	Subsidiary, 72.60% shareholding and 26.44% interest held indirectly, some common directors
Indorama Polyester Industries Public Company Limited	Thailand	Subsidiary, 64.94% shareholding and 34.55% interest held indirectly, some common directors
Indo Poly (Thailand) Limited	Thailand	Subsidiary, 44.38% shareholding and 54.37% interest held indirectly, some common directors
IVL Belgium N.V.	Belgium	Subsidiary, 100.00% shareholding, some common directors
UAB Indorama Holdings Europe	Lithuania	Indirect subsidiary, 99.81% effective interest, some common directors
Indorama Holdings Rotterdam B.V.	The Netherlands	Indirect subsidiary, 99.81% effective interest, some common directors
Indo Rama Textiles (Thailand) Limited	Thailand	Indirect subsidiary, 94.92% effective interest, some common directors
UAB Indorama Polymers Europe	Lithuania	Indirect subsidiary, 99.04% effective interest, some common directors
Indorama Polymers Rotterdam B.V.	The Netherlands	Indirect subsidiary, 99.04% effective interest, some common directors
Indorama Polymers Workington Limited	United Kingdom	Indirect subsidiary, 99.04% effective interest, some common directors
AlphaPet, Inc.	USA	Indirect subsidiary, 99.04% effective interest, some common directors
Indorama Polymers (USA), Inc.	USA	Indirect subsidiary, 99.04% effective interest, some common directors
UAB Orion Global Pet	Lithuania	Indirect subsidiary, 99.04% effective interest, some common directors
StarPet Inc.	USA	Indirect subsidiary, 99.04% effective interest, some common directors
Asia Pet (Thailand) Limited	Thailand	Indirect subsidiary, 99.04% effective interest, some common directors

Name of entity	Country of incorporation/ nationality	Nature of relationship
Petform (Thailand) Limited	Thailand	Indirect subsidiary, 59.42% effective interest, some common directors
Indorama Trading AG	Switzerland	Indirect subsidiary, 99.81% effective interest, some common directors
Indorama PET (Nigeria) Limited	Nigeria	Indirect subsidiary, 99.04% effective interest, some common directors
Indorama Trading (UK) Limited	United Kingdom	Indirect subsidiary, 99.81% effective interest, some common directors
Beacon Trading (UK) Limited	United Kingdom	Indirect subsidiary, 99.81% effective interest, some common directors
UAB Ottana Polimeri Europe	Lithuania	Indirect jointly-controlled entity, 50.00% effective interest, 50.00% of directors are representatives of the Company
Ottana Polimeri S.R.L.	Italy	Indirect jointly-controlled entity, 50.00% effective interest, common directors
Chao Pha Ya Heritage Company Limited	Thailand	Indirect subsidiary, 99.49% effective interest
Tuntex Textile (Thailand) Company Limited	Thailand	Indirect associate, 16.58% effective interest
P.T. Indorama Synthetics TBK	Indonesia	Some common directors
Tri Ocean Tuntex Textile (Thailand) Company Limited	Thailand	Indirect associate, 5.97% effective interest
Serm Suk Public Company Limited	Thailand	Shareholder of subsidiary (40.00% shareholding), some common directors
Pacific Resources Limited	Thailand	Some common shareholders
Cryoviva (Thailand) Limited	Thailand	Some common directors
Era Global Limited	Gibraltar	Some common shareholders
Indo Rama Synthetics (India) Limited	India	Family relationships with directors
Lohia Global Holdings Limited	Hong Kong	Family relationships with directors

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales of goods	Market prices
Purchases of goods	Market prices
Interest income	Market linked rate/deposit rate
Other income	Contractually agreed
Interest expense	Market linked rate/deposit rate
Selling and administrative expenses	Contractually agreed

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Subsidiaries				
Interest income	-	-	60,472	33,053
Interest expense	-	-	-	7,436
Other related parties				
Sales of goods	4,429,514	1,682,143	-	-
Purchases of goods and raw materials	-	823	-	-
Purchases of dormitories	34,542	-	-	-
Selling and administrative expenses	52,352	7,948	-	-
Interest income	-	11,528	-	-
Other income	20,774	-	21,811	-

Balances as at 31 December 2010 and 2009 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<i>Comprising:</i>				
<i>Trade accounts receivable</i>				
Other related parties				
Serm-Suk Public Company Limited	170,254	136,075	-	-
Indo Rama Synthetics (India) Limited	1,250,381	244,457	-	-
Total	1,420,635	380,532	-	-
<i>Other receivables</i>				
Other related parties				
Pacific Resources Limited	1,312	-	-	-
UAB Ottana Polimeri Europe	3,329	-	1,688	-
Ottana Polimeri S.R.L.	778	-	-	-
Total	5,419	-	1,688	-

	Interest rate		Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009	2010	2009
	(% per annum)		(in thousand Baht)			
<i>Short-term loans to related parties</i>						
<i>Comprising:</i>						
<i>Short-term loans to related parties</i>						
Subsidiaries						
Indorama Polymers						
Public Company Limited	0.75-1.38	-	-	-	2,795,000	-
Asia Pet (Thailand) Limited	0.75-1.38	-	-	-	423,000	-
Petform (Thailand) Limited	0.75-1.38	-	-	-	5,000	-
Indorama Holdings Limited	0.75-1.38	-	-	-	1,778,300	-
Indorama Polyester Industries						
Public Company Limited	0.75-1.38	-	-	-	668,400	-
Total			-	-	5,669,700	-
<i>Interest receivables from related parties</i>						
Subsidiaries						
Indorama Polymers						
Public Company Limited			-	-	6,078	-
Asia Pet (Thailand) Limited			-	-	1,218	-
Indorama Holdings Limited			-	-	3,006	-
Indorama Polyester Industries						
Public Company Limited			-	-	1,233	-
Total			-	-	11,535	-
Total short-term loans to related parties			-	-	5,681,235	-
<i>Long-term loans to related parties</i>						
<i>Comprising:</i>						
<i>Long-term loans to related party</i>						
Subsidiary						
Indorama Petrochem Limited	0.75-5.13	2.42-5.13	-	-	1,133,793	1,217,265
Total			-	-	1,133,793	1,217,265
<i>Interest receivables from related party</i>						
Subsidiary						
Indorama Petrochem Limited			-	-	29,379	45,363
Total			-	-	29,379	45,363
Total long-term loans to related party			-	-	1,163,172	1,262,628

The above long-term loan, including the related interest, is repayable only after full repayment of the long-term indebtedness of Indorama Petrochem Limited to a financial institution.

<i>Summary of loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
(in thousand Baht)				
Short-term	-	-	5,681,235	-
Long-term	-	-	1,163,172	1,262,628
Total loans to related parties	-	-	6,844,407	1,262,628

Movements of loans to related parties for the years ended 31 December 2010 and 2009 were as follows:

<i>Loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
(in thousand Baht)				
<i>Short-term loans:</i>				
Subsidiaries				
At 1 January	-	-	-	-
Increase	-	-	10,088,700	-
Decrease	-	-	(4,419,000)	-
At 31 December	-	-	5,669,700	-
Other related party				
At 1 January	-	212,800	-	-
Increase	-	191,600	-	-
Decrease	-	(404,400)	-	-
At 31 December	-	-	-	-
Total short-term loans to related parties				
At 1 January	-	212,800	-	-
Increase	-	191,600	10,088,700	-
Decrease	-	(404,400)	(4,419,000)	-
At 31 December	-	-	5,669,700	-
<i>Long-term loans:</i>				
Subsidiary				
At 1 January	-	-	1,217,265	911,023
Increase	-	-	-	354,587
Decrease	-	-	(83,472)	(48,345)
At 31 December	-	-	1,133,793	1,217,265
<i>Other payable to related party</i>				
Other related party				
Lohia Global Holdings Limited	13,275	-	-	-
Total	13,275	-	-	-

<i>Long-term loans from related party</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009	2010	2009
	[% per annum]		(in thousand Baht)			
Parent						
Canopus International Ltd.	-	Nil	-	24,467	-	24,467
Total			-	24,467	-	24,467
Less current portion			-	(24,467)	-	24,467
Long-term loans from related party			-	-	-	-

Loan from the parent company of Baht 24.5 million (USD 0.7 million) was unsecured and repayable on or before 31 December 2013. However, the Company had declared its intention to repay the loan in 2010. As a result, the outstanding loan balance was classified as current liabilities at 31 December 2009 and has been repaid during 2010.

