

# 2013

ANNUAL REPORT

**INDORAMA**  
VENTURES

Closer than  
you think

The World's Leading Polyester  
Value Chain Player



# 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.

INDORAMA  
VENTURES



PTA



EO/EG

.....



PET

.....



Fibers and  
Yarns



Wool

## 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.

“Investors can study the additional information of the Company from the Annual Registration Statement (Form 56-1) as shown in the SEC website, [www.sec.or.th](http://www.sec.or.th) or the Company website, [www.indoramaventures.com](http://www.indoramaventures.com)”

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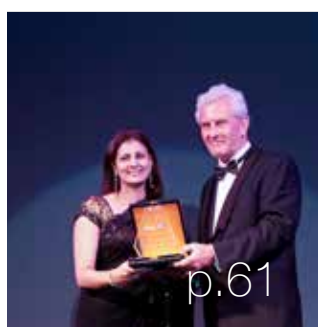
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# PERFORMANCE HIGHLIGHTS



|  | US\$ Million   |              | Baht Million   |                |
|--|----------------|--------------|----------------|----------------|
|  | Yr'13          | Yr'12 (R)    | Yr'13          | Yr'12 (R)      |
| <b>(1) Consolidated Sales</b>                              | <b>7,456</b>   | <b>6,779</b> | <b>229,120</b> | <b>210,729</b> |
| PET resins   | 4,765          | 4,292        | 146,418        | 133,422        |
| Fibers & Yarns   | 1,561          | 1,359        | 47,968         | 42,236         |
| Feedstock  | 2,291          | 2,210        | 70,391         | 68,693         |
| <b>(2) Core EBITDA</b>                                     | <b>(3) 487</b> | <b>461</b>   | <b>14,966</b>  | <b>14,334</b>  |
| PET resins   | 248            | 208          | 7,636          | 6,469          |
| Fibers & Yarns   | 95             | 72           | 2,910          | 2,233          |
| Feedstock  | 145            | 177          | 4,456          | 5,500          |
| Depreciation   | (229)          | (216)        | (7,051)        | (6,719)        |
| <b>Core EBIT</b>   | <b>258</b>     | <b>245</b>   | <b>7,915</b>   | <b>7,615</b>   |
| Interest   | (118)          | (102)        | (3,627)        | (3,175)        |
| <b>Core Profit before tax</b>                              | <b>140</b>     | <b>143</b>   | <b>4,287</b>   | <b>4,440</b>   |
| Current tax  | (10)           | (19)         | (302)          | (580)          |
| Effective current tax %                                    | 7%             | 13%          | 7%             | 13%            |
| Deferred tax   | (32)           | (48)         | (991)          | (1,492)        |
| <b>Core Profit before JV and NCI</b>                       | <b>97</b>      | <b>76</b>    | <b>2,994</b>   | <b>2,368</b>   |
| Joint Ventures Income/(Loss)                               | (24)           | (29)         | (741)          | (889)          |
| Non-controlling interests                                  | (6)            | (5)          | (191)          | (164)          |
| <b>Core Net Profit after tax and NCI</b>                   | <b>67</b>      | <b>42</b>    | <b>2,062</b>   | <b>1,315</b>   |
| <b>(4) CAPEX and investment</b>                            | <b>224</b>     | <b>1,357</b> | <b>6,885</b>   | <b>42,183</b>  |
| Net Operating Debt   | 2,224          | 2,320        | 72,991         | 71,061         |
| Total Equity   | 1,876          | 1,847        | 61,568         | 56,565         |
| <b>Net Operating Debt to Equity</b>                        | <b>1.2</b>     | <b>1.3</b>   | <b>1.2</b>     | <b>1.3</b>     |
| <b>Net Operating Long Term Debt to Equity</b>              | <b>0.9</b>     | <b>1.0</b>   | <b>0.9</b>     | <b>1.0</b>     |
| <b>Net Operating Core ROCE (before JV's)</b>               | <b>6.4%</b>    | <b>6.1%</b>  | <b>6.0%</b>    | <b>6.2%</b>    |
| <b>Core Net Profit after tax and NCI</b>                   | <b>67</b>      | <b>42</b>    | <b>2,062</b>   | <b>1,315</b>   |
| <b>Add: Inventory gain/(loss)</b>                          | <b>(30)</b>    | <b>2</b>     | <b>(928)</b>   | <b>76</b>      |
| <b>Add: Non Operational/Extraordinary income/(expense)</b> | <b>6</b>       | <b>43</b>    | <b>192</b>     | <b>1,349</b>   |
| Acquisition expenses                                       | 1              | (12)         | 32             | (387)          |
| Gain on bargain purchase                                   | 3              | 5            | 87             | 148            |
| Insurance claims (flood related)                           | 26             | 60           | 791            | 1,853          |
| <b>(5) Impairment of assets (incl. Ottana)</b>             | <b>(13)</b>    | <b>-</b>     | <b>(385)</b>   | <b>-</b>       |
| Restructuring expenses (Debt & Tax)                        | (10)           | -            | (320)          | -              |
| Workington Mothball  | (3)            | -            | (94)           | -              |
| Other extraordinary gain/(loss)                            | 3              | (9)          | 81             | (265)          |
| <b>= Net profit after tax and NCI</b>                      | <b>43</b>      | <b>88</b>    | <b>1,326</b>   | <b>2,740</b>   |

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

(2) Core EBITDA is Consolidated EBITDA less Inventory gain/ (loss)

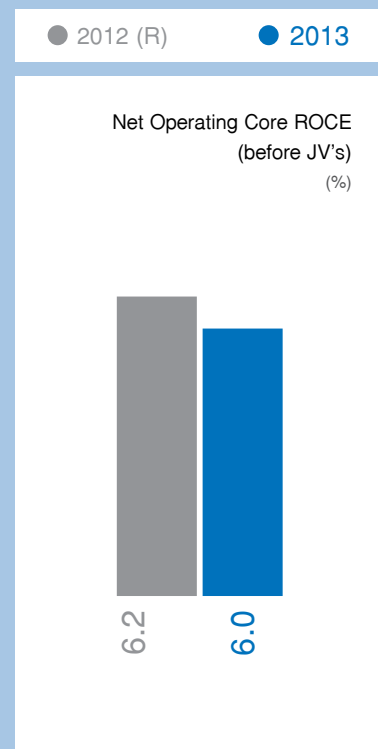
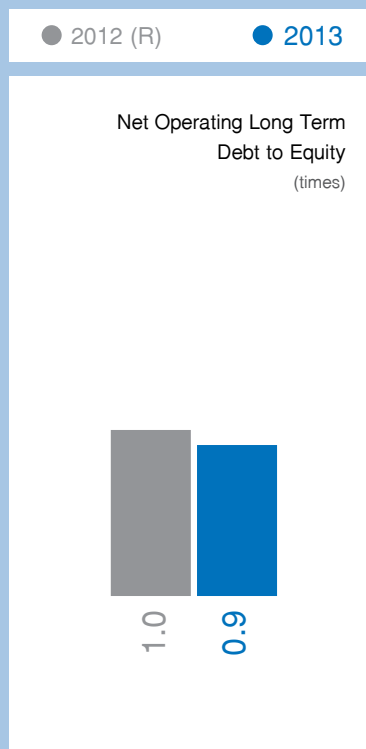
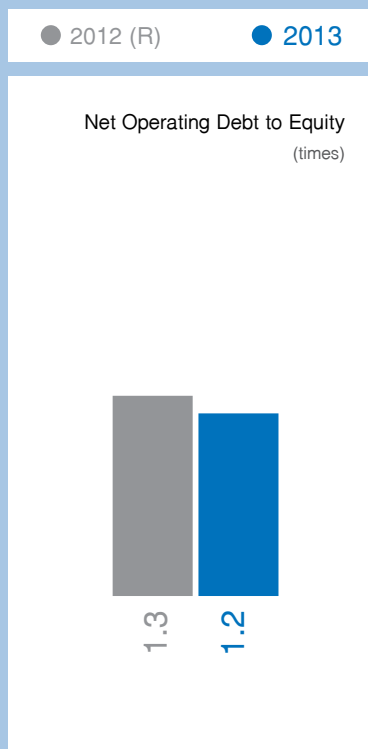
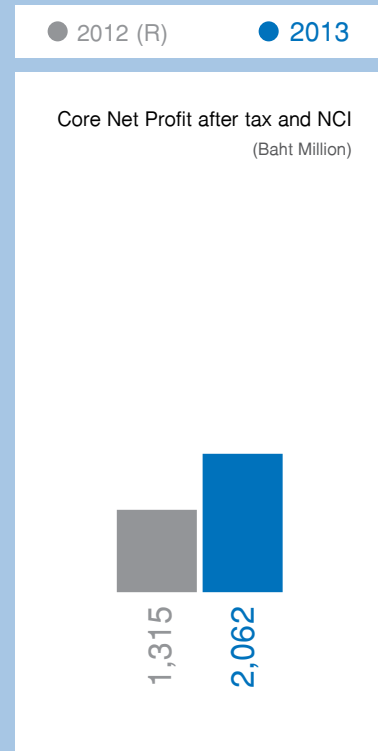
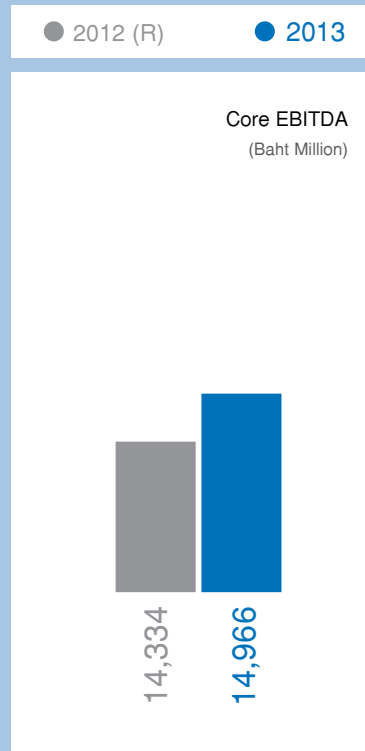
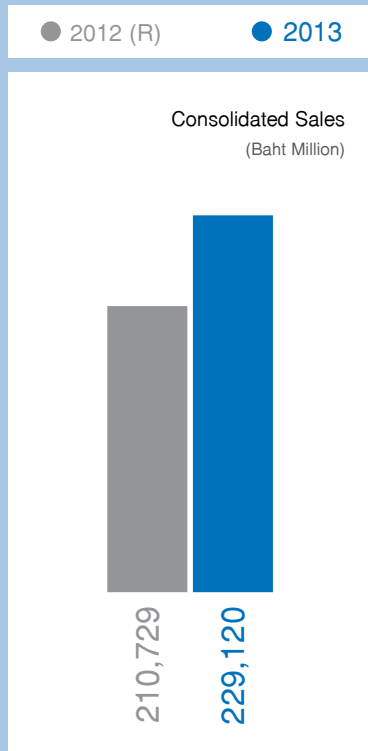
(3) 2013 Core EBITDA includes a business interruption insurance claim of US\$ 5/tonne (US\$ 29 MM)

(4) CAPEX and investment are on a cash basis as per cash flow statement

(5) Ottana partial impairment US\$ 12 million (IVLshare)

(6) Periods with (R) are restated numbers as per change in Thai Accounting Standards

# PERFORMANCE CHARTS



# FINANCIAL HIGHLIGHTS

The following table sets forth summary of the consolidated financial statements of Indorama Ventures Public Company Limited from 2011 to 2013

## Statements of Financial Position (Consolidated Financial Statements)

| Unit: Baht million   | As of December 31 |              |                  |              |                  |              |
|--|-------------------|--------------|------------------|--------------|------------------|--------------|
|  | 2011<br>Restated  | %            | 2012<br>Restated | %            | 2013             | %            |
| <b>Assets</b>  |                   |              |                  |              |                  |              |
| <b>Current assets</b>  |                   |              |                  |              |                  |              |
| Cash and cash equivalent   | 12,036.2          | 8.1          | 4,374.2          | 2.5          | 4,114.4          | 2.2          |
| Current investments  | 5,688.5           | 3.8          | 227.6            | 0.1          | 262.6            | 0.1          |
| Trade accounts receivable  | 24,445.7          | 16.5         | 25,596.9         | 14.8         | 28,827.2         | 15.2         |
| Short-term loans to related parties                              | -                 | -            | 0.2              | 0.0          | 0.6              | 0.0          |
| Inventories  | 21,441.4          | 14.5         | 24,679.5         | 14.3         | 28,939.6         | 15.3         |
| Other current assets   | 4,220.6           | 2.8          | 5,106.1          | 3.0          | 6,278.3          | 3.3          |
| <b>Total current assets</b>                                      | <b>67,832.4</b>   | <b>45.8</b>  | <b>59,984.5</b>  | <b>34.8</b>  | <b>68,422.6</b>  | <b>36.2</b>  |
| <b>Non-current assets</b>  |                   |              |                  |              |                  |              |
| Investment in jointly-controlled entity                          | 5,278.6           | 3.6          | 5,124.4          | 3.0          | 2,887.5          | 1.5          |
| Other long-term investments                                      | -                 | -            | 105.0            | 0.1          | 99.0             | 0.1          |
| Long-term loan to related parties                                | -                 | -            | 60.8             | 0.0          | 98.4             | 0.1          |
| Property, plant and equipment                                    | 67,507.1          | 45.6         | 86,724.6         | 50.3         | 96,213.5         | 50.9         |
| goodwill   | 463.8             | 0.3          | 7,485.4          | 4.3          | 8,018.7          | 4.2          |
| Intangible assets  | 4,593.3           | 3.1          | 10,430.9         | 6.0          | 11,245.7         | 5.9          |
| Deferred tax assets  | 1,399.9           | 0.9          | 1,100.5          | 0.6          | 1,185.1          | 0.6          |
| Other non-current assets   | 1,015.9           | 0.7          | 1,457.7          | 0.8          | 871.2            | 0.5          |
| <b>Total non-current assets</b>                                  | <b>80,258.6</b>   | <b>54.2</b>  | <b>112,489.4</b> | <b>65.2</b>  | <b>120,619.2</b> | <b>63.8</b>  |
| <b>Total assets</b>  | <b>148,091.1</b>  | <b>100.0</b> | <b>172,473.9</b> | <b>100.0</b> | <b>189,041.8</b> | <b>100.0</b> |
| <b>Liabilities and equity</b>                                    |                   |              |                  |              |                  |              |
| <b>Current liabilities</b>                                       |                   |              |                  |              |                  |              |
| Bank overdrafts and short-term loans from financial institutions | 13,685.7          | 9.2          | 13,371.2         | 7.8          | 16,075.4         | 8.5          |
| Trade account payable  | 17,979.9          | 12.1         | 22,305.1         | 12.9         | 25,663.2         | 13.6         |
| Current portion of long-term loans from financial institutions   | 6,440.1           | 4.3          | 5,609.1          | 3.3          | 3,921.9          | 2.1          |
| Current portion of finance lease liabilities                     | 18.4              | 0.0          | 41.1             | 0.0          | 5.2              | 0.0          |
| Income tax payable   | 875.5             | 0.6          | 1,016.7          | 0.6          | 700.9            | 0.4          |
| Other current liabilities  | 4,213.1           | 2.8          | 4,932.2          | 2.9          | 6,613.9          | 3.5          |
| <b>Total current liabilities</b>                                 | <b>43,212.7</b>   | <b>29.2</b>  | <b>47,275.4</b>  | <b>27.4</b>  | <b>52,980.5</b>  | <b>28.0</b>  |
| <b>Non-current liabilities</b>                                   |                   |              |                  |              |                  |              |
| Long-term loans from financial institutions                      | 33,706.3          | 22.8         | 39,980.9         | 23.2         | 41,463.3         | 21.9         |
| Debentures   | 7,468.7           | 5.0          | 21,623.8         | 12.5         | 23,795.7         | 12.6         |
| Finance lease liabilities  | 40.1              | 0.0          | 3.3              | 0.0          | 4.6              | 0.0          |
| Deferred tax liabilities   | 2,884.5           | 1.9          | 5,337.5          | 3.1          | 6,924.8          | 3.7          |
| Employee benefit obligations                                     | 773.9             | 0.5          | 880.0            | 0.5          | 961.8            | 0.5          |
| Other non-current liabilities                                    | 1,853.1           | 1.3          | 808.2            | 0.5          | 1,343.4          | 0.7          |
| <b>Total non-current liabilities</b>                             | <b>46,726.5</b>   | <b>31.6</b>  | <b>68,633.7</b>  | <b>39.8</b>  | <b>74,493.6</b>  | <b>39.4</b>  |
| <b>Total liabilities</b>   | <b>89,939.2</b>   | <b>60.7</b>  | <b>115,909.2</b> | <b>67.2</b>  | <b>127,474.1</b> | <b>67.4</b>  |
| <b>Equity</b>  |                   |              |                  |              |                  |              |
| Share capital  |                   |              |                  |              |                  |              |
| Authorized share capital   | 4,815.9           | 3.3          | 4,815.9          | 2.8          | 4,815.9          | 2.5          |
| Issued and paid-up share capital                                 | 4,814.3           | 3.3          | 4,814.3          | 2.8          | 4,814.3          | 2.5          |
| Reserve  |                   |              |                  |              |                  |              |
| Share premium  | 29,774.6          | 20.1         | 29,774.6         | 17.3         | 29,774.6         | 15.8         |
| Unrealised surpluses (deficits)                                  |                   |              |                  |              |                  |              |
| Revaluation surplus  | 1,569.4           | 1.1          | 1,322.7          | 0.8          | 1,109.4          | 0.6          |
| Hedging reserve  | (89.8)            | (0.1)        | (42.2)           | (0.0)        | (8.4)            | (0.0)        |

| Unit: Baht million                                      | As of December 31 |              |                  |              |                  |              |
|---|-------------------|--------------|------------------|--------------|------------------|--------------|
|   | 2011<br>Restated  | %            | 2012<br>Restated | %            | 2013             | %            |
| Currency translation differences                        | (752.5)           | (0.5)        | (1,971.9)        | (1.1)        | 2,499.8          | 1.3          |
| Excess of cost over book value of acquired subsidiaries | (3,295.0)         | (2.2)        | (3,295.0)        | (1.9)        | (3,295.0)        | (1.7)        |
| Differences arising from common control transactions    | (1,235.6)         | (0.8)        | (1,235.6)        | (0.7)        | (1,235.6)        | (0.7)        |
| Retained earnings                                       |                   |              |                  |              |                  |              |
| Appropriated  |                   |              |                  |              |                  |              |
| Legal reserve   | 1,326.2           | 0.9          | 1,739.5          | 1.0          | 1,832.7          | 1.0          |
| Unappropriated  | 25,862.1          | 17.5         | 25,131.0         | 14.6         | 25,013.6         | 13.2         |
| <b>Equity attributable to owners of the Company</b>     | <b>57,973.7</b>   | <b>39.1</b>  | <b>56,237.4</b>  | <b>32.6</b>  | <b>60,505.5</b>  | <b>32.0</b>  |
| Non-controlling interests                               | 178.2             | 0.1          | 327.3            | 0.2          | 1,062.2          | 0.6          |
| <b>Total equity</b>                                     | <b>58,151.9</b>   | <b>39.3</b>  | <b>56,564.7</b>  | <b>32.8</b>  | <b>61,567.8</b>  | <b>32.6</b>  |
| <b>Total liabilities and equity</b>                     | <b>148,091.1</b>  | <b>100.0</b> | <b>172,473.9</b> | <b>100.0</b> | <b>189,041.8</b> | <b>100.0</b> |

## Statements of Income (Consolidated Financial Statements)

| Unit: Baht million   | For the year ended December 31 |              |                  |              |                  |              |
|--|--------------------------------|--------------|------------------|--------------|------------------|--------------|
|  | 2011<br>Restated               | %            | 2012<br>Restated | %            | 2013             | %            |
| <b>Income</b>  |                                |              |                  |              |                  |              |
| Revenue from sale of goods                                 | 186,119.5                      | 100.0        | 210,729.0        | 100.0        | 229,120.4        | 100.0        |
| Net foreign exchange gain                                  | -                              | -            | 751.2            | 0.4          | 267.0            | 0.1          |
| Interest income  | 488.1                          | 0.3          | 272.6            | 0.1          | 152.6            | 0.1          |
| Gain on a bargain purchase                                 | 7,472.8                        | 4.0          | 147.5            | 0.1          | -                | -            |
| Impact of flooding, net                                    | -                              | -            | 1,873.0          | 0.9          | 1,690.2          | 0.7          |
| Other income   | 823.8                          | 0.4          | 949.6            | 0.5          | 1,126.3          | 0.5          |
| <b>Total income</b>  | <b>194,904.2</b>               | <b>104.7</b> | <b>214,723.0</b> | <b>101.9</b> | <b>232,356.6</b> | <b>101.4</b> |
| <b>Expenses</b>  |                                |              |                  |              |                  |              |
| Cost of sale of goods                                      | 165,781.1                      | 89.1         | 193,483.5        | 91.8         | 211,779.0        | 92.4         |
| Selling and administrative expenses                        | 9,722.3                        | 5.2          | 11,817.9         | 5.6          | 12,772.1         | 5.6          |
| Net foreign exchange loss                                  | 248.9                          | 0.1          | -                | -            | -                | -            |
| Management benefit expenses                                | 127.0                          | 0.1          | 109.0            | 0.1          | 76.1             | 0.0          |
| Impairment losses due to flood                             | 1,644.7                        | 0.9          | -                | -            | -                | -            |
| <b>Total expenses</b>                                      | <b>177,524.1</b>               | <b>95.4</b>  | <b>205,410.4</b> | <b>97.5</b>  | <b>224,627.2</b> | <b>98.0</b>  |
| Share of profit of jointly-controlled entity               | 1,166.5                        | 0.6          | (889.1)          | (0.4)        | (1,108.0)        | (0.5)        |
| <b>Profit before finance costs and income tax expenses</b> | <b>18,546.6</b>                | <b>10.0</b>  | <b>8,423.5</b>   | <b>4.0</b>   | <b>6,621.4</b>   | <b>2.9</b>   |
| Finance costs  | 2,370.2                        | 1.3          | 3,447.1          | 1.6          | 3,811.0          | 1.7          |
| <b>Profit before income tax expenses</b>                   | <b>16,176.4</b>                | <b>8.7</b>   | <b>4,976.3</b>   | <b>2.4</b>   | <b>2,810.5</b>   | <b>1.2</b>   |
| Income tax expenses  | 1,195.0                        | 0.6          | 2,071.8          | 1.0          | 1,293.9          | 0.6          |
| <b>Profit for the period</b>                               | <b>14,981.4</b>                | <b>8.0</b>   | <b>2,904.5</b>   | <b>1.4</b>   | <b>1,516.6</b>   | <b>0.7</b>   |
| <b>Attributable to:</b>                                    |                                |              |                  |              |                  |              |
| Owners of the Company                                      | 15,081.3                       | 11.4         | 2,740.1          | 7.8          | 1,325.9          | 2.0          |
| Non-controlling interests                                  | (99.9)                         | (0.1)        | 164.4            | 0.5          | 190.7            | 0.3          |
| <b>Profit for the period</b>                               | <b>14,981.4</b>                | <b>11.3</b>  | <b>2,904.5</b>   | <b>8.3</b>   | <b>1,516.6</b>   | <b>2.3</b>   |
| <b>Earnings per share (in Baht)</b>                        | <b>3.18</b>                    |              | <b>0.57</b>      |              | <b>0.28</b>      |              |

## Cash Flow Statement (Consolidated Financial Statements)

| Unit: Baht million   | For the year ended December 31 |                   |                  |
|--|--------------------------------|-------------------|------------------|
|  | 2011<br>Restated               | 2012<br>Restated  | 2013             |
| <b>Cash flows from operation activities</b>  |                                |                   |                  |
| Profit for the year  | 14,981.4                       | 2,904.5           | 1,516.6          |
| Adjustment for   |                                |                   |                  |
| Depreciation   | 4,561.7                        | 6,061.1           | 6,351.1          |
| Amortisation of intangible assets and other assets   | 223.6                          | 658.0             | 700.5            |
| Interest income  | (488.1)                        | (272.6)           | (152.6)          |
| Gain on bargain purchase   | (7,472.8)                      | (147.5)           | -                |
| Gain on previously held interest in a jointly-controlled entity  | -                              | -                 | (86.9)           |
| Share of loss of jointly-controlled entities, net  | (1,166.5)                      | 889.1             | 1,108.0          |
| Finance costs  | 2,370.2                        | 3,447.1           | 3,811.0          |
| Unrealised foreign exchange (gain) loss  | 737.6                          | (139.3)           | 151.4            |
| Provision for bad and doubtful debts expense, net  | (32.1)                         | 11.0              | 14.4             |
| Provision for inventory obsolescence, net  | 53.3                           | 5.6               | 69.9             |
| Impairment losses on machinery and equipment   | 1,674.7                        | 0.2               | 18.2             |
| Employee benefits expense  | 128.2                          | 164.1             | 193.5            |
| Gain on sale of flood damaged inventory and property, plant and equipment as a result of scrap sales       | -                              | (113.8)           | -                |
| (Gain) loss on disposal of property, plant and equipment, net  | (7.1)                          | (5.0)             | 6.8              |
| Write-off of property, plant and equipment   | -                              | 14.4              | 0.1              |
| Gain on disposal of investment in other equity security  | -                              | (2.5)             | -                |
| Income tax expense   | 1,195.0                        | 2,071.8           | 1,293.9          |
|  | <b>16,759.2</b>                | <b>15,546.2</b>   | <b>14,995.9</b>  |
| Change in operating assets and liabilities   |                                |                   |                  |
| Trade accounts receivable  | (1,278.3)                      | 1,077.8           | (2,753.2)        |
| Inventories  | (4,970.7)                      | (1,386.0)         | (2,438.4)        |
| Other current assets   | 4,088.8                        | (226.3)           | (1,467.8)        |
| Other non-current assets   | (216.4)                        | (46.4)            | 157.1            |
| Trade accounts payable   | (589.0)                        | 1,793.5           | 2,724.3          |
| Other current liabilities  | (5,143.8)                      | (365.2)           | (195.8)          |
| Other non-current liabilities  | 943.2                          | (145.1)           | (121.7)          |
| Employee benefits paid   | (3.2)                          | (104.5)           | (24.7)           |
| Income taxes paid  | (191.5)                        | (640.6)           | (496.5)          |
| <b>Net cash provided by (used in) operating activities</b>   | <b>9,398.2</b>                 | <b>15,503.4</b>   | <b>10,379.1</b>  |
| <b>Cash flows from investing activities</b>  |                                |                   |                  |
| Interest received  | 417.0                          | 309.4             | 188.1            |
| Proceeds from sale of flood damaged inventory and property, plant and equipment as a result of scrap sales | -                              | 113.8             | -                |
| Purchase of property, plant and equipment  | (6,873.1)                      | (10,871.2)        | (6,800.1)        |
| Proceeds from sale of property, plant and equipment  | 48.9                           | 29.9              | 9.9              |
| Sale of other investments, net   | (5,119.7)                      | 5,355.5           | (28.9)           |
| Sale of investment in other equity securities  | -                              | 2.5               | -                |
| Purchase of intangible assets  | (5.9)                          | (7.0)             | (44.6)           |
| Net cash outflow on acquisitions of businesses   | (23,095.6)                     | (30,891.4)        | (288.0)          |
| Net cash inflow on previously held interest in jointly-controlled entity                                   | -                              | -                 | 351.3            |
| Net cash outflow on additional investments in subsidiaries and jointly-controlled entities                 | (2,220.1)                      | (413.8)           | (103.9)          |
| Net cash inflow on disposal of investment in a subsidiary  | 9.0                            | -                 | -                |
| <b>Net cash provided by (used in) investing activities</b>   | <b>(36,839.5)</b>              | <b>(36,372.3)</b> | <b>(6,716.2)</b> |



| Unit: Baht million   | For the year ended December 31 |                  |                  |
|--|--------------------------------|------------------|------------------|
|  | 2011<br>Restated               | 2012<br>Restated | 2013             |
| <b>Cash flow from financing activities</b>                             |                                |                  |                  |
| Interest paid  | (2,152.6)                      | (3,151.6)        | (3,839.1)        |
| Deferred financing cost paid   | (131.3)                        | (183.0)          | (271.1)          |
| Dividends paid to owners of the Company                                | (5,584.5)                      | (3,273.7)        | (1,540.6)        |
| Dividends paid to non-controlling interests                            | (45.3)                         | (16.9)           | (85.6)           |
| Proceeds from short and long-term borrowings                           | 34,611.1                       | 22,349.4         | 29,289.2         |
| Repayment of short and long-term borrowings                            | (13,400.2)                     | (16,580.3)       | (29,566.1)       |
| Repayment of finance leases  | (22.1)                         | (20.1)           | (44.7)           |
| Proceeds from issue of shares  | 17,223.8                       | -                | -                |
| Proceeds from issue of debenture, net of debenture issuance costs      | 7,467.7                        | 14,148.0         | 2,162.3          |
| Loans to a jointly-controlled entity                                   | -                              | (60.1)           | (32.4)           |
| <b>Net cash provided by (used in) financing activities</b>             | <b>37,966.5</b>                | <b>13,211.7</b>  | <b>(3,928.0)</b> |
| <b>Net increases (decreases) in cash and cash equivalents</b>          | <b>10,525.2</b>                | <b>(7,657.1)</b> | <b>(265.0)</b>   |
| Cash and cash equivalent at beginning of year                          | 1,482.6                        | 12,036.2         | 4,374.2          |
| Effect of exchange rate changes on balances held in foreign currencies | 28.4                           | (5.0)            | 5.2              |
| <b>Cash and cash equivalents at end of year</b>                        | <b>12,036.2</b>                | <b>4,374.2</b>   | <b>4,114.3</b>   |

## Key Financial Ratios

|                                     |       | For the year ended December 31 |                  |      |
|-------------------------------------|-------|--------------------------------|------------------|------|
|                                     |       | 2011<br>Restated               | 2012<br>Restated | 2013 |
| <b>Liquidity Ratios</b>             |       |                                |                  |      |
| Current ratio                       | times | 1.6                            | 1.3              | 1.3  |
| Quick ratio                         | times | 1.0                            | 0.6              | 0.6  |
| Receivable turnover ratio           | times | 10.2                           | 8.4              | 8.4  |
| Inventory turnover ratio            | times | 9.9                            | 8.2              | 7.8  |
| Cash cycle                          | days  | 40.5                           | 49.4             | 48.2 |
| <b>Profitability Ratios</b>         |       |                                |                  |      |
| Gross profit margin                 | %     | 10.9                           | 8.2              | 7.6  |
| Net profit margin                   | %     | 7.7                            | 1.4              | 0.7  |
| <b>Efficiency Ratios</b>            |       |                                |                  |      |
| Return on fixed asset               | %     | 12.9                           | 3.6              | 1.7  |
| Asset turnover                      | times | 1.7                            | 1.3              | 1.3  |
| <b>Financial Policy Ratios</b>      |       |                                |                  |      |
| Interest bearing debt to equity     | times | 1.1                            | 1.4              | 1.4  |
| Net interest bearing debt to equity | times | 0.8                            | 1.3              | 1.3  |



“The Company strongly believes that investment in good corporate governance is linked to the sustainability and continued viability of the business over time.”

# MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

We live in an increasingly volatile and challenging environment. Though the global atmosphere is in better shape than when I wrote to you at this same time last year, there are still significant economic, political, and social issues facing us all.

In the Polyester industry, the global economic slowdown has had a lengthy effect on demand that has been exacerbated by the overcapacity of PTA in Asia, led mainly by China. As a global player with leading positions in the world's largest markets, IVL's multi-site locations, diverse product portfolio, product transparency, and financial strength give us the ability to overcome market obstacles and deliver superior returns. We know from experience that the polyester value chain is very resilient, and overcoming these cycles in the petrochemical business is one of the main reasons for our vertical integration strategy. By owning the vertical chain from paraxylene and MEG down to fibers and packaging, we are setting the target of greater ownership of the margins within the chain and emphasizing more stability of the overall margin. Indorama Ventures is unusual in this industry as we are the only truly global player.

The Board continued its efforts to meet the expectations of its shareholders with regard to governance and has been determined to achieve its goals of making the company an admired one in the investment community. Within just three years of listing, Indorama Ventures has been recognized extensively for its good corporate governance.

The Thai Institute of Directors (IOD) in conjunction with the Stock Exchange of Thailand (SET) and Security Exchange Commission of Thailand (SEC) gave Indorama Ventures an excellent rating with five stars, the highest possible under its points system measuring Corporate Governance among Thai listed companies.

Further recognition of the Board's efforts to establish a meaningful development of governance was received from the Thai Institute of Directors Association, The Stock Exchange of Thailand, Board of Trade of Thailand, The Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations which conferred the esteemed Board of the Year and Audit Committee of the Year awards on Indorama Ventures in 2013. It was deeply satisfying to receive acknowledgement of the tremendous work put into establishing and implementing good corporate governance by the Board and the Audit Committee over the past year.

The Company strongly believes that investment in good corporate governance is linked to the sustainability and continued viability of the business over time. Policies were formulated that clearly outline the substance of how we wish to practice our business and put into place a framework that allows employees a plain view of how we want to run the company with integrity. We now have a Code of Conduct for the Board and employees as well as policies on the treatment of shareholders, customers, partners and competitors. We have endeavored to ensure equal treatment of all stakeholders under all circumstances and to conduct business with honesty and integrity.

In order to ensure that all the policies introduced thus far are accepted in the spirit in which they were written, the Company announced a Corporate Governance Policy Awareness Campaign, or CGPAC. The aim is to ensure we are all deeply cognizant of what the policies mean by urging local units to implement training and testing of employees with regard to their knowledge of our policies. The Board and management are fully behind these activities.

Indorama Ventures believes that the only way we can continue to run a viable business over the long term is to ensure that not only are our sales growing but also that the community and environment around us sustains. Our sustainability agenda is formed around 7 key pillars: recycling, waste reduction, reusing resources, renewable energy, employee development, stakeholder engagement, and local community development. These are being implemented through various initiatives including training, plant activities, and educational opportunities for our employees and for the local communities in which we operate. In light of the emerging global environmental consciousness, IVL is deeply committed to investing in the innovation and creation of recycled products and processes. A green product not only improves the sustainability scorecard of IVL but also opens up new business opportunities for the company, resulting in sustained value.

Another major part of corporate sustainability will be the passion and immersion of our people in the running of the business. That is why we have professional management in all senior positions and why our human resource department directly reports to the group CEO. The increased engagement of the management and Board into sustainable business growth led to greater awareness of the need to manage our risk going forward and Enterprise Risk Management will be a key focus of the company. We will continue to emphasize on building and cultivating world-class talent as we look towards the IVL of the future.

As I look back at the rapid growth that the company has undergone, it is the passion, adaptability, and diligence of our teams that have brought us to our undisputed position today. Despite the challenging times that we have faced, we have been able to look beyond the short-term and focus on our pledge towards building long-term value. Looking at where we stand today, I have never been more confident in our capability to achieve our ambitions and in doing so, create sustainable shareholder wealth.



Sri Prakash Lohia  
Chairman of the Board



“As I look into 2014 and beyond, I know that we are now stronger than ever not only to tackle any tests that may be thrown our way, but to grow beyond them.”



# MESSAGE FROM THE GROUP CEO

## Dear Fellow Shareholders,

Most athletes when undergoing a training program know that just as critical as the exercise is for their performance, so is that one day of rest in the middle. That one day to absorb and strengthen what they've put their bodies through, is an essential component in achieving high-level performance. 2013 was that moment for us. The past several years have seen us take on tremendous growth, and 2013 was our year to consolidate. With the numerous businesses we acquired, it was time to concentrate on bringing these companies into the fold and ensuring that we created greater synergies. In spending the necessary time to do so, we have better prepared ourselves for superior performance and growth in the future.

2013 was also a challenging year for us. We witnessed a global down-cycle in the polyester value chain industry, and where many of our Asian and Global peers suffered considerably, we emerged with our feet firmly planted on the ground. IVL achieved its highest revenue of US\$ 7.5 billion, as compared to US\$ 6.8 billion in 2012, an increase of 9%. Despite difficulties such as depressed PTA margins and lower volumes as a result of a longer than expected shutdown at our Texan MEG facility, IVL achieved a Core EBITDA<sup>1</sup> of US\$ 487 million, a 4% increase from 2012, and a Core Net Profit after tax and minorities<sup>2</sup> of US\$ 67 million, an increase of 60% from US\$ 42 million in 2012. The enhancement of our specialty products portfolio over the years aided us in maintaining healthy spreads in 2013, achieving a core margin of US\$ 283/tonne, as compared to US\$ 290/tonne the previous year. This past year saw our total consolidated production capacity consistently increasing from 6.3 million tonnes in 2012 to 6.8 million tonnes in 2013.

We acknowledged years ago that in order to position the company for long-term growth and sustainability, we would need to make considerable investments. Since 2008, IVL has undergone an evolution and the steps that we have taken in past years have held us in good stead in 2013. IVL's strong

position today comes from the fact that our portfolio is diverse, but connected. With a stable core business, diversification has allowed us to expand our array of products and services and enter new territories.

Our integrated business model has provided us with improved margins and superior customer appeal, and will be further strengthened with our recent announcement of a joint venture in Abu Dhabi to produce 1.4 million tonnes of paraxylene (PX). We have expanded from being a pure commodity company to having a substantial high value added (HVA) differentiated business including recycled products, which has contributed 34% of Core EBITDA in 2013. Today IVL has the largest R&D platform in the industry and numerous innovative collaborations with FMCG companies, such as P&G. We have recently announced our entry into technological yarns in partnership with Toyobo of Japan, a leading airbag fabric supplier to the largest automotive companies in the world. We have created long-term value and across-cycle stability, and this has made it possible for us to weather the short-term fluctuations of the industry.

Let's take a closer look at what our evolution has consisted of:

## Fortifying our Core

Since our maiden listing in 2005, IVL's core business of PET has undergone massive growth. We realized that the key to our business was to be globally connected, yet at the same time localized. What this means is we needed scale, and we needed to be placed in most efficient proximity to our customers and our suppliers. As a result, one of our major strengths has been our willingness to spread our manufacturing footprint into areas where there is high capita demand for polyesters, such as North America and Europe and into fast growing emerging markets like Asia. Africa, a relatively recent entry for us, is showing great promise as the "market of the future" for polyesters and is providing new growth for us as well as FMCG companies.

<sup>1</sup>Core EBITDA is Consolidated EBITDA excluding inventory gain/loss.

<sup>2</sup>Core Net Profit is Net Profit excluding inventory gain/loss and non-operational/extraordinary income/expense.

With the stresses that our global economy faces, it is ever more imperative that we are protected from country or region-specific challenges. The advantages of scale and geography that we have built in the PET and polyester fibers segments provide us with stability, and a strong foundation from which to further grow. In 2013 our core commodity businesses in the East and West collectively made up 73% of the company's revenues, and achieved a consolidated EBITDA of US\$ 320 million, lower by 7.8% from the previous year. Although improved PET output in the East helped offset the margin weakness in the West, we could not make up for the lost production at our MEG facility in the US and the 35 day unplanned PTA shutdown in The Netherlands.

We took some tough decisions in 2013. Firstly, we announced the mothballing of our Workington PET factory in England. This will not affect our market position or sales in the UK as we expect to benefit from higher utilization rates at our North European factories, which will now serve the UK customers, improving our total delivered cost. We also took a partial impairment of a joint venture business in Ottana, Italy. We believe these actions will better help us manage the European market, which has been under pressure in 2013 due to excess capacities in Asia, resulting in an industry-wide consolidation taking place with several closures and bankruptcies in the PTA and PET segments. In 2014 we will be fortifying our presence in Europe with a PET expansion at our Poland facility, in light of growing demand in the Eastern European region as well as further improving this site's economics.

In the Asian fiber market, cost and product differentiation are key. The fourth quarter of 2013 saw the startup of our flagship state of the art polyester facility in Indonesia, CP4. Due to its size and cost efficiencies it is the lowest conversion cost plant in the world. Although we had a delayed start up as compared to our initial forecast, 2014 will enjoy the full benefit of this facility through increased revenues and earnings. This will help us restructure our product portfolio in Thailand, by shifting our commodity range to Indonesia and focusing our Thai facilities on HVA products.

As the fastest growing polymer in the world at a rate of 6.5% annually, polyester is the future. We have the opportunity to enlarge our geographical footprint with an integrated fiber and PET site in the MENA region, which will be amongst one of the most cost competitive facilities in the industry when fully integrated with PTA. There is considerable room for growth in our business and we have a rich pipeline of attractive projects ahead of us. Further growth, coupled with a continued emphasis on operational excellence and higher capacity utilization will bring the cost benefit. I intend to take full advantage of these opportunities as they occur in the belief that we are one of the best-known managers of polyester capacity in the world.

### Advancing Towards High Value Added Segments

As we grew to become an industry leader, so did the importance of working more closely with our global customers in providing them with innovative and specialized solutions to meet their evolving needs. And so we invested laterally across the polyester chain into high value added (HVA) products. A relatively new focus for us but one that should be highly lucrative, enhancing the appeal of IVL as we now offer an even broader portfolio of products. The expansion into specialty products has also helped mitigate the weakness that our commodity sector has seen over the past two years, allowing us to maintain healthy margins. We have made significant headway on the HVA front. As a market leader and innovator of numerous products, our specialty range has enhanced the brand value of IVL, making us a global total solutions provider. In 2013, our specialties portfolio was 19% of production and 27% of consolidated revenue.

In 2013, we completed two new bi-component facilities in Rayong, Thailand and Suzhou, China, leveraging on the technology we had acquired with FiberVisions in 2012. The addition of these sites has placed us as a global leader in the hygiene fiber segment. We also took on some major initiatives at our Trevira fiber facility in Europe, including a consolidation from two sites to one, additional productivity improvements and a refocus towards specialty products. We stepped in to take management control in October 2013 and were able to

transform Trevira from an inefficient and unprofitable company into a true turnaround story. Since Q4 2013 we now consolidate the business into IVL financials rather than following equity accounting as we did prior to our management control.

The company will return to seek further growth in 2014 as accretive opportunities emerge in a down cycle. We have already closed one deal as I write this with the acquisition of PHP Fibers in Germany. This is a highly accretive acquisition that adds to our HVA portfolio. It provides us with a horizontal entry into technological Nylon 66 yarns used in air bags and tire cords for automobiles, just as we had entered into polyolefin fibers for the Hygiene industry with FiberVisions. PHP gives us market leadership in attractive end markets with high growth potential, as well as further enriching our collection of HVA products.

The acquisition of PHP also provides us with considerable synergy potential. Today, IVL is the world's #1 bi-component polypropylene fiber producer through FiberVisions, Europe's #1 specialty polyester fiber producer through Trevira, Europe's #1 recycled polyester fiber producer through Wellman, and now Europe's #1 nylon airbag yarns producer through PHP Fibers. We are in an undisputable position, and we intend to take advantage of the vast capabilities within our scope.

In 2013, our downstream packaging business delivered on its potential from having suffered a setback from the floods in Thailand, which had affected production in 2012. Today our packaging operation in Thailand is split over four sites, providing adequate reliability going forward. In 2013, we also implemented our packaging business in Nigeria and it is showing great potential for growth. This will be our springboard for further expansion into Nigeria and in surrounding markets. In 2014 we will be embarking on a maiden venture in the Philippines and initial reports are suggesting greater market opportunities for our packaging business in relatively un-served and high growth markets.

An important element of our HVA portfolio is recycled PET and fiber. Entering the recycling space in 2011 with the acquisition of Wellman Europe, IVL today has eight recycling platforms across three continents. We are well positioned

to take advantage of the increasing demand for recycled content in premium applications. At the beginning of 2014, we extended the know-how we obtained from Wellman and commenced production of our recycled PET and fiber facility in Nakhon Pathom, Thailand. We expect to further leverage on Wellman's bottle to flake technology on a global scale. Our recycled content PET initiatives in North America have placed us as a preferred resin supplier to our customers and the only producer of rPET in the region. The first quarter of 2014 will also see the startup of our Mexican recycling facility, which will produce recycled PET.

In 2013, recycled products represented 4% of our total downstream production and by 2018 we plan to increase this to 17%. That's a major push towards recycling. We believe recycling makes both social and economic sense, and we have every intention to become the world's most sustainable polyester producer.

## An Integrated Business Model

As our PET and polyester businesses were growing, it became clear to us that we would need to deploy our global M&A strategy further and across the full value chain. Thus, our vertical integration began in 2008 when we entered the PTA segment with the acquisition of Tuntex in Thailand. Since then, we have consciously aimed to integrate vertically into our raw materials at every location we are present so as to lower the risk to the company in aspects including feedstock security, shared infrastructure and downstream demand. In 2012, we expanded our presence with the acquisition of Indorama Ventures (Oxide and Glycols), an MEG facility in Texas. As a result, we are today one of the few polyester players that is vertically integrated into both of its key raw materials.

The issues facing the industry over 2013 have largely been in Asia and more precisely in the PTA business, which saw massive over-compensation of supply following the terrific spike that occurred when cotton prices went through the roof in 2010-2011 while PTA was in fine balance in the market. The amount of supply announced and built has been far in excess of the market demand and we saw PTA spreads fall to below the cash cost of the large majority of the industry.



There is agreement among industry experts that the poor run of PTA margins will eventually come to an end. The forced rationalization of old high-cost assets, along with the construction of several paraxylene projects in Asia will loosen the strings that have kept PTA underperforming. The second half of 2014 is expected to see 6-7 million tonnes of PX capacity become available from new aromatics plants that are currently under construction.

In the second quarter of 2013, we successfully completed and installed the latest generation catalyst change at our flagship Oxides and Glycols site in Texas. However, we did suffer a loss of production due to an extended time of shutdown. By the fourth quarter we had achieved full utilization rates, and 2014 will enjoy the benefits of full production with the latest generation catalyst. Moreover, the market for EO/EG in 2014 is expected to see strong margins, as demand will exceed supply.

Our upstream feedstock segment achieved a Core EBITDA of US\$ 145 million in 2013, as compared to US\$ 177 million in 2012, reflecting the troubles that have been impacting the industry. It has been due to the high efficiency built into our assets and our operational excellence that we have been able to continue to thrive and are confident that as the PTA cycle reverses we will be one of the main beneficiaries. It is our aim to always outperform our peers and build long-term value for our shareholders.

Going forward, I am excited to say that we have plans to go further into our raw materials with a joint venture to develop the Tacaamol Aromatics Plant on Madeenat ChemaWEyaat Al Gharbia's (MCAG) site in the Western Region of Abu Dhabi. The plant is expected to have an annual design capacity of 1.4 million tonnes of PX and 0.4 million tonnes of benzene and is slated to commence production in 2018. This vertical integration into an essential feedstock for our downstream products should allow us to increase our total integrated margin closer to the industry value chain margin of over \$800 per tonne, and provide us with greater visibility and resilience in our earnings.

## Strengthening our Capabilities

With the tremendous growth that the company has undergone in the past several years, came the necessity to build and strengthen our capabilities across all of our locations. We focused on three key areas in which to support and integrate our global network: R&D, operational excellence, and I.T. Through the acquisitions of several specialty-focused companies in the past few years, we have gained a strong R&D platform. At IVL today, we have six R&D centers, with 250 patents and 125 personnel.

Our R&D teams work carefully with global brands to provide them with innovative ideas, expertise and support solutions for their specific requirements. For example, we worked closely with PepsiCo in the development of their new Tropicana 89 oz. extrusion blow-molded PET jug - a feat of design, strength and recyclability. In 2013, PepsiCo won the Silver prize in the packaging development and design category at the Visionary Awards. This is true innovation that delivers sustainable growth.

Though operational excellence has been at the heart of our organization from the beginning, our foray into non-commodity products brought the increasing importance for a dedicated operational excellence team, whose purpose it would be to leverage, bring synergy and facilitate best practice transfer across the global IVL footprint. Key areas of focus for the team include benchmarking conversion costs, optimizing workforce, wastage reduction and recovery, among others. Their ability to envision how key adjustments can improve the performance of a plant is evidenced by the rebalancing and expansion of our plant in China, our largest PET platform in one single location. In 2013, the operational excellence team achieved a cost reduction at IVL of US\$ 5/tonne over 2012, amounting to a total value of US\$ 38 million.

As a well-known Polyester Value Chain investor, we have had to implement a standardized system for reporting and tracking of our businesses. Our Management Information System (MIS 2.0) allows top management to follow what is

happening “on the ground” and make intelligent decisions based on standardized, local information that has been aligned and standardized with data definitions of how planning, budgeting and estimates are accomplished. It has improved our productivity, reduced inefficiency and the time needed to consolidate data, consequently freeing up more time for analysis. Moreover, we can now improve the timeliness, transparency and accuracy of data, enabling faster generation of key reports that used to require manual consolidation.

This is our evolution so far, and it has been significant. It has led us to become the world’s largest integrated polyester value chain producer. We have 45 sites, in 15 countries, across 4 continents. We are the undisputable leader in each market where we are present and we have a smart and passionate management team that has brought us to this unique position.

But we are not stopping yet. We continue to be productively dissatisfied as we aim to take advantage of the enormous growth potential we see around us. 2013 was a year to assimilate and absorb our past growth, and it was also our chance to prove that we can endure and sustain in challenging times. As I look into 2014 and beyond, I know that we are now stronger than ever not only to tackle any tests that may be thrown our way, but to grow beyond them.

I thank you for your continued support and investment in Indorama Ventures.

A handwritten signature in black ink, appearing to read 'Alope Lohia'.

Alope Lohia  
Group CEO



“ Our PET and feedstock businesses combined have shown that we are resilient to market troughs due to our superior product mix and geographical diversity. ”

Dilip Kumar Agarwal  
CEO - PET and Feedstock Business



“ We have further integrated the business and in the process have created an unmatched, diversified product portfolio providing comprehensive solutions to customers and strategic partners across the value chain. ”

Udey Gill  
President - Polyester Business



“ We are taking sustainability further in 2014 by lowering our carbon footprint with the installation of a one megawatt solar power unit on the roof of our factory. ”

Sashi Prakash Khaitan  
President - Wool Business

# MESSAGE FROM THE CEO OF PET AND FEEDSTOCK BUSINESS

## Dear Shareholders:

Indorama Ventures has shown why we are one of the leading Polyester Value Chain producers in the world in 2013 as our PET and feedstock businesses combined have shown that we are resilient to market troughs due to our superior product mix and geographical diversity.

Ours is a history of growth in a product space that is always in demand. From our first IRP plant in Thailand in 1995, with a capacity of just 21,000 tonnes, we have continued to pursue a sustainable path for global expansion that has led us to achieve total PET capacity of 3.7 million tonnes in 2013. That is an astonishing compound annual growth rate (CAGR) of 32%. We are proud that Indorama Ventures now has 15% of the global market share.

Through judicious investments and a professional management team we have seen all our Greenfield and acquisition projects made between 2006-2008 pay back their investment cost already. To ensure we minimize future risk and maintain a low cost structure, we have mothballed one plant at Workington in the UK yet expect to maintain our market share by transferring production to Northern Europe and serving our UK customers as normal.

In China, we have been providing a mix of commodity and specialty products. China has become one of the most cost competitive parts of our business in Asia. Our specialties or High Value Added products are becoming 9% of our total sales as we further leverage our asset flexibility and R&D capability. One example, that of Wellman International reveals that recycled PET, or rPET, spreads are now about \$35 higher than virgin PET resin per tonne. The rising demand for rPET led us to introducing this product to the USA and today Indorama Ventures stands as the only rPET producer in North America. We now expect our Mexico plant to commence operating a recycling capability to serve global branded customers at this time and overall recycling sales are set to increase over time.

After almost two years of consolidating the assets acquired in 2011-2012, Indorama Ventures is returning to its growth strategy through organic and inorganic expansion. Target acquisitions have been identified in what is for us a new territory that will add to our geographical diversification. When those assets have been acquired successfully, we will consider vertical integration into PTA so as to maintain a low cost structure.

We are now undertaking some operation excellence projects that are intended to convey cost-saving benefits with higher capacity utilization. Such projects, like debottlenecking our Polish plant, come about because we have the management

experience in hand to advise and implement efficiency improvement projects. Other projects are destined to lower our overall conversion costs - which are a key factor in creating wider spreads - and the projected cost savings of US\$46 million, will make us even more competitive. Following expansions, we will grow our production from 5.8 million tonnes in 2013 to 6.5 million tonnes in 2014, or 12%.

Our packaging strategy is to serve untapped markets where we can avoid competing with current packaging customers who purchase our PET resin. While we have had a packaging business in Thailand for many years, demand continues to grow rapidly and we previously expanded into two more provinces, Korat and Rayong in 2012 as well as Northern Ireland. In 2013, we completed the acquisition of Aurus Packaging in Nigeria and added bottle-blowing capacity in Pathum Thani Province, Thailand. Next year, in 2014, we will add a preform plant in the Philippines and expect to grasp further acquisition and expansion opportunities, such as a planned preform facility at Ghana, Africa.

There were continued challenges to our PTA margin in 2013 due to a huge capacity surplus, but the rationalization of old, inefficient assets already commenced in Taiwan and Korea. We are now seeing Paraxylene (PX) margins drop as supply starts to grow. Due to this low margin period, our Polyprima PTA facility in Indonesia is still not meeting expectations but we are monitoring the situation there closely as the country is one of Asia's fastest growing.

