

# 2012

## ANNUAL REPORT

# INTEGRATION FOR SUSTAINABLE GROWTH





## Vision

Indorama Ventures will be one of the leading global producers in the polyester space with our key focus on people and processes, thus making us one of the most admired companies in the world.

## Mission

We will continuously upgrade the quality of our products and services through the involvement of stakeholders and by utilizing world-class processes to attain customer delight, thus becoming a preferred supplier. We will institutionalize 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 or other 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.

# 2012

ANNUAL REPORT



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## PERFORMANCE HIGHLIGHTS

(Baht Million)	2012	2011 Restated	2010
<b>CONSOLIDATED INCOME STATEMENT</b>			
Net sales	210,785	186,096	96,858
Gross profit	18,451	21,254	14,949
<b>EBITDA</b>	<b>14,097</b>	<b>17,121</b>	<b>13,777</b>
Depreciation and amortization	6,663	4,776	3,471
<b>Operating income</b>	<b>7,434</b>	<b>12,345</b>	<b>10,306</b>
Share of profit of JV	(911)	(303)	-
*Extraordinary income	2,049	6,001	2,451
Net interest expense	3,171	1,883	1,296
<b>Profit (loss) before tax and minority</b>	<b>5,400</b>	<b>16,160</b>	<b>11,461</b>
Income tax expense	580	742	488
<b>Profit (loss) for the period</b>	<b>4,820</b>	<b>15,418</b>	<b>10,973</b>
Minority interest	208	(139)	560
<b>Net profit after minority interest</b>	<b>4,612</b>	<b>15,557</b>	<b>10,413</b>
<b>Cash flow from operations</b>	<b>15,454</b>	<b>9,395</b>	<b>10,383</b>

### CONSOLIDATED BALANCE SHEET

Total Current Assets	59,961	67,771	26,144
Property, plant and equipment	86,435	66,723	48,820
Other Assets	24,079	11,321	2,976
<b>Total Assets</b>	<b>170,475</b>	<b>145,815</b>	<b>77,940</b>
Total Current Liabilities	47,286	43,201	24,038
Long term loans - net of current portion	39,991	33,742	20,768
Debentures	21,624	7,469	-
Other liabilities	1,689	2,637	893
<b>Total Liabilities</b>	<b>110,590</b>	<b>87,049</b>	<b>45,699</b>
Issued and paid-up capital	4,814	4,814	4,334
Share premium	29,775	29,775	13,031
Retained earnings and reserves	24,964	24,038	14,543
Minority interest	332	139	333
<b>Total shareholders' equity</b>	<b>59,885</b>	<b>58,766</b>	<b>32,241</b>

### FINANCIAL RATIOS

Gross margin	9%	11%	15%
EBITDA margin	7%	9%	14%
Earnings per share	1.0	3.3	2.5
**Cash earnings per share	3.2	2.0	2.4
***Net operating gearing	54%	39%	48%
****Return on average net operating capital employed	7%	16%	17%
Net operating debt/equity	1.2	0.6	0.9

\* Year 2012 extraordinary income of Baht 2,049 million which comprise of gain on bargain purchase of Baht 847 million, acquisition costs of Baht 387 million and flood related and other extraordinary income of Baht 1,589 million. Year 2011 extraordinary income of Baht 6,001 million which comprise of gain on bargain purchase of Baht 8,359 million (including for Joint Ventures), acquisition costs of Baht 613 million and flood related expense of Baht 1,745 million. Year 2010 extraordinary income is gain on bargain purchase of Baht 2,451 million.

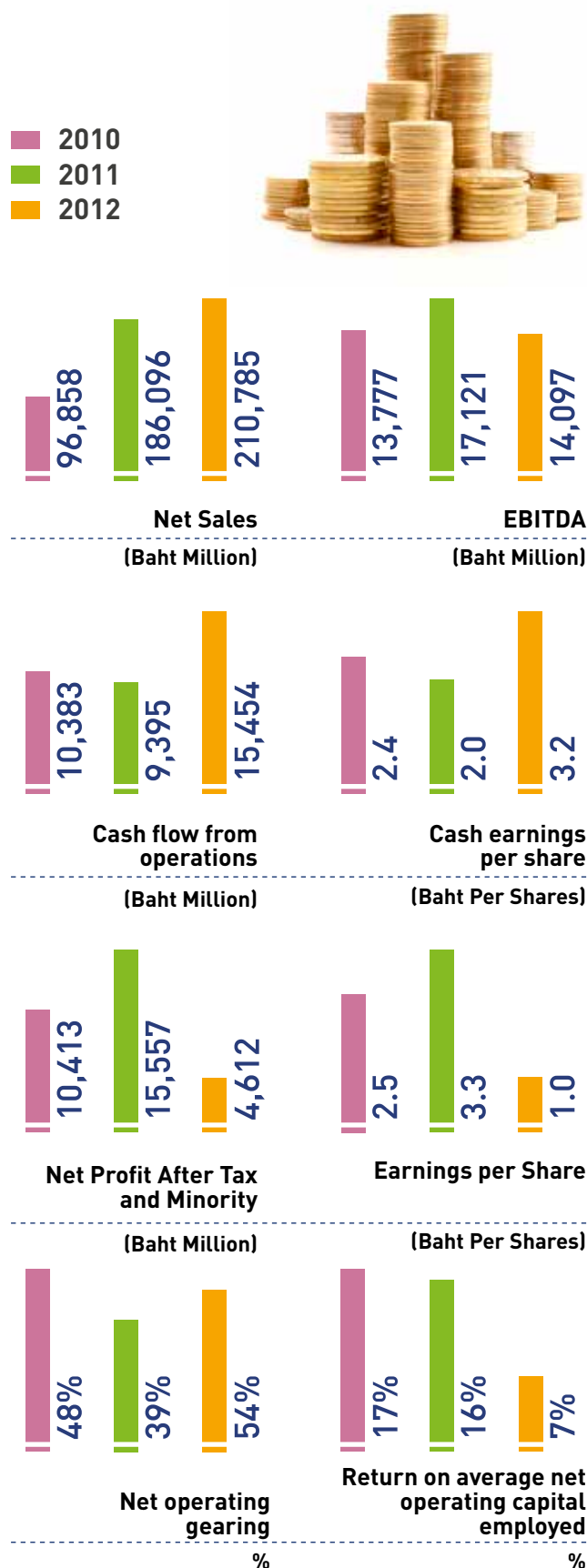
\*\* Cash flow from Operations to effective number of shares outstanding

\*\*\*Based on net operating debt which is net debt less debt for capex and investments which are non operational as on date

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



# PERFORMANCE CHARTS



## MESSAGE FROM THE CHAIRMAN



**SRI PRAKASH LOHIA**  
**CHAIRMAN OF THE BOARD**



### DEAR SHAREHOLDERS,

Since the company's listing in early 2010, our business portfolio and our geographical reach have expanded multifold. I know that our global management teams have delivered exceptional results with their focus on differentiation and operational excellence. I would therefore expect IVL to remain a growth company as the fundamentals of the Polyester Value Chain remain attractive. Our cost position remains in the lowest cost quartile and brownfield projects in the Netherlands and Indonesia will enhance this position.

In 2012, revenues were up 11% to US\$ 6.8 billion though Asia saw weakness due to slowdown in China. Our new businesses made handsome returns and supplemented our geographic and product diversity. EBITDA was US\$ 453 million, net profit US\$ 148 million, operating cash flow was US\$ 471 million and a return on average net operating capital employed 7%.

The Polyester industry in Asia has been deeply affected by overcapacity and management has made some excellent strategic decisions to ensure that we remain profitable through the ups and downs of the global economy. I am especially pleased to report that since our investment in MEG, that business has continued to improve. Today, our strongest market is in North America followed by Europe. Our investment into Nigeria, where we are the sole manufacturer of PET, is exciting and has the potential for significant growth, reminiscent of the early investments made in Thailand in the 90s.

I believe we have seen the worst of the Asian-led weakness and fully expect to see a gradual rebound over 2013-2014. We recommended a final dividend of Baht 0.36 for the full year 2012, or 38% of net profit, compared with 31% of net profit in 2011 reflecting strong operating cash flows.

In 2013 our capital expenditure will be lower than last year due to the decision to focus management's energies on the businesses we acquired. The Board is confident of the management's ability to turn around some of our weaker performers, notably our joint ventures, and in 2013 we should see some improvement. We expect our capital expenditure to be around US\$ 300 million comprising of earlier announced strategic investments to lower unit cost and increase sales volume in 2013.

Any company must strike a balance between providing the Board with an oversight role and exerting just the right level of control over management. In 2012, the Board continued its emphasis on corporate governance in order to achieve much higher standards and be the 'best in class'. We have been putting into place new policies and mechanisms to control how we operate, with transparency and fairness to all stakeholders. The company has just recently implemented several important policies that govern how we treat our business partners, customers and stakeholders. In this regard, we have also implemented an intellectual property policy and one that governs how we treat trading partners and creditors.

Most importantly, we have now established policies regarding human rights that promote the ethical and moral treatment of not only our own employees but those of companies we do business with also. The new policies, when combined with codes of conduct for employees and directors issued last year, will assure shareholders that their company is setting a good example.

A new policy on the environment will guide employees on how to think about issues that affect the sustainability of the Company. I am pleased to note that our CSR initiatives do reflect the "reduce, reuse and recycle" philosophy established by the Company over several years. We have also invested in recycling because we believe we can leverage this in the future to become more sustainable.

The Board has been of valuable assistance in guiding the Company's direction over the previous year and I am grateful for our directors' contribution to our success.

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**SRI PRAKASH LOHIA**  
**CHAIRMAN OF THE BOARD**  
**INDORAMA VENTURES PCL**

**oxyclear**  
THE CRYSTAL CLEAR OXYGEN BARRIER RESIN



## MESSAGE FROM THE GROUP CEO

### DEAR SHAREHOLDERS,

Through 2012 Indorama Ventures continued to add value to the Company with some critical strategic actions and expansion projects that are accretive to the bottom line, that not only enabled the company to fare much better than many in our industry but laid the groundwork for improving long-term performance. Our operational cash flows continue to grow year-on-year with continuing positive performance of operations and operational excellence projects undertaken.

The acquisition of FiberVisions in early 2012 was a coup for us – a proven leader in the hygiene products arena. Approximately 75% of its capacity is within the non-cyclical, value-added, hygiene space for branded makers of sanitary and feminine care products. The other 25% of production is within the fast-growing industrial and automotive sectors. This horizontal integration of FiberVisions into IVL significantly enhances Indorama Ventures' position in the world's most specialized fibers business for hygiene products and complements our strength as the world's largest polyester value chain producer as FiberVisions is the world's largest producer of polypropylene fiber. The acquisition raises considerably the value proposition we can offer our branded consumer goods customers.

FiberVisions is an acknowledged expert in bicomponent fiber and IVL believes that the world has not yet fully exploited the potential of polyester in combination with other fibers. The industry is moving towards composites of polymers which address specific functionality and performance and we want to be in the forefront of this movement. IVL, being the industry leader, attaches highest importance to sustainably unlocking the latent potential of polyester and related polymers through continuous investment in application development to serve the evolving demands from global customers. For our shareholders, this is a highly accretive acquisition as the value addition on specialty products surmounts normal staple fibers significantly due to its Intellectual Property-protected processes.

Our entry into the vertical integration of a key feedstock, MEG, also began in 2012 with the acquisition of U.S. firm Old World Industries and Old World Transportation, which we renamed Indorama Ventures (Oxide & Glycols). The largest single EO/EG production facility in the U.S., it is a game-changer for the Company as it means we are now the only global player integrated into both our major feedstocks. We expect to reap the benefit of the high demand for this product, which saw a rise in price and margin towards the end of 2012 that is expected to continue in 2013 and beyond. To penetrate an industry that is now entering an upcycle is good timing as it helps us to offset some of the weakness in Asia.



**ALOKE LOHIA**  
GROUP CEO





Shareholders may be interested to learn that our strongest markets today remain North America and Europe, for despite the banking crises and economic problems seen in those regions, demand for Polyester products remains vibrant. The consumer demand remains strong because Polyesters are used in everyday items and part of our basic consumption. In light of this positive indicator, the Company has approved expansion of capacity in North America with a new 540,000 tonnes per annum PET (Polyethylene Terephthalate) facility and the expansion of PTA production in Rotterdam in The Netherlands to 600,00 tonnes per annum by 2014 following the recent expansion of PET production in 2012 at the same site. In the USA, the Company intends to protect its market share and at same time invest in advanced technology to lower its average cost structure as it is seeing a rise in demand in the market. We have also decided to expand our PET site in Poland through debottlenecking as a wiser step that should bring bigger returns for a lower investment.

Entry into a new market, Nigeria, in West Africa is intended to serve major customers in a fast-growing market. Nigeria has high demand for PET in a country of 170 million people and is one of the fastest growing economies in Africa. Several of our branded fast-moving consumer goods customers are seeing tremendous growth in this important West African nation and our aim is to serve them with the same high quality service as we have provided on three other major continents. Our business will also serve the economic growth of the country as consumer demand rises for basic non-discretionary items like food and beverages. Our investment is a reflection of our belief that Nigeria has a lot of potential for further growth. Within 2013, I am expecting IVL to further invest in what we believe will be a lucrative market through the acquisition of a packaging company that will help us to gain market share for our products.

Another important market for us is Indonesia, where we have continued to grow and develop. In 2012, we acquired the assets of a PET company called PT Polypet Karyapersada. This is conveniently situated adjacent to the PTA assets of PT Indorama Petrochemicals, which we acquired under a joint venture in 2011. It will allow us to serve our major customers in Asia's third largest country, after China and India, thus allowing us to grow with our customers who are already advancing rapidly in this market.

The year 2012 had several challenges for management too. After the devastating floods of 2011, we finally re-established our key Lopburi PET and packaging assets, which came online by May 2012, while the wool plant



## The clear choice for long shelf life.

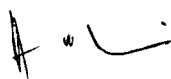
Oxyclear® barrier resin protects the freshness of oxygen-sensitive foods in attractive crystal-clear packaging. Oxyclear barrier resin is an oxygen barrier that can be built into PET sheets for thermoformed trays, cups and other containers.

came online by October. Fortunately, we were fully covered by insurance for asset and business loss.

As IVL has grown rapidly in the past few years, shareholders should expect us to focus on those acquisitions for a period, to ensure their efficiency and profitability are lifted. Management is also focused on currently ongoing expansion plans globally. Strategically, we are concentrating on converting Thailand into a hub for value-added products and moving low margin production to Indonesia once our new plant is complete. This will ensure that we take advantage of Indonesia's low production costs with the right product in the right place.

Meanwhile, we are making plans for the next few years and are considering several potentially lucrative projects that are in differing stages of study. Among these, an integrated Polyester value chain project in India and a Paraxylene joint venture in the Middle East are in the most advanced stages while we are also looking at the potential for a Greenfield MEG project in North America that would also integrate us further upstream into a joint venture gas cracker.

Our current focus is on stabilizing and growing the bottom line further and creating a platform for expansion into new product areas that will bring us closer to our customers in our ability to supply a broad portfolio of both staple and value-added products in every continent. The growth story continues and I am pleased that we are able to share the benefits continuously with shareholders through our dividend policy. With our recent addition to the Stock Exchange's High Dividend index (SETHD), we find ourselves in the position of being a high growth company with a steady dividend payout.



**ALOKE LOHIA**  
**GROUP CEO**

## MESSAGE FROM CEO PET AND FEEDSTOCKS



**DILIP KUMAR AGARWAL**  
**CEO PET**  
**AND FEEDSTOCKS**

### DEAR SHAREHOLDERS,

You will be pleased to know that though many of us felt 2012 was a tough year, the Company was still able to ensure that we remained competitive and a world leader due to our strategic diversity of locations and integration into our key feedstocks. Integration has meant that we were able to capture the value chain and maintain our market position as the world's leading PET producer.

Whereas Asia proved our weakest market, our global footprint means that we found our business in the West remained relatively stable. The Company's move into MEG in 2012 has given us an edge over many of our competitors as this is a feedstock that is still tight in North America and demands a premium. Besides this, our Texas plant manufactures other in-demand products like Purified Ethylene Oxide that is in great demand from the consumer goods industry. I think that this business is going to prove most lucrative in 2013 and further assist our Company to show a growing profit in the most poor of times.

We still see growth in demand, whatever the economy appears to indicate, because what we produce is a part of our daily needs. PET is used by everyone in one form of packaging or another and therefore demand rises as the population rises and as the population in developing countries moves into urban areas. Our largest customers are the fast-moving consumer goods producers whose carbonated drinks and waters grow through volume.

These customers are close to us because we have always grown in areas of the world where their demand is highest. Our decisions to move into new regions of the world, like Western Africa, are based on calculated strategies that stem from demand from our largest customers. I am excited to see that we have remained so close to these major customers over the years and have grown to keep pace with their growth.

The Company will continue to pursue integration going forward. We are already looking at integrating our PET production in Nigeria with a new packing acquisition there that will guarantee we will use up our PET production capacity. We are also looking at some key projects, one of which is to integrate into paraxylene (PX) in the Middle East because this is the lowest cost region of the world to produce this key raw material for our PTA production. Integration of low cost PX would make our PTA extremely cost effective and ensure that we remain in the lowest cost quartile of producers.

The integrated PTA/PET/PSF plant being explored in India, a country we have never entered to date, is also a project that would see us take market share in a market that is growing its consumption of PET in high multiples. Integration of these three plants, together with a supply of PX from the Middle East would ensure we have the cost structure to create profits for shareholders in a fast-growing market.

I have garnered Board approval to expand PET in the North American market and we will add another highly efficient plant in Alabama that is virtually integrated with BP Chemicals' PTA plant, thus saving the cost of building our own feedstock plant there. Our new PET line in Rotterdam has come on line and we are ready to install a new integrated PTA production facility at the same plant so that this becomes the most efficient site in Europe. There is still room to expand in both markets as we can expect sub-scale, non-strategic assets of some of our peers to be rationalized. This will enable the European market to become more tightly focused on cost efficiency – for which I believe we are one of the leading exponents.

IVL is one of the most diverse of all PET companies in the world and especially in the fast-growing niche products that our customers now demand. Our acquisition of Wellman International for instance has thrust us into the forefront of postconsumer recycled PET that most of the leading soft drinks companies believe is the driver for future sustainability. We have a recycling plant in Alabama for the same reasons of sustainability and I expect this to become a growing aspect of our business in the future.

## INDORAMA VENTURES PUBLIC COMPANY LIMITED (IVL)

TYPE OF BUSINESS	Holding Company
HEAD OFFICE	75/102 Ocean Tower 2, 37 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand
COMPANY'S REGISTRATION NUMBER	0107552000201
TEL.	+662 661 6661
FAX.	+662 661 6649, +662 661 6664
WEBSITE	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 4,814,257,245.00 divided into 4,814,257,245 ordinary shares each of Baht 1 par value
LISTING ON STOCK EXCHANGE	The Stock Exchange of Thailand
	The Stock Exchange of Thailand Building,
	62 Ratchadapisek Road, Klongtoey, Bangkok, 10110, Thailand
	Tel. +662 229 2000 Fax. +662 359 1009-11
	www.set.or.th
SHARE REGISTRAR	Thailand Securities Depository Company Limited
	The Stock Exchange of Thailand Building,
	62 Ratchadapisek Road, Klongtoey, Bangkok, 10110, Thailand
	Tel. +662 229 2800 Fax. +662 359 1259
	www.tsd.co.th
DEBENTURE HOLDERS REGISTRAR	Bangkok Bank Public Company Limited
	313 Silom Road, Bangrak,
	Bangkok, 10500, Thailand
	Tel. +662 230 1447-8 Fax. +662 626 4545-6
	www.bbl.co.th
DEBENTURE HOLDERS REPRESENTATIVE	Bank of Ayudhya Public Company Limited
	1222 Rama III Road, Bang Phongphang,
	Yannawa, Bangkok, 10120, Thailand
	Tel. +662 296 3582 Fax. +662 296 2202
	www.krungsri.com
AUDITORS	KPMG Phoomchai Audit Limited
	50 <sup>th</sup> - 51 <sup>st</sup> 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.
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Indorama PET (Nigeria) Ltd., a greenfield PET production facility, is the first PET producer in the country and started commercially in July 2012. The plant is an SSP line by INVISTA Germany, using Buhler Technology. With the current capacity of SSP at 86K tonnes, we target a Continuous PET Line by 2015 to reach to a capacity of 200K tonnes. This plant boasts of an excellently clean shop floor, bulk container handling station, 25 kgs bagging facility and an excellent and robust plant with a consistent quality product from day one. The facility initially aims at catering to the Nigerian market and export demand in West Africa and later to venture into backward integration, focusing on achieving a leadership position in the PET industry in Africa. For IVL, this is a small but very significant foothold in this untapped market, where the per capita utilization of PET is significantly lower than other markets, thereby giving us huge growth opportunities as we endeavor to ride high and capitalize on this first step

#### **SANDEEP PAHARIYA**

Vice President Operations and Business Development  
Indorama PET (Nigeria) Limited



IVI & IPIL are leading the apparel textile industry development by operating manufacturing factories in Tangerang (IVI) and Karawang (IPIL) Indonesia.

We strive to develop high value textiles and to increase our competitiveness based on IVI's own unique technology to make bicomponent yarn (FINNE) through single step process. We will expand this unique capability and increase its market share further. We have completed both the gas engine and PLN projects successfully in 2012. The projects will significantly reduce power cost and contribute to sustainability initiatives of IVL by reducing Carbon Emission.

#### **SHIN YONG SIG**

Business Head  
PT. Indorama Polyester Industries Indonesia & PT. Indorama Ventures Indonesia



Within the 2012 period, Wellman successfully continued the strategic drive in the delivery of solution selling through diversification, innovation and partnership building, realising a seven point improvement in percent of added value sales for 2012. The company continues to compete at the virgin end of the fiber market manufacturing and delivering a high performing and differentiated product range, coupled with the additional benefit of sustainability and a challenging carbon footprint to competing eco polymers. As the largest PET recovery operation in Europe, Wellman provides quality rPET resin products to the packaging and fiber production industries for the manufacture of Eco friendly products, supported by accredited traceability, process and product qualifications and independent recognition in National and International Green Awards and Export Excellence. Although challenged by the consequential difficulties of the continuing economic uncertainty effecting consumer sentiment and market confidence, Wellman, while delivering a strong performance in support of our shareholders, remains a solid and reliable supply source for the European packaging and nonwoven market. Despite the difficult trading environment the company can report a successful 2012 and looks forward with respectful optimism for 2013.

#### **FRANK GLEESON**

Managing Director/Site Head  
Wellman International Limited



Major operational focus during 2012 for the fiber and filament operations has been on performance and cost optimization by sharing best practices across all locations. Intensive Energy audits at IVI & IPIL in Indonesia, Auriga and FiberVisions plants in USA and IVPM in Mexico revealed gaps that exist to make the operations more efficient. Actions arising out of these audits are already under implementation and likely to yield annual savings of more than US\$ 2 million with very fast payback CAPEX. Development of the next generation PP fiber at FiberVisions, completion of bicomponent fiber (Bico) plant at Rayong added new product capabilities in the group. These facilities and upcoming Bico plant in China will significantly increase our presence in the Hygiene and Industrial sectors in Asia. The project activities at IPCI, Indonesia for CP-4 and at Nakhon Pathom, Thailand, for PET recycling plant are in full swing. State-of-the-art equipment has been selected for both these plants and production is expected to start during the second half of 2013 and IVL will once again create new benchmarks for the industry.

#### **ASHOK ARORA**

Chief Technical Officer - Polyester Business



You can say that the European PET business is a mature market, this does not mean that it's a slow and old business. 2012 was a "roller coaster" ride comparable with anything you experience at Disney! The economic climate has a great impact on consumer confidence and this has direct consequence for the consumption of our product. Compound this with the turbulence caused by the raw material costs driven mainly by the Asian polyester market, you have a ride that has all the twists and turns you wish for. Indorama Ventures weathered the storm in Europe better than most, managed by good customer contract compliance, control of costs, and its leverage of production and raw materials. Only God can control the weather, Indorama Ventures can weather the storm. With our expansion in Rotterdam and debottleneck of other plants, our cost structure becomes advantaged to "batten down the hatches" for whatever the weather/market can throw towards us.

#### **STEPHEN SHORT**

Director, Business & Commercial Development  
UAB Indorama Polymers Europe

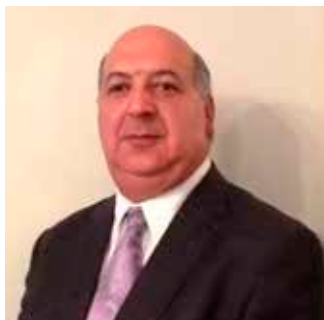




After the floods in September, 2011, we have replaced 100% of the old damaged equipment with new machinery and the spinning production resumed by end of the third quarter, 2012 and became fully operational by end of December. The topmaking facility is being erected and will be operational in March, 2013. All our customers are extremely happy with our resumption of operation and are responding positively and extending their fullest support.

#### **RAJESH BANKA**

Chief Operation Officer  
Indorama Holdings Limited



The overall plant performance was marginally lower than target. Production efficiencies in 2012 were discovered to be impacted as a result of an unplanned shutdown in the Spring of 2011. The necessary repairs and maintenance were completed in July, allowing IVOG to return to the maximum scheduled production rates for the balance of the scheduled production cycle on the existing catalyst charge. Sales for the company were extremely strong for IVOG in 2012 as a result of increased Purified EO sales and strong glycol demands as a result of a very tight global glycol market in all glycol consuming sectors.

#### **JOEL SALTZMAN**

Senior Vice President/Site Head  
Indorama Ventures  
(Oxide & Glycols) LLC



2012 has been a year full of challenges but our team is proud to have tided over the situations like flood/plants restoration and startup etc. We are also happy to say that the plants have achieved highest production ever following the startup after floods. We have also been able to put various energy optimization measures in place and have reduced the energy consumption to lowest ever levels which is comparable to the best in the industry for similar generation plants. Continuous technical benchmarking with other IVL PET sites has enabled improvements, wherever possible. All this has yielded cost reduction which is much needed in today's business scenario.

#### **SEKAR CHANDRA**

Production Manager/Plant Manager  
Indorama Polymers Public Company  
Limited/Asia Pet (Thailand) Limited



## FIBERS AND YARNS DIVISION



The bunching of filament and PTA expansions in China has led to some inventory buildup there with consequent pressure on Asian margins. However, the underlying consumer demand remains robust and is growing at a steady pace and these new capacities would get absorbed over 2013 leading to improvement in margins.

Our large scale, highly efficient new plant will start up in Indonesia in the second half of 2013 and will improve our competitive position and margins significantly. Commissioning of our high tech bico staple plant as well as the state of the art recycled staple and flake plant in Thailand would also lay a sound basis for Asian profitability.

Our European and American plants continue to do well and further debottlenecking and expansions are planned there to enhance the returns. Polyester continues to remain the fiber of choice for its exception performance value equation and is now in such a dominant position that it is relatively insulated from cotton, the fiber from the past.





**INTEGRATION FOR SUSTAINABLE GROWTH**  
INDORAMA VENTURES PUBLIC COMPANY LIMITED

IVL has been consistently improving our product portfolio toward Hygiene, Automotive, Home and active wear specialty segments while keeping our commodity position more competitive on cost and quality. Our business model of balanced commodity and specialty gives IVL a dominant position to grow our market share in most profitable segments.

Cotton stock pile in China has created a shortage of cotton and yarns in rest of the world and prices of cotton that had dipped to 65 cents has gone up to 95 cents / lb. because Chinese high domestic cotton prices at 1.40 cents a lb. The area under cotton is likely to reduce by over 10 % next year and we expect the prices of cotton to remain around current levels or rise above US\$ 1.0 / lb, which is healthy for polyester consumption.



**UDEY GILL**  
President  
Fibers and Yarns Business

## INFORMATION OF SUBSIDIARIES, ASSOCIATED AND AFFILIATED COMPANIES

		NUMBER OF ORDINARY SHARES		
	CORE BUSINESS	OUTSTANDING	HELD	EQUITY INTEREST
ASIA				
<b>INDORAMA POLYMERS PCL</b> 75/102,103 Ocean Tower 2, 37 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand Tel. + 66(0) 2661 6661 Fax. + 66(0) 2661 6664-5	Manufacture of SSP Chips and PET	1,382,197,870	1,371,882,128	99.25%
<b>PETFORM (THAILAND) LIMITED</b> 85 Moo 11, Bang-Nga Tha-Klong Road, Khaosamorkhon, Thawung, Lopburi 15180, Thailand Tel. + 66(0) 3648 9116 Fax. + 66(0) 3648 9115	Manufacture of PET Preforms, Closures and Blown Bottles	7,500,000	4,499,995	60.00%
<b>ASIA PET (THAILAND) LIMITED</b> 75/102, Ocean Tower 2, 37 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand Tel. + 66(0) 2661 6661 Fax. + 66(0) 2661 6664-5	Manufacture of Amorphous Chips	45,000,000	44,999,994	99.99%
<b>INDORAMA HOLDINGS LIMITED</b> 75/64,65 Ocean Tower 2, 28 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand Tel. + 66(0) 2661 6661 Fax. + 66(0) 2661 6664-5	Manufacture of Worsted Wool Yarns	77,446,800	77,303,050	99.81%
<b>INDORAMA POLYESTER INDUSTRIES PCL</b> 75/92 Ocean Tower 2, 35 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand Tel. + 66(0) 2661 6661 Fax. + 66(0) 2661 6664-5	Manufacture of Polyester Fibers and Yarns	2,202,850,000	2,193,084,881	99.55%
<b>INDORAMA PETROCHEM LIMITED</b> 75/93 Ocean Tower 2, 35 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand Tel. + 66(0) 2661 6661 Fax. + 66(0) 2661 6664-5	Manufacture of PTA	472,782,042	472,782,036	99.99%

	CORE BUSINESS	NUMBER OF ORDINARY SHARES		
		OUTSTANDING	HELD	EQUITY INTEREST
<b>TPT PETROCHEMICALS PCL</b> 75/116-117 Ocean Tower 2, 41 <sup>st</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand Tel. + 66(0) 2661 6661 Fax. + 66(0) 2661 6664-5	Manufacture of PTA	492,500,000	492,315,999	99.96%
<b>IVL SINGAPORE PTE. LTD.</b> 17 Phillip Street #05-01 Grand Building, Singapore	Treasury and Financial Services within the Group	133,500,000	133,500,000	100.00%
<b>DONG MAO PTE. LTD.</b> (De-registered in June 2012) 17 Phillip Street #05-01 Grand Building, Singapore	Non-Operating Company	1	1	100.00%
<b>GUANGDONG IVL PET POLYMER CO., LTD.</b> No. 1 Meihua Road, Shuikou Town, Kaiping City, Guangdong, PRC Tel. + 86 750 220 9680	Manufacture of PET (bottle-grade resin chips)	- (Registered Capital USD 31,000,000)	- (Registered Capital USD 31,000,000)	100.00%
<b>PT. INDORAMA VENTURES INDONESIA</b> Desa Cihuni, RT/RW 002/004, Cihuni, Pagedangan, Tangerang, Banten, 15820 Indonesia Tel. + 6221 5371111 Fax. + 6221 5378811	Manufacture of Polyester Filament and Yarns and PET	Series A: 80,000  Series B: 2,812,500	Series A: 80,000  Series B: 2,812,500	100.00%
<b>PT. INDORAMA POLYESTER INDUSTRIES INDONESIA</b> JL. Surya Lestari Kav. 1-16A, Kawasan Surya Cipta Ciampel, Karawang, Jawa Barat, Indonesia Tel. + 0267-440501 Fax. + 0267-440764	Manufacture of Polyester Fibers and Yarns	20,000	20,000	100.00%
<b>PT. INDORAMA POLYCHEM INDONESIA</b> JL. Desa Kemban Kuning, Kecamatan Jatiluhur, Purwakarta (Jawa Barat), Indonesia Tel. (62) 264 207727 Fax. (62) 264 211260	Manufacture of Polyester Chips, Fibers and Yarns	30,000	30,000	100.00%

	CORE BUSINESS	NUMBER OF ORDINARY SHARES		EQUITY INTEREST
		OUTSTANDING	HELD	
<b>PT. INDORAMA PETROCHEMICALS</b> Tempo Scan Tower, 21 <sup>st</sup> Floor, JL. H.R. Rasuna Said, Kav 3-4, Setiabudi, Jakarta Selatan 12950, Indonesia Tel. +62 (21) 29201563 Fax. +62 (21) 29201562	Manufacture of PTA	Ordinary Shares: 1,833,743 Class B1: 166,257 Class B2: 50,000 Class C: 200,000 Class D: 250,000	Ordinary Shares: 916,871 Class B1: 83,129 Class B2: 25,000 Class C: - Class D: 50,000	43.00%
<b>PT. INDORAMA POLYPET INDONESIA</b> JL. Raya Anyar Km. 121, Kel. Kepuh, Kec. Ciwandan, Indonesia Tel. +62 (254) 602300 Fax. +62 (254) 602940	Manufacture of PET	3,500	3,500	100.00%
<b>KP EQUITY PARTNERS INC.</b> Lot 2 & 3, Level 3, Wisma Lazenda, Jalan Kemajuan 87000 F.T. Lebuhan, Malaysia	Holding Company	10,000	10,000	100.00%
<b>EUROPE</b>				
<b>UAB ORION GLOBAL PET</b> Metalog.16, LT-94102, Klaipeda, Republic of Lithuania Tel. +370 46 300749 Fax. +370 46 314323	Manufacture of PET (bottle-grade resin chips)	776,880	776,880	100.00%
<b>INDORAMA POLYMERS ROTTERDAM B.V.</b> Markweg 201, 3198 NB Europoort, Harbour No. 6347, Rotterdam, The Netherlands	Manufacture of PET (bottle-grade resin chips)	18,000	18,000	100.00%
<b>INDORAMA POLYMERS WORKINGTON LTD.</b> Siddick, Workington, Cumbria, CA14 1LG, United Kingdom Tel. +44 1900 609375 Fax. +44 1900 609317	Manufacture of PET (bottle-grade resin chips)	1	1	100.00%
<b>UAB INDORAMA POLYMERS EUROPE</b> Metalog.16, LT-94102, Klaipeda, Republic of Lithuania	Trading in PET	725,088	725,088	100.00%
<b>INDORAMA HOLDINGS ROTTERDAM B.V.</b> Markweg 201, 3198NB Europoort, Rotterdam, The Netherlands	Manufacture of PTA	18,000	18,000	100.00%
<b>UAB INDORAMA HOLDINGS EUROPE</b> Metalog.16, LT-94102, Klaipeda, Republic of Lithuania	Trading in PTA	1,173,952	1,173,952	100.00%

	CORE BUSINESS	NUMBER OF ORDINARY SHARES		
		OUTSTANDING	HELD	EQUITY INTEREST
<b>BEACON TRADING (UK) LTD.</b> 23 Northiam, Woodside Park, N12 7ET, London, United Kingdom	Holding Company	70,000	70,000	100.00%
<b>INDORAMA TRADING (UK) LTD.</b> 23 Northiam, Woodside Park, N12 7ET, London, United Kingdom	Trading in Wool Yarns	10,000	10,000	100.00%
<b>INDORAMA TRADING AG</b> Strengelbacherstrasse, 14800 Zofingen, Switzerland	Non-Operating Company	100	100	100.00%
<b>IVL BELGIUM N.V.</b> Jules Bordetlaan 160, 1140 Evere, Belgium	Holding Company	30,615	30,614	99.99%
<b>UAB OTTANA POLIMERI EUROPE</b> Metalog. 16, LT-94102 Klaipeda, The Republic of Lithuania	Holding Company	21,072,080	10,536,040	50.00%
<b>OTTANA POLIMERI S.R.L.</b> Strada Provinciale 17, Km 18, Ottana (NU) – 08020, Italy	Manufacture of PTA and PET (bottle-grade resin chips)	- (Registered Capital EUR 100,000)	- (Registered Capital EUR 100,000)	50.00%
<b>INDORAMA NETHERLANDS COOPERATIEF U.A.</b> Markweg 201, 3198 NB Europoort, Rotterdam, The Netherlands Tel. + 0181-285400	Holding Company	- (Share Capital EUR 18,100)	- (Share Capital EUR 18,100)	100.00%
<b>INDORAMA NETHERLANDS B.V.</b> Markweg 201, 3198 NB Europoort, Rotterdam, The Netherlands Tel. + 0181-285400	Holding Company	18,000	18,000	100.00%
<b>INDORAMA VENTURES POLAND SP. Z O.O.</b> Dział Księgowości Finansów ul. Krzywa Góra 19, 87-805 Włocławek, Poland Tel. + 4854-237-3901 Fax. + 4854-237-3929	Manufacture of PET (bottle-grade resin chips)	993,988	993,988	100.00%

	CORE BUSINESS	NUMBER OF ORDINARY SHARES		EQUITY INTEREST
		OUTSTANDING	HELD	
<b>TREVIRA HOLDINGS GMBH</b> Max-Fischer-Strasse 11, 86399 Bobingen, Federal Republic of Germany	Holding Company	25,000	18,750	75.00%
<b>TREVIRA GMBH</b> Max-Fischer-Strasse 11, 86399 Bobingen, Federal Republic of Germany	Manufacture of Polyester Fibers and Yarns	- (Paid up Capital EUR 25,300)	- (100% paid-up capital is held by Trevira Holdings GmbH)	75.00%
<b>TREVIRA SP. Z O.O.</b> ul. Dekoracyjna 365-722, Zielona Gora, Poland	Manufacture of Polyester Fibers and Yarns	28,250	28,250 (100% held by Trevira GmbH)	75.00%
<b>INDORAMA VENTURES RECYCLING NETHERLANDS B.V.</b> Markweg 201, 3198NB Europoort, Rotterdam, The Netherlands Tel. +31-181285400	Holding Company	18,000	18,000	100.00%
<b>WELLMAN INTERNATIONAL LTD.</b> Mullagh, Kells, Co.Meath, Ireland Tel. +353-46-9280200 Fax. +353-46-9280300	Manufacture of Polyester Fibers and other Recycling Products	Class A: 1,100,000 Class B: 850	Class A: 1,100,000 Class B: 850	100.00%
<b>WELLMAN FRANCE RECYCLAGE SAS</b> Zone Industrielle de Regret 55100 Verdun, France Tel. +33 (0) 971 002 005 Fax. +33 (0) 329 843 104	Manufacture of Flakes and other Recycling Products	500	500	100.00%
<b>MJR RECYCLING B.V.</b> Tengnagelwaard 5, NL6917 AE Spijk (Gld), The Netherlands Tel. +316566250 Fax. +316566251	Non-Operating Company (having Land & Building only)	181	181	100.00%
<b>BEVERAGE PLASTICS (HOLDINGS) LIMITED</b> Silverwood Business Park, 70 Silverwood Road, Lurgan Craigavon, County Armagh, BT66 6LN, United Kingdom Tel. +442838311800 Fax. +442838311888	Holding Company	Class A: 5,100 Class B: 2,450 Class C: 2,450	Class A: 5,100 Class B: - Class C: -	51.00%

	CORE BUSINESS	NUMBER OF ORDINARY SHARES		
		OUTSTANDING	HELD	EQUITY INTEREST
<b>BEVERAGE PLASTICS LIMITED</b> Silverwood Business Park, 70 Silverwood Road, Lurgan Craigavon, County Armagh, BT66 6LN, United Kingdom Tel. +442838311800 Fax. +442838311888	Manufacture of PET Preforms, Bottles & HDPE Closures	600,000	600,000 (100% held by Beverage Plastics (Holdings) Ltd.)	51.00%
<b>AMERICA</b>				
<b>INDORAMA VENTURES USA INC.</b> 801 Pineview Road, Asheboro, North Carolina 27203, USA	Holding Company	4,200	4,200	100.00%
<b>STARPET INC.</b> 801 Pineview Road, Asheboro, North Carolina 27203, USA	Manufacture of PET (bottle-grade resin chips)	5,000	5,000	100.00%
<b>AURIGA POLYMERS INC.</b> 801 Pineview Road, Asheboro, North Carolina 27203, USA	Manufacture of PET (bottle-grade resin chips) and Polyester Fibers	5,000	5,000	100.00%
<b>ALPHAPET INC.</b> 1301 Finley Island Road, Decatur, Alabama, AL35601, USA Tel. +1 256 308 1180 Fax. +1 256 341 5926	Manufacture of PET (bottle-grade resin chips)	4,400	4,400	100.00%
<b>INDORAMA POLYMERS (USA) INC.</b> 1301 Finley Island Road, Decatur, Alabama, AL35601, USA Tel. +1 256 308 1180 Fax. +1 256 341 5926	Holding Company	4,400	4,400	100.00%
<b>TREVIRA NORTH AMERICA, LLC</b> 4832 Chalton Lane, Charlotte, Mecklenburg County, North Carolina, 28210, USA	Trading and Services	-	- (100% paid-up capital is held by Trevira GmbH)	75.00%
<b>IVL HOLDING S. DE R.L. DE C.V.</b> Prol. Paseo de la Reforma No. 1015 – Torre “A” – 2do Piso Col. Desarrollo Santa De, Del. Alvaro Obregon C.O. 01109 Mexico Tel. (52) (55) 91775700 Fax. (52) (55) 52924919	Holding Company	- (Registered Capital MXN 1,321,464,517.04)	- (Registered Capital MXN 1,321,461,517.04)	100.00%

	CORE BUSINESS	NUMBER OF ORDINARY SHARES		EQUITY INTEREST
		OUTSTANDING	HELD	
<b>GRUPO INDORAMA VENTURES, S. DE R.L. DE C.V.</b> Prol. Paseo de la Reforma No. 1015 – Torre “A” – 2do Piso Col. Desarrollo Santa De, Del. Alvaro Obregon C.O. 01109 Mexico Tel. (52) (55) 91775700 Fax. (52) (55) 52924919	Holding Company	- (Registered Capital MXN 4,308,535,356)	- (Registered Capital MXN 4,308,535,356)	100.00%
<b>INDORAMA VENTURES POLYMERS MEXICO, S. DE R.L. DE C.V.</b> Prol. Paseo de la Reforma No. 1015 – Torre “A” – 2do Piso Col. Desarrollo Santa De, Del. Alvaro Obregon C.O. 01109 Mexico Tel. (52) (55) 91775700 Fax. (52) (55) 52924919	Manufacture of PET (bottle-grade resin chips)	- (Registered Capital MXN 3,581,558,845)	- (Registered Capital MXN 3,581,558,845)	100.00%
<b>INDORAMA VENTURES POLYCOM, S. DE R.L. DE C.V.</b> Prol. Paseo de la Reforma No. 1015 – Torre “A” – 2do Piso Col. Desarrollo Santa De, Del. Alvaro Obregon C.O. 01109 Mexico Tel. (52) (55) 91775700 Fax. (52) (55) 52924919	Service Company	- (Registered Capital MXN 679,971,301)	- (Registered Capital MXN 679,971,301)	100.00%
<b>INDORAMA VENTURES SERVICIOS CORPORATIVOS, S. DE R.L. DE C.V.</b> Prol. Paseo de la Reforma No. 1015 – Torre “A” – 2do Piso Col. Desarrollo Santa De, Del. Alvaro Obregon C.O. 01109 Mexico Tel. (52) (55) 91775700 Fax. (52) (55) 52924919	Service Company	- (Registered Capital MXN 18,820,205)	- (Registered Capital MXN 18,820,205)	100.00%
<b>INDORAMA VENTURES PERFORMANCE FIBERS HOLDINGS USA LLC</b> Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA Tel. (302) 636-5401 Fax. (302) 636-5454	Holding Company	- (Initial Contribution USD 55,000,000)	- (Initial Contribution USD 55,000,000)	100.00%
<b>SPG/FV INVESTOR LLC</b> The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801, USA Tel. (302) 658-7581 Fax. (302) 655-2480	Holding Company	85,277,077	85,277,077	100.00%



	CORE BUSINESS	NUMBER OF ORDINARY SHARES		EQUITY INTEREST
		OUTSTANDING	HELD	
<b>FIBERVISIONS HOLDINGS LLC</b> The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801, USA Tel. (302) 658-7581 Fax. (302) 655-2480	Holding Company	Class A1: 85,227,077 Class A2: 1,628,222 Class B: 4,272,500	Class A1: 85,227,077 Class A2: 1,628,222 Class B: 4,272,500	100.00%
<b>FIBERVISIONS CORPORATION</b> 3700 Crestwood Pkwy, Suite 900, Duluth, GA 30096, USA Tel. +1 678-578-7240 Fax. +1 678-578-7276	Holding Company	1,000	1,000	100.00%
<b>INDORAMA VENTURES HOLDINGS LP</b> Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	Holding Company	- (Capital Contribution USD 250,000,000)	- (Capital Contribution USD 250,000,000)	100.00%
<b>INDORAMA VENTURES OGL HOLDINGS LP</b> Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	Holding Company	- (Capital Contribution USD 500,000,000)	- (Capital Contribution USD 500,000,000)	100.00%
<b>INDORAMA VENTURES (OXIDE &amp; GLYCOLS) LLC</b> Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA Tel. +1 (847) 943-3100 Fax. +1 (847) 607-9941	Manufacture of Ethylene Oxide and Ethylene Glycols	-	- (100% paid-up capital is held by Indorama Ventures OGL Holdings LP)	100.00%
<b>INDORAMA VENTURES LOGISTICS LLC</b> Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	Railcar Leasing and Transportation Service	-	- (100% paid-up capital is held by Indorama Ventures OGL Holdings LP)	100.00%
<b>AFRICA</b>				
<b>INDORAMA PET (NIGERIA) LIMITED</b> East West Expressway, Eleme, Port Harcourt, Rivers State, Nigeria	Manufacture of PET (bottle-grade resin chips)	450,000,000	405,000,000	90.00%
<b>INDO POLYMERS MAURITIUS LIMITED</b> Les Cascades, Edith Cavell Street, Port Louis, Republic of Mauritius	Holding Company	344,377,956	344,377,956	100.00%



The FiberVisions EU Plant continues the journey towards a clean and hygienic operation capable of producing PP, PE/PP and PE/PET fibers without any contaminants. We supply PP fibers to the world's most demanding nonwoven converter (according to a major consumer products company) and in 2012 we succeeded in reducing the number of contamination incidents at this customer by 70% compared to 2011.

Another exciting project ongoing in Denmark is the rebuild of an older polypropylene line to produce polypropylene fibers for the next generation baby wipes. The line has been idle for six years. Beginning in late 2013 the line will be producing about 13KTA of additional product sold into the baby wipes market.

#### **HELLE VINGOLF**

Plant Manager  
Fiber Visions A/S



For 2013 we are set to expand our efforts to support and grow the Trevira brand and to tighten our close links with customers.

As a leading manufacturer of polyester specialty fibres, we are committed to sustainable manufacturing, and we also involve our customers along the value chain in developing eco-friendly products. Therefore, one focus this year will be on "green ideas" like the introduction of a recycling scheme of used Trevira CS textiles.

The development of new fibers and filaments will see some "green" innovations too, especially in the range of products for nonwoven applications which we see as a major strong market with potential for growth. We are not only working on optimising existing products, but also on new customer projects which include the use of renewable fiber raw materials (PLA), and on a concept for recycling Trevira products.

Together with the continued support of our owners, these concepts will provide the basis for further global expansion and new business perspectives in 2013.

#### **ROBERT GREGAN**

Chief Executive Officer  
Trevira Holdings GmbH



2012 has been a challenging year for Ottana Polimeri and important changes both in the technical and business activities have been carried out. Production and commercialization of Isophthalic Purified Acid has been the most remarkable, with resulting commercial specifications and sales within Europe, the Middle East, Asia, North America and Africa. With regard to PET, production has been steady but market conditions have been worsening during the year. Cost reduction has been our key driver since acquisition and it will be crucial to optimise further for an even more challenging 2013.

#### **ALESSANDRO MAESTRO**

Executive Manager/Site Head  
Ottana Polimeri S.R.L.





The year 2012 was a very challenging year for the Indorama Rotterdam Site because it was charged to complete the PET2 project and to start up the facility. The CP line was moved from Offenbach in Germany to the Rotterdam site and a new single train SSP line from Buhler had to be erected. The SSP got mechanically completed in June and in August the first pellets were made and sold. The CP line got mechanically completed in September and the start-up followed in November. The product has met all specifications and the product has been introduced to the customers. The site is very pleased with this doubling of the PET capacity, which has made the site competitive in a challenging PET business and we are proud to serve the European market. The project was managed by the site employees and they were able to complete this project in a two years timeframe with minor incidents

#### **BERT-JAN HELD**

Site Manager

Indorama Holdings Rotterdam B.V.



Petform has seen a variable year as our main facilities are part of the IVL complex at Lopburi, which was flooded at the end of 2011: however, the company bounced back by May 2012 to find strength in customer demand. We are also now receiving additional demand from the new shareholder of our partner Serm Suk, Thai Beverage, and forecast that this business will continue to grow from strength to strength in Thailand. We have sufficient backward integrated PET capacity at Lopburi to allow us to grow with the market.

The rising demand for carbonated and non-carbonated drinks and pure drinking water in the country has encouraged our expansion with the establishment of two new plants, in Rayong on the East coast and Nakhon Ratchasima in the Northeast, which manufacture preforms and bottles respectively. Together with Lopburi we can serve all our customers nationwide and support them as they grow.

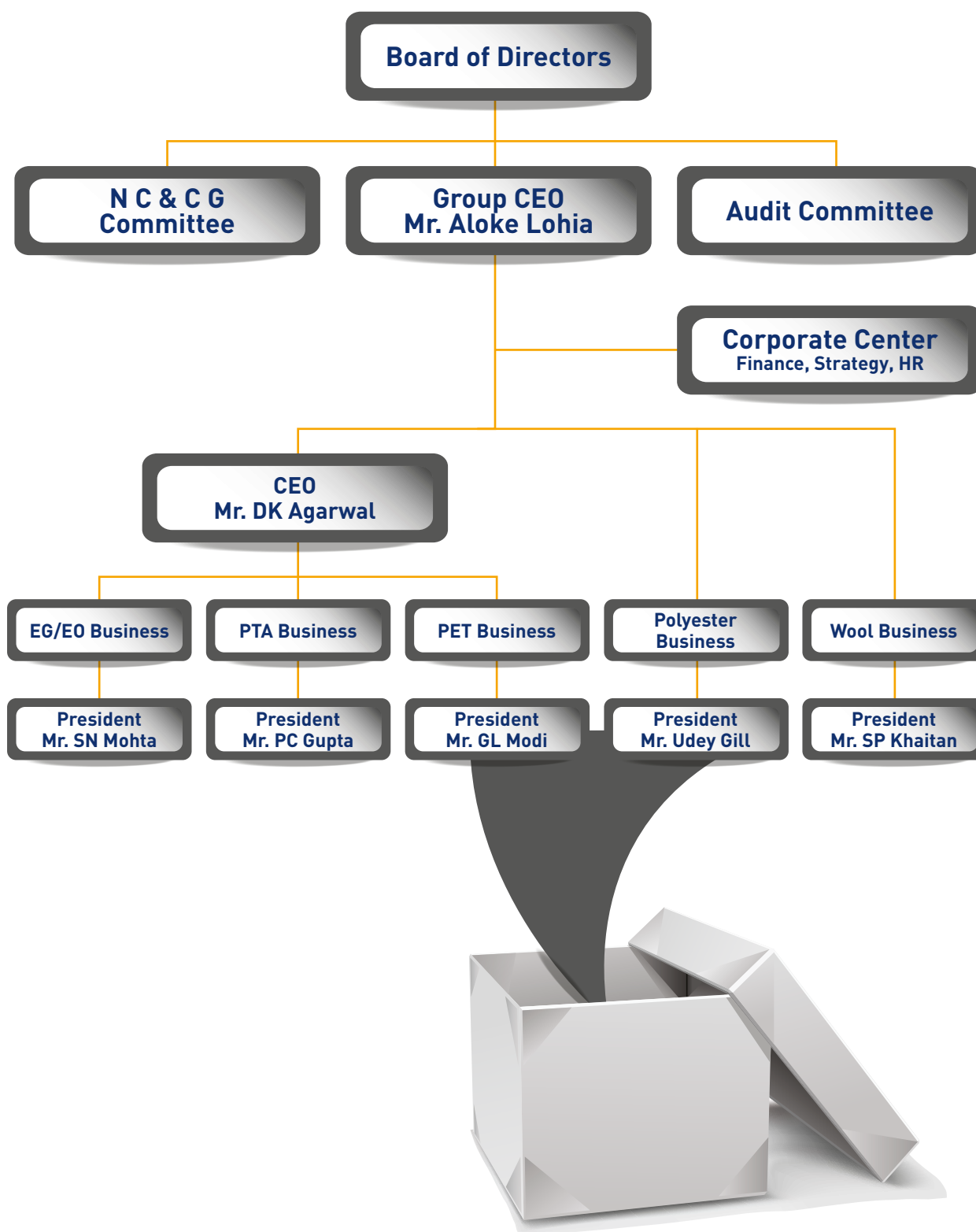
Looking at future expansion, Nigeria and West Africa holds some real potential for Petform as it is underserved by packaging companies today while our customers have reported growth. The prospects look good and we have commenced negotiations to acquire a small packaging plant close to IVL's PET plant in order to meet the demand.