Movements of loans from related parties during the years ended 31 December 2010 and 2009 were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Parent				
At 1 January	24,467	403,171	24,467	350,824
Increase	-	-	-	-
Decrease	(24,467)	(378,704)	(24,467)	(326,357)
At 31 December	-	24,467	-	24,467
Subsidiaries				
At 1 January	-	-	-	109,822
Increase	-	-	-	695,874
Decrease	-	-	-	(805,696)
At 31 December	-	-	-	-
Other related party				
At 1 January	-	70,818	-	-
Increase	-	-	-	-
Decrease	-	(70,818)	-	-
At 31 December	-	-	-	-
Total long-term loans from related parties				
At 1 January	24,467	473,989	24,467	460,646
Increase	-	-	-	695,874
Decrease	(24,467)	(449,522)	(24,467)	(1,132,053)
At 31 December	-	24,467	-	24,467

6. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Cash on hand	3,916	2,311	-	-
Cash at bank-current accounts	559,286	557,619	174	1,252
Cash at bank-savings accounts	618,953	797,619	1,958	130,475
Cash at bank-fixed accounts	95,760	-	-	-
	1,277,915	1,357,549	2,132	131,727
Highly liquid short-term investments	204,722	39,275	-	-
Total	1,482,637	1,396,824	2,132	131,727

As at 31 December 2010, cash at bank amounting to USD 1.1 million (Baht 34.4 million) (2009: USD 1.2 million (Baht 39.3 million)), was restricted for loan principal and interest repayments to financial institutions.

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Thai Baht (THB)	409,515	391,405	2,132	131,727
United States Dollars (USD)	56,357	86,327	-	-
Euro (EUR)	918,233	772,491	-	-
Pounds Sterling (GBP)	59,266	101,020	-	-
Lithuanian Litas (LTL)	37,052	45,581	-	-
Nigeria Naira (NGN)	901	-	-	-
Swiss Franc (CHF)	1,313	-	-	-
Total	1,482,637	1,396,824	2,132	131,727

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Current investments				
Short-term deposits at financial institutions	541,726	1,162,929	-	572,808
	541,726	1,162,929	-	572,808
Other long-term investments				
Long-term deposits at financial institutions	20,278	32,706	-	-
	20,278	32,706	-	-
Total	562,004	1,195,635	-	572,808

The currency denomination of other investments as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
THB	20,278	612,654	-	572,808
USD	345,180	347,837	-	-
EUR	196,546	235,144	-	-
Total	562,004	1,195,635	-	572,808

Deposits in the amount of Baht 196.6 million (2009: Baht 267.8 million) have been pledged to secure loans from financial institutions.

8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
Related parties	5	1,420,635	380,532	-	-
Other parties		10,375,459	9,609,011	-	-
		11,796,094	9,989,543	-	-
<i>Less allowance for doubtful accounts</i>		(25,369)	(26,732)	-	-
Total		11,770,725	9,962,811	-	-

Reversal of bad and
doubtful debts expense
during the year, net

325 28,527 - -

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Related parties				
Within credit terms	1,329,698	315,290	-	-
Overdue:				
Less than 3 months	90,937	65,242	-	-
	1,420,635	380,532	-	-
<i>Less allowance for doubtful accounts</i>	-	-	-	-
Net	1,420,635	380,532	-	-

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Other parties				
Within credit terms	8,890,500	8,085,788	-	-
Overdue:				
Less than 3 months	1,421,114	1,351,721	-	-
3-6 months	20,122	64,929	-	-
6-12 months	4,471	79,261	-	-
Over 12 months	39,252	27,312	-	-
	10,375,459	9,609,011	-	-
Less allowance for doubtful accounts	(25,369)	(26,732)	-	-
Net	10,350,090	9,582,279	-	-
Total	11,770,725	9,962,811	-	-

The normal credit term granted by the Group ranges from 15 days to 270 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
THB	2,358,262	2,538,725	-	-
USD	7,184,966	4,864,721	-	-
EUR	1,767,741	1,650,759	-	-
GBP	396,346	814,796	-	-
LTL	54,251	93,810	-	-
JPY	9,102	-	-	-
AUD	57	-	-	-
Total	11,770,725	9,962,811	-	-

Trade accounts receivable with a carrying amount of Baht 2,231.4 million (2009: Baht 3,125.7 million) have been pledged as collateral to secure loans from financial institutions.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Finished goods	5,591,252	4,483,816	-	-
Work in process	445,369	363,320	-	-
Raw materials	2,851,430	3,015,931	-	-
Spare parts and supplies	1,475,842	1,231,797	-	-
Goods in transit	1,035,447	600,912	-	-
	11,399,340	9,695,776	-	-
Less allowance for decline in value	(15,078)	(21,822)	-	-
Net	11,384,262	9,673,954	-	-
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities	1,712,927	1,959,314	-	-
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	70,539,395	57,180,420	-	-
- Reversal of write-down to net realisable value	(6,744)	(87,764)	-	-
- Net total	70,532,651	57,092,656	-	-

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Value added tax receivable	380,673	417,327	-	-
Prepaid expenses	156,930	155,565	-	-
Advance payments	122,087	72,968	-	-
Export incentive receivable	59,445	179,960	-	-
Deferred initial public offering costs	-	294,704	-	294,704
Others	245,759	248,955	1,688	6,711
Total	964,894	1,369,479	1,688	301,415

11 Investments in subsidiaries and associates

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
At 1 January	-	-	9,622,066	9,473,822
Additional investments	-	-	8,902,774	824,058
Impairment	-	-	-	(16,103)
Return of investment	-	-	-	(659,711)
At 31 December	-	-	18,524,840	9,622,066

Investments in subsidiaries and associates as at 31 December 2010 and 2009 and dividend income from those investments for the years then ended were as follows:

	Effective ownership				Consolidated financial statements							
	interest		Paid-up capital		Cost		Impairment		Carrying amount		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	[%]		(in thousand Baht)									
Subsidiary												
Chao Pha Ya Heritage Company Limited	99.49	98.84	750,000	750,000	732,500	732,500	(732,500)	(732,500)	-	-	-	-
Associates												
Tuntex Textile (Thailand) Company Limited	16.58	16.48	1,200,000	1,200,000	200,000	200,000	(200,000)	(200,000)	-	-	-	-
Tri Ocean Tuntex Textile (Thailand) Company Limited	5.97	5.93	175,000	175,000	10,500	10,500	(10,500)	(10,500)	-	-	-	-
Total					943,000	943,000	(943,000)	(943,000)	-	-	-	-

The subsidiary is currently in liquidation pursuant to the order of the Central Bankruptcy Court of Thailand in December 2007. As a result, the subsidiary is not controlled by the Group and is accounted for using the cost method.