While we faced some expected loss of production in 2013 due to an extended shutdown of our Texas plant due to the need to change the catalyst, an event that must take place every three years, 2014 is expected to achieve full operations throughout the year thanks to the new catalyst, which I can report is performing well. The North American market is expected to get tighter as demand will exceed supply until at least 2018.

As we look back on 2013, it was an unforgiving year for many of our Asian peers, but I feel we continued to show our strengths as the PTA sector troughed but I look forward to better conditions going forward and thank our shareholders for your continued support.



Dilip Kumar Agarwal

# MESSAGE FROM THE PRESIDENT OF THE POLYESTER BUSINESS

## Dear Shareholders:

The Indorama Ventures fiber business has achieved satisfactory long-term growth of over 50% CAGR since 2010, while 2013 has been a year of integration and synergizing acquired assets within IVL strategic objectives.

We have further integrated the business and in the process have created an unmatched, diversified product portfolio providing comprehensive solutions to customers and strategic partners across the value chain. This has led to the share of High Value-added (HVA) products in the Fiber business increasing to 70% of total value.

Being Smart, Lean and Competitive has been our operating philosophy since the beginning and we have successfully implemented Operational Excellence projects for energy saving, efficiency improvement and commercial savings. Such savings exceeded \$12m in 2013.

Targeted assimilation of leading brands such as Trevira, FiberVisions and Wellman International have given the fiber business a synergistic portfolio and a major innovation platform to cross multiply creativity and best practices. Our unique business model leverages this innovation capability through innovation and technology transfer across group assets. Examples of such initiatives are the recycling project at Indorama Polyester Industries (Nakhon Pathom), Thailand, with technology collaboration from Wellman International, and a bi-component project at Indorama Polyester Industries (Rayong) with technology collaboration from ES FiberVisions. These initiatives led to our share of HVA products more than doubling in 2013 over 2010.

Our most valuable assets are our people, who are deeply engaged and passionate, providing us with valuable people power. There is great excitement across the teams who were earlier stand-alone regional players and have now become part of IVL's global platform as they see new opportunities to serve their customers globally.

With the recently announced acquisition of PHP, Automotive and Industrial HVA products will get a further boost in addition to our existing strength in hygiene and specialty fibers and yarns, enhancing our competitive lead and capability to sustain through the bottom of the cycle.

IVL is now an established brand that can command a premium in a competitive business such as ours because of our unique business model, which combines innovation and value to address ever-changing and exacting customer expectations.

The Fiber business has been successfully able to manage stakeholder expectations by meeting payback targets for all our acquisitions and greenfield/brownfield investments.

The Fibers industry presents a significant opportunity for players focused on innovation and bringing newer application solutions to customers.

IVL's Fiber business strategic vision combined with execution capability will see significant future growth and consolidation of our leadership position.



Udey Gill

# MESSAGE FROM THE PRESIDENT OF THE WOOL BUSINESS

## Dear Shareholders:

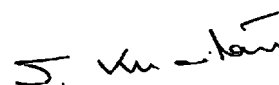
Wool is a traditional material utilized by fashion designers for its many attractive attributes and has always been associated with quality and value. Though a niche business for Indorama Ventures as a group, it contributes to our profitability as an important High Value Add (HVA) product. Indorama Holdings proudly produces some of the world's finest Worsted Wool here in Thailand, frequently employed by global brand name fashion designers in high-end garments for men and women.

Further development of the product has been the successful introduction of a wool-silk blend to the Italian market in 2013. The luxury market remains largely external to the effects of the economy; therefore we envisage a continuing demand for our products going forward.

Though we had to overcome several difficulties following the 2011 floods in Thailand that effectively took us out of the market for a year, our strong brand, service and exceptional quality helped us maintain our customer relationships and we have re-emerged stronger and better than ever.

Wool is also an excellent material from an environmental standpoint as it is a natural fiber with very little impact on our surroundings, thus contributing to the business's sustainability. We are taking sustainability further in 2014 by lowering our carbon footprint with the installation of a one megawatt solar power unit on the roof of our factory. This should be operational in the second quarter of 2014. Not only will we derive our raw material from nature, but nature will contribute to our energy too.

It was in the third quarter of 1994 that the wool business of Indorama Ventures was founded and 2014 heralds our 20th anniversary, marking two decades of success thanks to the continued support of our customers, suppliers, stakeholders and employees. I would like to take this opportunity to thank them and you, our shareholders, for your continued faith in our business.



Sashi Prakash Khaitan

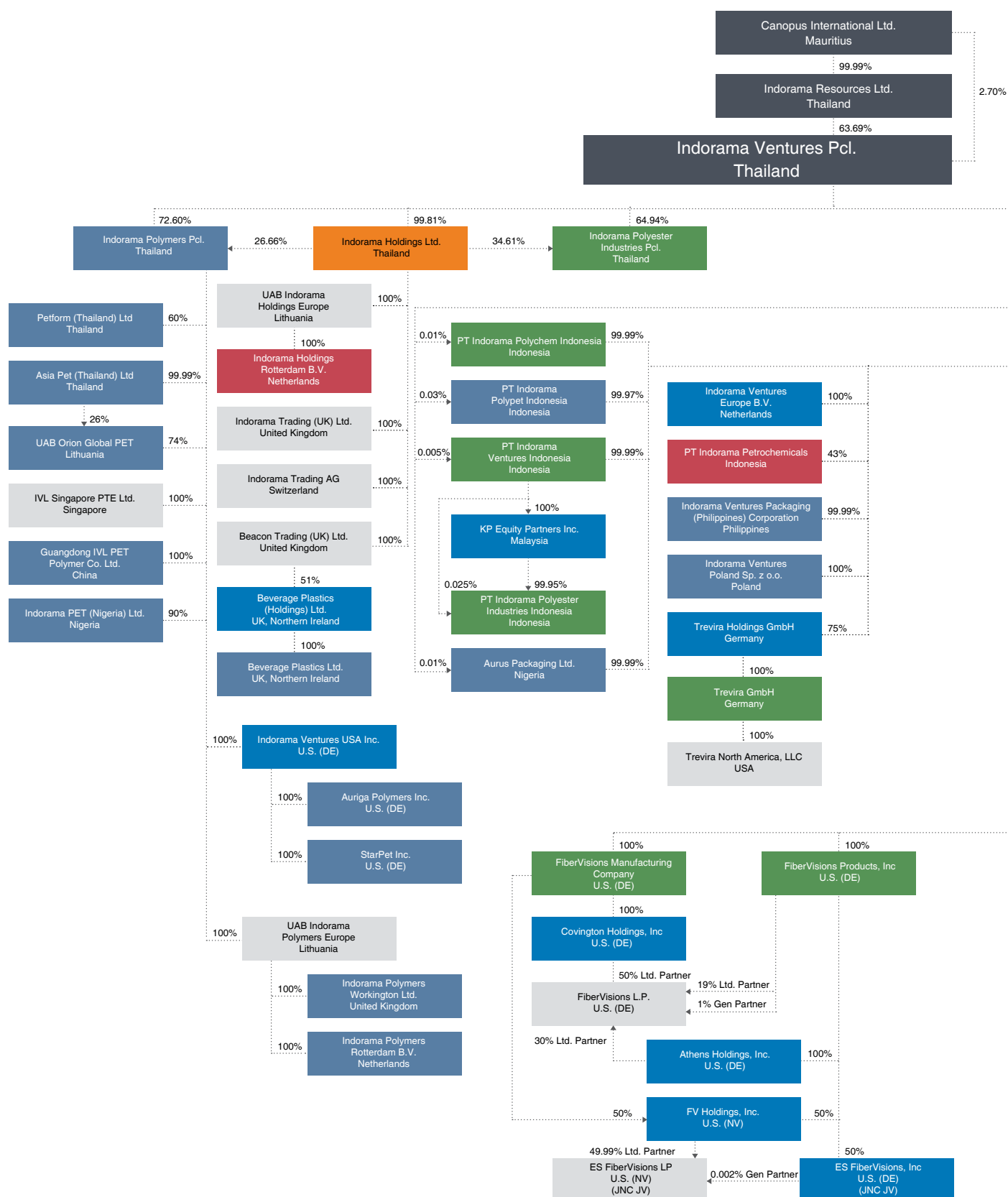




## The clear choice for lasting flavor.

OxyClear® barrier resin is being developed to protect oxygen-sensitive foods and beverages, providing shelf life up to 12 months in a crystal-clear container

# IVL GROUP CORPORATE STRUCTURE







# GENERAL INFORMATION

| General Information  |  |
|--|--|
| Name   | Indorama Ventures Public Company Limited ("IVL")   |
| Head Office  | 75/102, Ocean Tower 2, 37 <sup>th</sup> Floor, Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110  |
| Type of Business   | Indorama Ventures Public Company Limited, a holding company conducting its business through investment in subsidiaries and affiliates engaged in the manufacture of integrated petrochemical products both domestic and overseas. These companies manufacture and distribute Ethylene Oxide and Ethylene Glycol ("EO&EG"), Purified Terephthalic Acid ("PTA"), Polyethylene Terephthalate ("PET"), Polyester Fiber and Yarn and Wool products. |
| Company Registration No.   | 0107552000201  |
| Tel:   | (662) 661-6661   |
| Fax:   | (662) 661-6664-5   |
| Homepage   | <a href="http://www.indoramaventures.com">www.indoramaventures.com</a>   |
| Registered Capital   | As at December 31 2013, amounting to Baht 4,815,856,719 divided into 4,815,856,719 common shares of par value 1 Baht   |
| Paid-Up Capital  | As at 31 December 2013, amounting to Baht 4,814,257,245 divided into 4,814,257,245 common shares of par value 1 Baht   |
| Other Information  |  |
| <b>Share Registrar</b>   |  |
| Thailand Securities Depository Company Limited   |  |
| Head Office.   | 62 The Stock Exchange of Thailand Rutchadapisek Road, Klongtoey, Bangkok 10110, Thailand   |
| Tel  | 0-2-229-2800   |
| Fax  | 0-2-654-5462   |
| <b>Auditor</b>   |  |
| KPMG Phoomchai Audit Limited   |  |
| Head Office.   | 50 <sup>th</sup> - 51 <sup>st</sup> Floors, 195 Empire Tower, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand  |
| Tel  | 0-2-677-2000   |
| Fax  | 0-2-677-2222   |
| <b>Legal Advisor</b>   |  |
| Weerawong, Chinnavat & Peangpanor Ltd.   |  |
| Head Office.   | 22 <sup>nd</sup> 540 Mercury Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand  |
| Tel  | 0-2-264-8000   |
| Fax  | 0-2-657-2222   |
| <b>Debenture Registrar and Debenture Holders' Representative</b>   |  |
| The Debentures Registrar and Debenture Holders' Representative for the Debentures of Indorama Ventures No. 1/2011 (Tranches 1 to 6) No. 1/2012 (Tranches 1 to 5) No. 2/2012 (Tranches 1 to 4) and No. 1/2013 (Tranches 1 to 3) |  |
| <b>Debenture Registrar</b>   |  |
| Bangkok Bank Public Company Limited  |  |
| Head Office.   | 333 Silom Road, Bangrak, Bangkok 10500, Thailand   |
| Tel  | 0-2-230-1447-8   |
| Fax  | 0-2-626-4545-6   |
| <b>Debenture Holders' Representative</b>   |  |
| Bank of Ayudhya Public Company Limited   |  |
| Head Office.   | 1222 Rama III Bang Phongphang, Yan Nawa, Bangkok 10120, Thailand   |
| Tel  | 0-2-296-3582   |
| Fax  | 0-2-296-2202   |

# INVESTMENT BY IVL INCLUDING IN CORE SUBSIDIARIES

As at 31 December 2013, where IVL owned 10% or more:

| No. Name/Location  | Type of Business                           | Type of Share                          | No. of Shares Issued   | No. of Shares Held   | % of Shareholding |
|--|--|--|--|--|-------------------|
| <b>1. Indorama Petrochem Limited</b><br>75/93, Ocean Tower 2, 35 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand<br>Tel: +66(0) 2661 6661<br>Fax: +66(0) 2661 6664-5                     | Feedstock (PTA)                            | Common Shares                          | 472,782,042  | 472,782,036  | 99.99%            |
| <b>2. TPT Petrochemicals Public Company Limited</b><br>75/116-117, Ocean Tower 2, 41 <sup>st</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand<br>Tel: +66(0) 2661 6661<br>Fax: +66(0) 2661 6664-5 | Feedstock (PTA)                            | Common Shares                          | 492,500,000  | 492,372,999  | 99.97%            |
| <b>3. UAB Indorama Holdings Europe</b><br>Metalo G.16, LT-94102 Klaipeda, Republic of Lithuania  | Trading in PTA                             | Ordinary Shares                        | 1,173,952  | 1,173,952  | 100.00%           |
| <b>4. Indorama Holdings Rotterdam B.V.</b><br>Markweg 201, 3198 NB, Europoort, Rotterdam, Netherlands  | Feedstock (PTA)                            | Ordinary Shares                        | 18,000   | 18,000   | 100.00%           |
| <b>5. PT Indorama Petrochemicals</b><br>Gedung Tempo Scan Tower, 21 <sup>st</sup> Floor, Jalan H R Rasuna Said, Kav. 3-4, Kuningan Timur, Setiabudi, Jakarta Selatan 12950 Indonesia<br>Tel: +62(21) 29201563<br>Fax: +62(21) 29201562                 | Feedstock (PTA)                            | Ordinary Shares, Class B1, B2, C and D | Ordinary Shares:<br>1,833,743<br>Class B1:<br>166,257<br>Class B2:<br>50,000<br>Class C:<br>200,000<br>Class D:<br>250,000 | Ordinary Shares:<br>916,871<br>Class B1:<br>83,129<br>Class B2:<br>25,000<br>Class C:<br>-<br>D:<br>50,000 | 43.00%            |
| <b>6. Indorama Ventures (Oxide &amp; Glycols) LLC</b><br>Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, Delaware 19808, USA<br>Tel: +1(847) 943-3100<br>Fax: +1(847) 607-9941  | Feedstock (EG&EO)                          | -                                      | -  | -  | 100.00%           |
| <b>7. Indorama Ventures Logistics LLC</b><br>Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, Delaware 19808, USA<br>Tel: +1(847) 943-3100<br>Fax: +1(847) 607-9941  | Railcar Leasing and Transportation Service | -                                      | -  | -  | 100.00%           |

| No. Name/Location   | Type of Business                         | Type of Share   | No. of Shares Issued | No. of Shares Held | % of Shareholding |
|---|--|-----------------|----------------------|--------------------|-------------------|
| <b>8. Indorama Polymers Public Company Limited</b><br>75/102,103 Ocean Tower 2, 37 <sup>th</sup> Floor,<br>Soi Sukhumvit 19 (Wattana), Asoke Road,<br>Klongtoey Nuer,<br>Wattana, Bangkok 10110, Thailand<br>Tel: (662) 661-6661<br>Fax: 661-6664-5 | PET                                      | Common Shares   | 1,382,197,870        | 1,371,982,128      | 99.26%            |
| <b>9. UAB Ottana Polimeri Europe</b><br>Metalo G.16, Klaipeda, Republic of Lithuania,<br>LT-94102   | Holding Company                          | Ordinary Shares | 21,072,080           | 10,536,040         | 50.00%            |
| <b>10. Asia Pet (Thailand) Limited</b><br>75/102, Ocean Tower 2, 37 <sup>th</sup> Floor, Soi<br>Sukhumvit 19 (Wattana), Asoke Road,<br>Klongtoey Nuer,<br>Wattana, Bangkok 10110, Thailand<br>Tel: (662) 661-6661<br>Fax: 661-6664-5                | PET                                      | Ordinary Shares | 45,000,000           | 44,999,994         | 99.99%            |
| <b>11. Petform (Thailand) Limited</b><br>85, Moo11, Bangnga-Thaklong Road, Khao<br>Samorkorn Sub-district, Thawoong District,<br>Lopburi Province, Thailand<br>Tel: +66 (0) 36-489-116<br>Fax: +66 (0) 36-489-115,117                               | PET Preforms,<br>Closures and<br>Bottles | Ordinary Shares | 7,500,000            | 4,499,995          | 60.00%            |
| <b>12. Indorama Ventures Poland Sp.z o.o.</b><br>ul. Krzywa Gora 19, 87-805<br>Wloclawek, Poland<br>Tel: +4854-4166442<br>Fax: +4854-4166449  | PET                                      | Ordinary Shares | 993,988              | 993,988            | 100.00%           |
| <b>13. Ottana Polimeri S.R.L.</b><br>Strada Provinciale 17, Km 18,<br>Ottana (NU)-08020, Italy  | PET and PTA                              | -               | -                    | -                  | 50.00%            |
| <b>14. UAB Orion Global PET</b><br>Metalo G.16, Klaipeda, Republic of Lithuania,<br>LT-94102<br>Tel: +370 46 300749<br>Fax: +370 46 314323  | PET                                      | Ordinary Shares | 776,880              | 776,880            | 100.00%           |
| <b>15. Indorama PET (Nigeria) Limited</b><br>East West Expressway, Eleme, Port<br>Harcourt, Rivers State, Nigeria   | PET                                      | Ordinary Shares | 450,000,000          | 405,000,000        | 90.00%            |

| No. | Name/Location   | Type of Business                   | Type of Share                     | No. of Shares Issued                              | No. of Shares Held                                | % of Shareholding |
|-----|---|------------------------------------|-----------------------------------|---|---|-------------------|
| 16. | <b>Guangdong IVL PET Polymer Company Limited</b><br>No.1 Meihua Road, Shuikou Town, Kaiping City, Guangdong, People's Republic Of China<br>Tel: +867502209680   | PET                                | -                                 | -   | -   | 100.00%           |
| 17. | <b>PT. Indorama Polypet Indonesia</b><br>JL. Raya Anyar Km.121, Kel. Kepuh, Kec. Ciwandan, Indonesia<br>Tel: +62 (254) 602300<br>Fax: +62 (254) 602940  | PET                                | Ordinary Shares                   | 3,500   | 3,500   | 100.00%           |
| 18. | <b>Auriga Polymers Inc.</b><br>801 Pineview Road, Asheboro, North Carolina 27203, USA   | PET                                | Ordinary Shares                   | 5,000   | 5,000   | 100.00%           |
| 19. | <b>Starpet Inc</b><br>801 Pineview Road, Asheboro, North Carolina 27203, USA  | PET                                | Ordinary Shares                   | 5,000   | 5,000   | 100.00%           |
| 20. | <b>Indorama Polymers Workington Limited</b><br>Siddick, Workington, Cumbria, CA14 1LG, United Kingdom<br>Tel: +44 1900 609375<br>+44 1900 609342<br>Fax: +44 1900 609317  | PET                                | Ordinary Shares                   | 1   | 1   | 100.00%           |
| 21. | <b>Indorama Polymers Rotterdam B.V.</b><br>Markweg 201, 3198 NB, Europoort, Harbour No.6347, Rotterdam, Netherlands   | PET                                | Ordinary Shares                   | 18,000  | 18,000  | 100.00%           |
| 22. | <b>Alphapet, Inc.</b><br>1301 Finley Island Road, Decatur, Alabama, AL35601, USA<br>Tel: +1 256 308 1180<br>Fax: +1 256 341 5926  | PET                                | Ordinary Shares                   | 4,400   | 4,400   | 100.00%           |
| 23. | <b>Beverage Plastics Limited</b><br>Silverwood Business Park, 70 Silverwood Road, Lurgan, Craigavon, County Armagh, BT66 6LN, Northern Ireland<br>Tel: +442838311800<br>Fax: +442838311888  | PET Preforms, Closures and Bottles | Ordinary Shares                   | 600,000   | 306,000   | 51.00%            |
| 24. | <b>Indorama Ventures Servicios Corporativos, S. de R.L. de C.V.</b><br>Prol. Paseo de la Reforma No. 1015 - Torre "A" -2do Piso Col. Desarrollo Santa Fe, Del. Alvaro Obregon C.P. 01376 Mexico, D.F.<br>Tel: (52) (55) 91775700<br>Fax: (52) (55) 52924919 | Service Company                    | Equity Quota Class I and Class II | Equity Quota Class I:2<br>Equity Quota Class II:1 | Equity Quota Class I:2<br>Equity Quota Class II:1 | 100.00%           |

| No. | Name/Location  | Type of Business           | Type of Share                     | No. of Shares Issued                              | No. of Shares Held                                | % of Shareholding |
|-----|--|----------------------------|-----------------------------------|---|---|-------------------|
| 25. | <b>Indorama Ventures Polycom S. de R.L. de C.V.</b><br>Prol. Paseo de la Reforma No. 1015 - Torre "A"<br>-2do Piso Col. Desarrollo Santa Fe, Del. Alvaro Obregon C.P. 01376 Mexico, D.F.<br>Tel: (52) (55) 91775700<br>Fax: (52) (55) 52924919         | Service Company            | Equity Quota Class I and Class II | Equity Quota Class I:2<br>Equity Quota Class II:1 | Equity Quota Class I:2<br>Equity Quota Class II:1 | 100.00%           |
| 26. | <b>Indorama Ventures Polymers Mexico S. de R.L. de C.V.</b><br>Prol. Paseo de la Reforma No. 1015 - Torre "A"<br>-2do Piso Col. Desarrollo Santa Fe, Del. Alvaro Obregon C.P. 01376 Mexico, D.F.<br>Tel: (52) (55) 91775700<br>Fax: (52) (55) 52924919 | PET                        | Equity Quota Class I and Class II | Equity Quota Class I:2<br>Equity Quota Class II:1 | Equity Quota Class I:2<br>Equity Quota Class II:1 | 100.00%           |
| 27. | <b>Aurus Packaging Limited</b><br>Eleme Petrochemicals Complex, East West Expressway, Eleme, Rivers State, Nigeria<br>Tel: 2348052501268   | PET Preforms and Bottles   | Ordinary Shares                   | 150,000,000                                       | 150,000,000                                       | 100.00%           |
| 28. | <b>Indorama Ventures Packaging (Philippines) Corporation</b><br>Building 1, Southern Luzon Comple, Brgy. Baranggay Batino, Calamba City, Laguna, Philippines<br>Tel: +63 495303592 /<br>+63 495340036  | Packaging                  | Ordinary Shares                   | 860,005   | 860,000   | 99.99%            |
| 29. | <b>Indorama Polyester Industries Public Company Limited</b><br>75/92, Ocean Tower 2, 35th Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand<br>Tel: (662) 661-6661<br>Fax: 661-6664-5                    | Polyester Fibers and Yarns | Ordinary Shares                   | 2,202,850,000                                     | 2,193,084,881                                     | 99.55%            |
| 30. | <b>PT Indorama Polychem Indonesia</b><br>JL. Desa Kemban Kuning, Kecamatan Jatiluhur, Purwakarta (Jawa Barat) Indonesia<br>Tel: (62) 264 207727<br>Fax: (62) 264 211260  | Polyester Fibers and Yarns | Ordinary Shares                   | 30,000  | 30,000  | 100.00%           |
| 31. | <b>PT. Indorama Ventures Indonesia</b><br>Desa Cihuni, RT/RW 002/004, Cihuni, Pagedangan, Tangerang, Banten, 15820 Indonesia<br>Tel: +6621 5371111<br>Fax: +6221 5378811   | Polyester Fibers and Yarns | Shares: Series A & Series B       | Series A: 80,000<br>Series B: 2,812,500           | Series A: 79,994<br>Series B: 2,812,500           | 99.99%            |

| No. | Name/Location  | Type of Business                 | Type of Share               | No. of Shares Issued                              | No. of Shares Held                                | % of Shareholding |
|-----|--|----------------------------------|-----------------------------|---|---|-------------------|
| 32. | <b>Trevira GmbH</b><br>Max-Fischer-Strasse 11, 86399 Bobingen,<br>Federal Republic of Germany<br>Tel: +49-8234-9688-2100<br>Fax: +49 8234 9688 5355  | Polyester<br>Fibers and<br>Yarns | -                           | -   | -   | 75.00%            |
| 33. | <b>Trevira North America, LLC</b><br>5206 Leonardslee CT, Charlotte,<br>Mecklenburg County,<br>North Carolina, 28226, USA  | Trading and<br>Services          | -                           | -   | -   | 75.00%            |
| 34. | <b>PT. Indorama Polyester Industries Indonesia</b><br>JL. Surya Lestari Kav. 1-16A, Kawasan<br>Surya Cipta Ciampel, Karawang, Jawa Barat,<br>Indonesia<br>Tel: + 0267-440501<br>Fax: + 0267-440764 | Polyester<br>Fibers and<br>Yarns | Ordinary<br>Shares          | 20,000  | 19,995  | 99.97%            |
| 35. | <b>Indorama Ventures Recycling Netherlands B.V.</b><br>Markweg 201, 3198 NB Europoort,<br>Rotterdam, Netherlands<br>Tel: +31-181285400   | Holding<br>Company               | Ordinary<br>Shares          | 18,000  | 18,000  | 100.00%           |
| 36. | <b>ES FiberVisions Company Limited</b><br>3-3-23 Nakanoshima, Kita-Ku,<br>Osaka 530-0005 Japan<br>Tel: (81) 6-6441-3307<br>Fax: (81) 6-6441-3347   | Sales and<br>Marketing           | Ordinary<br>Shares          | 200   | 100   | 50.00%            |
| 37. | <b>FiberVisions A/S</b><br>Engdraget 22, Varde Denmark, DK-6800<br>Denmark<br>Tel: +45 7994 2200<br>Fax: +45 7994 2201   | Polyester<br>Fibers              | Shares Class<br>A & Class B | Class A:<br>122,949,441<br>Class B:<br>29,117,600 | Class A:<br>122,949,441<br>Class B:<br>29,117,600 | 100.00%           |
| 38. | <b>FiberVisions Products, Inc.</b><br>CT Corporation System, 1202 Peachtree St.,<br>Atlanta, GA 30361, USA<br>Tel: +1 800-241-8922<br>Fax: +1 404-888-7795   | Polyester<br>Fibers              | Ordinary<br>Shares          | 25,000  | 25,000  | 100.00%           |
| 39. | <b>FiberVisions Manufacturing Company</b><br>The Corporation Trust Company, 1209<br>Orange St., Wilmington, DE 19801 USA<br>Tel: (302) 658-7581<br>Fax: (302) 655-2480                             | Polyester<br>Fibers              | Ordinary<br>Shares          | 100   | 100   | 100.00%           |

| No. | Name/Location   | Type of Business    | Type of Share            | No. of Shares Issued                     | No. of Shares Held                       | % of Shareholding |
|-----|---|---------------------|--------------------------|--|--|-------------------|
| 40. | <b>Wellman International Limited</b><br>Mullagh, Kells, Co.Meath, Ireland<br>Tel: +353-46-9280200<br>Fax: +353-46-9280300   | Polyester Fibers    | Shares Class A & Class B | Class A:<br>1,100,000<br>Class B:<br>850 | Class A:<br>1,100,000<br>Class B:<br>850 | 100.00%           |
| 41. | <b>MJR Recycling B.V.</b><br>Tengnagelwaard 5, NL-6917 AE Spijk(Gld), Netherlands<br>Tel: +316566250<br>Fax: +316566251   | Non-Operating       | Ordinary Shares          | 181                                      | 181                                      | 100.00%           |
| 42. | <b>ES FiberVisions (Suzhou) Co., Ltd.</b><br>No. 29 Hengshan Rd. Suzhou New District 215011 China<br>Tel: + 86 512 6823 1099<br>Fax: + 86 512 6823 0021                               | Polyester Fibers    | -                        | -  | -  | 50.00%            |
| 43. | <b>Wellman France Recyclage S.A.S.</b><br>Zone Industrielle de Regret 55100 Verdun,France<br>Tel: +33(0) 329 843 232<br>Fax: +33(0) 329 843 104                                       | Recycling Products  | Ordinary Shares          | 500                                      | 500                                      | 100.00%           |
| 44. | <b>ES FiberVisions ApS</b><br>Engdragnet 22, Varde Denmark, DK- 6800<br>Tel: +45 7994 2200<br>Fax: +45 7994 2201  | Sales and Marketing | -                        | -  | -  | 50.00%            |
| 45. | <b>FiberVisions (China) Textile Products Ltd.</b><br>No. 29 Heng Shan Rd., New District, Suzhou, the People's Republic of China<br>Tel: + 86 512 6823 1099<br>Fax: + 86 512 6823 0021 | Polyester Fibers    | -                        | -  | -  | 100.00%           |
| 46. | <b>ES FiberVisions Hongkong Limited</b><br>Room 1002 10th Fl., Far East Consortium Bldg. 204-206 Nathan Rd., Kowloon Hong Kong<br>Tel: +852 2970 5555                                 | Sales and Marketing | -                        | -  | -  | 50.00%            |
| 47. | <b>ES FiberVisions China Limited</b><br>No. 305, 7Sone, Trade Bldg., GuangBao Rd., Guangzhou Free Trade Zone China<br>Tel: 86-20-8220-9018<br>Fax: 86-20-8220-9973                    | Sales and Marketing | -                        | -  | -  | 50.00%            |
| 48. | <b>ES FiberVisions LP</b><br>Entity Services (Nevada) LLC, 2215- B Renaissance Dr., Suite 10, Las Vegas, NV 89119 U.S.A. (NV)<br>Tel: (702)740-4244<br>Fax: (702) 966-4247            | Sales and Marketing | Ordinary Shares          | 11,573,200                               | 5,786,700                                | 50.00%            |



| No. | Name/Location   | Type of Business                | Type of Share   | No. of Shares Issued | No. of Shares Held | % of Shareholding |
|-----|---|---------------------------------|-----------------|----------------------|--------------------|-------------------|
| 49. | <b>Indorama Holdings Limited</b><br>75/64,65, Ocean Tower 2, 28 <sup>th</sup> Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand<br>Tel: +66(0) 2661 6661<br>Fax: +66(0) 2661 6664-5 | Wool                            | Ordinary Shares | 77,446,800           | 77,303,050         | 99.81%            |
| 50. | <b>Indorama Trading (UK) Limited</b><br>23 Northiam, Woodside Park, N 12 7 ET, London, United Kingdom   | Trading in Wool                 | Ordinary Shares | 10,000               | 10,000             | 100.00%           |
| 51. | <b>IVL Belgium N.V.</b><br>Jules Bordetlaan 160, 1140 Evere, Belgium  | Treasury and Financial Services | Ordinary Shares | 30,615               | 30,614             | 99.99%            |
| 52. | <b>Indo Polymers Mauritius Limited</b><br>Les Cascades, Edith Cavell Street, Port Louis, Republic of Mauritius  | Holding Company                 | Ordinary Shares | 737,267,058          | 737,267,058        | 100.00%           |
| 53. | <b>IVL Singapore PTE. Limited</b><br>17 Phillip Street#05-01, Grand Building, Singapore (048695)  | Treasury and Financial Services | Ordinary Shares | 59,000,000           | 59,000,000         | 100.00%           |
| 54. | <b>Indorama Netherlands Cooperatief U.A.</b><br>Markweg 201, 3198NB Europoort, Rotterdam, Netherlands<br>Tel: 0181285400  | Holding Company                 | -               | -                    | -                  | 100.00%           |
| 55. | <b>Indorama Netherlands B.V.</b><br>Markweg 201, 3198NB Europoort, Rotterdam, Netherlands<br>Tel: 0181285400  | Holding Company                 | Ordinary Shares | 18,000               | 18,000             | 100.00%           |
| 56. | <b>Beacon Trading (UK) Limited</b><br>23 Northiam, Woodside Park, N 12 7 ET, London United Kingdom  | Holding Company                 | Ordinary Shares | 70,000               | 70,000             | 100.00%           |
| 57. | <b>Indorama Ventures Europe B.V.</b><br>Markweg 201, 3198NB Europoort, Rotterdam, Netherlands<br>Tel: 0181285400  | Holding Company                 | Ordinary Shares | 100                  | 100                | 100.00%           |
| 58. | <b>Trevira Holdings GmbH</b><br>Max-Fischer-Strasse 11, 86399 Bobingen, Federal Republic of Germany   | Holding Company                 | Ordinary Shares | 25,000               | 18,750             | 75.00%            |

| No. | Name/Location  | Type of Business | Type of Share                                   | No. of Shares Issued   | No. of Shares Held                                     | % of Shareholding |
|-----|--|------------------|---|--|--|-------------------|
| 59. | <b>IVL Holding S. de R.L. de C.V.</b><br>Prol. Paseo de la Reforma No.1015 - Torre "A"<br>-2do Piso Col. Desarrollo Santa Fe, Del. Alvaro Obregon C.P. 01376 Mexico, D.F.<br>Tel: (52) (55) 91775700<br>Fax: (52) (55) 52924919      | Holding Company  | Equity Quota Series A & Series B                | Equity Quota Series A: 2<br>Equity Quota Series B: 1           | Equity Quota Series A: 2<br>Equity Quota Series B: 1   | 100.00%           |
| 60. | <b>Indorama Ventures USA Inc.</b><br>801 Pineview Road, Asheboro, North Carolina   | Holding Company  | Ordinary Shares                                 | 4,200  | 4,200  | 100.00%           |
| 61. | <b>Indorama Polymers (USA) LLC</b><br>1301 Finley Island Road, Decatur, Alabama, AL 35601, U.S.A.<br>Tel: +1 256 308 1180<br>Fax: + 1 256 341 5926   | Holding Company  | Ordinary Shares                                 | 4,400  | 4,400  | 100.00%           |
| 62. | <b>Beverage Plastics (Holdings) Limited</b><br>Silverwood Business Park, 70 Silverwood Road, Lurgan Craigavon, County Armagh, BT 66 6 LN, Northern Ireland<br>Tel: +442838311800<br>Fax: +442838311888                               | Holding Company  | Shares<br>Class A,<br>Class B<br>and<br>Class C | Class A :<br>5,100<br>Class B :<br>2,450<br>Class C :<br>2,450 | Class A :<br>5,100<br>Class B :<br>-<br>Class C :<br>- | 51.00%            |
| 63. | <b>Grupo Indorama Ventures S.de R.L. C.V.</b><br>Prol. Paseo de la Reforma No.1015 - Torre "A" -2do Piso Col. Desarrollo Santa Fe, Del. Alvaro Obregon C.P. 01376 Mexico, D.F.<br>Tel: (52) (55) 91775700<br>Fax: (52) (55) 52924919 | Holding Company  | Equity Quota Class I & Class II                 | Equity Quota Class I: 2<br>Equity Quota Class II: 1            | Equity Quota Class I: 2<br>Equity Quota Class II: 1    | 100.00%           |
| 64. | <b>KP Equity Partners Inc.</b><br>Lot 2&3, Level 3, Wisma Lazenda, Jalan, Kemajuan, 87000 F.T. Labuan, Malaysia  | Holding Company  | Ordinary Shares                                 | 10,000   | 10,000   | 100.00%           |
| 65. | <b>Indorama Ventures Performance Fibers Holdings USA, LLC</b><br>Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA<br>Tel: (302) 636-5401<br>Fax: (302) 636-5454                              | Holding Company  | -   | -  | -  | 100.00%           |
| 66. | <b>FiberVision Corporation</b><br>3700 Crestwood Pkwy, Suite 900, Duluth, GA 30096 U.S.A.<br>Tel: +1 678-578-7240<br>Fax: +1 678-578-7276  | Holding Company  | Ordinary Shares                                 | 1,000  | 1,000  | 100.00%           |

| No. | Name/Location   | Type of Business | Type of Share   | No. of Shares Issued | No. of Shares Held | % of Shareholding |
|-----|---|------------------|-----------------|----------------------|--------------------|-------------------|
| 67. | <b>ES FiberVisions Holdings Aps</b><br>Engdraget 22, Varde Denmark, DK- 6800, Denmark<br>Tel: +45 7994 2200<br>Fax: +45 7994 2201   | Holding Company  | Ordinary Shares | 48,500               | 24,250             | 50.00%            |
| 68. | <b>FiberVisions (China) A/S</b><br>Engdraget 22, Varde Denmark, DK-6800, Denmark<br>Tel: +45 7994 2200<br>Fax: +45 7994 2201  | Holding Company  | Ordinary Shares | 100,000              | 100,000            | 100.00%           |
| 69. | <b>Covington Holdings, Inc</b><br>Corporation Service Company, Suite 400, 2711 Centerville Rd., Wilmington, DE 19809 U.S.A.<br>Tel: (302) 636-5401<br>Fax: (302) 636-5454 | Holding Company  | Ordinary Shares | 100                  | 100                | 100.00%           |
| 70. | <b>FiberVisions L.P.</b><br>The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801 U.S.A.<br>Tel: (302) 658-7581<br>Fax: (302) 655-2480                     | Marketing        | -               | -                    | -                  | 100.00%           |
| 71. | <b>Athens Holdings Inc</b><br>Corporation Service Company, Suite 400, 2711 Centerville Rd., Wilmington, DE 19809 U.S.A.<br>Tel: (302) 636-5401<br>Fax: (302) 636-5454     | Holding Company  | Ordinary Shares | 50                   | 50                 | 100.00%           |
| 72. | <b>Indorama Ventures Holdings LP</b><br>Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 U.S.A.   | Holding Company  | -               | -                    | -                  | 100.00%           |
| 73. | <b>FV Holdings Inc.</b><br>Entity Services (Nevada) LLC, 2215-B RENAISSANCE DR, Las Vegas, NV 89119<br>Tel: (702) 740-4244<br>Fax: (702) 966-4247                         | Holding Company  | Ordinary Shares | 2,000                | 2,000              | 100.00%           |
| 74. | <b>Indorama Ventures OGL Holdings LP</b><br>Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 U.S.A.   | Holding Company  | -               | -                    | -                  | 100.00%           |

| No. | Name/Location  | Type of Business                | Type of Share   | No. of Shares Issued | No. of Shares Held | % of Shareholding |
|-----|--|---------------------------------|-----------------|----------------------|--------------------|-------------------|
| 75. | <b>ES FiberVisions Inc.</b><br>CSC Entity Services, LLC 2711 Centerville Rd., Wilmington, DE 19809 U.S.A.<br>Tel: (302)636-5401<br>Fax: (302)636-5454  | Holding Company                 | Ordinary Shares | 100                  | 50                 | 50.00%            |
| 76. | <b>Wellman International Handelsgesellschaft GmbH</b><br>Konrad-Zuse-Strabe 4a, 59174 Kamen, Germany<br>Tel: +49-2307-96789-0<br>Fax: +49-2307-96789-10  | Selling Agent                   | -               | -                    | -                  | 100.00%           |
| 77. | <b>Indorama Ventures USA Holdings LP</b><br>Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Country of New Castle, Delaware 19808, U.S.A.   | Holding Company                 | -               | -                    | -                  | 100.00%           |
| 78. | <b>Indorama Ventures Alphapet Holdings, Inc.</b><br>Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, U.S.A.  | Holding Company                 | Ordinary Shares | 100                  | 100                | 100.00%           |
| 79. | <b>UAB Indorama Polymers Europe</b><br>Metalo G.16, LT-94102 Klaipeda, Republic of Lithuania   | Trading in PET                  | Ordinary Shares | 725,088              | 725,088            | 100.00%           |
| 80. | <b>Indorama Trading AG</b><br>Strengelbecherstrasse, 1480 Zofingen, Switzerland  | Non Operating                   | Ordinary Shares | 100                  | 100                | 100.00%           |
| 81. | <b>FiberVisions vermögensverwaltungs mbH</b><br>Local Court of Dusseldorf Werdener Straße 1, 40227 Düsseldorf Germany  | Non Operating                   | Ordinary Shares | 3,000,000            | 3,000,000          | 100.00%           |
| 82. | <b>Indorama Ventures Global Services Limited</b><br>75/80-81 Ocean Tower 2, 32nd Floor, Soi Sukhumvit 19 (Wattana), Asoke Road, Klongtoey Nuer, Wattana, Bangkok 10110, Thailand<br>Tel: +66 (0) 2661 6661<br>Fax: +66 (0) 2661 6664-5 | Regional Operating Headquarters | Ordinary Shares | 2,000,000            | 1,999,998          | 99.99%            |



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# THE BOARD OF DIRECTORS



Mr. Sri Prakash Lohia

**Position** Chairman

**Director Type** Non Executive Director

**Age** 61

**Appointment Date of Directorship** 19 September 2009

**Education**

- Bachelor of Commerce, Delhi University, India

**Training Program** -None-

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

2013 - Present

- Director - Indorama Commerce DMCC

2012 - Present

- Director - Indorama Eleme Fertilizer & Chemicals Limited

2012 - Present

- Director - Indorama Services UK Limited

2011 - Present

- President Commissioner - PT. Indorama Ventures Indonesia

2011 - Present

- President Commissioner - PT. Indorama Polyester Industries Indonesia

2011 - Present

- President Commissioner - PT. Indorama Polychem Indonesia

2011 - Present

- President Commissioner - PT. Indorama Polypet Indonesia

2011 - Present

- President Commissioner - PT. Indorama Petrochemicals

2009 - Present

- Chairman - Indorama Corporation Pte. Ltd.

2009 - Present

- Director - Indorama Group Holdings Limited

2009 - Present

- President Commissioner - PT. Indorama Synthetics Tbk

2006 - Present

- Chairman - Indorama Eleme Petrochemicals Company Limited

**% of shareholding in IVL As of 31 December 2013** -None-



Mr. Aloke Lohia

**Position** Vice Chairman of the Board, Chairman of Enterprise Risk Management Committee, Member of Nomination, Compensation and Corporate Governance Committee and Group CEO

**Director Type** Executive Director

**Age** 55

**Appointment Date of Directorship** 19 September 2009

**Education**

- Honorary PhD Degree of Business Administration, Rajamangala University of Technology Thanyaburi, Thailand
- Bachelor of Commerce, Delhi University, India

**Training Program** Director Accreditation Program Class No. 65/2007, Thai Institute of Directors, Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

- 2012 - Present
- Chairman - Indorama Polyester Industries PCL
- 2012 - Present
- Director - Indorama Ventures Logistics LLC
- 2012 - Present
- Director - Indorama Ventures (Oxide & Glycols) LLC
- 2012 - Present
- Commissioner - PT. Indorama Polypet Indonesia
- 2011 - Present
- Chairman - Indorama Ventures Performance Fibers Holdings USA LLC
- 2011 - Present
- Commissioner - PT. Indorama Ventures Indonesia
- 2011 - Present
- Commissioner - PT. Indorama Polyester Industries Indonesia
- 2011 - Present
- Commissioner - PT. Indorama Polychem Indonesia

- 2011 - Present
- Commissioner - PT. Indorama Petrochemicals
- 2010 - Present
- Chairman - IVL Belgium N.V.
- 2009 - Present
- Chairman - Indorama Resources Ltd.
- 2009 - Present
- Director - Indorama Petrochem Ltd.
- 2008 - Present
- Chairman - Indorama Polymers (USA) LLC.
- 2008 - Present
- Director - TPT Petrochemicals PCL
- 2007 - Present
- Chairman - UAB Indorama Holdings Europe
- 2007 - Present
- Chairman - Indorama Polymers Rotterdam B.V.
- 2007 - Present
- Chairman - Indorama Holdings Rotterdam B.V.
- 2007 - Present
- Chairman - Indorama Polymers Workington Ltd.
- 2007 - Present
- Chairman - UAB Indorama Polymers Europe
- 2007 - Present
- Chairman - AlphaPet, Inc.
- 2004 - Present
- Chairman - Indorama Polymers PCL
- 2004 - Present
- Director - Canopus International Limited
- 2003 - Present
- Chairman - Indorama Ventures USA Inc.
- 2003 - Present
- Chairman - UAB Orion Global PET
- 2003 - Present
- Chairman - Asia Pet (Thailand) Limited
- 1996 - Present
- Director - Petform (Thailand) Limited
- 1994 - Present
- Chairman - Indorama Holdings Ltd.

**% of shareholding in IVL As of 31 December 2013**

- 10 shares or 0.00%



**Mrs. Suchitra Lohia**

**Position** Director and Chairperson of Corporate Social Responsibility Committee

**Director Type** Executive Director

**Age** 49

**Appointment Date of Directorship** 19 September 2009

**Education**

- Owner President Management Program Harvard Business School
- Bachelor of Commerce, Delhi University, India

**Training Program** Capital Market Academy Leadership Program, Capital Market Academy (Class 14), Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

- 2012 - Present
- Chairperson - Indorama Petrochem Ltd.
- 2011 - Present
- Chairperson - TPT Petrochemicals PCL
- 2011 - Present
- Director - IVL Belgium N.V.
- 2011 - Present
- Commissioner - PT. Indorama Ventures Indonesia
- 2011 - Present
- Commissioner - PT. Indorama Polyester Industries Indonesia
- 2011 - Present
- Commissioner - PT. Indorama Polychem Indonesia
- 2011 - Present
- Commissioner - PT. Indorama Petrochemicals
- 2011 - Present
- Commissioner - PT. Indorama Polypet Indonesia

2009 - Present

- Director - Indorama Resources Ltd.

2008 - Present

- Director - Indorama Polyester Industries PCL

2008 - Present

- Director - Indorama Polymers (USA) LLC.

2007 - Present

- Director - UAB Indorama Holdings Europe

2007 - Present

- Director - Indorama Polymers Rotterdam B.V.

2007 - Present

- Director - Indorama Holdings Rotterdam B.V.

2007 - Present

- Director - Indorama Polymers Workington Ltd.

2007 - Present

- Director - UAB Indorama Polymers Europe

2007 - Present

- Director - AlphaPet, Inc.

2007 - Present

- Director - Canopus International Limited

2004 - Present

- Director - Indorama Polymers PCL

2003 - Present

- Director - Indorama Ventures USA Inc.

2003 - Present

- Director - UAB Orion Global PET

2001 - Present

- Director - Asia Pet (Thailand) Limited

1996 - Present

- Director - Petform (Thailand) Limited

1994 - Present

- Director - Indorama Holdings Ltd.

**% of shareholding in IVL As of 31 December 2013** -None-





Mr. Amit Lohia

**Position** Director

**Director Type** Non Executive Director

**Age** 39

**Appointment Date of Directorship** 19 September 2009

**Education** Bachelor of Economics and Finance, Wharton School of Business, USA

**Training Program** -None-

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

2012 - Present

- Director Indorama Eleme Fertilizer & Chemicals Limited

2011 - Present

- Director Indorama Commerce DMCC, Dubai

2011 - Present

- Commissioner - PT. Indorama Ventures Indonesia

2011 - Present

- Commissioner - PT. Indorama Polyester Industries Indonesia

2011 - Present

- Commissioner - PT. Indorama Polychem Indonesia

2011 - Present

- Commissioner - PT. Indorama Polypet Indonesia

2011 - Present

- Commissioner - PT. Indorama Petrochemicals

2009 - Present

- Director UIB Insurance Brokers (India) Private Ltd.

2009 - Present

- Vice President Commissioner - PT. Indorama Synthetics Tbk

2009 - Present

- Managing Director - Indorama Corporation Pte. Ltd.

2008 - Present

- Director - Indorama Group Holdings Ltd.

2006 - Present

- Director Indorama Eleme Petrochemicals Company Limited

2004 - Present

- Director - Isin International Pte. Ltd.

**% of shareholding in IVL As of 31 December 2013** -None-



**Mr. Dilip Kumar Agarwal**

**Position** Director, Member of Enterprise Risk Management Committee and CEO of PET and Feed Stock Business

**Director Type** Executive Director

**Age** 56

**Appointment Date of Directorship** 27 April 2010

**Education**

- 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

**Training Program**

- Director Accreditation Program Class No. 65/2007, Thai Institute of Directors, Thailand
- Director Certification Program Class No.182/2013, Thai Institute of Directors, Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

- 2013 - Present
- Director - Indorama Ventures Global Services Limited
- 2013 - Present
- Director - Indorama Ventures Alpha Pet Holdings, Inc.
- 2011 - Present
- President - IVL Holding, S. de R.L. de C.V.
- 2011 - Present
- President - Grupo Indorama Ventures, S. de R.L. de C.V.
- 2011 - Present
- President - Indorama Ventures Polymers Mexico, S. de R.L. de C.V.
- 2011 - Present
- President - Indorama Ventures Polycorn, S. de R.L. de C.V.
- 2011 - Present
- President - Indorama Ventures Servicios Corporativos, S. de R.L. de C.V.
- 2011 - Present
- Director - KP Equity Partners Inc.
- 2011 - Present
- Director - PT. Indorama Polypet Indonesia
- 2011 - Present
- Director Indorama Ventures Logistics LLC
- 2011 - Present
- Director - Indorama Ventures (Oxide & Glycols) LLC
- 2011 - Present
- Director - Guangdong IVL PET Polymer Co., Ltd.

- 2011 - Present
- Director - PT. Indorama Ventures Indonesia
- 2011 - Present
- Director - PT. Indorama Polyester Industries Indonesia
- 2011 - Present
- Director - Indorama Ventures Poland Sp. z o.o.
- 2011 - Present
- Director - StarPet Inc.
- 2011 - Present
- Director - Auriga Polymers Inc.
- 2010 - Present
- Director - Indorama Pet (Nigeria) Ltd.
- 2010 - Present
- Director - Indorama Petrochem Ltd.
- 2010 - Present
- Director - TPT Petrochemicals PCL
- 2010 - Present
- Director - IVL Belgium N.V.
- 2010 - Present
- Director - UAB Ottana Polimeri Europe
- 2010 - Present
- Director - Indorama Polymers (USA) LLC.
- 2008 - Present
- Director - Indorama Polymers Rotterdam B.V.
- 2007 - Present
- Director - Indorama Polymers Workington Ltd.
- 2007 - Present
- Director - UAB Indorama Polymers Europe
- 2007 - Present
- Director - Indorama Holdings Rotterdam B.V.
- 2007 - Present
- Director - UAB Indorama Holdings Europe
- 2007 - Present
- Director - AlphaPet, Inc.
- 2004 - Present
- Director - Indorama Polymers PCL
- 2003 - Present
- Director - UAB Orion Global PET
- 2003 - Present
- Director - Indorama Ventures USA Inc.
- 2001 - Present
- Director - Asia Pet (Thailand) Limited
- 1996 - Present
- Director - Petform (Thailand) Limited

**% of shareholding in IVL As of 31 December 2013** -None-



Mr. Udey Paul Singh Gill

**Position** Director, Member of Enterprise Risk Management Committee and President of Polyester Business

**Director Type** Executive Director

**Age** 60

**Appointment Date of Directorship** 27 April 2011

**Education**

- Marketing Management BSc. (Hons.) - MBA, College of Basic Sciences PAU, Punjab India
- International Trade, Fulbright Scholar, University of California, USA

**Training Program**

- Director Accreditation Program (DAP) Class No. 95/2012, Thai Institute of Directors, Thailand
- Director Certification Program (DCP) Class No. 182/2013, Thai Institute of Directors, Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

2013 - Present

- Managing Director - Trevira Holdings GmbH

2012 - Present

- Director - FiberVisions Corporation

2011 - Present

- President Director - PT. Indorama Polychem Indonesia

2011 - Present

- President Director - PT. Indorama Ventures Indonesia

2011 - Present

- President Director - PT. Indorama Polyester Industries Indonesia

2011 - Present

- Director - KP Equity Partners Inc.

2011 - Present

- Director - Indorama Polyester Industries PCL

2011 - Present

- Director - Wellman International Limited

2011 - Present

- Director - MJR Recycling B.V.

2011 - Present

- Managing Director - Indorama Ventures Recycling Netherlands B.V.

2011 - Present

- Manager - Indorama Ventures Performance Fibers Holdings USA LLC

**% of shareholding in IVL As of 31 December 2013** -None-



Mr. Sashi Prakash Khaitan

**Position** Director and President of Wool Business

**Director Type** Executive Director

**Age** 65

**Appointment Date of Directorship** 19 September 2009

**Education** Bachelor of Science, St. Xavier College, Kolkata, India

**Training Program**

- Director Accreditation Program Class No. 88/2011  
Thai Institute of Directors, Thailand
- Director Certificate Program Class No. 165/2012  
Thai Institute of Directors, Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET** -None-

**Other Organizations (as on 31 December 2013)**

2010 - Present

- Director - Indorama Trading AG

2009 - Present

- Director - Beacon Trading (UK) Ltd.

2009 - Present

- Director - Indorama Trading (UK) Ltd.

2008 - Present

- Director - Indorama Polyester Industries PCL

2004 - Present

- Director - Indorama Holdings Ltd.

**% of shareholding in IVL As of 31 December 2013**

- 120,000 shares or 0.00%



**Mr. Rathian Srimongkol**

**Position** Independent Director, Vice Chairman of the Board,  
Chairman of the Audit Committee and  
Member of Enterprise Risk Management Committee

**Director Type** Independent Director

**Age** 54

**Appointment Date of Directorship** 19 September 2009

**Education**

- 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

**Training Program**

- 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. 51/21, 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

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- Director, President and Chief Executive Officer - Krungthai Card Public Company Limited
- Independent Director, Chairman of Audit Committee, Member of Corporate Governance Committee and Member of Nominating & Compensation - One To One Contacts Public Company Limited

**Other Organizations (as on 31 December 2013)**

2004 - 2012

- Performance Agreement Subcommittee Organization Management (Internal Audit and Internal Control) - Ministry of Finance

2001 - 2012

- Performance Agreement Subcommittee (Energy Sector) - Ministry of Finance

2001 - 2011

- Executive Vice President - Thanachart Bank Public Company Limited (Siam City Bank Public Company Limited)

2010 - 2011

- Independent Director and Chairman of Audit Committee - Indorama Polymers Public Company Limited

2008 - 2010

- Director - TOT Public Company Limited

**% of shareholding in IVL As of 31 December 2013**

- 180,000 shares (0.00%)



Mr. Chakramon Phasukavanich

**Position** Independent Director and Member of Audit Committee

**Director Type** Independent Director

**Age** 65

**Appointment Date of Directorship** 19 September 2009

**Education**

- M.A. (Economics), California State University, Northridge, U.S.A.
- B.A. (Economics), Chulalongkorn University, Thailand

**Training Program**

- 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

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- Chairman of the Board of Directors CIMB Thai Bank PCL
- Chairman , Member of Audit Committee P.C.S. Machine Group Holding PCL.
- Independent Director and Member of Audit Committee Akara Resources PCL.