#### **SUNIL MARWAH**

Senior Vice President

Packaging Business & PET, Nigeria

## ORGANIZATION STRUCTURE



This Organization Structure was approved by the Board of Directors' Meeting No. 6/2012 dated August 14, 2012

## BOARD OF DIRECTORS



**MR. SRI PRAKASH LOHIA**

Chairman



**Age 60**

### Education/Training

- Bachelor of Commerce, Delhi University, India

### Present Important Positions

- Chairman-Indorama Eleme Petrochemicals Company Limited
- Chairman-Indorama Corporation Pte. Ltd.
- Director-Indorama Petro Limited
- Director-Indorama Group Holdings Limited
- Director-Indorama Eleme Fertilizer & Chemicals Limited
- Director-Indorama Services UK Limited
- President Commissioner-PT. Indorama Synthetics Tbk
- President Commissioner-PT. Indorama Ventures Indonesia
- President Commissioner-PT. Indorama Polyester Industries Indonesia
- President Commissioner-PT. Indorama Polychem Indonesia
- President Commissioner-PT. Indorama Polypet Indonesia
- President Commissioner-PT. Indorama Petrochemicals

### % of shareholding in IVL as of 31 December 2012

- - None -



**MR. ALOKE LOHIA**

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



**Age 54**

### Education/Training

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

### Present Important Positions

- Chairman-Indorama Polymers PCL
- Chairman-Indorama Polyester Industries PCL
- Chairman-Indorama Resources Ltd.
- Chairman-Asia Pet (Thailand) Limited
- Chairman-Indorama Holdings Ltd.
- Chairman-UAB Indorama Holdings Europe
- Chairman-Indorama Polymers Rotterdam B.V.
- Chairman-Indorama Holdings Rotterdam B.V.
- Chairman-Indorama Polymers Workington Ltd.
- Chairman-UAB Indorama Polymers Europe
- Chairman-Indorama Ventures USA Inc.
- Chairman-Indorama Polymers (USA) Inc.
- Chairman-AlphaPet, Inc.
- Chairman-UAB Orion Global PET
- Chairman-IVL Belgium N.V.
- Chairman-Indorama Ventures Performance Fibers Holdings USA LLC
- Director-TPT Petrochemicals PCL
- Director-Indorama Petrochem Ltd.
- Director-Canopus International Limited
- Director-Petform (Thailand) Limited
- Director-Indorama Ventures OGL Holdings LP
- Director-Indorama Ventures Logistics LLC
- Director-Indorama Ventures (Oxide & Glycols) LLC
- Managing Director-FiberVisions Holdings LLC
- Commissioner-PT. Indorama Ventures Indonesia
- Commissioner-PT. Indorama Polyester Industries Indonesia
- Commissioner-PT. Indorama Polychem Indonesia
- Commissioner-PT. Indorama Petrochemicals
- Commissioner-PT. Indorama Polypet Indonesia

### % of shareholding in IVL as of 31 December 2012

- 10 shares or 0.00% (held by minor child 10 shares)

**MRS. SUCHITRA LOHIA**

Director and Chairperson of Corporate  
Social Responsibility Committee

**MR. DILIP KUMAR AGARWAL**

Director and Chief Executive Officer of  
PTA, PET and EG/EO Business



**Age 48**

#### **Education/Training**

- Owner President Management Program, Harvard Business School
- Bachelor of Commerce, Delhi University, India
- Capital Market Academy Leadership Program, Capital Market Academy (Class 14), Thailand

#### **Present Important Positions**

- Chairperson-TPT Petrochemicals PCL
- Chairperson-Indorama Petrochem Ltd.
- Director-Indorama Polymers PCL
- Director-Indorama Polyester Industries PCL
- Director-Indorama Resources Ltd.
- Director-Petform (Thailand) Limited
- Director-Asia Pet (Thailand) Limited
- Director-Indorama Holdings Ltd.
- Director-UAB Indorama Holdings Europe
- Director-Indorama Polymers Rotterdam B.V.
- Director-Indorama Holdings Rotterdam B.V.
- Director-Indorama Polymers Workington Ltd.
- Director-UAB Indorama Polymers Europe
- Director-Indorama Ventures USA Inc.
- Director-Indorama Polymers (USA) Inc.
- Director-AlphaPet, Inc.
- Director-UAB Orion Global PET
- Director-IVL Belgium N.V.
- Director-Canopus International Limited
- Commissioner-PT. Indorama Ventures Indonesia
- Commissioner-PT. Indorama Polyester Industries Indonesia
- Commissioner-PT. Indorama Polychem Indonesia
- Commissioner-PT. Indorama Petrochemicals
- Commissioner-PT. Indorama Polypet Indonesia

#### **% of shareholding in IVL as of 31 December 2012**

- - None- (held by spouse and minor child 20 shares or 0.00%)

**Age 55**

#### **Education/Training**

- Bachelor of Science, University of Udaipur, India
- Chartered Accountant, The Institute of Chartered Accountants of India
- Cost Accountant, Institute of Cost & Management Accountants of India
- Company Secretary, The Institute of Company Secretaries of India (ICSI), India
- Director Accreditation Program Class No. 65/2007, Thai Institute of Directors, Thailand

#### **Present Important Positions**

- Director-KP Equity Partners Inc
- Director-PT. Indorama Polypet Indonesia
- Director-Indorama Ventures Logistics LLC
- Director-Indorama Ventures (Oxide & Glycols) LLC
- Director-Indorama Pet (Nigeria) Ltd.
- Director-Indorama Polymers PCL
- Director-Petform (Thailand) Limited
- Director-Asia Pet (Thailand) Limited
- Director-Indorama Petrochem Ltd.
- Director-TPT Petrochemicals PCL
- Director-Guangdong IVL PET Polymer Co., Ltd.
- Director-PT. Indorama Ventures Indonesia
- Director-PT. Indorama Polyester Industries Indonesia
- Director-UAB Orion Global PET
- Director-Indorama Polymers Rotterdam B.V.
- Director-Indorama Polymers Workington Ltd.
- Director-UAB Indorama Polymers Europe
- Director-Indorama Holdings Rotterdam B.V.
- Director-UAB Indorama Holdings Europe
- Director-IVL Belgium N.V.
- Director-UAB Ottana Polimeri Europe
- Director-Indorama Ventures Poland Sp. z o.o.
- Director-Indorama Ventures USA Inc.
- Director-StarPet Inc.
- Director-Auriga Polymers Inc.
- Director-AlphaPet, Inc.
- Director-Indorama Polymers (USA) Inc.
- President-IVL Holding, S. de R.L. de C.V.
- President-Grupo Indorama Ventures, S. de R.L. de C.V.
- President-Indorama Ventures Polymers Mexico, S. de R.L. de C.V.
- President-Indorama Ventures Polycom, S. de R.L. de C.V.
- President-Indorama Ventures Servicios Corporativos, S. de R.L. de C.V.

#### **% of shareholding in IVL as of 31 December 2012**

- -None -



**MR. UDEY PAUL SINGH GILL**  
Director and President of Polyester Business



**MR. SASHI PRAKASH KHAITAN**  
Director and President of Wool Business

**Age 59**

**Education/Training**

- Marketing Management BSc. (Hons.) – MBA, College of Basic Sciences PAU, Punjab India
- International Trade, Fulbright Scholar, University of California Davis, USA
- Director Accreditation Program (DAP) Class No. 95/2012 Thai Institute of Directors

**Present Important Positions**

- President Director-PT. Indorama Polychem Indonesia
- President Director-PT. Indorama Ventures Indonesia
- President Director-PT. Indorama Polyester Industries Indonesia
- Director-KP Equity Partners Inc.
- Director-Indorama Polyester Industries PCL
- Director-Wellman International Limited
- Director-FiberVisions Corporation
- Director-MJR Recycling B.V.
- Managing Director-Indorama Ventures Recycling Netherlands B.V.
- Manager-Indorama Ventures Performance Fibers Holdings USA LLC
- Manager-SPG/FV Investor LLC
- Manager-FiberVisions Holdings LLC

**% of shareholding in IVL as of 31 December 2012**

- - None -

**Age 64**

**Education/Training**

- Bachelor of Science, St. Xavier College, Kolkata, India
- Director Accreditation Program Class No. 88/2011 Thai Institute of Directors, Thailand
- Director Certificate Program Class No. 165/2012 Thai Institute of Directors, Thailand

**Present Important Positions**

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

**% of shareholding in IVL as of 31 December 2012**

- 120,000 shares or 0.00%





**MR. AMIT LOHIA**  
Non Executive Director



**Age 38**

**Education/Training**

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

**Present Important Positions**

- President Director-PT Indorama Synthetics Tbk
- Director-Isin International Pte. Ltd.
- Director-Indorama Eleme Petrochemicals Company Limited
- Director-Indorama Petro Ltd.
- Director-Indorama Group Holdings Ltd.
- Director-UIB Insurance Brokers (India) Private Ltd.
- Director-Indorama Commerce DMCC, Dubai
- Director-Indorama Eleme Fertilizer & Chemicals Limited
- Managing Director-Indorama Corporation Pte. Ltd.
- Commissioner-PT. Indorama Ventures Indonesia
- Commissioner-PT. Indorama Polyester Industries Indonesia
- Commissioner-PT. Indorama Polychem Indonesia
- Commissioner-PT. Indorama Polypet Indonesia
- Commissioner-PT. Indorama Petrochemicals

**% of shareholding in IVL as of 31 December 2012**

- - None -



**MR. RATHIAN SRIMONGKOL**  
Independent Director,  
Vice Chairman of the Board and  
Chairman of the Audit Committee



**Age 53**

**Education/Training**

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

**Present Important Positions**

- Director, President and Chief Executive Officer Krungthai Card PCL

**% of shareholding in IVL as of 31 December 2012**

- 60,000 shares (0.00%)





**MR. CHAKRAMON PHASUKAVANICH**

Independent Director and Member of Audit Committee

**Age 64**

**Education/Training**

- M.A. (Economics), California State University, Northridge, U.S.A.
- B.A. (Economics), Chulalongkorn University, Thailand
- Certificate, Senior Executive Development Program (Class 12), Thai Institute of Directors, Thailand
- The National Defense College of Thailand (Class 39) , Thailand
- Director Accreditation Program Class No. 20/2004, Thai Institute of Directors, Thailand
- Financial for Non-Financial Director Class No. 13/2004, Thai Institute of Directors, Thailand
- Audit Committee Program Class No. 14/2006, Thai Institute of Directors, Thailand
- Director Certification Program Class No. 71/2006, Thai Institute of Directors, Thailand
- Role of the Chairman Program Class No. 20/2008, Thai Institute of Directors, Thailand
- Current Issue Seminar Class No. 1/2008, Thai Institute of Directors, Thailand
- Director Forum Class No. 1/2009, Thai Institute of Directors, Thailand
- Monitoring the System of Internal Control and Risk Management Class No.9/2010, Thai Institute of Directors, Thailand
- Advanced Audit Committee Programs Class No. 3/2010, Thai Institute of Directors, Thailand
- Financial Institutions Governance Program Class No. 2/2011, Thai Institute of Directors, Thailand
- Certificate, Senior Executive Development Program Capital Market Academy Class 11 (2011), Thailand

**Present Important Positions**

- Private Sector Position  
Chairman of the Board of Directors- CIMB Thai Bank PCL
- Public Sector Position  
Member-Council of State, Thailand  
Member-Public Sector Development Commission Thailand (OPDC)

**% of shareholding in IVL as of 31 December 2012**

- - None - (held by Spouse - 134,944 shares or 0.00%)



**MR. MARIS SAMARAM**

Independent Director and Member of Audit Committee

**Age 70**

**Education/Training**

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

**Present Important Positions**

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

**% of shareholding in IVL as of 31 December 2012**

- - None -

**MR. WILLIAM ELLWOOD HEINECKE**

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

**Age 63**

#### **Education/Training**

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

#### **Present Important Positions**

- Chairman and Chief Executive Officer-Minor International PCL and its subsidiaries
- Chairman-Minor Corporation PCL and its subsidiaries
- Chairman-Minor Food Group PCL and its subsidiaries
- Director-Rajadamri Hotel PCL and its subsidiaries
- Director-Everest Worldwide Ltd.

#### **% of shareholding in IVL as of 31 December 2012**

- 2,394,132 shares or 0.05%

**DR. SIRI GANJARERNDÉE**

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

**Age 65**

#### **Education/Training**

- Ph.D. Monetary Economics and Econometrics & Operations Research, Monash University, Australia
- M.Ec. Economic Statistics and Monetary Economics, University of Sydney, Australia
- B.Ec. (Hons.) Economic Statistics, University of Sydney, Australia
- Director Accreditation Program Class No. 4/2003, Thai Institute of Directors, Thailand
- Director Certification Program Class No. 60/2005, Thai Institute of Directors, Thailand
- Audit Committee Program Class No. 6/2005, Thai Institute of Directors, Thailand

#### **Present Important Positions**

- Independent Director, Chairman of Audit Committee and Member of the Nomination and Remuneration Committee-The Post Publishing PCL
- Vice Chairman and Chairman of the Audit Committee-Thai Vegetable Oil PCL
- Vice Chairman of the Board of Directors-Prasit Pattana PCL
- Independent Director, Executive Committee member, Chairman of the Nomination and Remuneration Committee-Bangkok Life Assurance Ltd.
- Director of the Bank of Thailand Board-Bank of Thailand
- Member of the Monetary Policy Committee-Bank of Thailand
- Member of Risk Management Oversight Committee Bank of Thailand
- Performance Assessment Committee of State Enterprise Policy Office-Ministry of Finance
- Director-TRIS Corporation Ltd.
- Member of the Public Sector Development Sub-Commission in Finance and Budgeting System Improvement-Public Sector Development Commission Thailand (OPDC)

#### **% of shareholding in IVL as of 31 December 2012**

- - None -



**MR. KHANIT SEE**

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



**Age 62**

**Education/Training**

- MBA-Finance & Quantitative Method, University of New Orleans, USA
- Bachelor of Engineering (Honor & Gold Medal), Chulalongkorn University, Thailand
- Director Certification Program 2003, Thai Institute of Directors, Thailand
- Global Leadership Development Program (GLDP) International Centre for Leadership in Finance (ICLIF) 2004, Thailand
- Capital Market Academy Leadership Program, Capital Market Academy (Class 9), Thailand

**Present Important Positions**

- Executive Vice President-Bangkok Bank PCL
- Director-TPT Petrochemicals PCL
- Director-Indorama Polyester Industries PCL
- Director-Bangkok Industrial Gas Company Limited
- Director-HMC Polymers Company Limited

**% of shareholding in IVL as of 31 December 2012**

- 100,000 shares or 0.00%

## LIST OF MAJOR SHAREHOLDERS



For Indorama Polymers Mexico S. de R. L. de C. V. 2012 was the second successful year of operation in the Indorama Ventures family. Results in Safety and Environment were satisfactory. The Plant obtained recertification in ISO 9000 and ISO 14000 and we have continued to establish a long term relationship with our customers based on the consistency of our service, quality and product performance.

During the first half of the year, the PET plant demonstrated a sustainable maximum production capacity, best-ever record for the site. The plant maintained in its portfolio the BIO-PET resin for Coca-Cola and management approved a capital project to install post-consumer recycling facilities, with capacity to recycle up to 20,000 tonnes per annum of PET bottle flakes into the CP stream to supply our customers bottle grade resin with a recycle content of up to 20%. This project is scheduled to start 1Q 2014.

### MANUEL VARGAS

Vice President Operations  
Indorama Ventures Polymers Mexico,  
S. de R.L. de C.V.

### As at 31 December 2012

Rank	Shareholders	Number of Shares	%
1.	Indorama Resources Ltd. <sup>(1)</sup>	3,196,038,396	66.39
2.	Bangkok Bank PCL.	230,180,944	4.78
3.	Thai NVDR Ltd.	130,673,989	2.71
4.	Indo Rama Synthetics (India) Ltd.	60,409,200	1.25
5.	Mr. Natthaphol Chulangkul	44,020,900	0.91
6.	HSBC (Singapore) Nominees PTE Ltd.	43,131,257	0.90
7.	Mr. Thaweechat Chulangkul	40,709,500	0.85
8.	State Street Bank Europe Limited	20,667,193	0.43
9.	FAM EPIF	17,819,000	0.37
10.	Government of Singapore Investment Corporation C	16,870,807	0.35
Other Shareholders		1,013,736,059	21.06
Total		4,814,257,245	100.00

Note: <sup>(1)</sup> Includes shareholding of Canopus International Limited and Lohia family

## DIVIDEND PAYMENT POLICY

The Company has a policy to pay a total dividend of not less than 30% of the net profit after tax and appropriation to legal reserve. However, the Board of Directors shall have the authority to consider waiving or amending such dividend policy subject to the condition that it will bring the greatest benefit to the shareholders, such as to use such portion of the net profit as reserve for debt repayment, capital investment for production expansion or as a support in case of changing market conditions which would affect the company's future cash flows.

The payout of dividend by the IVL subsidiaries to IVL is up to 80% of their net profit after tax and after appropriation of legal reserve. However the Board of Directors of the subsidiaries will consider the dividend payment, and may amend the dividend policy, by taking into account the reserves for debt payment, capital investment, changing market conditions or as required to manage future cash flows.



FiberVisions continued to generate top line growth with record sales volumes in 2012. FiberVisions is also well positioned for continued robust near-term growth based on strong worldwide demand for bicomponent fibers and differentiated monocomponent polypropylene fibers. Drivers for FiberVisions growth include rising worldwide populations, particularly in emerging markets (hygiene products); increased demand for “cleaner” environments (filtration products); and the trend towards lighter materials in transportation to help achieve higher fuel economy. To meet the demand for bicomponent products, FiberVisions, along with our JV partner JNC Corporation, is completing an investment in new facilities at our site in Suzhou, China, scheduled for completion in 2013, while at the same time taking advantage of newly constructed capacity at Rayong, Thailand. FiberVisions is also investing in existing monocomponent fiber facilities in the US and Europe to produce additional differentiated fibers to take advantage of significant opportunities in hygiene and industrial markets in these regions.

**GARY SPITZ**

Chief Executive Officer  
FiberVisions Holdings LLC



The Rotterdam team has achieved a new annual production record. This is the third consecutive year of continued increase of annual production and it is a consequence of implementing process optimizations and high reliability. Nothing could have been achieved without a very experienced and motivated team across all disciplines and strong support from the Thailand technical and corporate people. We did it without compromising our strong safety culture and we have achieved our 5<sup>th</sup> year in PTA operations without any OSHA cases. Challenging for coming years will be the aging of our installations which will require more effort in the area of inspection, preventive and predictive maintenance. Last but not least is the PTA expansion project, which will increase our annual production capacity by 250 KTA and by using the latest technology in energy recovery to be able to have a lower carbon footprint. A licensing agreement with GPT was signed in 2012 and basic engineering has started. Start-up of the expansion is planned for second quarter 2015.

#### **PACO FAJARDO**

Plant Manager (PTA)

Indorama Holdings Rotterdam B.V.



The year of 2012 had a quite a few highs and lows. We started commercializing the Future-PET recycled resins and have now established a continuous business. We achieved the highest production on N2R and ES11 resins. We could also achieve the lowest waste numbers since inception. The biggest highlight was achieving the much coveted AIB certificate for food safety compliance, the first in the PET industry in the USA and only the third among all industries. With the commissioning of the black speck inspection machine, we have been able to take the quality to a new level now. We have had no loading complaints. Customer appreciation of the product is growing and we have been able to win back almost all customers that we had lost since the tornado outage in 2011. The maintenance team has done an excellent job in enhancing the reliability of the plant. The logistics team has performed superbly in keeping the customer pipelines full and lowering the demurrage on the railcars. We have made it happen.

The average utilization rates in 2012 were very subdued due to mechanical issues in the reactors. All repairs have been performed and both lines are up and running now. The next year looks to be very exciting.

#### **YASHWANT AWASTHI**

Vice President Operations/Site Head

AlphaPet Inc.



## The clear choice for long shelf life.

OxyClear<sup>®</sup> barrier resin protects the freshness of oxygen-sensitive foods in attractive crystal-clear packaging. OxyClear<sup>®</sup> barrier resin is an oxygen barrier that can be built into PET sheets for thermoformed trays, cups and other containers.





## WOOL BUSINESS



Wool is a material that will never go out of style or fashion. Our business was unfortunately affected by the flooding that hit Lopburi in 2011 and remained closed until almost the end of 2012.





**INTEGRATION FOR SUSTAINABLE GROWTH**  
INDORAMA VENTURES PUBLIC COMPANY LIMITED

However, every cloud has a silver lining and we have also been fortunate in that our insurance covered us against asset and business loss and the replacement equipment is now among the most modern in the world and will help us to support our customers more efficiently. We were able to maintain employment of all staff during the closure and thus were able to get back up to speed in a very short time. I am pleased to inform that our regular customers remain close to us and are extending their support and we look forward to steady business in the near future.



**SP KHAITAN**  
President  
Wool Business

## BUSINESS DESCRIPTION 2012

### INDORAMA VENTURES' BUSINESS OVERVIEW

#### LARGEST, INTEGRATED PRODUCER OF PET

#### INTRODUCTION

Indorama Ventures (SET: IVL) remains the world's largest Polyester Value Chain producer, with 41 operating sites in 15 countries across four continents providing value-added and differentiated products and services to the fast-moving consumer goods industry. Our executives all have a proven track record.

IVL has integrated businesses that are aligned to create a sustainable value proposition. IVL's customer orientation, global reach and scale allow us to benchmark ourselves globally to enhance operational excellence.

The new factor that will provide a broader portfolio of products for customers is in innovation, where the bottom line and sustainability can be grown. Investment in research and development will provide customers with new products and services that will enhance our offering and complete the loop as a one-stop center for global requirements.

#### BUSINESS DESCRIPTION

#### IVL IS A BRIDGE BETWEEN UPSTREAM SUPPLIERS AND DOWNSTREAM CUSTOMERS

The term Polyester can be broken into poly, meaning many, and ester, a basic organic chemical compound. The principle ingredients used in the manufacture of polyester are purified terephthalate acid, derived from Paraxylene, a part of the aromatics chain leading backwards into crude oil, and monoethylene glycol, part of the olefins chain that leads backward to crude oil or natural gas. The chemical process that produces the finished polyester is called polymerization. Indorama Ventures Public Company Limited (IVL) is one of the world's foremost producers in the Polyester industry.

IVL is a bridge connecting the oil and gas industry with fast moving consumer goods (FMCG) producers. There is less volatility than up-stream manufacturers, with constant demand from downstream customers.

The industry norm is to have long term volume contracts with customers, normally of one to three years; however the pricing is adjusted monthly, to compensate for upstream volatility according to an agreed mechanism. The system indicates IVL's 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 low impact on the business except in the case that there is a sharp rise or fall in the price of such materials within a short period, entailing an adjustment in the cost of inventory to reflect market prices.

Raw material prices have a modest effect on the price of a bottle of carbonated soft drinks. This is because the actual cost of the PET in a two liter bottle is only about 4% of the total. Also, Polyester fiber is around 5% of the cost of a sports shirt, therefore fluctuations in price have a minor or insignificant effect on customers. Due to the undulating nature of the prices having little impact on the business, the Company instead maintains a spread, the difference between the price of the raw materials and the selling price.

## FEW DIRECTLY COMPARABLE PEERS

### INDUSTRY AND COMPETITION

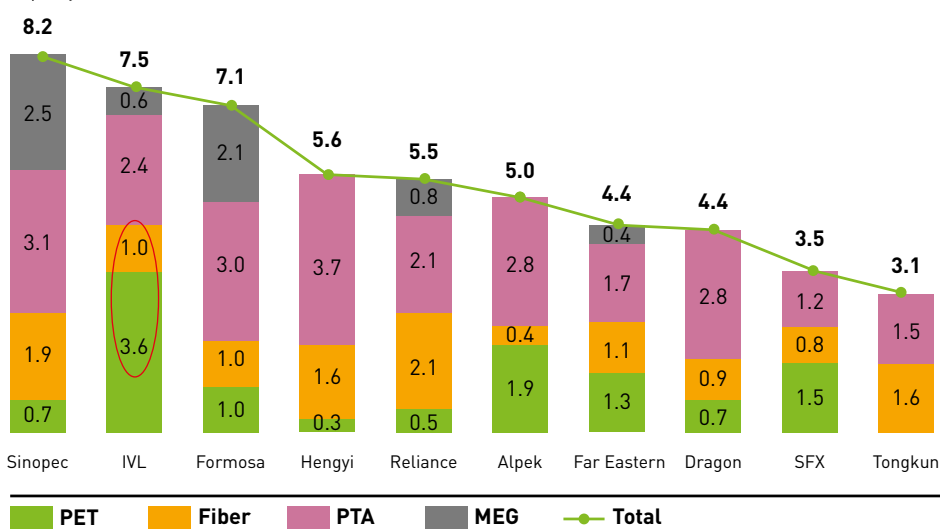
For convenience, Indorama Ventures divides the world into geographical areas where it conducts business: Asia, Europe, North America, Africa and the Rest of the World (ROW). The Company has 41 facilities in 15 countries on four of the world's continents. At this time, the Company is a truly global PET player.

As the production of staple products like PET and Polyester fibers and yarns is essentially a low margin business, companies compete to keep their costs down to the full extent possible. Due to IVL's focus on efficiency it is considered to be in the lowest cost quartile of its business segment in every major market where it operates.

The Company holds integrated assets throughout the Polyester Value Chain, from PTA and MEG, termed Feedstocks here, down to PET and Polyester Fibers as well as packaging. Several of our peers also integrate to varying degrees as this strategy is acknowledged as providing the most value over time. In terms of capacity, IVL is the world's second largest value chain producer but the largest in terms of PET only.

#### The world's 2nd largest integrated producer in Polyester value chain

Capacity (Million tonnes)



Source : PAL

**GLOBAL MARKET SHARE  
OF APPROXIMATELY  
14.5%**

Today, IVL estimates that its total global market share for PET is approximately 14.5% by capacity. In North America and Europe, the Company holds approximately a third of the market share by capacity.

Most of the largest manufacturers of PET also make a variety of other chemicals that are often unrelated to PET and Polyester. There are two key peers whose production of PET and Polyester fibers and yarns are proportionately similar to IVL, Alpek and M&G.

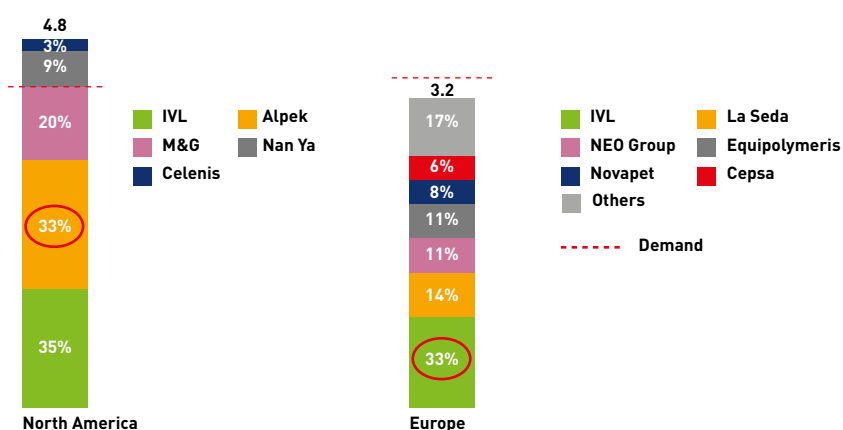
Alpek, itself a subsidiary of Mexico's Alfa Group, is the largest petrochemical company in Mexico and owns PET businesses in the United States of America through its subsidiary DAK Americas, which was set up in 2001. DAK Americas acquired PET and Polyester manufacturing facilities in the U.S.A. from DuPont and later acquired PET businesses from Eastman Chemical, expanding further into Mexico and Argentina. It currently has seven manufacturing sites. [Source: <http://www.dakamericas.com> and <http://www.alpek.com> and Company data as of December 2012.]

Founded in 1953 as a packaging company, Mossi and Ghisolfi (M&G) produces PET resin in Italy, the U.S.A., Mexico and Brazil. M&G Group has an annual turnover of approximately USD 3 billion. Its PET unit develops and produces PET, mostly for packaging applications. M&G has approximately 1.73 million tonnes per annum of installed capacity, and manufacturing locations in Brazil, Mexico, the U.S.A. and Italy. M&G is still a privately-held company. [Source: M&G website <http://www.gruppomg.com> and Company data as of December 2012.]

Other large peers include India's Reliance, which focuses more on other chemicals as far upstream as oil and gas production. China Petrochemical Corporation (Sinopec Group) is a large state-owned Chinese player that is again more heavily focused on upstream products. Other peers like Hengyi, Tongkun and Nan Ya have small PET capacities, while others like Far Eastern New Century San Fangxiang (SFX) target more the Asian and especially Chinese markets.

Due to the competitive, low cost nature of the PET business, the distances between continents and the barriers to entry in developed markets, there are not many companies exporting to Europe and North America, which are the largest consuming markets.

Capacity (MMt)



Source : PAL

### IVL HAS 33% OF THE NORTH AMERICAN MARKET AND 33% OF THE EUROPEAN MARKET

In North America there are five key players and the three largest have majority share of the market. This has come about as large Western players sought to exit an industry that had gone, for them, from a high margin to a low margin product and instead focus on high margin products. In North America, IVL has approximately 33% of the North American market and ranks second in terms of capacity. North America is a market where supply and demand are somewhat balanced. It is also a region where the discovery and exploitation of shale gas is expected to lower some input costs for manufacturers over time. As a producer of MEG in North America, IVL is expecting to benefit from lower gas prices.

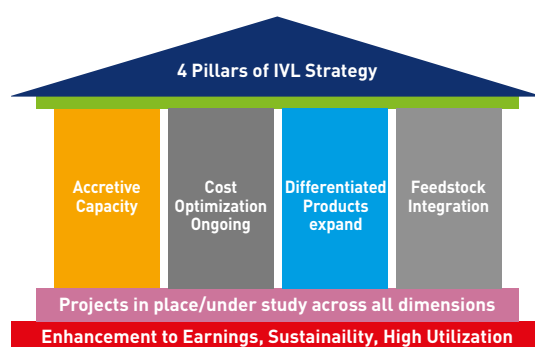
In Europe there are six major players, with four of them holding 69% of the total market. IVL is the largest PET producer in Europe, holding approximately 33% of the total Europe market share.

In both the U.S.A. and Europe, there is a general import duty on PET. When the cost of international shipping charges and domestic rail charges are added few players outside the continent can deliver at competitive prices. There are also anti-dumping charges on some companies or countries. Moreover, producers such as IVL that have manufacturing capacity inside these continents are able to apply import price parity. This ensures that margins are relatively stable and that domestic manufacturers enjoy some protection in return for their investment in these markets.

### IVL IS THE ONLY PET MANUFACTURER IN NIGERIA

In Nigeria, where IVL has a bottle grade PET facility, there is very little competition as PET resin has traditionally been imported to West Africa. According to industry sources, there is one PET manufacturer in South Africa supplying the indigenous market.

## KEY STRATEGIES



Typically, the Company has several strategies for ensuring that it is in the lowest cost quartile in every market it operates. The Company's economies of scale, integration into feedstock or co-location with feedstock providers and proximity to customers ensures that the Company minimizes its logistics overhead.

IVL has acquired and built world scale assets that lower manufacturing costs while sustaining high utilization rates. IVL derives efficiency and a better position on the cost curve through the use of state-of-the-art technology.

**IVL INVESTS IN  
PROJECTS THAT ARE  
ACCRETIVE TO THE  
BOTTOM LINE****ACCRETIVE CAPACITY**

IVL has followed a strategy of both buying and building capacity globally. Both methods have their merits. Acquisition provides the Company with cash flow and customers quickly while greenfield projects provide the Company with an opportunity to build a more efficient plant using state-of-the-art technology. Amidst these extremes, brownfield expansions allow the Company to build a new facility with the latest technology on a currently-owned site, thus saving on certain costs such as infrastructure and some facilities already in place.

**VERTICAL INTEGRATION  
UPSTREAM INTO  
FEEDSTOCK IS A  
PROVEN STRATEGY FOR  
SUCCESS****VERTICAL INTEGRATION**

Vertical integrating into feedstocks refers to the two main feedstocks for PET (Polyethylene Terephthalate) and Polyester fiber; PTA (Purified Terephthalic Acid) and MEG (Monoethylene Glycol), with PX (Paraxylene) an important raw material for the production of PTA. The Company favors a business model where physical infrastructure is shared between co-located PET and Feedstock facilities.

Integration insulates the Company somewhat from sector phasing and improves the quality and predictability of earnings. However, virtual integration through co-location with key raw material suppliers enhances logistical and operational efficiency, cost competitiveness and raw material security without extra investment. It enables responsiveness to customers and market developments, as well as allowing stability in volumes and profits. IVL obtains its raw materials from established producers with volume contracts to guarantee its supply. 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 gives IVL the ability to maintain higher capacity utilization as compared to merchant PTA suppliers at all times.

IVL has PET facilities that are fully-integrated into PTA in the Netherlands, Italy and Thailand and co-located with PTA suppliers in Alabama, U.S.A., Poland and Indonesia. Approximately 60% of IVL's PTA production today is used internally.

**CUSTOMER INTIMACY  
BUILDS STRATEGIC  
PARTNERSHIPS****PROXIMITY TO CUSTOMERS AND SUPPLIERS**

IVL made a strategic decision to be close to its suppliers and customers if possible in order to develop an intimate relationship based on timeliness and low cost. The Company sought to eliminate wherever possible the cost of international transportation and accompanying barriers to entry, thus keeping costs down while making deliveries to customers faster. Similarly, by situating as close to suppliers as possible, the Company can lower the cost of deliveries, maintain a lower inventory level than if delivery distances were greater.

## IVL IS IN A LOW-COST BUSINESS

### COST OPTIMIZATION

All of IVL's management understands the importance of keeping costs to a minimum and therefore facilities globally are de-bottlenecked and optimized to ensure they are run efficiently. This includes adjusting equipment to lower electrical consumption.

## VALUE-ADDED PRODUCTS OFFER CUSTOMERS MORE CHOICE

### DIFFERENTIATED PRODUCTS PORTFOLIO EXPANSION

While the majority of IVL's business remains with staple products, the Company has now entered into more value-added and differentiated products so as to be able to offer its customers a broader portfolio and therefore more choice from a single source. Such value-added products tend to have more stable margins and lower volatility over time, providing the Company with a more solid base for its business.

## LOWERING ENVIRONMENTAL IMPACT

### SUSTAINABILITY

Sustainability is an important strategy at IVL. The Company recognizes the need to lessen its impact on the surrounding communities and environment, which in turn will lead to the long-term sustainability of its operations. IVL has been active in lowering energy usage at its plants and in performing CSR activities with local communities to ensure that our interactions are always positive.

The Company publishes an annual sustainability report that goes into detail about its business and projects to enable stakeholders to understand the important emphasis placed on these activities.

### PET OVERVIEW

PET can be semi-rigid to rigid and very lightweight. PET bottle recycling is more practical than for many other plastic applications. Plastic carbonated soft drink bottles and water bottles today are almost exclusively PET, which makes them easier to identify for re-cycling. PET can be identified by the code number 1 on the bottom of the bottle.

### HOW PET IS MADE

PET is made out of ethylene and paraxylene. Their derivatives (ethylene glycol and terephthalic acid) are made to react at high temperature and high pressure to obtain amorphous PET. The resin is then crystallized and polymerized to increase its molecular weight and its viscosity. The resultant resin is the raw material used to make containers.

### MAJOR USES OF PET

PET is used mainly as a packaging material, typically for soft drinks and water bottles and boxes for foods like salads found in supermarkets but also more and more it is used for home care, e.g. liquid soap bottles and personal care, such as for shampoo bottles and the clear bubble packaging used for pharmaceuticals. More recently, they have been used as the film that covers solar panels.

## **SYNTHETIC FIBERS AND YARNS OVERVIEW**

### **HOW SYNTHETIC MAN-MADE FIBERS AND YARNS ARE MADE**

#### **POLYESTER FIBERS AND YARNS**

Polyester was discovered in the forties and has been manufactured on an industrial scale since 1947. Polyester fibers are the first choice for apparel and are used in trousers, skirts, dresses, suits, jackets, blouses and outdoor clothing.

Blends with cotton and virgin wool are very popular. They are often referred to as the “classical blend”. This is normally a combination of 55% polyester and 45% wool.

Polyester fibers are formed from a chemical reaction between an acid and alcohol. In this reaction, two or more molecules combine to make a large molecule whose structure repeats throughout its length. Polyester fibers can form very long molecules that are very stable and strong.

Polyester fibers are produced by the melt spinning process. Raw materials are heated to a spinning mass, which is then pressed through spinnerets (similar to a sieve). Manufacturing techniques are now developed to the point where they can produce round, oval or angular profiles, making them firm to the touch.

Polyester fibers are particularly resistant to light and weather and can withstand climatic effects, being as light or as fine as weather demands. Polyester fibers have good moisture transport and dry quickly.

Material in 100% polyester, or blends with an appropriately high proportion, is very crease-resistant and retains shape even when affected by moisture. Heat treatment results in permanent creases in trousers and skirts.

#### **MAJOR USES OF POLYESTER FIBERS AND YARNS**

Polyester fibers are most commonly used for apparel, from sports wear to high fashion; home textiles, such as bedding and carpets; non-woven materials like surgical gowns; technical textiles like filters and automotive uses like carpets and insulation.



### OLEFIN FIBERS AND YARNS

This is a manufactured fiber in which the fiber forming substance is any long-chain synthetic polymer composed of at least 85% by weight of ethylene, propylene, or other olefin units. Italy began production of olefin fibers in 1957. U.S. production of olefin fibers began in 1960. The first commercial producer of an olefin fiber in the United States was Hercules, Inc. (now FiberVisions).

Usually polymer granules are fed to an extruder which melts the polymer which is then pumped through a spinneret. The filaments are cooled in an air stream before being wound on a package or collected in cans. Because the fibers are difficult to dye, colored pigments are often added to the polymer stream before extrusion to produce colored fibers.

Propylene, when polymerized, creates a crystalline polypropylene polymer. The fibers made with these polymers can be used in furnishing, apparel and industrial products. Olefin fibers provide warmth without much weight. Olefin is abrasion, stain, sunlight, fire, and chemical resistant. It does not dye well, but has the advantage of being colorfast since pigments are added inside the fibers. Since Olefin fibers have a low melting point, they can be thermally bonded. One of the most important properties of Olefin fibers is its strength, which can be tailored for different applications. It keeps its strength in wet or dry conditions. Olefin fibers can be multi- or monofilament and staple, tow, or film yarns. The cross section is usually round, but can be modified for different end uses.

### BICOMPONENT FIBERS

Bicomponent fibers can be defined as “extruding two polymers from the same spinneret with both polymers contained within the same filament.” A close relative is “co-spun fiber”, which is a group of filaments of different polymers, but a single component per filament, spun from the same spinneret. The term “conjugate fibers” is often used, particularly in Asia, as synonymous with bicomponent fibers. The main objective of producing bicomponent fibers is to exploit capabilities not existing in either polymer alone. Bicomponent fibers are commonly classified by their fiber cross-section structures as side-by-side, sheath-core, islands-in-the-sea and citrus fibers or segmented-pie cross-section types. Bicomponent fibers made of polyethylene sheath and polypropylene core are important fibers for the nonwoven fabric market.

### MAJOR USES OF POLYOLEFINS FIBERS

The main applications include:

Nonwoven fabrics for diapers, feminine care and adult incontinence products (as top sheet, back sheet, leg cuffs, elastic waistband, transfer layers); in spun laced nonwoven products like medical disposable textiles, filtration products or in air-laid nonwoven structures as absorbent cores, and wet wipes.

In terms of apparel, olefin fibers are used in sports and active wear, socks, thermal underwear and as lining fabrics, while in the home they are often used by itself or in blends for indoor and outdoor carpets, carpet tiles, and carpet backing. The fiber can also be used in upholstery, draperies, wall coverings, slipcovers, and floor coverings as well as heat-sealable paper like tea- and coffee-bags.

In heavier applications, the fibers are often used for interior fabrics, sun visors, arm rests, door and side panels, trunk and parcel shelves, while olefin creates carpets; ropes, geo-textiles that are in contact with the soil, filter fabrics, bagging and concrete reinforcement.

### HOW WORSTED WOOL IS MADE

The name Worsted derives from Worstead, a village in the English county of Norfolk. Worsted wool fabric is typically used in the making of tailored garments such as suits, as opposed to woolen wool which is used for knitted items such as sweaters. The essential feature of worsted yarn is straight, parallel fibers. Worsteds differ from woolens, in that the natural crimp of the wool fiber is removed in the process of spinning the yarn. IVL produces wool from Merino sheep. These sheep are sought after for their coats, which are said to produce the finest, softest wool available.

While many forms of wool require that the fiber undergo a spinning process, the production of worsted wool follows a slightly different path. Rather than going directly into a spinning process, the wool is first combed in a carding process. This is where wool fibers are separated and prepared for spinning to remove any short and brittle fibers from the wool, leaving only the longer strands of the fiber to undergo the spinning process, producing a smooth yarn that possesses a higher durability.

Owing to the strength of worsted wool, the fibers can be woven into a finer material that is more crease resistant than many other fabric choices making it an ideal choice for garments that need to hold their shape. Worsted wool has been a popular choice for men's trousers, pleated skirts for women, and both men's suits and sport jackets. Because worsted wool is so durable, it wells very well and also drapes easily, making it an ideal fabric for all sorts of garments.

### MAJOR USES OF WORSTED WOOL YARNS

Worsted Wool produced by IVL is used in high-end suiting for both men and women.

### FEEDSTOCK BUSINESS OVERVIEW

For IVL, feedstocks mean PTA, MEG, EO derivatives and by-products.

In full PTA is Purified Terephthalic Acid and it is an organic compound. This colourless powder is a commodity chemical, used principally in the manufacture of Polyethylene Terephthalate (PET), which is generally used to make clothing and plastic bottles.

### PTA BUSINESS

Terephthalic acid is an organic compound and a colorless solid. It is a commodity chemical, used principally as a precursor to the polyester PET, used to make clothing and plastic bottles. Several billion kilograms are produced annually.

IVL entered the PTA business in 2008 with the strategy of developing raw material integration so as to ensure an uninterrupted supply of raw materials and capture better margins in the Polyester value chain. This provides IVL with a cost competitive edge to the PET and Fiber businesses. The Company's PTA assets are strategically co-located with downstream facilities in Thailand, Indonesia, the Netherlands and Italy. A capacity of 2.4 million tonnes per annum (including joint ventures) at five sites, in four countries on two continents.

### HOW PTA IS MADE

Terephthalic acid is produced by the oxidation of paraxylene. The commercial process utilizes acetic acid as a solvent together with a catalyst composed of cobalt and manganese salts, with a bromide promoter.

A radical chain reaction occurs in a series of intermediates, starting with the oxidation of paraxylene and finally to terephthalic acid (TA). It is then further purified to make PTA.

### USE OF PTA

Most PTA is consumed as a feedstock of PET, however a few small niche uses occur, such as in the analgesic drug oxycodone, which occasionally comes as a terephthalate salt. More visibly, Terephthalic acid is used as a filler in some military smoke grenades creating a thick white smoke when burned.

### MEG BUSINESS

The other major feedstock produced by Indorama Ventures is monoethylene glycol (MEG) which is an organic compound. In its pure form, it is an odorless, colorless, syrupy, sweet-tasting liquid.

## HOW MEG IS MADE

Monoethylene glycol is produced from ethylene (ethane), via the intermediate ethylene oxide. Ethylene oxide reacts with water to produce ethylene glycol.

## USES OF MEG

The major end uses of ethylene glycol are as antifreeze for automobile radiators, which accounts for over 50% of ethylene glycol's commercial uses, and as raw material in the production of PET, which accounts for 40% of total ethylene glycol consumption globally. Besides automobiles, MEG is often used as a medium in liquid cooled computers, chilled water air conditioning systems and geothermal heating/cooling systems

## EO DERIVATIVES AND BY-PRODUCTS BUSINESS

### PURIFIED ETHYLENE OXIDE BUSINESS

Ethylene oxide is industrially produced by direct oxidation of ethylene in the presence of silver catalyst.

### USE OF PEO

Ethylene oxide is used in the production of detergents, thickeners, solvents, plastics, and various organic chemicals such as ethylene glycol, ethanolamines, simple and complex glycols, polyglycol ethers and other compounds. Pure ethylene oxide is a disinfectant that is widely used in hospitals and the medical equipment industry to replace steam in the sterilization of heat-sensitive tools and equipment, such as disposable plastic syringes.

PEO derivatives are used to manufacture various products such as soaps, detergents, brake fluids, weed killer and urethane foam.

Ethylene oxide is one of the most important raw materials used in the large-scale chemical production. Most ethylene oxide is used for synthesis of ethylene glycols, including diethylene glycol and triethylene glycol that accounts for up to 75% of global consumption. Other important products include ethylene glycol ethers, ethanolamines and ethoxylates. Among glycols, ethylene glycol is used as antifreeze, in the production of polyester and PET, liquid coolants and solvents. Polyethylene glycols are used in perfumes, cosmetics, pharmaceuticals, lubricants, paint thinners and plasticizers. Ethylene glycol ethers are part of brake fluids, detergents, solvents, lacquers and paints. Other products of ethylene oxide include ethanolamines, used in the manufacture of soap and detergents and for purification of natural gas. Ethoxylates are reaction products of ethylene oxide with higher alcohols, acids or amines. They are used in the manufacture of detergents, surfactants, emulsifiers and dispersants.

## TEG, DEG BUSINESS

### USES OF TEG AND DEG

Diethylene Glycol (DEG) is a by-product made together with MEG through the processing of EO. DEG has broad applications and is used to manufacture polyester polyols, unsaturated polyester resins, buffet heaters, morpholine production, paints and coatings, plasticizers, liquid laundry detergent, cement grinding and as an intermediate for polyethylene glycol.

Triethylene Glycol (TEG) is a by-product made by processing EO. TEG is mainly used for natural gas dehydration. The other applications are air sterilizers, resin for windshield plate glass and as an intermediate for polyethylene glycol. It is used as a plasticizer for vinyl. It is also used in air sanitizer products. When aerosolized it acts as a disinfectant. It is an additive for hydraulic fluids and brake fluids and is used as a base for “smoke machine” fluid in the entertainment industry.

### SUBSIDIARY DESCRIPTIONS

#### INDORAMA HOLDINGS LTD.

1994

**TYPE: GREENFIELD**  
**EST. LOPBURI,**  
**THAILAND**  
**PRODUCT: WORSTED**  
**WOOL YARNS**  
**CAPACITY: 5,900 TPA**

Indorama Holdings Ltd. manufactures wool tops for captive consumption to be used for worsted yarn spinning. Both top making and spinning facility is located at the same site in Lopburi, Thailand, as Petform and Indorama Polymers/AsiaPet. This enables a smooth and cost efficient production process. Indorama Holdings produces a broad range of yarns (over 500 types) ranging from 10 Nm to 125 Nm, 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.

As the Lopburi site was affected by flooding from September 2011, the site was forced to shut down and reopened in 2012 following refurbishments.

Indorama Holdings Ltd. manufactures wool tops for captive consumption to be used for worsted yarn spinning. Both top making and spinning facilities are located in Lopburi, Thailand. This enables a smooth and cost efficient production process. Indorama Holdings produces a broad range of yarns (over 500 types) yarn count ranging from 10 Nm to 125 Nm, used in various sectors such as woven, nonwoven, active apparels, knitwear, technical textiles and interior textiles. All yarns are produced using 100% Full Fleece Merino Wool from Australia.

After the floods in September 2011, the spinning plant has been fully reinstalled and now is operational. The top making plant will start in March , 2013

**1995**

**TYPE: GREENFIELD**  
**EST. LOPBURI,**  
**THAILAND**  
**PRODUCT: PET**  
**CAPACITY: 178,000 TPA**

**IRP/ASIAPET**

The IRP/AsiaPet PET facility is located in Lopburi, two hours North of Bangkok. The plant began production in 1995 and marked IVL's first step into the PET business. With various expansion projects, the plant's initial annual capacity of 20,000 tonnes has now increased to 178,000 tonnes. The facility enjoys virtual backward integration with IVL's PTA within the region and partial forward integration with the co-located Petform packaging facility.

The site was affected by the heavy flooding in Lopburi at the end of 2011 but was back in operation by May 2012.

**1996**

**TYPE: GREENFIELD**  
**EST. LOPBURI,**  
**THAILAND**  
**PRODUCT: PACKAGING**  
**CAPACITY: 1,361 M**  
**PREFORMS; 600 M**  
**BOTTLES; 1,548 M**  
**CLOSURES PER ANNUM**

**PETFORM**

The Petform packaging facility is headquartered in Lopburi, Thailand, and produces PET preforms, PET bottles and HDPE closures for carbonated soft drinks, water and other applications. The plant is virtually back integrated with the IRP/AsiaPet PET facility. In 2012, Petform expanded with new lines in Nakhon Ratchasima (Korat) and within the IPI complex in Rayong. The Lopburi plant has an annual capacity of 905 million preforms, 420 million bottles and 1,548 million closures, while the Nakhon Ratchasima site produces 180 million bottles and the Rayong site produces 456 million preforms.

Petform is a joint venture with Serm Suk Public Company Limited. The Lopburi plant was affected by floods at the end of 2011 but recommenced production in May 2012.

**1997**

**TYPE: ACQUISITION**  
**EST. NAKHON PATHOM,**  
**THAILAND**  
**PRODUCT: POLYESTER**  
**FIBERS AND YARNS**  
**CAPACITY: 116,000 TPA**

**INDORAMA POLYESTER INDUSTRIES (NAKHON PATHOM)**

The Indorama Polyester Industries facility is located in Nakhon Pathom, Thailand. The facility was acquired by Indorama Ventures from Siam Polyester, becoming the Company's first venture into the Polyester business. With various expansion projects, the plant's initial annual capacity of 40,000 tonnes has now increased to 116,000 tonnes (re-rated). The facility enjoys virtual back integration with IVL's PTA within the country.

The Indorama Polyester Industries facility produces polyester fibers, yarns, and chips, serving customers in the main end-use markets of apparels, home textiles and technical textiles, with an extensive range of products for all sectors.