		Separate financial statements													
Ownership interest		Paid-up capital		Cost		Impairment		Return of capital		Carrying amount		Dividend income			
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
		%													
		(in thousand Baht)													
Subsidiaries															
Indorama Petrochem Limited		100.00	100.00	4,727,820	4,727,820	2,525,805	2,525,805	-	-	-	-	2,525,805	2,525,805	1,607,459	709,172
	Indorama Holdings Limited	99.81	97.93	774,468	774,468	2,001,419	1,951,147	-	-	-	-	2,001,419	1,951,147	626,155	394,371
Indorama Polymers Public Company Limited		72.60	42.81	1,382,198	1,382,198	7,219,741	1,392,470	-	-	-	-	7,219,741	1,392,470	538,399	128,928
Indo Poly (Thailand) Limited		44.38	44.38	700,000	700,000	676,217	676,217	(16,103)	(16,103)	(659,711)	(659,711)	403	403	-	-
Indorama Polyester Industries Public Company Limited		64.94	64.94	2,202,850	2,202,850	1,473,995	1,473,995	-	-	-	-	1,473,995	1,473,995	60,087	-
TPT Petrochemicals Public Company Limited		99.96	54.60	2,955,000	4,925,000	5,181,847	2,278,246	-	-	-	-	5,181,847	2,278,246	664,626	-
IVL Belgium N.V.		100.00	-	121,630	-	121,630	-	-	-	-	-	121,630	-	-	-
Total				19,200,654	10,297,880	(16,103)	(16,103)	(16,103)	(16,103)	(659,711)	(659,711)	18,524,840	9,622,066	3,496,726	1,232,471

The market price of the Company's direct interest in IRP was Baht 7,692.3 million as at 31 December 2009. The shares of IRP were delisted on 5 February 2010 from the Stock Exchange of Thailand.

During 2009, the Company purchased additional shares of IPI representing a 1.7% equity interest for a cash consideration of Baht 12.0 million and subscribed to the capital increase of IPI for a cash consideration of Baht 662.3 million; and purchased additional shares of TPT representing a 4.0% equity interest for a cash consideration of Baht 149.7 million.

During 2009, the Company received a dividend in the amount of Baht 350.6 million from IPL which is under the process of liquidation, that was accounted for as a return of capital.

During 2010, the Company purchased additional shares of IRP in an exchange for the issue of 582,727,137 ordinary shares of the Company at a premium of Baht 5,244.5 million (see Note 1).

During 2010, the Company purchased additional shares of TPT representing a 45.4% equity interest for a cash consideration of Baht 2,903.6 million, and additional shares of IRH representing a 1.9% equity interest for a cash consideration of Baht 50.3 million.

At 31 December 2010, a portion of shares of Indorama Polymers Public Company Limited, Indorama Petrochem Limited, and TPT Petrochemicals Public Company Limited has been pledged as collateral for loans obtained from various financial institutions.

12 Investment in jointly-controlled entity

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
At 1 January	-	-	-	-
Acquisition	121,230	-	-	-
Share of net profit of investments-equity method	1,888,164	-	-	-
Currency translation differences	3,188	-	-	-
At 31 December	2,012,582	-	-	-

Investment in jointly-controlled entity as at 31 December 2010 and 2009 was as follows:

Consolidated financial statements												
	Ownership interest		Paid-up capital		Cost method		Equity method		Currency translation differences		Carrying value at equity	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
(in thousand Baht)												
Jointly-controlled entity												
UAB Ottana Polimeri Europe	50.00	-	242,460	-	121,230	-	2,009,394	-	3,188	-	2,012,582	-
Total					121,230	-	2,009,394	-	3,188	-	2,012,582	-

The Company applied the equity method of accounting for its investment in UAB OPE in the consolidated financial statements for the year ended 31 December 2010 and recorded its 50% interest in the profit of UAB OPE, amounting to Baht 1,888.2 million, as a share of profit of jointly-controlled entity in the consolidated statement of income for the year ended 31 December 2010. This share of profit includes 50% of the gain on bargain purchase of Baht 3,738.2 million, amounting to Baht 1,869.1 million (see Note 4 (ii)).

Summary financial information as at 31 December 2010 and for the post-acquisition period ended 31 December 2010 for the equity-accounted jointly-controlled entity, not adjusted for the percentage of ownership held by the Group, is as follow:

	Carrying Amount (in thousand Baht)
Current assets	2,880,536
Non-current assets	4,085,682
Total assets	6,966,218
Current liabilities	1,620,618
Non-current liabilities	1,315,484
Total liabilities	2,936,102
Total income	7,196,039
Total expenses	3,423,290

13 Property, plant and equipment

	Consolidated financial statements						
	Land and land improvements	Buildings and building improvements	Machinery and equipment-textile production	Machinery and equipment-other	Office furniture, fixtures, and equipment	Transportation equipment	Construction in progress
	(in thousand Baht)						
Cost/revaluation							
At 1 January 2009	1,072,358	3,924,791	7,859,568	40,545,846	374,230	176,183	4,575,075
Additions	-	660,908	8,125	2,782,067	62,973	16,104	273,754
Transfers	50,837	101,469	-	1,114,108	6,892	-	(1,273,306)
Disposals	-	-	-	(8,352)	(73)	(4,881)	-
Translation differences on consolidation	(7,669)	(61,765)	-	(460,532)	(1,518)	62	(131,113)
At 31 December 2009 and 1 January 2010	1,115,526	4,625,403	7,867,693	43,973,137	442,504	187,468	3,444,410
Additions	12,512	30,025	8,342	1,036,020	60,058	15,541	1,279,971
Acquisitions through business combinations	-	-	-	1,502,123	-	-	-
Surplus on revaluation	-	-	1,531,616	-	-	-	-
Transfers	53,219	669,200	-	2,999,563	2,206	-	(3,724,188)
Disposals	-	-	-	(6,279)	(274)	(28,582)	(1,244)
Translation differences on consolidation	(20,588)	(297,876)	-	(2,562,824)	(6,202)	(1,287)	(182,187)
At 31 December 2010	1,160,669	5,026,752	9,407,651	46,941,740	498,292	173,140	816,762
							64,025,006

Consolidated financial statements						
	Land and land improvements	Buildings and building improvements	Machinery and equipment-textile production	Machinery and equipment-other	Office furniture, fixtures, and equipment	Construction in progress
						Total
Depreciation						
(in thousand Baht)						
At 1 January 2009	8,710	673,925	5,386,422	2,572,814	156,856	87,494
Depreciation charge for the year	22,626	170,226	126,155	2,918,577	63,908	25,982
Disposals	-	-	-	(2,316)	(73)	(5,821)
Effect of movement in exchange rates	(425)	(3,767)	-	(50,012)	(348)	(111)
At 31 December 2009						
and 1 January 2010	30,911	840,384	5,512,577	5,439,063	220,343	107,544
Depreciation charge for the year	22,942	191,532	126,777	3,112,476	50,640	24,751
Disposals	-	-	-	(1,009)	(294)	(28,405)
Effect of movement in exchange rates	(1,485)	(25,641)	-	(343,210)	(2,090)	(887)
At 31 December 2010	52,368	1,006,275	5,639,354	8,207,320	268,599	103,003
						-
						15,276,919
Net book value						
At 1 January 2009						
Owned assets	1,063,648	3,250,866	2,473,146	37,792,921	217,374	74,620
Assets under finance leases	-	-	-	180,111	-	14,069
	1,063,648	3,250,866	2,473,146	37,973,032	217,374	88,689
						4,575,075
						49,641,830
At 31 December 2009 and 1 January 2010						
Owned assets	1,084,615	3,785,019	2,355,116	38,363,165	222,161	50,247
Assets under finance leases	-	-	-	170,909	-	29,677
	1,084,615	3,785,019	2,355,116	38,534,074	222,161	79,924
						3,444,410
						49,505,319
At 31 December 2010						
Owned assets	1,108,301	4,020,477	3,768,297	38,570,418	229,693	48,196
Assets under finance leases	-	-	-	164,002	-	21,941
	1,108,301	4,020,477	3,768,297	38,734,420	229,693	70,137
						816,762
						48,748,087

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 7,713 million (2009: Baht 3,514 million).