**Other Organizations (as on 31 December 2013)**

2011 - Present

- Member - Public Sector Development Commission Thailand (OPDC)

2009 - Present

- Member - Burapha University Council

2004 - Present

- Member - Council of State, Thailand

**% of shareholding in IVL As of 31 December 2013**

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



**Mr. Maris Samaram**

**Position** Independent Director, Member of Audit Committee and Member of Enterprise Risk Management Committee

**Director Type** Independent Director

**Age** 71

**Appointment Date of Directorship** 27 April 2010

**Education**

- Program for Management Development, Harvard Business School, USA
- B.S.B.A. in Accounting, University of the East, Philippines

**Training Program**

- Director Certification Program Class No. 33/2003, Thai Institute of Directors, Thailand
- Board's Failure and How to Fix it, 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
- The Responsibilities and Liabilities of Directors and Executives under the New SEC ACT (May 2008) Thai Institute of Directors, Thailand
- Handling Conflicts of Interest: What the Board Should Do? (2008), Thai Institute of Directors, Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- Independent Director and Chairman of the Audit Committee - Siam Commercial Bank Public Company Limited
- Independent Director, Chairman of the Audit Committee - Member of the Corporate Governance, Nomination and Remuneration Committee Tata Steel (Thailand) Public Company Limited
- Independent Director, Chairman of the Audit Committee - Akara Resources Public Company Limited

**Other Organizations (as of 31 December 2013)**

2005 - Present

- Director - PAC (Siam) Co., Ltd.

2004 - Present

- Director - Marsh PB Co., Ltd.

2001 - Present

- Director and Vice Chairman of the Audit Committee M.E.D. Co., Ltd.

2008 - 2011

- Independent Director and Member of Audit Committee Indorama Polymers Public Company Limited

2004 - 2010

- Independent Director - Sub Sri Thai Warehouse Public Company Limited.

**% of shareholding in IVL As of 31 December 2013** -None-





Mr. William Ellwood Heinecke

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

**Director Type** Independent Director

**Age** 64

**Appointment Date of Directorship** 19 September 2009

**Education**

- Honorary Doctoral Degree of Business Administration in Management, Yonok University, Lampang, Thailand
- International School of Bangkok

**Training Program**

- Director Certification Program Class No.64/2005, Thai Institute of Directors, Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- Chairman and Chief Executive Officer - Minor International Public Company Limited and its subsidiaries

**Other Organizations** -None-

**% of shareholding in IVL As of 31 December 2013**

- 3,009,132 shares or 0.06%





Dr. Siri Ganjarerndee

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

**Director Type** Independent Director

**Age** 66

**Appointment Date of Directorship** 27 April 2010

**Education**

- 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

**Training Program**

- 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
- Capital Market Academy Leader Program Class No.5/2007, The Stock Exchange of Thailand
- Advanced Management Program Class No. 113/1995 Harvard Business School

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- 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

**Other Organizations (as on 31 December 2013)**

2012 - Present

- Member of the Public Sector Development Sub-Commission in Finance and Budgeting System Improvement - Public Sector Development Commission Thailand (OPDC)

2011 - Present

- Member of Risk Management Oversight Committee - Bank of Thailand

2009 - Present

- Director of the Bank of Thailand Board - Bank of Thailand

2009 - Present

- Member of the Monetary Policy Committee - Bank of Thailand

2003 - Present

- Performance Assessment Committee of State Enterprise Policy Office - Ministry of Finance

2003 - Present

- Director - TRIS Corporation Ltd.

1999 - Present

- Independent Director, Executive Committee member, Chairman of the Nomination and Remuneration Committee - Bangkok Life Assurance Ltd.

**% of shareholding in IVL As of 31 December 2013** -None-



Mr. Kanit Si

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

**Director Type** Independent Director

Age 63

Appointment Date of Directorship 27 April 2010

**Education**

- MBA – Finance & Quantitative Method, University of New Orleans, USA
- Bachelor of Engineering (Honor & Gold Medal), Chulalongkorn University, Thailand

**Training Program**

- 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

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- Executive Vice President Bangkok Bank Public Company Limited

**Other Organizations (as on 31 December 2013)**

2000 - Present

- Director - Indorama Polyester Industries PCL

2000 - Present

- Director - Bangkok Industrial Gas Company Limited

2000 - Present

- Director - HMC Polymers Company Limited

1999 - Present

- Director - TPT Petrochemicals PCL

**% of shareholding in IVL As of 31 December 2013**

- 100,000 shares or 0.00%



Mr. Apisak Tantivorawong

**Position** Independent Director

**Director Type** Independent Director

**Age** 60

**Appointment Date of Directorship** 29 April 2013

**Education**

- MBA, Industrial Management, University of Tennessee, U.S.A.
- B. Eng.- Chemical Engineering, Chulalongkorn University, Thailand

**Training Program**

- Director Certification Program (DCP 18/2002), Thai Institute of Directors, Thailand
- The Joint State-Private Sectors Course, 16/2003, The National Defence College of Thailand

**Working Experience (during the recent 5 years)**

**Other Listed Companies in SET**

Present

- Independent Director - Thai Oil Public Company Limited
- Director and Independent Director - Synnex (Thailand) Public Company Limited
- Chairman of Board of Directors - Quality Houses Public Company Limited
- Advisor to the Board - The Siam Commercial Bank Public Company Limited

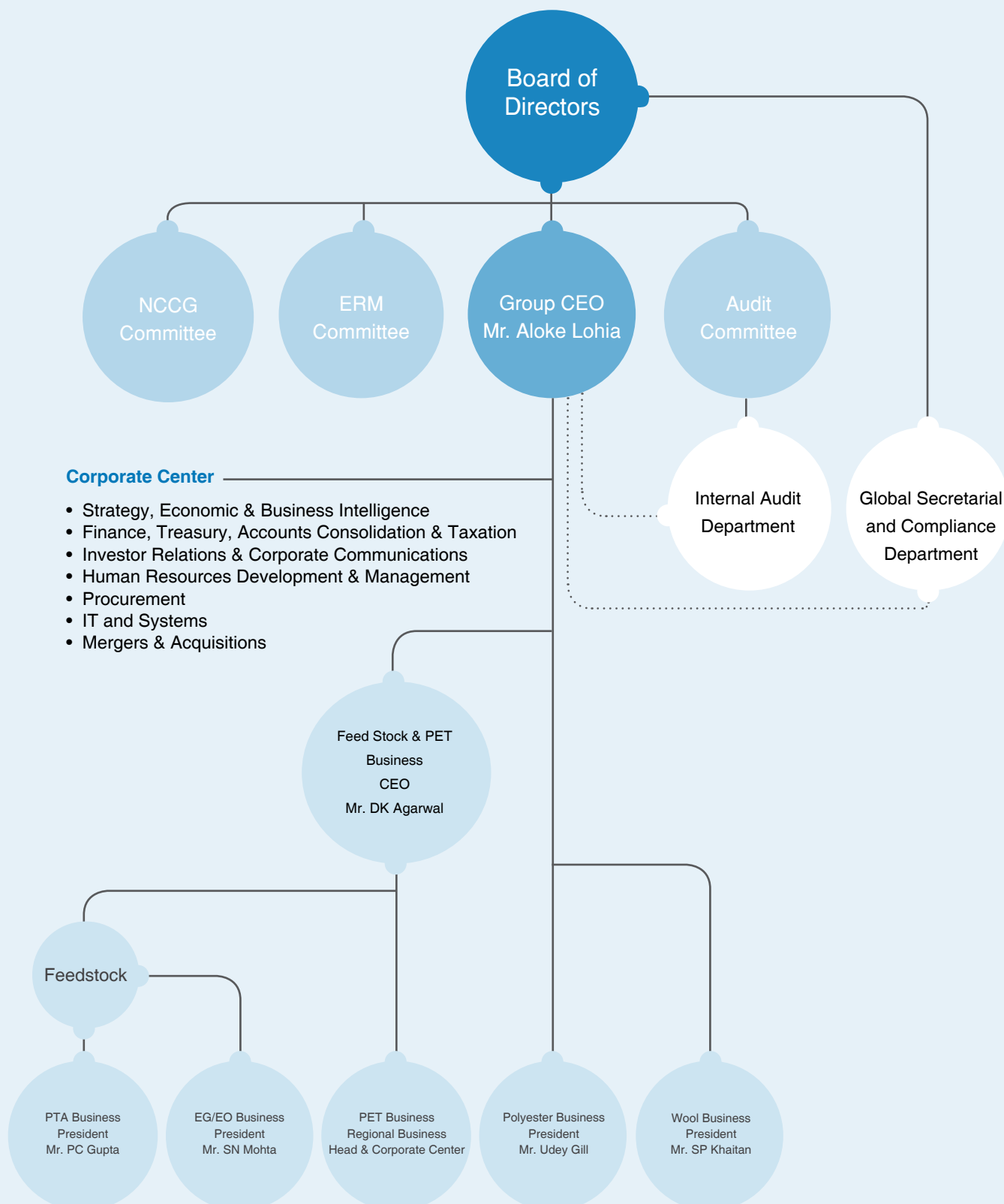
**Other Organizations (as on 31 December 2013)**

2013 - Present

- Vice Chairman, Investment Committee - Charoen Pokphand Group Co., Ltd.
- Independent Director - Bangkok Glass Industry Co., Ltd.

**% of shareholding in IVL As of 31 December 2013** -None-

# MANAGEMENT STRUCTURE INDORAMA VENTURES PUBLIC COMPANY LIMITED



## The Board of Directors and Management Meeting Attendance in 2013

Indorama Ventures Public Company Limited consists of Board of Directors and 3 subcommittees, namely, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Enterprise Risk Management Committee.

As at 31 December 2013, the Board of Directors comprises of 14 directors as follows:

| Name                             | Position   | Attendance | Total Meetings |
|----------------------------------|--|------------|----------------|
| 1. Mr. Sri Prakash Lohia         | Chairman of the Board  | 3          | 6              |
| 2. Mr. Alope Lohia               | Vice Chairman of the Board,<br>Chairman of the Enterprise Risk Management<br>Committee, Member of the Nomination,<br>Compensation and Corporate Governance<br>Committee and Group<br>Chief Executive Officer | 6          | 6              |
| 3. Mrs. Suchitra Lohia           | Director and Chairperson of Corporate Social<br>Responsibility Committee   | 4          | 6              |
| 4. Mr. Amit Lohia                | Director   | 4          | 6              |
| 5. Mr. Sashi Prakash Khaitan     | Director and President of Wool Business  | 5          | 6              |
| 6. Mr. Dilip Kumar Agarwal       | Director, Member of the Enterprise Risk<br>Management Committee and Chief Executive<br>Officer of Feed Stock Business (PTA & EG/EO)<br>and PET Business  | 6          | 6              |
| 7. Mr. Uday Paul Singh Gill      | Director, Member of the Enterprise Risk<br>Management Committee and President of<br>Polyester Business   | 5          | 6              |
| 8. Mr. Rathian Srimongkol        | Independent Director, Vice Chairman of the<br>Board, Chairman of the Audit Committee and<br>Member of the Enterprise Risk Management<br>Committee  | 6          | 6              |
| 9. Mr. Chakramon Phasukavanich   | Independent Director and Member of the Audit<br>Committee  | 6          | 6              |
| 10. Mr. Maris Samaram            | Independent Director, Member of the Audit<br>Committee and Member of the Enterprise Risk<br>Management Committee   | 6          | 6              |
| 11. Mr. William Ellwood Heinecke | Independent Director, Chairman of the<br>Nomination, Compensation and Corporate<br>Governance Committee  | 6          | 6              |
| 12. Dr. Siri Ganjarandee         | Independent Director and Member of the<br>Nomination, Compensation and Corporate<br>Governance Committee   | 6          | 6              |
| 13. Mr. Kanit Si                 | Independent Director and Member of the<br>Nomination, Compensation and Corporate<br>Governance Committee   | 6          | 6              |
| 14. Mr. Apisak Tantivorawong     | Independent Director   | 3          | 4              |

Remarks: Mr. Apisak Tantivorawong has been appointed as Director on 29 April 2013

For the year 2013, the meeting attendance of core subsidiaries are as follows:

#### Feedstock Business (PTA&EG/EO).

##### Indorama Petrochem Limited

| Name                          | Position                             | Attendance | Total Meetings |
|-------------------------------|--------------------------------------|------------|----------------|
| 1. Mrs.Suchitra Lohia         | Chairperson of the Board             | 5          | 5              |
| 2. Mr.Aloke Lohia             | Director                             | 5          | 5              |
| 3. Mr.Dilip Kumar Agarwal     | Director                             | 4          | 5              |
| 4. Mr.Prem Chandra Gupta      | Director / President                 | 5          | 5              |
| 5. Mr. Sanjeev Sharma         | Director / Vice President Commercial | 5          | 5              |
| 6. Mr.Sandeep Pandurang Kamat | Director / Vice President Technical  | 5          | 5              |

##### TPT Petrochemicals Public Company Limited

| Name                        | Position                             | Attendance | Total Meetings |
|-----------------------------|--------------------------------------|------------|----------------|
| 1. Mrs.Suchitra Lohia       | Chairperson of the Board             | 3          | 5              |
| 2. Mr.Pisit Leeahtam        | Vice Chairman of the Board           | 5          | 5              |
| 3. Mr.Aloke Lohia           | Director                             | 4          | 5              |
| 4. Mr.Kanit Si              | Director                             | 3          | 5              |
| 5. Mr.Kraing Kiatfuengfoo   | Director                             | 5          | 5              |
| 6. Ms.Rapeepan Luangaramrut | Director                             | 3          | 5              |
| 7. Mr.Dilip Kumar Agarwal   | Director                             | 4          | 5              |
| 8. Mr.Prem Chandra Gupta    | Director / President                 | 5          | 5              |
| 9. Mr. Sunil Fotedar        | Director / Senior Vice President     | 5          | 5              |
| 10. Mr. Sanjeev Sharma      | Director / Vice President Commercial | 5          | 5              |

##### Indorama Holdings Rotterdam B.V.

| Name                      | Position                  | Attendance | Total Meetings |
|---------------------------|---------------------------|------------|----------------|
| 1. Mr.Aloke Lohia         | Chairman of the Board     | 4          | 4              |
| 2. Mrs.Suchitra Lohia     | Director                  | 4          | 4              |
| 3. Mr.Dilip Kumar Agarwal | Director                  | 4          | 4              |
| 4. Mr. Sunil Baldi        | Director / Vice President | 4          | 4              |

##### Indorama Ventures (Oxide & Glycols) LLC.

| Name                       | Position             | Attendance | Total Meetings |
|----------------------------|----------------------|------------|----------------|
| 1. Mr.Aloke Lohia          | Director             | 1          | 1              |
| 2. Mr. Dilip Kumar Agarwal | Director             | 1          | 1              |
| 3. Mr. Satyanarayan Mohta  | Director / President | 1          | 1              |

## PET Business

### Indorama Polymers Public Company Limited

| Name                            | Position              | Attendance | Total Meetings |
|---------------------------------|-----------------------|------------|----------------|
| 1. Mr.Aloke Lohia               | Chairman of the Board | 8          | 8              |
| 2. Mrs.Suchitra Lohia           | Director              | 8          | 8              |
| 3. Mr.Dilip Kumar Agarwal       | Director              | 8          | 8              |
| 4. Mr.Gopal Lal Modi            | Director              | 8          | 8              |
| 5. Mr.Ramesh Kumar Narsinghpura | Director              | 7          | 8              |

### Asia Pet (Thailand) Limited

| Name                      | Position              | Attendance | Total Meetings |
|---------------------------|-----------------------|------------|----------------|
| 1. Mr.Aloke Lohia         | Chairman of the Board | 5          | 5              |
| 2. Mrs.Suchitra Lohia     | Director              | 5          | 5              |
| 3. Mr.Dilip Kumar Agarwal | Director              | 5          | 5              |
| 4. Mr.Gopal Lal Modi      | Director              | 5          | 5              |

### Petform (Thailand) Limited

| Name                           | Position                         | Attendance | Total Meetings |
|--------------------------------|----------------------------------|------------|----------------|
| 1. Mr.Somchai Bulsook          | Chairman of the Board            | 5          | 5              |
| 2. Mr.Sukri Kaocharern         | Director                         | 4          | 5              |
| 3. Mr.Aloke Lohia              | Director                         | 5          | 5              |
| 4. Mrs.Suchitra Lohia          | Director                         | 5          | 5              |
| 5. Mr.Dilip Kumar Agarwal      | Director                         | 5          | 5              |
| 6. Mr. Sunil Marwah            | Director / Senior Vice President | 4          | 4              |
| 7. Mr.Dhitivute Bulsook        | Director                         | 5          | 5              |
| 8. Mr.Pisanu Vichiensanth      | Director                         | 5          | 5              |
| 9. Mr.Sithichai Chaikriangkrai | Director                         | 5          | 5              |
| 10. Mr.Pramod Narayan Dubey    | Director/Joint Vice President    | 5          | 5              |

### Indorama Ventures Poland Sp. z o.o.

| Name                      | Position           | Attendance | Total Meetings |
|---------------------------|--------------------|------------|----------------|
| 1. Mr.Om Prakash Mishra   | President Director | 3          | 3              |
| 2. Mr.Dilip Kumar Agarwal | Director           | 3          | 3              |
| 3. Mr.Gopal Lal Modi      | Director           | 3          | 3              |
| 4. Mr.Ashok Kumar Ladha   | Director           | 3          | 3              |



## UAB Orion Global Pet

| Name                                   | Position              | Attendance | Total Meetings |
|--|-----------------------|------------|----------------|
| 1. Mr.Aloke Lohia                      | Chairman of the Board | 5          | 5              |
| 2. Mrs.Suchitra Lohia                  | Director              | 5          | 5              |
| 3. Mr.Dilip Kumar Agarwal              | Director              | 5          | 5              |
| 4. Mr.Jitendra Kumar Kishori Lal Malik | General Director      | 5          | 5              |

## Indorama Pet (Nigeria) Limited

| Name                      | Position                  | Attendance | Total Meetings |
|---------------------------|---------------------------|------------|----------------|
| 1. Mr.Dilip Kumar Agarwal | Director                  | -          | 3              |
| 2. Mr.Manish Mundra       | Director                  | 3          | 3              |
| 3. Mr. Sandeep Pahariya   | Director / Vice President | 3          | 3              |

## Guangdong IVL PET Polymer Company Limited

| Name                      | Position                        | Attendance | Total Meetings |
|---------------------------|---------------------------------|------------|----------------|
| 1. Mr.Dilip Kumar Agarwal | Director                        | 1          | 1              |
| 2. Mr.Gopal Lal Modi      | Director                        | 1          | 1              |
| 3. Mr.Sanjay Ahuja        | Director                        | 1          | 1              |
| 4. Mr. Vipin Kumar        | Director                        | 1          | 1              |
| 5. Mr.Padmanabhan Suresh  | Director / Legal Representative | 1          | 1              |

## PT. Indorama Polypet Indonesia

| Name                          | Position                       | Attendance | Total Meetings |
|-------------------------------|--------------------------------|------------|----------------|
| 1. Mr.Narendra Kumar Malpanil | President Director             | 3          | 3              |
| 2. Mr.Dilip Kumar Agarwal     | Director                       | -          | 3              |
| 3. Mr.Saurabh Mishra          | Director /Vice President       | 3          | 3              |
| 4. Mr.Deepak Baldwa           | Director /Joint Vice President | 3          | 3              |

## Auriga Polymers Inc.

| Name                      | Position                        | Attendance | Total Meetings |
|---------------------------|---------------------------------|------------|----------------|
| 1. Mr.Dilip Kumar Agarwal | Director                        | 3          | 3              |
| 2. Mr.Gopal Lal Modi      | Director                        | 3          | 3              |
| 3. Mr.Hussam Mohamed Awad | Director /Senior Vice President | 3          | 3              |

### StarPet Inc.

| Name                      | Position                        | Attendance | Total Meetings |
|---------------------------|---------------------------------|------------|----------------|
| 1. Mr.Dilip Kumar Agarwal | Director                        | 3          | 3              |
| 2. Mr.Gopal Lal Modi      | Director                        | 3          | 3              |
| 3. Mr.Hussam Mohamed Awad | Director /Senior Vice President | 3          | 3              |

### Indorama Polymers Workington Limited

| Name                      | Position                  | Attendance | Total Meetings |
|---------------------------|---------------------------|------------|----------------|
| 1. Mr.Aloke Lohia         | Chairman of the Board     | 4          | 4              |
| 2. Mrs.Suchitra Lohia     | Director                  | 4          | 4              |
| 3. Mr.Dilip Kumar Agarwal | Director                  | 4          | 4              |
| 4. Mr. Sunil Baldi        | Director / Vice President | 4          | 4              |

### Indorama Polymers Rotterdam B.V.

| Name                      | Position                  | Attendance | Total Meetings |
|---------------------------|---------------------------|------------|----------------|
| 1. Mr.Aloke Lohia         | Chairman of the Board     | 4          | 4              |
| 2. Mrs.Suchitra Lohia     | Director                  | 4          | 4              |
| 3. Mr.Dilip Kumar Agarwal | Director                  | 4          | 4              |
| 4. Mr. Sunil Baldi        | Director / Vice President | 4          | 4              |

### AlphaPet Inc.

| Name                      | Position              | Attendance | Total Meetings |
|---------------------------|-----------------------|------------|----------------|
| 1. Mr.Aloke Lohia         | Chairman of the Board | 2          | 2              |
| 2. Mrs.Suchitra Lohia     | Director              | 2          | 2              |
| 3. Mr.Dilip Kumar Agarwal | Director              | 2          | 2              |

### Beverage Plastics Limited

| Name                        | Position                                | Attendance | Total Meetings |
|-----------------------------|---|------------|----------------|
| 1. Mr.Manoj Kumar Singhi    | Director                                | 1          | 1              |
| 2. Mr.Vikas Gupta           | Director                                | 1          | 1              |
| 3. Mr.Robert Jerausch       | Director                                | 1          | 1              |
| 4. Mr.William Leslie Dalton | Director / Commercial & Production Head | 1          | 1              |
| 5. Mr.David John Horan      | Director / Marketing Head               | 1          | 1              |

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

| Name                                    | Position                          | Attendance | Total Meetings |
|---|-----------------------------------|------------|----------------|
| 1. Mr.Dilip Kumar Agarwal               | Director                          | 2          | 3              |
| 2. Mr.Gopal Lal Modi                    | Director                          | 2          | 3              |
| 3. Mr.Hussam Mohamed Awad               | Director /Senior Vice President   | 3          | 3              |
| 4. Mr.Srinivasan Andagudi Prabhushankar | Director /Senior Vice President   | 3          | 3              |
| 5. Mr.Carlos Sierra                     | General Director                  | 3          | 3              |
| 6. Mr.Anand Kumar Agrawal               | Director and Legal Representative | 3          | 3              |

## 16. Aurus Packaging Limited

| Name                   | Position                   | Attendance | Total Meetings |
|------------------------|----------------------------|------------|----------------|
| 1. Mr.Sandeep Pahariya | Director / Vice President  | 1          | 1              |
| 2. Mr. M.G. Sridhara   | Director / General Manager | 1          | 1              |

## Indorama Ventures Packaging (Philippines) Corporation

| Name                         | Position | Attendance | Total Meetings |
|------------------------------|----------|------------|----------------|
| 1. Mr. Sunil Marwah          | Director | -          | 3              |
| 2. Mr. Vikas Gupta           | Director | -          | 3              |
| 3. Mr. Henry Yao             | Director | 3          | 3              |
| 4. Mr. Jose Anselmo L. Cadiz | Director | 3          | 3              |
| 5. Mr. Randall C. Tabayoyong | Director | 3          | 3              |

## Polyester Business

### Indorama Polyester Industries Public Company Limited

| Name                            | Position              | Attendance | Total Meetings |
|---------------------------------|-----------------------|------------|----------------|
| 1. Mr.Aloke Lohia               | Chairman of the Board | 5          | 5              |
| 2. Mrs.Suchitra Lohia           | Director              | 5          | 5              |
| 3. Mr.Udey Paul Singh Gill      | Director              | 4          | 5              |
| 4. Mr.Sashi Prakash Khaitan     | Director              | 4          | 5              |
| 5. Mr.Ramesh Kumar Narsinghpura | Director              | 5          | 5              |
| 6. Mr.Vachara Phanchet          | Director              | 5          | 5              |
| 7. Mr. Kanit Si                 | Director              | 5          | 5              |
| 8. Mrs.Suchada Sukpantavorn     | Director              | 5          | 5              |

### PT.Indorama Polychem Indonesia

| Name                             | Position                  | Attendance | Total Meetings |
|----------------------------------|---------------------------|------------|----------------|
| 1. Mr. Udey Paul Singh Gill      | President Director        | 10         | 10             |
| 2. Mr. Saurabh Mishra            | Director / Vice President | 10         | 10             |
| 3. Mr. Ramesh Kumar Narsinghpura | Director                  | 10         | 10             |
| 4. Mr. Ashok Kumar Ladha         | Director                  | 10         | 10             |

### PT.Indorama Ventures Indonesia

| Name                        | Position                  | Attendance | Total Meetings |
|-----------------------------|---------------------------|------------|----------------|
| 1. Mr. Udey Paul Singh Gill | President Director        | 5          | 5              |
| 2. Mr. Shin Yong Sig        | Director / Business Head  | 5          | 5              |
| 3. Mr. Dilip Kumar Agarwal  | Director                  | 5          | 5              |
| 4. Mr. Gopal Lal Modi       | Director                  | 5          | 5              |
| 5. Mr. Ashok Kumar Ladha    | Director                  | 4          | 5              |
| 6. Mr. Saurabh Mishra       | Director / Vice President | 4          | 5              |

### Trevira GmbH

| Name              | Position                           | Attendance | Total Meetings |
|-------------------|------------------------------------|------------|----------------|
| 1. Mr. Klaus Holz | Director / Chief Executive Officer | 5          | 5              |

### PT.Indorama Polyester Industries Indonesia

| Name                        | Position                 | Attendance | Total Meetings |
|-----------------------------|--------------------------|------------|----------------|
| 1. Mr. Udey Paul Singh Gill | President Director       | 5          | 5              |
| 2. Mr. Shin Yong Sig        | Director / Business Head | 5          | 5              |
| 3. Mr. Dilip Kumar Agarwal  | Director                 | 5          | 5              |
| 4. Mr. Gopal Lal Modi       | Director                 | 5          | 5              |

### FiberVisions A/S

| Name                           | Position          | Attendance | Total Meetings |
|--------------------------------|-------------------|------------|----------------|
| 1. Mr.Gary M. Spitz            | Director          | 1          | 1              |
| 2. Mr.Geoffrey E. Meyer        | Director          | 1          | 1              |
| 3. Ms.Helle Vingolf Larsen     | Managing Director | 1          | 1              |
| 4. Ms.Susanne Christansen-Dahl | Director          | 1          | 1              |
| 5. Mr.Jens Verner Sorensen     | Director          | 1          | 1              |

## FiberVisions Products, Inc

| Name                    | Position                  | Attendance | Total Meetings |
|-------------------------|---------------------------|------------|----------------|
| 1. Mr.Gary M. Spitz     | Director / President      | 2          | 2              |
| 2. Mr.Geoffrey E. Meyer | Director / Vice President | 2          | 2              |

## FiberVisions Manufacturing Company

| Name                    | Position                  | Attendance | Total Meetings |
|-------------------------|---------------------------|------------|----------------|
| 1. Mr.Gary M. Spitz     | Director / President      | 2          | 2              |
| 2. Mr.Geoffrey E. Meyer | Director / Vice President | 2          | 2              |

## Wellman International Limited

| Name                        | Position                           | Attendance | Total Meetings |
|-----------------------------|------------------------------------|------------|----------------|
| 1. Mr. Udey Paul Singh Gill | Director                           | 1          | 1              |
| 2. Mr. Frank Gleeson        | Director / Chief Executive Officer | 1          | 1              |
| 3. Mr. Eamon Martyn         | Director / Chief Financial Officer | 1          | 1              |
| 4. Mr. Vivek Kaul           | Director                           | 1          | 1              |

## Wellman France Recyclage S.A.S.

| Name                 | Position                           | Attendance | Total Meetings |
|----------------------|------------------------------------|------------|----------------|
| 1. Mr. Frank Gleeson | Director / Chief Executive Officer | 1          | 1              |

## Fiber Visions (China) Textile Products Ltd.

| Name                    | Position | Attendance | Total Meetings |
|-------------------------|----------|------------|----------------|
| 1. Mr.Stephen M. Wood   | Director | -          | -              |
| 2. Mr.Geoffrey E. Meyer | Director | -          | -              |
| 3. Mr. Deng Fuyuan      | Director | -          | -              |

## Wool Business

## Indorama Holdings Limited

| Name                             | Position              | Attendance | Total Meetings |
|----------------------------------|-----------------------|------------|----------------|
| 1. Mr.Aloke Lohia                | Chairman of the Board | 7          | 8              |
| 2. Mr. Mohan Lal Lohia           | Director              | 5          | 8              |
| 3. Mrs.Suchitra Lohia            | Director              | 7          | 8              |
| 4. Mr.Sashi Prakash Khaitan      | Director              | 7          | 8              |
| 5. Mr. Ramesh Kumar Narsinghpura | Director              | 8          | 8              |
| 6. Mr.Rajesh Banka               | Director              | 8          | 8              |

## The Company Secretary

The Board of Directors of the Company has appointed Mr. Souvik Roy Chowdhury as the Company Secretary of the Company effective 15 February 2010. The duties and responsibilities are as follows:

### Duties and Responsibilities of Company Secretary

The Company Secretary must perform the duties as prescribed in Section 89/15 and Section 89/16 of Securities and Exchange Act (No.4) B.E.2551, effective 31 August 2008 with responsibility, carefulness and honesty and must comply with the laws, objectives, Articles of Association, resolution of the Board of Directors as well as resolution of Shareholders. The duties of Company Secretary prescribed by the law are as follows:

1. Preparing and keeping the following documents
  - A. Registrations of Directors;
  - B. Notice of Board of Directors Meetings, minutes of Board of Directors Meetings and annual report;
  - C. Notice of the Shareholders' Meetings and minutes of Shareholders Meetings.
2. Keeping reports of interest filed by Directors and Executives and present reports of interest in Section 89/14 to Chairman of the Board and Chairman of Audit Committee for acknowledgement within 7 days from the date it is received by the Company;
3. Performing any other acts as determined by the Capital Market Supervisory Board.
3. Preparing minutes of the Shareholders Meeting and the Board of Directors Meeting, and monitoring subsequent compliance with the resolutions of those meetings;
4. Preparing and keeping registrations of directors, annual reports, notice of the Shareholders Meeting, notice of Board of Directors Meeting, minutes of the Shareholders Meeting and the Board of Directors Meeting;
5. Keeping reports of interest filed by directors and executives, and presenting such reports as specified by the relevant laws;
6. Ensuring statutory compliances across all subsidiaries;
7. Ensuring that corporate information disclosures to regulatory agencies are in accordance with the laws and regulations;
8. Timely reporting of all necessary disclosures to SEC and SET;
9. Assisting in Board activities including provide preliminary advice and recommendations pertaining to legal, regulatory, corporate governance issues and best practices related to the Board and Committees.

In addition, the Company Secretary has other duties as assigned by the Company as follows:

1. Providing basic advice pertaining to the securities laws and regulations and Articles of Association as well as monitoring compliance on a regular basis and reporting any significant changes to the Board;
2. Arranging the Shareholders Meeting and the Board of Directors Meeting in accordance with the laws, regulations and related best practices;

# SHAREHOLDERS

## Shareholders

Major Shareholders (As at December 31, 2013)

Indorama Ventures Public Company Limited

| No. | Shareholders  | No. of Shares        | %             |
|-----|---|----------------------|---------------|
| 1.  | Group of Mr. Alope Lohia  |                      |               |
|     | Indorama Resources Ltd. <sup>(1)</sup>                                | 3,066,038,376        | 63.69         |
|     | Canopus International Limited <sup>(2)</sup>                          | 130,000,000          | 2.70          |
|     | Mr. Alope Lohia   | 10                   | 0.00          |
|     | Mr. Anuj Lohia  | 10                   | 0.00          |
| 2.  | Bangkok Bank PCL.   | 230,180,944          | 4.78          |
| 3.  | Thai NVDR Ltd.  | 162,395,674          | 3.37          |
| 4.  | Mr. Thaweechat Chulangkul   | 70,050,000           | 1.46          |
| 5.  | HSBC (Singapore) Nominees PTE Ltd.                                    | 55,724,512           | 1.16          |
| 6.  | Mr. Natthaphol Chulangkul   | 50,615,000           | 1.05          |
| 7.  | GIC Private Limited   | 23,787,910           | 0.49          |
| 8.  | Chase Nominees Limited 46   | 22,588,803           | 0.47          |
| 9.  | CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT NRBS | 20,787,500           | 0.43          |
| 10. | FAM EPIF  | 19,108,300           | 0.40          |
|     | Other Shareholders  | 962,980,206          | 20.00         |
|     | <b>Total</b>  | <b>4,814,257,245</b> | <b>100.00</b> |

Remarks : <sup>(1)</sup> Owned by Canopus International Limited 99.98%

<sup>(2)</sup> Mr. Alope Lohia and his immediate family have voting rights of up to 76% and an equity interest of up to 49% in Canopus International Limited while Mr. Sri Prakash Lohia and his immediate family have voting rights of up to 24%, and equity interest of up to 51%, in Canopus International Limited



# IVL GLOBAL AWARDS 2013



**January 24, 2013**

Asia Pet (Thailand) Limited and Indorama Holdings Limited received Honor Certificates acknowledging compliance with legal requirements for the employed and improved the Quality of Life of the Disabled from the Lopburi Governor, Mr. Pichet Piboonsiri.



**March 2, 2013**

Ms. Prapai Palakawong Na Ayuthaya, representing of Indorama Polyester Industries Public company Limited (Nakhon Pathom), received the Certificate of Excellence from the Department of Skill Development the Ministry of Labor.



**March 7, 2013**

Ms. Prapai Palakawong Na Ayuthaya, representing Indorama Polyester Industries Public Company Limited (Nakhon Pathom), received the Outstanding Woman Award 2013 on International Woman Day.



**March 27, 2013**

Dr. Nop Siwasilchai, representing Indorama Petrochem Limited, received the Environmental Governance Award (Green Star Award) from IEAT from Mr. Peravatana Rungraungsri, Deputy Governor (Industrial Port), representing the Governor of the Industrial Estates Authority of Thailand. This award has been won for two consecutive years.



**April 4, 2013**

Ms. Paveena Sriphothong, Issuer & Listing Division Group Head of the Stock Exchange of Thailand, visited Indorama Ventures to congratulate the Head of Investor Relations, Mr. Richard Jones, on being named one of the top 25 IR officers in the world of all time.



**May 5, 2013**

Indorama Ventures (Oxide & Glycols ) LLC received the Pinnacle Award for chemical transportation safety from Union Pacific.



**June 14, 2013**

Indorama Holdings Limited received the Promoting Blood Donations for the Benefit of Society on World Blood Doner Day 2013 certificate from Banmi Hospital.



**June 18, 2013**

Indorama Petrochem Limited received the Carbon Reduction Label Certificate in recognition of its environmentally friendly process.



**June 19, 2013**

Indorama Polyester Industries Public Company Limited (Rayong) received the Green Industry Level 3 (Green System) certificate from the Permanent Secretary, Ministry of Industry.



**October 31, 2013**

Asia Pet (Thailand) Limited, Petform (Thailand) Limited, Indorama Polymers Public Company Limited, and Indorama Holdings Limited also received this certificate.



**July 5, 2013**

Mr. Anivesh Tewari, representing Indorama Polyester Industries Public Company Limited (Nakhon Pathom), received the Outstanding Establishment on Safety Occupational Health and Environment Award, National Level for four consecutive years (2010-2013) at the 27th National Safety Week.



**July 5, 2013**

Mr. Sandeep P. Kamat, representing Indorama Petrochem Limited, received the Outstanding Establishment on Safety Occupational Health and Environment Award, National Level for the three consecutive years (2011-2013) at the 27th National Safety Week.



**July 17, 2013**

Asia Pet (Thailand) Limited and Petform (Thailand) Limited received the Gold Level AIDS and TB Response Standard Organization Certification from the Department of Labor Protection and Welfare, the Ministry of Labor.



**August 23, 2013**

Mr. Santihep Saleengam representing Indorama Petrochem, received the Zero Accident Campaign 2013 Award from Department of Labour Protection and Welfare, Ministry of Labour, from Dr. Indrarita Nontavacharasirichot Vice Minister for Labour. Indorama Petrochem's achievement of 1,534,294 work-related hours without lost time accident was a record set between 28 Sep 2009 - 31 Dec 2012.



**August 26, 2013**

Indorama Polymers Public Company Limited, Asia Pet (Thailand) Limited and Petform (Thailand) Limited received the Environment Good Governance Award from the Ministry of Industry.



**August 26, 2013**

PT.Indorama Ventures Indonesia received a certificate from Sucofindo International Certification Services after fulfilling the requirements for ISO 9001:2008 certification.



**September 11, 2013**

Indorama Polymers Public Company Limited received the CSR-DIW Network Award for 2013 and CSR-DIW Continuous Award for 2013 from the Department of Industrial Works.



**September 11, 2013**

Asia Pet (Thailand) Limited received the CSR-DIW Network Award for 2013 and CSR-DIW Continuous Award for 2013 from the Department of Industrial Works.



**September 11, 2013**

Petform (Thailand) Limited received the CSR-DIW Network Award Year 2013 and CSR-DIW Continuous Award Year 2013 from the Department of Industrial Works.



**September 11, 2013**

Indorama Polyester Industries Public Company Limited (Nakhon Pathom) received the CSR-DIW Advance Award Level 4 for 2013 from the Department of Industrial Works.



**September 11, 2013**

Indorama Polyester Industries Public Company Limited (Nakhon Pathom) received the CSR-DIW Continuous Award for 2013 from the Department of Industrial Works.



September 11, 2013

Indorama Holdings Limited received the CSR-DIW Continuous Award for 2013 from the Department of Industrial Works.



September 11, 2013

TPT Petrochemicals Public Company Limited received the CSR-DIW Advance Award Level 4 for 2013 and CSR-DIW Continuous Awards for 2013 from the Department of Industrial Works.



September 11, 2013

TPT Petrochemicals Public Company Limited received the CSR-DIW Continuous Award for 2013 from the Department of Industrial Works.



September 11, 2013

Indorama Petrochem Limited received the CSR-DIW Continuous Award for 2013 from the Department of Industrial Works.



September 13, 2013

Indorama Polyester Industries Public Company Limited (Rayong) received the National Outstanding Industrial Establishment on Labor Relations and Welfare Award 2013 for nine consecutive years, 2005-2013, from the Department of Labor Protection and Welfare.





**September 13, 2013**

Indorama Holdings Limited received the National Outstanding Industrial Establishment on Labor Relations and Welfare Award 2013 for eight consecutive years 2006-2013, from the Department of Labor Protection and Welfare.



**September 13, 2013**

Indorama Polyester Industries Public Company Limited (Nakhon Pathom) received the National Outstanding Industrial Establishment on Labor Relations and Welfare Award 2013 for four consecutive years 2010-2013, from the Department of Labor Protection and Welfare.



**September 13, 2013**

Indorama Petrochem Limited received the National Outstanding Industrial Establishment on Labor Relations and Welfare Award 2013 for three consecutive years, 2011- 2013, from the Department of Labor Protection and Welfare.



**October 17, 2013**

Mrs. Suchitra Lohia, representing Indorama Ventures as Director and Chairperson of the Sustainability Committee, received the Sustainability Excellence Award from H.E. Mr. Joan A. Boer, the Netherlands Ambassador to Thailand, at the Netherlands -Thai Chamber of Commerce and the Beluthai Chamber of Commerce Awards on October 17, 2013, at the Grand Hyatt Erawan Hotel, Bangkok.



**October 26, 2013**

StarPet Inc. received certification for food safety systems including ISO 22000:2005, ISO/TS 22002-1:2009 and additional FSSC 22000 requirements for the Manufacture of Polyethylene Terephthalate Resin for Food Packaging Containers Category Code: M (Packaging Material Manufacturing).



**October 29, 2013**

Indorama Petrochem Limited received the EN ISO 50001:2011 Management System Certificate.



**November 5, 2013**

TPT Petrochemicals Public Company Limited received the ISO 50001 and the EN ISO 50001:2011 Management System Certificate.



**November 7, 2013**

PT.Indorama Ventures Indonesia received Halal Certification from the Assessment Institute for Foods , Drugs and Cosmetics - The Indonesian Council of Ulama (LPPOM MUI) for its PET Product process.



**November 20, 2013**

Petform (Thailand) Limited received ISO certificate 22000:2005, applicable to manufactures of PET preforms, bottles and closures.





### November 27, 2013

Indorama Ventures received both the prestigious Board of the Year and Audit Committee of the Year awards at the 2013 Institute of Directors Award night at the Shangri-La Hotel on 27 November. The awards were organized by the Thai Institute of Directors Association in collaboration with the Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. The awards were given as an acknowledgement of the excellent work put into establishing and implementing good corporate governance by the Board and the Audit Committee over the past year. Indorama Ventures has only been listed in the Stock Exchange of Thailand since February 2010.



### December 4, 2013

Alphapet Inc. received the Certificate of Excellence in Food Safety Practices. This certificate recognizes that the facility was found in an audit by ASI Food Safety Consultants to have a high level of food safety, exemplified by excellent conditions and programs for food safety management.



### December 10, 2013

PT. Indorama Ventures Indonesia received the award "PROPER PERINGKAT BIRU" (BLUE) for period 2012 up to 2013 for environment performance. PROPER stands for the Company's Environment Performance Rating Program which is managed by the Indonesian Environment Ministry.



### December 12, 2013

Ms. Piyanan Panyayong representing Indorama Holdings Limited received Certification of having met the Standard on Prevention and Solutions to Drug Problems in the Establishment from Mr. Thanakom Jongjira, Lopburi Governor.



December 20, 2013

Indorama Ventures Public Company Limited was ranked in the Top 75 for investor relations in South East Asia is based on an independent survey by IR Magazine.



# STRATEGY AND OVERVIEW OF BUSINESS OPERATION



## 1. Our Strategy

Our objective is to be the market leader in the polyester value chain in terms of scale and integration, profitability and return on investment, supported by a focus on delivering superior customer satisfaction and on corporate responsibility, thereby enhancing shareholders' value.

Our ongoing and future strategy has therefore been designed to help us continue achieving our objectives as follows:

- Sustaining and increasing our market positions, through selective focused growth and investment;
- Enhancing our integration;
- Diversifying our product and customer mix;

- Adding innovative products for new applications and specialty products to expand margins and increase our product offerings to customers
- Developing research and development recycling capabilities and increasing use of recycled materials;
- Continuing focus on cost competitiveness; and
- Maximizing stakeholder value by focusing on financial discipline and prudence.

### Focused Growth and Investment

Our growth and investment strategy is to build and enhance our existing market leadership position in each of the regions that we operate, as well as expand our geographical presence through organic growth and value-enhancing acquisitions in the petrochemical industry, with a specific focus on the polyester value chain and industry.

We have an established track record of implementing this strategy through greenfield investments, brownfield expansions as well as selecting attractive acquisition opportunities, while at the same time effectively integrating the acquired businesses within our organization. We intend to continue increasing our exposure to markets which we believe provide us with potential opportunities, with a keen emphasis on the BRIC (Brazil, Russia, India and China) regions as well as the Middle East and developed nations.

### Enhancing our Integration Model

We expect vertical integration, either through asset ownership, co-sites with owned assets or virtual integration through co-sites with key raw material suppliers, to enhance our operational and logistical efficiency, cost competitiveness and raw material security. Integration through owned assets also enhances our ability to insulate ourselves from sector cyclicality and improve the quality and predictability of earnings. Moving forward, our strategy will focus on growing our PTA capacities in line with our downstream polyester capacities, especially in markets that we identify to be important

During 2008, we entered the PTA segment of the polyester chain through the acquisition of three PTA production facilities, which provide raw material support for our downstream PET and polyester facilities. We intend to gradually consume an increasing quantity of PTA internally through our PET and polyester facilities, reducing quantities available for merchant sales.

During 2012, we expanded our business into MEG segment, which is one of the main raw materials for our downstream products, by acquiring EO/EG facility from Old World Industries, LLC. Starting from 2Q12 onward, we began looking at IVL business as three segments: PET resins, Polyester & Wool, and Feedstocks. Feedstock segment comprises the PTA and Oxide & Glycols businesses.

### Diversifying Our Product and Customer Mix

Diversifying our customer mix, both geographically and through end-use applications (for some business segments), is an important aspect for our continued success in the polyester value chain. We plan to continue to enhance our marketing efforts to geographically diversify our customer base for our PET and PTA product lines. For our PET and polyester business segments, in addition to continued expansion of geographic reach, we also look to diversify our customers based on the end-use application mix. We believe this strategy will help insulate us from dependence on individual customers and/or an individual application base, providing us with protection against potential customer distress or industrial downturns in individual application sectors.

In the polyester business, in addition to maintaining cost and price competitiveness, we seek to differentiate ourselves through value added products. This necessitates that we maintain a wide product range to be a “one-stop-shop” for a customer’s requirements and maintain flexibility in our manufacturing processes to satisfy customer requirements on short notice. We have significantly expanded our non-commodity or Specialty portfolio.

#### Developing Research and Development Capabilities and Increasing Use of Recycled Materials

As a leading polyester value chain player, we intend to focus on the development of our research and development capabilities, either through our own facilities or through the establishment of key relationships with other industry players.

We believe research and development will provide us with opportunities to better serve our polyester polymer customers by developing products tailored to serve their requirements and by developing methodologies and process efficiencies to allow our customers to improve their efficiency. We believe that increases in our ability to use recycled materials in, and integration of the use of such recycled materials within, our standard processes will allow us to cater to changing customer objectives and proactively address environmental issues. IVL has announced to invest in recycling projects for both PET and Polyester fibers and yarns in Thailand and in USA.

#### Continuing Focus on Cost Competitiveness

Maintaining a low cost philosophy by continued focus on production cost efficiency, scale and technology efficiency, raw material efficiency and investment efficiency will help us maintain our industry cost position in the future. In volume driven commodity businesses, such as our PET, PTA and some commodity polyester fiber businesses, cost competitiveness is a key driver which differentiates industry leaders from others.

#### Financial Discipline and Prudence

We are committed to maintaining a continued emphasis on financial discipline and prudent investment decisions. We evaluate each potential investment on the basis of stand-alone profitability and efficiency, in addition to its potential synergistic contribution within the overall organization. We strive to maintain an efficient capital structure as we grow to provide us sufficient flexibility in our operations and sufficient liquidity in our cash flow position.

We intend to continue to finance projects on a stand-alone basis and to maintain debt levels at a level where cash flows from individual operations are sufficient to cover our debt service requirements even during industrial downturns.

## 2. Changes and Important Developments

### Background

Indorama Ventures Public Company Limited, formerly known as Beacon Global Limited, was established on February 21, 2003, and re-named Indorama Ventures Public Company Limited on 19 March, 2009. We, Indorama Ventures Public Company Limited, are a holding company with investments in companies operating in an integrated petrochemical value chain both domestic and international. These companies are manufacturers and suppliers of polyethylene terephthalate (“PET”), polyester fiber and yarn, purified terephthalic acid (“PTA”), MonoEthynol Glycols (“MEG”), worsted wool yarns and others.



Indorama Ventures Public Company Limited transformed to be public company on September 25, 2009. As of December 31, 2013, the Company has registered capital of Bt 4,815,856,719 with paid-up capital of Bt 4,814,257,245 totaling 4,814,257,245 ordinary shares at par value of Bt 1 per share. The major shareholder of the Company is Indorama Resources Limited, owned 99.99% by Canopus International. (Canopus International is owned by Mr. Alope Lohia and his immediate family and Mr. Sri Prakash Lohia and his immediate family). Mr. Alope Lohia and his immediate family hold 49% with voting rights over 76% of total votes of Canopus International while Mr. Sri Prakash Lohia and his immediate family hold 51% with voting rights over 24.0% of total votes of Canopus International.

In January, 2010, Indorama Ventures Public Company Limited completed initial public offering of 400,000,000 ordinary shares at an offering price of Baht 10.20 per ordinary share. The total amount raised in cash from initial public offering of shares Baht 4,080 million. Simultaneously, the minority shareholders of Indorama Polymers Public Company Limited, subsidiary of IVL listed on the Stock Exchange of Thailand, were offered under an exchange offer 582,727,137 ordinary shares of Indorama Ventures Public Company Limited. The ordinary shares of Indorama Ventures Public Company Limited were listed and commenced trading on the Stock exchange of Thailand "SET" on February 5, 2010. The ticker symbol is "IVL". IVL during the year 2010 became a member of major indices SET 50 Index, FTSE SET Large Cap Index and MSCI.

In November, 2010, the Board of Directors passed a resolution to increase the authorized share capital from Baht 4,334,271,047 to Baht 4,815,856,719 and reserve the increase in authorized share capital of Baht 481,585,672 to be reserved for the exercise of Transferable Subscription Rights "TSRs". The board approved a rights issue of TSRs to existing shareholders in the ratio of 1 TSR for every 9 existing ordinary shares held of IVL. The conversion ratio of TSR to ordinary shares as 1 and exercise price of TSR to ordinary shares of Baht 36 per ordinary share. On December 17, 2010, in the extraordinary shareholders meeting "EGM" of IVL the shareholders approved the rights issue of TSRs, allocation of TSR and the terms and conditions of TSR. On February 24, 2011 the subscription of TSRs was completed with 99.67% of TSRs being exercised into shares. Total new 479,986,198 shares started trading on the SET on March 3, 2011. The total amount raised in cash from this rights issue is Baht 17,280 million.

We commenced business operations in 1994 with the incorporation of Indorama Holdings Ltd., which was the first worsted wool yarn producer in Thailand. In 1995, we entered the petrochemical industry focusing on the polyester value chain business with the establishment of a PET resin facility in Thailand. Since then, each successive growth and addition has been committed to the polyester value chain. We have grown significantly to become a major global polyester value chain producer with a presence in three key business segments, PET resin, polyester fibers and yarns and Feedstock which comprises PTA, MEG and various EO derivatives.

Our growth in the PET business has been achieved through greenfield investments, strategic acquisitions, and brownfield expansions. From 1995 to 2002, we grew our PET business by engaging in the downstream production of PET preforms, bottles and closures through a joint venture with Serm Suk Pcl, as well as through various expansion projects leading to increased capacities. We expanded our PET production footprint internationally into North America in 2003, with the acquisition of the StarPet facility, and into Europe in 2006, with the commencement of Orion Global PET facility. The expansion made us the only PET resin producer with operations in the three largest consuming regions of Asia, Europe and North America. We have further expanded our manufacturing presence with the acquisition of two PET resin facilities from Eastman Chemical Company in Europe in 2008, and a greenfield investment in the PET business with AlphaPet in North America in 2009. In the first half of

2011, IVL had completed major acquisitions of PET plants in China, Indonesia, Mexico, Poland and USA, leading the company to become the world's largest PET producer and the largest player in Europe. We also expanded our PET production footprint to Africa by implementing the new solid state polymerization "SSP" plant in Nigeria, which started commercial operations in 2012. In 2012, we also acquired the PET resin assets of PT Polypet Karyapersada which is located at Cilegon, Indonesia.

Our PET business was listed on the SET through Indorama Polymers Public Company Limited "IRP" in 2005. On December 24, 2009 IVL offered to purchase up to 100% of IRP through a tender offer whereby IRP shareholders (other than IVL and its subsidiaries) were offered IVL shares in exchange for IRP shares. The said tender offer was completed on February 1, 2010 which resulted in IVL holding directly and indirectly (through its subsidiary Indorama Holdings (Thailand) Limited) around 99.08% of the issued and paid-up capital of IRP. IRP shares were delisted from the SET on February 5, 2010 onwards.

Our development in the polyester business has been achieved through the acquisition of distressed assets and organic growth through debottlenecking and asset optimization. We entered the polyester business in 1997 through the acquisition of Indo Poly, a polyester fiber plant in Thailand. In 2008, we acquired Tuntex Thailand, the largest polyester fiber producer in Thailand. Both of our polyester facilities were acquired as distressed assets at a discount to their replacement cost and have been successfully turned around. In 2009, Indo Poly transferred all of its assets to, and all of its liabilities were assumed by, Tuntex Thailand, which was subsequently re-named Indorama Polyester Industries. In the first half of 2011, we expanded our polyester production footprint internationally into Indonesia and USA. Later in November 2011, we acquired the PET and Polyester fibers recycling businesses of Wellman International in Europe, which comprising of three production facilities in the Republic of Ireland, the Netherlands, and France. In January 2012, we acquired 100% of FiberVisions Holdings LLC, a global manufacturer of specialty mono and bi-component fibers based in Duluth, Georgia, USA.