Sustainability initiatives:

Establishing a PET recycling facility for production of flakes, resins and fibers by recycling used bottles. Civil construction is ongoing.

**2003**

**TYPE: ACQUISITION**  
**EST. NORTH CAROLINA,**  
**USA**  
**PRODUCT: PET**  
**CAPACITY: 252,000 TPA**

**STARPET**

The first plant ever acquired by IVL overseas, the StarPet PET facility is located in Asheboro, North Carolina, the U.S.A. After many expansion projects, the plant's initial annual capacity of 50,000 tonnes has now increased to 252,000 tonnes. Products include PET polymers for PET bottles, sheets, and other applications.

2006

**TYPE: GREENFIELD**  
**EST. KLAIPEDA,**  
**LITHUANIA**  
**PRODUCT: PET**  
**CAPACITY: 241,000 TPA**

#### ORION GLOBAL PET

The first entry into Europe by IVL, the Orion Global PET facility is located in Klaipeda, Lithuania. The plant started commercial production in 2006 with an annual capacity of 198,000 tonnes and has now debottlenecked to 241,000 tonnes, making it the largest single line plant in Europe with the lowest carbon footprint. Lithuania was chosen as home to this project due to an educated workforce, low energy costs and easy logistics due to its year-round ice free port. Received Best Chemical Company award from Lithuanian government in 2012.

2008

**TYPE: ACQUISITION**  
**EST. MAP TA PHUT,**  
**THAILAND**  
**PRODUCT: PET AND**  
**FIBERS**  
**CAPACITY: PET 91,000**  
**TPA; FIBERS 199,600**  
**TPA (INCLUDING BICO**  
**16,000)**

#### INDORAMA POLYESTER INDUSTRIES (RAYONG)

Another Indorama Polyester Industries Polyester facility is located in Map Ta Phut, in Rayong Province, adjacent to the National Petrochemical Complex. The plant is virtually back integrated with the TPT Petrochemicals' PTA facility. The facility is also supported by a 55 MW cogeneration plant located next door and operated by TPT Utilities Company Limited, a subsidiary of TPT Petrochemicals.

Indorama Polyester Industries produces polyester fibers, yarns, and chips, serving customers in the main end use markets of apparels, home textiles, automotive, and non-woven sectors with an extensive range of products for all sectors. In 2009, one polyester fiber production line was converted into a PET resin production line. It has a capacity of 290,600 tonnes per year, broken into 91,000 tonnes per annum of PET and 199,600 tonnes per annum of Polyester textiles, non woven and conjugate fibers, specialty filament yarns and PET Chips. IPI also does batch Polymerization for PET modified polymers.

There has been significant growth in new product mix, and the Company has been implementing joint projects with customers successfully. The plant has been upgraded to produce bicomponent staple fiber; a specialty product made using two different polymers and is primarily used in hygiene applications like baby diapers and sanitary napkins. This project is expected to strengthen IVL's drive to enter into the high end nonwoven customer base.

**2008****TYPE: ACQUISITION****EST. ASIA INDUSTRIAL  
ESTATE, RAYONG,  
THAILAND****PRODUCT: PTA****CAPACITY: 771,000 TPA****INDORAMA PETROCHEM**

The Indorama Petrochem PTA facility is located in Rayong, Thailand and is a part of the Asia Industrial Estate. The plant's annual production capacity is 771,000 tonnes, making it one of the largest single plants in the world. The Indorama Petrochem PTA facility provides raw materials to IVL's PET and Polyester business operations and supplies PTA to external customers worldwide.

The Indorama Petrochem PTA facility is environment friendly and generates energy through a heat recovery process.

Achievements:

Over the last six years since commissioning in 2006, IRPL has optimised the usage of chemicals and utilities consumption which has resulted in a cost reduction of roughly 27% without incurring any major capital cost.

This has been possible owing to highly committed and experienced work force and strong management systems and processes in place.

IRPL is certified for ISO-9001:2008, ISO-14001:2004, OHSAS-18001:2007.

**2008****TYPE: ACQUISITION****EST. ROTTERDAM, THE  
NETHERLANDS****PRODUCT: PTA****CAPACITY: 377,000 TPA****INDORAMA HOLDINGS ROTTERDAM**

The Indorama Holdings (IRH) Rotterdam PTA facility is located in Rotterdam, the Netherlands. It was acquired by Indorama Ventures in 2008 from Eastman Chemical Company. The IRH Rotterdam PTA facility provides raw materials to IVL's PET business operations in Europe. IVL plans to increase the capacity of this facility following the expansion of the integrated PET facility.

The facility shares a utility island consisting of a cogeneration (heat and power) system with the IRP Rotterdam PET facility.

**2008****TYPE: ACQUISITION****EST. ROTTERDAM, THE  
NETHERLANDS****PRODUCT: PET****CAPACITY: 418,000 TPA****INDORAMA POLYMERS ROTTERDAM**

The Indorama Polymers (IRP) Rotterdam PET facility is located in Rotterdam, the Netherlands. The facility was acquired by Indorama Ventures in 2008 from Eastman Chemicals Company. The facility had an original annual production capacity of 200,000 tonnes. Effective 2011, the capacity has been re-rated to 231,000 tonnes per annum which captures various debottlenecking projects. A new 187,000 tonne PET line, integrated with IRH Rotterdam, was added in 2012.



2008

**TYPE: ACQUISITION**
**EST. WORKINGTON, UK**
**PRODUCT: PET**
**CAPACITY: 168,000 TPA**

### INDORAMA POLYMERS WORKINGTON

Indorama Polymers (IRP) Workington PET facility is located in the industrial town of Workington, in the county of Cumbria, North-west England. The facility was acquired by Indorama Ventures in 2008 from Eastman Chemical Company. The facility has an annual production capacity of 168,000 tonnes. The site produces PET resin made with MEG from plant-based ethanol.

The facility is supported by wind power on site, generating 2 MW of energy.

2008

**TYPE: ACQUISITION**
**EST. MAP TA PHUT,**
**RAYONG, THAILAND**
**PRODUCT: PTA**
**CAPACITY: 613,000 TPA**

### TPT PETROCHEMICALS

The TPT Petrochemicals was the first producer of Purified Terephthalic Acid (PTA) in Thailand. It has a capacity 613,000 tonnes per year and is located in Map Ta Phut Industrial Estate, Rayong, Thailand, which is the 6<sup>th</sup> largest Petroleum and Petrochemicals Complex in the world.

TPT Petrochemicals PCL was originally founded in November 1991 as Tuntex Petrochemicals (Thailand) Company Limited. In April 2005, the name was changed to TPT Petrochemicals Public Company Limited.

The principal feedstock for the production of PTA is paraxylene, purchased from PTT Global Chemicals Plc. which delivers from its aromatics plant located next to the TPT PTA plant. TPT Petrochemicals owns and operates an on-site co-generation power plant supplying power to its PTA plant. The co-generation power plant has a production capacity of 55 MW electricity and high pressure steam which is provides to the TPT PTA plant, Indorama Polyester Industries Plc and Bangkok Polyethylene (BPE). The surplus power is sold to the Electricity Generating Authority of Thailand (EGAT).

2009

**TYPE: GREENFIELD**
**EST. 2009**
**PRODUCT: PET/RPET**
**CAPACITY: 432,000 TPA**

### ALPHAPET

The AlphaPet production facility is located in Decatur, Alabama, U.S.A. Its first line came on-stream in September 2009 and its second line in June 2010. It is co-located with the BP Chemicals PX/PTA complex for the supply of PTA and some utilities. The AlphaPet production facility has a rated capacity of 432,000 tonnes per year, making it one of the largest sites in North America. The site produces PET polymers for PET bottles, sheets and other applications.

The plant employs the new generation Uhde Inventa-Fischer Melt to Resin (MTR®) technology. The use of MTR technology has a number of advantages over conventional PET technologies including significant capital and operational savings, reduced energy consumption and a smaller environmental footprint.

In 2011, a new recycling plant built onsite came into operation to serve major customers with post-consumer recycled PET. The plant uses Flake to Resin (FTR®) Technology.

**2010****OTTANA POLIMERI S.R.L.**

**TYPE: ACQUISITION (JV)**  
**EST. SARDINIA, ITALY**  
**PRODUCT: PET AND PTA**  
**CAPACITY: PET 161,000**  
**TPA, PTA 184,000 TPA**

Indorama Ventures acquired the Italian PET and PTA producer Ottana Polimeri S.R.L. from Equipolymers Europe, a joint venture between Dow Chemical Company and Petroleum Industries Company of Kuwait. The deal provides IVL access to the Mediterranean region, including markets in Southern Europe and North Africa. The acquisition was made through a 50:50 joint venture between IVL's European subsidiary IVL Belgium N.V. and PCH Holding S.R.L. ("PCH") of Italy.

The 184,000 tonnes per annum PTA plant and the co-located 161,000 tonnes per annum PET plant is situated on the island of Sardinia, Italy, offering the company the strategic ability to serve Southern Europe with the shortest transportation route possible.

**2011****GUANGDONG IVL PET POLYMER CO., LTD**

**TYPE: ACQUISITION**  
**EST. KAIPING CITY,**  
**GUANGDONG, CHINA**  
**PRODUCT: PET**  
**CAPACITY: 522,000 TPA**

Guangdong IVL PET Polymer Co., Ltd. is the first investment of IVL in China and allows the Company to establish its footprint in one of the largest and fastest growing markets for PET and Polyester fibers and yarns. The plant is located on the riverside in Kaiping City, Guangdong Province, China. It has an original capacity of 406,000 tonnes per annum. In 2012, the plant completed its debottlenecking project, thereby increasing the installed capacity to 522,000 tonnes per annum.

The plant has a wide array of products, including PET Polymers and PET chips for Polyester films, Polyester Filaments and Industrial Yarn. The main focus will be the domestic market and will also be used as an export base to the Far East and other markets.

**2011****PT INDORAMA VENTURES INDONESIA (IVI)**

**TYPE: ACQUISITION**  
**EST. TANGERANG,**  
**INDONESIA**  
**PRODUCT: PET AND**  
**POLYESTER FILAMENT**  
**YARNS**  
**CAPACITY: PET 88,000**  
**TPA, POLYESTER**  
**FILAMENT YARNS 73,600**  
**TPA**

Located in Tangerang, Indonesia, the plant was acquired from SK Chemicals of South Korea. The plant employs a well proven technology from Hitachi, Japan. It has a capacity of 88,000 tonnes per year of PET Chips and 73,600 tonnes per annum of Polyester Filament Yarns. This plant makes a unique polyester bi-component filament yarn which no competitor has been able to match and IVL is investing in further capacity as the demand is very good for this product.

**2011****INDORAMA POLYESTER INDUSTRIES INDONESIA (IPII)**

**TYPE: ACQUISITION**  
**EST. KARAWANG,**  
**INDONESIA**  
**PRODUCT: FILAMENT**  
**YARNS**  
**CAPACITY: 36.000 TPA**

Established in 1997, the facility is located in Karawang, Indonesia. It was acquired by Indorama Ventures in March 2011 as part of the same deal with SK Chemicals that included IVI. It has an annual capacity of 36,000 tonnes of Polyester Filament Yarns, which are now focusing on the development of various high function and low denier products.

2011

**TYPE: ACQUISITION**
**EST. WLOCLAWEK,**
**POLAND**
**PRODUCT: PET**
**CAPACITY: 153,000 TPA**
**INDORAMA POLYMER SP. Z O.O.**

The site was founded in Wloclawek, Poland in June 2002 and started operation in May 2005. It was a part of the acquisition from SK Chemicals that included assets in Indonesia. The facility has a capacity to produce 153,000 tonnes of PET annually.

Due to the location of a third party PTA facility nearby together with other major feedstock such as MEG and DEG locally available, the site is virtually integrated providing logistic advantage. Since its acquisition the unit started growing dynamically, increased its production capacity by debottlenecking, a process which is continuously going on, expanded new markets, added reheat product to its portfolio against only one normal grade produced before acquisition, improved safety standards with zero accidents in the year and continuously carrying out cost rationalization.

It is the only plant in the group that uses a real-time process data gathering and storage system for remotely monitoring the entire process from any place and at any time in the world. It actively participates in local charities fulfilling Corporate Social Responsibilities. The utmost effort is given to environmental compliance to ensure a smaller carbon footprint.

2011

**TYPE: ACQUISITION**
**EST. SPARTANBURG,**
**SOUTH CAROLINA, USA**
**PRODUCT:**
**CAPACITY: PET 387,000  
TPA, FIBERS 71,000 TPA**
**AURIGA POLYMERS INC.**

IVL acquired the North American polymers assets of INVISTA in 2011. Auriga Polymers' operations are in Spartanburg, South Carolina, with the business unit and administrative offices in nearby Charlotte, North Carolina. The plant once belonged to Hoechst AG of Frankfurt, which also once owned Trevira in Germany.

The South Carolina facility produces polyester resins and polyester staple fibers, with a total Polyester fibers capacity of 71,000 tonnes per annum. Auriga produces fibers for several unique and innovative non-woven products such as fibers used in Cured-in-Place Piping (CIPP), which is utilized in repairing damaged sewage lines; and textile fibers used for military uniforms and material used for filtration applications, such as in respirator masks. The company supplies materials to customers with recognized brands in the non-woven industry segment.

The facility also produces polyester resins and specialty polymers currently used in bottles, trays, sheets, film and textile applications. Bottles made from Auriga's resins are used for carbonated soft drinks, water, beer, juice, wine and food. Auriga owns the technology for the Crystal Clear Oxygen Barrier Resin, OxyClear®. Another benefit of acquiring Auriga Polymers included the enhancement of research and development (R&D) capabilities. An advantage from the R&D integration with IVL's existing facilities, including AlphaPet and StarPet is increased production flexibility. Auriga has 387,000 tonnes of PET capacity.

2011

TYPE: ACQUISITION

EST. QUERÉTARO,  
MEXICO

PRODUCT: PET, FIBERS

CAPACITY: 478,000 TPA

**INDORAMA VENTURES POLYMERS MEXICO**

Another part of the North American acquisition from INVISTA was the Queretaro complex, which was the first filament polyester manufacturing facility for the textile industry in Mexico. Operations are located in Queretaro, Mexico, with a business office in Santa Fe, Mexico City.

Staple fiber production began in 1981; its products are used for the manufacturing of apparel, bed sheets, bedspreads, comforters, carpeting, rugs etc. Using the most advanced technology in the world, the PET bottle grade resin plant started operations in 1994. This resin offers customers a wide range of benefits, which include crystalline transparency, light weight, impact resistance, good retention properties and 100% recyclability. Indorama Ventures Polymers Mexico has a total capacity of 478,000 tonnes per annum.

2011

TYPE: ACQUISITION (JV)

EST. GUBEN AND  
BOBINGEN, GERMANYPRODUCT: POLYESTER  
FIBERS

CAPACITY: 120,000 TPA

**TREVIRA GMBH GERMANY**

Trevira GmbH Germany was acquired under a joint venture with Sinterama, an Italian company with experience in specialist fibers and a global footprint. IVL holds 75% of the shareholding in Trevira. The company was originally the fiber business of Hoechst, one of Germany's foremost chemical companies and became an important European manufacturer of high quality branded polyester fibers and filament yarns for the home textiles, apparel and automotive industries, the hygiene sector and technical applications. Its head office is in Bobingen near Augsburg. The company is the only European producer offering both staple fibers and filament yarns and is the only fully integrated polyester fiber company in Europe. It has a total capacity of 120,000 tonnes per annum.

Following a statement by Trevira in November 2011 of its plans to centralize filament yarn spinning in Guben, it decided that by the end of 2012 spinning capacity based at its Polish plant in Zielona Gora would be moved to its Guben plant, together with the filament capacity in Bobingen (Bavaria).

The concentration of all units of filament yarn production in Guben means the company will be operating only the one production site for each of its two product lines – filaments and fibers. The aim is to make the production structure slimmer and more efficient.

Trevira can provide services throughout the entire textile value chain, which offers significant added value for its customers. Trevira is internationally certified with ISO 9001 and ISO 14001.

2011

TYPE: ACQUISITION

EST. CILEGON,  
INDONESIA

PRODUCT: PTA

CAPACITY: 500,000 TPA

**PT INDORAMA PETROCHEMICALS**

PT Indorama Petrochemicals, formerly called Polyprima, is a PTA producer located in Cilegon, West Java, Indonesia, and has an installed capacity of 465,000 tonnes per annum. Currently IVL holds 43% in this site along with other a Joint Venture partner. Effective 2012, the capacity has been re-rated to 500,000 tonnes per annum after a de-bottlenecking project.

Indonesia is growing to become one of the largest polyester markets and has a shortage of PTA supply. IVL, through its equity stake in PT Polyprima, will secure the PTA supplies for its Polyester plants in Indonesia.

2011

TYPE: ACQUISITION

EST. MULLAGH IN

IRELAND; SPIJK IN THE

NETHERLANDS; VERDUN

IN FRANCE

PRODUCT: RECYCLED

PET AND FIBER

CAPACITY: 153,000 TPA

## WELLMAN INTERNATIONAL

Wellman International is both the leading producer of rPET fiber products and the largest PET recycler in Europe. A subsidiary of Indorama Ventures, it has three facilities, a fiber manufacturing plant in Ireland and two flake processing facilities in The Netherlands and in France, which both service the fiber plant and carry a flake sales portfolio.

## WELLMAN INTERNATIONAL FIBER PRODUCTION - IRELAND

Wellman International Ireland, is Europe's leading producer of high quality polyester staple fibers, manufacturing high quality polyester fiber products from recycled post-consumer PET bottles. The rPET fiber production facility, based in Co. Cavan, Ireland, has an annual fiber production capacity of 83,000, 22,000 tonnes of which is for bicomponent fibers. Each year 2.2 billion post-consumer PET bottles are recycled to make the Wellman fiber portfolio of products at this facility, with the capability of converting other waste polyester products into 100% recycled fiber. The company is also the largest European PET recycler, with two flake processing facilities in The Netherlands and France which have a combined flake capacity of 70,000 tonnes, which service the fiber production in Ireland.

Wellman International lead the industry in the development of new fiber technologies, offering premium products, which consistently deliver efficient throughputs to the market. The company has 40 years of expertise across a diverse range of markets, including hygiene and personal care, home furnishings, automotive and geotextiles. With a dedicated research and development function driving innovation, guaranteed service provision and comprehensive technical support are central to the Wellman International ethos. For more information, please visit [www.wellman-intl.com](http://www.wellman-intl.com)

## WELLMAN INTERNATIONAL WELLMAN RECYCLING (FRANCE AND NETHERLANDS)

Wellman International is Europe's largest PET recycler, with two flake processing facilities, one in Spijk, the Netherlands and the second in Verdun, France. The bottle recovery plant in Spijk, is located on the Rhine and was established in 1990. It has an annual flake capacity of 43,000 tonnes. The bottle recovery plant in Verdun is located in North East France and was established in 1995. It has an annual flake capacity of 27,000 tonnes.

As Europe's largest PET recycler, Wellman International has a broad European bottle sourcing network, facilitating maximum supply chain efficiencies. Both the flake production facilities in Spijk and in Verdun serve the fiber production plant in Ireland, which produces a diverse and extensive range of polyester staple fiber products from rPET flake and is the leading producer of PSF in Europe. Wellman International Spijk also carries a flake sales portfolio.

**2012**

**TYPE: ACQUISITION**  
**EST. COVINGTON AND**  
**ATHENS, GEORGIA, USA;**  
**VARDE, DENMARK;**  
**SUZHOU, CHINA**  
**PRODUCT: POLYOLEFIN**  
**FIBERS**  
**CAPACITY: 221,000 TPA**

**FIBERVISIONS**

FiberVisions is the world's largest producer of specialty polyolefin monocomponent (mono) and bicomponent (bico) staple fibers. Its facilities are located in key strategic locations in all of the world's major regions: the USA, Europe and China, giving the Company the ability to serve IVL's customers wherever they are located. FiberVisions is also the global leader in developing, manufacturing and marketing polyolefin staple fibers for nonwoven applications. FiberVisions uses proprietary technology and state-of-the-art manufacturing facilities to supply innovative products to customers in industries such as hygiene, textiles, automotive and construction. Typical applications of its products include diapers, wipes, feminine care, filtration, geosynthetics, building and construction, automotive, apparel and textiles and paper. The company also offers technical solutions to customers.

FiberVisions is the technology leader for bicomponent fibers and specialty and differentiated monocomponent fibers with core competence in nonwoven fabrics and the ability to leverage technologies across a range of products and market segments. It has global research and development capabilities and global manufacturing, sales, and customer support

FiberVisions business segments and sales effort are focused on serving specific end users. With facilities strategically located in close proximity to many customers and markets, it has developed deep customer relationships via its global customer base and is able to offer the flexibility required to make customized products matching customer needs.

The Covington site is in Georgia, USA, and has a capacity of 76,000 tpa. The site manufactures monocomponent and bicomponent staple fibers and has ISO 9001 certification. The products serve markets for hygiene, industrial and textile products.

The Athens, Georgia, site produces monocomponent and bicomponent staple fibers and serves customers in the hygiene, industrial and textile sectors. It has a capacity of 41,000 tpa. The facility is certified ISO 9001, ISO 14001 and DS/EN 16001 (Energy Management Certification) compliant.

Located in Varde, Denmark, this FiberVisions facility makes monocomponent and bicomponent staple fibers serving customers in the hygiene and industrial sectors. It has a capacity of 90,000 tpa. It is certified for ISO 9001, ISO 14001, and DS/EN 16001 (Energy Management Certification).

The site at Suzhou, China, produces monocomponent short spin staple fiber and Carded Thermal Bond nonwoven fabric and has ISO9001 certification. In 2011, FiberVisions implemented equipment and technology which enabled the facility to also produce Through Air bonded nonwoven fabric. It has a capacity of 14,000 tpa.

2012

**TYPE: ACQUISITION**
**EST. CRAIGAVON, UK**
**PRODUCT: PACKAGING**

### BEVERAGE PLASTICS LIMITED

Established at Craigavon, Northern Ireland, in the UK, Beverage Plastics produces each year 587 million Preforms, 178 million bottles and 915 million closures. IVL acquired a 51% stake and intends to use the facility to serve its customers in the UK.

2012

**TYPE: ACQUISITION**
**EST. CILEGON,**
**INDONESIA**
**PRODUCT: PET**
**CAPACITY: 100,800 TPA**

### POLYPET

Located in Cilegon, West Java, PT Polypet Karyapersada is located adjacent to IVL's joint venture PTA asset, PT Indorama Petrochemicals (formerly known as PT Polyprima Karyareksa) and is therefore able to receive its PTA feedstock via pipeline. Polypet will provide IVL the opportunity to further consolidate its foothold in the expanding Indonesian PET market.

It has 100,800 tonnes of annual capacity.

2012

**TYPE: ACQUISITION**
**EST. HOUSTON, USA**
**PRODUCT: PEO/MEG**
**CAPACITY: 550,000 TPA**

### INDORAMA VENTURES (OXIDE AND GLYCOLS)

IVL made its first entry into the Ethylene Oxide (EO) business producing Purified Ethylene Oxide (PEO) and Glycols (MEG, DEG, and TEG) when it acquired Old World Industries I, Ltd., at Clear Lake, near Houston in Texas, USA, in April 2012. The business has been renamed to Indorama Ventures (Oxide & Glycols) LLC ( IVOG).

EO is a colorless gas which is used primarily in the production of ethylene glycols. Very reactive, it is one of the most versatile chemical intermediates and is used in the manufacture of surfactants, polyether polyols, ethanolamines and glycol ethers. These derivatives are used to manufacture various products such as soaps, detergents, brake fluids, weed killer and urethane foam for home and auto.

MEG is widely used for polyester polymers' production. However, in North America and Europe, MEG is also used in the antifreeze/industry. DEG and TEG are typically used in industry.

IVOG's Clear Lake facility has several unique advantages:

- Large capacity (largest reactors in North America) with resultant economies of scale and low fixed costs
- Excellent safety and environmental record
- CO<sub>2</sub> in the recycle loop is among the lowest of any plant in the world giving the unit the ability to operate with the latest generation high selectivity catalyst
- The single EO purification tower produces very high EO quality with low aldehyde content of less than 10 ppm

The Company's strategy is to further its raw materials integration and strengthen the business model for long-term sustainability. By maximizing crude EO capacity of 435,000 tonnes per annum, IVOG has a total PEO and EG capacity of 550,000 tonnes per annum on an equivalent Glycols basis and is in close proximity to raw material sources and pipelines. The acquisition makes IVL the only global producer of polyester with integration of both PTA and MEG. IVOG has contracted customers for both PEO and Glycols with flexibility to shift production and sales to the highest return on crude EO. The acquisition adds value to IVL by capturing margins that are healthy and growing while allowing the Company to hedge its use of MEG with an option of consuming the MEG production as a feedstock for US PET operations.

**2012****TYPE: GREENFIELD****EST. PORT HARCOURT,  
NIGERIA****PRODUCT: PET****CAPACITY: 84,000 TPA****INDORAMA PET (NIGERIA) LIMITED**

This is the Company's first PET investment in Africa and a foothold in the estimated 450,000 tonnes PET market for Africa. For IVL, this is a small entry into a potentially huge growth market. Nigeria itself is one of the most developed of the African markets and the facility is situated in a large and secure petrochemical facility.

Currently, many of IVL's largest customers are making progress in sales within Nigeria and West Africa. IVL believes that its ability to serve them from the inside will bear fruit as this market grows for them.

This PET facility in Port Harcourt, Nigeria, produces bottle grade PET chips through Solid State Polymerization, the second stage of the PET production process after the initial chips formed by a polycondensation process. The chips are sourced from the company's facilities in Asia or Europe and shipped to Nigeria for final processing.





The StarPet PET facility located in Asheboro, NC, U.S.A. employs Zimmer continuous polymerization and Buhler solid state polycondensation technology. StarPet operated without any lost time through accident and stayed within budget norms. StarPet was able to achieve its highest ever average monthly production and was granted approval for ISO 9001:2008(QMS) in May 2012 and is currently working on ISO 22000 for food safety certification. Three projects were completed to reduce cost, increase production and reduce our carbon footprint. StarPet used to receive liquid nitrogen in trucks until an onsite nitrogen gas generation facility was commissioned in February 2012. A system was commissioned in June 2012 to transfer chips from the storage yard for recycling, blending and loading into trucks. A new compressor/rotary valve was installed to increase raw material transfer capacity, which helped increase production.

**AVNISH MADAN**

Vice President Operations/Site Head  
StarPet Inc.



## PTA BUSINESS



In 2012, the PTA division saw a weakening of spreads as supply started to grow disproportionately to market demand especially in China. Paraxylene has been particularly tight and while we have access to supply in Thailand, market demand has pushed up prices without spreads being passed on. I expect 2013 to be a year in which some of the smaller PTA facilities in Asia may close either temporarily or permanently.

However, the tightness in paraxylene is likely to improve towards the end of the year as more capacity comes online this year and we are looking forward to better spreads towards the end of 2013 and into 2014.



**INTEGRATION FOR SUSTAINABLE GROWTH**  
INDORAMA VENTURES PUBLIC COMPANY LIMITED



Our European PTA business has outperformed in relatively stable market conditions and fed record production.

The IVL advantage has always been high cost efficiency and we will be working to maintain our position on the lower end of the cost curve through 2013.



**PC GUPTA**  
President  
PTA Business



In 2012, due to difficult market conditions the Ottana PTA plant was run at limited capacity. Maintenance turnaround was completed in the first quarter, maintaining budget costs and timeline with a positive IPA campaign carried out with excellent results in terms of final product quality and plant reliability. The main bottlenecks to increase plant up-time and reduce conversion costs during IPA production have been identified and have been the attention of the management.

**LUCIANO MEDAU**

Plant Manager (PTA)  
Ottana Polimeri S.R.L.



## 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 OXIDE & GLYCOLS, THE PET RESIN, AND POLYESTER FIBER INDUSTRIES COULD RESULT IN OVERCAPACITY.

Our operating results reflect the historical cyclical pattern of the PTA, MEG, PET resin, and polyester fiber industries, with periodic overcapacity and resulting pressure on pricing. This cyclical pattern 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.



2012 was an eventful year for the Lopburi site. The first half saw site restoration, unit restoration and booking insurance claims and the aftermath of floods. The latter half saw us fiercely fighting diminishing margins in the PET business due to new capacities coming up in China along with floor pricing of inhouse PTA. However we managed to move forward.

#### NITIN BOPARDIKAR

Joint Vice President/Site Head  
Indorama Polymers Public Company  
Limited/Asia Pet (Thailand) Limited



**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, PX for our PTA business, Ethylene for our Oxide & Glycols business and recyclable bottles and flakes for our recycling business. PTA and MEG are oil and natural gas derivatives, which are usually manufactured by large petrochemical companies. Thus, the costs of production of PTA, MEG, 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.

However, the Company intends to acquire its main raw material, PX and Ethylene, mainly by entering into supply agreements with suppliers. The Company is able to secure volume and purchases at monthly market prices for ability to pass through prices to customers. In 2012, the Company entered into supply agreements for its partial PX and Ethylene requirements. The balance was purchased from spot markets at market prices.

**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.

However, the Company has insurance policies that cover damage to inventories, property, plant and equipment and loss from business interruption caused by accidents and natural disasters (excluding floods in Thailand at some of its sites for 2013). Additionally, the Company has invested in fixed assets that protected potential vulnerable areas from natural disasters. For instance, an extra-high wall was built at our Lopburi plant to protect against floods. In addition, the Company has geographical diversification to mitigate the risk of disruption from natural disasters or unexpected events which may impact one plant. The Company has multiple plants in each region to serve its customers.

**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, Oxide & Glycols 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.





The Workington plant had a very busy year with several trials taking place to develop specialty resins for the UK and EU market.

A maintenance shutdown was carried out in September during which we carried out cleaning, maintenance, safety inspections, repairs and replacement of worn and inefficient equipment.

The safe operation of our plant continues to be uppermost in our minds, and 2012 brought renewed emphasis on process safety and employee competence from the UK regulatory authorities.

We are very proud to record no lost time due to accidents or process safety incidents during the year.

#### **JOHN FRASER**

Plant Manager  
Indorama Polymers Workington  
Limited

#### **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, our TPT Petrochemicals PTA facility, our Indorama PET Nigeria Limited, our Guangdong IVL PET Polymer Company Limited, our Indorama Ventures Poland Sp.z.o.o., etc. 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 Thai Baht, Pound Sterling, Lithuanian Litas, Mexican Peso, Chinese Yuan and Indonesia Rupiah.

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.

In order to minimize currency risks, our operating subsidiaries usually borrow in the principle currency. 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. However, the company has alleviated the risk by contracting a fixed interest rate and the issuance of debentures Thai Bond market.

**INDORAMA PETROCHEM PTA FACILITY MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS**

*Lawsuit regarding improvement of project to increase production efficiency and improve the air pollution treatment system*

On June 19, 2009, the Stop Global Warming Association and a number of other people living in Map Ta Phut, Ban Chang and Muang District, Rayong Province (the "Claimants") filed a lawsuit in the Thai Central Administrative Court (the "CAC") against various Thai governmental entities and Ministers (the "Respondents"). This lawsuit requests the CAC to render a judgment ordering the Respondents to revoke the environmental impact assessment reports (the "EIA Report") and to revoke their approvals of projects or activities required to prepare the EIA Report that are located in Map Ta Phut, Ban Chang and the surrounding area in Rayong Province, Thailand. The lawsuit alleges that 76 projects in such areas may cause serious impact on the community with regard to the quality of environment, natural resources and health. One of the projects named in the lawsuit is the improvement project to increase production efficiency and improve the air pollution treatment system of Indorama Petrochem PTA facility, which was approved by the Minister of Industry.

On September 2, 2010, the CAC issued the judgment revoking the permission granted to projects or activities which may cause serious impact to the community with regard to the quality of the environment, natural resources and health and which have not completely complied with the provision of Paragraph Two of Section 76 of the Constitution. According to the judgment, the project of Indorama Petrochem is not classified as a project for which permission to operate the projects is revoked.

However, on October 1, 2010, the Claimants filed an appeal to the Supreme Administrative Court (the "SAC") requesting the SAC to reverse the judgment of the CAC and not to rely on the Notification of the Ministry of Natural Resources and Environment, and to rule that the Respondents must revoke the environment impact assessment reports and permission granted to the projects or activities which have been approved or obtained from August 24, 2007 onwards until the study and assessment of impact on the quality of environment and health has been completed as required by the Constitution. On December 7, 2010, the Respondents submitted the statement of defense against the appeal of the Claimants. At present, the SAC has not yet issued a judgment in this case.

*Lawsuit regarding improvement of the project to improve the reverse osmosis (RO) system*

On March 10, 2010, the Claimants filed a lawsuit in the CAC against the Respondents. This lawsuit requests the CAC to render a judgment ordering the Respondents to revoke the EIA Report and to revoke their approvals of projects or activities required to prepare the EIA Report that are located in Map Ta Phut, Ban Chang and the surrounding area in Rayong Province, Thailand. The lawsuit alleges that 9 projects in such areas may cause serious impact on the community with regard to the quality of environment, natural resources and health. The Claimants also requested that the CAC suspend any current activities of such projects, activities or operations of applicants or owners because they may have breached relevant procedures specified under the Constitution and other relevant laws, including the commissioning of a HIA Report, the holding of a public hearing and the hearing of opinions from independent environmental organizations, prior to operating such projects or activities. One of the projects named in the lawsuit is the improvement of the project to improve the reverse osmosis (RO) system of Indorama Petrochem PTA facility, which was approved by the Minister of Industry.

On February 28, 2011, the CAC issued an order dismissing the petition for an injunction of the Claimants on the grounds that the facts claimed by the Claimants are not sufficient to issue a court injunction and there is no evidence to prove that the Claimants will be damaged by the operation of the projects. At present, the CAC has not yet issued the judgment on this case.

However, we cannot assure you whether the CAC or SAC, in each case, would not issue the judgment revoking the permission granted to the project of our PTA facility. Revoking such will have a material adverse effect on business, our financial position, result of operation and business opportunities.

**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 eco-taxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. Other proposals relating to additional beverage container deposits, recycling, eco-tax 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.

#### **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 Ottana PET plant ran stably in 2012 apart the maintenance turnaround in the first quarter but was executed according the target budget and timeline.

Nevertheless, due to unfavourable market conditions, the plant was not kept at maximum capacity for the whole year. Cost saving projects were executed and completed with good results especially in the energy consumption area, e.g. 5% Low sulfur Fuel Oil (LSFO) consumption reduction with the replacement of the air pre-heaters of the burners.

#### **ALESSANDRO GIGANTI**

Plant Manager (PET)  
Ottana Polimeri S.R.L.



In 2012, we accomplished a substantial restructuring of our Filament Business. We have become more efficient by concentrating production activities in one site (Guben), slimmed down processes and adapted our organizational structure. Along with our ongoing product development work and our extensive range of specialty yarns, this new set-up gives us a sound basis for more profitability in the future and will increase our competitive position in Europe and beyond.

#### **REINER PELZER**

Vice President Business Unit  
(Filaments)  
Trevira Holdings GmbH

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 pays a royalty fee to Lohia Global Holdings Limited for the use of Indorama name under the agreement (please refer IVL Notes to accounts for more information). The S.P. Lohia Group and the O.P. Lohia Group also use the Indorama name. We do neither control nor know 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.

The subsidiaries have dividend policies to pay not over 80% of net profit after tax and legal reserve. However, the board of those subsidiaries will approve dividend paid from time to time by considering some factors i.e. cash reserved for loan repayment, expansion investment or support the cash flow of the company in case of impact by market condition change. 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, cash flows, financial condition, contractual restrictions and restrictions imposed by applicable law and other factors the Board of Directors deems relevant.

## CONNECTED TRANSACTIONS

The connected 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 customers/suppliers with comparable and reasonable terms and conditions. The following is a summary of such transactions as at 31 December 2012 with the rationale for each:

### I. Normal Business Transactions

Transaction by	Connected Party	Type of transaction	Rationale	Pricing Method	Amount (MB)
Indorama Petrochem Ltd. and TPT Petrochemicals PCL	Indo Rama Synthetics (India) Ltd.	Sale of Purified Terephthalic Acid	Indo Rama Synthetics (India) Ltd. is a Polyester manufacturer and distributor, which uses PTA as a major raw material.	The price paid is a negotiated price at arm's length basis based on prevailing market prices	4,831.26
Indorama Petrochem Ltd. and TPT Petrochemicals PCL	PT. Indorama Synthetics Tbk. (PTIRS)	Sale of Purified Terephthalic Acid	PTIRS is a Polyester manufacturer and distributor, which use PTA as a major raw material.	The price paid is a negotiated price at arm's length basis based on prevailing market prices	715.25
PT. Indorama Ventures Indonesia, PT. Indorama Polyester Industries Indonesia and Indorama Polyester Industries Pcl	PT. Indorama Synthetics Tbk.	Sale of Polyester or Polyester Filament Yarn	PT. Indorama Synthetics Tbk. is a Polyester manufacturer and distributor, which uses Polyester and Polyester Filament Yarn as a major raw material.	The price paid is a negotiated price at arm's length basis based on prevailing market prices	652.57
Wellman International Limited	PT. Indorama Synthetics Tbk.	Purchase of Sub standard PET Chips	Wellman International Limited uses sub standard PET chips as one of its raw material	The price paid is a negotiated price at arm's length basis based on prevailing market prices	50.21
Indorama Petrochem Ltd. (IRPTA) and TPT Petrochemicals Pcl (TPT)	PT. Indorama Petrochemicals	Purchase of Acetic Acid (HAC)	HAC is one of the raw material for IRPTA and TPT	The price paid is a negotiated price at arm's length basis based on prevailing market prices	17.59

### II. Supporting Normal Business Transactions

Transaction by	Connected Party	Type of transaction	Rationale	Pricing Method	Amount (MB)
Indorama Pet (Nigeria) Ltd.(IPNL)	Indorama Eleme Petrochemicals Ltd.	Purchase of Negotiable Duty Credit Certificate (NDCC), Power and other supplies	Since IPNL needs NDCC, power and other supplies for its SSP plant operations, purchases the same from EPCL.	Price is paid at a discount or as per the rates prevailing in the market at arm's length basis	16.11
Auriga Polymers Inc and Indorama Ventures Polymers Mexico, S. de R.L. de C.V.	PT. Indorama Synthetics Tbk.	Sale of products of PTIRS	Sale of non related products to service customer requirements	The products are sold at a margin over purchase cost	14.65

### III. Transactions relating to Rental / Lease of Immovable Property for a period not exceeding 3 years with General Trading Condition

Transaction by	Connected Party	Type of transaction	Rationale	Pricing Method	Amount (MB)
Indorama Polyester Industries PCL	Pacific Resources Ltd.	Lease of Office space at 28th Fl., Ocean Tower 2 from Pacific Resources Ltd.	Office space is taken on lease as the same is convenient for its operations	At arm's length basis as per the prices prevailing in the market in the vicinity	5.25
Indorama Polyester Industries PCL (IPI)	Cryoviva (Thailand) Ltd.	IPI has rented out office space at 3rd floor of the front office building at Nakhon Pathom to Cryoviva (Thailand) Ltd.	Office space is taken on lease as the same is convenient for its operations	At arm's length basis as per the prices prevailing in the market in the vicinity	1.98
PT. Indorama Polychem Indonesia (PTIPCI)	PT. Irama Unggul (PTIU)	PTIU, owner of the office space at Indonesia, has rented out to PTIPCI for their use.	Office space is taken on lease as the same is convenient for its operations	At arm's length basis as per the prices prevailing in the market in the vicinity	0.94
PT. Indorama Ventures Indonesia (PTIVI)	PT. Indorama Synthetics Tbk. (PTIRS)	PTIRS has rented out office space at Graha Irama Building, Jakarta, Indonesia to PTIVI for their office use	Office space is taken on lease as the same is convenient for its operations	At arm's length basis as per the prices prevailing in the market in the vicinity	0.18

### IV. Transactions relating to Assets / Services

Transaction by	Connected Party	Type of transaction	Rationale	Pricing Method	Amount (MB)
Operating subsidiaries of IVL	Lohia Global Holdings Limited	Use of Indorama Wordmark by paying royalty fee	The wordmark "Indorama" is owned by Lohia Global Holdings Limited which has licensed the use by IVL and its subsidiaries	Royalty Fee is paid at the rate of USD 0.50 per metric ton of net production	86.64
Indorama Pet (Nigeria) Ltd. (IPNL)	Indorama Eleme Petrochemicals Ltd. (EPCL)	Land Lease at Port Harcourt, Nigeria for setting up a PET plant	EPCL, owner of the land at Nigeria, has rented out a land of 15,000sqm. to IPNL for setting up a PET plant.	As per prevailing market rate	1.90

Transaction by	Connected Party	Type of transaction	Rationale	Pricing Method	Amount (MB)
Indorama Petrochem Limited	MJets Limited	Use of Aircraft services	MJets is a commercial aircraft charter provider in Thailand. Aircraft services are used as and when required in order to facilitate senior management in their various business meetings globally and on timely basis.	As per the price negotiated based on the prices prevailing in the market. The rate is inclusive of aircraft, crew, maintenance, insurance and fuel.	1.06
Indorama Petrochem Limited (IRPTA)	PT. Indorama Petrochemicals (PTIP)	Extension of support in sourcing some raw materials	IRPTA extends support to PTIP as required by it in sourcing some raw materials from the market	Price as prevailing in the market with some margin over the cost	22.39
Indorama Petrochem Limited	PT. Indorama Petrochemicals	Sale of certain spare parts, chemicals, stores etc.	Since the lead time to procure the spare, stores, chemicals from the market is high when needed in emergencies, to avoid production loss etc the companies propose to use the spares available with other companies in the group. The usage is uncertain and depends on need basis.	The material can be invoiced provisionally at cost + 10% and finalized at replacement cost	0.34
PT. Indorama Ventures Indonesia (PTIVI)	PT. Indorama Synthetics Tbk. (PTIRS)	Sale of Mono Ethylene Glycol	PTIVI has sold MEG to PTIRS since PTIVI had surplus quantity. The quantity was sold at cost plus margin.	PTIVI's Landed Cost plus margin	7.94

Transaction by	Connected Party	Type of transaction	Rationale	Pricing Method	Amount (MB)
PT. Indorama Ventures Indonesia (PTIVI)	PT. Indorama Synthetics Tbk. (PTIRS)	Sale of PTA	PTIVI has sold PTA to PTIRS since PTIVI had surplus quantity. The quantity was sold at cost plus margin.	PTIVI's Landed Cost plus margin	14.35
Indorama Pet (Nigeria) Ltd. (IPNL)	Indorama Eleme Petrochemicals Ltd.	Warehouse Lease at Nigeria	To cater the requirement of small customers in Lagos, IPNL requires taking a warehouse for keeping its stock. Otherwise it will be very expensive to hire a warehouse for such small space in Lagos.	The pricing and other terms are same as has been agreed by Indorama Eleme Petrochemicals Ltd. with its landlord	0.40
PT. Indorama Polychem Indonesia (PTIPCI)	PT. Indorama Synthetics Tbk. (PTIRS)	Land Lease at Purwakarta, Indonesia	Land has been taken on lease at project site from PTIRS for the construction of new Greenfield Polymerization plant.	Lease rent has been fixed as per the rates prevailing in the market in the vicinity.	0.17
PT. Indorama Polychem Indonesia (PTIPCI)	PT. Indorama Synthetics Tbk. (PTIRS)	Purchase of an old vehicle	The option to buy a vehicle is the best economic option as compared to go for a new vehicle.	The price is fixed based on the prevailing market price	0.87
Indorama Ventures Polymers Mexico, S. de R.L. de C.V. (IVPM)	PT. Indorama Synthetics Tbk. (PTIRS)	Sale of a spare part	Sale of an unused old spare part by IVPM to PTIRS with margin over cost	Sold at margin over cost	0.062
PT. Indorama Polypet Indonesia (PTIPPI)	PT. Indorama Petrochemicals (PTIP)	Sharing of man power	Since both plants, PTIPPI and PTIP being co-located, shares some man power for certain common services and others	The cost of man power is charged at cost to respective plant	0.67

Remarks: More details of connected transactions are reported in Form 56-1.





2012 was a fruitful year when operations were breakdown free; received ISO 9001 certification; complied with a Sedex Ethical Trade Audit to become its Member and various steps initiated for energy optimization. 78 dedicated employees form a cohesive team to provide uninterrupted 24 hrs x 365 days cost efficient operations.

2013 looks more promising and challenging with 100% sales in the beginning of our year. We have budgeted 100% operations throughput in 2013. We export 60 percent of our products to neighboring countries. Being centrally located in Europe surrounded by seven European countries and with domestic consumers of 38 million, we plan to sell our products not only in the domestic market but also to export to neighboring countries at a competitive cost.

#### **O.P. MISHRA**

General Director/Site Head  
Indorama Ventures Poland  
Sp. z o.o.



The year 2012 was a good year for our North American business. We completed the project to convert raw material usage from DMT to PTA at Auriga Polymers Inc. We achieved this without a break in the supplies and without losing any customers. At StarPet, we achieved a high, sustained capacity during the year. We completed the site N2 gen plant and got certified ISO 9001 at StarPet. Although AlphaPet had some ups and downs, overall it was good year there too. We commercially established the Future-PET resins which contain post-consumer recycle material. AlphaPet got certified by AIB on food safety. At Queretaro, we got re-certified on ISO 9000 and ISO 14000. IVP Mexico achieved all their operational goals in 2012. Our R&D team at Spartanburg successfully helped Auriga Polymers in the conversion of raw material. They also helped improve the performance of our EBM resin.

#### **SRINIVASAN PRABHUSHANKAR**

Sr. Vice President & Operations Head  
- North America/Business Head  
(Subsidiaries - StarPet Inc,  
AlphaPet Inc, Auriga Polymers Inc &  
Indorama Ventures Polymers Mexico,  
S. de R.L. de C.V.)



With our high-quality staple fibers, we belong to the preferred suppliers of customers in the industry, in particular for nonwovens and technical applications, but also for inherently flame retardant homotextiles and low-pill apparel fabrics. In close cooperation with our customers, we develop tailor-made fiber solutions adapted in their functionality to the requirements of the end product. These provide competitiveness for customers and partners worldwide.

#### **HARTMANN HUTH**

Vice President Business Unit  
(Staple Fibers)  
Trevira Holdings GmbH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) FOR THE YEAR ENDED DECEMBER 31, 2012 (CONSOLIDATED)

Indorama Ventures PCL (SET: "IVL") achieved consolidated sales of US\$ 6,780 million (Baht 211 Billion) for the Year 2012, an increase of 11% over 2011. The 2012 consolidated reported EBITDA of US\$ 453 million (Baht 14.1 Billion), consolidated net profit after tax and minority of US\$ 148 million (Baht 4.6 Billion), consolidated operating cash flow of US\$ 471 million (Baht 14.6 Billion) and consolidated return on average net operating capital employed of 7%.

	US\$ in Millions		THB in Millions	
	2012	2011	2012	2011
<b>*Consolidated Sales</b>	<b>6,780</b>	<b>6,102</b>	<b>210,785</b>	<b>186,096</b>
PET resins	4,294	4,252	133,478	129,671
Fibers & Yarns	1,359	826	42,236	25,184
Feedstock	2,210	2,056	68,693	62,696
<b>*Consolidated EBITDA</b>	<b>453</b>	<b>561</b>	<b>14,097</b>	<b>17,121</b>
PET resins	197	285	6,130	8,686
Fibers & Yarns	70	83	2,184	2,544
Feedstock	182	200	5,649	6,114
<b>**Core EBITDA</b>	<b>451</b>	<b>555</b>	<b>14,023</b>	<b>16,933</b>
PET resins	198	288	6,160	8,794
Fibers & Yarns	72	80	2,231	2,438
Feedstock	177	194	5,509	5,927
<b>Net profit before JV &amp; Extra ordinaries</b>	<b>116</b>	<b>316</b>	<b>3,655</b>	<b>9,648</b>
<b>JV Income (loss)</b>	<b>(29)</b>	<b>(10)</b>	<b>(911)</b>	<b>(303)</b>
<b>***Extraordinary income/(expense)</b>	<b>61</b>	<b>204</b>	<b>1,868</b>	<b>6,212</b>
<b>Net profit after tax and minority</b>	<b>148</b>	<b>510</b>	<b>4,612</b>	<b>15,557</b>
****CAPEX and investment	1,387	1,032	43,127	31,487
Net Operating Debt	2,321	1,166	71,099	36,947
<b>Net Operating Debt to Equity</b>	<b>1.2</b>	<b>0.6</b>	<b>1.2</b>	<b>0.6</b>
Net Operating ROCE	7%	16%	7%	16%
<b>EPS (Baht)</b>			<b>0.96</b>	<b>3.28</b>

See note on page 88

\* Consolidated financials are based upon elimination of intra-company (or intra business segment) transactions.

\*\* Core EBITDA is Consolidated EBITDA less Inventory gain/ (loss),

\*\*\* Extraordinary income/(expenses) includes gain on bargain purchases, flood insurance claims etc.

\*\*\*\* Capex & Investments are on an accrual basis

Production volume for 2012 is 5.3 million tonnes, an increase of 20% over the full year 2011. Core earnings continued to be in trough territory and had impacts across the value chain of PTA, PET and Polyester especially in Asia (see margin analysis) due to the:

- Impact from sentiment on continuing Chinese slowdown, reflected by quarter on quarter drop in their economy for many quarters on all major economic indicators and exacerbated by;
- Continuing oversupply of PTA in Asia, which is weakening spreads across the value chain in the region and is marginally impacting the western markets, in particular the South European markets for PET, which seems to have larger appetite for the risk associated with imports.
- Newly integrated Polyester Value Chain companies in China are increasing their market share during a period of weak economic climate and therefore pushing margins to unsustainable levels and in many cases below the cash cost of independent operators in both the PTA and PET segments.

Notwithstanding the Industry situation, IVL strategy is to have diversity in its revenue stream (see details in sections below) that has been helping the company to out-perform its peers (please see margin analysis later). In the last twelve months the company's operations have significantly improved its cost position and ongoing strategic investments in accretive capacity build up in select markets will have a lasting benefit going forward;

- Integration into the EO and MEG business in North America which has the lowest cost feedstock; the timing of entry coincides with the uptrend in EO and MEG margins due to increasing utilization rates globally. The Company is in the process of adding AlphaPet 2 PET capacity with virtual integration to BP at Decatur, Alabama and repositioning legacy assets to meet the growing specialty demand.
- Increased specialty (non-commodity) revenue to US\$ 1.3 billion or 19% of sales in 2012 versus 10% in 2011. These non-commodity sales have lower margins volatility and lesser seasonal impact (see margin analysis).
- Expanded the Rotterdam site with an additional 187kt per year of PET, which makes the site the most competitive across Europe and will fully leverage the on-site PTA production, resulting in logistic savings that will benefit the bottom line.



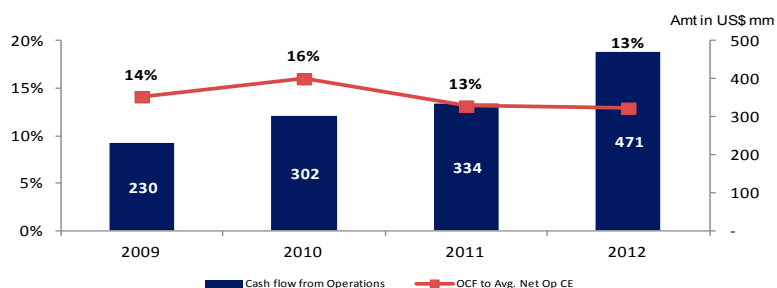
We received the Best Chemical Company award from the Lithuanian government in 2012. Shutdown is planned in April 2013 after 6 ½ years of continuous operation to increase production capacity. Production ran at 95% capacity utilization in 2012. Our long-term loan will be repaid in February - 2013, and thereafter the company will be free of long-term debt. We have been constantly reducing energy consumption and we are operating cost and committed to lowering our carbon footprint. We installed a 30 KW solar panel in Q4 2012 and power export to the grid is planned in February 2013.