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2006 allowing entities which carry their property, plant and equipment at revalued amounts to calculate depreciation to be charged to the income statement based on the historical costs of the assets instead of on the revalued amounts. The Group has decided to follow the notification. However, had the depreciation charge been calculated based on the revalued amounts, profit for the years and basic earnings per share would have been changed to the following:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Profit attributable to:				
Equity holders of the Company	10,427,051	4,691,768	-	-
Minority interests	425,083	999,854	-	-
Profit for the year (in thousand Baht)	10,852,134	5,691,622	-	-
Earnings per share (basic) (in Baht)	2.46	1.40	-	-

In December 2010, certain subsidiaries of the Company revalued their machinery and equipment related to textile production at appraised values at 31 December 2010 by applying the fair market value as specified in the appraisal report dated 26 January 2011 obtained from an independent qualified appraiser.

Certain property, plant and equipment with a carrying value of Baht 49,761.6 million (2009: Baht 45,148.2 million) have been pledged as collateral to secure loans from financial institutions.

Capitalised borrowing costs relating to the construction of the new plant amounted to Baht 13.1 million (2009: Baht 113.1 million), with a capitalization rate of 3.6-4.5% (2009:3.5%) (see Note 27).

14 Intangible assets

	Consolidated financial statements				
	Note	Rights acquired	Software licences	Customer lists	Technology licence
Total					
(in thousand Baht)					
Cost					
At 1 January 2009		62,900	125,546	434,449	407,216
Additions		-	8,341	-	-
Translation differences on consolidation		(1,262)	(5,574)	(12,434)	-
At 31 December 2009 and 1 January 2010		61,638	128,313	422,015	407,216
Additions		4,856	1,520	-	-
Acquisitions through business combinations	4 (i)	-	-	24,319	-
Translation differences on consolidation		(7,038)	(19,736)	(70,877)	-
At 31 December 2010		59,456	110,097	375,457	407,216
Amortisation					
At 1 January 2009		14,574	8,004	36,003	3,705
Amortisation charge for the year		2,996	17,044	46,660	14,819
Effect of movement in exchange rates		(142)	(2,300)	(1,055)	-
At 31 December 2009 and 1 January 2010		17,428	22,748	81,608	18,524
Amortisation charge for the year		2,925	15,550	43,266	11,114
Effect of movement in exchange rates		(1,235)	(4,287)	(15,609)	-
At 31 December 2010		19,118	34,011	109,265	29,638
Net book value					
At 1 January 2009		48,326	117,542	398,446	403,511
At 31 December 2009 and 1 January 2010		44,210	105,565	340,407	388,692
At 31 December 2010		40,338	76,086	266,192	377,578
					760,194

15 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Deferred financing costs	136,215	162,525	4,698	-
Refundable deposits	53,859	47,193	-	-
Advance payment on purchase of machinery	4,525	25,409	-	-
Others	124,724	42,089	-	-
Total	319,323	277,216	4,698	-

16 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Current				
Bank overdrafts	45,137	24,776	-	-
Short-term loans from financial institutions (a)	5,319,756	9,979,671	-	-
Bank overdrafts and short-term loans	5,364,893	10,004,447	-	-
Current portion of long-term loans from financial institutions (b)	5,954,143	4,643,396	755,083	162,600
Current portion of finance lease liabilities (c)	22,135	24,538	-	-
	11,341,171	14,672,381	755,083	162,600
Non-current				
Long-term loans from financial institutions (b)	20,805,098	25,330,385	3,659,726	2,155,158
Finance lease liabilities (c)	58,424	73,374	-	-
	20,863,522	25,403,759	3,659,726	2,155,158
Total	32,204,693	40,076,140	4,414,809	2,317,758

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Within one year	11,319,036	14,647,843	755,083	162,600
After one year but within five years	18,816,662	19,885,264	2,725,519	1,708,348
After five years	1,988,436	5,445,121	934,207	446,810
Total	32,124,134	39,978,228	4,414,809	2,317,758

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Current investments	196,546	235,144	-	-
Other long-term investments	-	32,706	-	-
Trade accounts receivable	2,231,405	3,125,690	-	-
Restricted bank deposits	202	-	-	-
Inventories	1,712,927	1,959,314	-	-
Property, plant, and equipment	49,761,555	45,148,171	-	-
Shares of subsidiaries	19,509,366	15,509,383	16,265,882	7,518,079
Total	73,412,001	66,010,408	16,265,882	7,518,079

(a) Short-term loans from financial institutions

Short-term loans from financial institutions comprise the following:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Short-term loans, secured by property, plant and equipment	505,848	2,009,900	-	-
Revolving loan (USD 95,207,866) (2009: USD 62,430,195) due in October 2013, secured by trade accounts receivable and inventories	2,870,641	2,069,954	-	-
Revolving loan (EUR 16,000,000) due in January 2013	639,030	-	-	-
Revolving loan (2009: EUR 4,000,000) secured by property, plant and equipment	-	191,174	-	-
Revolving loan secured by property, plant and equipment	-	179,000	-	-
Liabilities under trust receipts	247,573	597,186	-	-
Packing credits	97,680	2,368,346	-	-
Promissory note	210,000	-	-	-
Call loans	634,465	1,943,366	-	-
Bill discounted and other	114,519	620,745	-	-
Total	5,319,756	9,979,671	-	-

Under the terms of trust receipt agreements with banks, certain imported inventory has been released by the bank to the Group in trust. The Group is accountable to the banks for the inventory or its related sales proceeds until the inventory is fully paid for.

Although the Group has no current expectations it will repay the full amount of the USD and EUR revolving credit loan before the agreement expires in 2013, the borrowings have been classified as short-term debt on the Group's balance sheets due to certain subjective provisions available to the bank that are included in the loan document.

All short-term loans bear interest at floating rates with the exception of the short-term loans secured by shares of a subsidiary which are interest-free.

(b) Long-term loans from financial institutions

All long-term loans are secured by property, plant and equipment and additionally (or except) as disclosed below and bear interest at floating rates except as disclosed below as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Term loan, due in January 2015 secured by inventories	5,649,083	7,398,269	-	-
Term loan, due in November 2015, secured by guarantee by a related party	3,187,168	3,840,306	-	-
Term loan, due in March 2013, secured by guarantee by a related party and inventories	935,465	1,487,974	-	-
Syndicated term loan, due in February 2013, secured by land sublease rights, cash inflows and shares in a subsidiary	795,364	1,332,480	-	-
Term loan, due in January 2015, secured by shares of a subsidiary	778,250	867,250	-	-
Unsecured loan, due in January 2014	563,450	866,311	-	-
Term loan, repayable in monthly installments of Baht 17.1 million, with interest at the rate of fixed rate	648,292	853,660	-	-
Unsecured loan, repayable in semi-annual installments of USD 1.1 million commencing in September 2010	449,220	535,200	449,220	535,200
Term loan due in November 2015, secured by a restricted bank account	343,334	499,316	-	-
Term loan, repayable in monthly installments of Baht 3.8 million, with interest at 4% per annum for the first three years and a floating rate thereafter, secured by shares in a subsidiary	439,148	485,018	439,148	485,018
Term loan, due in September 2017, secured by shares in a subsidiary	2,391,464	-	2,391,464	-
Other long-term loans	10,579,003	11,807,997	1,134,977	1,297,540
	26,759,241	29,973,781	4,414,809	2,317,758
Less portion due within one year	(5,954,143)	(4,643,396)	(755,083)	(162,600)
Net	20,805,098	25,330,385	3,659,726	2,155,158

The above loan agreements contain certain covenants relating to the declaration and payment of dividends, maintenance of financial ratios, acquisition of major fixed assets, additional indebtedness and share transfers.