In a step towards vertical integration, we entered into the PTA business in 2008 through the acquisition of three facilities, IRH Rotterdam, Indorama Petrochem and TPT Petrochemicals. The growth philosophy for our PTA business has been the acquisition of assets at a discount to their replacement cost, providing complementary support to our downstream PET and polyester businesses in Europe and Asia.

In 2012, we took another step upward to the feedstock integration by acquisition of Old World Industries I, Ltd. and Old World Transportation, Ltd. in USA which is the largest single EO/EG production facility in the U.S. Mono Ethylene Glycol (MEG) is one of the key feedstock together with Purified Terephthalic Acid (PTA), in the manufacturing of Polyethylene Terephthalate (PET) and Polyester Fibers and Yarns, both downstream products of IVL.

## Changes and Important Developments

| Year                     | Event   | Location                                      | Business                   |
|--------------------------|---|---|----------------------------|
| 1994                     | Incorporation of Indorama Holdings Ltd.   | Thailand                                      | Wool                       |
| 1995                     | Establishment of Indorama Polymers PCL PET resin plant in Lopburi, Thailand.  | Thailand                                      | PET                        |
| 1996                     | Establishment of Petform (Thailand) Ltd, a joint venture with Serm Suk PCL  | Thailand                                      | PET                        |
| 2002                     | Completion of various expansion projects leading to increased capacities in Thailand  | Thailand                                      | PET / Polyester            |
| 2003                     | Incorporation of Beacon Global Limited (subsequently re-named Indorama Ventures PCL in 2008)  | Thailand                                      | Holding Company            |
| 2003                     | First major international expansion with the acquisition of StarPet PET plant in Asheboro, North Carolina   | USA   | PET                        |
| 2006                     | Acquisition of a 94.57% interest in Indorama Holdings Ltd. from an entity controlled by Mr. Aloke Lohia   | Thailand                                      | Wool / Holding Company     |
| 2006                     | Expansion into Europe with the establishment of Orion Global PET plant in Klaipeda, Lithuania   | Lithuania                                     | PET                        |
| 2007                     | Completion of various expansion projects leading to increased capacities  | USA / Thailand                                | PET / Polyester            |
| March 2008               | <ul style="list-style-type: none"> <li>UAB Indorama Polymers Europe, IRP Rotterdam and IRP Workington acquired the net assets (property, plant and equipment and working capital) and the operations of two PET production facilities located in the Netherlands and the United Kingdom, previously owned and operated by subsidiaries of Eastman Chemical Company</li> <li>UAB Indorama Holdings Ltd. Europe and IRH Rotterdam also acquired the net assets (property, plant and equipment and working capital) and the operations of a PTA production facility located in the Netherlands, previously owned and operated by subsidiary of Eastman Chemical Company</li> </ul> | The Netherlands/<br>UK<br><br>The Netherlands | PET<br><br>PTA             |
| June 2008                | Indorama Holdings Ltd. sold its shares representing 89.71% of Indo-Rama Chemicals (Thailand) Ltd., to an entity controlled by Mr. Aloke Lohia and his immediate family  | Thailand                                      | Chemicals                  |
| August - October 2008    | The Company acquired a 50.56% equity interest in TPT Petrochemicals PCL from various parties  | Thailand                                      | PTA                        |
| September 2008           | <ul style="list-style-type: none"> <li>The Company acquired a 65.81% equity interest in Tuntex (Thailand) pursuant to Tuntex (Thailand)'s bankruptcy rehabilitation plan.</li> <li>The Company acquired an additional 44.38% of the outstanding shares of Indo Poly (Thailand) Ltd. from Indorama International Finance PCL. As a result of the acquisition, the Company increased our direct and indirect shareholdings of Indo Poly (Thailand) Ltd. to 98.85%.</li> </ul>   | Thailand<br><br>Thailand                      | Polyester<br><br>Polyester |
| September - October 2008 | The Company acquired a 100% equity interest in Indorama Petrochem Ltd. from various parties   | Thailand                                      | PTA                        |
| October 2008             | The Company acquired an additional 3.94% of the outstanding shares of Indorama Polymers PCL from DEG, thereby increasing our direct and indirect holdings of Indorama Polymers PCL to 69.29%.   | Thailand                                      | PET                        |



| Year          | Event   | Location                   | Business         |
|---------------|---|----------------------------|------------------|
| December 2008 | The Company acquired an additional 31.20% of the outstanding shares of Tuntex (Thailand) PCL (re-named Indorama Polyester Industries PCL)   | Thailand                   | Polyester        |
| July 2009     | <ul style="list-style-type: none"> <li>Indo Poly (Thailand) Ltd. transferred all of its assets and business to Indorama Polyester Industries PCL. (In August, 2009, Indo Poly (Thailand) Ltd. commenced action to liquidate itself, which completed by August, 2011)</li> <li>The Company acquired an additional 2.08% of the outstanding shares of TPT Petrochemicals PCL from International Finance PCL, thereby increasing our direct and indirect holdings of TPT Petrochemicals PCL to 52.64%.</li> </ul>  | Thailand<br>Thailand       | Polyester<br>PTA |
| August 2009   | The Company and Indorama Holdings Ltd. jointly made a tender offer jointly to purchase all outstanding shares of Indorama Polyester Industries PCL that we did not own. After the tender offer, the Company and Indorama Holdings Ltd. increased our shareholdings of Indorama Polyester Industries PCL to 99.55% and delisted Indorama Polyester Industries PCL from the SET effective on November 9, 2009   | Thailand                   | Polyester        |
| October 2009  | Start up of the AlphaPet PET plant in Decatur, Alabama  | USA                        | PET              |
| November 2009 | TPT Utilities Co., Ltd. transferred all of its assets to TPT Petrochemicals PCL and subsequently completed the liquidation on October 29, 2011  | Thailand                   | Others           |
| December 2009 | <ul style="list-style-type: none"> <li>The Company acquired an additional 1.96% of the outstanding shares of TPT Petrochemicals PCL from International Finance PCL, thereby increasing our direct and indirect holdings of TPT Petrochemicals PCL to 54.60%.</li> <li>On December 24, 2009 Indorama Ventures Public Company Limited "IVL" announced a tender offer to purchase upto 100% of shares in Indorama Polymers Public Company Limited "IRP" with an intention to delist the shares of IRP from the Stock Exchange of Thailand "SET". 424,480,300 shares of IRP offered to be purchased through an exchange offer whereby IRP shareholder will receive IVL shares.</li> </ul> | Thailand<br>Thailand       | PTA<br>PET       |
| February 2010 | <ul style="list-style-type: none"> <li>Listed and start trading of shares of IVL on the Stock Exchange of Thailand after completion of initial public offering of 400 million new shares for an initial offering price of Baht 10.20 and completion of exchange offer to minority shareholders of Indorama Polymers Public Company Limited "IRP". Simultaneously delisting of IRP shares from the SET on the first day trading of IVL.</li> </ul>   | Thailand                   | Corporate        |
| July 2010     | <ul style="list-style-type: none"> <li>Acquisition of 50% equity stake in a joint venture company UAB Ottana Polimeri Europe for the purpose of acquisition of an integrated PTA and PET plant in Ottana, Italy from Equipolymers. The joint venture partner is PCH Holdings which holds the balance 50% and is in the business of power and utilities.</li> </ul>  | Italy                      | PTA and PET      |
| August 2010   | <ul style="list-style-type: none"> <li>Announced setting-up of a greenfield project for PET polymers in Port Harcourt, Nigeria with an installed capacity of 75,000 tpa.</li> <li>Announced capacity expansion by 190,000 tpa for PET at existing site in Rotterdam, Netherlands by setting-up a new line of PET production. Europe is a net importer of PET resins and the expansion would substitute imports and the demand growth. In addition, the PET expansion would result in full capative consumption of PTA produced at site and cost benefits from economies of scale.</li> </ul>  | Nigeria<br>The Netherlands | PET<br>PET       |

| Year          | Event   | Location   | Business  |
|---------------|---|--|---|
| October 2010  | <ul style="list-style-type: none"> <li>Acquisition of additional shares in TPT Petrochemicals PCL from Tuntex Taiwan and other shareholders to increase equity stake from 54.60% to 99.96%</li> </ul>   | Thailand   | PTA   |
| November 2010 | <ul style="list-style-type: none"> <li>Announced approval of acquisition of business to make PET resins and Polyester polymers for fibers &amp; yarns in Kaiping City, Guangdong Province, China, from Gunagdong Shinda UHMWPE Company Limited. The total installed capacity of the plant is 406,000 tpa. The acquisition allows to expand the global footprint and to enter the high growth market in China. The acquisition was completed in January, 2011.</li> <li>Announced the signing of a definitive agreement with Invista S.a.r.l. to acquire their PET resins and Polyester staple business located in Spartanburg, South Carolina, USA and Queretaro, Mexico. The total installed capacity at Spartanburg site is 470,000 tpa and at Queretaro site is 535,000 tpa. The acquisition will allow to build on its expanding global platform making the company world's largest PET producer and give access to the new markets of Latin and Central America. The acquisitions completed in March, 2011.</li> <li>Board of Directors Meeting No. 8/2010 dated 10 November 2010 approved the issuance of 481,585,672 free Transferable Subscription Rights (TSRs) to the company's existing shareholders and that the allocation ratio will be 9 existing shares to 1 new TSR. The conversion ratio of 1 TSR will entitle the TSR holder to purchase 1 newly issued share of the Company. The exercise price of TSR into ordinary shares to be determined prior to extraordinary general meeting of shareholders to approve the rights issue.</li> </ul> | China<br><br>USA / Mexico<br><br>Thailand          | PET<br><br>PET / Polyester<br><br>Corporate       |
| December 2010 | <ul style="list-style-type: none"> <li>Announced the signing of a definitive agreement with SK Chemicals and SK Syntec to acquire their Polyester Filament yarns and PET resins business in Indonesia and PET resins business in Poland. The total installed capacity in Indonesia is 196,000 tpa and in Poland is 140,000 tpa. The acquisition will allow to build on expanding global platform and reinforce our focus on the polyester value chain. It gives access to the growth markets of Indonesia and Poland. The acquisitions completed in March, 2011.</li> <li>Board of Directors Meeting No. 9/2010 dated 16 December 2010 approved the exercise price at Baht 36 per share to subscribe for newly issued shares by each TSR holder.</li> <li>Extraordinary General Meeting of Shareholders No. 1/2011 approved the resolution for rights issue and allocate to existing shareholders through issue of TSRs, at the ratio of 9 existing shares to 1 TSR.</li> </ul>   | Indonesia / Poland<br><br>Thailand<br><br>Thailand | Polyester / PET<br><br>Corporate<br><br>Corporate |
| March 2011    | <ul style="list-style-type: none"> <li>Listed and start trading of new 479,986,198 IVL shares on the Stock Exchange of Thailand after completion of the TSRs subscription at the exercise price of Baht 36 per share.</li> <li>Announced capacity expansion by 300,000 tpa for PET at existing site in Purwakarta, Indonesia. The plant is expected to commercially start operation in Q1, 2013.</li> </ul>   | Thailand<br><br>Indonesia                          | Corporate<br><br>PET                              |
| April 2011    | <ul style="list-style-type: none"> <li>Announced a Brownfield expansion of PET polymers production with a capacity 220,000 tons per annum at the existing site in Poland.</li> </ul>  | Europe   | PET   |

| Year          | Event  | Location                                   | Business  |
|---------------|--|--|-----------|
| May 2011      | <ul style="list-style-type: none"> <li>Announced a Brownfield expansion of PTA production at the site of the existing plant in Rotterdam, with a new production line with an annual capacity of PTA of 250,000 tons per annum. This expansion, is to enhance integration with key raw material for production of PET polymers in Europe.</li> </ul>  | Europe                                     | PTA       |
| June 2011     | <ul style="list-style-type: none"> <li>IVL board approved the acquisition of a 50% stake in PT Polyprima Karyesreska ("PT Polyprima"), a PTA producer located in Cilegon, West Java, Indonesia and has an installed capacity of 465,000 Mts. per annum. After the debt restructuring with creditors and issue of new capital by PT Polyprima, IVL shareholding was to be reduced to 41% in PT Polyprima. PT Indorama Synthetics Tbk, (PTIRS) was to hold another 41%. On de-bottlenecking the capacity will increase to 500,000 Mts per annum. IVL through its equity stake in PT Polyprima will secure the PTA supplies for its Polyester plants in Indonesia.</li> </ul> | Indonesia                                  | PTA       |
| July 2011     | <ul style="list-style-type: none"> <li>Acquisition of 75% equity stake in a joint venture company Trevira Holdings GmbH for the purpose of acquisition of a 120,000 tons per annum polyester fiber plant in Germany and Poland. The acquisition of Trevira GmbH will facilitate the entry of IVL into the branded specialist filament business and provide access to an outstanding research and development facility with accompanying intellectual property.</li> </ul>  | Germany/<br>Poland                         | Polyester |
| August 2011   | <ul style="list-style-type: none"> <li>The Board approved investments in a new recycling plant in Thailand and high technology business in Polyester fibers and yarns in Thailand and Indonesia. These projects are in specialty business with higher value addition and margins to leverage on our existing assets.</li> </ul>  | Thailand/<br>Indonesia                     | Polyester |
| November 2011 | <ul style="list-style-type: none"> <li>The Board approved acquisition of 100% equity stake in the recycling business of Wellman International in Europe from WIT Beteiligungs GmbH and Wellman International Trading which is subsidiary of Aurelius AG. This business consist of 3 plants, Polyester plant in Mullagh, Ireland has an installed capacity over 80,000 tons, recycling plant in Spijijk, Netherland has an installed capacity over 45,000 tons, and Verdun, France has an installed capacity of 28,000 tons.</li> </ul>   | Ireland / France<br>and The<br>Netherlands | Polyester |
| January 2012  | <ul style="list-style-type: none"> <li>The Board approved to acquire 100% of FiberVisions Holdings LLC, a global manufacturer of specialty mono and bi-component fibers based in Duluth, Georgia, USA. A total global capacity of 221,000 tons per annum of specialties, with 117,000 tons per annum capacity in the United States of America, 90,000 tons per annum capacity in Europe and 14,000 tons per annum capacity in China.</li> </ul>  | USA  | Polyester |
| February 2012 | <ul style="list-style-type: none"> <li>The Board of Directors of Indorama Ventures Public Company Limited ("IVL") approved the acquisition of 100% partnership interest in Old World Industries I Ltd., and Old World Transportation Ltd., (collectively called "Old World"), located in Clear Lake, Texas, USA. The largest single EO/EG production facility in the U.S. with Crude EO capacity of 435,000 tons per annum (which is equivalent to 550,000 tons per annum of equivalent MEG capacity).</li> </ul>  | USA  | EO/EG     |
| February 2012 | <ul style="list-style-type: none"> <li>Acquisition of 51% stake in a Packaging Business. Beacon Trading (UK) Limited acquired 51% stake in Beverage Plastics (Holdings) Limited ("BPL") in Northern Ireland, United Kingdom.</li> </ul>  | UK   | Packaging |
| March 2012    | <ul style="list-style-type: none"> <li>100% acquisition of the PET resin assets of PT Polypet Karyapersada. The PET facility is located at Cilegon, Indonesia with a production capacity of 100,800 tons per annum.</li> </ul>   | Indonesia                                  | PET       |

| Year          | Event   | Location                      | Business  |
|---------------|---|-------------------------------|-----------|
| April 2012    | <ul style="list-style-type: none"> <li>Acquisition of 100% partnership interest of Old World Industries I, Ltd. and Old World Transportation, Ltd. in USA. Old World is in the business of production and sales of ethylene oxide "EO" and derivative products from ethylene oxide: purified ethylene oxide "PEO", monoethylene glycol "MEG", diethylene glycol "DEG", and triethylene glycol "TEG".</li> </ul> | USA                           | EO/EG     |
| July 2012     | <ul style="list-style-type: none"> <li>Start up of Solid State Polymerization (SSP) Plant in Nigeria at a capacity of 84,000 tons per annum. The first PET investment of IVL in Africa and establishes its foothold in the estimated 450,000 tonnes PET market for the continent of Africa which at the time had only one other PET producer.</li> </ul>  | Nigeria                       | PET       |
| August 2012   | <ul style="list-style-type: none"> <li>Completion of the PET resin assets acquisition through its wholly owned subsidiary, PT.Indorama Polypet Indonesia with a capacity of 100,800 tons per annum at Cilegon, Indonesia</li> </ul>   | Indonesia                     | PET       |
| November 2012 | <ul style="list-style-type: none"> <li>An announcement for the Greenfield expansion of PET production in North America by setting up a new plant with a capacity of 540,000 tonnes per year.</li> </ul>   | USA                           | PET       |
|               | <ul style="list-style-type: none"> <li>With respect to the announced PET expansion at its Polish site, the Board decided to carry out a significant debottlenecking instead of setting up a new line as it would be more value accretive.</li> </ul>  | Poland                        | PET       |
| February 2013 | <ul style="list-style-type: none"> <li>100% acquisition of a packaging company in Nigeria, Africa, producer of PET Preforms. This acquisition allowed a forward integration for the PET segment which set up a PET bottle resin manufacturing unit in Nigeria and after completing all the closing formalities, took charge of the plant effective April 3, 2013.</li> </ul>                                    | Nigeria                       | Packaging |
| May 2013      | <ul style="list-style-type: none"> <li>The Board of Directors approved the formation of 50:50 Joint Venture Company with a global producer of non-woven fibers to set up a 14,500 tons per annum Bicomponent Fiber Plant at IPI in Rayong, Thailand. The plant is expected to be operational in Q2, 2015.</li> </ul>  | Thailand                      | Polyester |
|               | <ul style="list-style-type: none"> <li>The Board also approved to expand the current Bicomponent Fiber capacity by 10,800 Mts. at Covington, Georgia USA, unit of wholly owned FiberVisions Manufacturing Company and is expected to be completed by Q4, 2014.</li> </ul>   | USA                           | Polyester |
| October 2013  | <ul style="list-style-type: none"> <li>Establishment of Indorama Ventures Packaging (Philippines) corporation to start a new packaging business in Philippines</li> </ul>   | Philippines                   | Packaging |
|               | <ul style="list-style-type: none"> <li>The establishment of new subsidiaries: Indorama Ventures USA Holdings LP, Indorama Ventures AlphaPet Holdings, Inc., Indorama Ventures Europe B.V. The three holding companies have been formed as part of a restructuring exercise.</li> </ul>  | USA<br>USA<br>The Netherlands | Holding   |
| November 2013 | <ul style="list-style-type: none"> <li>Announcement of moth-balling of its PET plant at Indorama Polymers Workington Ltd., in UK as part of its business improvement plan and restructuring strategy of its European businesses.</li> </ul>   | UK                            | PET       |
| December 2013 | <ul style="list-style-type: none"> <li>The establishment of new subsidiary: Indorama Ventures Global Services Limited.</li> </ul>   | Thailand                      | Corporate |
|               | <ul style="list-style-type: none"> <li>Signing of a Joint Venture Agreement for Aromatics production of Abu Dhabi to develop the Tacaamol Aromatics Plant on Madeenat ChemaWEyaat Al Gharbia's (MCAG) site in the Western Region of Abu Dhabi. The plant is expected to have an annual capacity of about 1.4 Mts. of Paraxylene and 0.5 Mts. of Benzene.</li> </ul>   | Abu Dhabi                     | PX        |

### 3. The Company's Shareholding Structure

IVL is a holding company conducting our business through investment in companies engaging in manufacture of integrated petrochemical products both domestic and international. Our headquarters are located in Bangkok. These companies are manufacturers and suppliers of polyethylene terephthalate ("PET"), polyester fiber and yarn, purified terephthalic acid ("PTA"), MonoEthynol Glycols ("MEG"), Wool worsted yarns and others.

Our businesses are classified in business segments as follows:

#### PET

| Name  | Country         | Type of business   | Shareholding as of December 31, 2013 (%) |
|---|-----------------|--|--|
| Indorama Polymers PCL                                 | Thailand        | Manufacture of SSP Chips and PET                                   | 99.26                                    |
| Asia Pet (Thailand) Ltd.                              | Thailand        | Manufacture of Amorphous Chips                                     | 99.99                                    |
| StarPet Inc.  | USA             | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| UAB Orion Global Pet                                  | Lithuania       | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| Indorama Polymers Workington Ltd.                     | United Kingdom  | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| Indorama Polymers Rotterdam B.V.                      | The Netherlands | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| AlphaPet Inc.   | USA             | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| Indorama PET (Nigeria) Ltd.                           | Nigeria         | Manufacture of PET (bottle-grade resin chips)                      | 90.00                                    |
| Guangdong IVL PET Polymer Company Limited             | China           | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| Auriga Polymers Inc.                                  | USA             | Manufacture of PET (bottle-grade resin chips) and Polyester Fibers | 100.00                                   |
| Petform (Thailand) Ltd.                               | Thailand        | Manufacture of PET Preforms, Closures and Blown Bottles            | 60.00                                    |
| Indorama Ventures Poland S.p.z.o.o.                   | Poland          | Manufacture of bottle-grade resin chips                            | 100.00                                   |
| Indorama Ventures Polymers Mexico, S. de R.L. de C.V. | Mexico          | Manufacture of PET (bottle-grade resin chips)                      | 100.00                                   |
| PT Indorama Polypet Indonesia                         | Indonesia       | Manufacture of PET   | 100.00                                   |
| Beverage Plastics Limited                             | United Kingdom  | Manufacture of PET preforms bottles and closures                   | 51.00                                    |
| Aurus Packaging Limited                               | Nigeria         | Manufacture of PET preforms bottles and closures                   | 100.00                                   |
| Indorama Ventures Packaging (Philippines)             | Philippines     | Manufacture of PET preforms bottles and closures                   | 99.99                                    |

## Fibers and Yarns

| Name  | Country   | Type of business   | Shareholding as of December 31, 2013 (%) |
|---|-----------|--|--|
| Indorama Polyester Industries PCL             | Thailand  | Manufacture of polyester fibers and yarns                    | 99.97                                    |
| PT Indorama Ventures Indonesia                | Indonesia | Manufacture of polyester filament and yarns and PET          | 99.99                                    |
| PT Indorama Polyester Industries Indonesia    | Indonesia | Manufacture of Polyester Fibers and Yarns                    | 99.97                                    |
| PT Indorama Polychem Indonesia                | Indonesia | Manufacture of Polyester Chips, Fibers and Yarns             | 100.00                                   |
| Wellman International Limited                 | Ireland   | Manufacture of Polyester Fibers and other Recycling Products | 100.00                                   |
| Wellman France Recyclage SAS                  | France    | Manufacture of Flakes and other Recycling Products           | 100.00                                   |
| FiberVisions Manufacturing Company            | USA       | Manufacture of polyester fibers                              | 100.00                                   |
| FiberVisions Products, Inc.                   | USA       | Manufacture of polyester fibers                              | 100.00                                   |
| FiberVisions A/S                              | Denmark   | Manufacture of polyester fibers                              | 100.00                                   |
| FiberVisions (China) Textile Products Limited | China     | Manufacture of polyester fibers                              | 100.00                                   |
| Trevira GmbH                                  | Germany   | Manufacture of Polyester Fibers and Yarns                    | 75.00                                    |
| Indorama Holdings Ltd.                        | Thailand  | Manufacture of Worsted Wool Yarns                            | 99.81                                    |

## Feedstock

| Name                                    | Country         | Type of business     | Shareholding as of December 31, 2013 (%) |
|---|-----------------|----------------------|--|
| Indorama Petrochem Ltd.                 | Thailand        | Manufacture of PTA   | 99.99                                    |
| TPT Petrochemicals PCL                  | Thailand        | Manufacture of PTA   | 99.97                                    |
| Indorama Holdings Rotterdam B.V.        | The Netherlands | Manufacture of PTA   | 100.00                                   |
| Indorama Ventures (Oxide & Glycols) LLC | USA             | Manufacture of EO/EG | 100.00                                   |

# NATURE OF BUSINESS

## Revenue Structure

The details of the Company's revenue from sales structure according to consolidated financial statements for the year ended December 31, 2011 to 2013 are as follows:

| Details  | Year Ended December 31, |              |                |              |                |              |
|--|-------------------------|--------------|----------------|--------------|----------------|--------------|
|  | 2011 (R)                |              | 2012 (R)       |              | 2013           |              |
|  | (Baht million)          | %            | (Baht million) | %            | (Baht million) | %            |
| <b>Revenue breakdown by Business Segments</b>  |                         |              |                |              |                |              |
| PET  | 129,695                 | 69.7         | 133,422        | 63.3         | 146,418        | 63.9         |
| Fibers and yarns                               | 25,184                  | 13.5         | 42,236         | 20.0         | 47,968         | 20.9         |
| Feedstock                                      | 62,696                  | 33.7         | 68,693         | 32.6         | 70,391         | 30.7         |
| Elimination                                    | (31,455)                | (16.9)       | (33,622)       | (16.0)       | (35,656)       | (15.6)       |
| <b>Consolidated revenue from sale of goods</b> | <b>186,119</b>          | <b>100.0</b> | <b>210,729</b> | <b>100.0</b> | <b>229,120</b> | <b>100.0</b> |

Source: The Company's consolidated financial statements



## Business Overview

### Introduction

Indorama Ventures (SET: IVL) remains the world's largest Polyester Value Chain producer, with 42 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 have indepth experience in the value chain.

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. Our acquisition of FiberVisions in 2012 was a step in this direction.



## Business Description

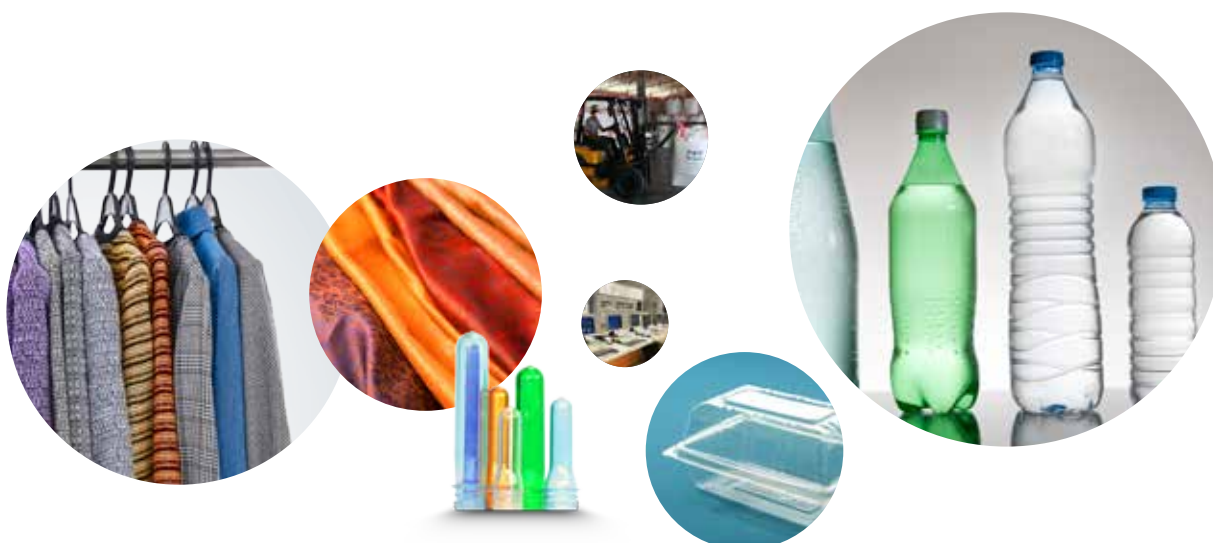
The term Polyester can be broken into poly, meaning many, and ester, a basic organic chemical compound. The principle ingredients used in the manufacture of polyester are purified terephthalate acid, derived from Paraxylene, a part of the aromatics chain leading backwards into crude oil, and monoethylene 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 price movements to the end 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.







## PET Business

### PET Business Overview

Our PET business is part of our core polyester value chain business. Beginning with one manufacturing plant, we have grown today to operate across the four major consuming continents of North America, Europe, Africa and Asia. Our PET business comprises the production and sale of PET resin, a plastic polymer resin primarily used for beverage containers and food packaging, for packaging of pharmaceutical and household products and in industrial packaging applications. We also produce PET packaging in the form of preforms, bottles and closures through three production facilities including Petform, a joint venture with Serm Suk Pcl., Beverage Plastics and Aurus Packaging.

As of December 31, 2013, we are the largest PET resin producer in the world with an aggregate installed production capacity of 3.8 million tons per annum.

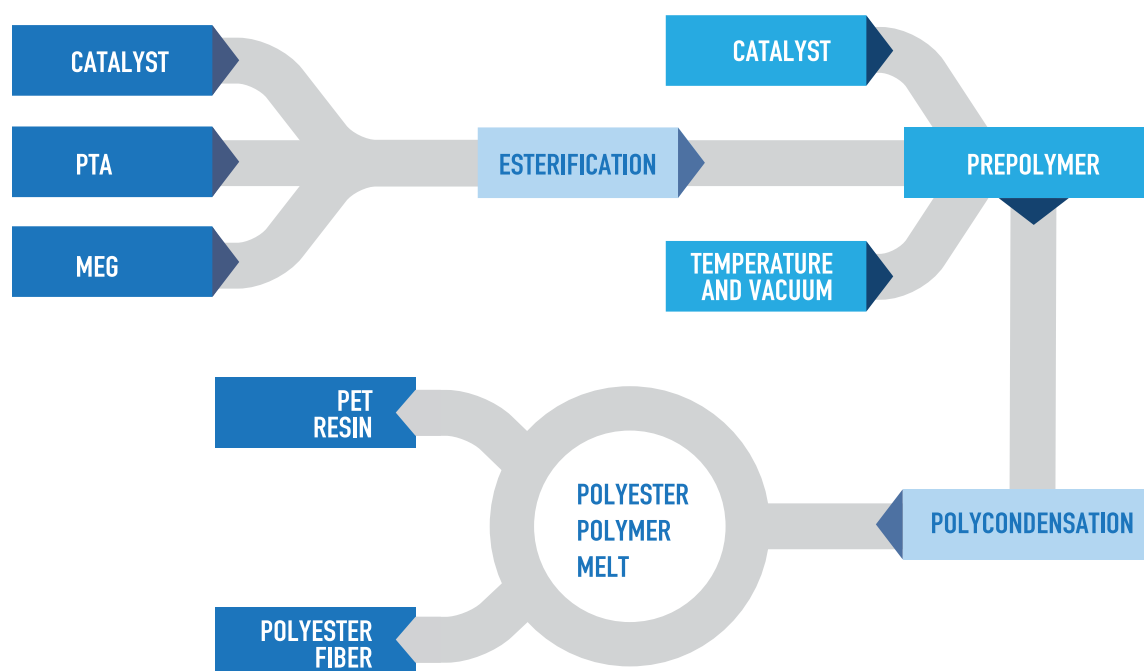


## PET Products

We produce a variety of PET resins, including hot-fill, high and low intrinsic viscosity, quick heat and general grade, to serve a variety of markets including carbonated soft drinks, bottled water, other beverages, food and other applications.

## PET Production Process

PET resin can be produced from polyester polymer melt. The chart below summarises the polyester polymer melt production process.



Polyester polymer melt is then converted into PET resin either through a conventional solid state process or through a newer technology melt-to-resin process. Under the conventional solid state polycondensation process, the polyester polymer melt is extruded in strands, which are cooled down quickly by water. After solidification, the strands are cut into small pellets, dried and further crystallized by heating in a reactor under specific temperature and pressure conditions under a nitrogen flow. Under the melt-to-resin process using new technology reactors, the polycondensation process is completed during the melt phase, resulting in the formation of pellets without going through the solidification process. Other than our AlphaPet PET facility, which uses the Melt-to-Resin™ process, all of our other PET facilities use the conventional solid state polycondensation process.

## PET Production Facilities

The following table describes our PET production facilities as of December 31, 2013.

| Production Facility                           | Location                            | Installed Capacity <sup>(1)</sup> (tonnes per annum) |
|---|-------------------------------------|--|
| AlphaPet PET Facility                         | Decatur, Alabama, U.S.A.            | 432,000  |
| StarPet PET Facility                          | Asheboro, North Carolina, U.S.A.    | 252,000  |
| Orion Global PET Facility                     | Klaipeda, Lithuania                 | 241,000  |
| IRP Rotterdam PET Facility                    | Rotterdam, the Netherlands          | 418,000  |
| IRP Workington PET Facility                   | Workington, United Kingdom          | 168,000  |
| IRP/AsiaPet PET Facilities <sup>(2)</sup>     | Lopburi, Thailand                   | 178,000  |
| Indorama Polyester Industries PET Resin Line  | Map Ta Phut, Thailand               | 91,000   |
| Ottana Polimeri S.R.L. <sup>(3)</sup>         | Ottana, Italy                       | 161,000  |
| GIVL PET Facility                             | Kaiping, China                      | 522,000  |
| Arteva PET Facility                           | Queretaro, Mexico                   | 478,000  |
| Auriga Facility - PET Resin Line              | Spartanburg, South Carolina, U.S.A. | 387,000  |
| IVL Wloclawek PET Facility                    | Wloclawek, Poland                   | 153,000  |
| IVL Tangerang Facility - PET Resin Line       | Tangerang, Indonesia                | 88,000   |
| Port Harcourt SSP Facility                    | Nigeria                             | 84,000   |
| PT Indorama Polypet Facility - PET Resin Line | Cilegon, Indonesia                  | 100,800  |
| Petform PET Packaging Facility                | Lopburi, Thailand                   | .. <sup>(4)</sup>                                    |
| Beverage Plastics Packaging Facility          | Northern Ireland, United Kingdom    | .. <sup>(5)</sup>                                    |
| Aurus Packaging Facility                      | Port Harcourt, Nigeria              | .. <sup>(6)</sup>                                    |
| <b>Total <sup>(7)</sup></b>                   |                                     | <b>3,753,800</b>                                     |

<sup>(1)</sup> The capacity of plants have been re-rated to reflect the de-bottlenecking projects taken-up by the various plants from time-to-time.

<sup>(2)</sup> Comprises the Indorama Polymers PCL PET facility and the AsiaPet Amorphous PET facility, each with a capacity of 178,000 tonnes per annum and together forming a single PET resin line. The AsiaPet (Thailand) Ltd. Amorphous PET facility produces amorphous PET, all of which is used in the Indorama Polymers PCL PET facility to produce PET resin.

<sup>(3)</sup> 50/50 Joint venture investment

<sup>(4)</sup> Preforms - 1,661 million per annum, bottles - 600 million per annum, and closures - 1,561 million per annum.

<sup>(5)</sup> Preforms - 587 million per annum, bottles - 178 million per annum, and closures - 915 million per annum.

<sup>(6)</sup> Preforms - 480 million per annum

<sup>(7)</sup> Excludes capacity of Petform (Thailand) Ltd. and Beverage Plastics

### PET Sales and Marketing

We have PET sales and marketing teams in each of the regions in which we operate, which are overseen by our sales and marketing head office in Thailand. We classify our main customers for PET into four main groups:

- Well-known brand name beverage companies with their own conversion plants to produce PET bottles;
- Well-known brand name beverage companies who sub-contract the production of PET bottle to converters using PET resin purchased by such beverage companies
- PET resin traders; and
- PET converters who use PET resin to manufacture preforms, bottles, sheets and other PET packaging to service the needs of end users.

We sell our PET resin primarily through direct sales to end-use customers. A small proportion of our sales take place through agents and traders.

We are the world's largest PET resin producer and the only PET resin producer with production facilities in Asia, North America, Europe and Africa, which allows us to market our PET resin products globally to customers for their world-wide PET requirements. Our marketing activities include regular meetings with our customers to understand their requirements and maintain good relationships as well as providing customer service.

### PET Competition

We are the largest PET producer globally, No.1 in Europe, No.2 in North America and No.4 in Asia. Our principal competitors in the European market are La Seda de Barcelona, Equipolymers and Neo Group. Our principal competitors in the North American market are Alpek (DAK Americas LLC) and M&G Group. Our competitors in the Thai market are Thai Shinkong Industry Corp. and Thai PET Resin Co., Ltd.. Although PET technology is available through commercial licenses, we believe the capital investment required to achieve profitability through economies of scale may inhibit new entrants to the market.





## Fibers and Yarns Business

### 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.

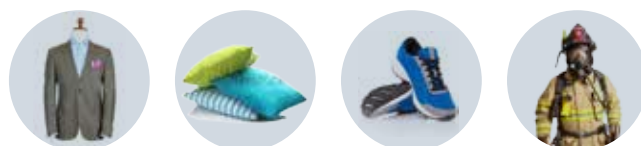
Blends with cotton and virgin wool are very popular. They are often referred to as the “classical blend”. This is normally a combination of 55% polyester and 45% wool.

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 wears 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 clothing for both men and women.

## Polyester Production Facilities

The following table describes our polyester production facilities as of December 31, 2013.

| Production Facility   | Location  | Installed Capacity <sup>(1)</sup> (tonnes per annum) |
|---|---|--|
| Indorama Polyester Industries Nakhon Pathom Facility                      | Nakhon Pathom, Thailand   | 116,000  |
| Indorama Polyester Industries Map Ta Phut Facility                        | Map Ta Phut, Thailand   | 197,600  |
| Indorama Holdings Facility - Wool line                                    | Lopburi, Thailand   | 5,900  |
| Auriga Facility - Polyester line  | Spartanburg, South Carolina, USA                                  | 71,000   |
| IVL Karawang Polyester Facility   | Karawang, Indonesia   | 36,000   |
| IVL Tangerang Facility - Polyester line                                   | Tangerang, Indonesia  | 73,600   |
| Trevira – Polyester line <sup>(2)</sup>                                   | Bobingen & Gubem, Germany   | 120,000  |
| Wellman International - Recycled Polyester                                | Mullagh, Ireland, Spijijk, Netherlands & Verdun, France           | 153,000  |
| FiberVision - Polyester line  | Duluth, Athens and Covington, USA, Varde, Denmark & Suzhou, China | 221,000  |
| Indorama Polyester Industries Map Ta Phut Facility - BICO                 | Map Ta Phut, Thailand   | 16,000   |
| Indorama Polyester Industries Nakhon Pathom Facility - Recycled Polyester | Nakhon Pathom, Thailand   | 28,500   |
| Polychem Facility (CP4) - Polyester line                                  | Purwakarta, Indonesia   | 300,000  |
| <b>Total</b>  |   | <b>1,338,600</b>                                     |

Note : <sup>(1)</sup> Effective January, 2011, the capacity of plants have been re-rated to reflect the de-bottlenecking projects taken-up by the various plants from time-to-time.

<sup>(2)</sup> 75% JV by acquisition of facility on July 1, 2011. From October 1, 2013, Trevira has been fully consolidated due to a revision in a terms with the JV partner.

## Polyester Sales and Marketing

Our main customers for polyester products are companies producing textiles for apparel, companies producing home textiles and industrial companies such as automotive companies and packaging film producers.

## Polyester Competition

Competition in the global polyester industry is characterized by the presence of large diversified industrial companies, as well as a large number of relatively small niche players with a capacity of less than 10,000 tonnes per annum. Larger polyester producers usually focus on high-volume standard fibers for sale in domestic markets where the level of competition is high and where competition is predominantly based on price and, to a lesser degree, on consistency of product quality and with the larger polyester producers for commodity polyester products by continuing to focus on increasing the production of non-commodity products so that they comprise approximately half of our total polyester output. China dominates the polyester production and have various companies involved in this business.





## Feedstock Business

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 (PX). 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 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.

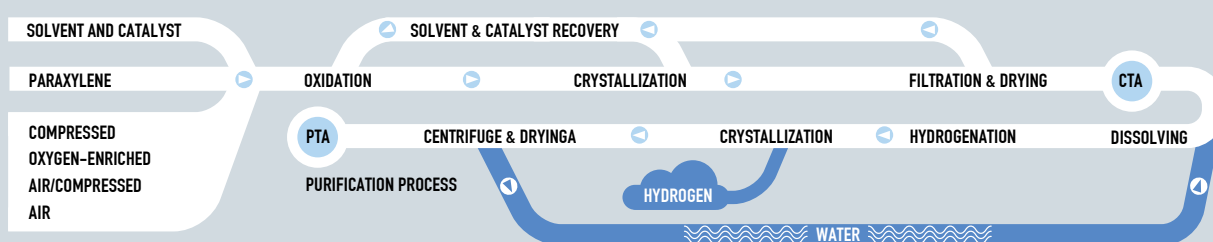
## TEG, DEG Business

### Uses of TEG and DEG

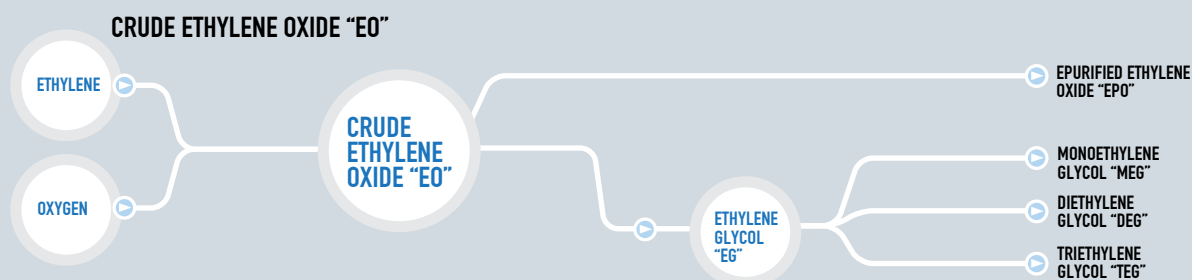
Diethylene Glycol (DEG) is a by-product made together with MEG through the processing of EO. DEG has broad applications and is used to manufacture polyester polyols, unsaturated polyester resins, buffet heaters, morpholine production, paints and coatings, plasticizers, liquid laundry detergent, cement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

**PTA PRODUCTION PROCESS** / The chart below summarises the PTA production process.



**OXIDE & GLYCOL PROCESS** / The chart below summarises the EO/EG production process.



## Feedstock Production Facilities

The following table sets out the key figures for our Feedstock production facilities as of December 31, 2013.

| Production Facility                                   | Location                   | Nameplate Capacity <sup>(1)</sup><br>(tonnes per annum) |
|---|----------------------------|---|
| Indorama Petrochem PTA Facility                       | Rayong, Thailand           | 771,000   |
| TPT Petrochemicals PTA Facility <sup>(2)</sup>        | Map Ta Phut, Thailand      | 613,000   |
| IRH Rotterdam PTA Facility                            | Rotterdam, the Netherlands | 377,000   |
| Ottana Polimeri S.R.L. <sup>(3)</sup>                 | Ottana, Italy              | 184,000   |
| Polyprima <sup>(4)</sup>                              | Indonesia                  | 500,000   |
| Indorama ventures (Oxide & Glycol) EO/<br>EG Facility | Texas, USA                 | 550,000   |
| <b>Total</b>  |                            | <b>2,995,000</b>  |

<sup>(1)</sup> Effective January, 2011, the capacity of plants have been re-rated to reflect the de-bottlenecking projects taken-up by the various plants from time-to-time.

<sup>(2)</sup> We own a 99.97% equity interest in TPT Petrochemicals

<sup>(3)</sup> Joint ventures investment 50/50 equity interest

<sup>(4)</sup> Joint Venture investment is 43% equity interest with IVL

## PTA Sales and Marketing

Our main customers for PTA are PET resin and polyester producers. A significant proportion of our PTA production is used by our downstream PET and polyester production facilities. We sell the remaining PTA that we do not use within the group to third party customers. In 2012 and 2013, we sold 58.3% and 62.4%, respectively, of our PTA production volume to the group and 41.7% and 37.6%, respectively, of our PTA production volume to third party customers.

Our PTA sales and marketing head office is located in Thailand and is responsible for sales and marketing activities relating to our customers worldwide. Our marketing activities include regular meetings with our customers to understand their requirements and maintain good relationships as well as providing customer service.

## Oxide & Glycol Sales and Marketing

With IVL's acquisition of its first EO/EG plant in April 2012 has 100% of its sales in the US. Sales and Marketing is overseen by the sales and marketing head office in Thailand and implemented by the US sales team. Sales of our products are broken into two main categories:

Purified Ethylene Oxide (PEO) – sold exclusively on a direct basis into the US merchant market. The product is used as a chemical intermediate in the manufacturing of PEO derivatives such as ethanolamines, polyols, ethers and surfactants which are used in the manufacture of agricultural chemicals, rigid and flexible foams, cleaning solvents and the personal care and beauty care industries respectively.

There are currently many pure merchant consumers of PEO in the US and IVOG supplies 12 of these companies, a testimonial to our reliability and service excellence. IVOG has an approximate 30% of the US merchant market share of PEO sales.

In addition to PEO, the plant manufactures the glycol products, Monoethylene Glycol ( MEG), Diethylene Glycol ( DEG) and Triethylene Glycol (TEG) through a distillation process. The majority of the yield is MEG.

- IVLs' acquisition of the Clear Lake, Texas plant was accompanied with a supply MEG agreement with the former owner who consumes MEG for the engine coolant market principally in the US.
- IVL's US Polyester and PET plants consume MEG as a raw material for their products. IVL's US plants have consumptive MEG capacity in excess of the Clear Lake, production capabilities, allowing IVL the option to sell MEG in the US and global markets or consume the MEG on a captive basis.

In 2013, we sold 3.9% of our EO/EG production volume to the group and 96.1% of our EO/EG production volume to third party customers.

#### PTA Competition

As PTA is a commodity product, competition is based mainly on price and, to a lesser extent, on product quality and lead times to product delivery.

Manufacturers of PTA can be classified between merchant producers and integrated PTA producers. Merchant producers manufacture and supply PTA to third parties, whereas integrated PTA producers manufacture PTA for their own captive consumption. We are an integrated PTA producer. Currently in China there is a build up of PTA plants.

#### Oxide & Glycol Competition

**PEO Competition** - Due to the hazardous nature of PEO, there are no imports or exports of PEO as a product unto itself. PEO derivatives are open to import / export. IVOG competes in the US PEO with global competitors, all of which primarily produce PEO to support internal production of PEO derivatives and sell the balance of their capacity to the merchant market. Unlike all of our competitors, IVOG does not produce any PEO derivatives, which competes with our merchant customers businesses.

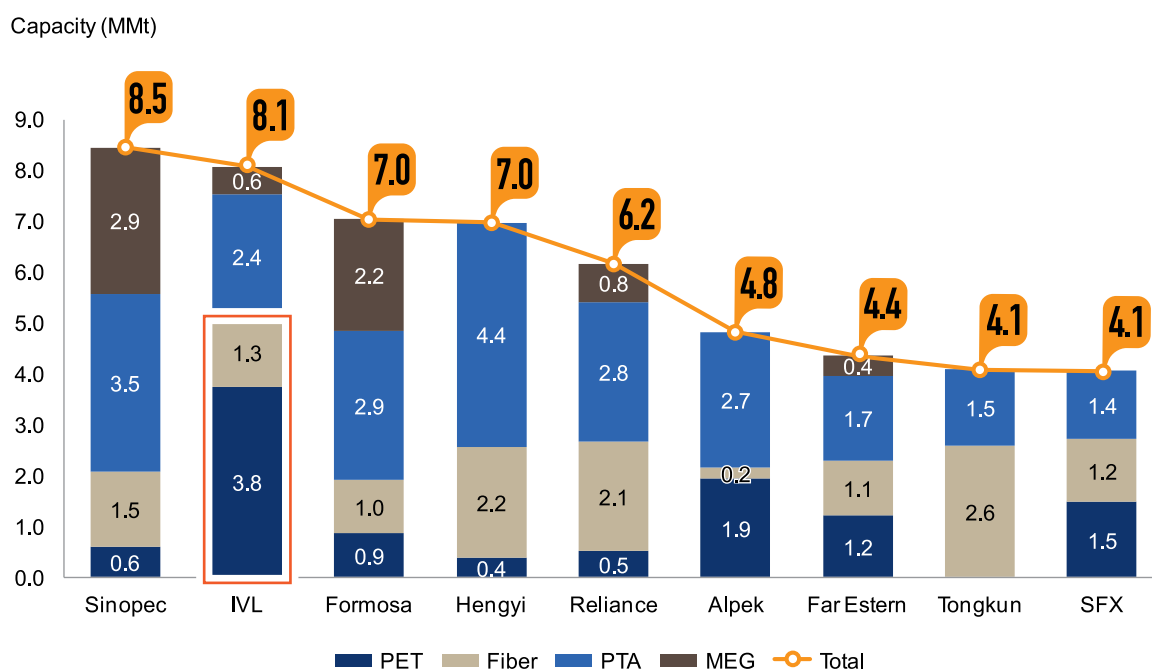
**Glycols Competition** - The global market for MEG is highly competitive, involving a large number of producers located throughout the world. MEG is easy to manufacture, transport and is fungibly stored. The US Shale Gas revolution has given the US producers advantaged ethylene as a feed stock material ensuring the US as a low cost region of MEG production. IVL's integration into MEG adds value to US PET and Polyester margin chain. The largest competitors in North America include Shell Chemical, MEGlobal, Equistar and Sabic, along with PEMEX in Mexico. The US is a largely mature consumer of MEG with demand growth driven by new PET capacity and an opportunistic export arbitrage platform based on the advantaged NA ethylene costs associated with the shale gas evolution.

## Competitive Strengths

### Industry Focus and Leading Market Positions

We are a leading global producer in the polyester value chain within the broader petrochemical stream. We have maintained a keen focus and commitment to the industry in which we participate. Since 2003, we have significantly sharpened our focus in the polyester value chain through various expansions and acquisitions, the disposal of a non-core chemical business, and by expanding our business portfolio and geographical presence. As a result, we have become a leading vertically integrated global manufacturer of polyester polymers.

### #1 Polyester Producer in the World



Source: PAL, Industry data, IVL Analysis

We believe that we are one of the few petrochemical companies that focus on the polyester value chain, compared with other important players who are organized in large divisions that, in turn, consist of many different businesses. We believe that the key advantages of being a focused player are:

- Better understanding of the key success factors for individual businesses;
- More efficient allocation of capital and human talent;
- Ability to make quick management and commercial decisions; and
- Reduction in overheads needed to manage a diverse set of operations and addition of more value due to the similarity of the businesses.

### Global Sales and Manufacturing Footprint

We are a global company with 42 manufacturing facilities located in 15 countries, namely Thailand, the United States, Lithuania, the Netherlands, the United Kingdom, Mexico, Italy, Germany, France, Poland, the Republic of Ireland, Denmark, the Republic of China, Indonesia and Nigeria, across 4 continents, namely Asia, North America, Europe, and Africa, supplying products to customers worldwide. We are the only PET resin producer with operations in Asia, North America, Europe and Africa. Our polyester businesses are located in Asia, North America and Europe and have a globally diversified customer base. Our PTA is manufactured in Thailand and Europe to provide the support to our downstream operations as well as to market to external customers worldwide.

We believe that our global presence enables us to:

- Capture volume growth;
- Widen our customer base;
- Increase our cost competitiveness by being closer to our customers and suppliers;
- Lower our logistical costs;
- Benefit from averting existing trade barriers; and
- Reduce the exposure to cyclical and dependence on any single market.

### Integrated Business Model

Our polyester value chain business is vertically integrated into MEG, PTA, PET resin and polyester fiber and yarn. A significant proportion of our feedstock (PTA+MEG) requirements (48.1% in 2012 and 49.6% in 2013) for our downstream PET and polyester production facilities is sourced internally.

We believe that the key benefits from integration include:

- Security of feedstock supply for our PET and polyester operations during periods of market fluctuations, specifically in periods of high PTA demand;
- Captive consumption for our PTA operations, resulting in the ability to maintain higher capacity utilization as compared to merchant PTA suppliers, even in periods of reduced PTA demand;
- Cost savings through PTA and PET and polyester site co-locations due to reduction of logistics costs and the sharing of common services; and
- Cost savings through integration due to reduction of fixed costs associated with raw materials procurement, sales and marketing and administrative functions.

We believe that integration enhances our operating efficiency, competitiveness and responsiveness to customers and market developments, as well as allowing stability in volumes and profits.

### Strong Cost Position

We have maintained an emphasis on costs and efficiency and believe that we hold a strong cost position in the businesses and regions in which we operate. We believe this is achieved through the following:



**Leading economies of scale and flexible operations:** We believe we have some of the largest capacity, and most efficient, production facilities in the PET resin and PTA industries. We operate the largest single-line PET resin plant in Europe at our Orion Global PET facility in Lithuania, which has a capacity of 241,000 tonnes per annum. We also operate the largest single-line PTA plant in Thailand at our Indorama Petrochem PTA facility, which has a capacity of 771,000 tonnes per annum. We have recently constructed a new PET resin plant in North America at our AlphaPet PET facility in Alabama, U.S.A., with a capacity of 432,000 tonnes per annum. The AlphaPet PET facility is one of the largest in this region and employs the latest generation PET technology. These large-scale, modern and efficient facilities enable us to achieve a competitive cost position in the industries where economies of scale are critical. In the polyester business, where we focus on the production of niche products, we have invested in fit-for-purpose, flexible assets which are ideally suited for the production of niche and value added products. Additionally, the startup of our Polychem, or CP4, the lowest cost plant in the world, in Indonesia in 4Q13 shall boost the earnings in this segment in coming quarters, due to its size and cost efficiencies over the peers. Full benefit of volumes will start coming from the year 2014.