#### **JITENDRA KUMAR MALIK**

Vice President Manufacturing/Site Head  
UAB Orion Global Pet

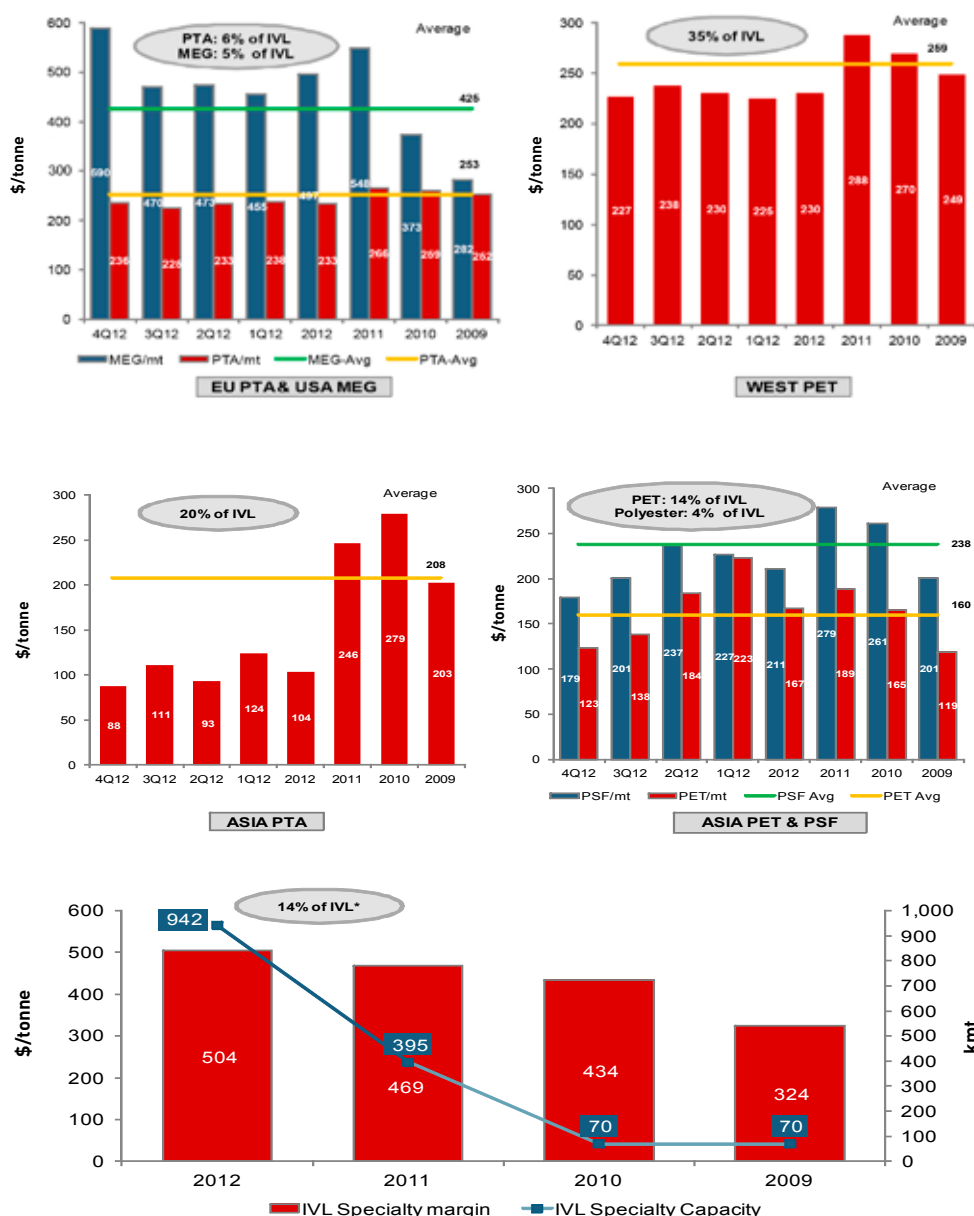
- Initiated new expansion projects in PTA and PET in Europe as de-bottleneck capex rather than as a new build at much lower capital cost and better incremental conversion cost that will further improve the Rotterdam site's integrated PTA and PET footprint and cost competitiveness. Similar initiative ongoing at our Polish site where a 60KTA PET expansion will be ready in early 2014.
- Completed in 4Q 2012 the de-bottleneck expansion of our GIVL China PET site, which is now the largest site in IVL group with over 500KTA of PET, commensurate with scale required to be profitable in China.
- IVL completed the acquisition of the formerly named Polypet in Indonesia, a rapidly emerging market, to command a 44% capacity share in line with our strategic objective to play the leadership role in Polyester Value Chain in Thailand and Indonesia and to serve the better margin domestic markets as our first priority. The Greenfield Polyester expansion in Indonesia is in an advanced stage of construction and commercial output is expected in the second half 2013 that will further enhance IVL's cost competitiveness in commodity segments as well as help us gain leadership position in the rapidly expanding textile segment in Indonesia.
- Entered a new continent, Africa, by starting an 84 KTA PET plant in Nigeria to gain first mover advantage in a region which is expected to grow at the most rapid rates in this century.
- The revitalized focus on cost excellence has resulted in synergy benefits of US\$ 40 million on an annualized basis in 2012 and there are ongoing projects for similar size savings in 2013 across the various acquisitions made to date.

The trend is that the benefits of PET and Polyester continue to increase the overall demand, in line with historical rates and therefore the underlying fundamentals for Polyester value chain remains attractive. The IVL business model of global diversity, product diversity and integration creates meaningful hedges against weakness in a particular region or segment as reflected in our results (see margin analysis). The operating cash flow remains healthy and has increased Year-on- Year as seen below. IVL compares on par with regional and global peers in chemicals despite trough earnings in 2012.






## MARGIN ANALYSIS

The graph below show industry margins historically (except Specialty margins which are IVL actual) and IVL portfolio share as a percentage of its consolidated capacity. The specialty segment has continued to grow in capacity, revenue and margin per tonne and represents 14% share of capacity. The Western hemisphere business has grown to 48% of capacity share with relatively stable and premium margins. IVL continues to develop accretive business portfolios in all its business segments to reduce the volatility typically associated with Asian commodity business as well as focus on operational excellence to give sustainable above average earnings across the cycle.



Source: Industry data, IVL analysis, "% of IVL" is % to IVL capacities, \*2% Fibers & Yarns in NA is Commodity which is not included here

## EXPOSURE TO PREMIUM SEGMENTS + GEOGRAPHIC DIVERSITY IN REVENUE + OPERATING EXCELLENCE

(US\$ MM)	 Specialty	 West Commodity	 Asia Commodity	IVL
<b>Year 2012</b>				
Revenue	1,306	4,062	2,580	6,780
Adjusted EBITDA**	101	300	52	453
% Contribution	22%	66%	12%	
Value Add (%)*	27%	20%	13%	22%
<b>Year 2011</b>				
Revenue	585	3,809	2,801	6,102
Adjusted EBITDA**	53	295	213	561
% Contribution	9%	53%	38%	
Value Add (%)*	20%	18%	18%	22%
<b>Year 2010</b>				
Revenue	166	1,826	1,833	3,055
Adjusted EBITDA	14	167	254	435
% Contribution	3%	39%	58%	
Value Add (%)*	21%	21%	26%	30%

\*Value Add (%) = Delivered Delta/Sales,

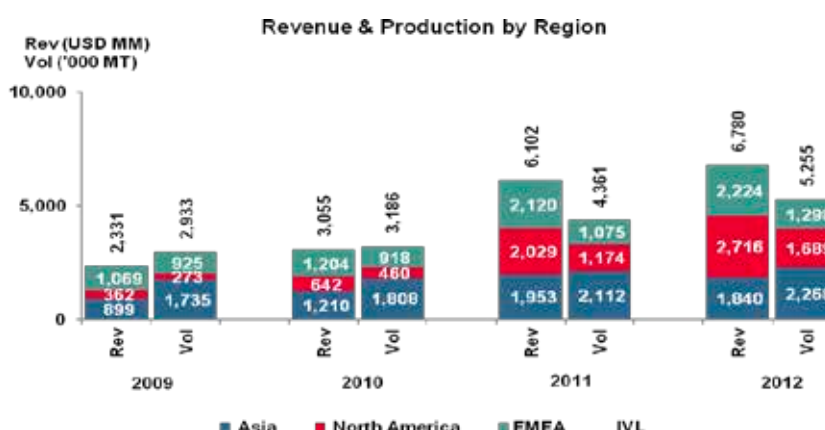
\*\* Adjusted EBITDA excludes non operational expenses during flooding period in Lopburi

The indicators in green, yellow and red visually explain the state of these IVL segments. The highlights from this table are;

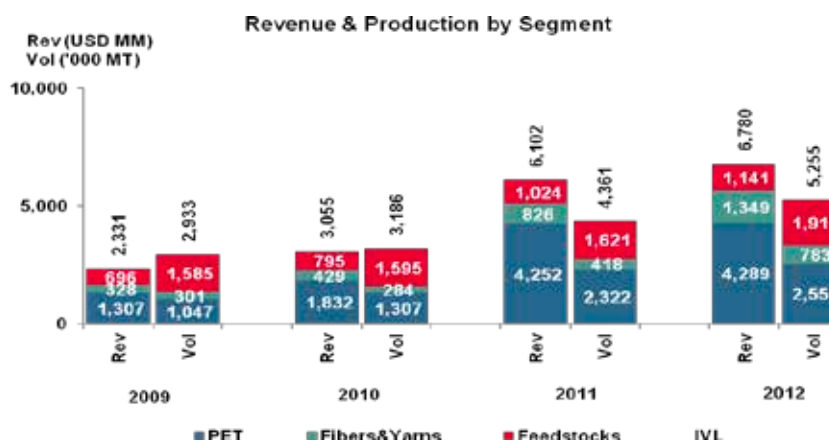
- IVL businesses created the same value add percentage in 2012 as in 2011 despite Asian margins falling off a cliff in 2012. This was achieved by the addition of higher value add businesses that blended well with our Polyester chain business and offset the drop in Asian commodity value add. The EBITDA could not be totally protected as lower utilization rates, increases in manpower cost, higher energy costs in Asia and stronger Asian currencies have resulted in overall higher cost which are in the process of being optimized and therefore our thrust is on operational excellence measures in 2012 and 2013 with activities identified and either completed or in advanced stages of completion.
- IVL's Western hemisphere commodity business has significantly grown in the last two years even in the face of very weak economic conditions. There is a relative growth in absolute EBITDA reflecting the resilience in these markets and the brand value of IVL. This segment is relatively stable as reflected in the value add percentage over the last three years.
- The Asian commodity segment has materially underperformed and has been hit by a 'perfect storm'. At its peak in 2010 and first half of 2011, mostly driven by the cotton shortage, this segment represented 26% value add. In 2012 the value add has dropped to a low 13%. The Asian region is also facing cost pressures and a stronger currency that IVL has mitigated through substantial operating excellence projects but requires further improvements in 2013 that have been identified. China has been substantially debottlenecked to become our lowest cost platform and the largest PET site in the world. The 300KTA Polyester plant in Indonesia will have the lowest cost and will cater to growing demand in Indonesia as well as replace some export markets that were catered from Thailand. The Thai assets are being restructured to cater to specialties that better absorb the high costs in Thailand. The weak PTA environment in Asia will take longer to balance out and IVL is currently focused on maximizing internal sales and improving the cost structure to compete efficiently with the new crop of plants.

## TOPLINE GROWTH

The charts below provide details of annual production volumes and US Dollar sales, both regional and segment wise. IVL has continued to grow its market share in each of its segments year on year. The strong diversified global platform of scale assets and competitive market reach allows IVL to focus on delivering premium value to stakeholders and in turn a sustainable business. Scale has been leveraged in supply chain management and has resulted in above average sustainable earnings. The global reach and our portfolio of specialty and sustainable products have provided the platform for accretive growth Year-on-Year.



Note: EMEA includes Europe, Middle East, Africa and rest of the world



## BOTTOMLINE

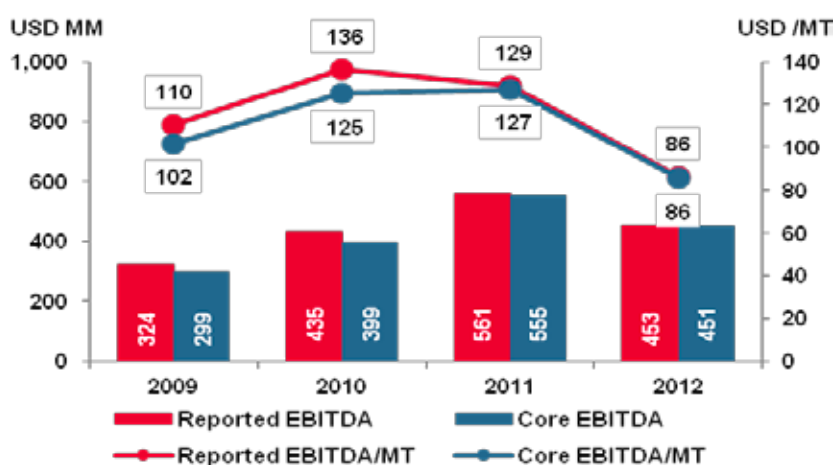
The charts below provide details of the EBITDA for the preceding quarters. IVL has continued to shape its mix of businesses and geographic diversity to enable the company to achieve high level of sustainable earnings over the long-term.

Fundamentally the core margins in Asia for commodity PTA, PET and Polyester were weaker QonQ in 2012 due to significant over build of capacity in an already fragmented region. Although the demand grew in line with historical trend but the excess build of new capacity in China was aggravated due to slow economic activity and has put unprecedented pressure on margins. New producers chasing reduced pipeline inventory of customers who were buying on need base only, in anticipation of lower prices, significantly lowered margins to below cash costs in H2 2012 for the Industry.

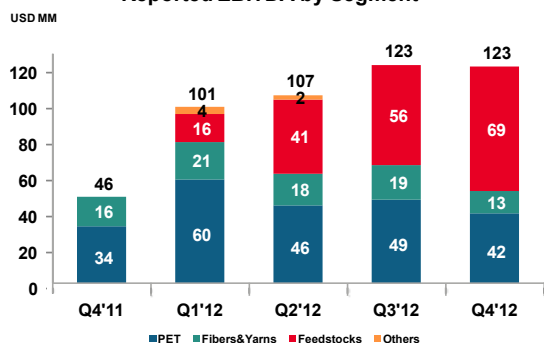
IVL has been alert to this situation since 2011 and has improved its cost position and its overall inventory management and therefore releasing cash as well as avoiding any mark to market losses at the expense of temporary lower utilization rates. The Company increased overall production by 20% in 2012 including timely addition of an EO/EG business and hygiene portfolio that has led to EBITDA growth QonQ and a significant 166% growth in 4Q 2012 YonY.

Regionally, North America remained the top performer while Europe was slightly weak in light of the continued economic slowdown that has engulfed most of South Europe. Operational excellence measures at Spartanburg, a Brownfield PET capacity addition at Rotterdam, acquisition of a global hygiene business as well as the addition of the Oxide and Glycol business in North America, have potentially offset the weak Polyester chain margins in Asia.

**IVL Reported EBITDA & Core EBITDA**

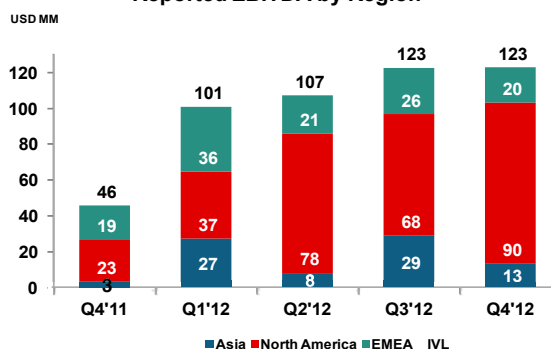


**Reported EBITDA by Segment**



\* Ebitda excludes non operational expenses during flooding period in Lopburi.

**Reported EBITDA by Region**



\* Ebitda excludes non operational expenses during flooding period in Lopburi.



**OUTLOOK / TARGETS FOR MANAGEMENT / GUIDANCE FOR 2013**

IVL's core end products are PET and Polyester fibers and specialty products therein. We have an established supply chain and a strong financial profile. We have global leadership in this segment.

Our end products are the most competitive alternative in their space with strong growth due to the high performance and ample R&D potential to innovate PET and Polyester to enhance end use. PET has the lowest effective cost in the packaging sector, where as Polyester is the most affordable fiber with limited competition from cotton due to its scarcity. Therefore growth in the Polyester chain continues at high historical rates shows resilience. The structural tightness in MEG and Paraxylene will limit over supply of PET and Polyester. Current Asian margins are below cash cost and are not sustainable. The industry will squeeze marginal producers in the Polyester value chain in all regions leading to gradual recovery of margins through 2013 and beyond.

We believe that there is going to be a substantial rationalization of older, non-strategic assets across Asia, Europe and North America. The buildup (inclusive of IVL projects) of new, state of the art, competitive capacity in all regions that is underway will force these rationalizations in PET, Polyester and Film segments. IVL has already invested in upgrading its assets in all regions and has reviewed and renewed its strategy going forward of "smart growth" and "smart operations".

Management has reviewed the operations of 2012 and has established targets for 2013. The key drivers for 2013 are;

Enhancing operating rates to 90% gradually and an average of 87% in 2013 from 84% in 2012.

Completing ongoing growth projects on schedule and on budget.

Delivering additional savings from operating excellence projects to the tune of US\$ 35 million.

Address the loss making JV and seek an aggressive improvement plan

Successfully complete EO/EG turnaround in March/April and optimize the operations to benefit from the industry upside. Turnaround is planned to change the Catalyst and will see lower production in the first half of 2013. After the completion of turnaround in March/April, the efficiency and productivity will be improved significantly benefitting from the high performing new catalyst change. The lost production in the first half of 2013 will be recovered in the second half.

Fully leverage IVL's leading platform in Recycling and Innovation to grow specialties at legacy assets in line with our 'fit for purpose' drive and migrate our knowledge base and customer intimacy to emerging market assets of IVL.

Continue to monitor and improve working capital management and grow operating cash flow.

<b>Guidance 2013</b>	<b>2013</b>	<b>% change to 2012</b>
Production (mm tonnes)	~6.0	+15%
Revenue (US\$ bn)	~8.1	+19%
EBITDA (US\$ mm)	~575*	+27%
Capex (US\$ mm)	~300	(78%)

\* Based on management estimates including the strategic actions planned in 2013 and approved budget by the Board of Directors. (Please see "Notes" on the next page)



2012 can be best described as a transition year for TPT. After excellent performance in 2011, the production and conversion cost targets of 2012 could not be achieved post the 22 day CAPEX shutdown in February/March as stabilization took longer than expected. In this shutdown we implemented projects worth US\$20 million for efficiency and reliability improvements and major changes were made to plant configuration. The problems were compounded by a blast in the plant next door in May which caused widespread damage to our plant. Our operating crew did a splendid job of containing the fallout of the blast and showed exemplary courage in keeping the plant running under very trying circumstances. Most of the problems are now behind us and we are poised to deliver excellent performance in 2013.

#### SUNIL FOTEDAR

Chief Manufacturing Officer/Site Head  
TPT Petrochemicals Public Company  
Limited

IVL business model of global diversity, product diversity and integration creates meaningful hedges and as such delivers sustainable returns. Management is focused on the consolidation of businesses acquired to bring about significant gains from synergies and as well from new products by leveraging on our industry leading innovation platform. We remain very optimistic about the Polyester Value Chain and IVL leadership within this chain. We are well-positioned to improve our cost structure and take significant advantage as the global recovery takes place. Meanwhile, we are confident that our portfolio will continue to deliver the lowest cost quartile results.

#### NOTES

Starting from 2012 onward, we began looking at IVL business as three segments: PET resins, Fibers & Yarns, and Feedstocks. The Feedstock segment comprises PTA and Oxide & Glycols businesses, of which the majority constitutes key raw materials for the other two downstream segments. In addition, there is no allocation of PTA earnings to PET and Polyester segment (based on the proportion of sales) in this year and its comparable period.

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

Certain comparative numbers for year 2011 have been restated based upon the completion & finalization of fair value report in year 2012, for various acquisitions done in year 2011. This is in line with the requirements under the Thai Accounting GAAP.

Net profit after tax and minority includes exceptional items as below:

	US\$ in Millions		THB in Millions	
	2012	2011	2012	2011
Gain on a bargain purchase income	27	274	847	8,359
Acquisition related costs	(12)	(20)	(387)	(613)
Flood related and other extraordinary income/ (expenses)	46	(50)	1,408	(1,534)
Extraordinary income/ (expense)	61	204	1,868	6,212
Add: Minority share of Extraordinary income/ (expense)	6	(7)	181	(211)
Reported Extraordinary items	67	197	2,049	6,001

Core EBITDA is after excluding inventory gains/losses from reported EBITDA. Inventory gains/losses in a period result from the movement in prices of raw materials and products from the end of the last reported period to the end of the current reported period. The cost of sales is impacted by inventory gains/losses wherein inventory gains decrease cost of sales and inventory losses increase cost of sales.

Net operating debt is defined as net debt (total debt minus cash and cash under management) minus the project spending for various expansions underway which are not completed and have not yet started contributing to the earnings of IVL.

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.

The Polyester Chain businesses are generally traded in US dollars and therefore IVL believes in helping readers 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 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.

## DATA ANNEXURES

### ONGOING MAJOR PROJECTS UNDER IMPLEMENTATION

Announced	Project	Location	Segment	Capacity (tonnes per annum)	Timeline
March'2011	Investment in continuous polymerization resin plant in Indonesia	Purwakarta, Indonesia	Fibers & Yarns	300,000	2H13
<b>The company's most dynamic polyester site is under construction in Indonesia. Amongst lowest cost site in Fiber space and substantially improves cost profile in Asia</b>					
April'2011	Debottleneck of PET Polymers production in Poland	Poland	PET	61,000	2014
<b>Better market reach and savings in conversion cost</b>					
May'2011	Brownfield expansion of PTA in Rotterdam, enhancing integration for PET production in Europe	Rotterdam, Netherlands	PTA	250,000	2014
<b>Better Integration and improves overall cost profile of the site and in EMEA</b>					
November'2012	Expansion of PET production in North America	USA	PET	540,000	2015
<b>Increased market presence, and substantially improves overall cost profile of the site and in NA</b>					
August'2011	Investment in production of Recycled PET in IPI Nakhon Pathom	Nakhon Pathom, Thailand	Fibers & Yarns	28,500	2H13

**Enhance capabilities to recycle in Asia**

August'2011	Investment in high quality bi-component yarns "FINNE" through a single step process at PT IVI plant	Tangerang, Indonesia	Fibers & Yarns	16,000	1H14
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**Increase Specialty products to Asian portfolio**

All planned expansions are accretive to earnings and have a clear strategic rationale for expansion.

On completion of all the announced acquisitions and expansions, IVL will have a total capacity of 9.0 million tonnes per annum (including joint ventures Ottana Polimeri, Trevira and Polyprima, which are being accounted for as equity income).

Unit: Million tonnes per annum	Additions	PET	Fibers & Yarns	PTA	EO/EG	Total
<b>2012 Capacity</b>						
China		0.522	0.014			0.536
EMEA*		1.225	0.363	0.561		2.149
Indonesia*		0.189	0.110	0.500		0.798
North America <sup>[2]</sup>		1.549	0.188		0.550	2.287
Thailand		0.269	0.322	1.384		1.975
Global		3.754	0.996	2.445	0.550	7.745
*JV capacity included		0.161	0.120	0.684		0.965
<b>Additions in 2013</b>						
Indonesia	CP4-Greenfield		0.300			0.300
Thailand	IPI-Rayong		0.014			0.014
Thailand	IPI- Recycling		0.029			0.029
Global		-	0.343			0.343
<b>Additions in 2014</b>						
Europe	Poland-Exp. <sup>[3]</sup>	0.061				0.061
Europe	IRP-Rotterdam			0.250		0.250
Indonesia	FINNE-Exp.		0.016			0.016
Global		0.061	0.016	0.250		0.327
<b>Additions in 2015</b>						
North America	Expansion	0.540				0.540
Global		0.540				0.540
<b>Committed &amp; Announced Capacity</b>						
China		0.522	0.014	-	-	0.536
EMEA*		1.286	0.363	0.811	-	2.460
Indonesia*		0.189	0.426	0.500	-	1.114
North America		2.089	0.188	-	0.550	2.827
Thailand		0.269	0.364	1.384	-	2.017
Global		4.355	1.355	2.695	0.550	8.954
*JV capacity include		0.161	0.120	0.684		0.965

1. Reported volumes for capacity, production, sales and utilization include only consolidated volumes and exclude JV volume,

2. Glycols & Oxide capacity is taken at 550kt pa, based on Glycols equivalent derived capacity from Ethylene feed capacity of 330kt pa.,

3. Poland is now to be debottlenecked by 61kt, rather than earlier planned 220kt Brownfield expansion.

## IVL CONSOLIDATED RESULTS

### FINANCIAL STATUS AND RATIOS

IVL net operating debt to equity remain at 1.2 times in, which is higher than 0.6 times at the end of year 2011, primarily because of the capex and investments of US\$ 1,387 million in year 2012. IVL net operating debt increased from US\$ 1,166 million at the end of December 31, 2011 to US\$ 2,321 million at the end of December 31, 2012.

The table below provides movement of total debt and net operating debt in US\$ millions:

Details	2012	2011
Bank overdraft and short-term loans	437	432
% of Total Debt	17%	22%
Long term debt (Current-portion)	184	204
% of Total Debt	7%	11%
Long term debt (Non current-portion)	1,306	1,065
% of Total Debt	50%	55%
Debentures (Non current-portion)	706	236
% of Total Debt	27%	12%
<b>Total Debt</b>	<b>2,633</b>	<b>1,936</b>
<b>Cash &amp; Cash under management</b>	<b>150</b>	<b>559</b>
Cash and cash equivalents	143	379
Current investments	7	180
<b>Net Debt</b>	<b>2,482</b>	<b>1,377</b>
Non Operating Debt (Project Debt)	161	211
<b>Net Operating Debt</b>	<b>2,321</b>	<b>1,166</b>
<b>Financial Ratios</b>		
Net operating debt to equity (times)	1.2	0.6
Net debt to equity (times)	1.3	0.7
<b>Unutilized credit line - USD bn</b>	<b>0.7</b>	<b>0.8</b>
<b>Liquidity - USD bn</b>	<b>0.9</b>	<b>1.4</b>

The table below provides repayment schedule of long-term debt and debentures in US\$ million;

Year	% of repayment	Total Repayment
2013	8%	184
2014	11%	246
2015	15%	334
2016	20%	440
2017	16%	344
2018 or later	29%	648
<b>Total</b>	<b>100%</b>	<b>2,196</b>



The year 2012 was a landmark for Auriga Polymers Inc. We converted five CP lines and ten BP lines from DMT as a feedstock to PTA. The project aptly named "Tiger" involved the installation of a new monomer plant. The conversion of all the above mentioned assets and more than 600 tie-ins were done with minimal disruption to the site. Most importantly, this project involved the conversion of more than 98 products and most of them have been performing equally or better at our customers' facilities. It is with great satisfaction that I can report that we did it! This endeavor was done safely, waste generation was low and this new process allows raw materials, to reduce RM, energy and maintenance costs, improving the profitability and viability of our facility. We are very thankful to IVL top management for investing in our house.

#### JUAN M. FLORES

Vice President Operations/Site Head  
Auriga Polymers Inc.

## CASH FLOW

IVL generated US\$ 471 million in cash flow from operations in 2012, compared to US\$ 334 million generated in 2011. In 2012, there was a net cash outflow for capex and investments of US\$ 1,379 million (Total capex and investment made US\$ 1,387 million), of which US\$ 791 million towards acquisition of Old World Industry, US\$ 182 million towards acquisition of FiberVisions, and the balance was spent mainly towards Rotterdam PET expansion, China PET expansion, the conversion of DMT to PTA in Auriga US, and other ongoing brownfield and greenfield expansions. The capex and investments have been funded by the mix of long term loans, cash proceeds from debentures issue and cash flow from operations.

## ISSUANCE AND OFFERING OF THAI BAHT DEBENTURES

The extraordinary general meeting of shareholders held on 22 September 2011 approved the issue of debentures up to an amount not exceeding Baht 25,000 million (in Baht or equivalent foreign currency) for a maturity not exceeding 15 years. On 19 October 2011, the Company raised Baht 7,500 million in cash through the issue of unsubordinated and unsecured Baht debentures to the public. The debentures issued were for Baht 2,900 million with a maturity of 5 years, Baht 1,400 million with a maturity of 7 years, and Baht 3,200 million with a maturity of 10 years. The details of issue are;

5 Year Tranche Baht 2,900 million Coupon 4.70%

7 Year Tranche Baht 1,400 million Coupon 5.04%

10 yeartranche Baht 3,200 million Coupon 5.35%

On 9 April 2012, IVL successfully completed the second issuance of debenture. The Company raised in cash Baht 9,400 million through the debenture for Baht 4,000 million with a maturity of 5 years, Baht 1,500 million with a maturity of 7 years, and Baht 3,900 million with a maturity of 10 years. The details of issue are;

5 Year Tranche Baht 1,500 million Coupon 4.45% in Year 1-2 and 5.20% in Year 4-5

5 Year Tranche Baht 2,500 million Coupon 4.73%

7 Year Tranche Baht 1,500 million Coupon 5.09%

10 year tranche Baht 1,250 million Coupon 5.10% in Year 1-3, 5.60% in Year 4-7, 6.0% in Year 8-10

10 year tranche Baht 2,650 million Coupon 5.52%

On 14 December 2012, IVL successfully completed the third issuance of debenture. The Company raised in cash Baht 4,780 million through the debenture for Bath 780 million with a maturity of 6 years, Baht 880 million with a maturity of 8 years, and Baht 1,645 million with a maturity of 10 years, Baht 1,475 million with a maturity of 12 years The details of issue are;

6 Year Tranche Baht 780 million Coupon 4.52%

8 Year Tranche Baht 880 million Coupon 4.78%

10 Year Tranche Baht 1,645 million Coupon 5.11%

12 year tranche Baht 1,475 million Coupon 5.28%

The issue has achieved its objectives of accessing the Thai bond market, increasing the average maturity of debt, locking-in fixed interest rates for the long term, refinancing existing high cost debt and adding liquidity for planned capex and investments. The Company's rating on the issue has a rating of A+ by the Thai Rating Information Service (TRIS) in Thailand. and reaffirmed again in 4Q12.

TABLE 1

## IVL: KEY OPERATING DATA

	2012	2011	2012 vs. 2011
<b>*Total capacity (in tonnes)</b>	<b>6,281,143</b>	<b>5,098,742</b>	<b>23%</b>
PET resins	3,261,176	2,886,450	13%
Fibers & Yarns	848,720	462,387	84%
Feedstock	2,171,246	1,749,905	24%
<b>Total production (in tonnes)</b>	<b>5,254,876</b>	<b>4,361,313</b>	<b>20%</b>
PET resins	2,555,067	2,322,128	10%
Fibers & Yarns	782,584	418,362	87%
Feedstock	1,917,225	1,620,823	18%
<b>Combined operating rate (%)</b>	<b>84%</b>	<b>86%</b>	<b>(2)%</b>
<b>Core EBITDA/tonne (US\$)</b>	<b>86</b>	<b>127</b>	<b>(33)%</b>
<b>Consolidated EBITDA/tonne (US\$)</b>	<b>86</b>	<b>129</b>	<b>(33)%</b>

\*Capacity based on available days in the quarter for production excluding J/V capacity

TABLE 2

## IVL: CASH FLOW

US\$ in millions	2012	2011	2012 vs. 2011
<b>EBITDA</b>	<b>453</b>	<b>561</b>	<b>(19)%</b>
Net working capital and others	36	(203)	(118)%
Income tax	(19)	(24)	(23)%
<b>Cash inflow/(outflow) from Operations</b>	<b>471</b>	<b>334</b>	<b>41%</b>
<b>Cash used in Investing activities</b>	<b>(1,379)</b>	<b>(1,032)</b>	<b>34%</b>
Net financial expenses	(91)	(62)	48%
Dividends	(106)	(185)	(43)%
Proceeds from issues of shares	-	564	(100)%
<b>Changes in net debt</b>	<b>1,105</b>	<b>380</b>	<b>191%</b>

TABLE 3

## IVL: FINANCIAL RATIOS

	2012	2011
Current ratio (times)	1.3	1.6
Net gearing ratio (%)	56%	43%
* Net operating gearing ratio (%)	54%	39%
Interest coverage ratio (times)	4.4	9.0
** ROE (%)	9%	35%
*** ROCE (%)	7%	16%

\*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 net operating capital employed (net operating debt plus total shareholder's equity)



For our company, 2012 was a tough year and it took a long time to build our capability to produce Through Air (TA) nonwovens. However, lots of improvements have been made.

The production capacity for fibers and nonwovens recovered in the second half of the year and TA nonwovens are in the process of being qualified. 2013 is a year of hope built on the foundation of what we did in 2012. The team contributed a lot of overtime to establish the joint venture, which is a bico project with JNC at our Suzhou site in China. To date, the project is on time and in budget and without any injuries. It is planned for commercial production in September 2013.

## FUYUAN DENG

General Manager/Site Head  
FiberVisions (China) Textile Products Ltd.  
ES FiberVisions (Suzhou) Co., Ltd.



The Athens Plant had an exciting year in 2012. Several new products were introduced including colored bico fibers and additional products in the air filtration market. Geo fibers production set new records in efficiency. Lean Six Sigma continues to be the method we use to lead the way in cost savings and avoidance. LSS efforts yielded a result of over \$0.5 million. Further, 300 tonnes of waste polymer was re-cycled at the plant.

#### **DONNIE WINSETT**

Plant Manager  
FiberVisions Products, Inc

### **PET SEGMENT**

**TABLE 4**

#### **PET: CAPACITY AND UTILISATION (%)**

	2012	2011	2012 vs. 2011
Production capacity (in tonnes)	3,261,176	2,886,450	13%
Production volumes (in tonnes)	2,555,067	2,322,128	10%
Utilization rate (%)	78%	80%	

**TABLE 5**

#### **PET: SALES REVENUE**

	2012	2011	2012 vs. 2011
<b>Total revenues</b>			
Baht in millions	133,478	129,671	3%
US\$ in millions	4,294	4,252	1%
<b>Growth in Baht revenues from:</b>			
Volume growth			12%
Price movement			(8)%
Exchange rate movement			(0)%
<b>Proportion of revenues by geographic</b>			
Thailand	3%	4%	
Asia (excluding Thailand)	12%	10%	
North America	46%	44%	
Europe	29%	32%	
Rest of the World	10%	10%	

**TABLE 6**

#### **PET: EBITDA**

	2012	2011	2012 vs. 2011
<b>Operating EBITDA</b>			
Baht in millions	6,130	8,686	(29)%
US\$ in millions	197	285	(31)%



## FIBERS & YARNS SEGMENT

**TABLE 7**

### FIBERS & YARNS: CAPACITY AND UTILIZATION (%)

POLYESTER FIBERS & YARNS		2012 vs.	
	2012	2011	2011
Production capacity (in tonnes)	842,820	456,487	85%
* Production volumes (in tonnes)	781,578	414,640	88%
Utilization rate (%)	93%	91%	

WOOL YARNS		2012 vs.	
	2012	2011	2011
Production capacity (in tonnes)	5,900	5,900	0%
* Production volumes (in tonnes)	1,007	3,721	(73)%
Utilization rate (%)	17%	63%	

\*Production volumes based on equivalent production

**TABLE 8**

### FIBERS & YARNS: SALES REVENUE

	2012	2011	2012 vs.
			2011
<b>Total revenues</b>			
Baht in millions	42,236	25,184	68%
US\$ in millions	1,359	826	65%
<b>Growth in Baht revenues from:</b>			
Volume growth			87%
Price movement			(10)%
Exchange rate movement			(0)%
<b>Proportion of revenues by geographic</b>			
Thailand	10%	17%	
Asia (excluding Thailand)	28%	41%	
North America	28%	17%	
Europe	28%	14%	
Rest of the World	7%	12%	

**TABLE 9**

### FIBERS & YARNS: EBITDA

	2012	2011	2012 vs.
			2011
<b>Operating EBITDA</b>			
Baht in millions	2,184	2,544	(14)%
US\$ in millions	70	83	(16)%



The Covington Plant had a successful year in 2012. Covington's newest line, Bico II, increased through-put by 14% and has exceeded its design capacity by 10%. Lean Six Sigma activities continued at a high level, delivering \$0.6 million of savings in 2012. Additionally, new products were introduced. Our Bico II facility began production of a new polyester core staple fiber, while the mono polypropylene fiber plant began qualification trials of new shaped polypropylene fibers for a major consumer products company.

#### SCOTT POWELL

Plant Manager

FiberVisions Manufacturing Company



Over the past twelve months, Indorama Ventures Mexico achieved significant results, unfortunately not what we planned due to declining marked demand, a shortage of raw materials and two process interruptions in our CP-20. I do, however, want to mention, and recognize the work made by my team, their experience and commitment to meeting the customers' expectations.

In the coming year we will be facing some challenges such as:

- Improve our competitiveness through process, innovation (project PCR), and new bio resins.
- Improve our logistics system
- Foster a robust manufacturing environment.  
by modifying the CP-20 PE reactor.
- Improve financial performance and control of cost.
- Contribute to profitable business growth.
- Seek quality goods and services from our suppliers on a competitive basis.
- 2012 was a political year, with presidential, legislative and state elections. We might be facing some changes and legal reforms.

These and other actions will reinforce Indorama Ventures strategic position as the leading PET resin manufacturer, offering quality products and customer services.

#### CARLOS SIERRA

General Director  
Indorama Ventures Polymers Mexico,  
S.de R.L. de C.V.

## FEEDSTOCK SEGMENT

TABLE 10

### FEEDSTOCK: CAPACITY AND UTILISATION (%)

	2012	2011	2012 vs. 2011
Production capacity (in tonnes)	2,171,246	1,749,905	24%
Production volumes (in tonnes)	1,917,225	1,620,823	18%
Utilization rate (%)	88%	93%	

\* Glycols & Oxide capacity is taken at 550kt pa, based on Glycols equivalent derived capacity from Ethylene Feed.

TABLE 11

### FEEDSTOCK: SALES REVENUE

	2012	2011	2012 vs. 2011
Total revenues			
Baht in millions	68,693	62,696	10%
US\$ in millions	2,210	2,056	7%
Growth in Baht revenues from:			
Volume growth			21%
Price movement			(8)%
Exchange rate movement			(1)%
Proportion of revenues by geographic			
Thailand	18%	21%	
Asia (excluding Thailand)	39%	64%	
North America	34%	0%	
Europe	9%	10%	
Rest of the World	0%	5%	

TABLE 12

### FEEDSTOCK: EBITDA

	2012	2011	2012 vs. 2011
Operating EBITDA			
Baht in millions	5,649	6,114	(8)%
US\$ in millions	182	200	(9)%

**IVL CONSOLIDATED STATEMENT OF INCOME**

Baht in millions	2012	2011 Restated	2012 vs. 2011
<b>Net sales</b>	<b>210,785</b>	<b>186,096</b>	<b>13%</b>
Other income (expense), net	945	812	16%
Total Revenue	211,730	186,908	13%
*Cost of sales	193,279	165,654	17%
<b>Gross profit</b>	<b>18,451</b>	<b>21,254</b>	<b>(13)%</b>
*Selling and administrative expenses	11,445	9,215	24%
Foreign exchange gain (loss)	428	306	40%
<b>EBITDA</b>	<b>14,097</b>	<b>17,121</b>	<b>(18)%</b>
Depreciation and amortization	6,663	4,776	40%
<b>Operating income</b>	<b>7,434</b>	<b>12,345</b>	<b>(40)%</b>
Share of profit of JV	(911)	(303)	201%
**Extraordinary items	2,049	6,001	(66)%
Interest income	277	487	(43)%
Interest expense	3,448	2,370	45%
<b>Profit (loss) before tax</b>	<b>5,400</b>	<b>16,160</b>	<b>(67)%</b>
Income tax expense	580	742	(22)%
<b>Profit (loss) for the period</b>	<b>4,820</b>	<b>15,418</b>	<b>(69)%</b>
Minority interest	208	(139)	(250)%
<b>Net profit after minority interest</b>	<b>4,612</b>	<b>15,557</b>	<b>(70)%</b>
Weighted average no. of shares (in Millions)	4,814	4,738	2%
<b>** EPS (in Baht)</b>	<b>0.96</b>	<b>3.28</b>	<b>(71)%</b>

\*Includes depreciation and amortization expenses

\*\*Includes gain on bargain purchase on new acquisitions, including Joint Ventures and their related transaction costs, pre operative acquisition, insurance claim and reversal of provision for impairment of property, plant and equipment and inventories from floods in Lopburi, Thailand

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	31-Dec-12	31-Dec-11 Restated	31-Dec-12 vs. 31-Dec-11
<b>Assets</b>			
Cash and current investments	4,603	17,707	(74)%
Trade accounts receivable	25,607	24,509	4%
Inventories	24,683	21,422	15%
Other current assets	5,068	4,133	23%
<b>Total current assets</b>	<b>59,961</b>	<b>67,771</b>	<b>(12)%</b>
Investment	5,238	5,416	(3)%
Property, plant and equipment	86,435	66,723	30%
Intangible assets	17,180	4,803	258%
Other assets	1,661	1,102	51%
<b>Total assets</b>	<b>170,475</b>	<b>145,815</b>	<b>17%</b>
<b>Liabilities</b>			
Bank OD and short-term loans from financial institutions	13,373	13,677	(2)%
Trade accounts payable	22,316	17,978	24%
Current portion of long-term loans	5,610	6,440	(13)%
Current portion of finance lease liabilities	41	18	128%
Other current liabilities	5,946	5,088	17%
<b>Total current liabilities</b>	<b>47,286</b>	<b>43,201</b>	<b>9%</b>
Long-term loans from financial institutions	39,988	33,702	19%
Debenture	21,624	7,469	190%
Finance lease liabilities	3	40	(93)%
Other liabilities	1,689	2,637	(36)%
<b>Total liabilities</b>	<b>110,590</b>	<b>87,049</b>	<b>27%</b>
<b>Shareholder's equity</b>			
Share capital	4,814	4,814	0%
Share premium	29,775	29,775	0%
Retained earnings	30,819	29,210	6%
Reserves	(5,855)	(5,172)	13%
<b>Total equity attributable to shareholders</b>	<b>59,553</b>	<b>58,627</b>	<b>2%</b>
Minority interest	332	139	139%
<b>Total shareholder's equity</b>	<b>59,885</b>	<b>58,766</b>	<b>2%</b>
<b>Total liabilities and shareholder's equity</b>	<b>170,475</b>	<b>145,815</b>	<b>17%</b>

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 totally with consolidated financials.

## CORPORATE GOVERNANCE REPORT- 2012

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

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

IVL has in place a written Corporate Governance Policy and the Policy follows the guidelines set out by the 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 all these rights of the shareholders at their Annual General Meeting of Shareholders 1/2012 held on April 26, 2012.

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

IVL has no agreement of any kind with any of its shareholders.

### 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 September 11, 2012 and posted on the Company's website at 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 at their first meeting held in February 2013.

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 (2011) and the three reviewed quarterly financial statements of 2012 on the same 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](http://www.indoramaventures.com), both in English and Thai.



IVL ensures regular 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, opportunity day presentations, analyst reports, press releases and other relevant information about the Company and its subsidiaries in an effort to keep the shareholders timely and adequately informed.

IVL strongly believes in the participation of its shareholders to understand the operation and business activities of the Company and its subsidiaries and to interact with the management. It organized two visits of the shareholders to its plants located at Rayong on June 25 and October 31, 2012. The shareholders who visited the plants showed keen interest and enthusiasm. Such annual visits shall continue to be organized in future. A special seminar on "Understanding the Basics of IVL" was also held at the Stock Exchange of Thailand to educate both shareholders and others about the Company and its businesses.

Shareholders were notified more than 21 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 26, 2012 and the Notice was issued out on April 4, 2012.

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 six 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 more than 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 which documents were 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 through Thailand Security Depository (TSD) was used for registration, allowing for a quick and efficient registration process. Barcoded 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 agenda items.

Following positive feedback from the shareholders, the Company has decided to employ simultaneous translation into Thai language from the next Shareholders' Meeting onwards.

#### **RE-APPOINTMENT OF DIRECTORS**

Profiles of the five Directors retiring and offering themselves for re-appointment together with their name, age, type of directorship, educational background, working experience, positions held in other organizations, number of years as director of the Company, shareholding, legal dispute and the opinion of the Board, in order to facilitate the voting of the shareholders. The re-appointment of Directors was done by individual voting. Directors who put themselves forward for appointment or reappointment signed a consent form permitting their names to be put forward.

#### **APPROVING DIRECTORS' REMUNERATION**

The Board reviewed and recommended to the shareholders the remuneration of the Independent and Non Executive Directors for the year 2012 and the annual bonus for all Directors payable for the year 2011 as recommended by the NCCG Committee. It is the NCCG Committee's policy to recommend remuneration consisting of a retainer fee based on comparable listed companies and bonus, which is a percentage of net profit. The remuneration of the Chairman of the Board and Chairmen of the sub committees is calculated at approx 1.5 times of the other members. The total bonus is calculated as a fixed percentage of the annual consolidated net profit of the Company and uses a point system based on the attendance of each member. There was no change in the retainer fee in 2012.

No retainer fee is paid to the Executive Directors. IVL executives have a yearly performance evaluation and remuneration is decided by the senior management team and Human Resources.

The Chairman of the Audit Committee, in the absence of the Chairman of the NCCG Committee, explained the above basis of the remuneration to shareholders at the 2012 Annual General Meeting.

Details of remuneration for the year 2012 paid to the Independent Directors and Non-Executive Directors and the bonus for the year 2011 to all Directors is in the latter part of this report under *Director Performance*.

#### **APPOINTING THE EXTERNAL AUDITOR AND APPROVING THE AUDIT FEE**

The name of the audit firm and the auditors' names, independence of the proposed auditors, number of years as the Company's auditor, total audit and non audit fees paid for the year 2011 and remuneration proposed for the year 2012, together with the opinion of the Board based on the recommendation of the Audit Committee was detailed in the Notice to Meeting in order to facilitate the voting of the shareholders.

**PAYMENT OF DIVIDEND**

In compliance with the dividend policy of the Company, the Board proposed a final dividend payout for the year 2011 at Baht 1.00 per share or representing 30.92% of the consolidated 2011 profit available for distribution to equity holders of the Company and amounting to Baht 4,814,257,245. Out the said final dividend, an interim dividend of Baht 0.50 per share amounting to Baht 2,407,128,622.50 was paid by the Company on September 05, 2011.

**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 2011, the AGM was held on April 26, 2012. The total number of shareholders who attended the meeting in person or proxy was 1,636 shareholders and represented 81.07% of the total shares sold.

During the meeting, all the shareholders were encouraged to ask 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 the 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 fourths of the eligible votes.

During the meeting, the Company did not introduce any unexpected important information or any new agenda items that were 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 10 out of 13 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 attending 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 of the 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 around 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 divided into for/against/abstained. The Minutes were submitted to SET within the required time frame of fourteen days after the AGM date.

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



## INTERNAL INFORMATION

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.

Each year, the IVL Directors submit to the Company Secretary an annual 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 three working days and inform the Company Secretary's Department. Every Quarter a summary of the shareholding of Directors and "management" is reported to the Board.

## CODE OF CONDUCT FOR DIRECTORS AND EMPLOYEES

The Company has a Code of Conduct, available on its website, which explains among other things the Company's firm stance against bribery and corruption. As a global Company, IVL would like to ensure that it reaches the highest level of governance. For this reason, the Company has stipulated that it will abide by strict policies regarding corruption and bribery.



**CONNECTED TRANSACTIONS**

The Company has in place a detailed policy on connected transactions which is stringently followed. The policy states who is a connected party and what constitutes a connected transaction, the various types of connected transaction and their threshold criteria/values for approval and disclosure purpose and what procedures to follow when there is a new connected transaction. The guideline is circulated at the beginning of each year in order to remind all concerned about the compliance requirements regarding connected transactions. The Internal Audit Department is responsible to ensure that all connected transactions follow the rules and regulations as prescribed by SEC/SET and the internal policy guidelines. Any proposed new connected 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 Audit Committee. The Audit Committee after their review will recommend to the Board. Without IVL Board approval, no new connected transaction can be made effective. At every quarterly meeting of the Audit Committee and Board of Directors, a statement of all the continuing connected transactions of the Company and its subsidiaries is submitted for acknowledgement.

However, the Company and its subsidiaries may have connected transactions with their Directors, management 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, management or connected 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 the Board, Audit Committee and Nomination, Compensation and Corporate Governance Charters, Code of Conduct for Directors & Employees, an Internal Audit Manual and Internal Audit Charter.

The Company has not given any financial assistance or guarantee to any external party.

**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.

IVL has issued policies on the treatment of Trading Partners and Creditors, Business Partners and Stakeholders, Environment, Human Rights, Intellectual Property and Whistle Blowers.

These policies have been circulated globally and uploaded to the Company website.

In order to continue to develop and improve the relationship between IVL and its stakeholders, the Company intends to develop more policies with this in mind.

The Company publishes a sustainability report every year. This is available on the Company's website in the corporate documents section.

**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.

The Company and its subsidiaries provide an orientation program for all new employees and development programs thereafter to develop and refresh their skills. All employees receive training in environmental issues and encouraged to involve themselves in local environmental conservation and preservation projects in the local area.

As the Company operates globally, each of its facilities has its own employee welfare policy which is in line with local laws and regulations

**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.

**INTELLECTUAL PROPERTY:**

The Company is aware of the importance of intellectual property and strictly forbids the use of illegal software and the use of the intellectual property of others.

**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.

**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 the environment and society and promote the cultures in which the Company operates.

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
- That we provide a favorable working environment
- That 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.

#### **WHISTLE BLOWER POLICY:**

The Company has developed a "Whistle Blower" policy that allows all employees the opportunity to raise issues on any unethical practice (whether or not a violation of law), to a Whistle Blower Committee without necessarily informing their line managers and without revealing their identity. The Policy has been communicated to all employees globally and uploaded to the Company website.

#### **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 is disclosed sufficiently, accurately, on a timely basis and transparently through easy-to-access channels that are fair and trustworthy and all such information complies with the relevant rules of SEC/SET.

The communication channels used are: Annual Report, Form 56-1, Management Discussion and Analysis (MD&A), press releases, the SET's website, shareholders' meetings, analysts' meetings and the Company's own website.

The designated executives that can disclose information about IVL is the Group Chief Executive Officer (Group CEO), the Company Secretary's Department and the Investor Relations and Corporate Communications 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 better understanding of the industry, the Annual Report for 2012 has included in the Business Description an explanation of the Company's position in the industry and a description of the Company's major competitors globally.

For the year 2012, and all previous years, the Company has never been penalized by the SEC/SET for breaching any disclosure rules and regulations.

The following information 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. Form 56-1 is updated every year and includes detailed information on business operation, financial status, risks, litigations, capital structure, including information on ultimate shareholding. The Company maintains a calendar of all major events that investors or shareholders may wish to attend.