As at 31 December 2010, the Group had unutilised credit facilities totaling Baht 19,715 million (2009: Baht 13,710 million).

(C) Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2010			2009		
	Principal	Interest	Payments	Principal	Interest	Payments
	(in thousand Baht)					
Within one year	22,135	4,486	26,621	24,538	5,593	30,131
After one year but within five years	58,424	4,345	62,769	73,374	7,908	81,282
Total	80,559	8,831	89,390	97,912	13,501	111,413

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
THB	13,162,008	15,685,204	3,536,362	1,205,018
USD	12,891,344	15,861,773	449,219	535,199
EUR	6,148,346	8,529,163	429,228	577,541
JPY	2,995	-	-	-
Total	32,204,693	40,076,140	4,414,809	2,317,758

17. Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Related party	-	-	-	-
Other parties	10,858,319	9,003,958	-	-
Total	10,858,319	9,003,958	-	-

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
THB	3,786,411	2,519,836	-	-
USD	3,990,823	3,131,523	-	-
EUR	3,004,958	3,165,223	-	-
GBP	8,610	82,732	-	-
LTL	66,730	104,644	-	-
JPY	787	-	-	-
Total	10,858,319	9,003,958	-	-

18. Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Accrued operating expenses	800,635	825,320	3,419	3,730
Other payables	395,728	381,073	101,004	-
Interest payable	90,029	103,571	5,326	5,088
Accrued initial public offering costs	-	213,269	-	213,269
Others	325,958	247,674	-	168
Total	1,612,350	1,770,907	109,749	222,255

19. Share capital

		2010		2009	
	Note	Number	Amount	Number	Amount
	Par value per share (in Baht)	(thousand shares/thousand Baht)			
<i>Authorised</i>					
At 1 January					
-ordinary shares	10	-	-	335,154	3,351,544
-ordinary shares	1	5,082,000	5,082,000	-	-
Reduction in par value					
from Baht 10 to Baht 1	1	-	-	3,351,544	-
Decrease of shares (b)	1	(747,729)	(747,729)	-	-
Increase of new shares (b)	35	481,586	481,586	1,730,456	1,730,456
At 31 December					
-ordinary shares	1	4,815,857	4,815,857	5,082,000	5,082,000
<i>Issued and paid</i>					
At 1 January					
-ordinary shares	10	-	-	335,154	3,351,544
-ordinary shares	1	3,351,544	3,351,544	-	-
Reduction in par value					
from Baht 10 to Baht 1	1	-	-	3,351,544	-
Increase of new shares (a)	1	982,727	982,727	-	-
At 31 December					
-ordinary shares	1	4,334,271	4,334,271	3,351,544	3,351,544

The reduction in par value of the authorised share capital from Baht 10 to Baht 1 and the increase of authorised shares from 3,351,544 thousand shares (par value 1 Baht per share) to 5,082,000 thousand shares (par value 1 Baht per share) was approved in a shareholders' meeting on 28 September 2009.

The increases and decrease of authorised, issued and paid-up shares during 2010 include:

- (a) The issued and paid-up capital of the Company increased from Baht 3,351,543,910 to Baht 4,334,271,047 as a result of the initial public offering (400,000,000 shares) and the share exchange offer with IRP (582,727,137 shares) (see Note 1). The costs of the initial public offering were deducted from share premium.
- (b) The decrease in authorised share capital of the Company from Baht 5,082,000,000 to Baht 4,334,271,047 and the increase in authorised share capital of the Company from Baht 4,334,271,047 to Baht 4,815,856,719 were approved in an extraordinary shareholders' meeting on 17 December 2010. The allocation of 481,585,672 newly issued ordinary shares at the par value of Baht 1 per share as a result of the increase in authorized share capital will be reserved for the exercise of Transferable Subscription Rights ("TSRs") (see Note 35). The Company registered the decrease and increase in authorized share capital with the Ministry of Commerce on 17 December 2010 and 20 December 2010, respectively.

20. Additional paid-in capital and reserves

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.

Revaluation surplus

Revaluation surplus recognised in equity relates to cumulative net changes in the surplus arising from the revaluation of machinery and equipment related to textile production. The revaluation surplus is not available for dividend distribution.

Currency translation differences

The currency transaction differences accounted for within equity relate to foreign currency differences arising from the translation of the financial statements of foreign operations to Thai Baht.

Differences arising from common control transactions

The differences arising from common control transactions represent the excess of the book values of certain subsidiaries over their cost as of the date of their acquisition and have been recorded as a reserve. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a 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 authorised capital. The legal reserve is not available for dividend distribution.

Fair value changes

The fair value changes account within equity comprises the cumulative net change in the fair value of cash flow hedges until the hedged forecast transaction affects the statement of income.

21. Segment information

Segment information is presented in respect of the Group's business and geographic segments based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

- | | |
|-----------|---|
| Segment 1 | Manufacture and distribution of solid state polymerised chips, PET performs, closures and blown bottles ("PET") |
| Segment 2 | Manufacture and distribution of purified terephthalic acid ("PTA") |
| Segment 3 | Manufacture and distribution of fibers and yarns ("Fibers and yarns") |

Geographic segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers. Segment assets are based on the geographical location of the assets.

The following are the main geographical locations:

- | | |
|-----------|-------------------|
| Segment 1 | Thailand |
| Segment 2 | North America |
| Segment 3 | Europe |
| Segment 4 | Rest of the world |

Business segment results

	Consolidated financial statements									
	PET		PTA*/**		Fibers & yarns		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
(in thousand Baht)										
Revenue from sale of goods	55,869,755	44,464,839	47,991,240	45,980,655	17,236,982	12,180,920	(24,239,782)	(22,632,188)	96,858,195	79,994,226
Interest income	3,230	4,180	2,059	2,265	8,087	22,492	(6,840)	(10,597)	6,536	18,340
Net foreign exchange gain	230,586	115,597	817,681	440,311	106,487	4,083	-	-	1,154,754	559,991
Unallocated revenue	-	-	-	-	-	-	-	-	744,048	313,018
Total income	56,103,571	44,584,616	48,810,980	46,423,231	17,351,556	12,207,495	(24,246,622)	(22,642,785)	98,763,533	80,885,575
Cost of sales	48,421,625	38,355,403	39,548,964	37,789,156	15,108,056	11,119,397	(24,205,739)	(22,593,584)	78,872,906	64,670,372
Selling and administrative expenses	3,027,796	2,763,314	1,525,754	1,419,143	911,432	764,854	(3,330)	(1,006)	5,461,652	4,946,305
Depreciation and amortization	1,011,717	887,738	1,892,947	1,773,575	427,211	420,619	-	-	3,331,875	3,081,932
Unallocated expenses	-	-	-	-	-	-	-	-	81,666	12,797
Total expenses	52,461,138	42,006,455	42,967,665	40,981,874	16,446,699	12,304,870	(24,209,069)	(22,594,590)	87,748,099	72,711,406

Consolidated financial statements									
	PET		PTA*/**		Fibers & yarns		Eliminations		Total
	2010	2009	2010	2009	2010	2009	2010	2009	2010 2009
(in thousand Baht)									
Share of profit of jointly-controlled entity	-	-	-	-	-	-	-	-	1,888,164 -
Profit (loss) before interest and income tax									
expenses	3,642,433	2,578,161	5,843,315	5,441,357	904,857	(97,375)	(37,553)	(48,195)	12,903,598 8,174,169
Interest expense	560,962	526,250	526,670	864,761	157,761	198,161	(67,226)	(44,203)	1,178,167 1,544,969
Income tax expense	320,819	314,555	163,903	236,405	2,516	2,961	-	-	487,238 553,921
Unallocated items	-	-	-	-	-	-	-	-	115,961 56,596
Profit (loss) after tax	2,760,652	1,737,356	5,152,742	4,340,191	744,580	(298,497)	29,673	(3,992)	11,122,232 6,018,683
Minority interests	-	-	-	-	-	-	-	-	561,787 1,194,586
Profit (loss) for the year	2,760,652	1,737,356	5,152,742	4,340,191	744,580	(298,497)	29,673	(3,992)	10,560,445 4,824,097