**Best-in-class manufacturing efficiency:** This is achieved through running our facilities at high capacity utilization rates with optimal levels of manpower, low overhead costs, as well as energy and utilities cost savings. We have enhanced our cost competitiveness by building efficient utility plants using coal or gas as feedstock at most of our facilities and, where possible, we sell excess electricity and steam to third parties to reduce our own cost of electricity and steam. We benchmark all of our facilities against each other in order to optimize performance.

**Raw material cost efficiency:** We are able to achieve advantageous raw material costs due to our large purchasing volumes, proximity to raw material feedstock and long-term relationships with key suppliers. We benefit from significant buying leverage for PX, PTA and MEG. We are amongst the world's largest buyers of PX and MEG. Our PX requirements are largely concentrated in Thailand, where we benefit from increased bargaining power. By being a global producer of polyester polymers, we have an advantage over regional producers of being able to manage MEG procurement on a pan-global basis. We are one of the largest merchant PTA buyers in the U.S. market, which provides enhanced buying leverage. Our plants are well positioned, mainly through co-location or close proximity, for advantaged raw material logistics and infrastructure support.

**Low capital cost:** We have been able to achieve a low capital cost structure by constructing large-scale plants and acquiring assets at a discount to their replacement cost. Our Orion Global and AlphaPet PET production facilities benefit from a low capital cost per tonne because of their large scale. We have acquired our Thai PTA and polyester assets as distressed assets at a discount to their replacement cost. We believe our acquired European PET and PTA assets were purchased at an attractive price.

#### Experienced Management Team with a Proven Track Record of Successfully Growing and Managing the Business

Our management team is composed of highly experienced managers with longstanding leadership experience, as well as significant industry knowledge.

Our management team has a proven track record of successfully implementing capital-intensive projects to increase our production capacities, as well as selecting attractive acquisition opportunities and successfully improving the operations and profitability of acquired businesses.

## Raw Materials and Suppliers

The two principal raw materials used in the production of the polyester value chain are PX and MEG. We also buy Ethylene to produce MEG in the USA. Other additives and utilities that we require in our business include acetic acid, isophthalic acid, various catalysts and various gases.

### PTA

We have vertically integrated a portion of our PET business and Polyester fibers and yarns to our PTA business to provide reliable and cost effective PTA supplies. Our IRP Rotterdam PET facility and our Indorama Polyester Industries Polyester fibers and yarns line and PET resin line are co-located with our IRH Rotterdam PTA facility and TPT Petrochemicals PTA facility, respectively, while our AlphaPet PET facility is co-located with the PTA production facility of BP with whom we have a long-term offtake agreements to purchase PTA. Our IRP Workington PET facility and Orion Global PET facility obtains some of its PTA from our IRH Rotterdam PTA facility. Our Asia Pet/Indorama Polymers PET plant in Lopburi, Thailand and Indorama Polyester Industries, Nakhon Pathom facility, Thailand source PTA from Indorama Petrochem and TPT Petrochem plants in Thailand.

### MEG

We purchase MEG, a downstream derivative of ethylene, from large global producers through short and medium term contracts at a price linked to benchmark published prices. In order to obtain the best prices for the MEG that we purchase, we source for, and negotiate the prices of, these raw materials through an informal arrangement with the S.P. Lohia Group (which is controlled by our Chairman and his immediate family) and the O.P. Lohia Group (which is controlled by the brother of both our Chairman and our Chief Executive Officer). However, purchase contracts are entered into by the relevant subsidiary company according to such subsidiary's volume and specification requirements. Our group, the S.P. Lohia Group and the O.P. Lohia Group combined are the largest, and our group is the second largest purchasers of MEG worldwide. By being a global producer of polyester polymers, we are able to procure MEG on a pan-global basis.

### Paraxylene

We are amongst the world's largest buyers of PX. We purchase our PX under long term contracts with PTT Aromatics and Refinery Public Company Limited, PTT Public Company Limited, Thai Paraxylene Company Limited and Exxon Chemical Thailand Limited, typically through long-term contracts. Our Thai PTA plants are able to take delivery of PX either from Thai or international suppliers via their own Map Ta Phut pipeline which runs directly from the Thai Tank Terminal (our raw material storage services) to their tank yard. In Rotterdam, Netherlands, Europe our PTA facility has its own jetty and Paraxylene is piped into through barges.

### Ethylene

We are the fourth largest non-integrated buyer of Ethylene in the US. We purchase Ethylene from various supplies in USA like; Exxon, ChevronPhillips Chemical, Ineos etc tied into the Company's header and with access other Ethylene pipelines.

### Others

Other consummables that we use include acetic acid, IPA, various catalysts, nitrogen and hydrogen. We purchase these consummables from various suppliers typically under short-term contracts of one year.

# MANAGEMENT DISCUSSION & ANALYSIS

The following management's discussion and analysis should be read in conjunction with our consolidated financial statements. It included the forward-looking statements reflecting our current views with respect to future events and future performance. Thus, a number of factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as described in Risk Factors and any statements appearing elsewhere.

## Executive Summary

IVL achieved its highest revenue ever in 2013 of THB 229 billion (US\$ 7.5 billion), growth of 9% Year-on-Year (YoY):

This revenue, compared to the THB 211 billion (US\$ 6.8 billion) in 2012, was achieved despite an extended two-month shut down for a catalyst change in the second quarter at our flagship Oxide & Glycols site in North America. The fourth quarter saw revenue of THB 58 billion (US\$ 1.8 billion), as against THB 50 billion (US\$ 1.6 billion) in the same period of 2012, registering a Quarter-on-Quarter (QoQ) growth of 14%.

IVL grew Core EBITDA 4% YoY to THB 15.0 billion (US\$ 487 million) despite:

- a) depressed PTA margins throughout the year
- b) lower volume due to the catalyst change our Oxide & Glycols site
- c) 35 days of production loss in PTA at our Rotterdam site due to technical issues (covered by insurance)

## IVL-Core Financial Data

|  | US\$ in Millions          |              | THB in Millions |                |
|--|---------------------------|--------------|-----------------|----------------|
|  | 2013                      | 2012(R)      | 2013            | 2012(R)        |
| <b><sup>(1)</sup> Consolidated Sales</b> | <b>7,456</b>              | <b>6,779</b> | <b>229,120</b>  | <b>210,729</b> |
| PET                                      | 4,765                     | 4,292        | 146,418         | 133,422        |
| Fibers & Yarns                           | 1,561                     | 1,359        | 47,968          | 42,236         |
| Feedstock                                | 2,291                     | 2,210        | 70,391          | 68,693         |
| <b><sup>(2)</sup> Core EBITDA</b>        | <b><sup>(3)</sup> 487</b> | <b>461</b>   | <b>14,966</b>   | <b>14,334</b>  |
| PET                                      | 248                       | 208          | 7,636           | 6,469          |
| Fibers & Yarns                           | 95                        | 72           | 2,910           | 2,233          |
| Feedstock                                | 145                       | 177          | 4,456           | 5,500          |
| Depreciation                             | (229)                     | (216)        | (7,051)         | (6,719)        |

|   | US\$ in Millions |             | THB in Millions |              |
|---|------------------|-------------|-----------------|--------------|
|   | 2013             | 2012(R)     | 2013            | 2012(R)      |
| <b>Core EBIT</b>                                  | <b>258</b>       | <b>245</b>  | <b>7,915</b>    | <b>7,615</b> |
| Interest  | (118)            | (102)       | (3,627)         | (3,175)      |
| <b>Core Profit before tax</b>                     | <b>140</b>       | <b>143</b>  | <b>4,287</b>    | <b>4,440</b> |
| Current tax                                       | (10)             | (19)        | (302)           | (580)        |
| Effective current tax %                           | 7%               | 13%         | 7%              | 13%          |
| Deferred tax                                      | (32)             | (48)        | (991)           | (1,492)      |
| <b>Core Profit before JV and MI</b>               | <b>97</b>        | <b>76</b>   | <b>2,994</b>    | <b>2,368</b> |
| Joint Ventures Income/(Loss)                      | (24)             | (29)        | (741)           | (889)        |
| Minority Interests                                | (6)              | (5)         | (191)           | (164)        |
| <b>Core Net Profit after tax &amp; minorities</b> | <b>67</b>        | <b>42</b>   | <b>2,062</b>    | <b>1,315</b> |
| <sup>(4)</sup> CAPEX and investment               | 224              | 1,357       | 6,885           | 42,183       |
| Net Operating Debt                                | 2,224            | 2,320       | 72,991          | 71,061       |
| Total Equity                                      | 1,876            | 1,847       | 61,568          | 56,565       |
| <b>Net Operating Debt to Equity</b>               | <b>1.2</b>       | <b>1.3</b>  | <b>1.2</b>      | <b>1.3</b>   |
| <b>Net Operating Long Term Debt to Equity</b>     | <b>0.9</b>       | <b>1.0</b>  | <b>0.9</b>      | <b>1.0</b>   |
| <b>Net Operating Core ROCE (before JV's)</b>      | <b>6.4%</b>      | <b>6.1%</b> | <b>6.0%</b>     | <b>6.2%</b>  |

Note: <sup>(1)</sup> Consolidated financials are based upon elimination of intra-company (or intra business segment) transaction

<sup>(2)</sup> Core EBITDA is Consolidated EBITDA less Inventory gain/ (loss)

<sup>(3)</sup> 2013 Core EBITDA includes a business interruption insurance claim of US\$ 5/tonne (US\$ 29 MM)

<sup>(4)</sup> CAPEX and investment are on a cash basis as per cash flow statement

<sup>(5)</sup> Periods with Restated or (R) are restated numbers as per change in Thai Accounting Standards

IVL achieved a core profit before joint ventures (JV) and minority interest (MI) of THB 3.0 billion (US\$ 97 million) in 2013, as against THB 2.4 billion (US\$ 76 million) in 2012(R). Trevira was a JV until 3Q13 and from October 1, 2013, has been fully consolidated due to a revision in the terms with the JV partner. Our JV performance improved by US\$ 5 million in 2013 over 2012 mainly due to improvements made at Trevira by the management. 4Q13 also includes US\$ 11.9 million (IVL's share) as a non-cash impairment of our JV at Ottana, which is shown as a non-operational item in the Table next page. Ottana's JV partners are discussing potential solutions.

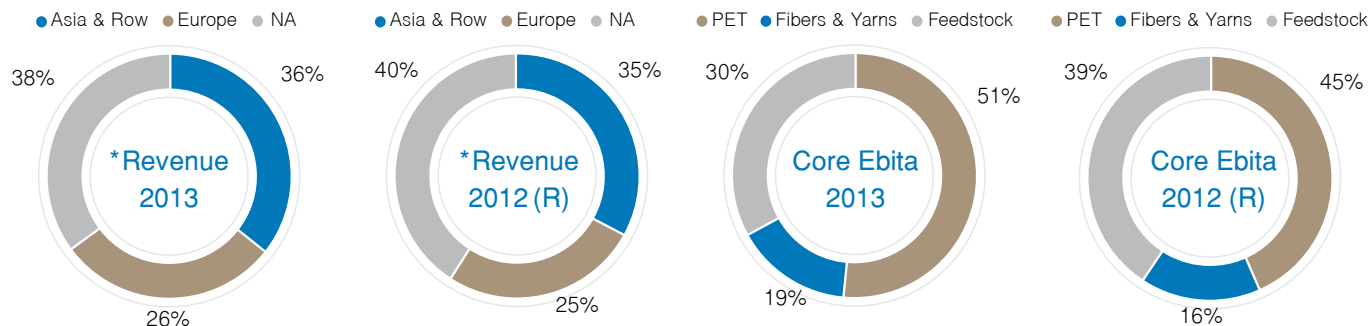
Lower absolute prices in 2013 over 2012 led to an inventory loss of US\$ 30 million in 2013, as against the inventory gain of US\$ 2 million in 2012.

## IVL-Non Operational/Extraordinary Items

|  | US\$ in Millions |             | THB in Millions |              |
|--|------------------|-------------|-----------------|--------------|
|  | 2013             | 2012(R)     | 2013            | 2012(R)      |
| <b>Core Net Profit after tax &amp; minorities</b>          | <b>67</b>        | <b>42</b>   | <b>2,062</b>    | <b>1,315</b> |
| <b>Add: Inventory gain/(loss)</b>                          | <b>(30)</b>      | <b>2</b>    | <b>(928)</b>    | <b>76</b>    |
| <b>Add: Non Operational/Extraordinary income/(expense)</b> | <b>6</b>         | <b>43</b>   | <b>192</b>      | <b>1,349</b> |
| <i>Acquisition expenses</i>                                | <i>1</i>         | <i>(12)</i> | <i>32</i>       | <i>(387)</i> |
| <i>Gain on bargain purchase</i>                            | <i>3</i>         | <i>5</i>    | <i>87</i>       | <i>148</i>   |
| <i>Insurance claims (flood related)</i>                    | <i>26</i>        | <i>60</i>   | <i>791</i>      | <i>1,853</i> |
| <i><sup>(1)</sup>Impairment of assets (incl. Ottana)</i>   | <i>(13)</i>      | <i>-</i>    | <i>(385)</i>    | <i>-</i>     |
| <i>Restructuring expenses (Debt &amp; Tax)</i>             | <i>(10)</i>      | <i>-</i>    | <i>(320)</i>    | <i>-</i>     |
| <i>Workington Mothball (Severance Provision)</i>           | <i>(3)</i>       | <i>-</i>    | <i>(94)</i>     | <i>-</i>     |
| <i>Other extraordinary gain (loss)</i>                     | <i>3</i>         | <i>(9)</i>  | <i>81</i>       | <i>(265)</i> |
| <b>= Net profit after tax and minority</b>                 | <b>43</b>        | <b>88</b>   | <b>1,326</b>    | <b>2,740</b> |

Note <sup>(1)</sup> Ottana partial impairment US\$ 12 million (IVL share)

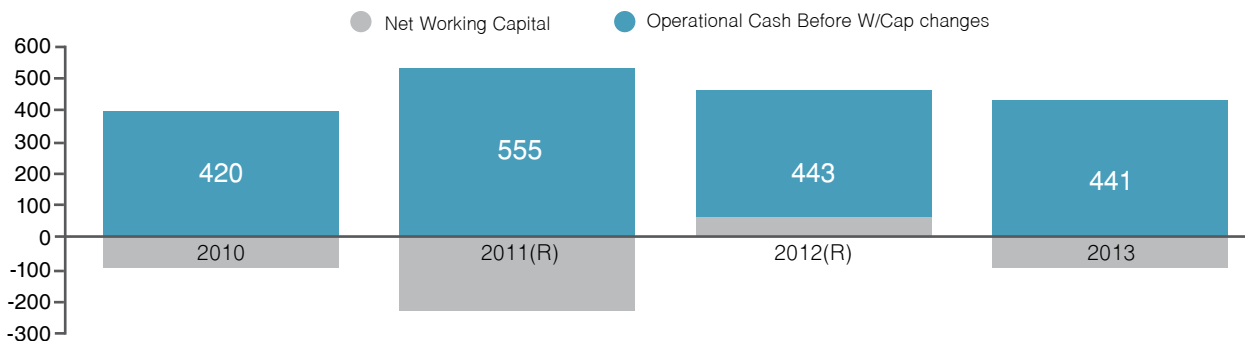
IVL has maintained market share across various regions, with a YoY Revenue growth of 9% in 2013.



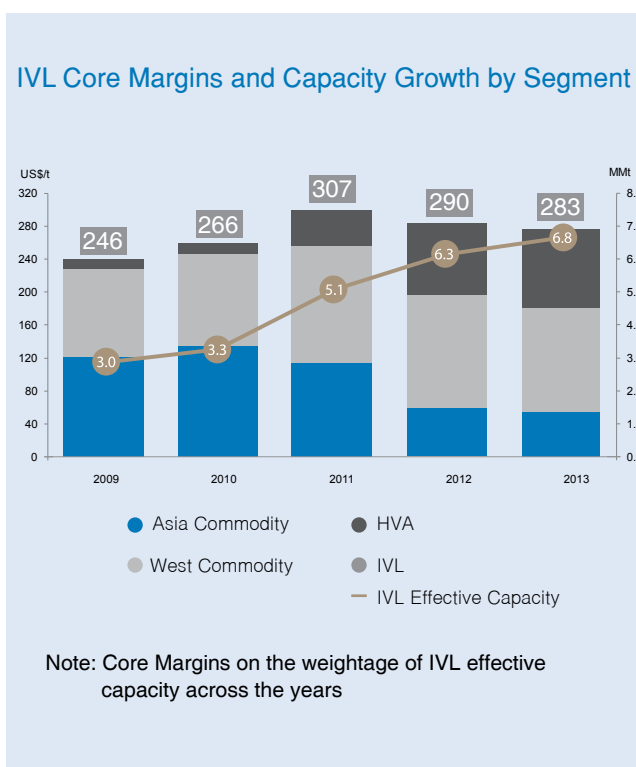
\* Regional revenues breakup on customers' location.

Cash flows remained healthy in 2013 in line with past few years.

## Operating Cash Flow



**Indorama Ventures' core margins remained healthy** as our High Value Add (HVA) portfolio growth has helped the company mitigate weaker commodity product margins recently. The chart below reflects IVL core margins in commodity and HVA products across time, weighted against effective capacity. IVL achieved a Core margin of US\$ 283/t on effective capacity in 2013, as against US\$ 290/t in 2012, whereas effective capacity has consistently grown from 3.0 mm mt in 2009 to 6.3 mm mt in 2012 and 6.8 mm mt in 2013. During the year 2013, IVL's total cost of delivery reduced by US\$ 5/t over 2012, reflecting IVL's operational excellence initiatives. This was despite an increase in the volumes of HVA where total cost is generally higher compared to commodities. Western commodity margins also weakened YoY reflecting fierce competition. It has been through the timely and strategic expansion of our HVA portfolio over the past two years that IVL has managed to maintain healthy margins across cycles, while pure commodity peers have reported significant margin decline. Our announcement of the acquisition of PHP Fibers in Germany in February 2014 is a step towards further enhancing the HVA portfolio and blended HVA margins in the near term.



Management has laid the foundation in 2013 and in 2012 for growth in 2014 and the future:

- Trevira has become profitable by focusing on a dual strategy of new HVA products plus cost reduction. IVL has management control of Trevira as of October 1, 2013, while JV Partner Sinterama continues to be a strategic partner.
- FiberVisions has provided us the leadership position in bicomponent fibers (BICO) and therefore the hygiene segment of HVA products; and we are introducing their technology to Asia. A BICO plant has been constructed in Rayong and BICO products are available from our Thai plants.
- The acquisition of Wellman International pushed us to the forefront of recycling in Europe and we are using that know-how at our Nakhon Pathom plant in Thailand where a recycling unit is planned for 1Q14.
- Asset optimization at our IVL Guangdong PET plant has given us the benefits of scale and low cost despite the PET capacity overhang in China.
- An operational excellence debottlenecking project at our Poland PET plant has commenced with associated cost reduction when completed in 2014.
- The HVA portfolio grew at our existing assets with high grades of PET, film and textile specialties, extrusion blow molding (EBM) resins produced by our Asian PET facilities etc. Our unique rPET (recycled PET) facilities in North America make us a preferred supplier to our customers.

## 2014 Outlook

The next step in the growth of Indorama Ventures is to enhance its competitiveness. Our strategies are:

1. **Increased volumes:** In 2014, we expect higher production volumes from our Oxide & Glycols (EO/EG) site; enhanced operating rates at our IVL Guangdong PET plant; commercial production from our new state-of-the-art polyester fibers plant, Polychem (CP4) in Indonesia and better utilization of other assets. PET volumes lost due to the mothballing of Indorama Polymers Workington in the UK should be compensated by higher runs at other locations without loss of market share.

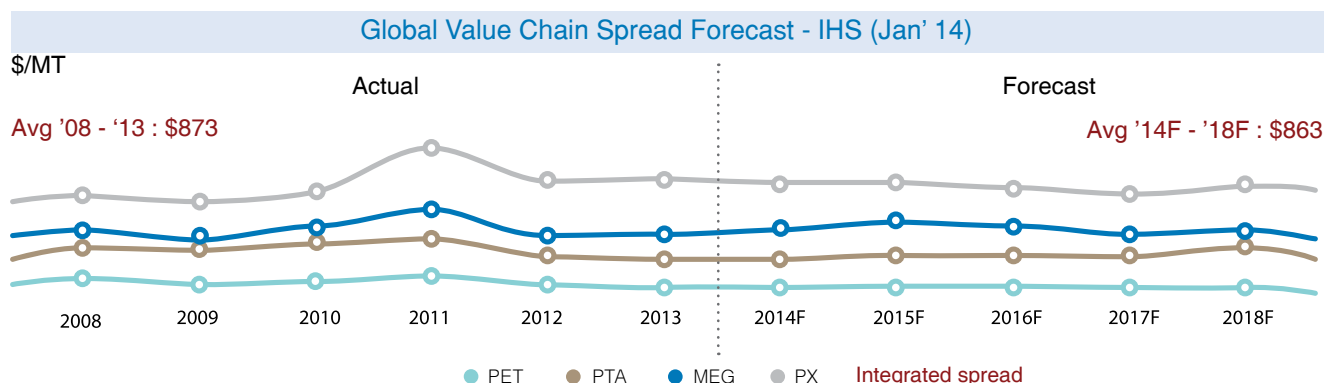
2. **Operational excellence** initiatives are expected to derive better utilization and cost optimization.
3. **The HVA portfolio** will expand via debottlenecking and acquisitions. Bio Pet capabilities will be developed in Rotterdam.
4. **Recycled product** volumes will grow: Indorama Ventures is the only rPET producer in North America. This capability will be extended to our Mexican operations soon.
5. **Startup of operations in the Philippines market** in 2014 by our packaging segment will enhance our relationship with brand owners
6. **Mergers & Acquisitions:**
  - a) **First acquisition of 2014 announced:** Acquisition of 80 percent equity of **PHP Fibers GmbH** (Project Panda) significantly enhances the Company's HVA portfolio, adding high-performance automotive and industrial products. Leadership positions in **AIRBAG** and **TIRE CORD** segments in Europe add significant value to IVL. Supply tightness in the Nylon 6.6 tire cord market and the demand growth of both tire cords and airbags, coupled with ample availability of the feedstock ADA (Adipic Acid) will help maintain healthy margins in this business over the next couple of years. Further tightness in ADN (Adiponitrile) - one of the indirect feeds to Nylon 6.6 - should help maintain tight supply of the end product availability in the market.
  - b) **Other M&A opportunities that would support the strategy of IVL in 2014 and are currently under study** - Project Silk, Project Thor & Project Poseidon
7. **Margins:** the weakness of the PTA industry due to oversupply over the past two years has shaken things up significantly and is forcing the rationalization of high-cost assets. Together with approximately 7 million tonnes of new Paraxylene (PX) capacity in 2014, we expect to see support for PTA margins this year.

PET & commodity fibers margin are expected to be less volatile as light-weighting of PET bottles has run its course. Further substitution possibilities of Polyethylene and other polymers now arise due to PET's lower cost, leading to further growth.

Ethylene Oxide and Ethylene Glycol (EO/EG) margins are expected to remain strong due to supply tightness and low ethylene input costs in the USA due to shale gas. A major global producer of Mono Ethylene Glycol (MEG) has planned extensive production capacity maintenance in 2014, which should lead to further tightness.

### Long term outlook

IVL acknowledges the power of integration and has taken various strategic steps to enhance feedstock integration. We have announced a PX Greenfield Joint Venture with Abu Dhabi National Chemicals Company ("ChemaWEyaat") to develop the Tacaamol Aromatics Plant, to commence production in 2018; we also have a 1.2 m tonnes PTA Greenfield (Project Manhattan) under study that would commence in 2017.



Note: Per ton of PET. Global spreads based on simple average of Asia, U.S. and Europe  
Source: Industry Data, IHS, IVL Analysis



#### Update on Guidance 2013 given in earlier MD&A's:

IVL achieved CORE EBITDA for 2013 is lower to our guidance primarily due to:

- longer-than-expected shutdown of our Glycols capacity in Texas in the second quarter 2013, resulting into lower volume and also we saw slower margin enhancement
- around four month delay in completion of the new fiber Greenfield in Indonesia as compared to our original forecast startup resulted in lower volume. The cost over-run is marginal but the roll out of HVA products from Thailand is correspondingly delayed.
- depressed PTA margins throughout the year and
- 35 days of production loss in PTA at Rotterdam site due to technical issues (covered by insurance)

|                                | 2013A | % change to Revised Guidance 2013 (2Q13 MD&A) | <sup>(1)</sup> Revised Guidance 2013 (2Q13 MD&A) |
|--------------------------------|-------|---|--|
| Production (mm tonnes)         | 5.8   | (2%)  | ~5.9   |
| Revenue (US\$ bn)              | 7.5   | (4%)  | ~7.8   |
| CORE EBITDA (US\$ mm)          | 487   | (6%)  | ~520   |
| <sup>(2)</sup> CAPEX (US\$ mm) | 285   | (5%)  | ~300   |

<sup>(1)</sup>Based on management estimates including the strategic actions planned in 2013 and the approved budget approved by the Board of Directors. (Please see "Notes"), <sup>(2)</sup>CAPEX is on an accrual basis

## Business Segments

### PET

The PET segment achieved a Core EBITDA of US\$ 248 million in 2013 (including an insurance claim from business interruption for US\$ 16.5 million) as against US\$ 208 million in 2012. In medium & long term, PET margins are expected to be less volatile and more firm as light weighting of PET bottles is almost completed in the industry. Further substitution possibilities from Polyethylene and other polymers to PET due to low cost should drive further growth in PET. Recycling initiatives in North America places IVL in a preferred Resin supplier position. Entry into Philippines market in 2014 by our packaging segment will be another step towards enhancing IVL's relationship with brand owners and enhance HVA portfolio in PET segment.

### Fibers and Yarns

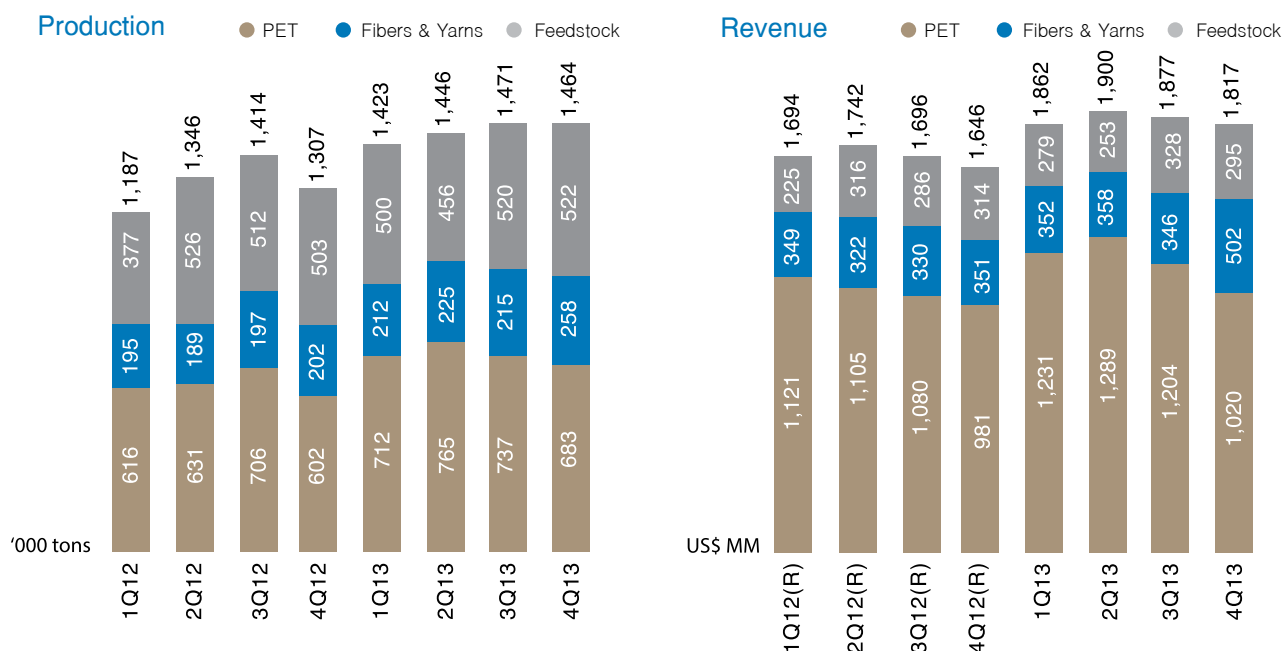
The Fibers and Yarns achieved a strong Core EBITDA of US\$ 95 million in 2013 (including an insurance claim from business interruption for US\$ 12.8 million) as against US\$ 72 million in 2012. Consolidation of Trevira, Germany in IVL since Oct' 2013 has improved the earnings in this segment. The completion of our flagship site, Polychem (lowest conversion cost plant in the world of its kind) in Indonesia in 4Q13 due to its size & cost efficiencies over the peers, should further enhance earnings in this segment. Commercial production from this site has started from 1Q14. HVA portfolio in this segment should further enhance with the acquisition of 80 percent equity of **PHP Fibers GmbH**. Leadership position in **Airbags** and **Tire cord** segment in Europe adds significant value to IVL.

### Feedstock

The Feedstock segment achieved a Core EBITDA of US\$ 145 million in 2013 as against US\$ 177 million in 2012, reflecting weakness YoY, due to depressed PTA margins throughout the year, lower volumes due to extended shutdown of around 2 months at our flagship Oxide & Glycols site in Texas, USA in 2Q13 for the latest generation catalyst change and 35 days

of production loss in PTA at Rotterdam site due to technical issues (covered by insurance). EO and EG (MEG) margins are expected to be strong due to supply tightness and continued low cost ethylene in USA. A major industry producer of MEG has planned extensive maintenance in year 2014 and product is expected to be tighter. IVL long term initiatives to setup Greenfield PTA with start up in 2017 and joint venture agreement with Abu Dhabi National Chemicals Company ("ChemaWEyaat") to develop the Tacaamol Aromatics Plant should enhance further feedstock integration.

## Business Segments-Production Volume and Revenue



## Business Segments-Key Financial Data (YoY)

|                                   | THB in Millions |               |             | US\$ in Millions         |            |             |
|-----------------------------------|-----------------|---------------|-------------|--------------------------|------------|-------------|
|                                   | 2013            | 2012(R)       | YoY         | 2013                     | 2012(R)    | YoY         |
| <b>Core EBITDA/tonne (US\$/t)</b> | <b>2,579</b>    | <b>2,728</b>  | <b>(5)%</b> | <sup>(1)</sup> <b>84</b> | <b>88</b>  | <b>(4)%</b> |
| PET                               | 2,636           | 2,532         | 4%          | 86                       | 81         | 5%          |
| Fibers and Yarns                  | 3,200           | 2,853         | 12%         | 104                      | 92         | 13%         |
| Feedstock                         | 2,231           | 2,869         | (22)%       | 73                       | 92         | (21)%       |
| <b>Core EBITDA</b>                | <b>14,966</b>   | <b>14,334</b> | <b>4%</b>   | <b>487</b>               | <b>461</b> | <b>6%</b>   |
| PET                               | 7,636           | 6,469         | 18%         | 248                      | 208        | 19%         |
| Fibers and Yarns                  | 2,910           | 2,233         | 30%         | 95                       | 72         | 32%         |
| Feedstock                         | 4,456           | 5,500         | (19)%       | 145                      | 177        | (18)%       |
| <b>Consolidated EBITDA</b>        | <b>14,038</b>   | <b>14,410</b> | <b>(3)%</b> | <b>457</b>               | <b>464</b> | <b>(1)%</b> |
| PET                               | 6,899           | 6,444         | 7%          | 225                      | 207        | 8%          |
| Fibers and Yarns                  | 2,905           | 2,184         | 33%         | 95                       | 70         | 35%         |
| Feedstock                         | 4,269           | 5,649         | (24)%       | 139                      | 182        | (24)%       |

Note <sup>(1)</sup> 2013 Core EBITDA/Tonne includes a business interruption insurance claim of US\$ 5/tonne (US \$ 29 mm)

## Operating Regions

### Asia

The Asian business showed a significant improvement on Core EBITDA from US\$ 76 million in 2012 to US\$ 136 million in 2013 (including an insurance claim from business interruption for US\$ 29 million). Recovery in Asia in 2013 over 2012, with a portfolio of diverse products and PET market leadership in Thailand, Indonesia and China PRD region, has resulted in an improved performance, wherein IVL achieved a CORE EBITDA/t US\$ 52 in 2013 as against US\$ 33 in 2012, registering a YoY growth of 55%. Oversupply of PX in 2014, should benefit PTA industry and particularly IVL as having an assets around 1.8 million tons in Asia including JV capacity in Indonesia. Increased volumes from better utilizations of assets and start up of our flagship state of the art polyester production site in Indonesia (Polychem) should enable IVL to increase its revenues & earnings in this region.

### Europe, Middle East and Africa (EMEA)

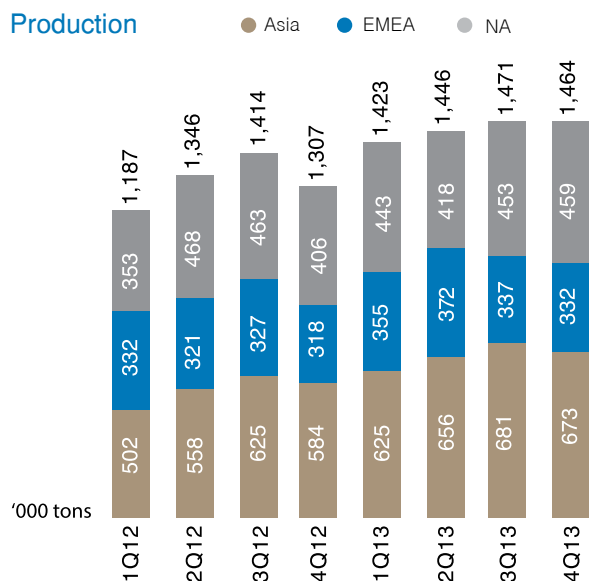
European business achieved a Core EBITDA of US\$ 77 million in 2013 as against US\$ 101 million in 2012, reflecting a weakness in margins in PET & PTA segments in this region and also 35 days of production loss in PTA at Rotterdam site due to technical issues (covered by insurance). Volume loss due to moth ball of PET plant at Indorama Polymers Workington Ltd., in the United Kingdom in year 2014, should be compensated by higher runs at other locations in Europe and IVL expects to maintain its market share. Nigeria operations are expected to run at higher utilization rates in 2014 with the entry of packaging business in Ghana. Operational excellence project for Poland capacity debottlenecking has been started and should contribute towards overall cost reduction when completed in 2H14 at a lower debottlenecking capex.

### North America (NA)

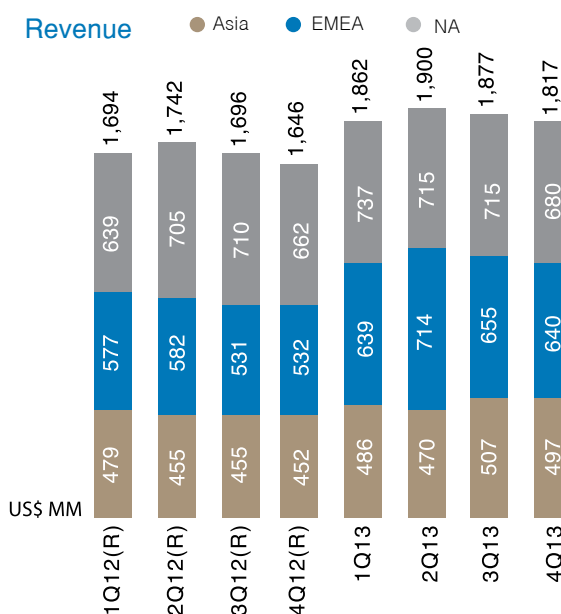
The North American business saw a relatively stable earnings performance as reflected by Core EBITDA of US\$ 274 million in 2013 as against US\$ 284 million in 2012. The catalyst replacement at our flagship Glycols facility lasted around two months in 2Q13 and had lower volumes due to the same. IVL is advantageously placed to benefit from increased volumes and expected enhanced margins in oxide & glycols business in coming quarters. EO and EG (MEG) margins are expected to be strong due to supply tightness and continued low cost ethylene in USA, which keeps US Glycols margins at a premium over Asian margins.

## Operating Regions - Production Volume and \* Revenue

### Production



### Revenue



\* Regional revenues breakup on customers' location

## Operating Regions-Key Financial Data (YoY)

|                                      | THB in Millions |               |             | US\$ in Millions |            |             |
|--------------------------------------|-----------------|---------------|-------------|------------------|------------|-------------|
|                                      | 2013            | 2012(R)       | YoY         | 2013             | 2012(R)    | YoY         |
| <b>Core EBITDA/tonne (US\$/t)</b>    | <b>2,579</b>    | <b>2,728</b>  | <b>(5)%</b> | <b>84</b>        | <b>88</b>  | <b>(4)%</b> |
| Asia                                 | 1,592           | 1,039         | 53%         | 52               | 33         | 55%         |
| (1) EMEA                             | 1,685           | 2,417         | (30)%       | 55               | 78         | (29)%       |
| NA                                   | 4,749           | 5,235         | (9)%        | 155              | 168        | (8)%        |
| <b>Core EBITDA (US\$ mm)</b>         | <b>14,966</b>   | <b>14,334</b> | <b>4%</b>   | <b>487</b>       | <b>461</b> | <b>6%</b>   |
| Asia                                 | 4,194           | 2,356         | 78%         | 136              | 76         | 80%         |
| (1) EMEA                             | 2,353           | 3,137         | (25)%       | 77               | 101        | (24)%       |
| NA                                   | 8,419           | 8,841         | (5)%        | 274              | 284        | (4)%        |
| <b>Consolidated EBITDA (US\$ mm)</b> | <b>14,038</b>   | <b>14,410</b> | <b>(3)%</b> | <b>457</b>       | <b>464</b> | <b>(1)%</b> |
| Asia                                 | 3,946           | 2,453         | 61%         | 128              | 79         | 63%         |
| (1) EMEA                             | 1,832           | 3,283         | (44)%       | 60               | 106        | (44)%       |
| NA                                   | 8,259           | 8,673         | (5)%        | 269              | 279        | (4)%        |

Note (1) EMEA includes Europe, Middle East, Africa and rest of the world,

## Diversified Portfolio

IVL's High Value Add (HVA) segment contributed 19% of production, 27% of revenues and 34% of Core EBITDA in 2013.

Our HVA portfolio continues to gain traction with customers and there are new growths planned in this segment both organically as well as strategically. Acquisition of 80 percent equity of **PHP Fibers GmbH** (Project Panda) significantly enhances the Company's HVA product portfolio with the addition of high performance automotive and industrial products. Leadership position in Airbags and Tire cord segment in Europe adds significant value to IVL. Tightness in the supplies of Nylon 66 Tire cords and the demand growth of the feedstock ADA (Adipic Acid) is expected to keep healthy margins in this business in next couple of years. Further tightness in ADN (Adiponitrile) as one of the indirect feed to Nylon 66 should keep tightness in the production of the end product.

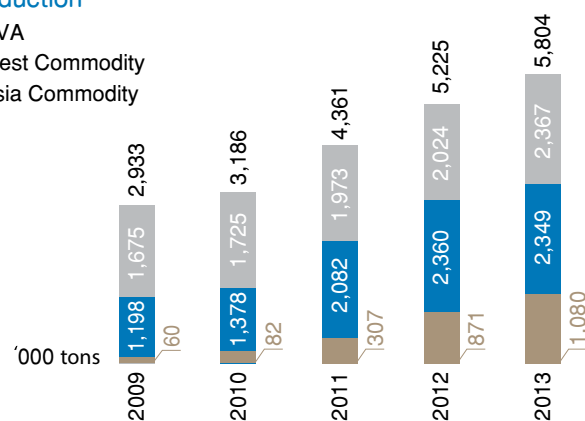
Strategically we aspire to grow this segment to ~25% of our total capacity in long term, which will mainly come from the in organic expansions of state of the art, market leading companies in this segment. IVL is actively perusing such inorganic growth, to add more functionality to our Products portfolio. Announcement of PHP acquisition is a step in this direction.

HVA portfolio has helped IVL to enhance its Brand Value, as we are the market leader and innovator of many products that are well received by our customers in the consumer staple industry.

## Product Type-Production Volume and Revenue

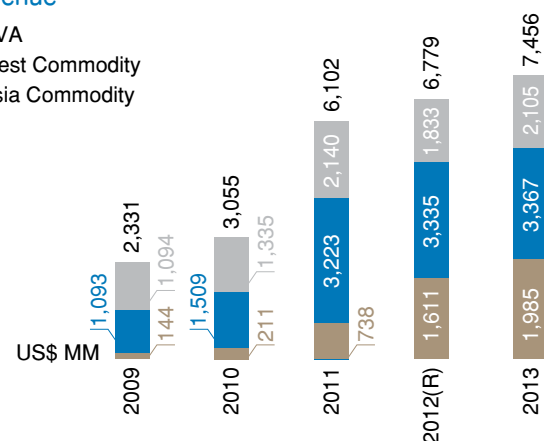
### Production

- HVA
- West Commodity
- Asia Commodity



### Revenue

- HVA
- West Commodity
- Asia Commodity



## Product Type-Key Financial Data (YoY)

|                                   | THB in Millions |               |             | US\$ in Millions |            |             |
|-----------------------------------|-----------------|---------------|-------------|------------------|------------|-------------|
|                                   | 2013            | 2012(R)       | YoY         | 2013             | 2012(R)    | YoY         |
| <b>Core EBITDA/tonne (US\$/t)</b> | <b>2,579</b>    | <b>2,728</b>  | <b>(5)%</b> | <b>84</b>        | <b>88</b>  | <b>(4)%</b> |
| HVA                               | 4,747           | 4,082         | 16%         | 154              | 131        | 18%         |
| West Commodity                    | 3,120           | 4,005         | (22)%       | 102              | 129        | (21)%       |
| Asia Commodity                    | 1,057           | 655           | 61%         | 34               | 21         | 63%         |
| <b>Core EBITDA</b>                | <b>14,966</b>   | <b>14,334</b> | <b>4%</b>   | <b>487</b>       | <b>461</b> | <b>6%</b>   |
| HVA                               | 5,125           | 3,556         | 44%         | 167              | 114        | 46%         |
| West Commodity                    | 7,329           | 9,451         | (22)%       | 238              | 304        | (22)%       |
| Asia Commodity                    | 2,512           | 1,326         | 89%         | 82               | 43         | 92%         |
| <b>Consolidated EBITDA</b>        | <b>14,038</b>   | <b>14,410</b> | <b>(3)%</b> | <b>457</b>       | <b>464</b> | <b>(1)%</b> |
| HVA                               | 5,154           | 3,515         | 47%         | 168              | 113        | 48%         |
| West Commodity                    | 6,619           | 9,470         | (30)%       | 215              | 305        | (29)%       |
| Asia Commodity                    | 2,264           | 1,424         | 59%         | 74               | 46         | 61%         |

## Performance Comparison

### Revenue from sale of goods

| Baht in Millions                           | FY 2013          | FY 2012<br>(Restated) | Change (%)  |
|--|------------------|-----------------------|-------------|
| <b>Revenue from sale of goods</b>          | <b>229,120.4</b> | <b>210,728.9</b>      | <b>8.7%</b> |
| Add: Eliminations                          | 35,656.5         | 33,622.4              |             |
| <b>Adjusted revenue from sale of goods</b> | <b>264,776.9</b> | <b>244,351.3</b>      | <b>8.4%</b> |
| PET  | 146,417.7        | 133,422.5             | 9.7%        |
| Fibers & Yarns                             | 47,967.8         | 42,235.8              | 13.6%       |
| Feedstock                                  | 70,391.4         | 68,693.1              | 2.5%        |

Sales revenue for the year ended 2013 was Baht 229,120.4 million, increased by Baht 18,391.5 million or 8.7% from 2012. Sales revenue increased in all business segments mainly from the volume growth from expansions and acquisitions together with change in product portfolio to focus more on high value-added product. Besides, 2013 is the first full year of operations of acquired business in year 2012.

### PET Revenue

PET revenue for the year ended 2013 was Baht 146,417.7 million, increased by Baht 12,995.2 million or 9.7% from 2012, driven by volume growth from strong global demand and volumes from various debottlenecks at PET sites. The volume growth of 13% from last year was mainly because 2013 is the first full year operations of Nigeria Greenfield and Polypet which startup in July 2012 and August 2012 respectively. Moreover, the expansion of China PET capacity in 2012 distributed the full year benefit in 2013.

### Fibers & Yarns Revenue

Fibers & Yarns revenue for the year ended 2013 was Baht 47,967.8 million, increased by Baht 5,732.0 million or 13.6% from 2012, driven by volume growth. The volume growth of 16.2% from last year generally resulted from the consolidation of Trevira. Trevira was a JV until 3Q 2013 and from October 1, 2013, has been fully consolidated due to a revision in the terms with the JV partner. The Wool segment in Lopburi has started up partially in 3Q 2012 from flooding since 4Q 2011, also contributed from the growth in volume. Higher production volume and revenue was also led by product mix shift towards higher value-addition fibers and yarns.

### Feedstock Revenue

Feedstock revenue for the year ended 2013 was Baht 70,391.4 million, increased by Baht 1,698.3 million or 2.5% from 2012, driven by volume growth. The volume growth of 4% from last year mainly resulted from full year operation of the Oxide & Glycols business in North America, which has started delivering earnings to IVL in 2Q 2012. Although, there has been maintenance shutdown for catalyst change in Oxide & Glycols business, full year operation gain has compensated such loss and resulted in slight increase in volume. The Feedstock integration with the inclusion of the Oxide & Glycols business along with PTA allows IVL to continue to operate at high utilization rates as captive demand from PET and Fiber & Yarns segments remain strong.

### Cost of Sale of goods

| Baht in Millions   | FY 2013          | FY 2012<br>(Restated) | Change (%)  |
|--|------------------|-----------------------|-------------|
| <b>Cost of sale of goods</b>                             | <b>205,205.4</b> | <b>187,448.4</b>      | <b>9.5%</b> |
| As a percentage of total revenues from the sale of goods | 89.6%            | 89.0%                 |             |
| Add: Eliminations  | 35,656.5         | 33,622.4              |             |
| <b>Adjusted cost of sales of goods</b>                   | <b>240,861.9</b> | <b>221,070.8</b>      | <b>9.0%</b> |
| PET  | 133,552.3        | 121,569.8             | 9.9%        |
| As a percentage of total PET revenue                     | 91.2%            | 91.1%                 |             |
| Fibers & Yarns   | 43,148.3         | 38,006.8              | 13.5%       |
| As a percentage of total Fibers & Yarns revenue          | 90.0%            | 90.0%                 |             |
| Feedstock  | 64,161.2         | 61,494.2              | 4.3%        |
| As a percentage of total Feedstock revenue               | 91.1%            | 89.5%                 |             |

Cost of sales for the year ended 2013 is Baht 205,205.4 million, increased by Baht 17,757.0 million or 9.5% from 2012 which is in line with increase in sales revenue.

### PET Cost of Sale of Goods

For the year ended 2013, PET cost of sale of goods was Baht 133,552.3 million, increased by Baht 11,982.5 million or 9.9% from 2012, driven by volume growth. The volume growth mainly resulted from full year benefit of China PET expansion and startup of IVL Nigeria Greenfield and Polypet, Indonesia in 2012

### Fibers & Yarns Cost of Sale of Goods

For the year ended 2013, Fibers & Yarns cost of sale of goods were Baht 43,148.3 million, increased by Baht 5,141.5 million or 13.5% from 2012, driven by the volume growth and value added mix of products as explained in the Revenue section above.

### Feedstock Cost of Sale of Goods

For the year ended 2013, Feedstock cost of sales of goods was Baht 64,161.2 million, increased by Baht 2,667.0 million or 4.3% from 2012, driven by the volume growth from full year operation of Oxide & Glycols assets in USA.

## Gross Profit

| Baht in Millions   | FY 2013         | FY 2012<br>(Restated) | Change (%)  |
|--|-----------------|-----------------------|-------------|
| <b>Gross Profit</b>                                      | <b>23,915.0</b> | <b>23,280.6</b>       | <b>2.7%</b> |
| As a percentage of total revenues from the sale of goods | 10.4%           | 11.0%                 |             |
| Add: Eliminations  | -               | -                     |             |
| <b>Adjusted gross profit</b>                             | <b>23,915.0</b> | <b>23,280.5</b>       | <b>2.7%</b> |
| PET  | 12,865.4        | 11,852.7              | 8.5%        |
| As a percentage of total PET revenue                     | 8.8%            | 8.9%                  |             |
| Fibers & Yarns   | 4,819.5         | 4,229.0               | 14.0%       |
| As a percentage of total Fibers & Yarns revenue          | 10.0%           | 10.0%                 |             |
| Feedstock  | 6,230.2         | 7,198.9               | (13.5)%     |
| As a percentage of total Feedstock revenue               | 8.9%            | 10.5%                 |             |

Gross Profit for the year ended 2013 was Baht 23,915.0 million, increased by Baht 634.4 million or 2.7% from 2012. The gross profit margin of 10.4% in 2013 decreased slightly from the prior year mainly due to lower margins of some of our products, which caused gross profit in proportion to sales lower comparing year on year. Please refer to Core Margins graph in “Executive Summary section”.

### PET Gross Profit

For the year ended 2013, PET gross profit was Baht 12,865.4 million, increased by Baht 1,012.7 million from 2012. PET gross profit margin in 2013 was 8.8%, remained almost flat YoY. Asian PET business saw increased margins which was compensated by some softness in West PET margins. Please refer to Production and Revenue graph in “Business Segments and Operating Regions sections”.

### Fibers & Yarns Gross Profit

For the year ended 2013, Fibers & Yarns gross profit was Baht 4,819.5 million, increased by Baht 590.5 million from 2012. Gross profit margin in 2013 was 10.0%, increased from the prior year due to higher volume of HVA and consolidation of Trevira, Germany in IVL since October 2013. Please refer to Production and Revenue graph in “Business Segments and Operating Regions sections”.

### Feedstock Gross Profit

For the year ended 2013, Feedstock gross profit was Baht 6,230.2 million, decreased by Baht 968.7 million from 2012. Gross profit margin in 2013 was 8.9%, decreased from prior year mainly due to depressed PTA margins across in Asia and Europe, lower volumes due to extended shutdown of around 2 months at Oxide & Glycols site in USA for catalyst change in 2Q13 and 35 days of production loss in PTA at Rotterdam site from technical issues. Please refer to Production and Revenue graph in “Business Segments and Operating Regions sections”.



## Earnings Before Interest Expenses, Income Taxes, Depreciation & Amortization (EBITDA)

| Baht in Millions   | FY 2013         | FY 2012<br>(Restated) | Change (%)    |
|--|-----------------|-----------------------|---------------|
| <b>EBITDA<sup>(1)</sup></b>                              | <b>14,037.6</b> | <b>14,409.8</b>       | <b>(2.6)%</b> |
| Add: Inventory loss/(gain) <sup>(2)</sup>                | 928.3           | (75.9)                |               |
| <b>CORE EBITDA</b>                                       | <b>14,965.9</b> | <b>14,333.9</b>       | <b>4.4%</b>   |
| As a percentage of total revenues from the sale of goods | 6.5%            | 6.8%                  |               |
| Add: Eliminations and others <sup>(3)</sup>              | 35.7            | (132.2)               |               |
| <b>Adjusted CORE EBITDA</b>                              | <b>15,001.6</b> | <b>14,201.7</b>       | <b>5.6%</b>   |
| PET  | 7,635.6         | 6,468.9               | 18.0%         |
| As a percentage of total PET revenue                     | 5.2%            | 4.8%                  |               |
| Fibers & Yarns   | 2,910.4         | 2,233.0               | 30.3%         |
| As a percentage of total Fibers & Yarns revenue          | 6.1%            | 5.3%                  |               |
| Feedstock <sup>(4)</sup>                                 | 4,455.6         | 5,499.8               | (19.0)%       |
| As a percentage of total Feedstock revenue               | 6.3%            | 8.0%                  |               |

<sup>(1)</sup> EBITDA is calculated from sales revenue adding by net foreign exchange gain (loss) and other income, deducting by cost of sales, selling & administrative expenses (excludes depreciation & amortization), management benefits expenses, and adjusting by extraordinary items.

<sup>(2)</sup> Inventory gain loss are the gains or losses on the inventories that IVL carries every month, due to the movement in the prices of finished products and raw materials as per market movements.

<sup>(3)</sup> Eliminations and others include the amounts attributable to intra-group transactions and EBITDA of holding companies.

<sup>(4)</sup> There is no allocation of PTA earnings to PET and Polyester segment (based on the proportion of sales)

CORE EBITDA for the year ended 2013 was Baht 14,965.9 million, an increase of 4.4% from 2012 Baht 14,333.9 million. Core EBITDA is defined as EBITDA add Inventory loss/(gain).