The Company has a designated department / person for Investor relations for disclosing essential information to investors on matters relating to financial reporting and others. 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 ext. 680 or email richard.j@indorama.net. The details are provided on the Company's 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 is 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, 2012 to December 31, 2012 was as follows:

Name	Opening	Purchased	Sold	Balance
Mr. Sri Prakash Lohia*	-	-	-	-
Mr. Alope Lohia*	10	-	-	10
Mrs. Suchitra Lohia*	-	-	-	-
Mr. Amit Lohia*	-	-	-	-
Mr. Sashi Prakash Khaitan	120,000	-	-	120,000
Mr. Dilip Kumar Agarwal	-	-	-	-
Mr. Udey Paul Singh Gill	-	-	-	-
Mr. Rathian Srimongkol	60,000	-	-	60,000
Mr. Chakramon Phasukavanich (held by spouse)	172,944	2,000	40,000	134,944
Mr. Maris Samaram	-	-	-	-
Mr. William Ellwood Heinecke	1,893,960	443,704	-	2,394,132
Dr. Siri Ganjarerndee	-	-	-	-
Mr. Khanit See	100,000	-	-	100,000
Mr. Prem Chandra Gupta	22,000	-	22,000	-
Mr. Satyanarayan Mohta	9,030	26,219	-	35,249
Mr. Gopal Lal Modi	-	-	-	-
Mr. Sanjay Ahuja	-	-	-	-
Mr. Manoj Kumar Sharma	-	-	-	-
Mr. Anuj Lohia*	10	-	-	10

\* As at December 31, 2012, the direct and indirect shareholding of companies owned and controlled by Lohia family and related persons totaled 3,196,038,396 shares, representing 66.39% of the issued shares.

**RESPONSIBILITY OF THE BOARD****BOARD STRUCTURE**

There are 13 Directors on the IVL Board comprising of five Executive Directors, two Non-Executive Directors and six Independent Directors.

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. The Company intends to maintain this broad base of knowledge and experience when it searches for new Directors in future.

The role of the Board is clearly set out in the Board of Directors Charter which is available on the Company website.

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 Board of Directors Charter limits the number of Directorships on other listed Companies to five. Of the independent Directors, the maximum number of Directorships in other listed Companies is not more than three. Of the Executive Directors, none currently have Directorships in other listed Companies.

The profile mentions the Board membership(s) 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.

For effective management the Group CEO is a Director on the boards of the majority of IVL's subsidiaries. His outside Directorships are limited to only a few unrelated Companies in a non-executive role.

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 (with effect from 2012), 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.

The Board has appointed the 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.

The Board members carried out a self evaluation on the Board performance for the year 2012 at the beginning of this year, 2013. The Board discussed the summary of their inputs.

## AUDIT COMMITTEE

The Audit Committee consists of three members with Mr. Rathian Srimongkol as Chairman, and 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 two year term of the Committee will expire on 18 September 2013.

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

Name	Attendance
Mr. Rathian Srimongkol	6/6
Mr. Chakramon Phasukavanich	6/6
Mr. Maris Samaram	6/6

The Audit Committee members carried out a self evaluation on the Audit Committee performance for the year 2010 beginning of the year and discussed the summary of their inputs.

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 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 PET plants in China, USA and Mexico and PTA plant at Rotterdam, Netherlands 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)**

The NCCG Committee constituted on May 12, 2010 consists of four members with Mr. William Ellwood Heinecke as Chairman, Mr. Alope Lohia, Dr. Siri Ganjarerndee and Mr. Khanit See as members. The term of the Committee will expire on May 12, 2013.

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

The Nomination, Compensation and Corporate Governance Committee held two meetings during the year with the attendance of members as follows:

<b>Name</b>	<b>Attendance</b>
Mr. William Ellwood Heinecke	2/2
Mr. Alope Lohia	2/2
Dr. Siri Ganjarerndee	2/2
Mr. Khanit see	2/2

The Nomination, Compensation and Corporate Governance Committee Charter approved by the Board in September 2011 is available on the Company website.

The main duties and responsibilities of the NCCG Committee include:

#### **1. NOMINATING**

The Committee shall have the following authority and responsibilities:

- 1.1 To determine the composition of the Board and its Committees, and monitor and assess Board effectiveness.
- 1.2 To lead the search for and identify suitable candidates qualified to become members of the Board of Directors. The Committee shall select candidates with the highest personal and professional integrity, with demonstrated and exceptional ability and judgment and who shall be most effective, in conjunction with the other candidates and serving Directors, in collectively serving the long-term interests of the shareholders.
- 1.3 To assist the Board in developing and evaluating potential candidates for executive positions, including the chief executive officer, and to oversee the development of executive succession plans.
- 1.4 To develop, and to recommend to the Board of Directors for its approval, qualifications for director candidates, and to periodically review these qualifications.



- 1.5 To review the Board of Directors' Committee structure and to recommend to the Board, for its approval, Directors to serve as members of each Committee, and as Committee Chairs. The Committee shall review and recommend Committee candidates annually and shall recommend additional Committee members to fill vacancies as needed.
- 1.6 To develop and recommend to the Board of Directors for its approval, a set of corporate governance principles. The Committee shall review the principles on an annual basis, or more frequently if appropriate, and recommend changes as necessary.
- 1.7 To develop and recommend to the Board of Directors for its approval, an annual self-evaluation process for the Board and its Committees. The Committee shall oversee the annual self-evaluations.
- 1.8 The Committee shall have the authority to delegate any of its responsibilities to subcommittees as appropriate.
- 1.9 The Committee shall have the authority to retain any search firm engaged to assist in identifying director candidates, and to retain outside counsel and any other advisors as the Committee may deem appropriate. The Committee shall have authority to approve related fees and retention terms.
- 1.10 The Committee shall report its actions and any recommendations to the Board and shall conduct and present to the Board an annual performance evaluation of the Committee.
- 1.11 The Committee shall review the adequacy of its charter as required and recommend any proposed changes to the Board for approval.

## 2. COMPENSATION

The Committee shall have the following authority and responsibilities:

- 2.1 To review and approve on an annual basis the corporate goals and objectives with respect to compensation for the Group Chief Executive Officer.
- 2.2 The Committee shall evaluate at least once a year the Group Chief Executive Officer's performance in light of these established goals and objectives and based upon these evaluations shall set the Group Chief Executive Officer's annual compensation, including salary, bonus and equity and non-equity incentive compensation (if any).
- 2.3 To review and approve on an annual basis the evaluation process and compensation structure for the Company's Executive Directors. The Committee shall evaluate the performance of the Company's Executive Directors and shall approve the annual compensation, including salary, bonus and equity and non-equity incentive compensation, for such Executive Directors, based on initial recommendations from the Group CEO. Moreover, the Committee shall maintain regular contact with the leadership of the Company. This should include interaction with the Company's leadership development activities, review of data from employee surveys and regular review of the results of the annual leadership evaluation process.
- 2.4 To review and discuss with management the Company's Compensation Discussion and Analysis (CD&A) and to recommend to the Board that CD&A be included in the Company's annual report.
- 2.5 The Committee shall have authority to retain such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate. The Committee shall have authority to approve related fees and retention terms.
- 2.6 The Committee shall report its actions and any recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee.

### 3. CORPORATE GOVERNANCE

The Committee shall have the following duties with regard to corporate governance.

- 3.1 Formulation of a corporate governance policy for consideration and adoption by the Board, monitoring compliance with that policy, and reviewing and adapting it on a continuing basis as appropriate.
- 3.2 Coordinating the annual performance assessment of the Chairman of the Board, Individual Directors, the Board as a whole and Board Committees.
- 3.3 Ensure processes are in place for maintaining the integrity of the Company - the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders;
- 3.4 Ensure processes are in place for preventing and mitigating conflicts of interest for the best interest of the Company and its shareholders;
- 3.5 Ensure processes are in place for effective good governance, risk management, internal controls, and compliance;

#### 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 manage the business for maximum shareholder 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. The code is periodically reviewed. A revision was made in September 2012 and circulated to all Directors and employees.

#### ENTERPRISE RISK MANAGEMENT COMMITTEE

The Board of Directors at their meeting No 1/2013 dated February 02, 2013, approved the formation of the IVL Enterprise Risk Management Committee as a sub committee of the Board. The Committee consists of five members with Mr. Alope Lohia as Chairman and Mr. Rathian Srimongkol, Mr. Maris Samaram, Mr. DK Agarwal and Mr. Udey Gill as members.

The ERM Committee will assist the Board in ensuring that risk management systems are adequate and functioning effectively across all IVL entities with clear objectives, complete risk identification, assessment and response thereby further strengthening the existing control and monitoring systems.

The ERM Committee will have various business Core committees and their sub committees reporting to them and they in turn would submit their report to the Audit Committee and Board of Directors once in six months.

**INTERNAL AUDIT**

The Company has its own Internal Audit Department Internal Audit Manual and Internal Audit Charter. The department is headed by Mr. Anil Ailani. 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 2012, the audit was carried out for Thailand units and several 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 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 may not 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 case 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 has to report on such acquire or dispose to the SEC within the time described by SEC Act B.E. 2535. The said acquisitions or disposals 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 7 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. In 2012, the Company maintained a quorum of two thirds of the members of the Board of Directors at each meeting.

All the independent Directors met on March 06, 2013 to review and discuss the Company's performance.

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 is attached to the Board papers and provided on CD every quarter in order for the Board members to gain full knowledge of the activities at the various locations.

The NCCG Committee at its meeting on January 03, 2013, discussed to put in place succession planning for the key management positions of IVL. The committee will act as the supervising body for this process and the GCEO has been entrusted to identify resources available within IVL globally as well as look for more resources from outside the IVL domain also.

The followings are the details of attendance of the Board of Directors' meeting in 2012

<b>Name</b>	<b>Attendance/Total Meetings</b>
1.Mr. Sri Prakash Lohia	4/7
2.Mr. Alope Lohia	7/7
3. Mrs. Suchitra Lohia	7/7
4. Mr. Amit Lohia	3/7
5. Mr. Sashi Prakash Khaitan	7/7
6. Mr. Dilip Kumar Agarwal	6/7
7. Mr. Udey Paul Singh Gill	4/7
8. Mr. Rathian Srimongkol	7/7
9. Mr. Chakramon Phasukavanich	7/7
10. Mr. Maris Samaram	6/7
11. Mr. William Ellwood Heinecke	4/7
12. Dr. Siri Ganjarerndee	7/7
13. Mr. Khanit See	7/7

## REMUNERATION

The current remuneration of Independent Directors and Non-Executive Directors including bonus to all Directors is established based on assignments and responsibilities. Such remuneration proposed by the Board and recommend by the NCCG Committee requires the approval of the Shareholders' Meeting.

For the year 2012 the total annual remuneration approved at the Annual General Meeting of Shareholders No. 1/2012 held on April 26, 2012 was for an amount not exceeding Baht 35,000,000 to be allocated by the Board.

The actual remuneration paid in 2012 is Baht 31,572,000 as against the approved amount of Baht 35,000,000. The details of the remuneration paid are hereunder:

### AS DIRECTORS OF THE COMPANY

No.	Independent/Non Executive Directors	Amount approved (Baht)	Actual Paid (Baht)
1	Mr. Sri Prakash Lohia	75,000 per month	900,000
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	50,000 per month	600,000
6	Mr. Maris Samaram	50,000 per month	600,000
7	Dr. Siri Ganjarerndee	50,000 per month	600,000
8	Mr. Khanit See	50,000 per month	600,000
<b>Total</b>			<b>5,100,000</b>

### AS AUDIT COMMITTEE MEMBERS

No.	Members	Amount approved (Baht)	Actual Paid (Baht)
1	Mr. Rathian Srimongkol	75,000 per month	900,000
2	Mr. Chakramon Phasukavanich	50,000 per month	600,000
3	Mr. Maris Samaram	50,000 per month	600,000
<b>Total</b>			<b>2,100,000</b>

### AS NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE MEMBERS

No.	Members	Amount approved (Baht)	Actual Paid (Baht)
1	Mr. William Ellwood Heinecke	35,000 per month	420,000
2	Dr. Siri Ganjarerndee	25,000 per month	300,000
3	Mr. Khanit See	25,000 per month	300,000
<b>Total</b>			<b>1,020,000</b>

**BONUS FOR THE YEAR 2011, AS DIRECTORS OF THE COMPANY**

<b>No.</b>	<b>Directors</b>	<b>Actual Paid (Baht)</b>
1	Mr. Sri Prakash Lohia	2,382,857
2	Mr. Alope Lohia	2,382,857
3	Mrs. Suchitra Lohia	1,429,714
4	Mr. Amit Lohia	953,143
5	Mr. Sashi Prakash Khaitan	1,429,714
6	Mr. Dilip Kumar Agarwal	1,429,714
7	Mr. Udey Paul Singh Gill	1,429,714
8	Mr. Rathian Srimongkol	2,859,429
9	Mr. Maris Samaram	1,906,286
10	Mr. Chakramon Phasukavanich	1,429,714
11	Mr. William Ellwood Heinecke	1,906,286
12	Dr. Siri Ganjarerndee	1,906,286
13	Mr. Khanit See	1,906,286
<b>Total</b>		<b>23,352,000</b>

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 90,320,198.

**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.

Apart from the periodic meetings with the management teams, the Directors are invited to attend the various business meets held during the year. For the year 2012 business meets were held for the PET, Polyester and Feedstock businesses, which most of the Directors and senior management attended.

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. IVL encourages the members of the Board to undergo applicable training programs.

Three IVL Directors attended the following programs in 2012 as below:

Mrs. Suchitra Lohia – Capital Market Academy Leadership Program, Capital Market Academy (Class 14).

Mr. SP Khaitan - Director Certification Program Class No. 165/2012, Thai Institute of Directors.

Mr. Udey Gill- Director Accreditation Program Class No. 95/2012, Thai Institute of Directors.

The details of all courses attended are in the Directors profiles.

The NCCG Committee has identified members of the Board and management who will attend the IOD training programs in 2013, details of which will be disclosed in the next year's report.

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



For Wellman Recycling the year 2012 was the first complete year under the ownership of Indorama Ventures. In 2012 we have been successful in the field of production input, output and costs. Input volume, at approximately 1.8 million bottles was at an all-time high, around 100 million more than our best year - 2010. Conversion costs decreased by more than 9% compared to 2011. The biggest challenge was, and still is, the quality of the raw materials which keeps diminishing and from which we have to turn into an improved quality of flake, which the end user expects from us. In 2013 we will focus fully on the area of R&D and process improvement. Our end goal is to create the best flakes on the market for the lowest possible cost.

#### **MARK RUESINK**

Plant Manager

Wellman International Limited (The Netherlands Branch)



2012 has seen a very successful transition from our former owner to Indorama Ventures. Our Fiber manufacturing plant ran at 100% utilisation and as we grow our value added business, we have developed a closer relationship with our customers. Our continued focus in 2012 on quality management, in conjunction with our customers and employees, enhances our manufacturing flexibility. We strive for the lowest conversion cost possible in the manufacture of quality recycled products, suitable for premium applications. Wellman International, with the support of Indorama Ventures is at the forefront of sustainable manufacturing. Our relationship with our customers, suppliers, and employees has strengthened throughout the year and we look forward with enthusiasm to 2013.

#### **BERNARD DOWLING**

Manufacturing Manager/Plant Manager

Wellman International Limited



## EG/EO BUSINESS



Our MEG and PEO business was still growing in 2012 as tightness in the MEG market led to a rise in prices and spreads. Now that we are arriving at end of the catalyst life, production rates are coming off but I expect the situation to change dramatically in the second half of 2013 when the catalyst has been changed and production output increases dramatically.



Demand remains strong for both MEG and Purified Ethylene Oxide and especially for the production of surfactants. This niche area is highly lucrative and will continue to strengthen the bottom line of the company. This next few years should see margins of MEG peak and with no large projects to build capacity yet on the horizon, there is no reason to believe this healthy situation will not continue for the medium term.

## ANTIFREEZE



**SN MOHTA**  
President  
EG/EO Business

## AR 2012 - CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

**AT IVL, CORPORATE SOCIAL RESPONSIBILITY STRATEGIES SHOULD BE RELATED TO THE SEVEN PILLARS FOR THE SUSTAINABLE DEVELOPMENT OF THE COMPANY THAT WE BELIEVE ARE THE CORE TO OUR PHILOSOPHY.**

1. Reuse resources
2. Conserve Energy
3. Engage Stakeholders
4. Develop Employees
5. Utilize Green Energy
6. Develop Local Communities
7. Recycle Polyester

**AS YOU READ FURTHER, MAKE NOTE OF HOW OUR ACTIVITIES FIT INTO THIS PHILOSOPHY.**

Indorama Ventures wishes to be one of the leading global companies with our key focus on people and processes so that one day we become one of the most admired companies in the world.

We want to upgrade the quality of our products and services continuously through people involvement and world class processes to attain customer delight, thus becoming a preferred supplier, and institutionalize people learning as a key for business growth. Our key corporate values include *people first*, by which we recognize that people are IVL's strength; that stakeholders include local communities and employees and that their involvement and satisfaction are one of the key drivers for success and growth.

We also want to achieve *customer delight* because we know customers will prefer socially responsible suppliers. We believe in being responsible and caring for society while maintaining as well as enhancing the environment around us. We know that IVL should proactively lessen the negative impact of our business on local communities first before looking at other regions.

When performing activities, we must *leverage the impact of employee participation* because IVL can then create a multiplier effect. This has *human resources benefits* as volunteer service provides low-cost, high-impact opportunities for employee recruitment, training and retention. Most people would prefer to work at a company that provides opportunities to apply their skills to benefit nonprofit organizations and work for an organization with a better reputation for corporate social responsibility and ethics.

In terms of *learning and development*, most HR executives believe that volunteer service adds value and that contributing skills and expertise in a volunteer capacity can be an effective way to develop leadership skills, offer professional development, strengthen relationships between coworkers, and expand employees' diversity of tasks and challenges. Because of this interaction, *opportunities for innovation* exist for the company and the community.



Indorama Polyester Industries PCL-Nakhon Pathom has completed 15 years of operations. In 2012, we have successfully enhanced our continuous polymer plant capacity to 270 tons per day to meet the increasing demand for resin in the domestic market due to new facilities being commissioned in Thailand for film applications. In the batch polymer plant, several new resin products have been developed (low-melt polymer, antimony-flame retardant, full dull) and capacity utilization of the batch plant has increased significantly.

A postconsumer bottle recycling project to produce flakes, resin and fiber has been launched and civil construction work has started. This will be a state-of-the-art project using group synergies. In addition, we are upgrading our fiber lines to produce super high tenacity and hollow fibers.

As a recognition of our continuous striving for improving ourselves, we have won 10 national awards this year in various categories including OSHA and Green Industry.

#### **ANIVESH TEWARI**

Joint Vice President/Site Head  
Indorama Polyester Industries Public  
Company Limited (Nakhon Pathom)



Indorama Petrochem Limited (IRPL) operates its PTA plant in the Asia Industrial Estate (AIE) located in Rayong Province, Thailand. The technology is licensed by Invista, UK, which is currently the market leader in PTA technology.

The plant incorporates features which are energy efficient and environmental friendly. In spite of having mature technology, there have been some challenges faced in recent times. The most important one is the increasing gap in the conversion cost between this technology and the latest ones. IRPL has been continually striving to bridge this gap to sustain its operations in the present challenging business environment through improvements and innovations. Over the last six years, since commissioning in 2006, IRPL has optimised the usage of chemicals and utilities consumption which has resulted in a cost reduction of roughly 27% without incurring any major capital cost. This has been possible owing to our highly committed and experienced work force and strong management systems and processes in place at IRPL. IRPL is certified for ISO-9001:2008, ISO-14001:2004, OHSAS-18001:2007. IRPL has won several recognitions and awards in the field of Safety, Environment and Corporate Social Responsibility.

The capacity utilization in 2012 was lower primarily due to unfavourable market conditions. The utilization was 92.73% of the rated capacity. We achieved a lower variable conversion cost owing to improved plant reliability and process optimisation. The CO<sub>2</sub> emission per tonne of product was the lowest ever achieved, 21% lower compared to 2006. The plant achieved a record 2.9 million man-hours without lost time, thus the overall manufacturing performance has been excellent.

#### **SANDEEP KAMAT**

Vice President Manufacturing/Site Head  
Indorama Petrochem Limited



IVI has focused on the development of products for apparel. FINNE products were sold directly to the market but we are also developing other value-added processes under our next plan. We will maintain our lead in the Indonesian market through consistent product development.

We have made utility power savings of around US\$ 6.5 million in 2012. In 2013, we will reduce the cost by a further US\$ 1.5 million per annum through energy audit activities. We will be sustainable by having the lowest cost achievable, which will make our business highly competitive.

We are now preparing a new FINNE project worth US\$ 35 million in 2013. It will have new capacity of 16 K tonnes per annum of filaments, including a new design machine using our own technology. Even with the current economic hurdles, we will consistently make our best effort.

#### **SANGHO KIM**

General Manager (Fibers and Yarns)  
PT. Indorama Ventures Indonesia



Following the modifications undertaken in 2011, improvements were realised in 2012 in relation to production, yield and waste. Quality was maintained, despite a decrease in the quality of the input materials with increased contamination. The current PET post-consumer market proves increasingly challenging and more competitive. In 2011, we successfully commenced the sale of flake outside the group and continue to develop this market. Our focus is to enhance our production capability, improve flake quality and to have a stronger presence in this market in the 2013 period.

#### **CLAUDE MARCHAL**

Plant Manager  
Wellman France Recyclage S.A.S.



AlphaPet staff provided funds for medical research to Decatur General Foundation and participated in a Dragon Boat Race.



Volunteers from AlphaPet worked with *Habitat for Humanity* to paint one house and put vinyl siding on two other houses in a neighborhood southeast of Decatur.

Using materials damaged by flooding, PET Group Lopburi staff used scrap iron to construct football goals and donated a set to Ban Pak Klong Phra community football field.



Breast cancer training provided awareness to expat spouses. Thai staff and local community people joined this program.



Auriga Polymers employees pledged over \$50,000 to the *United Way*, a non-profit organization that distributes donations to local charities.



AsiaPet staff helped create a chicken farm at local villages. The project helped communities learn how to raise organic chickens and provided supplementary income as well as reduce unemployment and promote alternative protein sources in the community.

Remark: We received a CSR DIW award for this project.



Auriga Polymers joined the 2012 *March of Dimes Walk for Babies* in the U.S.A., which saw 63 participants walk 5 km to raise awareness and collected over \$500 for research to prevent birth defects.





Auriga Polymers was a silver sponsor of the *Coca-Cola Scholars Foundation*. The 24th Annual Celebration banquet was held on April 12, 2012 in Atlanta Georgia. The actor Morgan Freeman was a special guest.



Indorama Ventures donated one million baht to build a drinking water plant (RO system). The grand opening took place at Tambon Huay Sampad, Udon Thani Province.



Auriga Polymers donated a bale of fiber to the *Pioneer Ladies Group* who created heart-shaped pillows to comfort heart patients and ease their pain.



We went to Din Daeng Flats, a poor community area in Bangkok to encourage trash sorting and provide people with ideas to supplement their income. There was a demonstration of how to make items from recycled plastics.

FiberVisions' Covington plant's *Children's Charity* purchased back-to-school items for poor children; supported reading by buying books for a local library; supported a High School Robotics Club to promote engineering and science for children and helped poor people heat their homes.

FiberVisions Athens raised awareness and money for *The March of Dimes*, which benefits local people with physical challenges.



The department also organized *Cardiopulmonary Resuscitation (CPR) Training* to teach first aid, relieve pain and reduce the likelihood of death from a stroke or heart attack.

Corporate Communications organized a talk on tax saving by Krung Thai Asset Management to educate employees about how to save money and reduce their tax.





Funds are provided to teach how to weave plastic baskets from plastic to supplement income for local women's groups and create good relations with the community.

The company donates 28,000 Baht every month to the local Old Folks Home to buy adult diapers and other necessities for old people.



The Adopt-a-Beach Project took place at Hat Mae Rampheung Beach, Rayong, twice in 2012. Staff and schoolchildren cleaned two kilometers to ensure that a beach popular with visitors is kept clean and to enhance the reputation of Thailand among foreign and local visitors. Total garbage collected to date amounts to 3,642 Kg or 3.642 tons.



Indorama Polyester Industries (Rayong) and Indorama Petrochem supported fruit farmers by buying 2,000 Kg of rambutans and distributing all to staff.



Indorama Holdings participated in the program *Recovery Operations for Those in Industries Affected by Flooding* conducted by the Provincial Skill Development Center. The training taught flood victims how to repair household appliances.

The Waste Recycle Bank at Nong Fab School, Rayong, commenced 2010. We constructed a cage to collect waste, donated equipment and hired an officer from the Department of Environmental Quality Promotion to show how to run the bank. Students are now more aware of how to manage waste and learned the three R's of Reduce, Reuse and Recycle to earn extra money. Most students save the money they make and withdraw it when they leave school as part of their scholarship. The total waste collected since the start project amounts to Baht 246,445.26 or 70,718.10 Kg.







Indorama Polyester Industries (Rayong) provided soil to the Community School in Map Ta Phut for use in land leveling in preparation for a new school building. Over 300 cubic meters of unneeded soil was moved from our plant to the school with IEAT permission.



PT. Indorama Ventures Indonesia - Jamsostek's Scholarship Program provides student scholarships. Awards were given of Indonesian Rupiah 2.400.000/ person per year for high school and university level, Rupiah 1.800.000/ person/ year for elementary - junior high school level.



Indorama Petrochem participated in a mini-exhibition in support of Rayong Province's project *Public Services for Happy Communities* at Chak Mak Temple, Rayong.



Indorama Polyester Industries (Rayong) arranged a free teaching program at Ban Map Ta Phut School to educate community students and help parents save the cost of extracurricular courses. Expat wives and IVL staff taught English, Mathematics and Science.



PT. Indorama Ventures Indonesia together with the Cihuni area committee commemorated Islamic New Year's Day by donating over a million Rupiah to orphanages and poor, elderly people in the Cihuni area.



Employees from the Queretaro Complex held a celebration in honor of the Guadalupe Virgin, a tradition to share the values of the company. As part of the festivity, there was a group of dancers, cultural activities, health promotion and craft classes.



Orion Global Pet arranged a library book donation to engage employees. People donated approximately 200 books.





Volunteer staff cleaned the area around the Orion Global Pet (OGP) site and planted trees. Later, cleaning shifted to Jakai Village School, where OGP volunteers, villagers and local children school cleaned the surrounding area. After the long day, there was a picnic for villagers and children.



TPT Petrochemicals arranged a free lunch program at Krok Yai Cha local community school.



In IRP our main focus was to engineer, erect and build a new PET plant and simultaneously hire and train 13 new operators, while keeping the other PET plant running at full rate to keep up with the demand of the market, resulting in weekly product transitions.

This accomplishment was achieved with a small team of dedicated engineers, operators and the support from our sister Indorama Ventures companies and demonstrated the drive to succeed and the strength of good teamwork.

#### ROBERT LAKEMAN

Plant Manager

Indorama Polymers Rotterdam B.V.



## PET BUSINESS



One of our major advantages in the PET business is that there is always demand, even in an economic crisis. This is because when packaging makers want to lower their costs, they move from glass and aluminum to PET. Although the business saw the effects of flooding in Thailand and a slowdown in Europe, the tap has not been closed and demand still exists to drive our industry forward.

We completed the conversion of our China plant's energy source from fuel oil to coal, which is a lot cheaper in China and that has helped to bring down our conversion cost. Other activities at the plant increased its output and that also will lead to further economies of scale moving forward.



**INTEGRATION FOR SUSTAINABLE GROWTH**  
INDORAMA VENTURES PUBLIC COMPANY LIMITED



In 2012, we saw the company open a new facility operational in Nigeria, West Africa, which is a market we believe has much potential for growth. With the decision to acquire a packaging facility in the vicinity we will have the downstream capacity to fully utilized the resin made at our plant.

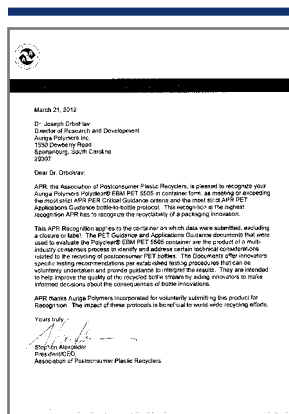


**GL MODI**  
President  
PET Business



## IVL GLOBAL AWARDS 2012

Indorama Ventures continues to be highly committed to the development of its processes, personnel and business as a whole in every market where it has operations. The excellent work achieved by our people has been recognized by government and business leaders in each of our markets. This recognition is provided to shareholders who may feel some pride in the efforts of our staff to ensure that Indorama Ventures is seen as a positive contributor to the industry and society.



### February 29, 2012

Indorama Holdings Limited was honored by the Ministry of Labor as a *Good Model for the Management of Labor and Social Responsibility* during the floods of 2011.



### March 21, 2012

The Association of Postconsumer Plastic Recyclers recognized Auriga Polymers Polyclear® as a *Recyclable Packaging Innovation*.



### March 27, 2012

Became a historical date in the life of IVL's PET operations at Indorama Ventures Poland in Wloclawek when external auditors confirmed our compliance with the Quality Management System, awarding us the first *ISO 9001 Quality Certificate* in the seven years since its inception.







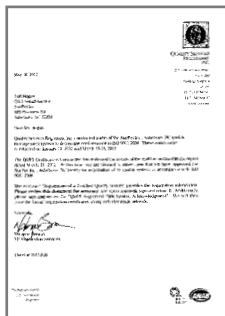
## May 2012

Indorama Ventures Polymers Mexico received the *Social Responsible Company Award* granted by the Secretariat of Labor and Social Welfare.



## June 1, 2012

Indorama Polyester Industries (Nakhon Pathom) and TPT Petrochemicals received the *Thai Labor Standard Certification - Completion Level*.



## May 17, 2012

StarPet USA officially received its ISO 9001:2008 certification.



## June 20, 2012

Indorama Polyester Industries Nakhon Pathom received the *Health Promotion Enterprise Award* from Privy Councilor Professor Doctor Kasem Wattanachai. Ms. Prapai Palakawong Na Ayuthaya, Sr. Manager, Personnel & Admin (4th from right) received a certificate as *Outstanding Person for Health Promotion* at the Health Promotion Enterprise Network Exposition.



## July 19, 2012

For the second consecutive year, Indorama Petrochem received the *Best Manufacturer Award for Safety, Occupational Health and Working Conditions* from Khun Visa Khanthap (right), Deputy Minister for Labor.



### August 21, 2012

Indorama Polyester Industries (Nakhon Pathom) received the 2012 Outstanding Workplace Award for Occupational Health and Safety at the National Level for the third consecutive year.



### July, 2012

Trevira received an EN ISO 50001:2011 Management System Certificate.



### June 22, 2012

Indorama Ventures Polymers Mexico received the *Empresa de 10* from INFONAVIT (The National Institute for the Development of Living Quarters for Workers). This certification is granted to those industries that are in total compliance, i.e. accurate and in-time payment of the agreed quota (5 percent of fixed payroll tax) over ten two-month periods.



### August 30, 2012

Indorama Petrochem and TPT Petrochemicals received the *White Factory: Level 1* certificate from the Director-General of the Labor and Welfare Department.





### September 3, 2012

Indorama Petrochem received the *Zero Accident Campaign 2011 Award* from the Labor Ministry's Department of Labor Protection and Welfare from Mr. Padermchai Sasomsu Minister of Labor. IRPL's achievement of 1,041,076 work-related hours without lost time through injury was a record set between 28 Sep 2009 - 31 Jan 2012.



### September 3, 2012

AsiaPet and Indorama Polymers received the *Zero Accident Campaign 2011 Award* from Labor Ministry's Department of Labor Protection and Welfare for less than one million working hours without an accident.



### September 4, 2012

Indorama Polyester Industries (Nakhon Pathom) received a certificate from the Anti Drug Center of Nakhon Pathom's Labor Protection and Welfare Department stating that Indorama Polyester Industries has conducted the Center's *White Factory* (anti-drug) Project continuously and sustainably.



Indorama Holdings receive *OEKO-TEX® Standard 1000* is a testing, auditing and certification system for environmentally friendly operations in the textile and clothing industry.



### September 14, 2012

Several IVL subsidiaries received the *National Outstanding Industrial Establishment on Labour Relations and Welfare Award 2012* from the Department of Labor Protection and Welfare,

- Indorama Polyester Industries (Rayong) for the Eighth Consecutive Year (2005-2012).
- Indorama Holding for the Seventh Consecutive Year (2006-2012).
- Indorama Polyester Industries (Nakhon Pathom) for the Fourth Consecutive Year (2009-2012)
- Indorama Petrochem for Two Consecutive Years (2011-2012)



### September 26, 2012

Indorama Polyester Industries (Nakhon Pathom) received the *Certificate of Excellence* to certify that IPI-NPT was recognized as a distinguished Establishment of Skill Development Promotion under the Skill Development Promotion Act B.E. 2545 (2002) from the Department of Skill Development of the Ministry of Labor.



### September 20, 2012

Indorama Petrochem and TPT Petrochemicals received the *Certificate of Assessment for the Promotion of Clean Technology in Industry*.



### February 27, 2013

Indorama Petrochem received the Green Star Award 2012 for two consecutive years from the Industrial Estate Authority of Thailand (IEAT) in recognition of the company's outstanding environmental management practices and continuous compliance with IEAT standards.





**September 26, 2012**

PT Indorama Ventures Indonesia received the *Customs Award* from the Customs Department.



**November 20, 2012**

Wellman International (Ireland) won the *Irish Sustainable Exporter of the Year 2012*.



**October, 2012**

AlphaPet received the *Quality System Evaluation Certificate* from AIB, which is a hallmark in Food Safety and Quality system evaluation. It is only the third company in the USA to get this coveted certificate and the only one in the PET resin industry.



**December 18, 2012**

Indorama Polyester Industries (Nakhon Pathom) received the *Green Industry Level 4 (Green Culture) Award* from the Ministry of Industry.



### December 19, 2012

Indorama Polyester Industries (Nakhon Pathom) received the *CSR-DIW in the Supply Chain* award from the Department of Industrial Works.



### December 21, 2012

Orion Global PET was recognized as the *Best Chemical Company in Lithuania* for 2012 by the Lithuanian Industrialists Confederation.



### December 19, 2012

Indorama Polyester Industries (Nakhon Pathom), Petform (Thailand), Indorama Polymers, AsiaPet, Indorama Petrochem and TPT Petrochemicals received *CSR-DIW Continuous Award 2012* from Department of Industrial Works.



After taking over IPPI on 9th August 2012, the most immediate challenge was to manage the feedstock, get the zero stock store items/spare parts organized and carry out maintenance of critical equipment for an uninterrupted plant operation with reduced manpower. Various improvement measures were identified and implemented, to reduce overall conversion cost, especially on energy saving and packing materials. We have been facing a poor PTA market condition and the non-availability of natural gas. Therefore, we executed various cost reduction projects including the construction of two new coal-fired boilers.

#### MAHESH NATESAN

President Director/Business Head  
PT. Indorama Petrochemicals &  
PT. Indorama Polypet Indonesia



Developing high quality and new products for apparel that meets customer needs and offering distinguished materials, PT. Indorama Polyester Industries Indonesia is focused on adding more value for our customers. We are now focusing on the development of various high function and low denier products. As the leader of the direct bi-shrinkage spinning sector, we have various production facilities through 16ENDS modification of the product line and developed low denier bi-shrinkage yarn and knitting applications like SENS40/36SD, SENS60/48SD, CKY 135/96SD etc. Low denier bi-shrinkage yarn that is SENS has a good reputation among the leading fabric producers in Japan. In 2012, we have sold 136 tonnes or U\$0.54 million of SENS in the Japanese market and 1,936 tonnes or U\$3.8 million of CKY in Asia and sales volume continues to increase.

#### HONG SIK PARK

Plant Manager  
PT. Indorama Polyester Industries Indonesia



Quality control was benchmarked against Indorama Ventures' protocols. Product names were also standardized according to Indorama Ventures' norms. The IVL SBMS reporting system was also adopted from day one for all stores and warehouse activities.

Due to market conditions, we could not run at the optimal capacity and compromised by producing with the minimal production volume from our Continuous Polymerization (CP) and used only one Solid State Polymerization (SSP) line.

The increase in natural gas prices was a major factor in contributing to a high conversion cost. We reduced this cost by focusing on energy savings and lowering packing material costs. Our coal-fired heater project was finalized as a cost effective measure replacing natural gas and is expected to be commissioned mid-May 2013 along with a turnaround shutdown after which we are looking forward to operating at full capacity. This will help to lower our conversion cost.

The energy audit planned for January 2013 has been completed and recommendations will be implemented before and during the turnaround shutdown. This will further help to reduce costs.

#### **A.K. RASTOGI**

Site Head

PT. Indorama Polypet Indonesia



We had a good start to 2012 supporting the development of the market for Rotterdam II products.

The Workington site continued to make three main products for CSD markets R182, R182 BIO and N180.

Work progressed during the year to develop several new products for customers both within and outside the CSD market.

Three new products have now been successfully commercialised and two others are undergoing trials at customers. In September the plant was shut down for maintenance and the opportunity was taken to install some new equipment to improve plant reliability and efficiency. The 30<sup>th</sup> November was the 25<sup>th</sup> anniversary of recruitment of the first group of operators for the PET Plant in Workington, which will celebrate 25 years of PET production in September 2013.

#### **IAN EARL**

Site Manager/Site Head

Indorama Polymers Workington Limited

## REPORT OF THE AUDIT COMMITTEE

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 2012, the Committee held 6 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 of 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 significant findings on internal controls of 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 subsidiaries of IVL across all geographic locations.
3. Assessed the adequacy of internal control system with the Company's External Auditors, Internal Auditors and Management. The Committee will continue to work together with the Internal Auditor and Management to further streamline the systems and procedures.
4. Reviewed the company's compliance with the 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 to propose to the Board and Shareholders for approval.
6. The Committee reviewed for each quarter all connected transactions of the Company and its subsidiaries and found the same to be in line with the Internal Connected Transaction Policy and comply with regulatory requirements.
7. The Audit Committee made a visit to the Indonesia Polyester plants in February 2012 and a PET plant in Poland in September 2012 in order to understand and review the process and practice of internal controls at the Indonesia and Poland sites with the local management and auditors. The Chairman of the Audit Committee visited the plants of FiberVisions A/S, Wellman International Ltd. and Trevira GmbH in Europe in April 2012.

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

On behalf of the Audit Committee



**Mr. Rathian Srimongkol**  
**Chairman of the Audit Committee**

## 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.

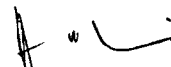
The financial statements for the accounting year ended December 31, 2012 has been prepared under the generally accepted accounting standards of Thailand. In preparing the said financial statements, the Company has adopted accounting practices and standards that are appropriate to its nature of business. 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, 2012.



**Mr. Sri Prakash Lohia**  
Chairman



**Mr. Aloke Lohia**  
Group CEO



## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF INDORAMA VENTURES PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of Indorama Ventures Public Company Limited and its subsidiaries, and of Indorama Ventures Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

#### Auditor's Responsibility

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

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

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

#### Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Indorama Ventures Public Company Limited and its subsidiaries, and of Indorama Ventures Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

**Emphasis of matter**

Without qualifying my opinion, I draw attention to the following matters:

As disclosed in Note 4 to the financial statements, the Group completed the acquisition of PT Indorama Polypet Indonesia resulting in the recording of a gain on bargain purchase in the consolidated statement of income for the year ended 31 December 2012 of Baht 121.2 million. The fair values of the business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment.



(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2013



# STATEMENT OF FINANCIAL POSITION

Indorama Ventures Public Company Limited and its Subsidiaries

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
<b>(Restated)</b>					
<b>(in thousand Baht)</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	4,375,310	12,018,021	1,597,853	7,792,152
Current investments	7	227,580	5,688,491	-	5,260,000
Trade accounts receivable	5, 8	25,606,693	24,508,784	-	-
Short-term loans to related parties	5	181	-	10,886,893	24,620,318
Inventories	9	24,683,311	21,422,270	-	-
Other current assets	5, 10	5,067,603	4,132,841	106,574	112,561
<b>Total current assets</b>		<b>59,960,678</b>	<b>67,770,407</b>	<b>12,591,320</b>	<b>37,785,031</b>
<b>Non-current assets</b>					
Investments in subsidiaries and other equity securities	11	-	-	29,095,241	27,127,240
Investment in jointly-controlled entities	12	5,238,455	5,416,411	-	-
Other long-term investments	7	105,000	-	105,000	-
Long-term loans to related parties	5	60,835	-	31,469,744	2,369,346
Property, plant and equipment	13	86,434,900	66,722,730	-	-
Goodwill	14	6,796,798	395,427	-	-
Other intangible assets	15	10,383,245	4,408,161	-	-
Other non-current assets	16	1,495,383	1,101,862	10,398	232,351
<b>Total non-current assets</b>		<b>110,514,616</b>	<b>78,044,591</b>	<b>60,680,383</b>	<b>29,728,937</b>
<b>Total assets</b>		<b>170,475,294</b>	<b>145,814,998</b>	<b>73,271,703</b>	<b>67,513,968</b>

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

**STATEMENT OF FINANCIAL POSITION**

Indorama Ventures Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
(Restated)					
(in thousand Baht)					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	17	13,373,041	13,676,866	-	-
Trade accounts payable	5, 18	22,315,600	17,978,085	-	-
Short-term loans from related party	5, 17	-	-	164,300	164,300
Current portion of long-term loans from financial institutions	17	5,609,668	6,440,134	67,111	2,454,764
Current portion of finance lease liabilities	17	41,123	18,375	-	-
Income tax payable		1,027,433	874,009	-	-
Other current liabilities	5, 19	4,919,256	4,213,869	251,807	155,405
<b>Total current liabilities</b>		<b>47,286,121</b>	<b>43,201,338</b>	<b>483,218</b>	<b>2,774,469</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	17	39,987,745	33,701,976	11,295,302	17,621,947
Debentures	17	21,623,792	7,468,658	21,623,792	7,468,658
Finance lease liabilities	17	3,307	40,086	-	-
Employee benefit obligations	20	881,121	772,701	-	-
Other non-current liabilities		808,249	1,864,489	8,034	-
<b>Total non-current liabilities</b>		<b>63,304,214</b>	<b>43,847,910</b>	<b>32,927,128</b>	<b>25,090,605</b>
<b>Total liabilities</b>		<b>110,590,335</b>	<b>87,049,248</b>	<b>33,410,346</b>	<b>27,865,074</b>

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

**STATEMENT OF FINANCIAL POSITION**

Indorama Ventures Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
<b>(Restated)</b>					
<b>(in thousand Baht)</b>					
<b>Equity</b>					
Share capital					
Authorised share capital	21	4,815,857	4,815,857	4,815,857	4,815,857
Issued and paid-up share capital	21	4,814,257	4,814,257	4,814,257	4,814,257
Additional paid-in capital					
Share premium	21	29,774,627	29,774,627	29,774,627	29,774,627
Unrealised surpluses (deficits)					
Revaluation surplus	22	1,487,822	1,761,376	-	-
Fair value changes on cash flow hedges	22, 35	(45,475)	(105,855)	2,364	-
Currency translation differences	22	(2,599,606)	(2,195,991)	-	-
Defined benefit plan actuarial losses		(167,208)	(101,363)	-	-
Excess of cost over book value of acquired subsidiaries		(3,294,954)	(3,294,954)	-	-
Differences arising from common control transactions	22	(1,235,562)	(1,235,562)	-	-
Retained earnings					
Appropriated					
Legal reserve	22	1,739,471	1,326,156	481,586	228,650
Unappropriated		29,079,372	27,883,947	4,788,523	4,831,360
<b>Equity attributable to owners of the</b>					
<b>Company</b>		<b>59,552,744</b>	<b>58,626,638</b>	<b>39,861,357</b>	<b>39,648,894</b>
Non-controlling interests		332,215	139,112	-	-
<b>Total equity</b>		<b>59,884,959</b>	<b>58,765,750</b>	<b>39,861,357</b>	<b>39,648,894</b>
<b>Total liabilities and equity</b>		<b>170,475,294</b>	<b>145,814,998</b>	<b>73,271,703</b>	<b>67,513,968</b>

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

# STATEMENT OF INCOME

Indorama Ventures Public Company Limited and its Subsidiaries

		Consolidated financial statements		Separate financial statements	
	Note	For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		(Restated)			
		(in thousand Baht)			
<b>Income</b>					
Revenue from sale of goods	5	210,784,740	186,095,914	-	-
Interest income	5	277,318	487,351	1,873,172	1,000,563
Dividend income	11	-	-	3,441,471	7,046,771
Net foreign exchange gain		428,232	306,368	-	108,878
Gain on a bargain purchase	4	847,496	6,752,564	-	-
Impact of flooding, net	38	1,872,985	-	-	-
Other income	5, 24	976,659	812,031	146,744	6,845
<b>Total income</b>		<b>215,187,430</b>	<b>194,454,228</b>	<b>5,461,387</b>	<b>8,163,057</b>
<b>Expenses</b>					
Cost of sale of goods	5, 25	193,479,650	165,754,211	-	-
Selling expenses	5, 26	8,528,796	6,305,549	-	-
Administrative expenses	5, 27	3,309,146	3,444,666	47,538	46,497
Management benefit expenses	28	110,661	78,296	40,538	24,061
Impact of flooding, net	38	-	1,644,715	-	-
Net foreign exchange loss		-	-	264,482	-
Finance costs	30	3,448,584	2,370,063	1,625,035	936,060
<b>Total expenses</b>		<b>208,876,837</b>	<b>179,597,500</b>	<b>1,977,593</b>	<b>1,006,618</b>
Share of profit (loss) of jointly-controlled entities, net					
	4, 12	(911,265)	1,303,435	-	-
<b>Profit before income tax expense</b>		<b>5,399,328</b>	<b>16,160,163</b>	<b>3,483,794</b>	<b>7,156,439</b>
Income tax expense	31	579,738	742,241	-	-
<b>Profit for the year</b>		<b>4,819,590</b>	<b>15,417,922</b>	<b>3,483,794</b>	<b>7,156,439</b>
<b>Profit attributable to:</b>					
Owners of the Company		4,611,238	15,556,858	3,483,794	7,156,439
Non-controlling interests		208,352	(138,936)	-	-
<b>Profit for the year</b>		<b>4,819,590</b>	<b>15,417,922</b>	<b>3,483,794</b>	<b>7,156,439</b>
<b>Earnings per share</b>					
Basic earnings per share (in Baht)	33	<b>0.96</b>	<b>3.29</b>	<b>0.72</b>	<b>1.51</b>

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

**STATEMENT OF COMPREHENSIVE INCOME**

Indorama Ventures Public Company Limited and its Subsidiaries

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ended 31 December 2011
	(Restated)			
	(in thousand Baht)			
<b>Profit for the year</b>	<b>4,819,590</b>	<b>15,417,922</b>	<b>3,483,794</b>	<b>7,156,439</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences				
for foreign operations	(408,800)	(117,595)	-	-
Effective portion of changes in fair value				
of cash flow hedges	60,722	20,353	2,364	-
Defined benefit plan actuarial losses	20 (65,342)	(101,636)	-	-
Revaluation of property, plant and equipment	(985)	(161,629)	-	-
<b>Other comprehensive income for the year</b>	<b>(414,405)</b>	<b>(360,507)</b>	<b>2,364</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>4,405,185</b>	<b>15,057,415</b>	<b>3,486,158</b>	<b>7,156,439</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	4,199,801	15,185,926	3,486,158	7,156,439
Non-controlling interests	205,384	(128,511)	-	-
<b>Total comprehensive income for the year</b>	<b>4,405,185</b>	<b>15,057,415</b>	<b>3,486,158</b>	<b>7,156,439</b>

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

# STATEMENT OF CHANGES IN EQUITY

## Indorama Ventures Public Company Limited and its Subsidiaries

### Consolidated financial statements

Note	Retained earnings					Other components of equity					Equity attributable to owner of the Company (Restated)	Non-controlling interests	Total equity (Restated)	
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (Restated)	Currency translation differences	Revaluation surplus	Fair value changes on cash flow hedges	Defined benefit plan actuarial gains (losses)	Excess of book value of acquired subsidiaries over cost/ (cost over book value)	Difference arising from common control transactions				
(in thousand Baht)														
Year ended 31 December 2011														
Balance at 1 January 2011														
	4,334,271	13,030,827	604,230	18,637,579	(2,068,446)	2,254,970	(109,040)	-	(3,307,048)	(1,580,670)	31,796,673	323,491	32,120,164	
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners														
of the Company														
Issue of share capital	21	479,986	16,799,517	-	-	-	-	-	-	-	17,279,503	-	17,279,503	
Shares issuance costs	21	-	(55,717)	-	-	-	-	-	-	-	(55,717)	-	(55,717)	
Dividends	34	-	-	-	(5,584,538)	-	-	-	-	-	(5,584,538)	(45,334)	(5,629,872)	
Total contributions by and distributions to owners of the Company														
	479,986	16,743,800	-	(5,584,538)	-	-	-	-	-	-	11,639,248	(45,334)	11,593,914	
Changes in ownership interests in subsidiaries														
Acquisition of non-controlling interests														
without a change in control	11	-	-	-	-	-	-	-	8,804	-	8,804	(23,253)	(14,449)	
Disposal of non-controlling interests		-	-	-	323	-	-	-	-	-	323	8,711	9,034	
without a change in control		-	-	(352,734)	-	-	-	-	3,290	345,108	(4,336)	4,008	(328)	
Liquidation of a subsidiary	1	-	-	(352,411)	-	-	-	-	12,094	345,108	4,791	(10,534)	(5,743)	
Total changes in ownership interests in subsidiaries														
	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total transactions with owners, recorded directly in equity														
	479,986	16,743,800	-	(5,936,949)	-	-	-	-	12,094	345,108	11,644,039	(55,868)	11,588,171	
Comprehensive income for the year														
Profit	-	-	-	15,556,858	-	-	-	-	-	-	15,556,858	(138,936)	15,417,922	
Transfer of revaluation surplus to retained earnings	-	-	-	331,594	-	(331,965)	-	-	-	-	(371)	371	-	
Other comprehensive income	-	-	-	16,791	(127,545)	(161,629)	3,185	(101,363)	-	-	(370,561)	10,054	(360,507)	
Total comprehensive income for the year														
	-	-	-	15,905,243	(127,545)	(493,594)	3,185	(101,363)	-	-	15,185,926	(128,511)	15,057,415	
Transfer to legal reserve														
	-	-	721,926	(721,926)	-	-	-	-	-	-	-	-	-	
Balance at 31 December 2011														
	4,814,257	29,774,627	1,326,156	27,883,947	(2,195,991)	1,761,376	(105,855)	(101,363)	(3,294,954)	(1,235,562)	58,626,638	139,112	58,765,750	