2010 2009
(in thousand Baht)

*Includes intercompany revenue on sales to other business segments:

To PET 14,262,238 15,417,589
To Fibers & yarns 8,536,263 6,692,548

**Includes estimated intercompany profit on sales to other business segments:

To PET 1,964,685 1,455,292
To Fibers & yarns 827,962 631,721

Business segment financial position

	Consolidated financial statements									
	PET		PTA		Fibers & yarns		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(in thousand Baht)									
Cash and cash equivalents	202,969	445,741	1,091,902	772,334	185,633	47,023	-	-	1,480,504	1,265,098
Inventories	5,350,149	4,771,188	3,321,118	2,941,454	2,770,635	1,988,552	(57,640)	(27,240)	11,384,262	9,673,954
Property, plant and equipment	17,018,535	18,616,751	24,604,930	25,452,602	7,124,622	5,435,966	-	-	48,748,087	49,505,319
Unallocated assets	-	-	-	-	-	-	-	-	16,391,855	13,815,741
Total assets	22,571,653	23,833,680	29,017,950	29,166,390	10,080,890	7,471,541	(57,640)	(27,240)	78,004,708	74,260,112
Interest-bearing liabilities	14,845,673	14,614,938	13,905,469	18,520,612	6,339,960	5,847,785	(7,301,220)	(1,224,954)	27,789,882	37,758,381
Unallocated liabilities	-	-	-	-	-	-	-	-	17,810,229	14,035,916
Total liabilities	14,845,673	14,614,938	13,905,469	18,520,612	6,339,960	5,847,785	(7,301,220)	(1,224,954)	45,600,111	51,794,297
Capital expenditure	1,312,154	2,679,407	411,389	411,648	718,926	712,876	-	-	2,442,469	3,803,931
Depreciation	966,924	837,195	1,865,579	1,743,343	426,517	419,875	-	-	3,259,020	3,000,413
Amortisation	44,793	50,543	27,368	30,232	694	744	-	-	72,855	81,519
Gain on disposal of assets	260	77	4,594	206	3,500	762	-	-	8,354	1,045

Geographic segments

Consolidated financial statements						
	Revenue from sale of goods		Segment assets		Capital expenditure	
	2010	2009	2010	2009	2010	2009
(in thousand Baht)						
Thailand	13,908,715	11,916,524	44,341,459	43,799,125	1,215,133	1,430,040
North America	20,336,930	12,437,639	14,308,434	13,167,056	514,603	2,255,015
Europe	31,224,196	30,368,906	19,349,951	17,293,931	711,914	118,876
Rest of the world	31,388,354	25,271,157	4,864	-	819	-
Total	96,858,195	79,994,226	78,004,708	74,260,112	2,442,469	3,803,931

22. Costs of sales

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
(in thousand Baht)				
Changes in inventories of finished goods and work in process	(1,999,054)	(1,279,343)	-	-
Raw materials and consumables used	72,531,705	58,371,999	-	-
Depreciation and amortisation	3,251,726	2,995,508	-	-
Others	8,340,255	7,577,716	-	-
Total	82,124,632	67,665,880	-	-

23. Selling expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
(in thousand Baht)				
Distribution	4,173,789	3,865,425	-	-
Depreciation and amortisation	80,149	86,424	-	-
Travelling expense	64,163	37,228	-	-
Insurance expense	30,888	41,406	-	-
Others	300,580	239,169	-	-
Total	4,649,569	4,269,652	-	-

24. Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Personnel expense	238,287	152,483	-	-
Professional fees	120,505	164,912	31,488	10,311
Others	467,835	334,578	1,854	1,185
Total	826,627	651,973	33,342	11,496

25. Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<i>Management</i>				
Wages and salaries	93,828	97,458	-	-
Contribution to defined contribution plans and social security	741	1,163	-	-
Others	52,702	25,280	6,780	1,300
	147,271	123,901	6,780	1,300
<i>Other employees</i>				
Wages and salaries	1,947,923	1,666,987	-	-
Contribution to defined contribution plans and social security	94,014	81,540	-	-
Bonus	240,117	167,427	-	-
Staff welfare	160,117	75,840	-	-
Others	308,678	317,022	-	-
	2,750,849	2,308,816	-	-
Total	2,898,120	2,432,717	6,780	1,300

Provident funds

These defined contribution plans comprise provident funds established by a subsidiary of the Company for its Thai employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 2% of their basic salaries and by the Company at the rate of 2% 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. Total expense recognised by the Thai entities for contribution plans for the year ended 31 December 2010 amounted to approximately Baht 0.7 million (2009: Baht 0.6 million).

Employee retirement schemes

A U.S. subsidiary has established a 401(k) plan that allows eligible employees to contribute up to 60% of their compensation, with the Company matching 50% of employee contributions up to 6% of their compensation. The plan also allows discretionary profit sharing contributions to be made by management. Total expense recognised for the plan for the year ended 31 December 2010 amounted to approximately USD 0.1 million (Baht 1.8 million) (2009: USD 0.1 million (Baht 1.6 million)).

Two subsidiaries in Europe have established defined benefit plans that provide pension benefits for their employees upon retirement. The plans entitle a retired employee to receive an annual payment equal to 1/60 of final salary for each year of employment. Total expense recognised for the plan for the year ended 31 December 2010 amounted to EUR 1.3 million (Baht 53.0 million) (2009: EUR 1.4 million (Baht 65.0 million)).

The following information below relates to the defined benefit plans operated by the two European subsidiaries:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
(1) Total pension cost				
Current service cost	42,189	53,812	-	-
Interest cost	11,516	11,214	-	-
Expected long term return on plan assets	(707)	-	-	-
Total periodic pension cost	52,998	65,026	-	-
The expense is recognized in the following line items in the statement of income:				
Cost of sales	52,998	65,026	-	-
Administrative expenses	-	-	-	-
Total	52,998	65,026	-	-
(2) Change in present value of defined benefit obligation				
Defined benefit obligation at beginning of year	225,846	51,792	-	-
Defined benefit obligation assumed upon acquisition of subsidiaries	-	120,872	-	-
Current service cost	42,189	53,812	-	-
Interest cost	11,516	11,214	-	-
Expected employees contribution	10,839	-	-	-
Actuarial gain	(30,005)	(10,332)	-	-
Currency translation differences	(39,012)	(1,512)	-	-
Total defined benefit obligation at end of year	221,373	225,846	-	-
(3) Less fair value of pension plan assets at end of year	(114,262)	(107,534)	-	-
(4) Liability recognized in the balance sheet	(107,111)	(118,312)	-	-
(5) Principal actuarial assumptions at end of year				
Discount rate	4.90%	5.20%	-	-
Expected long-term rate of return on plan assets	4.90%	5.20%	-	-
Future salary increase	3.00%	3.50%	-	-

One subsidiary in Europe has established defined contribution plan that provide benefits for its employees upon retirement. Total annual contribution by the employer to the plan is defined by the annual and risk premiums charged by the insurance company. Total expense recognized for the plan for the year ended 31 December 2010 was GBP 0.3 million (Baht 15.0 million) (2009: GBP 0.3 million (Baht 15.5 million)).