IVL grew Core EBITDA in 2013 over 2012 despite:

- a) depressed PTA margins throughout the year
- b) lower volume due to the catalyst change our Oxide & Glycols site
- c) 35 days of production loss in PTA at our Rotterdam site due to technical issues (covered by insurance)

### PET Core EBITDA

PET Core EBITDA for the year ended 2013 was Baht 7,635.6 million, an increase of 18% from 2012 Baht 6,468.9 million. It grew in 2013 primarily due to higher volume and margin recovery in Asia. Core EBITDA margin also increased slightly to 5.2% in 2013, as a result of lower absolute price in 2013 over last year and margin recovery in Asia.

### Fibers & Yarns Core EBITDA

Fibers & Yarns Core EBITDA for the year ended 2013 was Baht 2,910.4 million, an increase of 30% from 2012 Baht 2,233.0 million. It grew in 2013 primarily due to higher volume and earnings improvement made at Trevira that has been fully consolidated in the company since October 2013 and expansion of HVA products portfolio. Core EBITDA margin also increased slightly to 6.1% in 2013 due to above reasons.

### Feedstock Core EBITDA

Feedstock Core EBITDA for the year ended 2013 was Baht 4,455.6 million, which decreased by 19% from Baht 5,499.8 million in 2012. Feedstock Core EBITDA margin in 2013 was 6.3% as against 8% in 2012. This weakness was primarily driven by depressed PTA margins, lower volume from catalyst replacement at Oxide & Glycols site in the USA around 2 months and 35 days production loss in PTA from technical issues at Rotterdam site.

## Other Revenues

| Baht in Millions                 | FY 2013        | FY 2012<br>(Restated) | Change (%)     |
|----------------------------------|----------------|-----------------------|----------------|
| Interest Income                  | 152.6          | 272.6                 | (44.0)%        |
| Net foreign exchange gain (loss) | 267.0          | 751.2                 | (64.5)%        |
| Gain on a bargain purchase       | 0.0            | 147.5                 | n.a.           |
| Impact of flooding, net          | 1,690.2        | 1,873.0               | (9.8)%         |
| Other income                     | 1,126.3        | 949.6                 | 18.6%          |
| <b>Total</b>                     | <b>3,236.2</b> | <b>3,994.0</b>        | <b>(19.0)%</b> |

### Interest Income

Interest Income for the year ended 2013 was Baht 152.6 million, decreased by Baht 120.0 million or (44.0%) from 2012. This was mainly due to lower cash & cash equivalents in 2013 over 2012.

### Net foreign exchange gain (loss)

Net foreign exchange gain (loss) for the year ended 2013 was Baht 267.0 million, a decrease from 2012 by Baht 484.2 million. This was primarily due to weakening of Baht and Indonesian Rupiah in 2013 as compared to 2012. Generally a weaker Thai baht is beneficial to a global company like IVL as have overseas investments in foreign currencies. However the gain on these overseas investment goes into Translation Reserves in the Shareholders Equity. IVL Translation reserves has grown from Baht (1,226) million in 2012 to Baht 4,803 million in 2013, recording a gain of Baht 6,029 YoY.

### Gains on bargain purchases

There was no gains on bargain purchases during the year 2013. In contrast, during the year 2012 IVL has acquired several businesses where the excess of the Group's interest in the net identified assets and liabilities of the companies acquired over cost (recognized values are higher than the consideration transferred) is considered as gains on bargain purchases, and is recognized in the consolidated statement of income in accordance with generally accepted accounting principles for business combinations. A valuation of Net identified assets acquired and liabilities assumed is done every time and arrived at the recognized values. Fair value adjustments are the difference between the carrying amount and the recognized value. In 2012, IVL had gains on bargain purchases of Baht 147.5 million as per following details:

| Baht in Millions  | Net identified assets acquired and liabilities assumed |                        |                   | Total Consideration | Gain on a bargain purchase |
|---|--|------------------------|-------------------|---------------------|----------------------------|
|   | Carrying amounts                                       | Fair value adjustments | Recognized values |                     |                            |
| Companies acquired during the years ended December 31, 2013 |  |                        |                   |                     |                            |
| Aurus Packaging Limited                                     | 256.9  | 31.3                   | 294.3             | 294.3               | -                          |
|   |  |                        |                   |                     | -                          |
| December 31, 2012 (R)                                       |  |                        |                   |                     |                            |
| FiberVisions Holdings LLC, USA                              | 4,106.6  | 1,388.8                | 5,495.4           | 6,144.6             | -                          |
| Beverage Plastics (Holdings) Limited, United Kingdom        | (60.8)   | 51.0                   | (9.8)             | 2.4*                | -                          |
| Old World, USA  | 5,331.6  | 13,207.0               | 18,538.6          | 24,977.2            | -                          |
| PT Indorama Polypet Indonesia, Indonesia                    | 2,017.0  | (1,222.1)              | 794.8             | 647.3               | 147.5                      |
|   |  |                        |                   |                     | 147.5                      |

\*51% interest acquired

Gain on a bargain purchase is considered by management as extraordinary items which do not arise from normal operation of the business, but included in the net profit of the company. Additional information on each acquisition is provided in the Note 5 - Acquisitions of businesses in the Audited Financial Statements. Net identifiable assets acquired including intangible assets i.e. customer contracts, technology licenses and knowhow, trade name and trademarks, were recognized in the financial statement at fair value, and subject to depreciation, amortization or impairment (If any) in accordance with generally accepted accounting principles disclosed in Note 4 - Significant accounting policies in the Audited Financial Statements.

#### Impact of flooding, net

In 2013, impact of flooding of Baht 1,690.2 million included the insurance claim from unusually severe flooding in parts of Thailand in late 2011, which already recorded as impairment loss in 2011 and 2012. Please refer Note 39 - Impact of severe flooding in Thailand in the Audited Financial Statements for further details on this item.

#### Other Income

Other income for the year ended 2013 was Baht 1,126.3 million, increased from 2012 by Baht 176.7 million or 18.6% mainly due to insurance claim income from business interruption, gain recognized as a result of remeasuring to fair value of the previously held interest on in Trevira and other miscellaneous incomes during the year 2013. Please refer Note 26 - Other income in the Audited Financial Statements for further details on this item.

#### Share of profit (loss) of jointly-controlled entities, net

IVL had share of equity (loss) from joint venture of Baht 1,108.0 million and Baht 889.1 million for the year ended 2013 and 2012 respectively. Share of equity loss from joint venture for the year ended 2013 resulted from underperformance of UAB Ottana Polimeri Europe and PT Indorama Petrochemicals as compared to year 2012. It was also from partial impairment provision of Ottana amounting to Baht 367.3 million. Management and joint venture partners are discussing potential solutions. However, since October 2013 the company has taken the management control of Trevira as a subsidiary company as per changes in the JV terms with the JV partner, Please refer Note 13 - Investment in jointly-controlled entities in the Audited Financial Statements for further details on this item.

#### Expenses

| Baht in Millions            | FY 2013        | FY 2012<br>(Restated) | Change (%)  |
|-----------------------------|----------------|-----------------------|-------------|
| Selling expenses            | 8,948.8        | 8,451.0               | 5.9%        |
| Administrative expenses     | 3,823.3        | 3,366.9               | 13.6%       |
| Management benefit expenses | 76.1           | 109.0                 | (30.2)%     |
| <b>Total</b>                | <b>8,948.8</b> | <b>8,451.0</b>        | <b>5.9%</b> |

Total expenses for the year ended 2013 was Baht 8,948.8 million, increased from year 2012 by Baht 497.8 million or 5.9% as a result of higher spending on selling and administrative expenses in line with the volume growth and inflation factors.

Management benefit expenses decreased slightly due to significant drop in contribution to defined contribution plans and social security expense which are statutory expense. Please refer Note 30 - Employee benefit expenses of the Audited Financial Statements for further details on this item.

#### Finance Costs

Finance costs for the year ended 2013 was Baht 3,811.0 million, an increase by Baht 363.9 million from 2012 was in line with increase in both short - term and long-term loans to support business growth led by acquisitions and expansions.

## Income Tax Expense

Income tax expense for the year ended 2013 was Baht 1,293.9 million, a significant decrease by Baht 777.9 million from 2012 was in line with decrease in earnings in 2013.

## Net Profit

| Baht in Millions   | FY 2013         | FY 2012<br>(Restated) | Change (%)     |
|--|-----------------|-----------------------|----------------|
| <b>Net profit</b>  | <b>1,516.58</b> | <b>2,904.51</b>       | <b>(47.8)%</b> |
| As a percentage of total revenues from the sale of goods | 0.7%            | 1.4%                  |                |
| Profit attributable to:                                  |                 |                       |                |
| Owners of the Company                                    | 1,325.87        | 2,740.15              | (51.6)%        |
| Non-controlling interests                                | 190.71          | 164.36                | 16.0%          |

Net Profit for the year ended 2013 was Baht 1,516.6 million, decreased by Baht 1,387.9 million or (47.8%) from 2012 due to lower earnings as explained above. Please refer Ebitda and Joint venture equity income sections for more details. Mainly driven by depressed PTA margins across the world throughout the year, lower net foreign exchange gain and higher losses from Joint Ventures over the last year. The net profit for the period included extraordinary items i.e. gains on bargain purchases, insurance incomes and related transaction expenses incurred on acquisitions completed. These non-recurring items are not from the normal operation of the business.

## Financial Position

### Total Assets

As of December 31, 2013 and 2012, IVL had total assets of Baht 189,041.8 million and Baht 172,473.9 million, respectively. The increase of 9.6% was mainly due to the growth of business from expansions. Major assets are as follows:

### Trade Accounts Receivable

As of December 31, 2013 and 2012, IVL reported trade accounts receivable of Baht 28,827.2 million, and Baht 25,596.9 million respectively, representing 15.2% and 14.8% of total assets. The company has continued to improve and control the debt management. Allowance for doubtful accounts is in a low narrow range due to this close follow up and collections in time. Aging analysis for trade accounts receivable was as follows:

| Baht in Millions                     | Consolidated Financial Statements |                       |
|--------------------------------------|-----------------------------------|-----------------------|
|                                      | December 31, 2013                 | December 31, 2012 (R) |
| <b>Related parties</b>               |                                   |                       |
| Within credit terms                  | 1,897.3                           | 1,806.0               |
| Overdue:                             |                                   |                       |
| Less than 3 months                   | 45.5                              | 78.9                  |
| 6-12 months                          | 2.8                               | -                     |
| <b>Net</b>                           | <b>1,945.6</b>                    | <b>1,884.9</b>        |
| <b>Other parties</b>                 |                                   |                       |
| Within credit terms                  | 22,350.1                          | 20,108.7              |
| Overdue:                             |                                   |                       |
| Less than 3 months                   | 4,222.9                           | 3,401.1               |
| 3-6 months                           | 225.2                             | 165.2                 |
| 6-12 months                          | 100.1                             | 35.9                  |
| Over 12 months                       | 191.6                             | 189.8                 |
|                                      | <b>27,089.8</b>                   | <b>23,900.7</b>       |
| Less allowance for doubtful accounts | (208.3)                           | (188.8)               |
| <b>Net</b>                           | <b>26,881.6</b>                   | <b>23,711.9</b>       |
| <b>Total</b>                         | <b>28,827.2</b>                   | <b>25,596.9</b>       |

### Inventories

As of December 31, 2013 and 2012, IVL reported inventories of Baht 28,939.6 million and Baht 24,679.5 million respectively, representing 15.3% and 14.3% of total assets. This increase was in line with the expansion and business growth in year 2013.

### Property, plant and equipment

As of December 31, 2013 and 2012, IVL reported property, plant equipment of and Baht 96,213.5 million and Baht 86,724.6 million, respectively, representing 50.9% and 50.3% of total assets. The slight increase in property, plant and equipment resulted from our business expansions through business expansions and acquisitions. Please refer Note 14 - Property, plant and equipment of the Audited Financial Statements for further details on this item.

### Total Liabilities

As of December 31, 2013 and 2012, IVL reported total liabilities of Baht 127,474.1 million and Baht 115,909.2 million, respectively. The increase in total liabilities resulted from increase in loans from financial institutions, issuance of debentures, and higher trade accounts payable which were all in line with the growth of the volumes from business expansions and acquisitions.

### Trade accounts payable

As of December 31, 2013 and 2012, IVL had trade accounts payable of Baht 25,663.2 million and Baht 22,305.1 million respectively. The payment days for the year ended 2013 and 2012 were 40.8 days and 37.5 days respectively. This was in line with the growth of the volumes from business expansions and acquisitions.

### Interest-bearing liabilities

As of December 31, 2013 and 2012, IVL reported interest-bearing liabilities of Baht 85,266.1 million and Baht 80,629.5 million respectively, representing 45.1% and 46.8 % of total liabilities and shareholder's equity. The details of Interest-bearing liabilities are as follows:

| Baht in Millions   | Consolidated financial statements |                       |
|--|-----------------------------------|-----------------------|
|  | December 31, 2013                 | December 31, 2012 (R) |
| <b>Current</b>   |                                   |                       |
| Bank overdrafts and Short-term loans from financial institutions | 16,075.4                          | 13,371.2              |
| Net current portion of long-term loans                           | 3,921.9                           | 5,609.1               |
| Current portion of finance lease liabilities                     | 5.2                               | 41.1                  |
|  | <b>20,002.5</b>                   | <b>19,021.5</b>       |
| <b>Non-current</b>   |                                   |                       |
| Long-term loans from financial institutions                      | 41,463.3                          | 39,980.9              |
| Debentures   | 23,795.7                          | 21,623.8              |
| Finance lease liabilities  | 4.6                               | 3.3                   |
|  | <b>65,263.6</b>                   | <b>61,608.0</b>       |
| <b>Total</b>   | <b>85,266.1</b>                   | <b>80,629.5</b>       |

IVL net operating debt to equity remain at 1.2 times in, which is lower than 1.3 times at the end of year 2012, after spending on the capex and investments of US\$ 224 million in year 2013. IVL net operating debt decreased from US\$ 2,320 million at end of December 31, 2012 to US\$ 2,224 million at the end of December 31, 2013.

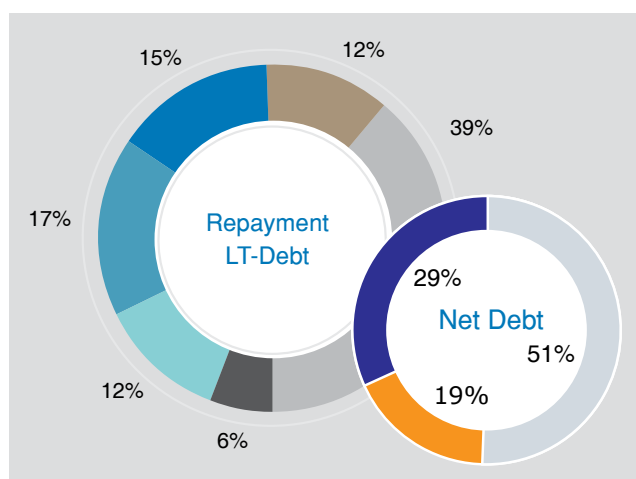
The table below provides movement of total debt and net operating debt in US\$ millions:

| Details  | 2013         | 2012 (R)     |
|--|--------------|--------------|
| <b>Total Debt</b>                                  | <b>2,598</b> | <b>2,632</b> |
| Bank overdraft and short-term loans                | 490          | 437          |
| Long term debt (Current portion)                   | 120          | 184          |
| Debentures (Non-current portion)                   | 725          | 706          |
| Long term debt (Non-current portion)               | 1,264        | 1,305        |
| <b>Cash &amp; Cash under management</b>            | <b>133</b>   | <b>151</b>   |
| Cash and cash equivalents                          | 125          | 143          |
| Current investments and loans given                | 7            | 8            |
| <b>Net Debt</b>                                    | <b>2,466</b> | <b>2,481</b> |
| <sup>(1)</sup> Non-operating Debt (Project Debt)   | 241          | 161          |
| <b>Net Operating Debt</b>                          | <b>2,224</b> | <b>2,320</b> |
| Net operating debt to equity (times)               | 1.2          | 1.3          |
| Net operating long term debt to equity (times)     | 0.9          | 1.0          |
| Debts with fixed interest %                        | 37%          | 37%          |
| Credit Rating by TRIS (Reaffirmed in October 2013) | A+           | A+           |
| <b>Liquidity (US\$ billions)</b>                   | <b>0.8</b>   | <b>0.9</b>   |
| Unutilized credit line (US\$ billions)             | 0.7          | 0.7          |
| <b>Financial Ratios</b>                            |              |              |
| Current ratios (times)                             | 1.3          | 1.3          |
| Interest coverage ratio (times)                    | 3.9          | 4.5          |

Note<sup>(1)</sup> Net debt after debt for capex and investments which are not generating revenue and earnings as on date

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

#### Debt Maturity Profile as on Dec 2013



Total LT debt  
US\$2.1 bn

Fixed: 37%  
Floating: 63%

● 2014 ● 2015 ● 2016

● 2017 ● 2018 ● 2019 & after ● LT Loan ● Debenture ● ST Loan

Net debt: US\$2.5 bn

Effective  
Interest Rate: ~3.7%

Credit rating:  
A+with Stable Outlook

#### 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 are 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 year tranche 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 Baht 780 million with a maturity of 6 years, Baht 880 million with a maturity of 8 years, Baht 1,645 million with a maturity of 10 years, and 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%

On 27 June 2013, IVL successfully completed the fourth issuance of debenture. The Company raised in cash Baht 2,170 million through the issue of unsubordinated and unsecured Baht debentures in a private placement. The debenture issued is for Baht 550 million with a maturity of 5 years, Baht 520 million with a maturity of 7 years, and Baht 1,100 million with a maturity of 10 years. The details of issue are;

5 Year Tranche Baht 550 million Coupon 4.40%  
 7 Year Tranche Baht 520 million Coupon 4.70%  
 10 Year Tranche Baht 1,100 million Coupon 5.10%

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 October 2013.

The terms and condition of the Debenture issuance, mention that Net Debt to Equity Ratio should not exceed 2:1 and as on 31 December 2013 our Net Debt to Equity Ratio is 1.3 times.

### Shareholder's equity

As of December 31, 2013 and 2012, IVL reported shareholder's equity of Baht 61,567.8 million and Baht 56,564.7 million, respectively. The increase in shareholder's equity was mainly due to retained earnings increased from profitability of the company net of dividends paid and the translation reserve increase from the translation gain of overseas investments due to weaker Thai Baht in 2013 over 2012. Please refer "Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.

### Cash Flow

IVL generated Baht 10,379.1 million of cash flow from operating activities in 2013 comparing with Baht 15,503.4 million generated in 2012. The company continued generating strong cash flow despite depressed margins throughout the year 2013, this was due to the improvement of cash flow management.



Cash flows used in investing activities of Baht 6,716.2 million in 2013 were primarily towards acquisition of Aurus Packaging in Nigeria and the balance was spent mainly towards oxide & glycols catalyst change, the ongoing Greenfield polyester project in Indonesia and other projects. The capex and investments have been funded by the mix of long term loans, cash proceeds from debentures issue and cash flow from operations.

Cash flows used in financing activities of Baht 3,928.0 million in 2013 were principally a result of interest paid and dividends paid during the year 2013. In contrast, there was cash flows provided by financing activities of Baht 13,211.7 million from cash proceeds of issuance Thai Baht debentures, and short and long term loans-net of repayment that used to support business growth.

## Key Financial ratios

### Current Ratio

Our current ratio is calculated by dividing total current assets by total current liabilities. The current ratio stood at 1.3 times at the end of 2013, which was same as at the end of 2012. A key focus has been put into place for stringent working capital monitoring and management.

### Return on Equity Ratio (ROE)

Our ROE ratio is calculated by dividing our profit attributable to owners of the company for the period by average total equity attributable to equity holders of the Company. IVL achieved a return on equity of 2.3% and 4.8% in 2013 and 2012, respectively. The ROE decreased due to significant drop in margins in the PTA business. Please refer to the Core Margins graph in “Executive Summary section” of this MD&A.

### Return on Asset Ratio (ROA)

Our ROA ratio is calculated by dividing profit for the period by the average total assets. For the year ended 2013 and 2012, our ROA ratio was 0.8% and 1.8%, respectively. The ROA decreased due to significant drop in margins in the PTA business. Please refer to the Core Margins graph in “Executive Summary section” of this MD&A.

### Debt to Equity Ratio (D/E)

Our D/E ratio is calculated by dividing total liabilities by total shareholder’s equity. As of December 31, 2013 and 2012, our D/E ratio was 2.1 times and 2.0 times respectively. Our Net Interest Bearing Debt to Equity Ratio is calculated by dividing our interest-bearing liabilities-net of cash and cash equivalent by total shareholder’s equity. As of December 31, 2013 and 2012, our net interest bearing debt to equity stood at the same of 1.3 times. The Company raised in cash through the issue of Thai Baht debentures in June 2013 and additional long-term loans from financial institutions, which was used in acquisitions, ongoing expansions and working capital needs.

# RISK FACTORS

## 1. Business Risk

### 1.1 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.

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

### 1.3 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.

## 2 Production Risk

### 2.1 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 materials, 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 year 2012 the Company entered into supply agreements for its partial PX and Ethylene requirements, the balance was purchased from spot markets at market prices.

## 2.2 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.

## 2.3 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. Additionally, the company has invested in fixed assets that protected potential vulnerable areas from natural disasters. For instance, the extra-high wall was built at Lopburi plant to protect 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.

## 2.4 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.

## 3. Management Risk

### 3.1 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.

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

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

The 'Indorama' wordmark belongs to Lohia Global Holdings Limited, a company controlled by Mr. M.L. Lohia. IVL has non-exclusive license for its use pursuant to a License Agreement with Lohia Global Holdings Limited and pays royalty fee to Lohia Global Holdings Limited for the use of 'Indorama' wordmark under the above said agreement. The S.P. Lohia Group and the O.P. Lohia Group also use the Indorama wordmark. We do neither control nor know how the S.P. Lohia Group and the O.P. Lohia Group uses the Indorama wordmark and cannot assure you that their actions will not adversely impact the reputation associated with the Indorama wordmark

## 4. Financial Risk

### 4.1 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.

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

As a result of the global nature of our business, changes in foreign currency rates could have an adverse impact on our business, financial condition, results of operations and prospects. Currency fluctuations affect us because of mismatches between the currencies in which operating costs are incurred and those in which revenues are received. We sell products that are typically priced by reference to prices in U.S. dollars or Euros, while a portion of operating costs are incurred in local currencies, including the Baht, Pound Sterling pound, 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, the company primarily utilizes forward exchange contracts with maturities of less than one year to hedge certain financial assets and liabilities denominated in foreign currencies and 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. Interest rate risk is the risk that future movements

in market interest rates will affect the results of the company's operations and its cash flows. However, the company has mitigated the risk by using derivative financial instruments, principally interest rates swaps, contracting a fixed interest rate and the issuance of debentures in Thai Bond market to manage exposure to fluctuations interest rates on borrowings.

Credit risk is also the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company 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. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The 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.

#### 4.3 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, cashflows, financial condition, contractual restrictions and restrictions imposed by applicable law and other factors the Board of Directors deems relevant.

## 5. Other Risks

### 5.1 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 of 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 the projects or activities which may cause serious impact on the community with regard to the quality of 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 its judgment in this case.

During the appeal proceedings, since the project of Indorama Petrochem is not within a project in which the permission is revoked by the CAC, Indorama Petrochem therefore can operate the business of the PTA facility. However, the Company cannot ensure that the court proceedings and the judgment to be rendered by the SAC will not cause an impact on the project of Indorama Petrochem to the extent that the permission will be revoked or the construction of buildings or the business operation of Indorama Petrochem will be suspended.

The operation of the plant is continuing normally.

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 its judgment in this case.

The operation of the plant is continuing normally.

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

Legal requirements have been enacted in various jurisdictions in the United States and elsewhere requiring that deposits or certain ecotaxes or fees be charged for the sale, marketing and use of certain nonrefillable beverage containers.



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

### 5.3 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.

# INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors of IVL has assigned Audit Committee of IVL to supervise the financial reporting process of the Company and its subsidiaries in accordance with generally accepted and consistently applied accounting standards and in line with the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well as concerned legislations. The responsibilities of the Audit Committee also includes reviewing the Company performance in compliance with corporate governance principles, maintaining suitable, effective, and well-recognized internal control and audit systems, selection and recommendation of external auditors, and any other tasks as designated by the Board of Directors.

The Company has in-house Internal Audit Department reporting directly to the Audit Committee. The Internal Audit Department is responsible for reviewing the adequacy of internal control systems for IVL and its all subsidiaries. The Internal Audit Department reports its findings and recommendations to the Management and the Audit Committee. The Audit Committee periodically reviews the internal audit findings with the Internal Audit Department. The Audit Committee together with the Internal Audit Department ensures that recommendations for improvement of internal controls are implemented by the respective entities. The Internal Audit Department carries out the internal control reviews of various business processes of IVL and all subsidiaries including overseas subsidiaries. The objective of internal control reviews is to ensure that there exist an effective system of internal controls which provide reasonable assurance regarding achievement of Company's objectives.

The Board of Directors of the Company in the Meeting No. 1/2014 held on 12 January 2014 which was attended by all members of the Audit Committee, after considering the recommendation of the Audit Committee, has evaluated the opinion for the internal control systems of the Company and its subsidiaries for the year 2013 and found the internal control system satisfactory. Below is a summary on the Sufficiency of Internal Control Systems of the Company and its subsidiaries:

## Control Environment

The Company has set its vision and mission statements and informed all employees. This forms the basis of employee goals and objectives at all the operating units.

The Company defines the goals and objectives of all its operating units yearly and the steps to be followed in achieving the Company's objectives and reviews it from time to time. IVL encourages teamwork and firmly believes in team performance and rewards rather than individual incentives. All employees are rewarded appropriately considering their performance of the group. There is a policy in this regard clearly specifying how bonuses and incentives are to be formulated for employees. The Company has in place an annual performance evaluation system (PMS) for all its employees.

The Company has a well-structured organization structure in place which indicates the individual's responsibility for key businesses and other functions. The Company has Internal Audit Department which reports functionally to the Audit Committee of the Company. The organization structure clearly mentions the reporting structure of Internal Audit to the Audit Committee. Need based training and exposure through rotation are the tools used for enhancement of knowledge, skills and the capabilities of employees. The Company has Succession Planning for Life Line positions which is evident in the Balanced Score Card of the Group CEO (GCEO) and Segment Heads. The GCEO has a succession plan for top life line positions including his own. The list of successors is discussed by GCEO with the Independent Directors of the Board under Nomination, Compensation & Corporate Governance Committee (NCCG). This is also mentioned in the Corporate Governance Charter of the Company. IVL has detailed Code of Conduct for its Directors, executives and employees. The Code of Conduct of the Company has been announced to all the employees of the Company and is signed off by them. All the new employees are provided with the copy of Code of Conduct as part of their orientation program and their sign off is obtained. All the employees are required to sign the Code of Conduct in case of any revision in Code of Conduct. The Code of Conduct for employees and Directors is published on the website of Indorama Ventures Public Company Limited.

## Risk Assessment

IVL has an Enterprise Risk Management Committee. There is an effective process to identify and manage business risks. Respective Business Heads who are also members of the Risk Management Committee closely monitor key business risks and the respective management teams regularly review the underlying factors that may cause the risks so that the risks are identified and analysed periodically and adequate preventive measures/ controls are taken for risk mitigation. The Company has Enterprise Risk Management Charter which has been approved by the ERM Committee and Board of Directors. The Enterprise Risk Management Charter emphasizes developing/creating awareness of risk and embedding the 'Risk Culture' amongst all the employees, at all levels, of each business segment in every plant in the Organization. As part of embedding the 'risk culture', the Committee has further advised to inculcate the system of identifying the root cause of the risk, especially those of a repetitive nature, and to take appropriate risk mitigation action to curb the occurrence of such risks in future. All the significant risks identified are recorded in the risk management report maintained by the Business Core Committee and other sub-committees at plant level. The risk management report includes probability of risk and its impact together with the action plan for risk mitigation. The risk management report together with the risk mitigation plan is reviewed quarterly by the Business Core Committee and sub-committees. Various policies, procedures and internal control systems of the Company and its subsidiaries provide an efficient system of checks and balances to ensure that any possible fraud is detected.

## Control Activities

All the operating units of IVL have policyies and procedures in writing with regard to general management, procurement, sales and marketing and financial activities for all its units. IVL also hasan Accounting Policy Manual inline with Thai Accounting Standards and IFRS to be followed across all subsidiaries of IVL. This, together with the financial authority manual ensures that adequate controls and checks are exercised by the management to operate efficiently and to mitigate the risk of frauds or misappropriation. The Financial Authority Manual is also being implemented for all the newly acquired subsidiaries of IVL. There is an adequate segregation of duties in respect of authorization, recording and custody of assets at all units. The IT Department of the Company does not have any authority to approve or record transactions. All the information related to major shareholder, Directors, management and related persons is maintained by the Secretarial Department of the Company. There is a well defined process for granting access rights to electronic information. There exists a process of communicating to all new employee about the IT Security Policy of the Company. The IT Security Policy is also communicated to all existing employees annually.

There is an internal policy on connected and related party transactions which very clearly stipulates what is a connected transaction, who is a connected/related party and the procedure to be followed in case the Company enters into a connected transaction. All connected transactions have to follow the rules and regulations of the SEC/SET. As per the Regulations of the SEC/SET, depending on the size of the transaction a new connected transaction is reviewed by the Audit Committee and recommended to the Board for their approval. Every quarter a statement of all connected transaction is submitted to the Audit Committee and the Board. All the connected party transactions are business driven. Persons granting authorizations have no interest from those activities and the Company and its executives are fully aware of the rules and guidelines of SEC/SET and the internal guidelines adopted in this regard. All the connected party transactions above prescribe limits are approved by the Audit Committee of IVL. The rationale, benefit to the Company and pricing mechanism for each connected party transaction is first considered by the Audit Committee and then by the Board. The Company ensures and follows the guidelines on the classification of connected party transactions as prescribed by the SEC/SET to ensure that the transactions are on arms length basis.

Connected party transaction policy is reviewed periodically by the management and Audit Committee. All subsidiaries and associates of IVL have common directors who regularly monitor the operations of the subsidiaries and ensure that they are in line with the overall objectives of IVL. The IVL Board is briefed regularly on the performance of the subsidiaries. Minutes of subsidiary units are provided at each quarterly meeting of the Board.

It is the policy of the Company to strictly abide by all laws and regulations in force. Compliance of the same is reviewed by the legal department and Internal Audit. A Compliance Certificate is obtained from the respective Plant Head confirming or informing the status of the compliance with all applicable laws and regulations, statutory filings and is reported to the Audit Committee on a quarterly basis and to the Board on need basis. The Company has Disaster Recovery Plan for IT processes to bring the IT system back to normal within the time frame. The Company is in the process of developing Business Contingency Plan to ensure business continuity in case of any disaster.

### Information and Communication

The Company/ management ensure adequate and sufficient information is provided to the Board for their review and consideration. The minutes of the meeting of Board of Directors are prepared by the Company Secretary. The minutes cover all the aspects of discussion held during the Board meeting. The minutes of the meeting are reviewed by all the directors and signed off by the Chairman of the Meeting. IVL has the Accounting Policy manual in line with Thai Accounting Standards and IFRS which is followed by all its subsidiaries. Accounting policies of the Company are also reviewed by the external auditors of the Company. The Company Secretary and the Audit Committee Secretary fulfil any requirement / information / provide assistance to the Directors as per their request. The Company has Whistle Blower Policy which provides a channel to employees to lodge any anonymous complaint. The Website of the Company provides various communication channel for external parties e.g. Company Secretary, Investor Relations, HR Department etc. The Legal & Secretarial Department of the Company are authorised to communicate with the regulators. Website of the Company provides a channel of communication to external parties to contact directly with independent directors by sending an email at [independentdirectors@indorama.net](mailto:independentdirectors@indorama.net).

### Monitoring

Annual operational and performance budget of IVL and its subsidiaries are reviewed and approved by the Board of Directors. The Company's performance is reviewed by Board of Directors on quarterly basis which include comparison of actual performance with budget. Further, the Company's quarterly consolidated financial statements are reviewed and approved by the Audit Committee in their quarterly meeting. Further, the Audit Committee reviews the annual audited financial statements and recommends to the board for their consideration and approval. The Company's Internal Audit Department reviews the internal control system throughout the various business processes across subsidiaries as per the annual Internal Audit Plan approved by the Audit Committee. The Internal Audit reviews for various business processes across subsidiaries and give special emphasis on the adequacy and effectiveness of internal controls. Moreover at each quarterly meeting the Audit Committee also reviews management letter from external auditors for all the units. As per the organization structure of the Company, the Internal Audit Department has direct reporting to the Audit Committee. The Audit Committee approves the Annual Internal Audit Plan. The Internal Auditors discuss the audit findings with the auditee department and CEO/COO and then presents the final report to the Auditee and Management. Presentation of Internal Audit Department on significant finding is periodically reviewed by the Audit Committee. The Internal Audit Department reports the internal control weaknesses, recommendations for improvement of controls along with the corrective action plan for implementation to the Audit Committee on half yearly basis.

## Head of Internal Audit and Head of Compliance

### 1. Head of Internal Audit

The Company has its own Internal Audit Department, Internal Audit Manual and Internal Audit Charter. The Audit Committee has the authority to approve the appointment, transfer and dismissal of the Head of Internal Audit. The Audit Committee has appointed Mr. Anil Kumar Ailani as the department head. The Internal Audit Department is entrusted to carry out internal audit activities of the Company and its subsidiaries under the supervision of the Head of Internal Audit. The Internal Audit Department reports functionally to the Audit Committee.

### 2. Head of Compliance

The Company has appointed the Company Secretary, Mr. Souvik Roy Chowdhury as the Head of Compliance in order to review and evaluate the various statutory and legal compliances for all IVL units and to ensure that they are in accordance with the applicable rules and regulations and company policies.

# 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 of 31 December 2013 with the rationale for each:

## I. Normal Business Transactions

| Transaction by  | Connected Party                      | Relationship   | Type of transaction                | Rationale  | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|---|--------------------------------------|--|------------------------------------|--|---|--|--|
| Indorama Petrochem Ltd. and TPT Petrochemicals Pcl.                             | Indo Rama Synthetics (India) Ltd.    | Mr. O.P. Lohia, a major shareholder of Indo Rama Synthetics (India) Ltd., is a blood brother of Mr. Aloke Lohia, director of Indorama Petrochem Ltd. and TPT Petrochemicals PCL.   | 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. | 4,632.76                                   | This transaction will continue based on normal agreed terms. |
| Indorama Petrochem Ltd. and TPT Petrochemicals Pcl.                             | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | 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. | 459.80                                     | This transaction will continue based on normal agreed terms. |
| PT. Indorama Ventures Indonesia and PT. Indorama Polyester Industries Indonesia | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Sale of Polyester Filament Yarn    | PT. Indorama Synthetics Tbk is a Polyester manufacture and distributor, which use Filament Yarn as a major raw material. | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 128.31                                     | This transaction will continue based on normal agreed terms. |

| Transaction by                           | Connected Party                      | Relationship   | Type of transaction   | Rationale  | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|--|--------------------------------------|--|---|--|---|--|--|
| Indorama Polyester Industries Pcl.       | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Sale of all kinds of polyester products such as Polyester Chips including recycled chips, Filament Yarn, PSF including recycled Fiber, HCF and BICO Fiber | IPI is selling its product to different customer in order to explore the possibility of selling more products to PTIRS at prevailing market prices as and when any opportunity arises going forward.   | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 974.25                                     | This transaction will continue based on normal agreed terms. |
| Wellman International Limited (WIL)      | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchases Substandard PET Chips   | Wellman International Limited uses substandard 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. | 87.23                                      | This transaction will continue based on normal agreed terms. |
| Indorama Polyester Industries Pcl. (IPI) | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of Polyester Resin Chips   | IPI is in the process of establishing a Bi component Staple Fiber manufacturing plant at Rayong and for the production of this product, Polyester chips of a certain quality is required. The chips produced by PTIRS have been approved by the technology licensors Toyobo as one of RM source. | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 1.71                                       | This transaction will continue based on normal agreed terms. |
| PT. Indorama Polypet Indonesia (PTIPPI)  | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of Polyester waste   | PTIPPI has potential to sell waste with good margin while PTIRS has regular production of White Lump waste of approximately 10 MT/ month and SSP dust of approximately 8 MT/ month and can supply to PTIPPI.   | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 2.20                                       | This transaction will continue based on normal agreed terms. |



| Transaction by  | Connected Party                      | Relationship   | Type of transaction   | Rationale  | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|---|--------------------------------------|--|---|--|---|--|--|
| Indorama Ventures Polymers Mexico, S. de R.L. de C.V. | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of Polyester Filament Products and PET Products of PTIRS | Sale of non-related products to service customer requirements with some margin   | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 63.84                                      | This transaction will continue based on normal agreed terms. |
| FiberVisions A/S                                      | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of Polyester Semi Dull Chips                             | To use as raw material   | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 16.21                                      | This transaction will continue based on normal agreed terms. |
| PT. Indorama Polychem Indonesia (PTIPCI)              | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Sale of Polyester Textile Chips and Polyester Waste               | PTIPCI sold some quantity of polyester textile chips to PTIRS to get feedback on quality concerns, if any, before the product is being exported. Further, polyest waste also willbe sold to PTIRS as they use the same as one of their raw material. | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 2.32                                       | This transaction will continue based on normal agreed terms. |

| Transaction by                           | Connected Party             | Relationship   | Type of transaction                    | Rationale              | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|--|-----------------------------|--|--|------------------------|---|--|--|
| PT. Indorama Polypet Indonesia (PTIPPI)  | PT. Indorama Petrochemicals | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT Indorama Synthetics Tbk, which is one of the major shareholder of PT Indorama Petrochemicals and Mr. SP Lohia family holds, directly or indirectly, majority shareholding in Indorama Synthetics Tbk. Further, Mr.S.P.Lohia is the President Commissioner and Mr.Amit Lohia is the Director of PT Indorama Petrochemicals. | Purchase of Purified Terephthalic Acid | To use as raw material | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 976.25                                     | This transaction will continue based on normal agreed terms. |
| PT. Indorama Polychem Indonesia (PTIPCI) | PT. Indorama Petrochemicals | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT Indorama Synthetics Tbk, which is one of the major shareholder of PT Indorama Petrochemicals and Mr. SP Lohia family holds, directly or indirectly, majority shareholding in Indorama Synthetics Tbk. Further, Mr.S.P.Lohia is the President Commissioner and Mr.Amit Lohia is the Director of PT Indorama Petrochemicals. | Purchase of Purified Terephthalic Acid | To use as raw material | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 213.82                                     | This transaction will continue based on normal agreed terms. |
| PT. Indorama Ventures Indonesia (PTIVI)  | PT. Indorama Petrochemicals | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT Indorama Synthetics Tbk, which is one of the major shareholder of PT Indorama Petrochemicals and Mr. SP Lohia family holds, directly or indirectly, majority shareholding in Indorama Synthetics Tbk. Further, Mr.S.P.Lohia is the President Commissioner and Mr.Amit Lohia is the Director of PT Indorama Petrochemicals. | Purchase of Purified Terephthalic Acid | To use as raw material | The price paid is a negotiated price at arm's length basis based on prevailing market prices. | 274.46                                     | This transaction will continue based on normal agreed terms. |

## II. Supporting Normal Business Transactions

| Transaction by  | Connected Party                           | Relationship  | Type of transaction  | Rationale   | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|---|---|---|--|---|---|--|--|
| Indorama Pet (Nigeria) Limited (IPNL) and Aurus Packaging Limited (APL) | Indorama Eleme Petrochemicals Ltd. (IEPL) | The ultimate major shareholder of IEPL is Mr. S.P. Lohia who is a Chairman of Indorama Ventures Pcl.  | Purchase of Power and other utilities  | Since IPNL and APL needs power and other utilities for its SSP plant operations, purchases the same from IEPL.  | Price is paid at a discount or as per the rates prevailing in the market at arm's length basis. | 13.46                                      | Contract which is initially for 5 years can be renewed further on mutually agreed terms. |
| Auriga Polymers Inc.  | PT. Indorama Synthetics Tbk.              | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr.S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of Filament Yarn  | Sale of non-related products to service customer requirements and to create new market.   | Price paid based on prevailing market price.  | 23.74                                      | This transaction will continue based on normal agreed terms.                             |
| Indorama Ventures Polymers Mexico, S. de R.L. de C.V. (IVPM)            | PT. Indorama Synthetics Tbk.              | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr.S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of products of PTIRS and sale of the same to the customers with some margin | Sale of non-related products to service customer requirements and to create new market.   | Price paid based on prevailing market price.  | 0.29                                       | This transaction will continue based on normal agreed terms.                             |
| Indorama Polyester Industries PCL. (IPI)                                | PT. Indorama Synthetics Tbk.              | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr.S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Sale of Chips and purchase of Fire Retardant Yarn                                    | There is no converter in Thailand to convert Chips to Fire Retardant Yarn. PTIRS is doing the conversion to IPI. This way IPI able to retain the customer and also get good margin. | Price paid based on prevailing market price.  | 58.65                                      | This transaction will continue based on normal agreed terms.                             |

| Transaction by                    | Connected Party                    | Relationship  | Type of transaction | Rationale   | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|-----------------------------------|------------------------------------|---|---------------------|---|---|--|--|
| Indorama Petrochem Limited (IRPL) | PT. Indorama Petrochemicals (PTIP) | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT Indorama Synthetics Tbk, which is one of the major shareholders of PT Indorama Petrochemicals and Mr. SP Lohia family holds, directly or indirectly, majority shareholding in Indorama Synthetics Tbk. Further, Mr.S.P.Lohia is the President Commissioner and Mr.Amit Lohia is the Director of PT Indorama Petrochemicals. | Sale of Catalyst    | Catalyst, which was available with IRPL for its future requirement, was supplied to PTIP at cost due to urgent requirement and to avoid delay in restart of the operations of PTIP. | The catalyst was supplied on cost basis without any margin. | 90.50                                      | This is a onetime transaction and is not expected to occur in near future. |

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

| Transaction by                          | Connected Party          | Relationship   | Type of transaction  | Rationale  | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward   |
|---|--------------------------|--|--|--|---|--|---|
| Indorama Polyester Industries PCL (IPI) | Pacific Resources Ltd.   | Mr. Anuj Lohia, a son of Mr. Aloke Lohia, is the major shareholder of Pacific Resources Ltd. | Lease of office space at Ocean Tower 2, 28 <sup>th</sup> fl. Bangkok, Thailand 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. | 5.24                                       | The lease agreement will continue based on normal agreed terms.   |
| Indorama Polyester Industries PCL (IPI) | Cryoviva (Thailand) Ltd. | Mr. Aloke Lohia, is a common director in both the entities.                                  | IPI has rented out office space at 3rd floor of the front office building at Nakhon Pathom, Thailand 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. | 2.19                                       | This lease agreement shall be started from 1st August, 2011 to 31 July, 2014 and after every 3 years lease can be renewed at mutually agreed terms and conditions |

| Transaction by                           | Connected Party                      | Relationship   | Type of transaction  | Rationale  | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|--|--------------------------------------|--|--|--|---|--|--|
| PT. Indorama Polychem Indonesia (PTIPCI) | PT. Irama Unggul (PTIU)              | Mrs. Aarti Lohia is Commissioner of PT. IU. She is Mr. Amit's wife who is the director of IVL and Mr. S.P. Lohia family holds directly or indirectly majority shareholding in PT. IU.  | PTIPCI has taken office space at Graha Irama Building, Jakarta, Indonesia on lease from PTIU.  | 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. | 1.29                                       | The lease agreement will continue as per the mutual agreed terms.                                  |
| PT. Indorama Ventures Indonesia (PTIVI)  | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | PTIVI lease of office space from PRIIRS:<br>- Graha Irama Building, Jakarta, Indonesia; and<br>- Batu Jajar, Bandung, Indonesia to PTIVI | 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. | 0.62                                       | The lease agreement is for 3 years with an option to renew for further period with mutual consent. |

#### IV. Transactions relating to Assets / Services

| Transaction by  | Connected Party                           | Relationship  | Type of transaction                                  | Rationale  | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward   |
|---|---|---|--|--|---|--|---|
| The operating subsidiaries of IVL                                       | Lohia Global Holdings Limited             | Mr. M.L Lohia is a major shareholder of Lohia Global Holdings Limited and he is a father of Mr. S.P. Lohia and Mr. Aloke Lohia, directors of IVL. | Use of Indorama Wordmark by paying royalty fee       | The wordmark "Indorama" is owned by Lohia Global Holdings Limited which has licensed the use of the 'wordmark' by IVL and its subsidiaries.                        | Royalty Fee is paid at the rate of USD 0.50 per metric ton of net production. | 94.14                                      | This transaction will continue with the mutual agreed terms and conditions.                         |
| Indorama Pet (Nigeria) Limited (IPNL) and Aurus Packaging Limited (APL) | Indorama Eleme Petrochemicals Ltd. (IEPL) | Mr. S.P. Lohia and Mr. Amit Lohia are the common directors of IEPL and IVL and the ultimate major shareholder of IEPL is Mr. S.P. Lohia .         | Land Lease at Nigeria for setting up of their plants | IEPL, owner of the land at Nigeria, has leased some of its land to IPNL and APL on long term lease with an option to renew further for setting up of their plants. | As per prevailing market rate   | 3.51                                       | The lease agreement is for 15 years with an option to renew for further period with mutual consent. |

| Transaction by                           | Connected Party                           | Relationship   | Type of transaction                 | Rationale   | Pricing Method   | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|--|---|--|-------------------------------------|---|--|--|--|
| Indorama Pet (Nigeria) Ltd. (IPNL)       | Indorama Eleme Petrochemicals Ltd. (IEPL) | Mr. S.P. Lohia and Mr. Amit Lohia are the common directors of IEPL and IVL and the ultimate major shareholder of IEPL is Mr. S.P. Lohia .  | 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. | 0.55                                       | At the expiration of the lease, the lease may further be extended at fresh terms and conditions as may be agreed upon by both the parties. |
| Pt. Indorama Polychem Indonesia (PTIPCI) | PT. Indorama Synthetics Tbk. (PTIRS)      | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | 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.                             | 0.50                                       | The lease agreement is for 15 years with an option to renew for further period with mutual consent.  |
| Pt. Indorama Polychem Indonesia (PTIPCI) | PT. Indorama Synthetics Tbk. (PTIRS)      | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL. | Purchase of Oil Fired Boiler        | The "Oil Fired Boiler" from PTIRS is readily available; hence it will save time to install and activate at no additional cost. This option is the best economic, as PTIRS shall extend during installation and train the PTIPCI technical team. Purchase from the market requires to incur additional cost for Freight, Duty and installation. The new OFB is much expensive as compared to the one purchased from PTIRS. | As per the comparable market price of the OFB of similar make and year of manufacture.                           | 2.30                                       | This is a one time transaction.  |

| Transaction by                          | Connected Party                      | Relationship   | Type of transaction   | Rationale   | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|---|--------------------------------------|--|---|---|---|--|--|
| Indorama Polyester Industries Pcl       | PT. Indorama Synthetics Tbk. (PTIRS) | Mr. S.P. Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk; Mr. S.P Lohia is the President Commissioner and Mr. Amit Lohia is the President Director of PT. Indorama Synthetics Tbk, and Mr. S.P. Lohia is the Chairman of IVL, Mr. Amit Lohia is the Director of IVL.   | Purchase of Poly Reactor Pilot Plant  | To scale up the product development in the Batch polymerization at IPI .  | As per the comparable market price of similar market and year of manufacture. | 0.85                                       | This is a one time transaction.  |
| Indorama Petrochem Limited (IRPTA)      | PT. Indorama Petrochemicals (PTIP)   | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT. Indorama Petrochemicals. In addition, PT. Indorama Synthetics Tbk is one of the major shareholders of PT. Indorama Petrochemicals and Mr. SP Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk. | Extension of support in sourcing some raw materials, sale of spare parts, chemicals, stores etc | 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.             | 258.40                                     | This transaction will continue on needed basis based on mutual agreed terms. |
| PT. Indorama Polypet Indonesia (PTIPPI) | PT. Indorama Petrochemicals (PTIP)   | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT. Indorama Petrochemicals. In addition, PT. Indorama Synthetics Tbk is one of the major shareholders of PT. Indorama Petrochemicals and Mr. SP Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk. | Sharing of man power  | Since both plants, PTIPPI and PTIP being co-located, the cost of man power is shared to obtain synergy and conserve the cost of manpower. | The cost of man power is charged at cost to respective plant .                | 4.60                                       | Sharing of some man power for some common services shall continue.           |



| Transaction by   | Connected Party                          | Relationship   | Type of transaction   | Rationale   | Pricing Method  | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|--|--|--|---|---|---|--|--|
| PT. Indorama Polypet Indonesia (PTIPPI)                        | PT. Indorama Petrochemicals (PTIP)       | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT. Indorama Petrochemicals. In addition, PT. Indorama Synthetics Tbk is one of the major shareholders of PT. Indorama Petrochemicals and Mr. SP Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk. | Sale/Purchase of Utilities  | Since PTIPPI and PTIP are colocated, the transaction is to obtain synergy, to serve the cost of utilities, common facilities and help in case of exigencies to save cost and protect the interest of both entities. | The price will be on usage basis at the prevailing market prices as on the date of usage. Net amount will be payable by PTIPPI. | 0.15                                       | The transaction shall continue at justifiable terms on arm's length basis.   |
| Indorama Petrochem Ltd (IRPL) and TPT Petrochemical Pcl. (TPT) | PT. Indorama Petrochemicals (PTIP)       | Mr. S.P. Lohia, Chairman of IVL, is the President Commissioner and Mr. Amit Lohia, Director of IVL, is the President Director of PT. Indorama Petrochemicals. In addition, PT. Indorama Synthetics Tbk is one of the major shareholders of PT. Indorama Petrochemicals and Mr. SP Lohia family holds directly or indirectly, majority shareholding in PT. Indorama Synthetics Tbk. | Reimbursement of the cost of manpower   | The expertise of man power of IRPL and TPT has been used in restarting of PTIP plant which was shut down for a long period.   | Reimbursement of cost of the man power for the time spent.  | 3.45                                       | The employees of IRPL and TPT are working on this project from 2012 to 2013. |
| Indorama Ventures Pcl.   | Indorama Commerce DMCC, Dubai, UAE (IRC) | Indorama Commerce DMCC, Dubai, UAE is a company which belongs to Mr. SP Lohia group. Mr. SP Lohia is Chairman and Mr. Amit Lohia is Director of IVL, Thailand.   | Provision of man power services by IRC for the proposed Aromatics project of IVL in EAE | The man power services of IRC shall be used for the proposed Aromatics project until the incorporation of JV Company by IVL and the JV partner.   | IRC is providing the above services purely on cost basis as per the actual amount without any margin/gain/benefit.              | 6.05                                       | The services of IRC shall be used until the incorporation of JV Company.     |

| Transaction by  | Connected Party       | Relationship   | Type of transaction  | Rationale   | Pricing Method                               | Year Ended 31 December 2013 (Amount in MB) | Going Forward  |
|---|-----------------------|--|--|---|--|--|--|
| Following Subsidiaries of IVL:<br><br>Alphapet Inc.,<br>Auriga Polymers Inc.,<br>Indorama Polymers Pcl,<br>Indorama Ventures (Oxydes & Glycols) LLC,<br>Indorama Ventures Poland Sp.z.o.o.,<br>PT. Indorama Ventures Indonesia,<br>Starpet Inc., UAB<br>Indorama Polymers Europe,<br>UAB Orion Global PET | Vega Aviation Limited | Vega Aviation Limited is a company which is 100% owned by Canopus International Limited, Mauritius, a company owned by the family of Mr. SP Lohia and Mr. Alope Lohia. | Dry lease of Gulfstream 550 Aircraft on yearly basis with certain conditions | To facilitate senior management in their various business trip scattered around the globe on timely and cost effective basis. | The dry lease will be at arm's length basis. | 76.82                                      | Agreement is for a period of one year and can be renewed, if mutually agreed to by both parties on yearly basis. |

## The Audit Committee Opinion on the Connected Transaction

The above connected transactions have been considered and opined by the Company's Audit Committee that the aforesaid connected transactions are reasonable and undertaken in the interest of the Company's business. While entering into these transactions, the Committee considers the best interest of the Company. No additional benefit has been transferred between the Company and the persons who have the conflict of interest.

## Policy and Procedure to Approve Connected Transaction

In the event that the Company carries out its business with the connected persons who may have a conflict of interest with the Company, the Audit Committee will express its opinion regarding the necessity of such transactions. The Audit Committee will ensure that terms and conditions of these transactions are consistent with market practice and prices charged for these transactions are evaluated and compared with market prices. In the event that market price is not available, the Audit Committee must ensure that these prices are reasonable and the transactions are carried out in the best interest of the Company and its shareholders. If the Audit Committee is unable to evaluate connected transactions due to lack of expertise in certain areas, the Company will arrange an independent expert to evaluate and give opinion on such transactions. The Board of Directors or Audit Committee or the Company shareholders, as the case may be, will use this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have conflict of interest with the Company are prohibited from either voting or attending the meeting on matters regarding to the said connected transactions and disclose in Annual Report and Annual Registration.