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

**Indorama Ventures Public Company Limited and its Subsidiaries**

Consolidated financial statements													
	Retained earnings				Other components of equity								
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Currency translation differences	Revaluation surplus	Fair value changes on cash flow hedges (in thousand Baht)	Defined benefit plan actuarial gains (losses)	Excess of book value of acquired subsidiaries over cost/ (cost over book value)	Difference arising from common control transactions	Equity attributable to owner of the Company	Non-controlling interests	Total equity
<i>Note</i>													
<b>Year ended 31 December 2012</b>													
<b>Balance at 1 January 2012 - as reported</b>	4,814,257	29,774,627	1,326,156	27,895,055	(2,195,991)	1,761,376	(105,855)	(101,363)	(3,294,954)	(1,235,562)	58,637,746	139,112	58,776,858
Impact of retrospective adjustment as a result of finalisation of fair value	-	-	-	(11,108)	-	-	-	-	-	-	(11,108)	-	(11,108)
<b>Balance at 1 January 2012 - restated</b>	4,814,257	29,774,627	1,326,156	27,883,947	(2,195,991)	1,761,376	(105,855)	(101,363)	(3,294,954)	(1,235,562)	58,626,638	139,112	58,765,750
<b>Transactions with owners, recorded directly in equity</b>													
<i>Distributions to owners of the Company</i>													
Dividends	-	-	-	(3,273,695)	-	-	-	-	-	-	(3,273,695)	(16,869)	(3,290,564)
<b>Total distribution to owners of the Company</b>	-	-	-	(3,273,695)	-	-	-	-	-	-	(3,273,695)	(16,869)	(3,290,564)
<i>Changes in ownership interests in subsidiaries</i>													
Acquisition of non-controlling interests through business combination	-	-	-	-	-	-	-	-	-	-	-	4,588	4,588
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-	-	-	-	4,588	4,588
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	(3,273,695)	-	-	-	-	-	-	(3,273,695)	(12,281)	(3,285,976)
<b>Comprehensive income for the year</b>													
Profit	-	-	-	4,611,238	-	-	-	-	-	-	4,611,238	208,352	4,819,590
Transfer of revaluation surplus to retained earnings	-	-	-	271,197	-	(272,569)	-	-	-	-	(1,372)	1,372	-
Other comprehensive income	-	-	-	-	(403,615)	(985)	60,380	(65,845)	-	-	(410,065)	(4,340)	(414,405)
<b>Total comprehensive income for the year</b>	-	-	-	4,882,435	(403,615)	(273,554)	60,380	(65,845)	-	-	4,199,801	205,384	4,405,185
Transfer to legal reserve	-	-	413,315	(413,315)	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2012</b>	4,814,257	29,774,627	1,739,471	29,079,372	(2,599,606)	1,487,822	(45,475)	(167,208)	(3,294,954)	(1,235,562)	59,552,744	332,215	59,884,959

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

**STATEMENT OF CHANGES IN EQUITY**

Indorama Ventures Public Company Limited and its Subsidiaries

	Separate financial statements					
	Note	Issued and paid - up share capital	Share premium	Retained earnings		
				Legal reserve	Unappropriated	
						Total equity
(in thousand Baht)						
Year ended 31 December 2011						
Balance at 1 January 2011		4,334,271	13,030,827	58,650	3,429,459	20,853,207
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owner of the Company</i>						
Issue of share capital	21	479,986	16,799,517	-	-	17,279,503
Shares issuance costs	21	-	(55,717)	-	-	(55,717)
Dividends	34	-	-	-	(5,584,538)	(5,584,538)
<i>Total contributions by and distributions to owners of the Company</i>						
		479,986	16,743,800	-	(5,584,538)	11,639,248
Total transactions with owners, recorded directly in equity						
		479,986	16,743,800	-	(5,584,538)	11,639,248
Comprehensive income for the year						
Profit		-	-	-	7,156,439	7,156,439
Total comprehensive income for the year						
		-	-	-	7,156,439	7,156,439
Transfer to legal reserve						
		-	-	170,000	(170,000)	-
Balance at 31 December 2011						
		4,814,257	29,774,627	228,650	4,831,360	39,648,894

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



# STATEMENT OF CHANGES IN EQUITY

Indorama Ventures Public Company Limited and its Subsidiaries

	Note	Issued and paid - up share capital	Share premium	Separate financial statements		Fair value of changes on cash flow hedges	Total equity
				Retained earnings			
				Legal reserve	Unappropriated		
(in thousand Baht)							
Year ended 31 December 2012							
Balance at 1 January 2012		4,814,257	29,774,627	228,650	4,831,360	-	39,648,894
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends	34	-	-	-	(3,273,695)	-	(3,273,695)
<i>Total distributions to owners of the Company</i>							
		-	-	-	(3,273,695)	-	(3,273,695)
Total transactions with owners, recorded directly in equity							
		-	-	-	(3,273,695)	-	(3,273,695)
Comprehensive income for the year							
Profit		-	-	-	3,483,794	-	3,483,794
Other comprehensive income		-	-	-	-	2,364	2,364
Total comprehensive income for the year		-	-	-	3,483,794	2,364	3,486,158
Transfer to legal reserve		-	-	252,936	(252,936)	-	-
Balance at 31 December 2012		4,814,257	29,774,627	481,586	4,788,523	2,364	39,861,357

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

## STATEMENT OF CASH FLOWS

Indorama Ventures Public Company Limited and its Subsidiaries

Note	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2012	2011	2012	2011
<b>(Restated)</b>				
<b>(in thousand Baht)</b>				
<b>Cash flows from operating activities</b>				
Profit for the year	4,819,590	15,417,922	3,483,794	7,156,439
<i>Adjustments for</i>				
Depreciation	29 6,038,231	4,554,221	-	-
Amortisation of intangible assets and other assets	29 625,520	222,290	-	-
Interest income	(277,318)	(487,351)	(1,873,172)	(1,000,563)
Dividend income	11 -	-	(3,441,471)	(7,046,771)
Gains on bargain purchases	4 (847,496)	(6,752,564)	-	-
Loss from disposal of subsidiary	-	-	-	78
Share of (profit) loss of jointly-controlled entities, net	12 911,265	(1,303,435)	-	-
Finance costs	30 3,448,584	2,370,063	1,625,035	936,060
Unrealised foreign exchange (gain) loss	200,304	(213,283)	247,317	(15,455)
Provision (reversal) for bad and doubtful debts expense, net	8 11,074	(32,154)	-	-
Provision for inventory obsolescence, net	9 5,643	53,332	-	-
Impairment for inventory and machinery and equipment due to flood, net	38 221	1,674,715	-	-
Employee benefits expense	20 164,613	128,212	-	-
Gain on sale of flood damaged inventory and property, plant and equipment as a result of scrap sales	38 (113,848)	-	-	-
Gain on disposal of property, plant and equipment, net	24 (4,504)	(7,124)	-	-
Write-off of property, plant and equipment	14,413	-	-	-
Gain on disposal of investment in other equity securities	11 (2,500)	-	-	-
Income tax expense	31 579,738	742,241	-	-
	15,573,530	16,367,085	41,503	29,788
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	1,031,886	(1,487,094)	-	-
Inventories	(1,362,619)	(5,116,829)	-	-
Other current assets	(256,663)	4,074,423	(49,185)	(99)
Other non-current assets	22,344	(343,208)	-	-
Trade accounts payable	1,865,642	(296,967)	-	-
Other current liabilities	(579,374)	(4,476,287)	1,410	(93,888)
Other non-current liabilities	(110,279)	869,496	-	-
Employee benefits paid	(104,477)	(3,227)	-	-
Income taxes paid	(626,018)	(192,438)	-	-
<b>Net cash from (used in) operating activities</b>	<b>15,453,972</b>	<b>9,394,954</b>	<b>(6,272)</b>	<b>(64,199)</b>
<b>Cash flows from investing activities</b>				
Interest received	314,128	416,167	1,689,480	676,106
Dividend received	-	-	3,441,471	7,046,771
Proceeds from sale of flood damaged inventory and property, plant and equipment as a result of scrap sales	113,848	-	-	-
Purchase of property, plant and equipment	(10,865,868)	(6,877,213)	-	-
Proceeds from sale of property, plant and equipment	27,543	48,884	-	-
(Purchase) sale of other investments, net	5,355,744	(5,119,671)	5,155,000	(5,260,000)
Sale of investment in other equity securities	11 2,500	-	-	-
Purchase of intangible assets	15 (6,964)	(5,790)	-	-
Return of capital from subsidiary	-	-	-	324
Net cash outflow on acquisitions of businesses	4 (30,890,001)	(23,095,579)	-	-
Net cash outflow on additional investment in subsidiaries and jointly-controlled entities	11, 12 (413,761)	(2,220,132)	(1,735,650)	(8,835,154)
Net cash inflow on disposal of investment in a subsidiary	-	9,034	-	-
<b>Net cash from (used in) investing activities</b>	<b>(36,362,831)</b>	<b>(36,844,300)</b>	<b>8,550,301</b>	<b>(6,371,953)</b>

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

# STATEMENT OF CASH FLOWS

Indorama Ventures Public Company Limited and its Subsidiaries

Note	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2012	2011	2012	2011
<b>(Restated)</b>				
<b>(in thousand Baht)</b>				
<i>Cash flows from financing activities</i>				
Interest paid	(3,151,436)	(2,152,526)	(1,493,409)	(790,001)
Deferred financing cost paid	(183,026)	(131,308)	-	(53,463)
Dividends paid to owners of the Company	34 (3,273,695)	(5,584,538)	(3,273,695)	(5,584,538)
Dividends paid to non-controlling interests	(16,869)	(45,334)	-	-
Proceeds from short and long-term borrowings	22,345,650	34,602,325	-	18,536,300
Repayment of short and long-term borrowings	(16,514,496)	(13,400,156)	(8,729,996)	(2,713,352)
Repayment of finance leases	(20,132)	(22,097)	-	-
Proceeds from issue of shares, net of share issuance cost of Baht 55,717,205	21 -	17,223,786	-	17,223,786
Proceeds from issue of debenture, net of debenture issuance costs of Baht 32,024,687 in 2012 and 32,300,000 in 2011	17 14,147,975	7,467,700	14,147,975	7,467,700
Short-term loans to subsidiaries	-	-	(5,307,723)	(18,707,260)
Long-term loans to subsidiaries	-	-	(10,081,480)	(1,153,000)
Loans to a jointly-controlled entity	(60,091)	-	-	-
<b>Net cash from (used in) financing activities</b>	<b>13,273,880</b>	<b>37,957,852</b>	<b>(14,738,328)</b>	<b>14,226,172</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,634,979)</b>	<b>10,508,506</b>	<b>(6,194,299)</b>	<b>7,790,020</b>
Cash and cash equivalents at beginning of year	12,018,021	1,482,637	7,792,152	2,132
Effect of exchange rate changes on balances held in foreign currencies	(7,732)	26,878	-	-
<b>Cash and cash equivalents at end of year</b>	<b>6 4,375,310</b>	<b>12,018,021</b>	<b>1,597,853</b>	<b>7,792,152</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

Indorama Ventures Public Company Limited and its Subsidiaries

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 22 February 2013.

## 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 19, Asoke Road, Klongtoeynua, Wattana, Bangkok, Thailand. The Company was listed on the Stock Exchange of Thailand in February 2010.

The immediate and ultimate parent companies during the financial year were Indorama Resources Limited, incorporated in Thailand, and Canopus International Limited, incorporated in Mauritius, respectively.

The principal activity of the Company and its subsidiaries (“Group”) is the manufacture and distribution of polyethylene terephthalate (“PET”), purified terephthalic acid (“PTA”), ethylene oxide and ethylene glycol (“EO&EG”), polyester fibers and yarns, and wool products. Details of the Company’s subsidiaries and jointly-controlled entities as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2012	2011
<b>Direct subsidiaries</b>				
Indorama Petrochem Limited	Manufacture of purified terephthalic acid (“PTA”)	Thailand	100.00	100.00
Indorama Holdings Limited	Manufacture of worsted wool yarns	Thailand	99.81	99.81
TPT Petrochemicals Public Company Limited	Manufacture of PTA	Thailand	99.96	99.96
IVL Belgium N.V.	Holding company	Belgium	100.00	100.00
Indo Polymers Mauritius Limited	Holding company	Mauritius	100.00	100.00
<b>Direct and indirect subsidiaries</b>				
Indorama Polyester Industries Public Company Limited	Manufacture of polyester fibers and yarns	Thailand	Direct	Direct
			64.94	64.94
			Indirect	Indirect
			34.55	34.55
			<u>99.49</u>	<u>99.49</u>

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2012	2011
Indorama Polymers Public Company Limited	Manufacture of solid-state polymerised chips (generally known as bottle-grade resin chips), and polyethylene terephthalate (“PET”)	Thailand	Direct 72.60 Indirect 26.60 <u>99.20</u>	Direct 72.60 Indirect 26.60 <u>99.20</u>
<b>Indirect subsidiaries</b>				
Indo-Rama Textiles (Thailand) Limited (liquidated in December 2012)	Manufacture of wool top	Thailand	-	94.92
Asia Pet (Thailand) Limited	Manufacture of amorphous chips	Thailand	99.20	99.20
Petform (Thailand) Limited	Manufacturer of PET preforms, closures and blown bottles	Thailand	59.52	59.52
UAB Indorama Holdings Europe	Trading in PTA	Lithuania	99.81	99.81
Indorama Holdings Rotterdam B.V.	Manufacture of PTA	The Netherlands	99.81	99.81
UAB Indorama Polymers Europe	Trading in PET	Lithuania	99.20	99.20
Indorama Polymers Rotterdam B.V.	Manufacture of bottle-grade resin chips	The Netherlands	99.20	99.20
Indorama Polymers Workington Limited	Manufacture of bottle-grade resin chips	United Kingdom	99.20	99.20
UAB Orion Global PET	Manufacture of bottle-grade resin chips	Lithuania	99.20	99.20
Indorama Netherlands Cooperatief U.A.	Holding company	The Netherlands	100.00	100.00
Indorama Netherlands B.V.	Holding company	The Netherlands	100.00	100.00
Indorama Ventures Poland Sp. z o.o.	Manufacture of bottle-grade resin chips	Poland	100.00	100.00
Indorama Trading AG	Trading in wool yarns	Switzerland	99.81	99.81
Indorama Trading (UK) Limited	Trading in wool yarns	United Kingdom	99.81	99.81
Beacon Trading (UK) Limited	Holding company	United Kingdom	99.81	99.81
Indorama Ventures USA Inc.	Holding company	United States of America (“USA”)	99.20	99.20
StarPet Inc.	Manufacture of bottle-grade resin chips	USA	99.20	99.20
Auriga Polymers Inc.	Manufacture of bottle-grade resin chips and polyester fibers	USA	99.20	99.20

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2012	2011
Indorama Polymers (USA), Inc.	Holding company	USA	99.20	99.20
AlphaPet, Inc.	Manufacture of bottle-grade resin chips	USA	99.20	99.20
Indorama PET (Nigeria) Limited	Manufacture of bottle-grade resin chips	Nigeria	89.28	89.28
IVL Singapore PTE. Limited	Treasury and financial services within the Group	Republic of Singapore	99.20	99.20
Guangdong IVL PET Polymer Company Limited	Manufacture of PET bottle-grade resin chips	China	99.20	99.20
IVL Holding, S. de R.L. de C.V.	Holding company	Mexico	100.00	100.00
Grupo Indorama Ventures, S. de R.L. de C.V.	Holding company	Mexico	100.00	100.00
Indorama Ventures Polymers Mexico, S. de R.L. de C.V.	Manufacture of bottle-grade resin chips	Mexico	100.00	100.00
Indorama Ventures Polycom, S. de R.L. de C.V.	Service company	Mexico	100.00	100.00
Indorama Ventures Servicios Corporativos, S. de R.L. de C.V.	Service company	Mexico	100.00	100.00
PT Indorama Ventures Indonesia	Manufacture of polyester filament and yarns and PET	Indonesia	100.00	100.00
PT Indorama Polyester Industries Indonesia	Manufacture of polyester fibers and yarns	Indonesia	100.00	100.00
KP Equity Partners Inc.	Holding company	Malaysia	100.00	100.00
Dong Mao PTE. Limited (struck off in June 2012)	Holding company	Republic of Singapore	-	100.00
PT Indorama Polychem Indonesia	Manufacture of polyester chips, fibers and yarns	Indonesia	100.00	100.00
Indorama Ventures Recycling Netherlands B.V.	Holding company	The Netherlands	100.00	100.00
Wellman International Limited	Manufacture of polyester fibers and other recycling products	Republic of Ireland	100.00	100.00
Wellman France Recyclage SAS	Manufacture of flakes and other recycling products	France	100.00	100.00
Wellman International Trustees Staff Limited (striking off the name is in process)	Non-operating	Republic of Ireland	100.00	100.00



Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2012	2011
Wellman International Trustees Works Limited (striking off the name is in process)	Non-operating	Republic of Ireland	100.00	100.00
Wellman Recycling UK Limited (liquidated in April 2012)	Non-operating	United Kingdom	-	100.00
Wellman Handelsgesellschaft GmbH	Non-operating	Germany	100.00	100.00
MJR Recycling B.V.	Property rental	The Netherlands	100.00	100.00
Beverage Plastics (Holdings) Limited	Holding company	United Kingdom	51.00	-
Beverage Plastics Limited	Manufacture of PET preforms bottles and closures	United Kingdom	51.00	-
PT Indorama Polypet Indonesia	Manufacture of PET	Indonesia	100.00	-
Indorama Ventures Performance Fibers Holdings USA LLC	Holding company	USA	100.00	100.00
SPG/FV Investor LLC	Holding company	USA	100.00	-
FiberVisions Holdings LLC	Holding company	USA	100.00	-
FiberVisions Corporation	Holding company	USA	100.00	-
FiberVisions Manufacturing Company	Manufacture of polyester fibers	USA	100.00	-
Covington Holdings, Inc.	Holding company	USA	100.00	-
FiberVisions L.P.	Holding company	USA	100.00	-
FiberVisions Products, Inc.	Manufacture of polyester fibers	USA	100.00	-
Athens Holdings, Inc.	Holding company	USA	100.00	-
FV Holdings, Inc.	Holding company	USA	100.00	-
FiberVisions A/S	Manufacture of polyester fibers	Denmark	100.00	-
FiberVisions (China) A/S	Holding company	Denmark	100.00	-
FiberVisions (China) Textile Products Limited	Manufacture of polyester fibers	China	100.00	-
FiberVisions GmbH	Non-operating	Germany	100.00	-
Indorama Ventures Holdings LP	Holding company	USA	100.00	-
Indorama Ventures OGL Holdings LP	Holding company	USA	100.00	-
Indorama Ventures (Oxide & Glycols) LLC	Manufacture of ethylene oxide and ethylene glycols	USA	100.00	-

Name of the entity	Type of business	Country of incorporation	Effective ownership interest (%)	
			2012	2011
Indorama Ventures Logistics LLC	Rail car leasing and transportation service	USA	100.00	-
<i>Direct and indirect jointly-controlled entities</i>				
UAB Ottana Polimeri Europe	Holding company	Lithuania	50.00	50.00
Ottana Polimeri S.R.L.	Manufacture of PTA and PET bottle-grade resin chips	Italy	50.00	50.00
Trevira Holdings GmbH	Holding company	Germany	75.00	75.00
Trevira GmbH	Manufacture of polyester fibers and yarns	Germany	75.00	75.00
Trevira Sp. z o.o.	Manufacture of polyester fibers and yarns	Poland	75.00	75.00
Trevira North America, LLC	Trading and services	USA	75.00	75.00
PT Indorama Petrochemicals	Manufacture of PTA	Indonesia	43.00	42.00
ES FiberVisions, Inc.	Holding company	USA	50.00	-
ES FiberVisions LP	Sales and marketing company	USA	50.00	-
ES FiberVisions Holdings ApS	Holding company	Denmark	50.00	-
ES FiberVisions ApS	Sales and marketing company	Denmark	50.00	-
ES FiberVisions Hong Kong Limited	Holding company	Hong Kong	50.00	-
ES FiberVisions China Limited	Sales and marketing company	China	50.00	-
ES FiberVisions Company Limited	Sales and marketing company	Japan	50.00	-
ES FiberVisions (Suzhou) Co., Ltd.	Manufacture and sale of bicomponent fiber	China	50.00	-

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 and registered for the completion of liquidation on 24 December 2012.

On 20 October 2010, Auriga Polymers Inc. (“Auriga”), a new indirect subsidiary, was incorporated in United States of America (“USA”), with common stock of 5,000 shares with no par value. As at 31 December 2012, Auriga has a paid-up capital of USD 30 million (Baht 911.1 million). On 1 March 2011, Auriga completed the acquisition of net assets of a PET polymers and polyester fibers business located in Spartanburg, South Carolina, USA from Invista S.a.r.l. (see Note 4(v)).

On 10 December 2010, Guangdong IVL PET Polymer Co., Ltd., (“GIVL”) a new indirect subsidiary, was incorporated in China, with an authorised share capital of USD 31.0 million (Baht 935.0 million) for which the Group contributed the capital in January 2011. On 27 January 2011, GIVL completed the acquisition of net assets of a PET polymers and polyester polymers business located in Kaiping City, Guangdong province, China from Guangdong Shinda UHMWPE Company Limited (see Note 4(iv)).

On 10 January 2011, Indo Polymers Mauritius Limited, a new direct subsidiary, was incorporated in Mauritius, with an authorised share capital of USD 1. As of 31 December 2012, the Group has contributed additional capital into this subsidiary totalling USD 298.2 million and EUR 32.4 million (totaling Baht 10,570.8 million) (see Note 11).

On 21 January 2011, Indorama Netherlands Cooperatief U.A., a new indirect subsidiary, was incorporated in the Netherlands, with a capital contribution of EUR 18,100 (Baht 0.7 million). As of 31 December 2012, the Group has contributed USD 297.7 million and EUR 32.7 million (totaling Baht 10,558.5 million) to share premium account.

On 27 January 2011, Indorama Netherlands B.V., a new indirect subsidiary, was incorporated in the Netherlands, with share capital of EUR 18,000 (Baht 0.7 million). As of 31 December 2012, the Group has contributed USD 653.1 million and EUR 72.7 million (totaling Baht 23,227.9 million) to share premium account. On 2 March 2011, Indorama Netherlands B.V., completed the acquisition through the purchase of 100% outstanding shares of PT SK Keris from SK Chemicals and SK Syntec as per the share purchase agreement dated 8 December 2010. PT SK Keris and its subsidiaries, which include PT SK Fibers, PT SK Wahana, KP Equity Partners Inc. and Dong Mao PTE. Ltd., operate a polyester fibers and yarns and PET polymers business in Indonesia (see note 4(ii)). Subsequent to the completion of acquisition, PT SK Keris was renamed to PT Indorama Ventures Indonesia (“PTIVI”) and PT SK Fibers was renamed to PT Indorama Polyester Industries Indonesia (“PTIPI”). In addition, PT SK Wahana, an indirect subsidiary registered in Indonesia and owned by PTIVI, was liquidated on 25 March 2011. Furthermore, Dong Mao PTE. Limited, an indirect subsidiary registered in Republic of Singapore and owned by PTIVI, was approved by its board of directors for striking off on 25 March 2011 and subsequently struck off the register of Accounting and Corporate Regulatory Authority (“ACRA”), Republic of Singapore on 5 June 2012.

On 7 February 2011, IVL Poland Sp. z o.o., a new indirect subsidiary, was incorporated in Poland with an authorised share capital of PLN 5,000 (Baht 50 thousand) and subsequently increased its share capital to PLN 49.7 million (Baht 523.3 million). On 2 March 2011, the Company completed the acquisition through the purchase of 100% of the outstanding share capital of SK Eurochem Sp. z o.o., a company incorporated in Poland, from SK Chemicals and SK Syntec as per share purchase agreement dated 8 December 2010. SK Eurochem Sp. z o.o., operates a PET polymers business (see note 4(iii)). On 12 April 2011, SK Eurochem S.p. zo.o. was renamed to Indorama Polymers Poland Sp. z o.o. On 2 January 2012, IVL Poland Sp. z o.o and Indorama Polymers Poland Sp. z o.o. have been merged and the merged entity has been registered as Indorama Ventures Poland Sp. z o.o. The objective is to streamline structure which does not have any impact on operation or financial position of the business.

On 24 January 2011, Trevira Holdings GmbH (“Trevira”), a new indirect jointly-controlled entity, was incorporated in Germany, whereby 75% ownership interest is held by Indorama Netherlands B.V. and 25% of ownership interest is held by Sinterama S.p.A. The Company has an authorised share capital of EUR 25,000 (Baht 1.1 million). On 1 July 2011, Trevira completed the acquisition through the purchase of 100% of outstanding shares of Trevira GmbH. Trevira GmbH owns and operates plants in Germany and Poland to manufacture polyester staple fibers and specialty filaments (see Note 4 (vi)).

On 27 January 2011, StarPet Subsidiary Inc., a new indirect subsidiary, was incorporated in the USA with common stock of 5,000 shares with no par value, for the purpose of reorganisation of the Group's business operations located in USA. On 23 February 2011, StarPet Inc., an indirect subsidiary, was renamed to Indorama Ventures USA Inc. ("IVL USA") and StarPet Subsidiary Inc. was renamed to StarPet Inc. During 2011, IVL USA increased its share capital to USD 42 million and, through transfer of net assets and business from IVL USA to StarPet Inc., becomes a holding company which owns 100% of outstanding shares of StarPet Inc. and Auriga Polymers Inc.

On 27 January 2011, IVL Holding, S. de R.L. de C.V., a new indirect subsidiary, was incorporated in Mexico, with an authorised share capital of MXN 3,000 (Baht 7 thousand). During 2011, the Company increased its authorised share capital to MXN 1,321.4 million (Baht 3,302.3 million). On 1 March 2011, the Company completed the acquisition of 100% of outstanding shares of Grupo Arteva, S. de R.L. de C.V. and its subsidiaries from Arteva Latin America B.V. as per the sale and purchase agreement dated 12 November 2010. Grupo Arteva, S. de R.L. de C.V. (subsequently renamed to Grupo Indorama Ventures, S. de R.L. de C.V.) and its subsidiaries, which include Arteva Specialties, S. de R.L. de C.V. (subsequently renamed to Indorama Ventures Polymers Mexico, S. de R.L. de C.V.), Arteva Polycom S. de R.L. de C.V. (subsequently renamed to Indorama Ventures Polycom, S. de R.L. de C.V.) and Servicios Corporativos, S. de R.L. de C.V., (subsequently renamed to Indorama Ventures Servicios Corporativos, S. de R.L. de C.V.) operate a business of PET polymers in Queretaro, Mexico (see Note 4(i)).

On 10 October 2011, PT Indorama Polychem Indonesia, a new wholly owned indirect subsidiary, was incorporated in Indonesia. The share capital of the Company, which is registered in 2012, is USD 35.0 million (Baht 1,082.3 million). The Company will implement the greenfield expansion of a continuous polymerisation resin plant with capacity of 313,000 tons per annum and expects to start commercial operations in 2013.

On 29 June 2011, the board of directors approved the acquisition of up to 50% equity interest, through its subsidiary, Indorama Netherlands B.V. in PT Polyprima Karyareksa ("PT Polyprima"), a registered company in Indonesia. On 30 November 2011, 19 December 2011 and 6 December 2012, Indorama Netherlands B.V. acquired 41%, 1% and 1%, respectively, of equity interest in PT Polyprima. PT Polyprima owns and operates a plant to manufacture PTA in Cilegon, West Java, Indonesia. Subsequent to the completion of acquisition, PT Polyprima was renamed to PT Indorama Petrochemicals (see Note 12).

On 22 November 2011, Indorama Ventures Recycling Netherlands B.V., a new indirect subsidiary, was incorporated in the Netherlands, with a registered share capital of EUR 90,000 (Baht 3.8 million). On 30 November 2011, Indorama Ventures Recycling Netherlands B.V. completed the acquisition of 100% of outstanding shares of Wellman International Limited and its subsidiaries and MJR Recycling B.V. from WIT Beteiligungs GmbH and Wellman International Trading. Wellman owns and operates, directly and through its wholly owned subsidiaries, three production facilities for recycling of PET and polyester fibers and yarns in the Republic of Ireland, France and the Netherlands (see Note 4 (vii)). Wellman International Limited has passed a resolution on 17 December 2012 for striking off the name of Wellman International Trustees Staff Limited and Wellman International Trustees Works Limited, its subsidiaries, but the process is not completed as of 31 December 2012.

On 20 December 2011, Indorama Ventures Performance Fibers Holdings USA LLC ("IVPFH"), a new indirect subsidiary, was incorporated in the USA for the purpose of acquisition of FiberVisions Holdings LLC and its subsidiaries, a manufacturer of specialty mono and bicomponent fibers based in Duluth, Georgia, USA. The Group made initial contribution of USD 55.0 million (*Baht 1,717.4 million*) as share capital and USD 145.2 million (*Baht 4,478.4 million*) as loan on 6 January 2012. On 6 January 2012, IVPFH completed the acquisition of 100% of outstanding shares of FiberVisions Holdings LLC as per the purchase and sale agreement dated 23 September 2011 (see Note 4 (viii)).

On 24 February 2012, Beacon Trading (UK) Limited, acquired 51% ownership interest in Beverage Plastics (Holdings) Limited (“BPHL”) and its subsidiary located in Northern Ireland, United Kingdom. The principal activities of BPHL consist of the design, manufacture, distribution and sale of plastic bottles, preforms and closures (see Note 4 (ix)).

On 3 January 2012, PT Indorama Polypet Indonesia (“Polypet”), a new indirect subsidiary, was incorporated in Indonesia with an authorised share capital of USD 5.0 million (Baht 156.5 million). On 9 August 2012, Polypet completed the acquisition of net assets of PET polymers business located in Cilegon, Indonesia from PT Polypet Karyapersada (see Note 4(xi)).

On 13 February 2012, Indorama Ventures Holdings LP (“IVHLP”), a new indirect subsidiary, was incorporated in the USA. On 15 February 2012, Indorama Ventures Investment LLC (“IVIL”) and Indorama Ventures Capital LLC (“IVCL”), new indirect subsidiaries, were incorporated in the USA for the purpose of acquisition of Old World Industries I, Ltd. and Old World Transportation Ltd., an ethylene oxide/ethylene glycol facility in the USA. The Group has made initial contribution of USD 250.0 million (Baht 7,720.6 million) as share capital of IVHLP and prepaid loan of USD 550 million (Baht 16,947.6 million) to the acquirees’ lenders. On 3 April 2012, IVHLP has completed the acquisition of 100% of outstanding shares of Old World Industries, LLC as per the purchase agreement dated 6 February 2012 (see Note 4 (x)). After the acquisition, Old World Industries I, Ltd. and Old World Transportation Ltd. were renamed Indorama Ventures (Oxide & Glycols) Ltd. (“IVOG”) and Indorama Ventures Logistics Ltd. (“IVLL”), respectively. On 20 June 2012, Indorama Ventures OGL Holdings LP (“IVOHL”), a new indirect subsidiary, was incorporated in the USA for the purpose of restructuring the shareholding within the newly acquired businesses. On 24 July 2012, as part of the restructuring, IVOG has been merged into IVCL and the surviving entity was renamed Indorama Ventures (Oxide & Glycols) LLC (“IVOG LLC”). In addition, IVLL has been merged into IVIL and the surviving entity was renamed Indorama Ventures Logistics LLC (“IVL LLC”).

On 20 June 2012, ES FiberVisions (Suzhou) Co., Ltd., a new indirect jointly-controlled entity was incorporated in China, with the registered share capital of USD 12.0 million (Baht 369.9 million), for the manufacture and sale of bicomponent fiber. IVHLP, through FiberVisions A/S, made an investment of USD 2.6 million (Baht 79.6 million) for 50% ownership interest in this jointly-controlled entity (see Note 12).

## **2 Basis of preparation of the financial statements**

### **(a) Statement of compliance**

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

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in Note 40.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- the defined benefit obligation is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

**(c) Presentation currency**

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

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

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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 of businesses
Note 13	Key assumptions used in discounted cash flow projections
Note 20	Measurement of defined benefit obligation
Note 35	Valuation of financial instruments
Note 37	Contingent liabilities
Note 38	Impact of severe flooding in Thailand

**3 Significant accounting policies**

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

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in jointly-controlled entities.

*Business combinations*

The Group applies the acquisition method for all business combinations other than those with entities under common control.



Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, other professional and consulting fees are expensed as incurred.

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

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with Guidelines 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. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### *Jointly-controlled entities and associates (equity-accounted investees)*

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.



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.

Investments in jointly-controlled entities and associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees 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 equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or made payments on behalf of the investee.

#### *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### *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 unrealised 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 profit or loss.

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.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at foreign exchange rate ruling at the date that fair value was determined.

#### *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 acquisition of foreign entities are stated at exchange rates ruling on transaction 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 other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

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

**(c) *Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate 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.

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

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

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

**(d) *Hedging***

*Fair value hedges*

Where a derivative 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 profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

*Cash flow hedges*

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

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

For hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

#### *Hedge of net investment in foreign operation*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for similarly to cash flow hedges.

#### *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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in the profit or loss immediately.

#### **(e) *Cash and cash equivalents***

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

#### **(f) *Trade and other 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) *Non-current assets held for sale***

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

**(i) *Investments***

*Investments in subsidiaries, jointly-controlled entities and associates*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investment in jointly-controlled entities and associates 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 other equity securities*

Equity securities which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

**(j) *Property, plant and equipment***

*Recognition and measurement*

*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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### *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 profit and loss.

#### *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 recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income 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 transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

#### *Subsequent costs*

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

#### *Depreciation*

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

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

Land improvements	3-50 years
Buildings and building improvements	5-50 years
Machinery and equipment - textile production	5-25 years
Machinery and equipment - other	1-30 years
Office furniture, fixtures and equipment	1-14 years
Transportation equipment	2-10 years
Stores and spares	1-10 years

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

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

**(k) Intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

*Other intangible assets*

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

*Amortisation*

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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

Rights acquired	15-20 years
Supplier contract and relationships	10-13, Indefinite
Software licenses	3-15 years
Technology licenses and knowhow	7.5-30 years
Customer contracts and relationships	3-19 years
Trade name and trademarks	15, Indefinite
Chemicals exchange contract	19 years

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

**(l) 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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 profit or loss 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 recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. 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.

### **(m) *Interest-bearing liabilities***

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

### **(n) *Trade and other accounts payable***

Trade and other accounts payable are stated at cost.

### **(o) *Employee benefits***

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.



*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's 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 to the Group, 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is 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. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **(p) Provisions**

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

### **(q) Revenue**

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

### *Sale of goods*

Revenue is recognised in the profit or loss 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.

### **(r) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

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

### **(s) Lease payments**

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

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

*Determining whether an arrangement contains a lease*

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

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

**(t) 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 or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. The assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group/Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**(u) Earnings per share**

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

**4 Acquisitions of businesses***Gains on bargain purchases*

The excess of the Group's interest in the net identified assets and liabilities of the companies acquired over cost during the years ended 31 December 2012 and 2011 is considered by management as gains on bargain purchases, and is recognised in the consolidated statement of income for years ended 31 December 2012 and 2011 and comprised the following:

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>(in thousand Baht)</i>	
Grupo Arteva, S. de R.L. de C.V., Mexico	4(i)	-	1,826,218
Indorama Polymers Poland Sp. z o.o., Poland	4(iii)	-	1,530,365
Guangdong IVL PET Polymer Company Limited, China	4(iv)	-	406,754
Auriga Polymers Inc., USA	4(v)	-	2,855,832

	<i>Note</i>	2012 <i>(in thousand Baht)</i>	2011
Wellman International Limited, Republic of Ireland	4(vii)	-	133,395
Indorama Ventures Performance Fibers Holdings USA LLC, USA	4(viii)	726,333	-
PT Indorama Polypet Indonesia, Indonesia	4(xi)	121,163	-
<b>Total gains on bargain purchases</b>		<b>847,496</b>	<b>6,752,564</b>

In accordance with TFRS3, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Finalisation of the fair values for certain acquisitions of businesses acquired during 2011 and 2012 is dependent on determination of the ultimate purchase price and completion of the purchase price allocation exercise.

At the date of original issuance of the consolidated financial statements for the year ended 31 December 2011, the fair value of Wellman International Limited, which was acquired during the year ended 31 December 2011 had been provisionally assessed by management. Independent appraisal report determining the fair value was subsequently finalised. The final purchase price was agreed and the purchase price allocation was completed in 2012.

During the year ended 31 December 2012 and 2011, the Group incurred acquisition-related costs of Baht 358.8 million and Baht 613.4 million, respectively, relating to external legal fees, advisory fees, and due diligence costs. This amount has been included in administrative expenses in the consolidated statement of income.

**(i) Grupo Arteva, S. de R.L. de C.V., Mexico**

On 1 March 2011, the Group completed the business acquisition of a PET facility in Mexico, from Arteva Latin America B.V, a company registered in Mexico, through the acquisition of 100% of the outstanding shares of Grupo Arteva, S. de R.L. de C.V., located in Mexico, for a preliminary cash consideration of MXN 3,263.1 million (Baht 8,243.3 million) and the transaction is accounted for as a business combination. During 2011, the working capital adjustments were finalised and the final purchase price was settled with the seller to be MXN 3,048.5 million (Baht 7,701.1 million).

Management believes that taking control of the business enables the Group to own an established operating production facility with assembled workforce to service the PET polymers market in Mexico, Central America and Latin America. Management expects the acquisition to provide the Group with an increased share of the market through access to the acquiree's customer relationships, intellectual property in relation to trademarks, technology, knowhow and licenses and technical talent of the workforce.

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

	Carrying amounts	Fair value adjustments <i>(in thousand Baht)</i>	Recognised values
Cash and cash equivalents	427,294	-	427,294
Inventories	1,350,933	-	1,350,933
Accounts receivables	5,727,917	-	5,727,917
Property, plant and equipment	5,852,000	(404,329)	5,447,671
Intangible assets	1,075,608	(260,695)	814,913
Accounts payables	(2,282,797)	-	(2,282,797)
Other assets/(liabilities), net	(1,958,608)	-	(1,958,608)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>10,192,347</b>	<b>(665,024)</b>	<b>9,527,323</b>
Gain on a bargain purchase			(1,826,218)
<b>Total consideration</b>			<b>7,701,105</b>
Cash acquired			(427,294)
<b>Net consideration - paid</b>			<b>7,273,811</b>
Consideration paid			7,694,219
Consideration receivable as at 31 December 2012			(420,408)
<b>Net consideration</b>			<b>7,273,811</b>

**(ii) PT Indorama Ventures, Indonesia**

On 2 March 2011, the Group completed the business acquisition of a PET and polyester fibers and yarns facility in Indonesia, from SK Chemicals, a company registered in South Korea, through the acquisition of 100% of the outstanding shares of PT SK Keris, located in Indonesia, for a cash consideration of USD 29.3 million (Baht 895.1 million) and repayment of PT SK Keris's bank loans of USD 138.1 million (Baht 4,222.9 million), totalling to USD 167.4 million (Baht 5,118.0 million).

Management believes that taking control of the business enables the Group to own an established operating production facility with assembled workforce to service the polyester fibers and yarns and PET polymers market in Indonesia.

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

	<b>Carrying amounts</b>	<b>Fair value adjustments (in thousand Baht)</b>	<b>Recognised values</b>
Cash and cash equivalents	300,915	-	300,915
Inventories	769,739	-	769,739
Accounts receivables	1,450,788	-	1,450,788
Property, plant and equipment	4,293,816	(708,498)	3,585,318
Intangible assets	2,760	(2,760)	-
Accounts payables	(1,794,574)	-	(1,794,574)
Other assets/(liabilities), net	424,502	(14,054)	410,448
<b>Net identifiable assets acquired and liabilities assumed</b>	<b><u>5,447,946</u></b>	<b><u>(725,312)</u></b>	<b><u>4,722,634</u></b>
Goodwill			395,427
<b>Total consideration</b>			<b><u>5,118,061</u></b>
Cash acquired			(300,915)
<b>Net consideration - paid</b>			<b><u>4,817,146</u></b>

**(iii) Indorama Polymers Poland Sp. z o.o., Poland**

On 2 March 2011, the Group completed the business acquisition of a PET facility in Poland, from SK Chemicals, a company registered in South Korea, through the acquisition of 100% of the outstanding shares of Indorama Polymers Poland Sp. z o.o., located in Poland, for a preliminary cash consideration of PLN 137.3 million (Baht 1,449.0 million). During 2011, the final purchase price was settled with the seller to be PLN 132.3 million (Baht 1,396.0 million).

Management believes that taking control of the business enables the Group to own an established operating production facility with assembled workforce to service the PET polymers markets in Poland and Europe. Management expects the acquisition to provide the Group with an increased share of the market through access to the acquiree's customer relationships and a long term contract with a supplier for piped supply of PTA, which is the main raw material required in the production of PET polymers.

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

	Carrying amounts	Fair value adjustments (in thousand Baht)	Recognised values
Cash and cash equivalents	144,078	-	144,078
Inventories	221,904	-	221,904
Accounts receivables	625,990	-	625,990
Property, plant and equipment	1,412,302	428,055	1,840,357
Intangible assets	-	909,371	909,371
Accounts payables	(784,478)	-	(784,478)
Other assets/(liabilities), net	(30,846)	-	(30,846)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>1,588,950</b>	<b>1,337,426</b>	<b>2,926,376</b>
Gain on a bargain purchase			(1,530,365)
<b>Total consideration</b>			<b>1,396,011</b>
Cash acquired			(144,078)
<b>Net consideration - paid</b>			<b>1,251,933</b>

(iv) *Guangdong IVL PET Polymer Company Limited, China*

On 27 January 2011, the Group completed the business acquisition of a PET facility in China, from Guangdong Shinda UHMWPE Company Limited, a company registered in China, through the acquisition of property, plant and equipment for a cash consideration of CNY 322.7 million (Baht 1,511.6 million). The transaction is accounted for as a business combination.

Management believes that taking control of the business enables the Group to own an established operating production facility with assembled workforce to service the PET polymers market in China.

The acquiree's assets at the acquisition date comprised of the following:

	Carrying amounts	Fair value adjustments (in thousand Baht)	Recognised values
Property, plant and equipment	1,511,629	406,754	1,918,383
<b>Net identifiable assets acquired</b>	<b>1,511,629</b>	<b>406,754</b>	<b>1,918,383</b>
Gain on a bargain purchase			(406,754)
<b>Total consideration</b>			<b>1,511,629</b>

(v) *Auriga Polymers Inc., USA*

On 1 March 2011, the Group completed the business acquisition of a PET and polyester fibers and yarns facility in USA, from Invista S.a.r.l., a company registered in USA, through the acquisition of assets and liabilities for a preliminary cash consideration of USD 192.7 million (Baht 5,893.8 million). During 2011, the final purchase price was settled with the seller to be USD 187.7 million (Baht 5,741.4 million). The transaction is accounted for as a business combination.



Management believes that taking control of the business enables the Group to own an established operating production facility with assembled workforce to service the PET markets in the United States and North America. Management expects the acquisition to provide the Group with an increased share of the market through access to the acquiree's customer relationships, intellectual property in relation to trademarks, technology, knowhow and licenses and technical talent of the workforce.

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

	<b>Carrying amounts</b>	<b>Fair value adjustments</b> <i>(in thousand Baht)</i>	<b>Recognised values</b>
Inventories	1,789,745	-	1,789,745
Accounts receivables	2,377,661	-	2,377,661
Property, plant and equipment	3,656,733	495,194	4,151,927
Intangible assets	-	2,137,822	2,137,822
Accounts payables	(1,876,499)	28,496	(1,848,003)
Other assets/(liabilities), net	1,917	(13,810)	(11,893)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b><u>5,949,557</u></b>	<b><u>2,647,702</u></b>	<b><u>8,597,259</u></b>
Gain on a bargain purchase			(2,855,832)
<b>Total consideration</b>			<b><u>5,741,427</u></b>

**(vi) Trevira GmbH, Germany**

On 1 July 2011, Trevira Holdings GmbH, a jointly-controlled entity (see Note 1), completed the business acquisition of polyester fibers and yarns facilities from Trevira Abwicklungsgesellschaft mbH, through the acquisition of 100% of the outstanding shares of Trevira GmbH, located in Bobingen, Germany, for a cash consideration of EUR 18 million (Baht 796.9 million) and the transaction is accounted for as a business combination.

Management believes that taking control of the business enables the Group to own an established and operating production facility with assembled workforce to service the specialty polyester fibers and yarns including filaments market in Europe. Management expects the acquisition to provide the Group with an increased share of the market through access to the acquiree's customer relationships, intellectual property in relation to trademarks, technology, knowhow and licenses.

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 <i>(in thousand Baht)</i>	Recognised values
Cash and cash equivalents	210,768	-	210,768
Accounts receivables	618,616	-	618,616
Inventories	1,624,135	-	1,624,135
Property, plant and equipment	1,494,926	344,309	1,839,235
Intangible assets	27,806	256,339	284,145
Accounts payables	(888,180)	-	(888,180)
Other assets/(liabilities), net	(773,322)	-	(773,322)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>2,314,749</b>	<b>600,648</b>	<b>2,915,397</b>
Gain on a bargain purchase			(2,118,487)
<b>Total consideration</b>			<b>796,910</b>
Cash acquired			(210,768)
<b>Net consideration - paid</b>			<b>586,142</b>

The Group applied the equity method of accounting for its investment in Trevira Holdings GmbH (see Note 12). At the date of original issuance of the consolidated financial statements for the year ended 31 December 2011, the fair value of this investment had been provisionally assessed by management. An independent appraisal report determining the fair value was subsequently finalised. The purchase price allocation was completed in the second quarter of 2012. The fair value of the investment was adjusted accordingly in the consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements for the year ended 31 December 2011, included in these consolidated financial statements, have been restated by Baht 11.1 million to reflect the restated share of profit. The restated share of profit of Baht 1,588.9 million represents 75% of the final gain on a bargain purchase of Baht 2,118.5 million.

**(vii) Wellman International Limited, Republic of Ireland**

On 30 November 2011, the Group completed the business acquisition of a PET and polyester fibers and yarns facility in the Republic of Ireland, from WIT Beteiligungs GmbH and Wellman International Trading, companies registered in Europe, through the acquisition of 100% of the outstanding shares of Wellman International Limited, located in the Republic of Ireland, and MJR Recycling B.V., located in the Netherlands for a cash consideration of EUR 52.3 million (Baht 2,177.6 million). The transaction is accounted for as a business combination.

Management expects the acquisition to provide access to recycling technology and the potential for a technology transfer within the Group with a reduced learning curve. The acquisition provides the Group with three production facilities in Europe which include a polyester fiber plant based in Mullagh, the Republic of Ireland, recycling plants at Spijk in the Netherlands, and Verdun in France. The plant in Republic of Ireland is capable of converting waste polyester into 100% recycled fiber. Post consumer recycled bottles are flaked and processed with other waste material to produce fibers that can be used in a variety of premium applications, such as in the hygiene industry.

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

	Carrying amounts	Fair value adjustments (in thousand Baht)	Recognised values
Cash and cash equivalents	98,363	-	98,363
Inventories	1,166,809	-	1,166,809
Accounts receivable	1,138,241	-	1,138,241
Property, plant and equipment	798,675	(102,629)	696,046
Intangible assets	-	102,629	102,629
Accounts payable	(686,333)	-	(686,333)
Other assets/(liabilities), net	(204,772)	-	(204,772)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>2,310,983</b>	<b>-</b>	<b>2,310,983</b>
Gain on a bargain purchase			(133,395)
<b>Total consideration</b>			<b>2,177,588</b>
Cash acquired			(98,363)
<b>Net consideration - paid</b>			<b>2,079,225</b>

**(viii) FiberVisions Holdings LLC, USA**

On 6 January 2012, the Group completed the business acquisition of speciality mono and bicomponent fibers facilities in different locations globally from SPG FiberVisions Seller LLC (principal seller), a limited liability company registered in the USA, through the acquisition of 100% of the outstanding shares of FiberVisions Holdings LLC, a limited liability company registered in the USA, for a preliminary cash consideration of USD 197.2 million (Baht 6,236.1 million). During 2012, the final purchase price was settled with seller to be USD 194.3 million (Baht 6,144.6 million). The transaction is accounted for as a business combination. During the period from the acquisition date to 31 December 2012, the production facilities contributed revenue of USD 380.1 million (Baht 11,816.8 million) and net loss of USD 0.6 million (Baht 19.7 million) to the Group's results. If the acquisition had occurred on 1 January 2012, management estimates that consolidated revenue would have been higher by USD 4.8 million (Baht 148.5 million) and consolidated profit would have been lower by USD 27 thousand (Baht 0.9 million). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.

Management believes that taking control of the business enables the Group to own established operating production facilities with assembled workforce located in the USA, Europe and Asia to service the specialized fibers market for hygiene products.

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

	Carrying amounts	Fair value adjustments <i>(in thousand Baht)</i>	Recognised values
Cash and cash equivalents	499,331	-	499,331
Inventories	1,108,492	-	1,108,492
Accounts receivable	662,483	-	662,483
Investment in jointly-controlled entities	(191,586)	599,506	407,920
Property, plant and equipment	2,586,112	1,549,807	4,135,919
Goodwill	1,012,587	(1,012,587)	-
Intangible assets	81,005	1,006,781	1,087,786
Accounts payable	(1,244,118)	-	(1,244,118)
Other assets/(liabilities), net	213,129	-	213,129
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>4,727,435</b>	<b>2,143,507</b>	<b>6,870,942</b>
Gain on a bargain purchase			(726,333)
<b>Total consideration</b>			<b>6,144,609</b>
Cash acquired			(499,331)
<b>Net consideration - paid</b>			<b>5,645,278</b>

The trade receivables comprise gross contractual amounts due of Baht 668.7 million, of which Baht 6.2 million was expected to be uncollectible at the acquisition date.

**(ix) Beverage Plastics (Holdings) Limited, United Kingdom**

On 24 February 2012, the Group completed the business acquisition of a PET packaging facility (plastic bottles, preforms and closures) in Northern Ireland, UK from Ian Beecroft, William Leslie Dalton and David Horan, residents of UK, through the acquisition of 51% of the outstanding shares of Beverage Plastics (Holdings) Limited, located in Northern Ireland, UK for a cash consideration of GBP 0.05 million (Baht 2.4 million) and a contingent consideration of GBP 0.05 million (Baht 2.4 million) due in one year when a certain financial target is met. The Group, through its indirect subsidiary, grants the put option, which is exercisable at any time after 23 February 2015, to non-controlling interest shareholders to purchase all shares held by those non-controlling interest shareholders. The transaction is accounted for as a business combination. During the period from the acquisition date to 31 December 2012, the production facilities contributed revenue of GBP 23.6 million (Baht 1,162.3 million) and net profit of GBP 0.9 million (Baht 42.9 million) to the Group's results. If the acquisition had occurred on 1 January 2012, management estimates that consolidated revenue would have been higher by GBP 4.2 million (Baht 206.2 million) and consolidated profit would have been higher by GBP 0.2 million (Baht 7.6 million). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.

Management believes that taking control of the business enables the Group to own an operating production facility to service the PET packaging markets in Europe.

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

	Carrying amounts	Fair value adjustments (in thousand Baht)	Recognised values
Cash and cash equivalents	2,177	-	2,177
Inventories	120,251	-	120,251
Accounts receivable	171,046	-	171,046
Property, plant and equipment	204,189	70,202	274,391
Accounts payable	(305,329)	-	(305,329)
Other assets/(liabilities), net	(253,172)	-	(253,172)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>(60,838)</b>	<b>70,202</b>	<b>9,364</b>
<b>Interest acquired (%)</b>			<b>51%</b>
<b>Net identifiable assets and liabilities-acquired and total consideration</b>			<b>4,775</b>
Cash acquired			(2,177)
<b>Net consideration</b>			<b>2,598</b>
Consideration paid			211
Contingent consideration payable as at 31 December 2012			2,387
<b>Net consideration</b>			<b>2,598</b>

The trade receivables comprise gross contractual amounts due of Baht 198.5 million, of which Baht 27.5 million was expected to be uncollectible at the acquisition date.

(x) **Old World, USA**

On 3 April 2012, the Group completed the business acquisition of an ethylene oxide/ethylene glycol facility in the USA from Old World Industries, LLC, an Illinois limited liability company and Old World Management, Inc, an Illinois corporation, through the acquisition of 100% of partnership interests of Old World Industries I, Ltd. and Old World Transportation, Ltd. for a preliminary cash consideration of USD 811.3 million (Baht 25,000.2 million). During 2012, the final purchase price was settled with the seller to be USD 810.6 million (Baht 24,977.2 million). Subsequent to the completion of acquisition, Old World Industries I, Ltd. was renamed "Indorama Ventures (Oxide & Glycols) Ltd." and Old World Transportation Ltd. was renamed "Indorama Ventures Logistics Ltd." (see Note 1). The transaction is accounted for as a business combination. During the period from the acquisition date to 31 December 2012, the production facilities contributed revenue of USD 392.1 million (Baht 12,202.3 million) and net profit of USD 87.0 million (Baht 2,707.8 million) to the Group's results. If the acquisition had occurred on 1 January 2012, management estimates that consolidated revenue would have been higher by USD 152.0 million (Baht 4,730.5 million) and consolidated profit would have been higher by USD 36.4 million (Baht 1,133.6 million). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.