26. 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	
	2010	2009	2010	2009
	(in thousand Baht)			
<i>Included in cost of sales of goods:</i>				
Changes in inventories of finished goods and work in progress	(1,999,054)	(1,279,343)	-	-
Raw materials and consumables used	72,531,705	58,371,999	-	-
Employee benefits expense	2,512,562	2,156,333	-	-
Depreciation and amortisation expense	3,251,726	2,995,508	-	-
<i>Included in selling and administrative expenses:</i>				
Employee benefits expense	238,287	152,483	-	-
Depreciation and amortisation expense	80,149	86,424	-	-

27. Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
Interest expense:					
Related parties	5	-	-	-	7,436
Financial institutions		1,306,604	1,714,648	115,354	49,128
		1,306,604	1,714,648	115,354	56,564
Less: capitalised as part of construction in progress	13	(13,084)	(113,116)	-	-
Net		1,293,520	1,601,532	115,354	56,564

28. Income tax expense

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<i>Current tax expense</i>				
Current year	487,846	523,937	608	33
Adjustments for prior years	-	30,017	-	-
Total	487,846	553,954	608	33

The current tax expense in the consolidated statement of income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year, principally, because a significant portion of the Group's profit was derived from a) promoted activities (see Note 29) which are not subject to tax, b) oversea entities for which the corporation tax rates are lower than Thai corporation tax rate, and because of unutilised tax losses brought forward from the previous year which have been utilised during the year to set-off against the current year's tax charge.

Deferred income tax liabilities recorded in the accounts of subsidiaries located in jurisdictions outside Thailand and not included in the consolidated financial statements amounted to Baht 2,126.2 million as at 31 December 2010 (2009: Baht 960.2 million).

29. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company and certain subsidiaries incorporated in Thailand have been granted privileges by the Board of Investment at various times relating to their manufacturing of worsted wool yarn, wool top, Purified Terephthalic Acid (PTA), polyethylene terephthalate resin, PET preforms and closures and amorphous resin ("promoted operations"). The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board of Investment;
- (b) exemption from payment of income tax on net profit from promoted operations for a period of eight years from the date on which income is deemed to first derive from such operations;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from promoted operations for a period of five years, commencing from the expiry date in (b) above;
- (d) a five-year carry forward period for losses for tax purposes from promoted operations during the period in (b) above;
- (e) income exclusions and additional deductions in computing the taxable income for promoted operations during the period in (b) above;
- (f) exemption from income tax on dividend paid to the shareholders from the profit of the promoted operation during the corporate income tax exemption period; and
- (g) double deduction of the cost of transportation, electricity and water supply for corporate income tax purposes for a period of ten years, from the date on which income is deemed to first derive from promoted operations.

As promoted companies, the subsidiaries in Thailand must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

Consolidated financial statements						
	2010			2009		
	Promoted businesses	Non-promoted businesses	Total (a)	Promoted businesses	Non-promoted businesses	Total (a)
	(in thousand Baht)					
Export sales	18,553,644	17,889,410	36,443,054	20,178,460	11,257,402	31,435,862
Local sales	22,294,146	13,432,243	35,726,389	19,159,418	10,555,195	29,714,613
Total revenue	40,847,790	31,321,653	72,169,443	39,337,878	21,812,597	61,150,475

- (a) excluding revenues from foreign subsidiaries and inter-company eliminations.

30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years (for 2009, after giving effect to the reduction in par value (Note 19)) as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Profit attributable to equity holders of the Company (basic)	10,560,445	4,824,097	3,387,013	1,172,934
Number of ordinary shares outstanding at 1 January	3,351,544	3,351,544	3,351,544	3,351,544
Effect of shares issued on 5 February	888,493	-	888,493	-
Weighted average number of ordinary shares outstanding (basic)	4,240,037	3,351,544	4,240,037	3,351,544
Earnings per share (basic) (in Baht)	2.49*	1.44	0.80	0.35

*Includes gain on a bargain purchase of Baht 0.13 per share and share of profit of jointly-controlled entity of Baht 0.45 per share

31 Dividends

At the annual general meeting of the shareholders of the Company held on 27 April 2010, the shareholders approved the appropriation of dividend of Baht 0.33 per share, amounting to Baht 1,430.3 million. The dividend was paid to shareholders in May 2010.

32 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's 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 of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to 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. The Group is primarily exposed to interest rate risk from its borrowings (see Note 16).

The effective interest rates of loans to related parties as at 31 December and the periods in which the loans mature or reprice were as follows:

	Effective interest rate	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)				
2010					
Current					
Short-term loans to related party	0.75-1.38	5,681,235	-	-	5,681,235
Non-current					
Long-term loans to related parties	0.75-5.13	-	-	1,163,172	1,163,172
Total		5,681,235	-	1,163,172	6,844,407
2009					
Non-current					
Long-term loans to related parties	2.4-5.1	-	-	1,262,628	1,262,628
Total		-	-	1,262,628	1,262,628

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)				
2010					
Current					
Bank overdrafts	5.13	45,137	-	-	45,137
Short-term loans from financial institutions	1.40-7.73	5,319,756	-	-	5,319,756
Long-term loans from financial institutions	1.87-5.94	5,954,143	-	-	5,954,143
Finance lease liabilities	3.15-7.33	22,135	-	-	22,135
Non-current					
Long-term loans from financial institutions	1.87-5.94	-	18,816,662	1,988,436	20,805,098
Finance lease liabilities	3.15-7.33	-	58,424	-	58,424
Total		11,341,171	18,875,086	1,988,436	32,204,693

Consolidated financial statements

	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		(in thousand Baht)		
2009					
Current					
Bank overdrafts	5.2-8.2	24,776	-	-	24,776
Short-term loans from financial institutions	2.0-5.2	9,979,671	-	-	9,979,671
Long-term loans from financial institutions	2.0-5.9	4,643,396	-	-	4,643,396
Finance lease liabilities	2.7-6.2	24,538	-	-	24,538
Non-current					
Long-term loans from financial institutions	2.0-5.9	-	19,885,264	5,445,121	25,330,385
Finance lease liabilities	2.7-6.2	-	73,374	-	73,374
Total		14,672,381	19,958,638	5,445,121	40,076,140

Separate financial statements

Separate financial statements					
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		(in thousand Baht)		
2010					
Current					
Long-term loans from financial institutions	1.99-5.94	755,083	-	-	755,083
Non-current					
Long-term loans from financial institutions	1.99-5.94	-	2,725,518	934,208	3,659,726
Total		755,083	2,725,518	934,208	4,414,809

2009**Current**

Long-term loans from financial institutions	3.4-5.1	162,600	-	-	162,600
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Non-current

Long-term loans from financial institutions	3.4-5.1	-	1,708,348	446,810	2,155,158
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Total		162,600	1,708,348	446,810	2,317,758
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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 utilises forward exchange contracts with maturities of less than one year to hedge certain financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at balance sheet 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 financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
<i>United States Dollars</i>					
Cash and cash equivalents	6	56,357	86,327	-	-
Other investments	7	345,180	347,837	-	-
Trade accounts receivable	8	7,184,966	4,864,721	-	-
Interest-bearing liabilities	16	(12,891,344)	(15,861,773)	(449,219)	(535,199)
Trade accounts payable	17	(3,990,823)	(3,131,523)	-	-
Gross balance sheet exposure		(9,295,664)	(13,694,411)	(449,219)	(535,199)
<i>Euro</i>					
Cash and cash equivalents	6	918,233	772,491	-	-
Other investments	7	196,546	235,144	-	-
Trade accounts receivable	8	1,767,741	1,650,759	-	-
Interest-bearing liabilities	16	(6,148,346)	(8,529,163)	(429,228)	(577,541)
Trade accounts payable	17	(3,004,958)	(3,165,223)	-	-
Gross balance sheet exposure		(6,270,784)	(9,035,992)	(429,228)	(577,541)
<i>Pounds Sterling</i>					
Cash and cash equivalents	6	59,266	101,020	-	-
Trade accounts receivable	8	396,346	814,796	-	-
Trade accounts payable	17	(8,610)	(82,732)	-	-
Gross balance sheet exposure		447,002	833,084	-	-
<i>Lithuanian Litas</i>					
Cash and cash equivalents	6	37,052	45,581	-	-
Trade accounts receivable	8	54,251	93,810	-	-
Trade accounts payable	17	(66,730)	(104,644)	-	-
Gross balance sheet exposure		24,573	34,747	-	-

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
(in thousand Baht)					
<i>Japanese Yen</i>					
Trade accounts receivable	8	9,102	-	-	-
Interest-bearing liabilities	16	(2,995)	-	-	-
Trade accounts payable	17	(787)	-	-	-
Gross balance sheet exposure		5,320	-	-	-
<i>Swiss Franc</i>					
Cash and cash equivalents	6	1,313	-	-	-
Gross balance sheet exposure		1,313	-	-	-
<i>Nigeria Naira</i>					
Cash and cash equivalents	6	901	-	-	-
Gross balance sheet exposure		901	-	-	-

The net fair value of forward exchange contracts at 31 December 2010 was Baht 3,844.8 million (net asset transactions) (2009: Baht 1,275.5 million).