## Policy on the Entering into a New Connected Transaction

For any new connected transaction, the respective unit would need to contact the Secretary of the Audit Committee and inform about the proposed transaction, its rationale, value of transaction, pricing, terms and conditions in order for the Secretary of the Audit Committee to classify under which category of connected transaction it would fall into and to get necessary approval from the Management/Audit Committee/ Board/Shareholders as required. Moreover, the Company will ensure that such transactions are carried out in compliance with the SEC Act, Rules, Notifications and Regulations of the Capital Market Supervisory Board, SEC and SET. In addition, the Company also comply with the disclosure rules related to connected transactions and the Company's policy. All connected transactions are reviewed and confirmed by the Internal Audit department.

In addition, when the Company proposes to conduct its business with a connected person, the Company will seek the Audit Committee's opinion on the reasonableness of such transactions. It is the intention of the Company and its subsidiaries not to enter into any connected transactions with their directors or executives.

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

However for any connected transaction other than offer and/or receipt of financial assistance, the management can approve a single transaction of up to a value of USD 50,000 and not over USD 100,000 in aggregate for such transaction in a fiscal year. Such transactions will be separately reported quarterly to the Audit Committee/Board by Internal Audit Department.

Transaction values over the said prescribed limit will follow the normal approval process.

The connected transaction policy is periodically reviewed by the Audit Committee.

# DIVIDEND PAYMENT POLICY

## Indorama Ventures PCL

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.

## Subsidiary Companies

The payout of dividends by the IVL subsidiaries to IVL is up to 80% of their net profit after tax and after appropriation to 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 for production expansion or as a support in case of changing market conditions or as required to manage the future cash flows.

# CORPORATE GOVERNANCE REPORT 2013

Indorama Ventures PCL (IVL) is committed to the highest standard of corporate governance and strongly believes in striking a balance between economic and social goals.

The Board of Directors of IVL believes that corporate governance is a key to create credibility for the company as it enables the company to a sustainable growth and increases long term value for its various stakeholders. The Board and management therefore 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 in the most transparent and ethical manner.

## 1. Corporate Governance Policy

IVL has in place a written Corporate Governance Policy and the policy follows the guidelines set out by the SET and the criteria of Corporate Governance of OECD principles covering the following: a) Rights of Shareholders b) Equitable treatment of Shareholders c) Role of Stakeholders d) Disclosure and transparency e) Responsibility of the Board of Directors. The Policy defines the framework of duties and responsibilities of the Board of Directors, management and employees.

### Corporate Governance Awareness Campaign 2013

To ensure the continuous practice of the highest standards of Governance and to reinforce that everyone working at IVL is aware of and understands all Corporate Governance related policies and that they are implemented in the spirit that they were created the Board of Directors in 2013 instituted the Corporate Governance Policy Awareness Campaign (CGPAC).

The Board assigned the Investor Relations and Corporate Communications department and Company Secretarial and Compliance department to lead the CGPAC committee and to carry out a compliance audit with respect to the various policies of the Company across all IVL units and submit their report to the Board.

CGPAC will be a continuous program of training, seminars and monitored implementation. To ensure clear understanding by all, the Company has been encouraging translation of all the policies into the local language. Policies handbook containing all the policies are made available to all employees. All site heads are responsible for the implementation of CGPAC and will report results of the implementation to the CGPAC committee who in turn will report to the Board. Most employees globally have now read and signed the code of conduct and all Site/HR heads are ensuring that all new employees are provided with a policies handbook. The new employees are required to acknowledge that they have read and understood the policies and sign the code of conduct. They have also drawn up plans to conduct training.

Part of the website has been designed to ensure employees can access the latest information and revisions of all policies.

The CGPAC Committee is undertaking to setup a dedicated team at HO that will coordinate directly with Site/HR heads in this regard.

The Board further decided that starting from 2014 all the policies of the Company will be reviewed annually.

The following policies were approved by the Board during the year

- HIV - AIDS Policy
- Hygiene and Safety Policy
- Treatment of Shareholder Policy
- Treatment of Customer Policy
- Investor Relations Policy

In January 2014, the Board approved the “Anti-Corruption Policy” of the Company.

All policies of the Company are available on the Company’s website [www.indoramaventures.com](http://www.indoramaventures.com) under the Corporate Governance section.

**The continued practice of good Corporate Governance in 2013 the Company received the following assessment and awards:**

1. A score of 100 percent for the 2013 Annual General Meeting of Shareholders, judged by the Thai investors association. This was the second year in succession.
2. An “excellent- 5 star” CG score in the practice of Corporate Governance of Thai listed Companies 2013 which was carried out by Thai Institute of Directors,(IOD) in conjunction with Stock Exchange and Security Exchange Commission of Thailand. An excellent CG scoring is the highest possible scoring and is awarded to firms with a score of 90-100 percent. IVL scored 93 percent. The previous year IVL received a “Very Good,” a 4 star score.
3. IVL received both the prestigious Board of the Year and Audit Committee of the Year awards in 2013. The awards were organized by the Thai Institute of Directors Association in collaboration with The Stock Exchange of Thailand, Board of Trade of Thailand, The Federation of Thai Industries, The Thai Bankers’ Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. The awards were given as an acknowledgement of the terrific work put into establishing and implementing good corporate governance by the Board and the Audit Committee over the past year.

The Company’s head of Investor Relations was recognized as one of the top 25 practitioners in the World of all time by IR Magazine.

## 2. Sub-Committees

IVL Board has appointed the following three sub-committees- (a) Audit Committee, (b) Nomination, Compensation and Corporate Governance Committee and (c) Enterprise Risk Management Committee.

### 2.1 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 present Audit Committee was appointed in 2013 for another two year term expiring on 18 September 2015.

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

| Name                        | Attendance |
|-----------------------------|------------|
| Mr. Rathian Srimongkol *    | 5/5        |
| Mr. Chakramon Phasukavanich | 5/5        |
| Mr. Maris Samaram *         | 5/5        |

\* Mr. Rathian Srimongkol and Mr. Maris Samaram have accounting knowledge to review financial statements.

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.

The Audit Committee has attended Indorama Ventures Fibers and Filaments Business Global Conference held in USA in March 2013 and also made a visit to the FiberVisions Manufacturing Company plant in Covington, USA in March 2013 in order to understand and review the process and practice of internal controls with the local management.

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

**A report from the Audit Committee is provided in the Annual Report.**

#### **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 2013, the audit was carried out for Thailand units and several overseas units. The Secretary of 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.

## **2.2 Nomination, Compensation and Corporate Governance Committee (NCCG)**

The term of the current NCCG Committee consisting of Mr. William Ellwood Heinecke as Chairman, Mr. Alope Lohia, Dr. Siri Ganjarerndee and Mr. Kanit Si expire on May 12, 2014.

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

The Nomination, Compensation and Corporate Governance Committee held three meetings during 2013 with the attendance of members as follows:

| Name                         | Attendance |
|------------------------------|------------|
| Mr. William Ellwood Heinecke | 3/3        |
| Mr. Alope Lohia              | 3/3        |
| Dr. Siri Ganjarerndee        | 2/3        |
| Mr. Kanit Si                 | 3/3        |

The main duties and responsibilities of the NCCG Committee include:

## Nominating

The Committee has the following authority and responsibilities:

- To determine the composition of the Board and its Committees, and monitor and assess Board effectiveness.
- 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.

In addition the Committee shall consider the appropriate mix of skills, education, experiences, independence and knowledge i.e. a broad diversity to match with the Company's requirements.

In the event that the Committee is unable to identify suitable candidates, the Committee may use a professional search firm or IOD director pool as it deems appropriate.

- 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.
- To develop and to recommend to the Board of Directors for its approval, qualifications for director candidates, and to review these qualifications periodically.
- 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.
- 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.
- 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.
- The Committee shall have the authority to delegate any of its responsibilities to subcommittees as appropriate.
- 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.
- 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.
- The Committee shall review the adequacy of its charter as required and recommend any proposed changes to the Board for approval.

## Compensation

The Committee shall have the following authority and responsibilities:

- To review and approve on an annual basis the corporate goals and objectives with respect to compensation for the Group Chief Executive Officer.
- 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).
- 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 or 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.
- To review and approve on an annual basis the evaluation process and compensation structure for senior executives. The Committee shall approve or may assign the Human Resources department to approve the annual compensation, including salary, bonus and equity and non-equity incentive compensation for senior executives.
- To review and discuss with management the Company's Compensation Discussion and Analysis (CD&A) and to recommend to the Board that the CD&A be included in the Company's annual report.
- The Committee has the authority to retain compensation consultants, outside counsel and other advisors as the Committee may deem appropriate. The Committee has the authority to approve related fees and retention terms.
- 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.

## Corporate Governance

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

- 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.
- Coordinating the annual performance assessment of the Chairman of the Board, Individual Directors; the Board as a whole and Board Committees.
- 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;
- Ensure processes are in place for preventing and mitigating conflicts of interest for the best interest of the Company and its shareholders; and
- Ensure processes are in place for effective good governance, risk management, internal controls, and compliance.

**A report from the NCCG Committee is provided in the Annual Report**

### 2.3 Enterprise Risk Management Committee (ERM)

The Board of Directors of the Company in its Meeting No.1/2013 held on February 2, 2013 formed the Enterprise Risk Management Committee (ERM Committee) comprising of five members, including two Independent Directors. The ERM Committee is chaired by Mr. Alope Lohia, the Group CEO and Vice-Chairman of the Board and other members of the Committee are Mr. Rathian Srimongkol, Independent Director, Vice-Chairman of the Board and Chairman of the Audit Committee, Mr. Maris Samaram, Independent Director and Member of the Audit Committee, Mr. Dilip Kumar Agarwal, CEO of the PET, PTA and EG/EO Businesses and Mr. Udey Paul Singh Gill, President of the Polyester Business.

The ERM Committee held two meetings during the year with the attendance of members as follows:

| Name                     | Attendance |
|--------------------------|------------|
| Mr. Alope Lohia          | 2/2        |
| Mr. Rathian Srimongkol   | 2/2        |
| Mr. Maris Samaram        | 2/2        |
| Mr. DK Agarwal           | 2/2        |
| Mr. Udey Paul Singh Gill | 2/2        |

The main objectives of Enterprise Risk Management are:

1. To embed a prudent 'risk culture' throughout the organization, to oversee overall risk management to ensure compliance with all applicable laws and regulations;
2. To improve greater transparency and foresight into risk management across the organization, to ensure steady progress towards the organizational goal, to remain resilient and responsive to challenges and opportunities; and
3. To identify and evaluate the impact of significant business risks (including economic downturn) on the organization and to mitigate the same by adapting appropriate strategies.

The main duties and responsibilities of the ERM Committee and Sub Committees are:

- To set up the policies and strategy for enterprise risk management framework of the Company including but not limited to the risk governance structure, risk tolerance, risk management etc.
- To review the Company's overall global risk exposure including but not limited to strategic risks, risks relating to compliances including environment, corruption risks, reputational risks including investors relations, credit risks, liquidity & funding risks and market risks etc.
- To review risks associated with growth plans of the Company, deviations from budgeted forecasts, impact of delays in implementation of the projects as approved by the Board including escalation in project costs.
- To ensure that sound policies, procedures and practices are in place for the enterprise-wide management of the Company's material risks and to report the results of the Committee's activities to the Board of Directors.
- To monitor the cyclicity of polyester industry, our strategy and approach.
- To carry out any other responsibilities and duties as delegated by the Board from time to time.
- To identify the risks, and to adopt appropriate risk management strategies to mitigate the risks.

- To evaluate the implementation and effectiveness risk management practices, to provide ongoing guidance and support for the refinement of the overall risk management framework ensuring best practices are incorporated.
- To propagate a 'risk averse culture' amongst all the employees in their respective business segments.
- To prepare appropriate procedures, practices and manuals in line with the policies.
- To review and ensure appropriate insurance coverage and other risk transfer arrangements.
- To develop the risk response process including contingency and business continuity plans.

**A report from the ERM Committee is provided elsewhere in the Annual Report**

### 3. Selection and Appointment of Directors and Group CEO

#### Directors

The selection, appointment and the withdrawal of the Board of Directors of Indorama Ventures PCL shall be as prescribed by the Articles of Association, which can be summarized as follows:

1. To conduct the business of the Company, the Board of Directors shall consist of at least five directors. Not less than one half of all directors shall have residence in the Kingdom of Thailand.
2. The appointment of a director shall be made by a majority vote of the shareholders meeting in accordance with the following conditions and procedures:
  - (a) A shareholder shall have one vote for each share;
  - (b) The shareholder shall vote for the election of each director in turn, person by person;
  - (c) Each shareholder may exercise all the votes he or she has (a) to elect one or several persons as a director or directors, but the shareholder cannot divide his or her votes to any nominated director by any an allotment of shares of any number;
  - (d) The persons receiving the most votes are those who are elected to be directors, in descending order, to the number of directors who are to be elected. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding chairman shall have an additional casting vote.
3. At every annual general meeting, one-third of the total number of the directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been in office for the longest term shall retire. A retiring director is eligible for re-election.
4. Any director wishing to resign from the director's position shall submit a resignation letter to the Company. The resignation shall take effect upon the date on which the resignation letter reaches the Company.
5. The shareholders meeting may pass a resolution removing any director prior to retirement by rotation, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote, and the shares held by them shall not, in aggregate, be less than one half the number of the shares held by the shareholders attending the meeting and having the right to vote.

### Qualifications of a Director

1. Aged not over 70 years
2. Meets the stipulations under various regulations and those prescribed by the Company's Articles of Association.
3. Have at least a Bachelor's Degree in any field.
4. Be knowledgeable in the Company's business and provide adequate time and inputs to the benefit of the Company.
5. Be an individual with honesty, integrity and high morals.

A Non-Executive Director and an Independent Director shall not take a position as a director in more than five other listed companies.

The Executive Directors shall not take a position as director in more than three other listed Companies or in any company having conflict of interest with IVL. However the Executive Directors can take up any number of Directorships in the IVL Group Companies including Joint Ventures.

In the case that a director takes directorship positions in excess of the criteria, the Board of Directors shall consider the effectiveness in the performance of the said directors' duties and shall report the reasons for the appointment in the corporate governance report in the annual registration statement (Form 56-1) and the annual report (Form 56-2).

### Qualifications of an Independent Director

1. The Holding not exceeding 0.75% of the total shares with voting rights of the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company (to be calculated by including the shares held by any related persons of said independent director);
2. Not being, nor having been, a director who participates in the management, or as an employee, staff member or advisor who receives a regular salary, or a controlling person of the Company, its parent company, subsidiary company, its associated company, its subsidiary company at the same level, major shareholder or controlling person of the Company unless the holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC. However, such prohibition shall not apply in the case where such independent director has been a government official or consultant of the government sector, which is a major shareholder, or controlling person of the Company;
3. Not being person who has a blood relationship or registration under law, as father, mother, spouse, sibling and child, including spouse of a child, of its executives, its major shareholders, its controlling person or the person who will be nominated to take up the position of executive or controlling person of the Company or its subsidiary;
4. Not having, or not having had, any business relationship with the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company in a manner which may obstruct its independent judgment, and not being or not having been a substantial shareholder or controlling person of a person who has a business relationship with the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company, unless such business relationship has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;

Please note that the aforementioned business relationship and transaction size shall have the same definition as in the notification of the Thai Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares.

5. Not being, or not having been, an auditor of the Company, its parent company, its subsidiary company, its associated company, major shareholder, controlling person of the Company, major shareholder or controlling person of the partner of the audit company for which the auditor of the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company has worked therein, unless such holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;
6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company, and not being controlling person of the partner of such professional service provider, unless such business relationship has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;
7. Not being a director nominated to be a representative of a director of the Company, major shareholder or shareholder who are related persons to the major shareholder;
8. Not undertaking business of the same nature as and materially competing with that of the business of the Company or its subsidiary company or not being a partner of the partnership or a director who participates in the management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding 1% of the total shares with voting right of other companies which undertakes business of the same nature as and materially compete with that of the business of the Company or its subsidiary company; and
9. Having no other qualifications causing any inability to express independent judgment in respect of the Company's business operation.

The qualifications of the Independent Directors is more stringent than the requirement of the Thai Capital Market Supervisory Board.

#### Group CEO

The Board of Directors will appoint the Group CEO. The Group CEO will be a person with the highest personal and professional integrity, with demonstrated and exceptional ability and judgment and who shall be most effective in serving the long-term interests of the Company and have knowledge in the industry in which IVL operates.



#### 4. Governance in Subsidiary and Associated Companies

It is the policy of the Company to send its representative to be a director of its subsidiaries and associated companies; such representative might be the Chairman of the Board of Directors, Chief Executive Officer, Managing Director, Executive Directors, senior executives or any third person who has the qualifications and experience suitable for such business with no conflict of interest directly with the business of those subsidiaries. Such representative shall manage and administer the business of such subsidiaries according to the regulations and procedures provided in the Articles of Association of the Company and of such subsidiaries and relevant laws and also implement the policies, procedures, guidelines and recommendations of IVL.

#### 5. The Use of Internal Information of the Company

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 Directors and 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. A summary of the shareholding is presented to the Board on a quarterly basis.

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.

#### **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 have to report on such acquisition or disposal to the SEC within the time described by SEC Act B.E. 2535. The said acquisition or disposal by the abovementioned person shall include the holding of shares and other securities in the Company (if any) by his spouse and minor children.

These regulations have been informed to all employees.

## 6. Audit Fee

The total audit fees and non-audit fees paid during 2013 for IVL and all its subsidiaries, jointly controlled entities and associates globally were as following.

|    | Particulars   | 2013 (Baht)       | 2012 (Baht)        |
|----|---|-------------------|--------------------|
| 1. | The total audit fees for IVL and all its subsidiaries, jointly-controlled entities and associates globally      | <b>98,000,000</b> | <b>100,000,000</b> |
|    | <i>a) Payment to KPMG Phoomchai Audit Ltd and other members firms of KPMG Phoomchai Audit Ltd.</i>              | 91,000,000        | 97,000,000         |
|    | <i>b) The Other Audit firms</i>   | 7,000,000         | 3,000,000          |
| 2. | The total non-audit fees paid to member firms of KPMG International other other than KPMG Phoomchai Audit Ltd * | <b>49,000,000</b> | <b>11,000,000</b>  |

\* The amount of non audit fees relates to tax advice, due diligence in relation to the acquisitions, restructuring and other advisory services.

## 7. The Practice of Corporate Governance in 2013

IVL upheld the core and relevant principles of its corporate governance policy as below:

### Rights of Shareholders and Equitable Treatment of Shareholders

It is the Company's top most priority is 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 whether major or minor, local, foreign or institutional 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 1/2013 held on April 29, 2013.

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 and has a straight forward structure with its subsidiaries, affiliates and joint venture partners with no joint holding and cross holding of shares. Moreover it has no pyramid shareholding structure within the Group.

The IVL Group structure is uploaded on the Company website under "Our Company" and updated every quarter.

#### **a) General Rights and Equality**

IVL provides 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 over 90 days. Such notification to the shareholders was informed to SET website on September, 12, 2013 and posted on the Company's website on September 16, 2013. 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 January 2014.

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 (2012) and the three reviewed quarterly financial statements of 2013 on the same day of its approval by the Board of Directors and or Audit Committee 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 and the vital need for them to understand the operation and business activities of the Company and its subsidiaries and to interact with the management. The Company has organized a visit by shareholders to Rayong factories on 11 December 2013 and two visits by bondholders to our plants in Lopburi and Rayong on 16 August 2013 and 16 October 2013 respectively. The bondholders and shareholders who visited the plants showed keen interest and enthusiasm. The Company also arranged for a plant visit by local analysts to Lopburi on 3 April 2013. Such annual visits shall continue to be organized in future.

Shareholders were notified more than 30 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 29, 2013 and the Notice was issued out on March 25, 2013.

All information sent to the shareholders was posted on the Company's website both in English and Thai on March 22, 2013 more than 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 on the March 22, 2013.

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 four 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. The meeting was held from 2.00 pm in the afternoon.

On the meeting date the Company arranged for the shareholder registration to start more than two hour before the meeting. Preparation of the venue, greeters and appropriate number of registration staff were arranged to assist the shareholders in the registration process. The registration continued even after the meeting started in order to ensure the participation of all shareholders who came to attend 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 and shareholders were assisted by the Company staff.

A barcode scanning system from the 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 the feedback from the last shareholders meeting, the Company deployed simultaneous translation into Thai language at the Shareholders' Meeting no 1/2013.

#### **b) Re-appointment of retiring Directors and appointment of a new Director**

In 2013, five Directors on the Board retired by rotation and agreed to be re-appointed for another term. In this regard they signed a consent form to the NCCG Committee to consider their re-appointment. The NCCG Committee after considering

the experience and contribution of the Directors retiring deemed it appropriate to re-appoint them for another term and recommended the same to the Board.

Profiles of the five Directors retiring and offering themselves for re-appointment together with their name, age, type of directorship, family relationship with other directors, educational background, director training, working experience, positions held in other listed organizations, position in competing company/ connected business that may cause conflict of interest, number of years as director of the Company, shareholding, legal dispute, meeting attendance and the opinion of the Board, in order to facilitate the voting of the shareholders.

The NCCG Committee after reviewing the composition of the Board and its size recommended the appointment of another independent Director thereby increasing the size of the Board to 14 Directors consisting of seven Independent, two Non-executive and five Executive Directors.

While nominating the new Independent Director the NCCG Committee took into consideration the appropriate mix of skills, education, experiences, independence and knowledge i.e. a broad diversity to match with the Company's requirements as per the nomination policy and criteria stated in the NCCG Charter. The minimum Director qualifications are provided in the Board of Directors Charter.

A detailed profile of the new Independent Director together with the opinion of the Board was provided in the Notice of the meeting.

No Director of the Board has been proposed by major shareholders.

The re-appointment of retiring Directors and appointment of new Independent Director was approved by the Shareholders on the basis of the "One share one vote" method.

Minority shareholders were given the opportunity to nominate qualified individuals to be elected as Directors of the Company before the AGM for a period of over 90 days but the Company did not receive any proposal from them.

### **c) Approving Directors Remuneration**

#### Independent and Non-Executive Directors

The Board reviewed and recommended to the shareholders the remuneration of the Independent and Non-Executive Directors for 2013 and the annual bonus for all IVL Directors payable for the year 2012 as recommended by the NCCG Committee.

The Policy followed by the NCCG Committee to recommend to the Board and Shareholders' the compensation and benefits of Independent and Non-Executive Directors are as follows:

- Compensation should fairly pay directors for work required in a company commensurate with the size and scope of the work;
- Compensation should, if possible, align directors' interests with the long-term interests of shareholders;
- Structure of the compensation should be simple, transparent and easy for shareholders to understand.
- Compensation for Non-executive Directors and Independent Directors is inclusive of monthly retainer fee and annual bonus based on the previous year's Company performance.

- Additional compensation will be paid to directors serving on various sub committees.

To implement the policy, the Committee designs an appropriate compensation package based on comparable listed Companies with the following criteria:

The remuneration of the Chairman of the Board and Chairmen of the sub committees who are independent and Non-Executive Directors is calculated at approx. 1.5 times of the other members.

In determining the bonus payable to all Directors' the NCCG Committee assesses the individual performance annually based on their contribution, responsibilities, expertise and attendance. This assessment is undertaken by way of a Director Self Evaluation Form.

The total bonus is calculated as a fixed percentage of the annual consolidated net profit of the Company and uses a point system approved by the Board.

There was no change in the retainer fee in 2013.

No retainer fee is paid to the Executive Directors on the Board of IVL.

Details of remuneration for the year 2013 paid to the Independent Directors and Non-Executive Directors and the bonus for the year 2012 to all Directors is in the latter part of this report under Director Performance.

The Chairman of the NCCG Committee explained the above policy and basis of calculation of the remuneration of Independent and Non-Executive Directors to shareholders at the 2013 Annual General Meeting.

#### Executive Directors and Management

The policy and criteria for Executive Directors and Management is elaborated in Board of Directors Performance in the later part of this report.

#### **d) 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 2012 and remuneration proposed for the year 2013, 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.

#### **e) Payment of dividend**

The dividend policy of the Company states that a dividend will be paid at not less than 30% of the net profits after tax and appropriation to the legal reserve.

In compliance with the dividend policy of the Company, the Board proposed a final dividend payout for the year 2012 at Baht 0.36 per share or representing 37.58% of the consolidated 2012 profit available for distribution to equity holders of the Company and amounting to Baht 1,733,132,608.20. Out of the said final dividend, an interim dividend of Baht 0.18 per share amounting to Baht 866,566,304.10 was paid by the Company on September 06, 2012.

#### **f) 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 2012, the AGM was held on April 29, 2013. The meeting started with 1,661 shareholders in person or proxy and representing 77.25% of the total shares sold. At the close of the meeting there were 2,045 shareholders in person or proxy and representing 78.77%. The meeting started at 2.00 pm and ended at 4.30 pm.

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. One independent observer from the shareholders' present witnessed the vote counting procedure and she was assisted by the representative from the Company's legal counsel Weerawong, Chinnavat and Peangpanor Ltd. (WCP)

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 item were declared during the meeting and a summary of the results was presented 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 12 out of 13 Directors including the Group Chief Executive Officer (GCEO), Chairman of the Audit Committee, Chairmen of NCCG Committee, the external auditors, the internal auditor of the Company, the legal counsel of the Company and senior 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, chairman of the NCCG Committee, Chairman of the Enterprise Risk Management Committee and the management team provided clarifications during the meeting and met the shareholders informally after the meeting.

All the agenda items were passed by an average of around 98% of the total eligible votes. The resolution of the meeting including the number of votes 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.

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

#### **g) Reporting of and Trading in IVL Securities**

The Company has in place a written policy on reporting of and trading in IVL Securities. Under this policy no director or "management" shall directly or indirectly trade in IVL Securities during the period of 15 working days prior to and two 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.

#### **h) Code of Conduct for Directors and Employees**

The Company has a Code of Conduct for Directors 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.

As part of the Corporate Governance Policy Awareness Campaign (CGPAC) initiative started in 2013 most of the IVL global employees have read and signed the Employee Code of conduct. The code is periodically reviewed. Based on the feedback received from the units in 2013, the CGPAC Committee made some revisions to the Code, which was approved by the Board of Directors on January 12, 2014. The revised Employee Code of Conduct was communicated to all Site/HR heads and uploaded on the Company website. The CGPAC Committee will continue to reinforce awareness of the Code of Conduct amongst all IVL employees. The Board of Directors of IVL have all read and signed the Directors Code of Conduct.

#### **i) Anti-Corruption and Bribery**

The Company's Code of Conduct for Directors and Employees 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 and for this reason the Company has stipulated that it will abide by strict policies regarding corruption and bribery and initiated the following.



At their meeting in May 2013 the Board authorized the management to participate in the Private Sector Collective Action Coalition against Corruption (CAC) by signing the declaration of intent.

At their meeting in November 2013 the Board authorized the management to undertake the Certification process of the Private Sector Collective Action Coalition against Corruption to which the Company is a signatory. The self-evaluation form is under review by the Audit Committee and will be completed in the early part of 2014.

To demonstrate its firm commitment against corruption and bribery the Board of Directors approved the Anti-Corruption Policy of the Company at its meeting in January 2014.

The Company also adheres to the UK Bribery Act.

All the Policies are communicated to the employees and uploaded to the Company's website under the Corporate Governance section.

#### **j) 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 dependent 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 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 the following Stakeholder policies:

- Policy on the Treatment of Shareholders'
- Policy on the Treatment of Customers
- Business Partners and Competitors Policy
- Environment policy
- Human Rights Policy
- Intellectual Rights Policy
- Trading Partners and Creditors Policy
- HIV-AIDS Policy
- Hygiene and Safety Policy
- UK Bribery Act
- Whistleblower Policy
- Anti-Corruption Policy

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

As part of the CGPAC initiative and in order to develop and improve the relationship between IVL and its stakeholders, the management will on a continuous basis reinforce that everyone working at IVL is aware of and understands all the stakeholder related policies and that they are implemented in the spirit that they were created through continuous program of training, seminars and monitored implementation

The policies are reviewed annually and changes are implemented as required.

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

The Company has comprehensive policies on compensation and welfare for employees across all its global locations. These follow the local rules and regulations of the country where they are situated.

Indorama Ventures strongly believes that its employees are the foundation of its success and therefore their continued development is a key to its sustainability as a business. Among other issues, employees are developed to have a keener understanding of the environment and their impact on it.

The details of Indorama Ventures' compensation and training activities are provided below in the section on "People" at the end of this report.

**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. We also want to work with business partners who operate in a fair, honest, and socially responsible manner. We feel strongly that we have a responsibility to ensure that consumers can trust the safety and quality of our products. Business partners are expected to provide goods and services that meet all government and agreed-upon quality and safety standards.

Just as we have set standards for our business through our policies, we expect our partners, in addition to complying with all environmental regulations, to share our commitment to use resources responsibly; eliminate and reduce waste; minimize their carbon footprint; offer a selection of natural, organic, and eco-friendly products and develop facilities that align environmental, community, and business needs.

They should ensure that they adopt and implement acceptable safety, product quality, labor, human rights, social and legal principles in line with our own policies and to ensure these issues are adequately managed within the business for any goods or services supplied to us.

We have set ethical boundaries for ourselves and expect our partners to comply with them, acting with integrity and lawfully in the handling of competitive data, proprietary information and other intellectual property, and complying with legal requirements regarding competition, antitrust, and accurate and truthful marketing.

#### **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 attempt 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.

Moreover, we want to see our creditors adhere to business principles consistent with our own and ensure that their products and services are produced and delivered to comply with all legislation relevant to their business in the areas where they operate.

#### **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 include 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 Nomination, Compensation and Corporate Governance Charter defines the policy on nomination of Directors of the Company and the policy on remuneration of Directors and management of the Company which is followed by the NCCG Committee and management team.

In the section above on Re-Appointment of Retiring Directors and Appointment of New Directors and Approving Remuneration of Directors the key highlights of the policy and criteria of nomination and remuneration are stated.

For remuneration of management the policy and criteria is stated below in the “remuneration” section under Board Performance.

The Company provides the opportunity to outsiders to communicate their genuine grievances if any, to the Board by addressing it to the [independentdirectors@indorama.net](mailto:independentdirectors@indorama.net).

Company employees can send their grievances to the Whistleblower Committee at [ethics@indorama.net](mailto:ethics@indorama.net).

The communication channels are all well-defined on the Company's website.

The policies and Charters of the Company are reviewed annually by the Board. The following were revised and approved by the Board at their meeting in January 12, 2014.

- Charter of the Board of Directors
- Charter of the Nomination, Compensation and Corporate Governance Committee
- Code of Conduct for Employees
- Whistleblower Policy

They were communicated to all employees globally and uploaded on the Company website.

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 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 2013, 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, Corporate structure, 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](mailto: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, 2013 to December 31, 2013 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    | 120,000   | -      | 180,000   |
| Mr. Chakramon Phasukavanich<br>(held by spouse) | 134,944   | -         | -      | 134,944   |
| Mr. Maris Samaram                               | -         | -         | -      | -         |
| Mr. William Ellwood Heinecke                    | 2,394,132 | 615,000   | -      | 3,009,132 |
| Dr. Siri Ganjarendee                            | -         | -         | -      | -         |
| Mr. Kanit Si                                    | 100,000   | -         | -      | 100,000   |
| Mr. Prem Chandra Gupta                          | -         | -         | -      | -         |
| Mr. Satyanarayan Mohta                          | 35,249    | -         | 10,000 | 25,249    |
| Mr. Sanjay Ahuja                                | -         | -         | -      | -         |
| Mr. Manoj Kumar Sharma                          | -         | -         | -      | -         |

Remarks: As at December 31, 2013 the direct and indirect shareholding of companies owned by Lohia family and related persons totaled 3,196,038,396 shares, representing 66.39% of the issued shares.

## [Responsibility of the Board](#)

### 1. 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 managing 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. All major CAPEX requires the approval of the IVL Board. Detailed presentations are made by the respective business segment head.

At the beginning of each year the Board holds a Strategy and Annual Business Plan meeting and at the meeting the Vision and Mission statement is reviewed along with the Strategy as presented by management.

At the Board meetings and the many informal meetings with the Group CEO and senior management the Board gets updated on the business performance, strategy vis-à-vis targets and industry trends. Based on such meetings, the Board provides their thoughts and recommendations. The management updates are based on the regular Excom meeting that each business segment holds on the operating performance.

The Board requires each business head to explain the details of why their business fell below target and the plans to improve performance. The Board follows up on the action plan status in subsequent meetings.

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 Board every year evaluates the efficacy and sufficiency of the Internal controls of the Company by reviewing the Evaluation Form of Sufficiency of Internal Control Systems for IVL and its subsidiaries.

## **2. Board Structure**

There are 14 Directors on the IVL Board comprising of five Executive Directors, two Non-Executive Directors and seven Independent Directors. The Board has a diversity of nationalities, genders, ages and skills.

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.

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.

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

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

The Board has appointed the Company Secretary in order to meet the requirements of the SEC/SET 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 and Shareholders' resolutions are complied with.



### **3. Charters**

The Company has in place the following Charters:

- Board of Directors
- Audit Committee
- Nomination, Compensation and Corporate Governance Committee (NCCG)
- Enterprise Risk Management Committee (ERM)

The Board and NCCG Charters were revised in 2013 and approved by the Board at its meeting on January 14, 2014.

The Charters are all uploaded on the Company website under the Corporate Governance section.

### **4. Other Directorships**

The Board Charter specifies the outside Directorship for Executive, Non-Executive and Independent Directors. Details are provided in the section “Selection and appointment of Directors” at the beginning of this report.

None of the Directors of IVL have breached the above Directorship criteria in 2013.

### **5. Retirement of Directors**

One third of the Directors retire by rotation at every Annual General Meeting as specified in the Articles of Association of the Company. A retiring director is eligible for re-election. Voting for appointment/ re-appointment of Directors is done individually. The Company provides a detailed profile of the retiring Director who has given his consent to be re-appointed in the Notice to the Shareholders’ meeting.

The Board and the NCCG Committee after due deliberation has taken a decision not to limit the term of Independent Directors for the reason that the business is complex, multi-location and evolving. It requires thorough knowledge and understanding and there is a long learning curve. It is therefore not considered prudent to limit the number of years as of now. However the retirement age has been fixed at 70 for all Directors.

Directors who have been appointed/re-appointed will continue for their full term even if they attain the age of 70 during their tenure.

### **6. Evaluation of Performance**

The Board and subcommittee members carried out a self-evaluation on the Board and subcommittee performance for the year 2013. The results were summarized and discussed at the Board meeting held in February 2014. The Board and subcommittee members were evaluated as having given very good performance rating in 2013.

The Chairman of the Board through the NCCG Committee does an individual assessment of all Directors.

## **7. Functional Performance**

The Board of Directors held 6 meetings during 2013. 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 2013, 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 and other matters. The Independent Directors thereafter met the Group CEO and informed and discussed with him the outcome of their meeting. A similar meeting of the Independent Directors will be held in Feb 2014.

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 Minutes are circulated within 14 days of the Board meeting.

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 followings are the details of attendance of the Board of Directors' meeting in 2013

| Name                             | Attendance / Total Meetings |
|----------------------------------|-----------------------------|
| 1. Mr. Sri Prakash Lohia         | 3/6                         |
| 2. Mr. Alope Lohia               | 6/6                         |
| 3. Mrs. Suchitra Lohia           | 4/6                         |
| 4. Mr. Amit Lohia                | 4/6                         |
| 5. Mr. Sashi Prakash Khaitan     | 5/6                         |
| 6. Mr. Dilip Kumar Agarwal       | 6/6                         |
| 7. Mr. Udey Paul Singh Gill      | 5/6                         |
| 8. Mr. Rathian Srimongkol        | 6/6                         |
| 9. Mr. Chakramon Phasukavanich   | 6/6                         |
| 10. Mr. Maris Samaram            | 6/6                         |
| 11. Mr. William Ellwood Heinecke | 6/6                         |
| 12. Dr. Siri Ganjarerndee        | 6/6                         |
| 13. Mr. Kanit Si                 | 6/6                         |
| 14. Mr. Apisak Tantivorawong*    | 3/4                         |

\*Mr. Apisak Tantivorawong was appointed a new Independent Director at the Annual Shareholders' meeting on April 29, 2013

## 8. Performance Measurement of Executive Directors and Management

The GROUP CEO and other executive Directors have their Key Performance Indicators (KPI) set by the Board on the recommendation of The NCCG committee. This takes the form of a Balanced Scorecard. At the end of each year their performance is used in the calculation of their compensation by the NCCG Committee.

For Senior Executives the NCCG Committee reviews and approves on an annual basis the evaluation process and compensation structure and assigns the Human Resources department to approve the annual compensation, including salary, bonus and non-equity incentive compensation. Similarly, the line managers will follow the same principles when evaluating their staff.

Details discussed in the section "Executive Director and Management Remuneration" below.

## 9. 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.

The Policy and criteria followed by the NCCG Committee has been explained above in the section on Approving Directors Remuneration.

For the year 2013 the total annual remuneration approved at the Annual General Meeting of Shareholders No. 1/2013 held on April 29, 2013 was for an amount not exceeding Baht 17,000,000 to be allocated by the Board.

The actual remuneration paid in 2013 is Baht 15,970,000 as against the approved amount of Baht 17,000,000. 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. Kanit Si                         | 50,000 per month       | 600,000            |
| 9.           | Mr. Apisak Tantivorawong*            | 50,000 per month       | 400,000            |
| <b>Total</b> |                                      |                        | <b>5,500,000</b>   |

\*Mr. Apisak Tantivorawong was appointed on 29 April, 2013

#### 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. Kanit Si                 | 25,000 per month       | 300,000            |
| <b>Total</b> |                              |                        | <b>1,020,000</b>   |

#### As Enterprise Risk Management Committee Members

| No.          | Members                | Amount approved (Baht) | Actual Paid (Baht) |
|--------------|------------------------|------------------------|--------------------|
| 1.           | Mr. Rathian Srimongkol | 25,000 per month       | 300,000            |
| 2.           | Mr. Maris Samaram      | 25,000 per month       | 300,000            |
| <b>Total</b> |                        |                        | <b>600,000</b>     |

#### Bonus for the year 2012, as Directors of the Company

| No.          | Directors                    | Actual Paid (Baht) |
|--------------|------------------------------|--------------------|
| 1.           | Mr. Sri Prakash Lohia        | 675,000            |
| 2.           | Mr. Alope Lohia              | 675,000            |
| 3.           | Mrs. Suchitra Lohia          | 540,000            |
| 4.           | Mr. Amit Lohia               | 270,000            |
| 5.           | Mr. Sashi Prakash Khaitan    | 540,000            |
| 6.           | Mr. Dilip Kumar Agarwal      | 405,000            |
| 7.           | Mr. Udey Paul Singh Gill     | 270,000            |
| 8.           | Mr. Rathian Srimongkol       | 810,000            |
| 9.           | Mr. Maris Samaram            | 405,000            |
| 10.          | Mr. Chakramon Phasukavanich  | 540,000            |
| 11.          | Mr. William Ellwood Heinecke | 540,000            |
| 12.          | Dr. Siri Ganjarende          | 540,000            |
| 13.          | Mr. Kanit Si                 | 540,000            |
| <b>Total</b> |                              | <b>6,750,000</b>   |

The Executive Directors on the IVL Board and Sub Committees are not paid any retainer fee.

## 10. Executive Director and Management Remuneration

The key principles followed by the NCCG Committee in determining the compensation are:

- 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 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.
- To review and approve on an annual basis the corporate goals and objectives (KPI) with respect to compensation for the Group Chief Executive Officer. 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 non-equity incentive compensation (if any).
- To review and approve on an annual basis the evaluation process and compensation structure for the senior executives. The Committee shall approve or may assign the Human Resources department to approve the annual compensation, including salary, bonus and equity and non-equity incentive compensation for senior executives.
- Base salaries for the Company's Group CEO and Executive Directors depend on the scope of their responsibilities, their capabilities, and the period over which they have performed those responsibilities.
- Annual bonuses for the year and the percent change from the prior year's bonus for senior executive officers are determined after an evaluation of the overall performance of the Company, the performance of the business or function that the officer leads and an assessment of each officer's performance against expectations, which were established at the beginning of the year. The bonuses also reflect (and are proportionate to) the annual financial results of the company.
- Other non-equity compensation is paid as per the HR manual of the Company which is reviewed from time to time.

Remuneration paid to the IVL Management team for the year 2013 was approx. Baht 75 million. The IVL management team comprises of the Group CEO, Executive Director, CEO of PET and Feedstock business, President of PTA business, President of EG/EO business, President of Polyester business, President of Wool business, the Head of Finance and Head of Accounting.

No compensation was paid to Directors or Management in the form of shares.

## 11. Succession Planning

The NCCG Committee has put into place a Succession Plan for the Group CEO and Key Management team in consultation with the Board.

For all other employees the Global HR department works with line management to create Succession Plans.

To ensure that the Succession plans are effective, the Global HR implements employee development and training and also implements a fast track process for those it believes have high potential.

## **12. Strategy Meeting**

The Company holds one Board meeting every year to approve the Company's strategy and Annual Business Plan. This allows the senior management to interact with the Members of the Board for free and frank discussions on future direction of the Company. The Strategy meeting for 2013 was held on February 02, 2013.

In order for the Board to be fully cognizant of the operations in various parts of the business globally, management arranges for the Board to visit different manufacturing sites each year. In 2013 the Board visited FiberVisions in Atlanta, Georgia, USA as part of the Global polyester meet. FiberVisions is part of Company's specialty Fiber business line.

## **13. Professional Development of Directors**

The Director who joined the Company during the year was given a Director's Orientation folder with complete information about the Company and its subsidiaries to assist him in getting well acquainted with the business, practices and procedures of the Company and his rights, duties and obligations as Director. In addition orientation meetings were arranged with the management team members.

Apart from the periodic informal meetings with the management teams, the Directors are invited to attend the various business meets held during the year. For the year 2013 business meets were held for the Feedstock and Polyester businesses, which most of the Directors and senior management attended. Such meets enables the Directors to interact with the wide spectrum of the management team of each business segment and have a better understanding of the various facets of the industry in which the Company operates.

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. Two IVL Directors attended the following programs in 2013 as below:

Mr. DK Agarwal – Director Certification Program Class No. 182/2013, Thai Institute of Directors

Mr. Udey Gill - Director Certification Program Class No. 182/2013, 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 2014, 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.**

## PEOPLE

At Indorama Ventures PCL, we believe that a talented, diverse and inclusive employee base helps drive the creativity that is central to our organization. Our employee base includes a broad range of functions and roles globally, from manufacturing and maintenance experts to new product designers and plant workers, from specialists in marketing, sales, logistics, customs, tax and trade, to finance and accounts, managers and many, many more.

### Our Approach

We believe that our company's guiding philosophy has the power to influence, inspire and challenge employees on a daily basis. With "People First" as one of IVL's value, our global strategy for human resources (HR) is to help unleash this potential across every area of our business by enabling leaders to make great decisions that, in turn, enable IVL's business growth. Our HR function supports growth goals as partners to our leaders to ensure we evolve the organization to support all of our business segments, ensure operational and functional excellence, and plan the size and cost of our global workforce.

Our employees are well positioned to address change. In fact, the nature of IVL's business is change. Customers are constantly evolving what they expect, and we know that employees across the company, at all levels, making quick, but wise, decisions is crucial to our success. Honing the ability of employees to ask the right questions, examining learning opportunities, and continually rethinking the needs of the business are ever-present priorities that are supported by leaders who coach and inspire.

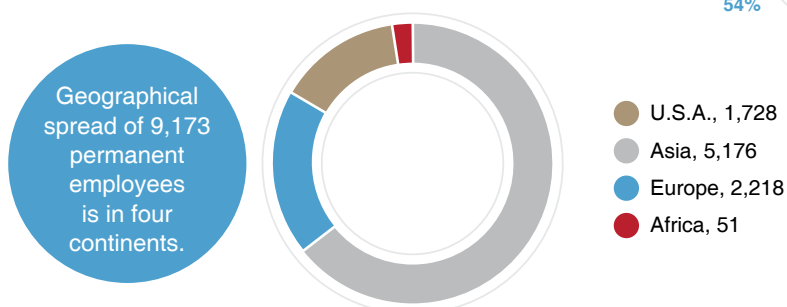
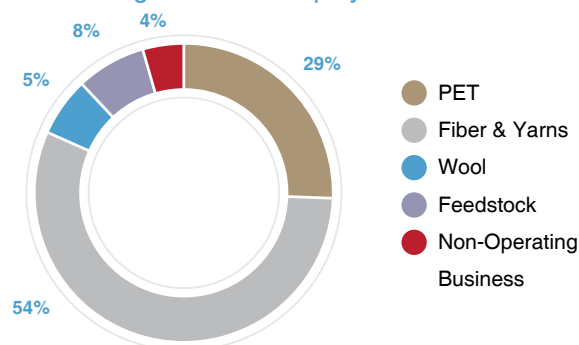
### Global Permanent Workforce

As Indorama Ventures PCL is a holding company whose business is investing in its subsidiaries and affiliates. As at December 31, 2013, the permanent employee's workforce under different subsidiaries of IVL is 9,173.

| Type of Business                 | As of December 31, 2013    |
|----------------------------------|----------------------------|
| PET                              | 2,633                      |
| Fibers & Yarns                   | 4,969                      |
| Wool                             | 436                        |
| Feedstock <sup>(1)</sup>         | 781                        |
| None-Operating Business          | 354                        |
| <b>Total Permanent Employees</b> | <b>9,173<sup>(2)</sup></b> |

Remarks: <sup>(1)</sup> PTA Business and EG/EO Business; <sup>(2)</sup> doesn't include temporary manpower

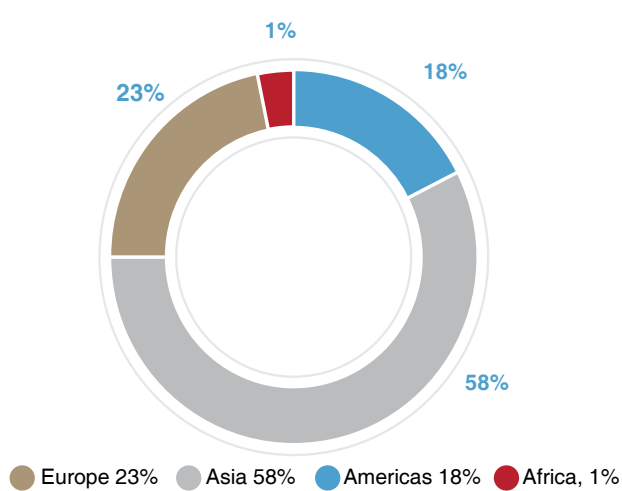
Segment wise employees in 2013



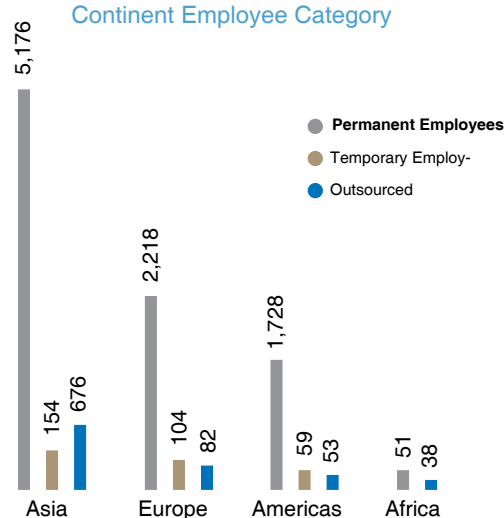


## Global Total Workforce

When we club the entire employee workforce who consists of permanent, temporary and outsourced employees, our strength becomes 10,339 and the continent wise distribution is as follows:

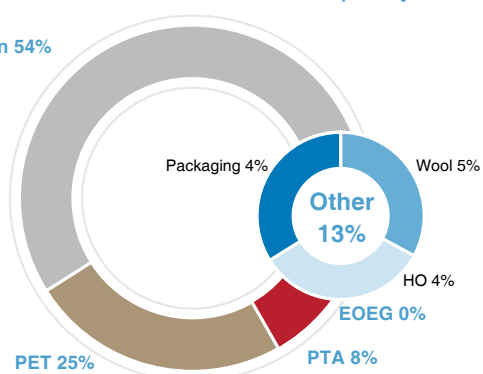


## Continent Employee Category



## Segment wise Workforce inclusive of temporary & outsourced staff

### Fiber and Yarn 54%



## Acquiring, Managing and Developing Talent

IVL's recruiting efforts mine the best suited talent. In building our teams, we focus on company's future business needs and how we can plan for growth. HR continues to undertake extensive outreach recruitment activities to identify more qualified and diverse candidates.

The company appreciates in value as employees develop their skills and organizational knowledge. We view training as a whole system and not a one-time event. This means that what happens before and after the actual training is just as important as the training itself.

We concentrate on key areas that help to sustain our business performance. Our talent strategy focuses on critical assignment planning, manager accountability for coaching and mentoring, and team learning. We also plan to work on ensuring successful leadership transitions, develop the next generation of leaders and grow emerging and diverse talent.

## Training

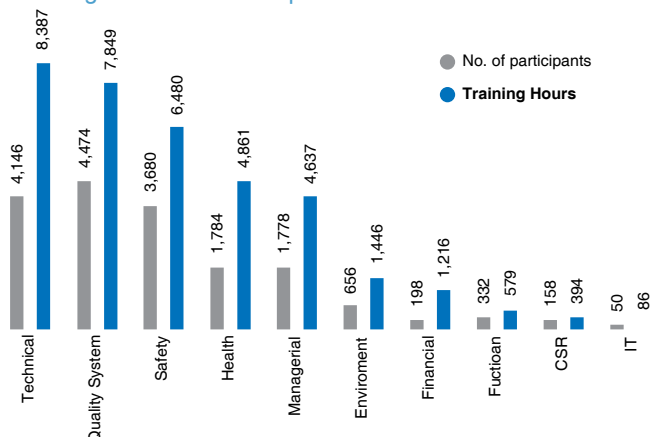
IVL believes in balancing training inputs have multi dimensions, from technical to behavioral, from organizational to individual level, on-the-job training to e-learning platforms. Some of the global statistics of the training in 2013 across all locations of IVL speaks about the intensity and the coverage of employees.

Training programs were designed based on the requirements organizational, functional and individual levels. These programs are grouped in 10 broad focused areas

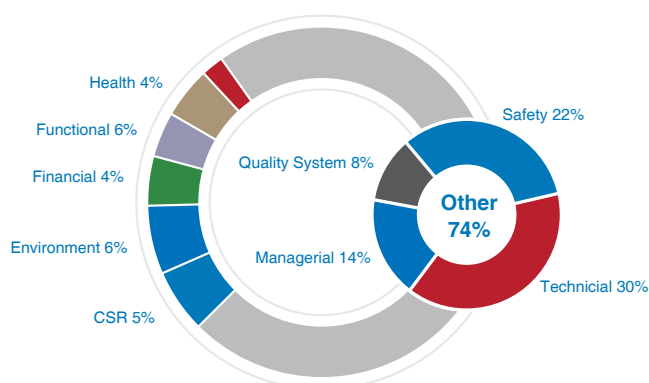
| SL | Focus Area     | Batches    | No. of participants | Training Hours |
|----|----------------|------------|---------------------|----------------|
| 1  | Technical      | 186        | 4,146               | 8,387          |
| 2  | Quality System | 52         | 4,474               | 7,849          |
| 3  | Safety         | 136        | 3,680               | 6,480          |
| 4  | Health         | 26         | 1,784               | 4,861          |
| 5  | Managerial     | 90         | 1,778               | 4,637          |
| 6  | Environment    | 36         | 656                 | 1,446          |
| 7  | Financial      | 28         | 198                 | 1,216          |
| 8  | Functional     | 36         | 332                 | 579            |
| 9  | CSR            | 30         | 158                 | 394            |
| 10 | IT             | 8          | 50                  | 86             |
|    | <b>Total</b>   | <b>628</b> | <b>17,256</b>       | <b>35,935</b>  |

Organizational level programs are related to Quality System, CSR, Safety, Health & Environment. Functional level programs are grouped in Technical & Functional programs. Individual level training requirements were addressed through the programs which were related to Finance, IT and Management.

### Training Hours and Participants in 2013



Individual development was focused 30% of the training was in Technical subjects, 22% on individual safety and 14% on enhancing individual Managerial skills.



### Role of Manager to Inspire Individuals and Teams

IVL's commitment to its workforce includes enabling managers and leaders to be levers for accelerating the company's growth. We invest in our leaders by providing learning and development opportunities that teach managers how to amplify their employees' talent, energy and capabilities. Being a "talent multiplier" is not about making people work harder, but about engaging them in a way that helps them produce better and more relevant work.

The senior management has four principles of manager excellence: lead, coach, drive and inspire. These principles define how we reach our individual and collective potential. Managers are role models who inspire their teams, live the passion of our excellence and promote creative environments for best thinking and work.

IVL equips leaders to plan, land and grow individual talent, align strategy and manage team performance, celebrate and reward performance and drive excellence across the organization. Through it all, managers listen to their teams. To support this process, we are developing a new multi level feedback tool that will give IVL managers the insights they need to identify their own opportunities to improve.

### Succession Planning

The planned talent reviews plays a key role in deepening the strength of our bench and help leaders make thoughtful choices about putting the right people to work in the right areas. In these reviews, leaders will be accountable for improving the performance, potential, diversity and continuity of their teams while ensuring the highest return on investments in our talent. This comprehensive career approach will strengthen our globally diverse talent with the critical experiences and leadership skills they need to achieve IVL's business objectives and realize their own potential.