Management believes that taking control of the business enables the Group to further integrate within the polyester value chain into its key raw materials which is ethylene glycol and to sell purified ethylene oxide.

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

	Carrying amounts	Fair value adjustments (in thousand Baht)	Recognised values
Inventories	634,966	-	634,966
Accounts receivable	2,546,752	-	2,546,752
Property, plant and equipment	3,269,614	7,660,482	10,930,096
Intangible assets	-	5,546,484	5,546,484
Accounts payable	(956,678)	-	(956,678)
Other assets/(liabilities), net	(163,024)	-	(163,024)
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>5,331,630</b>	<b>13,206,966</b>	<b>18,538,596</b>
Goodwill			6,438,618
<b>Total consideration</b>			<b>24,977,214</b>
Consideration paid (including subsequent offset of accounts receivable of Baht 819.8 million)			24,598,657
Consideration payable as at 31 December 2012			378,557
<b>Net consideration</b>			<b>24,977,214</b>

The trade receivables comprise gross contractual amounts due of Baht 2,550.7 million, of which Baht 3.9 million was expected to be uncollectible at the acquisition date.

**(xi) PT Indorama Polypet Indonesia, Indonesia**

On 9 August 2012, the Group completed the business acquisition of a PET facility in Cilegon, Indonesia from PT Polypet Karyapersada, through the acquisition of net assets, for a preliminary cash consideration of USD 20.5 million (Baht 645.9 million). The transaction is accounted for as a business combination. The final purchase price payable is pending a finalisation of working capital adjustment as per purchase agreement. During the period from the acquisition date to 31 December 2012, the production facility contributed revenue of USD 18.2 million (Baht 562.0 million) and net loss of USD 1.5 million (Baht 46.7 million) to the Group's results. If the acquisition had occurred on 1 January 2012, management estimates that consolidated revenue would have been higher by USD 27.9 million (Baht 862.5 million) and consolidated profit would have been lower by USD 2.3 million (Baht 71.6 million). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.

Management believes that taking control of the business enables the Group to further expand its PET resin business in Indonesia and better serve domestic and export markets.

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

	<b>Carrying amounts</b>	<b>Fair value adjustments</b> <i>(in thousand Baht)</i>	<b>Recognised values</b>
Inventories	74,072	(9,680)	64,392
Property, plant and equipment	1,939,967	(1,239,710)	700,257
Intangible assets	31	-	31
Other assets/(liabilities), net	2,902	(564)	2,338
<b>Net identifiable assets acquired and liabilities assumed</b>	<b>2,016,972</b>	<b>(1,249,954)</b>	<b>767,018</b>
Gain on bargain purchase			(121,163)
<b>Net consideration - paid</b>			<b>645,855</b>

An independent appraiser has been appointed to determine the fair value of the business, but the report of the appraiser is not yet completed as at the date of approval of these consolidated financial statements. Accordingly, the fair value of assets acquired and liabilities assumed have been provisionally determined at the acquisition date.

## 5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group/Company if the Group/Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationship with key management and other related parties were as follows:

<b>Name of entity</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
Indorama Resources Limited	Thailand	Immediate parent company, 63.69% shareholder, some common directors
Indorama Petrochem Limited	Thailand	Subsidiary, 100.00% 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 26.60% 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



<b>Name of entity</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
IVL Belgium N.V.	Belgium	Subsidiary, 100.00% shareholding, some common directors
Indo Polymers Mauritius Limited	Mauritius	Subsidiary, 100.00% shareholding
Indo Rama Textiles (Thailand) Limited	Thailand	Indirect subsidiary, 94.92% effective interest, some common directors (liquidated in December 2012)
Asia Pet (Thailand) Limited	Thailand	Indirect subsidiary, 99.20% effective interest, some common directors
Petform (Thailand) Limited	Thailand	Indirect subsidiary, 59.52% effective interest, 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
UAB Indorama Polymers Europe	Lithuania	Indirect subsidiary, 99.20% effective interest, some common directors
Indorama Polymers Rotterdam B.V.	The Netherlands	Indirect subsidiary, 99.20% effective interest, some common directors
Indorama Polymers Workington Limited	United Kingdom	Indirect subsidiary, 99.20% effective interest, some common directors
UAB Orion Global PET	Lithuania	Indirect subsidiary, 99.20% effective interest, some common directors
Indorama Netherlands Cooperatief U.A.	The Netherlands	Indirect subsidiary, 100.00% effective interest
Indorama Netherlands B.V.	The Netherlands	Indirect subsidiary, 100.00% effective interest
Indorama Ventures Poland Sp. z o.o.	Poland	Indirect subsidiary, 100.00% effective interest, some common directors
Indorama Trading AG	Switzerland	Indirect subsidiary, 99.81% 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
Indorama Ventures USA Inc.	USA	Indirect subsidiary, 99.20% effective interest, some common directors
StarPet Inc.	USA	Indirect subsidiary, 99.20% effective interest, some common directors
Auriga Polymers Inc.	USA	Indirect subsidiary, 99.20% effective interest, some common directors
Indorama Polymers (USA), Inc.	USA	Indirect subsidiary, 99.20% effective interest, some common directors
AlphaPet, Inc.	USA	Indirect subsidiary, 99.20% effective interest, some common directors
Indorama PET (Nigeria) Limited	Nigeria	Indirect subsidiary, 89.28% effective interest, some common directors
IVL Singapore PTE Limited	Singapore	Indirect subsidiary, 99.20% effective interest, some common directors
Guangdong IVL PET Polymer Company Limited	China	Indirect subsidiary, 99.20% effective interest, some common directors

<b>Name of entity</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
IVL Holding, S. de R.L. de C.V.	Mexico	Indirect subsidiary, 100.00% effective interest, some common directors
Grupo Indorama Ventures, S. de R.L. de C.V.	Mexico	Indirect subsidiary, 100.00% effective interest, some common directors
Indorama Ventures Polymers Mexico, S. de R.L. de C.V.	Mexico	Indirect subsidiary, 100.00% effective interest, some common directors
Indorama Ventures Polycom, S. de R.L. de C.V.	Mexico	Indirect subsidiary, 100.00% effective interest, some common directors
Indorama Ventures Servicios Corporativos, S. de R.L. de C.V.	Mexico	Indirect subsidiary, 100.00% effective interest, some common directors
PT Indorama Ventures Indonesia	Indonesia	Indirect subsidiary, 100.00% effective interest, some common directors
PT Indorama Polyester Industries Indonesia	Indonesia	Indirect subsidiary, 100.00% effective interest, some common directors
KP Equity Partners Inc.	Malaysia	Indirect subsidiary, 100.00% effective interest, some common directors
Dong Mao PTE. Limited	Singapore	Indirect subsidiary, 100.00% effective interest, some common directors (struck off in June 2012)
PT Indorama Polychem Indonesia	Indonesia	Indirect subsidiary, 100.00% effective interest, some common directors
Indorama Ventures Recycling Netherlands B.V.	The Netherlands	Indirect subsidiary, 100.00% effective interest, some common directors
Wellman International Limited	Ireland	Indirect subsidiary, 100.00% effective interest, some common directors
Wellman France Recyclage SAS	France	Indirect subsidiary, 100.00% effective interest, some common directors
Wellman International Trustees Staff Limited	Ireland	Indirect subsidiary, 100.00% effective interest, some common directors (Striking off the name is in process)
Wellman International Trustees Works Limited	Ireland	Indirect subsidiary, 100.00% effective interest, some common directors (Striking off the name is in process)
Wellman Recycling UK Limited	United Kingdom	Indirect subsidiary, 100.00% effective interest, some common directors (liquidated in April 2012)
Wellman Handelsgesellschaft GmbH	Germany	Indirect subsidiary, 100.00% effective interest, some common directors
MJR Recycling B.V.	The Netherlands	Indirect subsidiary, 100.00% effective interest, some common directors
Beverage Plastics (Holdings) Limited	United Kingdom	Indirect subsidiary, 51.00% effective interest
Beverage Plastics Limited	United Kingdom	Indirect subsidiary, 51.00% effective interest
PT Indorama Polypet Indonesia	Indonesia	Indirect subsidiary, 100.00% effective interest, some common directors
Indorama Ventures Performance Fibers Holdings USA LLC	USA	Indirect subsidiary, 100.00% effective interest, some common directors
SPG/FV Investor LLC	USA	Indirect subsidiary, 100.00% effective interest, some common directors

<b>Name of entity</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
FiberVisions Holdings LLC	USA	Indirect subsidiary, 100.00% effective interest, some common directors
FiberVisions Corporation	USA	Indirect subsidiary, 100.00% effective interest, some common directors
FiberVisions Manufacturing Company	USA	Indirect subsidiary, 100.00% effective interest
Covington Holdings, Inc.	USA	Indirect subsidiary, 100.00% effective interest
FiberVisions L.P.	USA	Indirect subsidiary, 100.00% effective interest
FiberVisions Products, Inc.	USA	Indirect subsidiary, 100.00% effective interest
Athens Holdings, Inc.	USA	Indirect subsidiary, 100.00% effective interest
FV Holdings, Inc.	USA	Indirect subsidiary, 100.00% effective interest
FiberVisions A/S	Denmark	Indirect subsidiary, 100.00% effective interest
FiberVisions (China) A/S	Denmark	Indirect subsidiary, 100.00% effective interest
FiberVisions (China) Textile Products Limited	China	Indirect subsidiary, 100.00% effective interest
FiberVisions GmbH	Germany	Indirect subsidiary, 100.00% effective interest
Indorama Ventures Holdings LP	USA	Indirect subsidiary, 100.00% effective interest
Indorama Ventures OGL Holdings LP	USA	Indirect subsidiary, 100.00% effective interest
Indorama Ventures (Oxide & Glycols) LLC	USA	Indirect subsidiary, 100.00% effective interest
Indorama Ventures Logistics LLC	USA	Indirect subsidiary, 100.00% effective interest
UAB Ottana Polimeri Europe	Lithuania	Indirect jointly-controlled entity, 50.00% effective interest, 50% of directors are representatives of the Company
Ottana Polimeri S.R.L.	Italy	Indirect jointly-controlled entity, 50.00% effective interest, common directors
Trevira Holdings GmbH	Germany	Indirect jointly-controlled entity, 75.00% effective interest
Trevira GmbH	Germany	Indirect jointly-controlled entity, 75.00% effective interest
Trevira Sp. z o.o.	Poland	Indirect jointly-controlled entity, 75.00% effective interest
Trevira North America, LLC	USA	Indirect jointly-controlled entity, 75.00% effective interest
PT Indorama Petrochemicals	Indonesia	Indirect jointly-controlled entity, 43.00% effective interest
ES FiberVisions, Inc.	USA	Indirect jointly-controlled entity, 50.00% effective interest
ES FiberVisions LP	USA	Indirect jointly-controlled entity, 50.00% effective interest
ES FiberVisions Holdings ApS	Denmark	Indirect jointly-controlled entity, 50.00% effective interest
ES FiberVisions ApS	Denmark	Indirect jointly-controlled entity, 50.00% effective interest
ES FiberVisions Hong Kong Limited	Hong Kong	Indirect jointly-controlled entity, 50.00% effective interest

<b>Name of entity</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
ES FiberVisions China Limited	China	Indirect jointly-controlled entity, 50.00% effective interest
ES FiberVisions Company Limited	Japan	Indirect jointly-controlled entity, 50.00% effective interest
ES FiberVisions (Suzhou) Co., Ltd.	China	Indirect jointly-controlled entity, 50.00% effective interest
Tuntex Textile (Thailand) Company Limited	Thailand	Indirect associate, 16.58% effective interest
PT Indorama Synthetics TBK	Indonesia	43% shareholder of indirect jointly-controlled entity, some common directors
Tri Ocean Tuntex Textile (Thailand) Company Limited	Thailand	Indirect associate, 5.97% effective interest (investment disposed in April 2012)
Serm Suk Public Company Limited	Thailand	40% shareholder of indirect subsidiary, some common directors
Pacific Resources Limited	Thailand	Some common shareholders
Cryoviva (Thailand) Limited	Thailand	Some common directors
Indo Rama Synthetics (India) Limited	India	Family relationships with directors
Lohia Global Holdings Limited	Hong Kong	Family relationships with directors
Eleme Petrochemicals Limited	Nigeria	10% shareholder of indirect subsidiary, some common directors
MJETS Limited	Thailand	Family relationships with directors
PT Irama Unggul	Indonesia	Some common directors
Key management personnel	Thailand/India/Indonesia/USA	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company.

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

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

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Interest income	-	-	1,660,775	604,405
Interest expense	-	-	3,814	3,401
Other income	-	-	139,789	-
<b>Key management</b>				
Directors' fee and bonus	44,314	31,379	40,538	24,061
Short-term employee benefits	37,978	40,622	-	-
Long-term employee benefits	28,369	6,295	-	-
<b>Other related parties</b>				
Sales of goods	6,810,596	7,911,477	-	-
Purchases of goods and raw materials	79,824	7,686	-	-
Other raw materials conversion charges and overheads	5,885	21,309	-	-
Selling and administrative expenses	89,844	75,283	-	-
Other income	2,044	1,105	-	-
<b>Jointly-controlled entities</b>				
Sales of goods	158,156	28,105	-	-
Purchases of goods and raw materials	56,543	90,286	-	-
Selling and administrative expenses	2,758	440	-	-
Interest income	179	12,694	-	-
Other income	7,333	6,861	6,955	6,845

Balances as at 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable from related parties</b>				
<b>Other related parties</b>				
Serm-suk Public Company Limited	146,864	32,567	-	-
Indo Rama Synthetics (India) Limited	1,280,021	1,397,060	-	-
PT Indorama Synthetics TBK	153,555	27,443	-	-
	<u>1,580,440</u>	<u>1,457,070</u>	<u>-</u>	<u>-</u>
<b>Other jointly-controlled entities</b>				
Trevira Holdings GmbH	3,093	-	-	-
Ottana Polimeri S.R.L.	111,592	-	-	-
	<u>114,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>1,695,125</b></u>	<u><b>1,457,070</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Other receivables</b>				
<b>Subsidiary</b>				
Indorama Ventures Holdings LP	-	-	78,620	-
	-	-	78,620	-
<b>Other related parties</b>				
Pacific Resources Limited	1,312	1,312	-	-
Cryoviva (Thailand) Limited	166	-	-	-
Indo Rama Synthetics (India) Limited	9,010	-	-	-
Eleme Petrochemicals Limited	1,876	-	-	-
	12,364	1,312	-	-
<b>Other jointly-controlled entity</b>				
Trevira Holdings GmbH	845	-	845	-
	845	-	845	-
<b>Total</b>	<b>13,209</b>	<b>1,312</b>	<b>79,465</b>	<b>-</b>

<b>Short-term loans to related parties</b>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Comprising :</b>						
<b>Short-term loans to related parties</b>						
<b>Subsidiaries</b>						
Indorama Polymers Public Company Limited	5.00	1.38-5.00	-	-	4,105,580	9,954,700
Asia Pet (Thailand) Limited	5.00	1.38-5.00	-	-	496,850	912,100
Indorama Holdings Limited	5.00	1.38-5.00	-	-	687,550	2,436,500
Indorama Polyester Industries Public Company Limited	5.00	1.38-5.00	-	-	3,909,800	5,658,200
Indorama Netherlands Cooperatief U.A.	3.07-4.08	3.56-3.63	-	-	1,134,853	5,404,902
IVL Belgium N.V.	-	4.16	-	-	-	814
<b>Total</b>			<b>-</b>	<b>-</b>	<b>10,334,633</b>	<b>24,367,216</b>

	Interest rate		Consolidated		Separate	
	2012	2011	2012	2011	2012	2011
	( % per annum)		(in thousand Baht)			
<b>Interest receivable from related parties</b>						
<b>Subsidiaries</b>						
Indorama Polymers Public Company Limited			-	-	124,948	132,891
Asia Pet (Thailand) Limited			-	-	67,561	9,940
Indorama Holdings Limited			-	-	44,568	30,313
Indorama Polyester Industries Public Company Limited			-	-	71,090	69,828
Indorama Netherlands Cooperatief U.A.			-	-	176,169	10,126
IVL Belgium N.V.			-	-	-	4
Indorama Petrochem Limited			-	-	53,080	-
TPT Petrochemicals Public Company Limited			-	-	14,844	-
<b>Total</b>			<b>-</b>	<b>-</b>	<b>552,260</b>	<b>253,102</b>
<b>Jointly-controlled entity</b>						
Trevira Holdings GmbH			181	-	-	-
<b>Total</b>			<b>181</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans to related parties</b>			<b>181</b>	<b>-</b>	<b>10,886,893</b>	<b>24,620,318</b>

During 2012, the Company has amended the loan agreements with related parties to change the repayment term resulting in classification of loans to related parties of Baht 19,316 million to be presented under long-term loans to related parties as at 31 December 2012.

<i>Long-term loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<i>Comprising :</i>						
<i>Long-term loans to related parties</i>						
<b>Subsidiaries</b>						
Indorama Petrochem Limited	2.27-5.00	1.36-5.00	-	-	2,426,726	1,173,893
TPT Petrochemicals Public Company Limited	5.00	5.00	-	-	1,725,000	1,153,000



	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Indorama Polymers Public Company Limited	5.00	-	-	-	8,696,620	-
Asia Pet (Thailand) Limited	5.00	-	-	-	2,500,000	-
Indorama Holdings Limited	5.00	-	-	-	2,930,000	-
Indorama Polyester Industries Public Company Limited	5.00	-	-	-	2,810,000	-
Indorama Netherlands Cooperatief U.A.	3.07-3.96	-	-	-	10,380,564	-
IVL Belgium N.V.	2.90-4.02	-	-	-	803	-
<b>Total</b>			<u>-</u>	<u>-</u>	<u>31,469,713</u>	<u>2,326,893</u>
<b>Jointly-controlled entity</b>						
Trevira Holdings GmbH	2.55	-	60,835	-	-	-
<b>Total</b>			<u>60,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Interest receivables from related parties</b>						
<b>Subsidiaries</b>						
Indorama Petrochem Limited			-	-	-	27,922
TPT Petrochemicals Public Company Limited			-	-	-	14,531
IVL Belgium N.V.			-	-	31	-
<b>Total</b>			<u>-</u>	<u>-</u>	<u>31</u>	<u>42,453</u>
<b>Total long-term loans to related Parties</b>			<u>60,835</u>	<u>-</u>	<u>31,469,744</u>	<u>2,369,346</u>

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

#### Summary of loans to related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Short-term loans	181	-	10,886,893	24,620,318
Long-term loans	60,835	-	31,469,744	2,369,346
<b>Total loans to related parties</b>	<u>61,016</u>	<u>-</u>	<u>42,356,637</u>	<u>26,989,664</u>

Movements of loans to related parties, excluding interest receivable from related parties, for the years ended 31 December were as follows:

*Loans to related parties*

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Short-term loans:</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	24,367,216	5,669,700
Increase	-	-	45,535,523	59,442,589
Decrease	-	-	(40,251,712)	(40,745,073)
Reclassification	-	-	(19,316,394)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>10,334,633</b>	<b>24,367,216</b>
<b>Jointly-controlled entity</b>				
At 1 January	-	-	-	-
Increase	-	1,017,080	-	-
Decrease	-	(1,017,080)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans to related parties</b>				
At 1 January	-	-	24,367,216	5,669,700
Increase	-	1,017,080	45,535,523	59,442,589
Decrease	-	(1,017,080)	(40,251,712)	(40,745,073)
Reclassification	-	-	(19,316,394)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>10,334,633</b>	<b>24,367,216</b>
<b>Long-term loans:</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	2,326,893	1,133,793
Increase	-	-	9,826,426	1,193,100
Reclassification	-	-	19,316,394	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>31,469,713</b>	<b>2,326,893</b>
<b>Jointly-controlled entity</b>				
At 1 January	-	-	-	-
Increase	60,835	-	-	-
<b>At 31 December</b>	<b>60,835</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total long-term loans to related parties</b>				
At 1 January	-	-	2,326,893	1,133,793
Increase	60,835	-	9,826,426	1,193,100
Reclassification	-	-	19,316,394	-
<b>At 31 December</b>	<b>60,835</b>	<b>-</b>	<b>31,469,713</b>	<b>2,326,893</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Trade payable to related party</b>				
<b>Other jointly-controlled entity</b>				
PT Indorama Petrochemicals	660	-	-	-
<b>Total</b>	<b>660</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other payable to related parties</b>				
<b>Other related parties</b>				
Lohia Global Holdings Limited	21,995	16,655	-	-
Indo Rama Synthetics (India) Limited	-	2,914	-	-
PT Indorama Synthetics TBK	852	-	-	-
<b>Total</b>	<b>22,847</b>	<b>19,569</b>	<b>-</b>	<b>-</b>
<b>Loans from related party</b>				
<b>Short-term loan from related party</b>				
<b>Subsidiary</b>				
Indorama Petrochem Limited	-	-	164,300	164,300
<b>Total</b>	<b>-</b>	<b>-</b>	<b>164,300</b>	<b>164,300</b>

Movements during for the years ended 31 December of loans from related parties, excluding interest payable to related parties, were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Short-term loans from related parties</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	164,300	-
Increase	-	-	164,300	422,010
Decrease	-	-	(164,300)	(257,710)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>164,300</b>	<b>164,300</b>

## 6 Cash and cash equivalents

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cash on hand	5,795	5,958	-	-
Cash at bank - current accounts	2,453,164	3,313,000	885	755
Cash at bank - savings accounts	490,645	251,989	246,968	111,397
Cash at bank - fixed accounts	1,347	9,996	-	-
Call deposits	73,980	14,361	-	-
	<b>3,024,931</b>	<b>3,595,304</b>	<b>247,853</b>	<b>112,152</b>
Highly liquid short-term investments	1,350,379	8,422,717	1,350,000	7,680,000
<b>Total</b>	<b>4,375,310</b>	<b>12,018,021</b>	<b>1,597,853</b>	<b>7,792,152</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,704,716	7,920,545	1,597,853	7,792,152
United States Dollars (USD)	1,411,535	555,987	-	-
Euro (EUR)	474,143	1,930,022	-	-
Mexican Peso (MXN)	231,537	655,942	-	-
Nigeria Naira (NGN)	135,381	81,301	-	-
Danish Krone (DKK)	118,928	-	-	-
Chinese Yuan (CNY)	85,472	303,331	-	-
Indonesian Rupiah (IDR)	73,575	163,929	-	-
Polish Zloty (PLN)	65,767	378,259	-	-
Pounds Sterling (GBP)	46,668	4,323	-	-
Lithuanian Litas (LTL)	26,687	23,123	-	-
Swiss Franc (CHF)	834	1,259	-	-
Japanese Yen (JPY)	55	-	-	-
Singapore Dollars (SGD)	12	-	-	-
<b>Total</b>	<b>4,375,310</b>	<b>12,018,021</b>	<b>1,597,853</b>	<b>7,792,152</b>

## 7 Other investments

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
Short-term deposits at financial institutions	227,580	5,688,491	-	5,260,000
	<b>227,580</b>	<b>5,688,491</b>	<b>-</b>	<b>5,260,000</b>
<b>Other long-term investments</b>				
Long-term debentures issued by a financial institution	105,000	-	105,000	-
	<b>105,000</b>	<b>-</b>	<b>105,000</b>	<b>-</b>
<b>Total</b>	<b>332,580</b>	<b>5,688,491</b>	<b>105,000</b>	<b>5,260,000</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
THB	105,000	5,260,000	105,000	5,260,000
USD	227,360	170,650	-	-
EUR	-	257,281	-	-
PLN	220	560	-	-
<b>Total</b>	<b>332,580</b>	<b>5,688,491</b>	<b>105,000</b>	<b>5,260,000</b>

Deposits in the amount of Baht 0.2 million (2011: Baht 202.5 million) have been pledged to secure loans from financial institutions.

## 8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Related parties	5	1,695,125	1,457,070	-	-
Other parties		24,100,375	23,233,656	-	-
<b>Total</b>		<b>25,795,500</b>	<b>24,690,726</b>	<b>-</b>	<b>-</b>
Less allowance for doubtful accounts		(188,807)	(181,942)	-	-
<b>Net</b>		<b>25,606,693</b>	<b>24,508,784</b>	<b>-</b>	<b>-</b>
Provision (reversal) of bad and doubtful debts expense during the year, net		11,074	(32,154)	-	-

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Within credit terms		1,616,259	1,456,548	-	-
Overdue:					
Less than 3 months		78,866	522	-	-
		<b>1,695,125</b>	<b>1,457,070</b>	<b>-</b>	<b>-</b>
<b>Other parties</b>					
Within credit terms		20,306,780	18,925,779	-	-
Overdue:					
Less than 3 months		3,402,791	4,135,838	-	-
3-6 months		164,859	18,080	-	-
6-12 months		35,984	9,838	-	-
Over 12 months		189,961	144,121	-	-
		24,100,375	23,233,656	-	-
Less allowance for doubtful accounts		(188,807)	(181,942)	-	-
		<b>23,911,568</b>	<b>23,051,714</b>	<b>-</b>	<b>-</b>
<b>Net</b>		<b>25,606,693</b>	<b>24,508,784</b>	<b>-</b>	<b>-</b>

The normal credit term granted by the Group ranges from 10 days to 270 days.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
USD	18,108,304	11,535,070	-	-
THB	2,475,880	1,888,801	-	-
EUR	2,444,461	4,989,420	-	-
CNY	842,656	890,877	-	-
GBP	792,528	323	-	-
DKK	350,160	-	-	-
PLN	230,598	371,782	-	-
LTL	144,632	101,525	-	-
MXN	99,007	4,636,243	-	-
IDR	95,059	93,848	-	-
JPY	9,651	-	-	-
NGN	8,732	895	-	-
AUD	5,025	-	-	-
<b>Total</b>	<b>25,606,693</b>	<b>24,508,784</b>	<b>-</b>	<b>-</b>

Trade accounts receivable with a carrying amount of Baht 9,522.1 million (2011: Baht 7,509.6 million) have been pledged as collateral to secure loans from financial institutions.

## 9 Inventories

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Finished goods	12,789,769	12,175,868	-	-
Work in process	1,125,319	1,164,323	-	-
Raw materials	7,291,391	5,947,491	-	-
Trading materials	6,635	90,886	-	-
Spare parts and supplies	2,305,573	1,805,045	-	-
Goods in transit	1,344,906	1,058,605	-	-
	24,863,593	22,242,218	-	-
Less allowance for decline in value	(180,282)	(819,948)	-	-
<b>Net</b>	<b>24,683,311</b>	<b>21,422,270</b>	<b>-</b>	<b>-</b>
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities	<b>9,625,603</b>	<b>9,177,119</b>	<b>-</b>	<b>-</b>
Inventories recognised as an expense in 'cost of sale of goods':				
- Cost	164,652,808	145,404,163	-	-
- Write-down to net realisable value	105,191	120,465	-	-
- Reversal of write-down	(99,548)	(67,133)	-	-
<b>Net total</b>	<b>164,658,451</b>	<b>145,457,495</b>	<b>-</b>	<b>-</b>

Allowance for decline in value as at 31 December 2012 includes provision for decline in value of inventories due to floods at Lopburi plants of Baht 1.3 million (2011 : Baht 564.8 million) (see Note 38).

## 10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Value added tax receivable	1,683,776	1,056,903	-	-
Receivable from seller in business combination	683,220	654,561	-	-
Advance payments	545,981	543,777	-	-
Prepaid expenses	432,132	361,753	-	-
Insurance claims receivable	396,829	438,844	-	-
Advance tax payments and withholding tax	357,155	257,735	-	-
Material price adjustment receivable	286,374	248,025	-	-
Others	682,136	571,243	106,574	112,561
<b>Total</b>	<b>5,067,603</b>	<b>4,132,841</b>	<b>106,574</b>	<b>112,561</b>

Receivable from seller in business combination relates to tax liability, which was recorded as part of income tax payable as at 31 December 2012 and 2011, for which IVL can claim from Arteva Latin America B.V. as per the sale and purchase agreement.

## 11 Investments in subsidiaries and other equity securities

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
At 1 January	-	-	27,127,240	18,524,840
Additional investments	-	-	1,968,001	8,602,803
Return of investment	-	-	-	(403)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>29,095,241</b>	<b>27,127,240</b>



Investments in subsidiaries and other equity securities as at 31 December 2012 and 2011 and dividend income from those investments for the years then ended were as follows:

Consolidated financial statements												
	Effective ownership interest (%)		Paid-up capital		Cost		Impairment		Carrying amount		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011

During 2012, the investment in Tri Ocean Tuntex Textile (Thailand) Company Limited was sold at an amount of Baht 2.5 million and written off. Gain on disposal of investment of Baht 2.5 million was recorded in the consolidated financial statements for the year ended 31 December 2012.

Separate financial statements															
Ownership interest		Paid-up capital		Cost		Impairment		Return of capital		Carrying amount		Dividend income			
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011		
%															
(in thousand Baht)															
<b>Subsidiaries</b>															
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	-	2,836,692	
Indorama Holdings Limited	99.81	99.81	774,468	774,468	2,001,419	2,001,419	-	-	-	-	2,001,419	2,001,419	1,256,175	1,070,647	
Indorama Polymers Public Company Limited	72.60	72.60	1,382,198	1,382,198	7,219,741	7,219,741	-	-	-	-	7,219,741	7,219,741	1,294,566	1,068,769	
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	171,676	593,715	
TPT Petrochemicals Public Company Limited	99.96	99.96	2,955,000	2,955,000	5,181,847	5,181,847	-	-	-	-	5,181,847	5,181,847	-	1,476,948	
IVL Belgium N.V.	100.00	100.00	121,630	121,630	121,630	121,630	-	-	-	-	121,630	121,630	-	-	
Indo Polymers Mauritius Limited	100.00	100.00	10,570,804	8,602,803	10,570,804	8,602,803	-	-	-	-	10,570,804	8,602,803	719,054	-	
<b>Total</b>					<b>29,095,241</b>	<b>27,127,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,095,241</b>	<b>27,127,240</b>	<b>3,441,471</b>	<b>7,046,771</b>	

During 2012, Indo Polymers Mauritius Limited (“IPM”) increased its share capital from USD 281.9 million (Baht 8,602.8 million) to USD 344.4 million (Baht 10,570.8 million) for which the Company subscribed to the entire increased capital by contributing USD 7.5 million (Baht 232.4 million) in advance during 2011, which was subsequently registered as share capital in 2012, and USD 55 million (Baht 1,735.6 million) during 2012.

At 31 December 2012, a portion of shares of AlphaPet, Inc. and UAB Orion Global PET has been pledged as collateral for loans obtained from various financial institutions.

None of the Group’s subsidiaries are publicly listed and consequently do not have published price quotations.

## 12 Investment in jointly-controlled entities

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
At 1 January	5,416,411	2,012,582	-	-
Acquisitions	407,920	2,205,684	-	-
Additional investment	413,761	-	-	-
Share of profit (loss) of investments				
- equity method, net	(911,265)	1,303,435	-	-
Effect of movements in exchange rates	(88,372)	(105,290)	-	-
<b>At 31 December</b>	<b><u>5,238,455</u></b>	<b><u>5,416,411</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Investment in jointly-controlled entities as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements									
	Effective ownership interest		Paid-up capital		Cost method		Equity method		Effect of movements in exchange rate	Carrying value at equity
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(in thousand Baht)									
<b>Jointly-controlled entities</b>										
UAB Ottana Polimeri										
Europe (a)	50.00	50.00	242,460	242,460	121,230	121,230	1,816,557	2,007,032	(27,465)	1,789,092
Trevira Holdings GmbH (b)	75.00	75.00	1,071	1,071	790,211	790,211	1,567,357	2,108,274	(28,260)	1,539,097
PT Indorama										
Petrochemicals (c)	43.00	42.00	4,532,869	4,532,869	1,463,186	1,415,473	1,217,516	1,406,395	(19,176)	1,198,340
ES FiberVisions (d)	50.00	-	603,959	-	694,326	-	645,755	-	(13,471)	632,284
ES FiberVisions (Suzhou)										
Co., Ltd. (e)	50.00	-	369,946	-	79,642	-	79,642	-	-	79,642
<b>Total</b>					<b>3,148,595</b>	<b>2,326,914</b>	<b>5,326,827</b>	<b>5,521,701</b>	<b>(88,372)</b>	<b>5,238,455</b>
										<b>5,416,411</b>

(a) The Group applied the equity method of accounting for its investment in UAB OPE in the consolidated financial statements for the years ended 31 December 2012 and 2011 and recorded its 50% interest in net loss of UAB OPE, amounting to Baht 245.5 million and Baht 5.6 million, respectively, as a share of loss of jointly-controlled entity in the consolidated statement of income for the years ended 31 December 2012 and 2011, respectively.

(b) The Group applied the equity method of accounting for its investment in Trevira Holdings GmbH ("Trevira") in the consolidated financial statements for the year ended 31 December 2012 and 2011 as both shareholders have entered into a management agreement giving each party joint control of all significant management and operational decisions and the other shareholder of Trevira has a call option to acquire 25% of Trevira's shares from the Company by March 2013. The Group recorded its 75% interest in net profit (loss) of Trevira for the year ended 31 December 2012 and for the period from 1 July 2011 to 31 December 2011, amounting to Baht (381.3) million and Baht 1,318.1 million, respectively, as a share of profit (loss) of jointly-controlled entity in the consolidated statement of income for the years ended 31 December 2012 and 2011. This share of profit for the period from 1 July 2011 to 31 December 2011 includes 75% of the gain on bargain purchase of Baht 2,118.5 million, amounting to Baht 1,588.9 million (see Note 4(vi)).

- (c) The Group applied the equity method of accounting for its investment in PT Indorama Petrochemicals (“PTIP”) as both major shareholders have entered into a shareholder agreement giving each party joint control of all significant management and operational decisions. The Group recorded its 43% and 42% interest in net loss of PTIP for the year ended 31 December 2012 and for the period from 30 November 2011 to 31 December 2011, amounting to Baht 235.9 million and Baht 9.1 million, respectively, as a share of loss of jointly-controlled entity in the consolidated statements of income for the years ended 31 December 2012 and 2011, respectively. This share of loss for the period from 30 November 2011 to 31 December 2011 includes 42% of an excess in the Group’s share in the fair value of identifiable net assets over cost of Baht 37.5 million, amounting to Baht 15.7 million.
- Indorama Netherlands B.V. has a call option, which is exercisable during the period from 1 January 2014 to 31 December 2016, to acquire 42% of PT Indorama Petrochemicals’s shares from PT Indo-Rama Synthetics TBK (“PTIRS”), a shareholder holding 43% of PTIP and a related party of IVL. During 2012, the Group purchased additional shares of PTIP from another shareholder representing 1% equity interest for a cash consideration of USD 1.6 million (Baht 47.7 million).
- (d) The Group applied the equity method of accounting for its investment in ES FiberVisions group of companies consisting of ES FiberVisions LP, ES FiberVisions, Inc., ES FiberVisions Holdings ApS, ES FiberVisions ApS, ES FiberVisions Hong Kong Limited, ES FiberVisions China Limited, and ES FiberVisions Company Limited (collectively, “ES FiberVisions”). The fair value of the Group’s interest in ES FiberVisions at the date of acquisition is adjusted from USD 21.0 million (Baht 664.1 million), as previously preliminarily assessed and reported, to USD 12.9 million (Baht 407.9 million) as a result of a completion of the purchase price allocation (see Note 4(viii)). During 2012, ES FiberVisions increased its share capital from USD 1.0 million (Baht 31.1 million) to USD 19.7 million (Baht 604.0 million) for which the Group subscribed to the 50% increase capital by contributing USD 9.4 million (Baht 286.4 million). The Group recorded its 50% interest in net loss of ES FiberVisions for the period from 6 January 2012 to 31 December 2012, amounting to Baht 48.6 million as a share of loss of jointly-controlled entities in the consolidated statement of income for the year ended 31 December 2012.
- (e) The Group applied the equity method of accounting for its investment in ES FiberVisions (Suzhou) Co., Ltd., a new indirect jointly-controlled entity. The initial cost of investment is USD 2.6 million (Baht 79.6 million). This jointly-controlled entity has not commenced its operation as at 31 December 2012.

Summary financial information as at 31 December 2012 and for year/post-acquisition period ended 31 December 2012 for the equity-accounted jointly-controlled entities, not adjusted for the percentage of ownership held by the Group, is as follow:

	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities (in thousand Baht)	Total liabilities	Total revenues	Total expenses	Net profit/ (loss)
<b>2012</b>									
UAB Ottana Polimeri Europe	2,865,968	3,452,993	6,318,961	1,754,798	1,026,918	2,781,716	7,423,431	7,914,392	(490,961)
Trevira Holdings GmbH	2,050,373	1,956,879	4,007,252	1,565,043	655,541	2,220,584	9,467,116	9,975,583	(508,467)
PT Indorama Petrochemicals	1,339,316	7,346,818	8,686,134	926,128	4,937,539	5,863,667	13,868	574,525	(560,657)
ES FiberVisions	1,309,351	9,120	1,318,471	1,213,843	-	1,213,843	6,629,128	6,726,269	(97,141)
ES FiberVisions (Suzhou) Co., Ltd.	107,492	53,741	161,233	-	-	-	-	-	-
<b>Total</b>	<b>7,672,500</b>	<b>12,819,551</b>	<b>20,492,051</b>	<b>5,459,812</b>	<b>6,619,998</b>	<b>12,079,810</b>	<b>23,533,543</b>	<b>25,190,769</b>	<b>(1,657,226)</b>
<b>2011</b>									
UAB Ottana Polimeri Europe	3,554,366	3,719,222	7,273,588	2,002,810	1,156,921	3,159,731	10,803,772	10,813,730	(9,958)
Trevira Holdings GmbH	2,265,756	2,027,260	4,293,016	953,651	974,839	1,928,490	7,151,921	5,394,505	1,757,416
PT Indorama Petrochemicals	1,839,537	7,044,934	8,884,471	665,309	4,727,508	5,392,817	1,253	60,336	(59,083)
<b>Total</b>	<b>7,659,659</b>	<b>12,791,416</b>	<b>20,451,075</b>	<b>3,621,770</b>	<b>6,859,268</b>	<b>10,481,038</b>	<b>17,956,946</b>	<b>16,268,571</b>	<b>1,688,375</b>

None of the Group's equity-accounted jointly-controlled entities are publicly listed and consequently do not have published price quotations.

## 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 <i>(in thousand Baht)</i>	Transportation equipment	Stores and spares	Construction in progress	Total
<i>Cost/revaluation</i>										
	<b>At 1 January 2011</b>	<b>1,160,669</b>	<b>5,159,249</b>	<b>17,477,939</b>	<b>43,784,935</b>	<b>498,292</b>	<b>173,140</b>	-	<b>816,762</b>	<b>69,070,986</b>
	Additions	41,834	65,180	33,400	254,002	173,682	9,277	557,155	5,152,788	6,287,318
	Acquisitions through business combinations	4 1,837,158	3,678,253	1,591,143	9,811,542	32,998	34,389	6,255	137,421	17,129,159
	Transfers	-	70,544	497,927	346,394	396	-	(5,647)	(909,614)	-
	Reclassification	319,039	5,898	(4,782)	(279,201)	39,096	1,008	(3,193)	(41,460)	36,405
	Disposals	-	-	(50,677)	(59,593)	(917)	(24,510)	-	-	(135,697)
	Effect of movements in exchange rates	43,827	5,345	165,471	77,540	(13,482)	(923)	5,852	(1,376)	282,254
<b>At 31 December 2011 and 1 January 2012</b>										
	<b>3,402,527</b>	<b>8,984,469</b>	<b>19,710,421</b>	<b>53,935,619</b>	<b>730,065</b>	<b>192,381</b>	<b>560,422</b>	<b>5,154,521</b>	<b>92,670,425</b>	
	Additions	17,356	40,364	169,678	684,328	54,643	50,130	98,777	9,277,448	10,392,724
	Acquisitions through business combinations	4 410,025	1,030,217	2,722,365	11,710,951	57,902	4,955	-	104,248	16,040,663
	Transfers	20,621	1,284,539	1,605,756	7,683,180	52,351	8,842	(68,089)	(10,587,200)	-
	Reclassification	-	-	-	(7,038)	7,038	-	-	-	-
	Disposals	-	(1,417)	(2,367,116)	(991,657)	(3,999)	(28,806)	(5,951)	(65,747)	(3,464,693)
	Effect of movements in exchange rates	(62,976)	(56,239)	(65,160)	(199,961)	14,613	788	(6,457)	(118,034)	(493,426)
<b>At 31 December 2012</b>										
	<b>3,787,553</b>	<b>11,281,933</b>	<b>21,775,944</b>	<b>72,815,422</b>	<b>912,613</b>	<b>228,290</b>	<b>578,702</b>	<b>3,765,236</b>		<b>115,145,693</b>



# 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 (in thousand Baht)	Transportation equipment	Stores and spares	Construction in progress	Total
<b>Depreciation</b>									
<b>At 1 January 2011</b>	<b>52,368</b>	<b>1,066,679</b>	<b>11,393,319</b>	<b>7,366,839</b>	<b>268,599</b>	<b>103,003</b>	-	-	<b>20,250,807</b>
Depreciation charge for the year	58,454	383,670	837,452	3,139,971	103,243	26,930	4,501	-	4,554,221
Transfers	-	-	-	(8,797)	8,797	-	-	-	-
Reclassification	13,380	-	-	(16,980)	39,140	865	-	-	36,405
Disposals	-	-	(18,123)	(51,962)	(236)	(23,616)	-	-	(93,937)
Effect of movements in exchange rates	1,285	8,307	129,180	(202,230)	(12,996)	(1,099)	6,190	-	(71,363)
<b>At 31 December 2011 and 1 January 2012</b>	<b>125,487</b>	<b>1,458,656</b>	<b>12,341,828</b>	<b>10,226,841</b>	<b>406,547</b>	<b>106,083</b>	<b>10,691</b>	-	<b>24,676,133</b>
Depreciation charge for the year	67,350	458,164	1,088,338	4,263,761	116,280	28,869	15,469	-	6,038,231
Reclassification	-	-	-	(4,436)	4,436	-	-	-	-
Disposals	-	(662)	(1,694,987)	(436,632)	(2,902)	(23,872)	-	-	(2,159,055)
Effect of movements in exchange rates	(1,269)	3,206	54,106	83,038	16,300	1,475	(6,208)	-	150,648
<b>At 31 December 2012</b>	<b>191,568</b>	<b>1,919,364</b>	<b>11,789,285</b>	<b>14,132,572</b>	<b>540,661</b>	<b>112,555</b>	<b>19,952</b>	-	<b>28,705,957</b>

## 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	Stores and spares	Construction in progress	Total
							(in thousand Baht)			
<b>Impairment</b>										
<b>At 1 January 2011</b>		-	-	-	-	-	-	-	-	-
Impairment loss		-	-	(666,464)	(541,758)	-	-	(4,836)	(58,504)	(1,271,562)
<b>At 31 December 2011 and 1 January 2012</b>		-	-	(666,464)	(541,758)	-	-	(4,836)	(58,504)	(1,271,562)
Write-off	38	-	-	666,464	541,758	-	-	-	58,504	1,266,726
<b>At 31 December 2012</b>		-	-	-	-	-	-	(4,836)	-	(4,836)
<b>Net book value</b>										
<b>At 1 January 2011</b>		1,108,301	4,092,570	5,920,618	36,418,096	229,693	48,196	-	816,762	48,634,236
Owned assets		-	-	164,002	-	-	21,941	-	-	185,943
Assets under finance leases		<b>1,108,301</b>	<b>4,092,570</b>	<b>6,084,620</b>	<b>36,418,096</b>	<b>229,693</b>	<b>70,137</b>	<b>-</b>	<b>816,762</b>	<b>48,820,179</b>
<b>At 31 December 2011 and 1 January 2012</b>		2,829,581	7,525,813	6,577,327	43,167,020	323,518	58,549	544,895	5,096,017	66,122,720
Owned assets		447,459	-	124,802	-	-	27,749	-	-	600,010
Assets under finance leases		<b>3,277,040</b>	<b>7,525,813</b>	<b>6,702,129</b>	<b>43,167,020</b>	<b>323,518</b>	<b>86,298</b>	<b>544,895</b>	<b>5,096,017</b>	<b>66,722,730</b>
<b>At 31 December 2012</b>		2,989,004	9,362,569	9,869,388	58,682,850	371,952	101,386	553,914	3,765,236	85,696,299
Owned assets		606,981	-	117,271	-	-	14,349	-	-	738,601
Assets under finance leases		<b>3,595,985</b>	<b>9,362,569</b>	<b>9,986,659</b>	<b>58,682,850</b>	<b>371,952</b>	<b>115,735</b>	<b>553,914</b>	<b>3,765,236</b>	<b>86,434,900</b>

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 12,640.0 million (2011: Baht 10,870.3 million).

Certain property, plant and equipment with a carrying value of Baht 45,772.6 million (2011: Baht 45,717.8 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 163.7 million (2011: Baht 7.7 million), with a capitalisation rate of 1.67-5.46% (2011: 3.1-3.6%) (see Note 30).

## 14 Goodwill

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		(in thousand Baht)			
<b>Cost</b>					
At 1 January		395,427	-	-	-
Acquisitions through business combinations 4(ii),4(x)		6,438,618	395,427	-	-
Effect of movements in exchange rates		(37,247)	-	-	-
<b>At 31 December</b>		<b>6,796,798</b>	<b>395,427</b>	<b>-</b>	<b>-</b>
<b>Impairment losses</b>					
At 1 January		-	-	-	-
Impairment loss		-	-	-	-
Disposals		-	-	-	-
<b>At 31 December</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>					
At 1 January		395,427	-	-	-
<b>At 31 December</b>		<b>6,796,798</b>	<b>395,427</b>	<b>-</b>	<b>-</b>

## 15 Other intangible assets

Note	Rights acquired	Supplier contract and relationships	Software licenses	Consolidated financial statements (in thousand Baht)					Total
				Technology licenses and knowhow	Customer contracts and relationships	Trade name and trademarks	Chemicals exchange contract		
<b>Cost</b>									
<b>At 1 January 2011</b>	<b>59,456</b>	-	<b>110,097</b>	<b>407,216</b>	<b>375,457</b>	-	-	<b>952,226</b>	
Additions	-	-	5,790	-	-	-	-	5,790	
Acquisitions through business combinations									
• Grupo Arteva S. de R.L. de C.V.	4(i)	-	79,954	704,208	30,751	-	-	814,913	
• Indorama Polymers Poland Sp. z o.o.	4(iii)	344,001	-	-	565,370	-	-	909,371	
• Auriga Polymers Inc.	4(v)	-	55,051	1,431,332	207,971	443,468	-	2,137,822	
• Wellman International Limited	4(vii)	-	-	76,171	-	26,458	-	102,629	
Effect of movements in exchange rates	975	(40,249)	(1,954)	(22,056)	(51,120)	16,054	-	(98,350)	
<b>At 31 December 2011 and 1 January 2012</b>	<b>60,431</b>	<b>303,752</b>	<b>248,938</b>	<b>2,596,871</b>	<b>1,128,429</b>	<b>485,980</b>	-	<b>4,824,401</b>	
Additions	-	-	6,964	-	-	-	-	6,964	
Acquisitions through business combinations									
• FiberVisions Holdings LLC	4(viii)	449,028	-	379,460	259,298	-	-	1,087,786	
• Old World	4(x)	3,358,704	-	308,138	1,571,504	-	308,138	5,546,484	
• PT Indorama Polypet Indonesia	4(xi)	-	-	-	31	-	-	31	
Reclassification	-	-	(96,655)	96,655	-	-	-	-	
Write-off	(9,427)	-	(1)	-	-	-	-	(9,428)	
Effect of movements in exchange rates	(422)	(13,131)	(1,808)	(36,116)	6,322	(16,028)	(1,822)	(63,005)	
<b>At 31 December 2012</b>	<b>50,582</b>	<b>4,098,353</b>	<b>157,438</b>	<b>3,345,008</b>	<b>2,965,584</b>	<b>469,952</b>	<b>306,316</b>	<b>11,393,233</b>	

	Consolidated financial statements (in thousand Baht)					
	Rights acquired	Supplier contract and relationships	Software licenses	Technology licenses and knowhow	Customer contracts and relationships	Trade name and trademarks
						Chemicals exchange contract
						Total
<b>Amortisation</b>						
At 1 January 2011	19,118	-	34,011	29,638	109,265	-
Amortisation charge for the year	3,211	-	35,356	73,339	110,384	-
Effect of movements in exchange rates	145	-	(334)	3,893	(1,786)	-
At 31 December 2011 and 1 January 2012	22,474	-	69,033	106,870	217,863	-
Amortisation charge for the year	3,142	106,117	37,897	196,247	249,461	12,251
Reclassifications	-	-	(45,914)	45,914	-	-
Write-off	(9,427)	-	(1)	-	-	-
Effect of movements in exchange rates	(84)	(1,634)	(834)	(1,887)	973	(193)
At 31 December 2012	16,105	104,483	60,181	347,144	468,297	12,058
						1,009,988
<b>Net book value</b>						
At 1 January 2011	40,338	-	76,086	377,578	266,192	-
At 31 December 2011 and 1 January 2012	37,957	303,752	179,905	2,490,001	910,566	-
At 31 December 2012	34,477	3,993,870	97,257	2,997,864	2,497,287	294,258
						10,383,245

**16 Other non-current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Refundable deposits	83,157	80,159	-	-
Advance payment on purchase of machinery	1,086,144	710,407	-	-
Others	326,082	311,296	10,398	232,351
<b>Total</b>	<b>1,495,383</b>	<b>1,101,862</b>	<b>10,398</b>	<b>232,351</b>

**17 Interest-bearing liabilities**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<b>Current</b>					
Bank overdrafts		350,571	152,115	-	-
Short-term loans from financial institutions (a)		13,022,470	13,524,751	-	-
<b>Bank overdrafts and short-term loans from financial institutions</b>		<b>13,373,041</b>	<b>13,676,866</b>	<b>-</b>	<b>-</b>
<b>Short-term loan from related party</b>	5	<b>-</b>	<b>-</b>	<b>164,300</b>	<b>164,300</b>
Current portion of long-term loans from financial institutions		5,632,188	6,481,606	70,208	2,467,751
Less deferred financing costs		(22,520)	(41,472)	(3,097)	(12,987)
<b>Net current portion of long-term loans (b)</b>		<b>5,609,668</b>	<b>6,440,134</b>	<b>67,111</b>	<b>2,454,764</b>
<b>Current portion of finance lease liabilities (c)</b>		<b>41,123</b>	<b>18,375</b>	<b>-</b>	<b>-</b>
<b>Total current interest-bearing liabilities</b>		<b>19,023,832</b>	<b>20,135,375</b>	<b>231,411</b>	<b>2,619,064</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Non-current</b>				
Long-term loans from financial institutions	40,191,516	33,879,388	11,313,573	17,656,850
Less deferred financing costs	(203,771)	(177,412)	(18,271)	(34,903)
<b>Net long-term loans (b)</b>	<b>39,987,745</b>	<b>33,701,976</b>	<b>11,295,302</b>	<b>17,621,947</b>
<b>Finance lease liabilities (c)</b>	<b>3,307</b>	<b>40,086</b>	<b>-</b>	<b>-</b>
<b>Debentures (d)</b>	<b>21,623,792</b>	<b>7,468,658</b>	<b>21,623,792</b>	<b>7,468,658</b>
<b>Total non-current interest-bearing liabilities</b>	<b>61,614,844</b>	<b>41,210,720</b>	<b>32,919,094</b>	<b>25,090,605</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Within one year	18,982,709	20,117,000	231,411	2,619,064
After one year but within five years	41,614,669	34,104,973	18,016,150	18,554,898
After five years	19,996,868	7,065,661	14,902,944	6,535,707
<b>Total</b>	<b>80,594,246</b>	<b>61,287,634</b>	<b>33,150,505</b>	<b>27,709,669</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current investments	220	202,509	-	-
Trade accounts receivable	9,522,051	7,509,625	-	-
Restricted bank deposits	-	54,772	-	-
Inventories	9,625,603	9,177,119	-	-
Property, plant, and equipment	45,772,605	45,717,827	-	-
Shares of subsidiaries and jointly - controlled entities	2,746,012	2,746,012	-	-
<b>Total</b>	<b>67,666,491</b>	<b>65,407,864</b>	<b>-</b>	<b>-</b>



**(a) Short-term loans from financial institutions**

Short-term loans from financial institutions comprise the following:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Short-term loans	2,807,738	1,657,437	-	-
Revolving loan (USD 178,470,828) (2011: USD 219,463,240) due in January 2018, secured by trade accounts receivable and inventories	5,466,847	6,955,054	-	-
Revolving loan (EUR 26,000,000) (2011: EUR 21,000,000) due in March 2013	1,054,464	861,575	-	-
Liabilities under trust receipts	1,532,363	1,256,803	-	-
Packing credits	173,616	462,557	-	-
Promissory note	825,000	1,845,000	-	-
Call loans	-	29,000	-	-
Bill discounted and others	1,162,442	457,325	-	-
<b>Total</b>	<b>13,022,470</b>	<b>13,524,751</b>	<b>-</b>	<b>-</b>

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 EUR and USD revolving credit loan before the agreement expires in 2013 and 2018, the borrowings have been classified as short-term debt on the Group's statement of financial position due to certain subjective provisions available to the bank that are included in the loan document.