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or 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 balance sheet 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 balance sheet. 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

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other accounts receivables is taken to approximate the carrying value.

The fair value of interest rate swaps is based on broker quotes. 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 measurement date.

The fair value of forward exchange contracts is based on their listed market prices, 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).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

As at 31 December 2010 and 2009, the financial assets and liabilities have fair values that do not differ significantly from the amounts recorded in the balance sheet.

33. Commitments with non-related parties

	Consolidated financial statements	
	2010	2009
	(in million Baht)	
Capital commitments		
Contracted but not provided for		
Buildings and other construction	253	348
Machinery and equipment	940	54
Total	1,193	402
Non-cancellable operating lease commitments		
Within one year	182	194
After one year but within five years	564	670
After five years	4,239	5,181
Total	4,985	6,045
Other commitments		
Purchase orders and letters of credit		
for goods and supplies	315	543
Service commitment	-	11
Forward and swap contracts	4,924	1,285
Bank guarantees	1,166	1,396
Bills discounted	104	1,426
Total	6,509	4,661

Other commitments

Certain subsidiaries have executed long-term purchase agreements committing them to purchase agreed quantities of raw materials for periods up to three years, at prices linked to the market prices of the underlying commodities.

34. Contingent liabilities

On 18 December 2009, Eastman Chemical Company ("Eastman") filed a complaint in the Delaware District Court, USA against four subsidiaries of the Company alleging the infringement of certain patents owned by Eastman, a breach of the technology license agreement between Eastman and the defendants and the misappropriation of Eastman's confidential and proprietary trade secret information. No damages were specified.

The defendants are defending themselves against the claims. The subsidiaries have appointed legal counsel to defend their interests. At this time, the outcome of the proceedings or the total amount of possible damages, if any, cannot be reasonably estimated. Management believes that the outcome of the proceedings will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

35. Events after the reporting period

- a) On 21 February 2011, the Board of Directors proposed for the dividend payment of Baht 0.66 per share, amounting up to Baht 3,178.5 million depending on the number of issued and paid-up capital upon completion of TSR process on 25 February 2011. This dividend payment is subject to the approval by the shareholders of the Company.
- b) On 17 December 2010, the shareholders approved the issuance of 481,582,397 TSRs to the Company's existing shareholders and the allocation ratio will be 9 existing shares to 1 new TSR. Each TSR can be exercised for 1 share at an exercise price of Baht 36 per share. The allocation of 481,585,672 newly issued ordinary shares (see Note 19) at the par value of Baht 1 per share will be reserved for the exercise of TSRs. The exercise of TSR is in progress and will complete on 25 February 2011.
- c) On 24 January 2011, the Company signed a joint venture agreement with Sinterama S.p.A. ("Sinterama") to form a joint venture company in Germany, whereby the Company will hold 75% ownership interest in the joint venture company. On 4 February 2011, the Company and Sinterama signed a definitive share purchase agreement with the seller to acquire Trevira GmbH ("Trevira"), a registered company in Germany, through an acquisition of 100% of outstanding shares of Trevira for a cash consideration of EUR 41 million (Baht 1,638 million). Trevira operates plants in Germany and Poland to manufacture polyester staple fibers and specialty filaments. The transaction is expected to be completed in the second quarter of 2011.
- d) On 27 January 2011, Guangdong IVL PET Polymer Company Limited, an indirect subsidiary incorporated in China, completed the acquisition of net assets of a PET polymers and polyester polymers business in Kaiping City, Guangdong province, China, through purchase of assets from Guangdong Shinda UHMWPE Co., Ltd. for a cash consideration of USD 48.2 million (Baht 1,452 million). The Group is in the process of determining the fair value of the acquired net assets.
- e) As a result of a definitive agreement entered into between the Company, Invista S.a.r.l., and Arteva Latin America B.V. on 12 November 2010 to acquire polyester resins and polyester staple businesses located in the U.S.A. and Mexico:
 - (i) On 27 January 2011, Starpet Subsidiary Inc., a new indirect subsidiary, was incorporated in the U.S.A., with an authorized share capital of 5,000 shares with no par value for the purpose of reorganization of the Group's business operations located in U.S.A.

- (ii) On 27 January 2011, IVL Holding S. de. R.L. de C.V., a new indirect subsidiary, was incorporated in Mexico, with an authorized share capital of MXN 3,000 (Baht 7 thousand) for purpose of the acquisition of the PET resins and polyester fibers business of Grupo Arteva S. de R.L. de C.V. and its affiliates located in Queretaro, Mexico.
- (iii) Auriga Polymers Inc., a new subsidiary, was incorporated in USA for the purpose of the acquisition of the net assets of PET resins and polyester fibers business of Invista S.a.r.l. in USA (see Note 1).

Total purchase price is approximately USD 420 million (Baht 12,664 million). The transactions are expected to be completed in the first quarter of 2011.

- f) The Company signed two definitive agreements with SK Chemicals, and SK Syntec on 8 December 2010 to acquire PET and polyester businesses located in Poland and Indonesia. Total purchase price is approximately USD 183 million (Baht 5,518 million). On 7 February 2011, IVL Poland Sp.z.o.o., a new indirect subsidiary, was established in Poland, with an authorized capital of PLN 5,000 (Baht 50 thousand) for the purpose of the acquisition of business in Poland. The transaction is expected to be completed in the first quarter of 2011.
- g) On 10 January 2011, Indo Polymers Mauritius Limited, a new subsidiary, was incorporated in Mauritius, with an authorized share capital of USD 1. On 21 January 2011, Indo Polymers Mauritius Limited then set up Indorama Netherlands Cooperatief U.A., a new subsidiary, incorporated in the Netherlands, with an authorized share capital of EUR 18,100 (Baht 0.7 million). On 27 January 2011, Indorama Netherlands Cooperatief U.A. then set-up Indorama Netherlands B.V., a new subsidiary, incorporated in the Netherlands, with an authorized share capital of EUR 18,000 (Baht 0.7 million). These companies are set up for the purpose of investments in business acquisitions and expansions in the future.

36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 17 (revised 2009)	Leases	2011
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate Company's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 16 (revised 2009)-Property, plant and equipment

The principal changes introduced by the revised TAS 16 and affecting the Group/Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that the change for (i) shall be applied retrospectively and changes for (ii) and (iii) may be applied prospectively from the year of introduction. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 16 from 1 January 2011. Management intends to adopt this standard from 1 January 2011 with an expected reduction to retained earnings, related to the change for (i), amounting to Baht 190.0 million.

TAS 19-Employee benefits

In respect of Thailand legal severance plan, there is currently no Thai accounting standard covering employee benefits and the Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways: (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date. Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is Baht 110.3 million for the Group. Management intends to adopt transitional provision (ii) to recognise and account for this liability.



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