**(b) Long-term loans from financial institutions**

Long-term loans from financial institutions comprise the following :

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Unsecured loan, due in October 2016, repayable in quarterly installments, with interest at THBFX 3 month plus margin per annum	2,252,250	4,095,000	2,252,250	4,095,000
Unsecured loan, due in February 2017, repayable in semi-annual installments, with interest at THBFX 3 month plus margin per annum	1,800,000	4,500,000	1,800,000	4,500,000
Unsecured loan, due in February 2017, repayable in semi-annual installments, with interest at THBFX 3 month plus margin per annum	1,962,000	3,270,000	1,962,000	3,270,000

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Unsecured loan, due in April 2018, repayable in semi-annual installments, with interest at THBFIX 6 month plus margin per annum	1,368,000	1,800,000	1,368,000	1,800,000
Unsecured loan, due in February 2017, repayable in semi-annual installments, with interest at THBFIX 3 month plus margin per annum	990,000	1,650,000	990,000	1,650,000
Unsecured loan, due in March 2017, repayable in semi-annual installment, with interest at THBFIX 3 month plus margin per annum	966,000	1,610,000	966,000	1,610,000
Unsecured loan, due in September 2017, repayable in quarterly installments, with interest at THBFIX 3 month plus margin per annum	861,394	1,353,226	861,394	1,353,226
Unsecured loan, due in January 2014, repayable in semi-annual installment, with interest at EURIBOR 6 month plus margin per annum	245,162	413,675	-	-
Unsecured loan, due in March 2017, repayable in semi-annual installments, with interest at LIBOR 6 month plus margin per annum	315,937	399,375	315,937	399,375
Unsecured loan (secured in 2011), due in September 2016, repayable in quarterly installments, with interest at LIBOR plus margin per annum	2,601,829	4,571,734	-	-
Term loan, due in November 2015, repayable in quarterly installments, with interest at LIBOR plus margin per annum, secured by property, plant and equipment	1,743,704	2,605,809	-	-
Term loan, due in March 2017, repayable in semi-annual installments, with interest at LIBOR plus margin per annum, secured by property, plant and equipment	3,078,476	3,242,010	-	-
Unsecured loan, due in February 2017, repayable in semi-annual installments, interest at THBFIX 3 month plus margin per annum	1,170,000	2,223,000	-	-
Term loan, due in March 2017, repayable in semi-annual installments, with interest at EURIBOR plus margin per annum, secured by property, plant and equipment	2,161,664	2,117,443	-	-
Syndicated term loan, due in February 2013, repayable in semi-annual installments, with interest at EURIBOR 6 month plus margin per annum, secured by property, plant and equipment	161,530	490,219	-	-

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Unsecured loan, due in April 2020, repayable in quarterly installments, interest at LIBOR 3 month plus margin per annum	3,369,476	-	-	-
Unsecured loan, amount USD 225 million due in 2017 and USD 225 million due in 2019, repayable in quarterly installments, interest at LIBOR plus margin per annum	13,784,220	-	-	-
Secured loan, due in December 2017, repayable in semi-annual installments, with interest at LIBOR plus margin per annum, secured by property plant and equipment	2,182,502	-	-	-
Other long-term loans	4,809,560	6,019,503	868,200	1,447,000
<b>Total loans from financial institutions</b>	<b>45,823,704</b>	<b>40,360,994</b>	<b>11,383,781</b>	<b>20,124,601</b>
Less deferred financing costs	(226,291)	(218,884)	(21,368)	(47,890)
<b>Net loans from financial institutions</b>	<b>45,597,413</b>	<b>40,142,110</b>	<b>11,362,413</b>	<b>20,076,711</b>
Less portion due within one year, net of related deferred financing costs	(5,609,668)	(6,440,134)	(67,111)	(2,454,764)
<b>Long-term loans from financial institutions</b>	<b>39,987,745</b>	<b>33,701,976</b>	<b>11,295,302</b>	<b>17,621,947</b>

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 2012, the Group had unutilized credit facilities totaling Baht 22,064 million (2011: Baht 26,479 million).

**(c) Finance lease liabilities**

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

	Consolidated financial statements				
	2012		2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest
Within one year	42,629	1,506	41,123	21,891	3,516
After one year but within five years	3,342	35	3,307	41,650	1,564
<b>Total</b>	<b>45,971</b>	<b>1,541</b>	<b>44,430</b>	<b>63,541</b>	<b>5,080</b>

**(d) Debentures**

As at 31 December 2012, the Company had outstanding unsubordinated and unsecured debentures totalling Baht 21,680 million (2011: 7,500 million), as follows:

Debentures no.	Principle (in thousand Baht)	Interest rate (% p.a.)	Term	Maturity date	Deferred debenture issuance expense	Net (in thousand Baht)
1/2011-1	210,000	4.50-5.05	5 years	19 Oct. 16	687	209,313
1/2011-2	98,000	4.75-5.50	7 years	19 Oct. 18	350	97,650
1/2011-3	37,000	5.00-6.00	10 years	19 Oct. 21	140	36,860
1/2011-4	2,690,000	4.70	5 years	19 Oct. 16	8,803	2,681,197
1/2011-5	1,302,000	5.04	7 years	19 Oct. 18	4,646	1,297,354
1/2011-6	3,163,000	5.35	10 years	19 Oct. 21	11,987	3,151,013
1/2012-1	1,500,000	4.45-5.20	5 years	5 Apr. 17	2,908	1,497,092
1/2012-2	1,250,500	5.10-6.00	10 years	5 Apr. 22	2,635	1,247,865
1/2012-3	2,500,000	4.73	5 years	5 Apr. 17	4,846	2,495,154
1/2012-4	1,500,000	5.09	7 years	5 Apr. 19	3,053	1,496,947
1/2012-5	2,649,500	5.52	10 years	5 Apr. 22	5,584	2,643,916
2/2012-1	780,000	4.52	6 years	14 Dec. 18	1,720	778,280
2/2012-2	880,000	4.78	8 years	14 Dec. 20	1,944	878,056
2/2012-3	1,645,000	5.11	10 years	14 Dec. 22	3,639	1,641,361
2/2012-4	1,475,000	5.28	12 years	14 Dec. 24	3,266	1,471,734
<b>Total</b>	<b>21,680,000</b>				<b>56,208</b>	<b>21,623,792</b>

The extraordinary general meeting of shareholders held on 22 September 2011 approved the issue of debentures up to an amount not exceeding Baht 25,000 million (in Baht or equivalent foreign currency) for a maturity not exceeding 15 years. On 19 October 2011, 5 April 2012 and 14 December 2012, the Company raised in cash Baht 7,500 million, Baht 9,400 million and Baht 4,780 million, respectively, through the issue of unsubordinated and unsecured Baht debentures to the public. The Company appointed a debentureholders' representative and must comply with terms and conditions relating to maintenance of financial ratio, payment of dividend, and core business retention.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
THB	36,838,771	33,790,861	32,834,568	27,310,294
USD	37,438,714	19,845,165	315,937	399,375
EUR	5,932,149	6,199,304	-	-
GBP	421,259	-	-	-
DKK	5,071	-	-	-
CNY	2,712	1,352,722	-	-
MXN	-	158,043	-	-
<b>Total</b>	<b>80,638,676</b>	<b>61,346,095</b>	<b>33,150,505</b>	<b>27,709,669</b>

## 18 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011 (in thousand Baht)	2012	2011
Related party	5	660	-	-	-
Other parties		22,314,940	17,978,085	-	-
<b>Total</b>		<b>22,315,600</b>	<b>17,978,085</b>	<b>-</b>	<b>-</b>

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

	Consolidated financial statements		Separate financial statements	
	2012	2011 (in thousand Baht)	2012	2011
USD	12,425,246	7,448,459	-	-
THB	4,001,515	2,615,177	-	-
EUR	3,631,898	3,519,958	-	-
CNY	785,231	372,200	-	-
MXN	510,281	2,956,947	-	-
DKK	491,657	-	-	-
IDR	145,077	138,667	-	-
GBP	113,952	149,088	-	-
AUD	75,956	15,750	-	-
LTU	66,569	76,269	-	-
PLN	59,204	672,451	-	-
NGN	4,780	8,116	-	-
JPY	4,086	4,918	-	-
CHF	104	59	-	-
SGD	44	26	-	-
<b>Total</b>	<b>22,315,600</b>	<b>17,978,085</b>	<b>-</b>	<b>-</b>

## 19 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2012	2011 (in thousand Baht)	2012	2011
Accrued operating expenses	1,847,020	1,659,063	13,148	4,993
Other payables	635,224	352,763	-	-
Materials price adjustments payable	616,196	147,951	-	-
Advance from customers	503,312	423,069	-	-
Interest payable	411,549	253,223	238,169	140,226
Value added tax payable	367,564	877,228	-	-
Withholding tax payable	302,017	51,841	-	-
Others	236,374	448,731	490	10,186
<b>Total</b>	<b>4,919,256</b>	<b>4,213,869</b>	<b>251,807</b>	<b>155,405</b>

## 20 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>obligations for:</b>				
Post-employment benefits				
Thailand legal severance plan	160,630	146,633	-	-
Defined benefit plans established in Europe	208,635	162,880	-	-
Defined benefit plans established in rest of the world	494,082	447,817	-	-
Other long-term employee benefits	17,774	15,371	-	-
<b>Total</b>	<b>881,121</b>	<b>772,701</b>	<b>-</b>	<b>-</b>
<b>Statement of income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Thailand legal severance plan	22,500	17,295	-	-
Defined benefit plans established in Europe	61,203	59,994	-	-
Defined benefit plans established in rest of the world	78,149	45,510	-	-
Other long-term employee benefits	2,761	5,413	-	-
<b>Total</b>	<b>164,613</b>	<b>128,212</b>	<b>-</b>	<b>-</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year on:				
Present value of defined benefit obligations	196,091	90,390	-	-
Fair value of pension plan assets	(130,749)	11,246	-	-
<b>Total</b>	<b>65,342</b>	<b>101,636</b>	<b>-</b>	<b>-</b>

### *Thailand legal severance plan and other long-term employee benefits*

The subsidiaries registered in Thailand provide employee benefit provisions based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The Group also provides post retirement medical plan as part of defined benefit plan and long service award plan as part of other long-term employee benefits to certain employees based on remuneration and length of service.

The Group adopted TAS 19 *Employee Benefits* with effect from 1 January 2011 in respect of Thailand legal severance plan. The Group opted to record the transitional obligation as at 1 January 2011, totalling Baht 121.6 million, as an adjustment to retained earnings as at 1 January 2011.

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	181,746	138,145	-	-
Unrecognised actuarial (gains) losses	(3,342)	23,859	-	-
<b>Statement of financial position obligation</b>	<b>178,404</b>	<b>162,004</b>	<b>-</b>	<b>-</b>

Movement in the present value of the defined benefit obligations

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	162,004	121,563	-	-
Current service costs and interest	24,817	18,929	-	-
Actuarial loss recognised in profit or loss	444	3,779	-	-
Actuarial (gains) losses recognised in other comprehensive income	(3,786)	20,080	-	-
Benefits paid by the plan	(5,075)	(2,347)	-	-
<b>Defined benefit obligations at 31 December</b>	<b>178,404</b>	<b>162,004</b>	<b>-</b>	<b>-</b>

Expense recognised in profit or loss:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current service costs	19,255	14,099	-	-
Interest on obligation	5,562	4,830	-	-
Actuarial losses for other long-term employee benefits	444	3,779	-	-
<b>Total</b>	<b>25,261</b>	<b>22,708</b>	<b>-</b>	<b>-</b>

The expense is recognised in the following line items in the statement of income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cost of sale of goods	18,079	17,854	-	-
Selling and administrative expenses	7,182	4,854	-	-
<b>Total</b>	<b>25,261</b>	<b>22,708</b>	<b>-</b>	<b>-</b>

Actuarial gains and losses recognised in other comprehensive income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Included in other components of equity:				
At 1 January	20,080	-	-	-
Recognised during the year	(3,786)	20,080	-	-
<b>At 31 December</b>	<b>16,294</b>	<b>20,080</b>	<b>-</b>	<b>-</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>%</i>			
Discount rate	3.90%	3.60%	-	-
Future salary increases	5.00%-11.8%	5.50%-6.50%	-	-

Assumptions regarding future mortality are based on published statistics and mortality tables.

#### ***Defined benefit plans established in Europe***

The 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.

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Excess of present value of obligations over fair value of plan assets	144,212	110,538	-	-
Unrecognised actuarial losses	65,846	33,998	-	-
Effect of movements in exchange rates	(1,423)	18,344	-	-
<b>Statement of financial position obligation</b>	<b>208,635</b>	<b>162,880</b>	<b>-</b>	<b>-</b>



	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Movement in the present value of the defined benefit obligations:				
Defined benefit obligations at 1 January	414,468	251,552	-	-
Current service costs and interest	74,354	67,621	-	-
Expected employees contribution	12,562	9,758	-	-
Settlements	-	93,900	-	-
Actuarial losses recognised in other comprehensive income	194,897	22,752	-	-
Benefits paid by the plan	(191)	-	-	-
Effect of movements in exchange rates	(695)	(31,115)	-	-
<b>Total defined benefit obligations at 31 December</b>	<b>695,395</b>	<b>414,468</b>	<b>-</b>	<b>-</b>
Movement in the fair value of plan assets:				
Fair value of plan assets at 1 January	251,588	144,441	-	-
Contributions paid into the plan	-	906	-	-
Expected plan participant contributions	98,306	69,559	-	-
Settlements	-	92,426	-	-
Expected return on plan assets	7,278	4,961	-	-
Actuarial gain (losses) recognised in other comprehensive income	129,051	(11,246)	-	-
Benefits paid by the plan	(191)	-	-	-
Effect of movement in exchange rates	728	(49,459)	-	-
<b>Fair value of plan assets at 31 December</b>	<b>486,760</b>	<b>251,588</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position obligations at 31 December</b>	<b>208,635</b>	<b>162,880</b>	<b>-</b>	<b>-</b>

Expense recognised in profit or loss:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current service costs	55,929	55,629	-	-
Interest on obligation	18,425	11,992	-	-
Expected return on plan assets	(7,278)	(4,961)	-	-
Expenses capitalised	(5,873)	(2,666)	-	-
<b>Total</b>	<b>61,203</b>	<b>59,994</b>	<b>-</b>	<b>-</b>

The expense is recognised in the following line items in the statement of income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cost of sale of goods	57,515	56,005	-	-
Administrative expenses	3,688	3,989	-	-
<b>Total</b>	<b>61,203</b>	<b>59,994</b>	<b>-</b>	<b>-</b>

Actuarial gains and losses recognised in other comprehensive income :

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Included in other components of equity :				
At 1 January	33,998	-	-	-
Recognised during the year	65,846	33,998	-	-
<b>At 31 December</b>	<b>99,844</b>	<b>33,998</b>	<b>-</b>	<b>-</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
		%		
Weighted average discount rate	4.45%	4.90%	-	-
Expected return on plan assets	4.45%	4.90%	-	-
Rate of compensation increase	1.50%-3.00%	2.45%-3.08%	-	-

Assumptions regarding future mortality are based on published statistics and mortality tables.

#### *Defined benefit plans established in rest of the world*

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Excess of present value of obligations over fair value of plan assets	473,134	450,448	-	-
Unrecognised actuarial losses	3,340	47,558	-	-
Effect of movements in exchange rates	17,608	(50,189)	-	-
<b>Statement of financial position obligation</b>	<b>494,082</b>	<b>447,817</b>	<b>-</b>	<b>-</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Movement in the present value of the defined benefit obligations :				
Defined benefit obligations at 1 January	481,597	-	-	-
Defined benefit obligations assumed upon acquisition of subsidiaries	80,098	489,078	-	-
Current service costs and interest	81,535	48,587	-	-
Benefits paid by the plan	(131,932)	(49,425)	-	-
Actuarial losses recognised in profit or loss	58	-	-	-
Actuarial losses recognised in other comprehensive income	4,980	47,558	-	-
Effect of movements in exchange rates	19,076	(54,201)	-	-
<b>Total defined benefit obligations at 31 December</b>	<b>535,412</b>	<b>481,597</b>	<b>-</b>	<b>-</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
Movement in the fair value of plan assets:				
Fair value of plan assets at 1 January	33,780	-	-	-
Fair value of plan assets assumed upon acquisition of subsidiaries	-	39,333	-	-
Contributions paid into the plan	33,470	43,928	-	-
Benefits paid by the plan	(32,530)	(48,546)	-	-
Expected return on plan assets	3,444	3,077	-	-
Actuarial gain recognised in other comprehensive income	1,698	-	-	-
Effect of movement in exchange rates	1,468	(4,012)	-	-
<b>Fair value of plan assets at 31 December</b>	<b>41,330</b>	<b>33,780</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position obligations at 31 December</b>	<b>494,082</b>	<b>447,817</b>	<b>-</b>	<b>-</b>

Expense recognised in profit or loss:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
		<i>(in thousand Baht)</i>		
Current service costs	48,793	18,369	-	-
Interest cost	32,742	30,218	-	-
Expected return on plan assets	(3,444)	(3,077)	-	-
Actuarial losses recognised in profit or loss	58	-	-	-
<b>Total</b>	<b>78,149</b>	<b>45,510</b>	<b>-</b>	<b>-</b>

The expense is recognised in the following line items in the statement of income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
		<i>(in thousand Baht)</i>		
Cost of sale of goods	33,064	24,220	-	-
Administrative expenses	45,085	21,290	-	-
<b>Total</b>	<b>78,149</b>	<b>45,510</b>	<b>-</b>	<b>-</b>

Actuarial gains and losses recognised in other comprehensive income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
		<i>(in thousand Baht)</i>		
Included in other components of equity :				
At 1 January	47,558	-	-	-
Recognised during the year	3,282	47,558	-	-
<b>At 31 December</b>	<b>50,840</b>	<b>47,558</b>	<b>-</b>	<b>-</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Weighted average discount rate	2.65%-6.50%	6.50%-7.25%	-	-
Expected return on plan assets	9.75%	9.75%	-	-
Rate of compensation increase	4.75%-7.00%	4.75%-6.00%	-	-

Assumptions regarding future mortality are based on published statistics and mortality tables.

## 21 Share capital

	Par value per share (in Baht)	2012 Number	2012 Baht (thousand shares / thousand Baht)	2011 Number	2011 Baht
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	4,815,857	4,815,857	4,815,857	4,815,857
<b>At 31 December</b>					
- ordinary shares	1	<u>4,815,857</u>	<u>4,815,857</u>	<u>4,815,857</u>	<u>4,815,857</u>
<b>Issued and paid</b>					
At 1 January					
- ordinary shares	1	4,814,257	4,814,257	4,334,271	4,334,271
Increase of new shares (a)	1	-	-	479,986	479,986
<b>At 31 December</b>					
- ordinary shares	1	<u>4,814,257</u>	<u>4,814,257</u>	<u>4,814,257</u>	<u>4,814,257</u>

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

- (a) The shareholders completed the exercise of Transferable Subscription Rights (“TSRs”) on 24 February 2011 and TSR holders holding 479,986,198 TSRs exercised the right to subscribe for 1 ordinary share for every 1 TSR held at an exercise price of Baht 36 per share. The Company received subscription money, including share premium of Baht 16,799.5 million, totaling Baht 17,279.5 million from the exercise of TSRs. The costs of rights issued of Baht 55.7 million were deducted from share premium. The increase in issued and paid-up capital was registered with the Ministry of Commerce on 1 March 2011.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

### Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription money 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.

## 22 Reserves

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

### *Other components of equity*

#### **Currency translation differences**

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

#### **Valuation surplus**

The valuation surplus account within equity comprises the cumulative net changes in the valuation of machinery and equipment related to textile production until such machinery and equipment is sold or otherwise disposed of. The valuation surplus is not available for dividend distribution.

#### **Cash flow hedges**

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedge transactions that have not yet occurred.

#### **Defined benefit plan actuarial gains (losses)**

The defined benefit plan actuarial gains (losses) account within equity comprise experience adjustments which are the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

#### **Excess of book value of acquired subsidiaries over cost/ (cost over book value)**

The excess of book value of acquired subsidiaries over cost/ (cost over book value) represent the differences between book value and cost of investment as of the date of acquisition of additional shares of certain existing subsidiaries and have been recorded as a reserve. It is non-distributable and will be retained until the respective investment in shares of subsidiaries are sold or otherwise dispose of.

#### **Differences arising from common control transactions**

The differences arising from common control transactions represent the excess of the book values of certain entities or businesses under common control 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.

*Movements in reserves*

Movements in reserves are shown in the statements of changes in equity.

**23 Segment information**

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segments/geographical segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

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 and glycol ("Feedstock")
Segment 3	Manufacture and distribution of fibers and yarns ("Fibers and yarns")

As a result of acquisition of ethylene oxide/ethylene glycol business during 2012 (see Note 4(x)), the PTA business segment, as previously presented as one business segment in the 2011 consolidated financial statements, is now combined with glycol business and renamed to be Feedstock.

*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 Group operates in the following main geographical areas:

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

**Business segment results**

	<b>Consolidated financial statements</b>									
	PET		Feedstock*/**		Fibers & yarns		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
						(restated)				(restated)
					<i>(in thousand Baht)</i>					
Revenue from sale of goods	133,478,211	129,671,013	68,693,134	62,695,654	42,235,818	25,184,356	(33,622,423)	(31,455,109)	210,784,740	186,095,914
Interest income	78,247	68,873	5,862	12,033	73,202	21,379	(91,858)	(15,036)	65,453	87,249
Net foreign exchange gain	44,557	446,411	266,686	(31,313)	31,802	3,798	(149,228)	(267,084)	193,817	151,812
Gain on a bargain purchase	121,163	5,906,824	-	-	726,333	845,740	-	-	847,496	6,752,564
Impact of flooding, net	873,747	-	-	-	999,238	-	-	-	1,872,985	-
Unallocated revenue	-	-	-	-	-	-	-	-	1,422,939	1,366,689
<b>Total revenue</b>	<b>134,595,925</b>	<b>136,093,121</b>	<b>68,965,682</b>	<b>62,676,374</b>	<b>44,066,393</b>	<b>26,055,273</b>	<b>(33,863,509)</b>	<b>(31,737,229)</b>	<b>215,187,430</b>	<b>194,454,228</b>
Cost of sale of goods	121,611,696	115,597,726	61,494,177	55,140,336	38,006,848	21,989,431	(33,622,423)	(31,455,108)	187,490,298	161,272,385
Selling and administrative expenses	6,225,827	6,634,154	1,843,081	1,443,060	2,381,338	1,184,954	(40,734)	(14,982)	10,409,512	9,247,186
Impact of flooding, net	-	804,836	-	-	-	839,879	-	-	-	1,644,715
Depreciation and amortisation	2,431,784	2,169,871	2,965,000	1,776,676	1,266,967	829,964	-	-	6,663,751	4,776,511
Unallocated expenses	-	-	-	-	-	-	-	-	864,693	286,640
<b>Total expenses</b>	<b>130,269,307</b>	<b>125,206,587</b>	<b>66,302,258</b>	<b>58,360,072</b>	<b>41,655,153</b>	<b>24,844,228</b>	<b>(33,663,157)</b>	<b>(31,470,090)</b>	<b>205,428,254</b>	<b>177,227,437</b>

	PET	Feedstock*/**			Fibers & yarns  (restated)  (in thousand Baht)			Eliminations		Total
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011 (restated)
Share of profit (loss) of jointly-controlled entities, net	-	-	-	-	-	-	-	-	(911,265)	1,303,435
<b>Profit before interest and income tax</b>										
expenses	4,326,618	10,886,534	2,663,424	4,316,302	2,411,240	1,211,045	(200,352)	(267,139)	8,847,911	18,530,226
Interest expense	1,726,084	1,359,688	1,084,287	471,754	640,287	322,060	(1,621,344)	(716,671)	1,829,314	1,436,831
Income tax expense	81,462	530,740	380,023	151,230	85,033	44,434	-	-	546,518	726,404
Unallocated items	-	-	-	-	-	-	-	-	1,652,490	949,069
<b>Profit for the year</b>	<b>2,519,072</b>	<b>8,996,106</b>	<b>1,199,114</b>	<b>3,693,318</b>	<b>1,685,920</b>	<b>844,551</b>	<b>1,420,992</b>	<b>449,532</b>	<b>4,819,589</b>	<b>15,417,922</b>

**\*Includes intercompany revenue on sales to other business segments:**

To PET	23,510,127	23,170,762
To Fibers & yarns	9,516,932	7,808,357

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

To PET	306,802	1,370,777
To Fibers & yarns	124,194	461,941



### *Business segment financial position*

	Consolidated financial statements						
	PET		Feedstock		Fibers & yarns		Total
	2012	2011	2012	2011	2012	2011	
Cash and cash equivalents	843,770	2,803,799	1,293,340	847,523	547,591	531,580	4,182,902
Inventories	14,642,254	13,369,859	4,362,428	3,389,014	5,735,257	4,645,437	21,422,270
Property, plant and equipment	37,472,407	33,517,707	33,067,823	24,109,721	15,894,670	9,095,302	66,722,730
Unallocated assets	-	-	-	-	-	-	53,487,096
<b>Total assets</b>	<b>52,958,431</b>	<b>49,691,365</b>	<b>38,723,591</b>	<b>28,346,258</b>	<b>22,177,518</b>	<b>14,272,319</b>	<b>145,814,998</b>
Interest-bearing liabilities	39,967,967	37,862,614	28,503,682	15,566,635	17,484,619	9,780,873	33,800,276
Unallocated liabilities	-	-	-	-	-	-	53,248,972
<b>Total liabilities</b>	<b>39,967,967</b>	<b>37,862,614</b>	<b>28,503,682</b>	<b>15,566,635</b>	<b>17,484,619</b>	<b>9,780,873</b>	<b>87,049,248</b>
Capital expenditure	5,223,135	4,177,373	843,758	1,076,760	4,325,831	1,033,185	6,287,318
Depreciation	2,176,713	1,980,369	2,709,848	1,745,115	1,151,670	828,737	4,554,221
Amortisation	255,071	189,502	255,152	31,561	115,297	1,227	222,290
Loss (gain) on disposal and write-off of property, plant and equipment	11,501	(28)	(210)	(2,058)	(1,382)	(5,038)	(7,124)

### Geographic segments

	Consolidated financial statements					
	Revenue from sale of goods		Segment assets		Capital expenditure	
	2012	2011	2012	2011	2012	2011
	<i>(in thousand Baht)</i>					
Thailand	14,924,531	15,397,758	67,126,273	54,862,256	3,744,619	2,033,858
North America	84,441,454	61,877,413	54,754,015	42,135,768	1,731,603	1,205,655
Europe	53,526,585	47,625,691	34,478,427	34,421,935	1,756,464	2,064,197
Rest of the world	57,892,170	61,195,052	14,116,579	14,395,039	3,160,038	983,608
<b>Total</b>	<b>210,784,740</b>	<b>186,095,914</b>	<b>170,475,294</b>	<b>145,814,998</b>	<b>10,392,724</b>	<b>6,287,318</b>

### 24 Other income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Insurance claim	407,412	505,170	-	-
Gain on disposal of assets	4,504	7,124	-	-
Others	564,743	299,737	146,744	6,845
<b>Total</b>	<b>976,659</b>	<b>812,031</b>	<b>146,744</b>	<b>6,845</b>

### 25 Cost of sale of goods

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in process	(27,053)	(3,486,816)	-	-
Raw materials and consumables used	164,685,504	148,944,311	-	-
Depreciation and amortisation	5,987,102	4,447,408	-	-
Others	22,834,097	15,849,308	-	-
<b>Total</b>	<b>193,479,650</b>	<b>165,754,211</b>	<b>-</b>	<b>-</b>

### 26 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Distribution	7,029,563	5,625,672	-	-
Depreciation and amortisation	676,649	329,103	-	-
Travelling expense	90,178	62,018	-	-
Insurance expense	211,125	33,122	-	-
Others	521,281	255,634	-	-
<b>Total</b>	<b>8,528,796</b>	<b>6,305,549</b>	<b>-</b>	<b>-</b>

**27 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Personnel expense	1,379,350	1,567,837	-	-
Professional fees	395,441	381,604	30,865	29,327
Others	1,534,355	1,495,225	16,673	17,170
<b>Total</b>	<b>3,309,146</b>	<b>3,444,666</b>	<b>47,538</b>	<b>46,497</b>

**28 Employee benefit expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Management</b>				
Wages and salaries	34,538	22,299	-	-
Contribution to defined contribution plans and social security and expenses related to define benefit plans	25,179	4,338	-	-
Others	50,944	51,659	40,538	24,061
	<b>110,661</b>	<b>78,296</b>	<b>40,538</b>	<b>24,061</b>
<b>Other employees</b>				
Wages and salaries	5,493,124	3,572,907	-	-
Contribution to defined contribution plans and social security and expenses related to define benefit plans	547,990	397,499	-	-
Bonus	352,476	266,935	-	-
Staff welfare	870,497	451,286	-	-
Others	6,150	53,422	-	-
	<b>7,270,237</b>	<b>4,742,049</b>	<b>-</b>	<b>-</b>
<b>Total employee benefit expense</b>	<b>7,380,898</b>	<b>4,820,345</b>	<b>40,538</b>	<b>24,061</b>

**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 3 - 5% of their basic salaries and by the Company at the rate of 3 - 5% 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 2012 amounted to approximately Baht 15.0 million (2011: Baht 11.3 million).

### Employee retirement schemes

Subsidiaries in U.S.A 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 2012 amounted to approximately USD 1.5 million (Baht 46.5 million) (2011: USD 1.2 million (Baht 37.1 million)).

Two subsidiaries in Europe have established a defined contribution plan that provides benefits for its employees upon retirement. Total annual contribution by the employer to the plans is defined by the annual and risk premiums charged by the insurance company. Total expense recognised for the plans for the year ended 31 December 2012 was GBP 0.4 million (Baht 20.5 million) (2011: GBP 0.3 million (Baht 15.6 million)).

## 29 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	
	2012	2011	2012	2011
	(in thousand Baht)			
<b>Included in cost of sale of goods:</b>				
Changes in inventories of finished goods and work in progress	(27,053)	(3,486,816)	-	-
Raw materials and consumables used	164,685,504	148,944,311	-	-
Employee benefits expense	5,890,887	3,174,212	-	-
Depreciation and amortisation expense	5,987,102	4,447,408	-	-
<b>Included in selling and administrative expenses:</b>				
Employee benefits expense	1,379,350	1,567,837	-	-
Depreciation and amortisation expense	676,649	329,103	-	-

## 30 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		(in thousand Baht)			
Interest expense:					
Related parties	5	-	-	3,814	3,401
Financial institutions		3,612,239	2,377,783	1,621,221	932,659
		<u>3,612,239</u>	<u>2,377,783</u>	<u>1,625,035</u>	<u>936,060</u>
Less: capitalised as part of construction in progress	13	(163,655)	(7,720)	-	-
<b>Net</b>		<u><u>3,448,584</u></u>	<u><u>2,370,063</u></u>	<u><u>1,625,035</u></u>	<u><u>936,060</u></u>

### 31 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	579,738	717,887	-	-
Adjustments for prior years	-	24,354	-	-
<b>Total</b>	<b>579,738</b>	<b>742,241</b>	<b>-</b>	<b>-</b>

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 32) and insurance proceeds (see Note 38) 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.

### 32 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, 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, 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:

	<b>Consolidated financial statements</b>					
	Promoted businesses	2012 Non- promoted businesses	Total (a)	Promoted businesses	2011 Non- promoted businesses	Total (a)
			<i>(in thousand Baht)</i>			
Export sales	20,662,813	17,850,938	38,513,751	24,604,518	21,040,963	45,645,481
Local sales	17,617,878	17,106,823	34,724,701	21,097,141	17,878,552	38,975,693
<b>Total revenue</b>	<b>38,280,691</b>	<b>34,957,761</b>	<b>73,238,452</b>	<b>45,701,659</b>	<b>38,919,515</b>	<b>84,621,174</b>

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

### 33 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>4,611,238</b>	<b>15,556,858</b>	<b>3,483,794</b>	<b>7,156,439</b>
Number of ordinary shares outstanding at 1 January	4,814,257	4,334,271	4,814,257	4,334,271
Effect of shares issued on 28 February	-	403,714	-	403,714
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>4,814,257</b>	<b>4,737,985</b>	<b>4,814,257</b>	<b>4,737,985</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.96*</b>	<b>3.29**</b>	<b>0.72</b>	<b>1.51</b>

\*Includes gain on a bargain purchase of Baht 0.18 per share and share of loss of jointly-controlled entities of Baht 0.19 per share

\*\*Includes gain on a bargain purchase of Baht 1.43 per share and share of profit of jointly-controlled entities of Baht 0.27 per share

## 34 Dividends

At the annual general meeting of the shareholders of the Company held on 27 April 2011, the shareholders approved the appropriation of dividend of Baht 0.66 per share, amounting to Baht 3,177.4 million. The dividend was paid to shareholders in May 2011.

At the meeting of the board of directors of the Company held on 10 August 2011, the board of directors approved the appropriation of interim dividend of Baht 0.50 per share, amounting to Baht 2,407.0 million. The dividend was paid to shareholders in September 2011.

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the shareholders approved the appropriation of dividend of Baht 0.50 per share, amounting to Baht 2,407.1 million. The dividend was paid to shareholders in May 2012.

At the meeting of the board of directors of the Company held on 14 August 2012, the board of directors approved the appropriation of interim dividend of Baht 0.18 per share, amounting to Baht 866.6 million. The dividend was paid to shareholders in September 2012.

## 35 Financial instruments

### *Financial risk management policies*

The Group/Company 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/Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The Group/Company 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/Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Capital Management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests and also monitor 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/Company's operations and its cash flows. The Group/Company is primarily exposed to interest rate risk from its borrowings (see Note 17). The Group/Company mitigates this risk by using derivative financial instruments, principally interest rates swaps, to manage exposure to fluctuations in interest rates on borrowings.

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

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2012</b>					
<b>Current</b>					
Short-term loans to related parties	3.07-5.00	10,886,893	-	-	10,886,893
<b>Non-current</b>					
Long-term loans to related parties	2.27-5.00	-	1,204,032	30,265,712	31,469,744
<b>Total</b>		<b>10,886,893</b>	<b>1,204,032</b>	<b>30,265,712</b>	<b>42,356,637</b>

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2011</b>					
<b>Current</b>					
Short-term loans to related parties	1.38-5.00	24,620,318	-	-	24,620,318
<b>Non-current</b>					
Long-term loans to related parties	1.36-5.00	-	-	2,369,346	2,369,346
<b>Total</b>		<b>24,620,318</b>	<b>-</b>	<b>2,369,346</b>	<b>26,989,664</b>



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

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2012</b>					
<b>Current</b>					
Bank overdrafts	2.20-7.88	350,571	-	-	350,571
Short-term loans from financial institutions	1.42-8.58	13,022,470	-	-	13,022,470
Long-term loans from financial institutions	0.71-7.73	5,609,668	-	-	5,609,668
Finance lease liabilities	4.04-7.37	41,123	-	-	41,123
<b>Non-current</b>					
Long-term loans from financial institutions	0.71-7.73	-	34,731,913	5,255,832	39,987,745
Finance lease liabilities	4.04-7.37	-	3,307	-	3,307
Debentures	4.45-6.00	-	6,882,756	14,741,036	21,623,792
<b>Total</b>		<b>19,023,832</b>	<b>41,617,976</b>	<b>19,996,868</b>	<b>80,638,676</b>
<b>2011</b>					
<b>Current</b>					
Bank overdrafts	2.37-6.38	152,115	-	-	152,115
Short-term loans from financial institutions	1.41-8.58	13,524,751	-	-	13,524,751
Long-term loans from financial institutions	1.13-9.02	6,440,134	-	-	6,440,134
Finance lease liabilities	3.15-7.37	18,375	-	-	18,375
<b>Non-current</b>					
Long-term loans from financial institutions	1.13-9.02	-	31,216,957	2,485,019	33,701,976
Finance lease liabilities	3.15-7.37	-	40,086	-	40,086
Debentures	4.50-5.35	-	2,888,016	4,580,642	7,468,658
<b>Total</b>		<b>20,135,375</b>	<b>34,145,059</b>	<b>7,065,661</b>	<b>61,346,095</b>

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements After 1 year		Total
			but within 5 years (in thousand Baht)	After 5 years	
<b>2012</b>					
<b>Current</b>					
Short-term loans from related parties	2.00-2.38	164,300	-	-	164,300
Long-term loans from financial institutions	2.02-5.07	67,111	-	-	67,111
<b>Non-current</b>					
Long-term loans from financial institutions	2.02-5.07	-	11,133,394	161,908	11,295,302
Debentures	4.45-6.00	-	6,882,756	14,741,036	21,623,792
<b>Total</b>		<b>231,411</b>	<b>18,016,150</b>	<b>14,902,944</b>	<b>33,150,505</b>
<b>2011</b>					
<b>Current</b>					
Short-term loans from related parties	1.63-2.38	164,300	-	-	164,300
Long-term loans from financial institutions	1.96-5.47	2,454,764	-	-	2,454,764
<b>Non-current</b>					
Long-term loans from financial institutions	1.96-5.47	-	15,666,882	1,955,065	17,621,947
Debentures	4.50-5.35	-	2,888,016	4,580,642	7,468,658
<b>Total</b>		<b>2,619,064</b>	<b>18,554,898</b>	<b>6,535,707</b>	<b>27,709,669</b>

### Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sales and borrowings which are denominated in foreign currencies. The Group/Company 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 reporting date also relate to anticipated purchases and sales and borrowings, 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	
	<i>Note</i>	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<b><i>United States Dollars</i></b>					
Cash and cash equivalents	6	1,411,535	555,987	-	-
Other investments	7	227,360	170,650	-	-
Trade accounts receivable	8	18,108,304	11,535,070	-	-
Short-term loans to related parties	5	-	-	734,080	3,718,651
Long-term loans to Related parties	5	-	-	2,145,590	837,854
Interest-bearing liabilities	17	(37,438,714)	(19,845,165)	(315,937)	(399,375)
Trade accounts payable	18	(12,425,246)	(7,448,459)	-	-
<b>Gross balance sheet exposure</b>		<b>(30,116,761)</b>	<b>(15,031,917)</b>	<b>2,563,733</b>	<b>4,157,130</b>

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		(in thousand Baht)			
<b>Euro</b>					
Cash and cash equivalents	6	474,143	1,930,022	-	-
Other investments	7	-	257,281	-	-
Trade accounts receivable	8	2,444,461	4,989,420	-	-
Short-term loans to related parties	5	181	-	588,927	1,697,195
Long-term loans to related parties	5	60,835	-	8,721,036	-
Interest-bearing liabilities	17	(5,932,149)	(6,199,304)	-	-
Trade accounts payable	18	(3,631,898)	(3,519,958)	-	-
<b>Gross balance sheet exposure</b>		<b>(6,584,427)</b>	<b>(2,542,539)</b>	<b>9,309,963</b>	<b>1,697,195</b>
<b>Pounds Sterling</b>					
Cash and cash equivalents	6	46,668	4,323	-	-
Trade accounts receivable	8	792,528	323	-	-
Interest-bearing liabilities	17	(421,259)	-	-	-
Trade accounts payable	18	(113,952)	(149,088)	-	-
<b>Gross balance sheet exposure</b>		<b>303,985</b>	<b>(144,442)</b>	<b>-</b>	<b>-</b>
<b>Lithuanian Litas</b>					
Cash and cash equivalents	6	26,687	23,123	-	-
Trade accounts receivable	8	144,632	101,525	-	-
Trade accounts payable	18	(66,569)	(76,269)	-	-
<b>Gross balance sheet exposure</b>		<b>104,750</b>	<b>48,379</b>	<b>-</b>	<b>-</b>
<b>Japanese Yen</b>					
Cash and cash equivalents	6	55	-	-	-
Trade accounts receivable	8	9,651	-	-	-
Trade accounts payable	18	(4,086)	(4,918)	-	-
<b>Gross balance sheet exposure</b>		<b>5,620</b>	<b>(4,918)</b>	<b>-</b>	<b>-</b>
<b>Nigerian Naira</b>					
Cash and cash equivalents	6	135,381	81,301	-	-
Trade accounts receivable	8	8,732	895	-	-
Trade accounts payable	18	(4,780)	(8,116)	-	-
<b>Gross balance sheet exposure</b>		<b>139,333</b>	<b>74,080</b>	<b>-</b>	<b>-</b>
<b>Chinese Yuan</b>					
Cash and cash equivalents	6	85,472	303,331	-	-
Trade accounts receivable	8	842,656	890,877	-	-
Interest-bearing liabilities	17	(2,712)	(1,352,722)	-	-
Trade accounts payable	18	(785,231)	(372,200)	-	-
<b>Gross balance sheet exposure</b>		<b>140,185</b>	<b>(530,714)</b>	<b>-</b>	<b>-</b>
<b>Mexican Peso</b>					
Cash and cash equivalents	6	231,537	655,942	-	-
Trade accounts receivable	8	99,007	4,636,243	-	-
Interest-bearing liabilities	17	-	(158,043)	-	-
Trade accounts payable	18	(510,281)	(2,956,947)	-	-
<b>Gross balance sheet exposure</b>		<b>(179,737)</b>	<b>2,177,195</b>	<b>-</b>	<b>-</b>

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		(in thousand Baht)			
<b>Polish Zloty</b>					
Cash and cash equivalents	6	65,767	378,259	-	-
Other investments	7	220	560	-	-
Trade accounts receivable	8	230,598	371,782	-	-
Trade accounts payable	18	(59,204)	(672,451)	-	-
<b>Gross balance sheet exposure</b>		<b>237,381</b>	<b>78,150</b>	<b>-</b>	<b>-</b>
<b>Indonesian Rupiah</b>					
Cash and cash equivalents	6	73,575	163,929	-	-
Trade accounts receivable	8	95,059	93,848	-	-
Trade accounts payable	18	(145,077)	(138,667)	-	-
<b>Gross balance sheet exposure</b>		<b>23,557</b>	<b>119,110</b>	<b>-</b>	<b>-</b>
<b>Swiss Franc</b>					
Cash and cash equivalents	6	834	1,259	-	-
Trade accounts payable	18	(104)	(59)	-	-
<b>Gross balance sheet exposure</b>		<b>730</b>	<b>1,200</b>	<b>-</b>	<b>-</b>
<b>Australian Dollars</b>					
Trade accounts receivable	8	5,025	-	-	-
Trade accounts payable	18	(75,956)	(15,750)	-	-
<b>Gross balance sheet exposure</b>		<b>(70,931)</b>	<b>(15,750)</b>	<b>-</b>	<b>-</b>
<b>Singapore Dollars</b>					
Cash and cash equivalents	6	12	-	-	-
Trade accounts payable	18	(44)	(26)	-	-
<b>Gross balance sheet exposure</b>		<b>(32)</b>	<b>(26)</b>	<b>-</b>	<b>-</b>
<b>Danish Krone</b>					
Cash and cash equivalents	6	118,928	-	-	-
Trade accounts receivable	8	350,160	-	-	-
Interest-bearing liabilities	17	(5,071)	-	-	-
Trade accounts payable	18	(491,657)	-	-	-
<b>Gross balance sheet exposure</b>		<b>(27,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>

The net position of currency swaps and forward exchange contracts at 31 December 2012 was Baht 4,142.2 million (net asset transactions) (2011: Baht 2,954.6 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 reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

***Liquidity risk***

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's/Company's operations and to mitigate the effects of fluctuations in cash flows.

***Determination of fair values***

A number of the Group's/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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 2012 and 2011, the financial assets and liabilities have fair values that do not differ significantly from the amounts recorded in the statement of financial position.

**Consolidated  
financial statements**  
2012                      2011  
*(in million Baht)*

Land and land improvements	129	98
Buildings and other construction	663	174
Machinery and equipment	3,017	1,957
<b>Total</b>	<b>3,809</b>	<b>2,229</b>

Within one year	463	347
After one year but within five years	979	684
After five years	432	385
<b>Total</b>	<b>1,874</b>	<b>1,416</b>

**Consolidated  
financial statements**  
2012                      2011  
*(in million Baht)*

Purchase orders and letters of credit for goods and supplies	2,969	2,177
Bank guarantees	1,474	731
Bills discounted	-	436
Other	20	5
<b>Total</b>	<b>4,463</b>	<b>3,349</b>

### 37 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.

In 2011, DAK Americas LLC ("DAK") acquired the PTA and PET business of Eastman Chemical Company in USA together with the intellectual property on technology of Eastman, with DAK as the exclusive licensee. Subsequent to the sale of business, Eastman filed a motion to substitute DAK and Grupo Petrotemex, S.A. de C.V. ("Petrotemex"), an affiliate of DAK, as plaintiffs, but the subsidiaries of the Company opposed the motion. Subsequently, Petrotemex and DAK filed a complaint against AlphaPet Inc., an indirect subsidiary of the Company, in the District Court of Delaware for infringement of certain patents which Petrotemex asserts it owns and exclusively licenses to DAK Americas LLC. On 29 December 2011, the litigation was consolidated with the litigation by Eastman.

Following a settlement agreement between the defendants and plaintiffs entered into in May 2012, the District Court of Delaware dismissed the above case on 4 June 2012. There was no material adverse effect on the Group's consolidated financial statements as a result of this settlement.

On 15 November 2011, M&G USA Corporation ("M&G") and Cobarr S.P.A ("Cobarr") filed a complaint in Delaware District Court, USA against three subsidiaries of IVL and Invista North America S.A.R.L. from which IVL bought its business in March 2011 (see Note 4(v)). M&G and Cobarr alleged the infringement of certain patents which are claimed to be owned by M&G and Cobarr. On 13 January 2012, the plaintiffs agreed to dismiss the case against one subsidiary of the Company. The subsidiaries appointed legal counsel to defend their interests. A settlement agreement between the defendants and plaintiffs was entered into in December 2012 and there was no material adverse effect on the Group's consolidated financial statements as a result of this settlement.

### 38 Impact of severe flooding in Thailand

The Group's operations in Lopburi, directly and indirectly owned by subsidiaries, were adversely affected by unusually severe flooding in parts of Thailand in late 2011. The production plants at Lopburi site were inundated by flood water on 23 September 2011 causing the production at those plants to stop for a period of time. As of the date of the approval of these consolidated financial statements, management and surveyors have entered and carried-out a detailed review of the damage

and filed insurance claim for damages to inventories and property, plant and equipment with the insurance company. The loss of profit from business interruption has been assessed and the claims in this regard have been filed with the loss adjustor and insurance companies. The management believes that any damages will be fully covered by the Group's insurance policies through which the Group will be able to claim for provisions made and losses incurred. The recovery of damages from insurance company is expected to be received in partial payments over time.

All the three PET plants are restored and resumed their operations. The wool yarn plant has been fully operational and the wool top plant will be operational in the first quarter of 2013.

Based on updated assessment of damage and claims filed with insurance company by the management in consultation with the insurers and relevant independent experts during 2012, the consolidated financial statements for the years ended 31 December 2012 and 2011 included the following movements related to the flood damage:

	Consolidated financial statements	
	2012	2011
	(in thousand Baht)	
Movement in the allowance for impairment loss related to flood in the statement of financial position:		
At 1 January	1,836,344	-
Additional impairment loss on machinery and equipment	2,800	1,836,344
Reversal of impairment loss on inventories and machinery and equipment	(1,594)	-
Write-off of allowance for impairment loss on inventories and machinery and equipment as a result of scrap sales	(1,831,381)	-
<b>At 31 December</b>	<b><u>6,169</u></b>	<b><u>1,836,344</u></b>
Recognised in profit or loss:		
<b>For the years ended 31 December</b>		
Gain on sale of inventories and machinery and equipment as a result of scrap sales	113,848	-
Reversal of impairment loss on inventories and machinery and equipment	1,594	-
Additional impairment loss on machinery and equipment, net of reversal of previously recognised revaluation reserve amounted to Baht 1.0 million (2011 : Baht 161.6 million)	(1,815)	(1,674,715)
<b>Total</b>	<b><u>113,627</u></b>	<b><u>(1,674,715)</u></b>
Money received from government as a subsidy	1,196	-
Insurance partial reimbursement		
- received in cash during the year	1,658,412	-
- receivable as at 31 December (Baht 52.3 million was received after 31 December 2012)	99,750	30,000
<b>Net</b>	<b><u>1,872,985</u></b>	<b><u>(1,644,715)</u></b>



### 39 Events after the reporting period

On 22 February 2013, the board of directors proposed for the dividend payment of Baht 0.18 per share, amounting to Baht 866.6 million. This dividend payment is subject to the approval by the shareholders of the Company.

### 40 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group/Company 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 expected 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 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

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 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 12 - Income taxes*

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Group/Company does not recognise deferred tax in the financial statements.

The Group/Company will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Statement of financial position</b>				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase in deferred tax assets	3,709	3,837	144	147
Increase in deferred tax liabilities	7,801	5,012	1	-
Decrease in investment in jointly-control entities	114	138	-	-

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Decrease in equity attributable to owners of the Company	4,206	1,363	143	147
Increase in non-controlling interests	1	50	-	-
Net decrease in total equity	<u>4,205</u>	<u>1,313</u>	<u>143</u>	<u>147</u>

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

#### ***TAS 20 - Accounting for government grants and disclosures of government assistance***

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Group's consolidated financial statements.

#### ***TAS 21 (revised 2009) - The effects of changes in foreign exchange rates***

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

The Group/Company will adopt TAS 21 with effect from 1 January 2013. Management has determined that the functional currency of the Company is Thai Baht. However, the functional currency of two overseas subsidiaries will be changed effective from 1 January 2013. The effects of the change will be recognised retrospectively in the consolidated financial statements and the consolidated statements of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management is presently in the process of assessing the impact of adopting an initial application of TAS 21, and therefore it is not disclosed in these consolidated financial statements.

#### ***TFRS 8 - Operating segments***

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group's consolidated financial statements.







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