### Rewards and Benefits

We celebrate and reward successful employee results through excellent benefits and rewards. IVL offers competitive total compensation, including benefits that provide employees the opportunity to stay fit, ensure the wellness of their families and create a positive working environment. As a global company, every geographic location is different, but each provides for variable health coverage, time off, retirement savings and more. Total benefits packages depend on position, location and years with the company. There is range of benefits across 42 locations and the common benefits at most of the locations are:

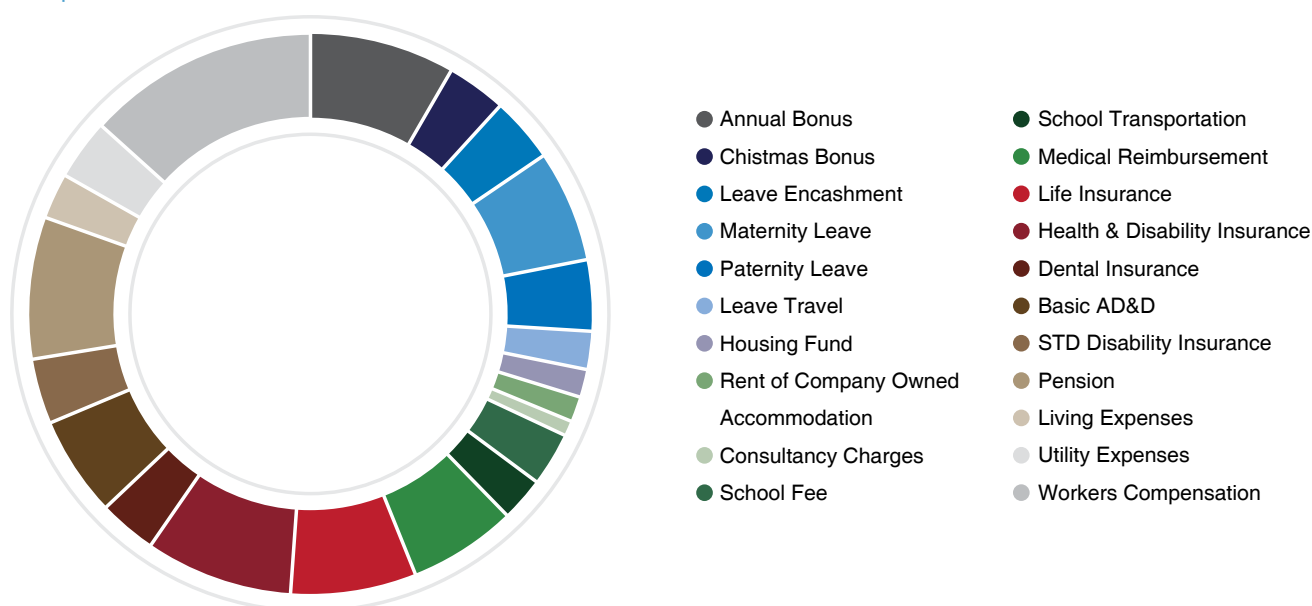
- Health insurance
- Life and accident insurance
- Disability insurance
- Retirement savings plan with a company contribution
- Paid vacations and holidays

There are more than 140 types of different benefits which are applicable to specific locations/ units based on the unit's requirement.



Most common compensation and benefits across locations are given below:

#### Compensation & Benefits



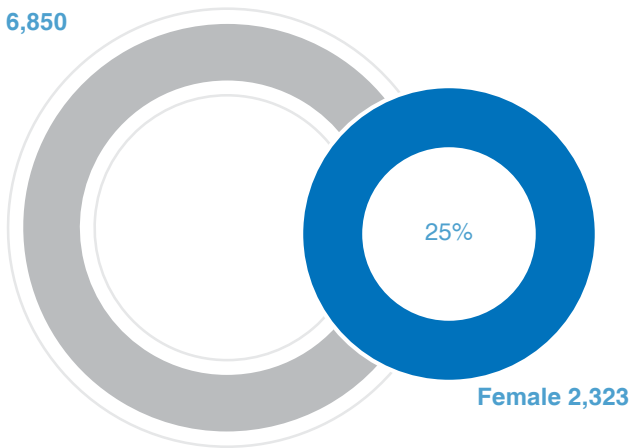
#### Culture

At IVL, we want an open and creative culture that harnesses diversity and inclusion to inspire ideas and ignite innovation. All units are unique in terms of their culture. However, Operation Excellence and innovation has brought a signification shift in the culture of saving cost and development of new products.

With manufacturing facilities in 15 countries and employees from more than 17 countries brings a great learning platform from each other. It also encourages adaptability of different culture and practices. There is an emphasis for expats to learn local languages to help them to get integrated with the local culture easily. Learning of local languages by expats is given addition incentive in term remuneration. We recognize there is no single approach nor is there a finish line to this type of work. There are many factors that need to be in play to create high-performing, diverse and inclusive teams. Team composition, manager excellence and team culture are all critical to success. While we take an innovative approach to this work, we balance it with the need to offer the fundamentals through education and awareness programs. These basic principles of diversity and inclusion not only make IVL a better company, but have the ability to contribute to making a better world. Gender diversity is also an important criterion and hence the ratio of female is about 25% in the workforce.

### Gender Profile

Male 6,850



### Health and Safety

We promote and manage a healthy and safe working environment for employees. We offer everything from healthy-living pledges included in employee-benefit plans to risk-based safety assessments and tracking globally. We provide extensive safety training to employees based on the type of job they do and the level of risk associated with that job.

We track and assess recordable and lost-time incident rates against industry and benchmarked world-class averages. Measured facilities include high-risk facilities, consisting of distribution centers, in-house manufacturing and high employee population locations. We use internal and external audits to assess facility performance, on a one-to-three-year cycle based on performance and risk profile - targeting high-hazard and large-population facilities. We audit for compliance with IVL's environmental, safety and health standards.



# CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

## Our Approach to Corporate Social Responsibility

### 1.1 Vision and Goal

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.

### 1.2 Sustainable Business

To achieve our long-term strategic vision of being one of the most admired global chemical companies in the world, we are dedicated to creating balance among economic goals, society and the environment. Integrating sustainable development as part of the way we do business is a key for us to achieve sustainable growth.

### 1.3 Corporate Social Responsibility Policy

IVL will operate within established laws and promote an ethical organizational foundation. The Company will cooperate with all authorities to ensure it utilizes fair employment practices that meet international standards with respect to human rights and common labor practices.

IVL will conduct its business ethically and treat all stakeholders with respect. The Company will comply with all applicable laws and regulations and maintain open dialogue with authorities and NGOs to promote and maintain a good image for the Company in all its business and social transactions.

As a leading industrial corporation, IVL will seek to limit its impact on the environment and adjacent communities by actively seeking methods to reduce industrial waste through reusing, recycling and the promotion of energy conservation.

### 1.4 Seven Pillars of IVL's Sustainable Development

IVL has implemented corporate social responsibility activities in both in-process and after-process to create balance between economy, society and environment. Our Sustainability

Approach should be related to the Seven Pillars for the Sustainable Development of the Company that we believe is the core to our philosophy.

- Recycling
- Waste Reduction
- Reusing Resources
- Renewable Energy
- Employee Development
- Stakeholder Engagement
- Local Community Development

### 1.5 Managing Sustainability

#### CSR Committee

IVL appointed a Global CSR committee based at its Bangkok Head Office to oversee the creation and communication of its CSR policy; monitoring and assessing the impact of its policies towards the community and environment on a regular basis. Each business office or factory is responsible for the creation of activities for its employees and community in line with IVL's CSR policy. Local working groups will be set up to coordinate activities with employees, communities and local authorities. All activities will be monitored locally for effectiveness and feedback. Data on the implementation and related statistics will be kept and also sent back to Head Office for assessment.

Head Office will monitor and assess CSR activities on a global basis, assisting local working groups to learn from the experience of other working groups and benchmark themselves to the group as a whole.

#### Responsibility

It is the responsibility of departmental heads and the officers entrusted with the CSR policy to ensure that the CSR Policy and Procedure is adhered to and all employees are fully briefed and acquainted with the procedure.

## 1.6 Strategic directions to sustainability

We developed our sustainability strategy that aligns with key business strategies aiming to balance economic growth, the environment and society.

# Reporting and Implementation

## 2.1 Standard Disclosures

We firmly believe that transparent reporting helps us improve our long-term sustainability. By communicating clear and accurate information, our stakeholders can fully understand the business, our sustainability challenges and how we respond to these challenges.

In this annual report, we demonstrated our CSR implementation compliance with the Stock Exchange of Thailand's eight principles. In line with the annual report, IVL's Sustainability Report has been prepared using the Global Reporting Initiative's (GRI) G3.1 Reporting Guidelines as a framework.

For a full sustainability report, please visit the CSR section on our corporate website [www.indoramaventures.com](http://www.indoramaventures.com).

## 2.2 Implementation according to the Eight Principles

### 1. Ethical Business Practices

Our commitment to high standards is embodied in our company culture. Indorama Ventures believes strongly in ethical business practices. We are committed to fully comply with laws and regulations and to conducting business with the highest level of ethics and integrity. We also expect that our business partners will operate to the same ethical standards.

#### 1.1 Fair Competition

We conduct business in a manner that is free, fair, legal, and in environment of mutual respect. We respect our competitors and compete with them fairly and honestly. Our standards of business competition are following antitrust and competition laws in every country in which we operate. We act

with integrity in all our business dealings and do not discriminate against any person because of race, color, gender, religion, age, national origin, or other legally protected status.

#### 1.2 Respect the intellectual property of our partners

We believe in the importance of respecting their privacy and confidentiality. Our policy on intellectual property applies to the Company's property as well as others. We make every effort not to infringe upon the intellectual property rights of all of those with whom we do business. Intellectual property includes copyrights, patents, trademarks or trade secrets.

#### 1.3 Promoting social responsibility in the value chain

IVL's suppliers are demanding the same high standard with regard to ethics, labor practices, health and safety, human rights and environment. We communicate our Code of Conduct requirements and share best practices with our partners to improve social and environmental performance of the entire value chain. The selection of suppliers is based not only on the quality and pricing of their products and services, but also their commitment to social, ethical and environmental principles.

We expect our suppliers to

- Build and maintain relationships based on fairness, trust, respect for the rights of individuals
- Provide safe and fair working conditions for their employees as we do within IVL.
- Commit to a workforce free of harassment, discrimination and child labor.
- Comply with all applicable environmental, health and safety regulations.



## 2. Anti-corruption and Bribery

In May 2013, the Board authorized the management to participate in the Private Sector Collective Action Coalition against Corruption (CAC) by signing the declaration of intent. The Board also authorized the management to undertake the Certification process of the Private Sector Collective Action Coalition against Corruption to which the Company is a signatory in November 2013. The self-evaluation form of certification process is under review by the Audit Committee and will be completed in the early part of 2014.

To demonstrate its firm commitment against corruption and bribery the Board of Directors approved the Anti-Corruption Policy of the Company at its meeting in January 2014.

The purpose of the Anti-Corruption policy is to ensure that IVL and its subsidiaries have the appropriate systems and procedures to prevent bribery and corruption.

The Company has in place internal procedures for reporting unethical practices/corruption. If anyone becomes aware of any issue or practice involving a potential or actual violation of this policy, they are required to report the matter immediately to one of the following: their line manager or the Whistleblower Committee or the Corporate Compliance Department or by email to [ethics@indorama.net](mailto:ethics@indorama.net). Anyone making a report via any of these channels will be kept anonymous.

The Anti-Corruption Policy are communicated to directors, management and employees and uploaded to the Company's website under the Corporate Governance section.

## 3. Human Rights

### 3.1 Respect for Human Rights

IVL is committed to fulfilling its responsibilities on human rights in all of its companies around

the world by applying the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social, and Cultural Rights across all of our businesses.

As a global company operating in 15 countries on four continents, we work in a very diverse range of operational contexts. It is our responsibility to ensure the best possible respect of human rights in every context.

### 3.2 Human Rights Policy and Implementation

IVL's Human Rights Policy identifies eight elements on which IVL will focus its human rights efforts

- Fair Treatment of Employees  
Treat all employees fairly and honestly, regardless of where they work. All staff will have agreed employment terms and conditions in accordance with local law or practice and will be given appropriate job skills training.
- Staff Training  
Provide training to ensure effective implementation of this policy through employee induction and human resources communications.
- Legislation and Codes of Practices  
Seeking continuous improvement and compliance
- Rights of Access  
Provide equal access to facilities and services
- Working Hours  
Comply with national standard and industry practices on working hours.



- Recruitment  
Ensure decisions on hiring, promotion and training, are made with regard to fairness and non-discrimination.
- Child Labor  
Prohibit all forms of child labor.
- Disciplinary Issues  
Prohibit physical punishment or abuse.

Details of our approach to human rights can be found on the IVL website ([http://www.indoramaventures.com/EN/corporateGovernance/pdf/Human\\_Rights\\_Policy\\_EN.pdf](http://www.indoramaventures.com/EN/corporateGovernance/pdf/Human_Rights_Policy_EN.pdf))

Our Human Rights Policy applies on a global basis to all of our employees and sites. The Policy and Code of Conduct were approved and announced by our Board of Directors. All employees are being required to sign a document stating that they are aware of the policy and code of conduct. New employees receive human rights training at induction. Some sites implemented e-training for their employees to ensure the policy is communicated. Annual refresher training has been planned and will be implemented in 2014. Additionally, we planned to further communicate our approach to human rights and code of conduct externally through our quarterly corporate magazine.

It is important to ensure that our policy and code of conduct are well communicated to new operations or acquisitions. We immediately apply and integrate the policy into their systems once we have closed the acquisition and brief management.

We have a Whistleblower Policy which specifies grievance procedures through which staff can raise personal and work-related issues. Global HR Head, the Company Secretary and Head of Internal Audit maintain a direct line of reporting

to the NCCG Committee of Independent Board Directors (NCCG - Nomination, Compensation & Corporate Governance) on compliance-related issues including with respect to human rights and investigations.

Detailed of grievance procedure can be found on Whistleblower Policy on the website [http://www.indoramaventures.com/EN/corporateGovernance/corporateGovernance\\_Documents\\_OtherPolicies\\_Whistleblower.php](http://www.indoramaventures.com/EN/corporateGovernance/corporateGovernance_Documents_OtherPolicies_Whistleblower.php)

IVL reported zero grievances in 2013.

## 4. Fair Labor Practices

IVL is committed to treating our people fairly and with respect. To ensure consistent and fair labor practices worldwide, we have included standard practices for respectful and ethical treatment of employees in our Human Rights and Human Resources Policy.

### 4.1 Recruitment and Talent Attraction

The Human Resources policy has been designed and implemented to attract potential employees and retain, develop and promote existing employees. The HR policy and practices are reviewed every year to keep it current with the requirement of business and changing dynamics in the job market. For the long term sustainability of the organization, the focus is on assessment of current performance and competency (potential for future) of the individual employee (both at management and staff levels).

Indorama Ventures offers an international grade of benefits to expatriate employees and benefits for local employees that are equal to or better than similar companies in the industry. Management believes in rewarding talent and has a fast-track system in place to encourage the development of individuals who are considered outperformers. Training is provided regularly to technical or

specialist staff to enable them to be aware of latest developments in their fields.

Details on acquiring, managing and developing talent can be found in the Corporate Governance Report under the Human Resources and Training section.

#### 4.2 Remunerations and Benefits

The Company is in a highly competitive industry and in order to attract and retain high quality employees it is necessary to ensure that salaries are comparable in order to be attractive. The Company also offers special packages to expatriate employees that include benefits for the employee's family.

Details on remunerations and benefits can be found in the Corporate Governance Report under Human Resources and Training, Rewards and Benefits Section.

#### 4.3 Training and Development

The growth of employees is an important factor for the success and sustainability of IVL. It is a global company and we want our people to have with a global outlook. The company is also a growth company and plans to continue building and acquiring assets and businesses around the world with a focus on the Polyester Value Chain. With the Performance Management System (PMS), we identify employees who are high on performance and competence both. These employees are identified for their career advancement. They are given opportunities for exposure to other units of IVL within or outside the country for short intervals initially and then they are transferred to those

units. These transfers are the part of career path which makes them to grow their knowledge and skills and in turn to the next level of the hierarchy.

HR presents its annual strategy which is line with business to the Board of Directors for their approval. HR strategies are to support business growth, manpower optimization, business/functions integration, and identification and development of the workforce to meet business requirements. Some of the examples are the availability of the right people for expanding units, restructuring of the organization to enhance its effectiveness, assessment of high potential employees for effective succession planning, etc.

The Performance Evaluation process is for Management Staff. This is an annual process which takes the calendar year as the assessment period.

The process has two steps i.e. Self-Appraisal and Assessment by the immediate superior. The process is based on open discussion with the superior on the performance and expectations from the next year.

Based on the outcome of the PMS process, the training needs are identified for each employee. Details on training programs and related numbers can be found in Corporate Governance Report under Human Resources and Training section.

#### 4.4 Health, Safety, Hygiene and Working Environment

IVL is committed to protecting the health and safety of all employees, contractors, visitors and other people who may be affected by our work and activities. At each location, we integrate occupational health and safety into all aspects of the business. We implement programs from accident prevention to health protection.

We are committed to complying with applicable laws and regulations regarding occupational health and safety in the countries in which we operate.

IVL has a Hygiene and Safety Policy at the Group level to govern all the health and safety related activities. Each site has assigned a designate person to be the Site Hygiene and Safety Officer (SHSO). The SHSO will examine the implementation and audit of Safety Directives on a regular basis and oversee control of contractors in respect to hygiene and safety. Each site will conduct an in-depth analysis of severe accidents. The Site head will ensure that all employees have access to the Hygiene and Safety Policy. Employees are working toward achieving the goal of zero accidents and injuries.

All sites are also committed to operate to meet the requirements of OHSAS 18001 (an international standard for occupational health and safety management system) or equivalent. To date, seven sites have become OHSAS 18001 certified.

In addition, IVL requires all sites to conduct health and safety risk assessment to identify areas where operational procedures or other controls are required or should be reviewed. The risk assessment is reviewed annually or when there is a change in operation that could affect the risk profile such as installation of new equipment.

Some work at sites are being carried out by the contractor. We require all our contractors and sub-contractors to meet strict health and safety requirements. To further promote safety awareness and reduce factory incidents, Indorama Petrochem introduced an Incentive Program to motivate all permanent contractors working at IRPL plant on safety and occupational health.

#### 4.5 Diversity and Equal Opportunity

Today, Indorama Ventures has more cultural and racial diversity than ever before. We commit to ensure that there is no unjustified discrimination in the business activities such as recruitment, compensation, promotions, training and development. All activities are conducted without discrimination against anyone based on their age, race, color, religion, nation of origin, sexual orientation, disability, HIV/AIDs status, political opinion or any status regarded a human right.

The Company has a specific policy on HIV-AIDS and committed to providing employees with a work environment free from AIDS discrimination. IVL's commitment to protection of the human rights of HIV/AIDS infected persons apply to all business operations and to all employees globally. Employees with HIV/AIDS infection will be treated in the same way as other staff including health and life insurance, disability benefits and leaves of absence. Any form of discrimination or harassment, directly or indirectly, towards HIV/AIDS infected persons is considered to be subject to disciplinary action up to termination of employment.

## 5. Responsibility towards Customers

We value the customer at every level of the Company and have made customer satisfaction one of the goals of the company that is also reflected in our mission statement, whereby we focus our activities to achieve customer delight and loyalty for a long-lasting relationship.

We are committed to operating in a way which is fair, transparent, non-discriminatory and delivers to the highest levels of professionalism and integrity. We seek to better understand our customers' unique requirements and their current business needs. We always deliver our products and services to fully meet our customers' expectations today and their long-term requirements. We want our customers to see IVL as their best business partner.

### 5.1 Product Quality and Safety

We are committed to developing and providing high quality and safe products. We continuously improve our processes and products and stay current with new regulation and industry best practices. To ensure the highest quality and safety of our products, we adopted third-party certification and quality standards such as AIB Food Safety Compliance, the Oeko-Tex® Standard 100, HALAL, GMP, ISO 22000: 2005, ISO/TS 22002-1: 2009, FSSC 22000.

We also implemented Quality Management Standards like ISO 9001:2008 to ensure consistently products and services and quality improvement, with the aim of enhancing customer satisfaction.

In terms of the product itself, IVL offers a wide range of specialty and high performance polymers used in home textiles, building, transportation, automotive, consumer goods and industrial applications to keep people and property safe from harm.

With numerous stringent regulations and standards established worldwide, our flame-retardant polyesters have been used in many products where safety is required. Trevira offers built-in safety fibers and yarns. Unlike fabric that receives a surface treatment at a later stage, Trevira CS textiles are inherently flame retardant, therefore, offering long-term security. Trevira CS textiles are environmentally and ecologically friendly materials as there are no additional fire protection chemicals required. Furthermore, a comparative fire test shows Trevira CS develops only very slight amounts of toxic fumes compared to a normal flame protection fiber.

In North America, we developed a new formula of PET resin that is more suitable for extrusion blow-molding (EBM) large container, providing strength and stiffness yet the transparency required by marketing people to show the freshness of a fruit juice and the sustainability of a PET product that can be recycled 100%. A jug with a built-in handle made from PET is considered to be safer for large containers and easy to carry, therefore, with more convenience than an attached handle. Today, PepsiCo uses our EBM resin to make their award-winning Tropicana™ fruit juice containers.

## 5.2 Material Safety Data Sheet and Product Labels

A Material Safety Data Sheet and labeling are important sources of information for safe handling of products. Whether or not required by law, we provide health, safety and environmental information on our product labels and packaging. All important information included chemical name, ingredients, hazard identification, first-aid measures, fire-fighting measures, physical and chemical properties, stability and reactivity, toxicity, disposal consideration, transportation information and regulatory information.

IRPL has been awarded the Carbon Reduction Label from the Thailand Greenhouse Gas Management Organization, Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute (TEI) for its PTA product. The Carbon Reduction Label is a certified label awarded to a manufacturer achieving reduction of at least 10% of greenhouse gas emissions resulting from its manufacturing process. This certification marks an important step forward for IVL in terms of reducing greenhouse gas emissions emitted from the production process of each product and service.

## 5.3 Communication with Customers

We believe that trust and loyalty can be built through regular interaction with customers. We communicate regularly with our customers in many ways such as direct contact through sales and marketing executives, meetings, conferences, email, website, publications and social media platforms. Senior executives make a point of visiting key accounts regularly in order to gauge satisfaction.

In communicating with customers, we respect the voice of the customer and respond to complaints, requests and inquiries promptly. Complaints from customers are received by our customer sales representatives whose duty is to pass on reports to their supervisors and management team for further consideration, advice and most appropriate response. Management will then make a decision to solve the issue employing short, medium and long term initiatives.

Customers can be a source of new ideas. We listen and respond to our customer feedback and take it into account when it comes to quality improvements and new product development. We work together with our customers to develop products that are tailored to their specific needs, for example, Coca-Cola's PlantBottle®.

IVL value trustworthiness, honesty and open communications. We provide accurate, sufficient and useful information to customers and keep our customers up-to-date with new developments. In any communication, we aim not to mislead customers by providing false or exaggerated information.

## 5.4 Customer Privacy

IVL respects individual rights of customers and committed to keeping individual customers information accurate, confidential, and not to disclose to a third party. We have developed the Policy on the Treatment of Customers to explain our practices for appropriate handling of customer information.

## 6 Caring for the Environment

IVL gives high priority to environment issues and demonstrates our commitment everywhere we conduct business. We have issued Environmental Policy with the aim to outline principles in relation to managing potential environmental impacts from our operations.

Our employees are responsible and play a full role in implementing environment policy. We provide training to employees where necessary to achieve compliance and contribute to the success of this policy.

Our worldwide operations are conducted in compliance with all relevant environmental laws and regulations. We implement environmental management standard such as ISO 14001 and making continuous improvements in the environmental performance of our production sites worldwide.

### 6.1 Responsible Use of Resources

IVL spends an average 50-60% of total conversion costs on utilities, energy and chemicals. Efficient use of resources therefore positively impacts the profitability.

We strictly control and continue to minimize consumption of resources. All manufacturing sites are required to report their environmental performance indicators annually according to Global Reporting Initiatives (GRI) guideline. We introduced various environmental initiatives to increase resource efficiency, which is involved in the reduction of materials, energy, water and waste.

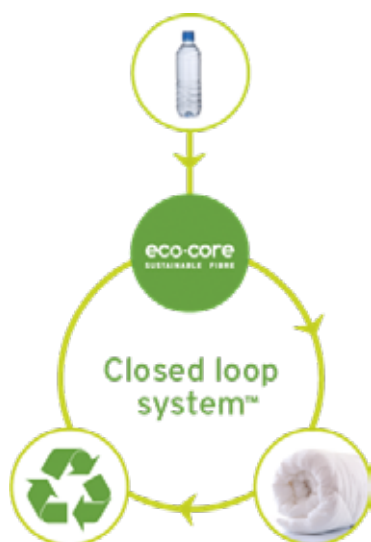
- Raw materials

We are working continually to make the most of raw materials. Many R&D activities at IVL are focused on improving resource and material efficiency, for example lightweight design, fibers made from renewable plant compounds and post-consumer recycled content.

Wellman introduced a Close Loop System™ which can recover up to 100% of polyester components from end-of-life products. Products developed from Wellman Fiber can be re-introduced into the raw material stream and once again made into Wellman Fiber.

- Energy

We continue our efforts on reducing energy used in our operations. Energy consumption is measured to eliminate waste and identify the potential for improvement. We replace inefficient equipment with higher efficiencies to bring down energy consumption and conduct regular maintenance to keep its run efficiently.



We utilize the best available technologies and upgrade plants in order to reduce energy consumption and increase process efficiency. For example, we replaced conventional solid-state polymerization (SSP) with a Melt-to-Resin™ technology which produces a resin within one step. It therefore significantly reduce costs for energy due to the reduction of production cycle time.

We invested in our onsite energy production to produce energy from renewable sources e.g. solar and wind power. By diversify energy sources, we are able to reduce our energy needs and lower our impacts on environment.

Additionally, other simple methods were implemented to improve efficiency such as the installation of energy efficient lighting and the use of videoconferencing instead of business travel.

To date, five of our manufacturing sites have achieved the ISO 50001 certification for energy management standard. The certification recognizes IVL's ongoing commitment to ensure environmental excellence across its operation.

- Water

IVL regards water as a scarce resource that requires appropriate management. We strictly control water demand and supply across all processes and operations to improve water utilization and eliminate water waste. Various actions have been taken to make water use more efficient e.g. reduce raw water consumption in dewatering unit by reusing water from waste water treatment plant, replace the hydrant ring main to prevent water leakage in the pipeline.

Water quality is also important to keep our communities clean and healthy. Our process water must be treated to meet water quality standards, either by our own water treatment plants or by discharging effluents to external treatment plants.

- Waste

Waste reduction in production process is a key part of our cost reduction program. We constantly monitor our production processes and conduct preventive maintenance to preventing waste before it is the generated. By improving manufacturing process, we can identify and reduce excessive consumption of energy or raw materials, losses in the production process and rejection at the inspection stage.



Apart from waste prevention, we also reuse waste materials by converting waste streams into reusable materials e.g. reuse waste heat from exhaust air, reprocess PET dust onsite, recycle the drained slurry back to process and remove glycol from the waste water stream. We continue to invest in recycling and increase the use of recycled raw materials in our production.

Further waste reduction has been achieved by utilizing reusable packaging, recycling waste paper, print cartridges, kitchen waste and electronic equipment.

For more details on initiatives and performance data, please see our Sustainability Report 2013.

## 6.2 Prevention of Pollution

We implement systems to manage pollutions and carry out activities to reduce the amount of substances used and emitted in our operations. Apart from controlling the air pollution, we also initiated programs for wastewater treatment and waste management.

We establish GHG Management System to reduce greenhouse gas emissions to meet the ISO 14064-1 standard requirement and use low emissions or renewable sources on-site where possible to reduce air emissions. Transportation also has significant impacts on air quality. We use lower impact forms of transportation such as changing company vehicles from diesel to CNG and reduce business travel to lower pollution.

We are committed to minimizing the use of fresh water through operational efficiency and recycling it back into the process where practicable. To avoid impacts on local water sources, we effectively manage wastewater to achieve high standards of effluent. Our ongoing initiatives include the implementation of CO<sub>2</sub> neutralization to decrease the amount of sulfate in waste water, the reduction of excessive Biochemical Oxygen Demand (BOD) in waste water to produce better quality effluent and trigger level setting for storm water emissions to provide early detection of the limits on storm water discharges before release to the environment. We have additionally investigated alternative treatment for process wastewater to ensure conformity with all applicable laws, regulations and standards.

Details of all chemical used in our operations have been maintained and available to relevant regulators and interested stakeholders.

## 6.3 Protecting Biodiversity

Our environment policy is to strive to enhance biodiversity where practicable. We work with the relevant authorities and affected parties to ensure protection of natural habitats through effective pollution control measures and management plans to conserve or enhance the biodiversity.

Where we develop new site, we will comply with all relevant statutory requirements and guidelines in respect of designated areas. Where we need to build, we will aim to promote biodiversity, taking account of any local biodiversity networks or action plans. We will seek to identify any existing sites where the potential exists for enhancing biodiversity and over time develop appropriate actions plans



to achieve this and do this in partnership with the relevant authorities and affected parties who promote biodiversity on a local and national level and seek to identify ways in which we may be able to support the development of selected schemes or initiatives.

## 7. Social and Community Development

Indorama Ventures is committed to strengthening local communities and contribute towards sustainable and long-term benefits in the areas where we operate. We play a significant role in local communities by stimulating local economies, creating local jobs and contributing to social development projects.

### 7.1 Job creation and skill development for the communities

Job creation is one of the core elements contributing to local economic development. In order to support community development and stimulate the local economy, IVL focus is on local employment when establishing or expanding our operations. At the end of 2013, IVL has 9,000 employees worldwide. We employed a greater percentage of local workers than those from other areas.

Other than direct employment, we work in collaboration with local communities to provide education and training in areas that are of interest to the community. For example, the PET Group at Lopburi invited speakers from the Provincial Fisheries Department to talk to villagers on how to raise catfish. Indorama Polyester Industries (Nakhon Pathom) arranged a workshop to teach villagers basket weaving and artificial flower making to generate more income and become self-sustaining.

IVL also engage in a wide range of career development activities. We hosted several factory visits for local schools to give students experience in a real work environment and guide them in their future careers. We arranged a knowledge session for postgraduate students to support their studies and we act as a guest speaker at various universities.

To enhance more local job creation, we procure a diverse range of products and services from local businesses within and adjacent to our sites. By purchasing goods and services locally, we help local business grow and build community strength.

### 7.2 Community Involvement

IVL has been involved in various community development programs to promote local communities' social well-being and economic growth. Our activities consist of six focus areas; philanthropic giving, arts and cultural programs and sponsorships, environment, education, community health and wellbeing and employee volunteerism.

Our philanthropic contribution aims to improve the quality of life in the communities. Each site has its own fund and will support charities that align with our CSR practices and are within the community. We also support a variety of local events and activities to help communities enhance arts and culture.

We integrate environmental practices into business activities worldwide and contribute to a healthy environment within the community. Our ongoing initiatives include promoting reuse and recycling of PET and Polyester fibers and yarns and community clean-up.

IVL has been supporting local communities to improve their local educational standards and play a part in building better citizens and communities. We continue to support education through scholarship and other programs including internship, speaking engagement and vocational training.

We provide a wide variety of support in the area of health and wellbeing, from health training to improvement of health infrastructure. Our employees are encouraged to give their time to make positive changes to their communities.

Additionally, we conduct open house sessions and regular community meetings to allow people living in the local community to discuss and share their views. All issues raised and comments received have been documented and response is made directly by each site.

For more information on the CSR activity regarding community involvement, please see our sustainability report 2013.

## 8. CSR Innovation and Diffusion

Sustainability is directly linked to innovative capability. Acquisition of R&D targets allows the Company to leapfrog the long development incumbent in a Greenfield process by owning innovations that usually would take several years to develop. Through innovation, we can continuously make products that are more environmentally sustainable and directly contribute to social sustainability.

### 8.1 Creative CSR

Polyester is recyclable, making it the sustainable material of choice. IVL acquired Wellman International, Europe's largest recycler of PET bottles as well as a leading European producer of polyester staple fiber products and rPET. Through IVL's global synergies, we are able to transfer recycling technology to the Company's Asian assets in Nakhon Pathom, Thailand. Under the project, post-consumer PET bottles will be collected and recycled to produce high-quality resin for making containers for consumer drinks; yarns for premium garments and color fibers for automotive and non-woven applications.

Indorama Ventures launched ECORAMA™, a 100% recycled fiber manufactured from postconsumer resin (PCR) flakes-to-fibers. This product has been awarded a Green Label certificate by the Thailand Environment Institute.

Trevira is producing PLA fibers (Ingeo™), a biodegradable (compostable) fiber made from renewable plant compounds which are used in various applications e.g. wet wipes, hygiene products and technical nonwovens.

Eco-core is Wellman International's fully validated range of sustainable polyester staple fibers made from post-consumer recycled plastic bottles. 2.2 billion bottles are recycled annually to make eco-core fiber.

### 8.2 Co-Creating Unique Value with Customers

Indorama Ventures innovations are developed in response to unmet demand and create new opportunities for customers to market materials that have unique traits. We not only provide the highest quality products to our customers but

also strive to provide them with the solutions to their sustainability challenges in a cost effective manner. We also believe that customers want to be assured that their suppliers are also using sustainable supply chain management systems.

We have worked with Coca-Cola in efforts to develop a polymer resin that utilize a derivative of plant material. The resin is now being used to make beverage packaging that is fully recyclable, convenient, light weight and uses materials made from plants, called "PlantBottle™".

PepsiCo was facing challenges in making strong enough large containers from PET with built-in handle to make carrying a large jug convenient. We developed a new extrusion blow molded (EBM) of PET that offer a clear, handled and recyclable bottles. Polyclear® EBM PET has been used in PepsiCo's Tropicana™ fruit juice containers and recognized by the Association of Post-Consumer Plastic Recyclers as meeting or exceeding the APR PET Critical Guidance Document protocol.



equivalent to **200,000** barrels of oil saved annually

eliminates **300,000** tonne of harmful air emissions

**4 times** lower carbon footprint than virgin PET fibre

# REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2013

The Audit Committee of Indorama Ventures Public Company Limited consists of three independent directors of the Company, who possess appropriate qualifications to serve on the Audit Committee, namely;

|                             |          |
|-----------------------------|----------|
| Mr. Rathian Srimongkol      | Chairman |
| Mr. Chakramon Phasukavanich | Member   |
| Mr. Maris Samaram           | Member   |

During the year 2013, the Committee held 5 meetings, with full attendance of all the Audit Committee Members, and performed the tasks in accordance with the scope of their responsibilities as assigned by the Board of Directors, as per the Audit Committee Charter and those required by the applicable regulations. The Members of the Audit Committee have been re-appointed for a period of another two years, effective from September 19, 2013 to September 18, 2015, by the Board of Directors of the Company in their Meeting held on August 8, 2013.

Significant activities of the Audit Committee are summarised here under:

1. The Committee reviewed the quarterly and annual financial statements of the Company alone and consolidated with its subsidiaries, discussed the significant accounting policies, internal controls etc with the management and external auditors of the Company.

The Committee also held private meetings with the external auditors, without the presence of the Company's management, to consider the accuracy and reliability of the Company's financial statements, the internal control systems and to ensure their independence.

Based on the review and discussions with the external auditors of the Company, the Committee believes that the company's financial reports are accurate, complete, presented fairly with adequate information in compliance with generally accepted accounting standards and relevant regulations;

2. Each quarter of the year, the Committee deliberated the Management Discussion and Analysis (MD&A) in consultation with the Management.

The Committee believes that the Management Discussion and Analysis (MD&A) is presented fairly with adequate information;

3. The Committee reviewed and approved the annual internal audit plan, reviewed the internal audit department's independence and headcount. The Committee also reviewed twice the results of the internal audit covering subsidiaries of IVL across all geographic locations.

Based on its review, the Committee is of the opinion that the Company's internal audit system including their independence and team size is adequate and effective;

4. The Committee assessed the adequacy of internal control systems with the Company's external and internal auditors and management, reviewed their significant findings on internal controls of all the major subsidiaries of the Company, recommended corrective actions as required and to implement appropriate systems in place. The Committee will continue to work together with the Internal Auditor and Management to further streamline the internal control systems and procedures.

Based on its review, the Committee believes that the company's internal control systems are adequate, suitable and adaptable to evolving circumstances to suit the company's businesses, present and future, while complying with related laws and regulations;

5. The Committee reviewed, on a quarterly basis, the status of 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 noted no issue of non-compliances.

The Committee further reviewed the status of compliance with the local and all applicable laws and regulations of respective countries in which the subsidiaries exist and/or operate and noted no issue of non-compliances;

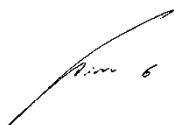
6. The Committee evaluated the performance of KPMG Phoomchai Audit Limited, the external auditors of the Company, for the year 2012 and being satisfied, recommended to the Board for their re-appointment for the year 2013 along with the proposed audit fee;
7. The Committee reviewed each quarter all the connected transactions and the transactions that may involve possible conflicts of interest.

Based on its review, the Committee is of the opinion that all such the transactions took place at regular commercial conditions and justifiable terms on arm's length basis as would have been entered with outsiders, in the best interest of the Company, in line with the Connected Transaction Policy of the Company and in compliance with regulatory requirements;

8. The Audit Committee has conducted a self-assessment to review and evaluate its performance by benchmarking it with the Audit Committee Charter and best practice guidelines. The Audit Committee is satisfied that it has been effective in carrying out its duties and has followed the terms of reference in its charter. The results of the self assessment were reported to the Board of Directors of the Company;
9. The Audit Committee has attended Indorama Ventures Fibres and Filaments Business Global Conference held in USA in March 2013 and also made a visit to the FiberVisions Manufacturing Company plant in Covington, USA in March 2013 in order to understand the process and operations of the plant with the local management.

The Audit Committee has been awarded with the 'Audit Committee of the Year 2013' Award by the Thai Institute of Directors.

On behalf of the Audit Committee



Rathian Srimongkol  
Chairman of the Audit Committee

# REPORT OF THE ENTERPRISE RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company in its Meeting No.1/2013 held on 2 February 2013 formed the Enterprise Risk Management Committee (ERM Committee) comprising of five members, including two Independent Directors. The ERM Committee is chaired by Mr. Alope Lohia, the Group CEO and Vice-Chairman of the Board and other members of the Committee are Mr. Rathian Srimongkol, Independent Director, Vice-Chairman of the Board and Chairman of the Audit Committee, Mr. Maris Samaram, Independent Director and Member of the Audit Committee, Mr. Dilip Kumar Agarwal, CEO of PET, PTA and EG/EO Businesses and Mr. Uday Paul Singh Gill, President of the Polyester Business.

The ERM Committee at its first meeting further formed business level and plant level sub committees in order to develop/ create the awareness of, and embed the 'risk culture', and thus to enhance the efficiency of risk management system across the organisation to identify key risks and inculcate the system of identifying the root cause of the risks, especially of those of a repetitive nature, and to take appropriate risk mitigation action at the grass root level to curb the occurrence of such risks in future.

During the year 2013, the ERM Committee performed its duties and responsibilities as mandated by the Board of Directors and the Enterprise Risk Management Charter of the Company by conducting 2 meetings with full attendance of all the ERM Committee Members.

## Duties performed during the year by the ERM Committee:

1. The ERM Committee and the Board of Directors have considered and approved the Enterprise Risk Management Charter of the Company.
2. Implemented Enterprise Risk Management Structure and Risk Management Practices in all the entities of IVL across the globe and mandated that all entities follow risk analysis of all the factors within the ERM Committee's approved risk management framework and guidelines.
3. Risk factors were raised on 'bottom-up' basis from the Plants to Business Core Committees to ERM Committee and similarly on a 'top down' basis from the ERM Committee to Business Core Committees to Plants.
4. Throughout the year, the ERM Committee and Business Core Committee monitored significant risks, especially the following risks, and found that all the entities of IVL operated in accordance with the ERM Committee's approved framework, methods, and plans as well as recommendations:
  - Strategic Risks and opportunities including potential expansions and acquisitions;
  - Reputational Risks including Corruption, Investor relations;
  - Statutory Compliances including environmental Risks;
  - Deviations from the budgeted forecasts and delays in the implementation of the projects as approved by the Board;
  - Events having impact on cyclicity and integrity of the business;
5. The ERM Committee has reviewed the future strategies of the Company and its sensitivity analysis and presented to the Board for its consideration.

6. The ERM Committee has reviewed the implementation of anti corruption policy and would further review periodically its effectiveness, adequacy of controls, risk mitigation measures to monitor the risks, if any, arising out of anti corruption, bribery etc. In addition to the anti corruption policy, the management arrangements for whistle-blowing are satisfactory.
7. The ERM Committee has made self assessment of its overall performance for the year 2013.

The ERM Committee is committed to implement the enterprise risk management process in an effective and systematic manner, with clear objectives to protect, sustain and generate increased value to shareholders and stakeholders of the Company.

The ERM Committee will further continue to review and closely monitor the ERM process to ensure the objectives of the ERM Charter of the Company.

On behalf of the Enterprise Risk Management Committee



Alope Lohia  
Chairman

# REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE FOR THE YEAR 2013

The Nomination, Compensation and Corporate Governance Committee (“NCCG”) is chaired by Mr. William Ellwood Heinecke, Independent Director and other members of the Committee are Dr. Siri Ganjarerndee, Independent Director, Mr. Kanit Si, Independent Director and Mr. Alope Lohia, the Group CEO and Vice-Chairman of the Board.

The second term of the Nomination, Compensation and Corporate Governance Committee (NCCG), expires on May 12, 2014.

During the year 2013, the NCCG held three meetings and performed their tasks in accordance with the scope of their responsibilities as assigned by the Board of Directors, as per the NCCG Committee Charter and those required by the applicable regulations.

**Duties performed by the NCCG Committee during the year are summarized as under:**

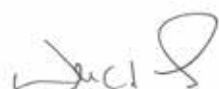
1. The Board of Directors in 2013 instituted the Corporate Governance Policy Awareness Campaign (CGPAC) in order to ensure the continuous practice of the highest standards of Governance and to reinforce that everyone working at IVL is aware of and understands all Corporate Governance related policies and that they are implemented in the spirit that they were created. As part of this campaign the NCCG Committee assessed the various other Governance and Stakeholders’ policies that needed to be developed and put into practice. In pursuit of this endeavor the Committee developed the following policies for the Board’s approval:
  - HIV - AIDS Policy
  - Hygiene and Safety Policy
  - Treatment of Shareholder Policy
  - Treatment of Customer Policy
  - Investor Relations Policy
  - Anti-Corruption Policy
2. In order to strengthen the enterprise wide risk identification and mitigation, approved the formation of the Enterprise Risk Management Committee and recommended to the Board for approval.
3. For Directors retiring by rotation, the NCCG Committee after considering the experience and contribution of the Directors retiring deemed it appropriate to re-appoint them for another term and recommended the same to the Board. Recommended the Board to reappoint the directors retiring by rotation during the year for another term as no nominations were received from the shareholders to appoint directors. The shareholders in the Annual General Meeting of Shareholders held on 29 April 2013 have approved the reappointment of all the nominated directors.
4. The Committee after reviewing the composition of the Board and its size recommended the appointment of another independent Director thereby increasing the size of the Board to 14 Directors consisting of seven Independent, two Non-Executive and five Executive Directors. While nominating the new Independent Director the NCCG Committee took into consideration the appropriate mix of skills, education, experience, independence and knowledge i.e. a broad diversity to match with the Company’s requirements as per the nomination policy and criteria stated in the NCCG Charter.



5. Reviewed and made further suggestions about the Succession Plan in place for the Group CEO, Business heads and senior executives. The Committee will act as the supervising body for any succession.
6. The NCCG members reviewed the IVL HR Plan, which was focused on assessment, development and identification of future Leaders.
7. The Committee also focused on development of the Board of Directors and the Senior Management of IVL in the area of Corporate Governance. In 2013, two Executive Board members attended and qualified at the “Directors Certification Program”. In addition to this, three Senior Management Executives also attended and qualified at the “Directors Certification Program” conducted by the Institute of Directors.
8. Review of the KRAs and KPIs for the Group CEO, CEO PET and Feedstock business and President Polyester business was done.
9. The NCCG Committee reviewed the summarized results of the self-evaluation on the Board and subcommittee performance for the year and presented to the Board for their consideration. The NCCG Committee did an individual assessment of all Directors with the Chairman.
10. Considered compensation of the Board of Directors and sub committees comprising the Audit Committee, the NCCG Committee, and the Enterprise Risk Management Committee for the year 2013 and then submitted to the Board for its consideration. While considering the compensation, the NCCG Committee has considered the responsibilities, performance and also compared with industry peers.
11. The Company has offered to minor shareholders an opportunity to propose the agenda for the AGM and to nominate directors from 1 October 2013 to 31 December 2013.

The NCCG Committee is pleased to inform that the Board has been awarded with the prestigious ‘Board of the Year 2013 Award’ by the Thai Institute of Directors.

The NCCG Committee believes that it has performed its duties diligently with integrity, recommended the Board adequately to ensure adherence to the principle of good governance to protect and in the best interest of all the stakeholders.



William E. Heinecke  
Chairman Nomination, Compensation  
and Corporate Governance Committee


# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Directors of Indorama Ventures Public Company Limited 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, 2013 has been prepared under the generally accepted accounting standards. 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, 2013.



Sri Prakash Lohia  
Chairman



Alope Lohia  
Group CEO



## The clear choice for preserving flavor.

PET bottles made with OxyClear® barrier resin provide glass-like clarity, while also protecting the taste, bouquet and shelf life of wine.



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# 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 (the "Group") and of Indorama Ventures Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

## Auditor's Responsibility

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

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

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

## Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Emphasis of Matter

Without qualifying my opinion, I draw attention to notes 2 and 3 to the financial statements describing the effect of the Company's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited consolidated and separate financial statements as at and for the year ended 31 December 2012 after making the adjustments described in notes 2 and 3.



(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
20 February 2014

Indorama Ventures Public Company Limited and its Subsidiaries  
Statement of financial position

|   |       | Consolidated financial statements |                                |  | Separate financial statements |                                |                              |
|---|-------|-----------------------------------|--------------------------------|--|-------------------------------|--------------------------------|------------------------------|
|   |       | 31 December 2013                  | 31 December 2012<br>(Restated) | 1 January 2012<br>(Restated)<br>(in thousand Baht) | 31 December 2013              | 31 December 2012<br>(Restated) | 1 January 2012<br>(Restated) |
| Assets  | Note  |                                   |                                |  |                               |                                |                              |
| <b>Current assets</b>                                 |       |                                   |                                |  |                               |                                |                              |
| Cash and cash equivalents                             | 7     | 4,114,350                         | 4,374,177                      | 12,036,243   | 677,182                       | 1,597,853                      | 7,792,152                    |
| Current investments                                   | 8     | 262,640                           | 227,580                        | 5,688,489  | 50,000                        | -                              | 5,260,000                    |
| Trade accounts receivable                             | 6, 9  | 28,827,189                        | 25,596,863                     | 24,445,740   | -                             | -                              | -                            |
| Short-term loans to related parties                   | 6     | 602                               | 181                            | -  | 12,342,325                    | 10,886,893                     | 24,620,318                   |
| Inventories   | 10    | 28,939,556                        | 24,679,531                     | 21,441,375   | -                             | -                              | -                            |
| Other current assets                                  | 6, 11 | 6,278,312                         | 5,106,140                      | 4,220,577  | 418,994                       | 106,574                        | 112,561                      |
| <b>Total current assets</b>                           |       | <b>68,422,649</b>                 | <b>59,984,472</b>              | <b>67,832,424</b>                                  | <b>13,488,501</b>             | <b>12,591,320</b>              | <b>37,785,031</b>            |
| <b>Non-current assets</b>                             |       |                                   |                                |  |                               |                                |                              |
| Investments in subsidiaries and other equity security | 12    | -                                 | -                              | -  | 40,907,068                    | 29,095,241                     | 27,127,240                   |
| Investment in jointly-controlled entities             | 13    | 2,887,471                         | 5,124,410                      | 5,278,620  | -                             | -                              | -                            |
| Other long-term investments                           | 8     | 99,025                            | 105,000                        | -  | 70,000                        | 105,000                        | -                            |
| Long-term loans to related parties                    | 6     | 98,441                            | 60,835                         | -  | 23,415,709                    | 31,469,744                     | 2,369,346                    |
| Property, plant and equipment                         | 14    | 96,213,493                        | 86,724,591                     | 67,507,086   | -                             | -                              | -                            |
| Goodwill  | 15    | 8,018,747                         | 7,485,373                      | 463,826  | -                             | -                              | -                            |
| Other intangible assets                               | 16    | 11,245,657                        | 10,430,944                     | 4,593,315  | -                             | -                              | -                            |
| Deferred tax assets                                   | 17    | 1,185,116                         | 1,100,519                      | 1,399,906  | 83,928                        | 135,634                        | 156,502                      |
| Other non-current assets                              | 18    | 871,249                           | 1,457,722                      | 1,015,883  | -                             | 10,398                         | 232,351                      |
| <b>Total non-current assets</b>                       |       | <b>120,619,199</b>                | <b>112,489,394</b>             | <b>80,258,636</b>                                  | <b>64,476,705</b>             | <b>60,816,017</b>              | <b>29,885,439</b>            |
| <b>Total assets</b>                                   |       | <b>189,041,848</b>                | <b>172,473,866</b>             | <b>148,091,060</b>                                 | <b>77,965,206</b>             | <b>73,407,337</b>              | <b>67,670,470</b>            |

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

|  |             | Consolidated financial statements |                                |  | Separate financial statements |                                |                              |
|--|-------------|-----------------------------------|--------------------------------|--|-------------------------------|--------------------------------|------------------------------|
|  |             | 31 December 2013                  | 31 December 2012<br>(Restated) | 1 January 2012<br>(Restated)<br>(in thousand Baht) | 31 December 2013              | 31 December 2012<br>(Restated) | 1 January 2012<br>(Restated) |
| <b>Liabilities and equity</b>                                    | <i>Note</i> |                                   |                                |  |                               |                                |                              |
| <b>Current liabilities</b>                                       |             |                                   |                                |  |                               |                                |                              |
| Bank overdrafts and short-term loans from financial institutions | 19          | 16,075,384                        | 13,371,204                     | 13,685,673   | -                             | -                              | -                            |
| Trade accounts payable   | 6, 20       | 25,663,247                        | 22,305,073                     | 17,979,926   | -                             | -                              | -                            |
| Short-term loans from related party                              | 6, 19       | -                                 | -                              | -  | 164,300                       | 164,300                        | 164,300                      |
| Current portion of long-term loans from financial institutions   | 19          | 3,921,866                         | 5,609,146                      | 6,440,134  | 1,953,267                     | 67,111                         | 2,454,764                    |
| Current portion of finance lease liabilities                     | 19          | 5,235                             | 41,123                         | 18,375   | -                             | -                              | -                            |
| Income tax payable   |             | 700,850                           | 1,016,719                      | 875,493  | -                             | -                              | -                            |
| Other current liabilities  | 6, 21       | 6,613,915                         | 4,932,170                      | 4,213,065  | 248,021                       | 251,807                        | 155,405                      |
| <b>Total current liabilities</b>                                 |             | <b>52,980,497</b>                 | <b>47,275,435</b>              | <b>43,212,666</b>                                  | <b>2,365,588</b>              | <b>483,218</b>                 | <b>2,774,469</b>             |
| <b>Non-current liabilities</b>                                   |             |                                   |                                |  |                               |                                |                              |
| Long-term loans from financial institutions                      | 19          | 41,463,258                        | 39,980,928                     | 33,706,323   | 9,359,376                     | 11,295,302                     | 17,621,947                   |
| Debentures   | 19          | 23,795,700                        | 21,623,792                     | 7,468,658  | 23,795,700                    | 21,623,792                     | 7,468,658                    |
| Finance lease liabilities  | 19          | 4,627                             | 3,307                          | 40,086   | -                             | -                              | -                            |
| Deferred tax liabilities   | 17          | 6,924,779                         | 5,337,512                      | 2,884,521  | -                             | -                              | -                            |
| Employee benefit obligations                                     | 22          | 961,818                           | 879,954                        | 773,857  | -                             | -                              | -                            |
| Other non-current liabilities                                    |             | 1,343,405                         | 808,231                        | 1,853,092  | 447,584                       | 8,034                          | -                            |
| <b>Total non-current liabilities</b>                             |             | <b>74,493,587</b>                 | <b>68,633,724</b>              | <b>46,726,537</b>                                  | <b>33,602,660</b>             | <b>32,927,128</b>              | <b>25,090,605</b>            |
| <b>Total liabilities</b>   |             | <b>127,474,084</b>                | <b>115,909,159</b>             | <b>89,939,203</b>                                  | <b>35,968,248</b>             | <b>33,410,346</b>              | <b>27,865,074</b>            |

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



|   |             | Consolidated financial statements |                                |  | Separate financial statements |                                |                              |
|---|-------------|-----------------------------------|--------------------------------|--|-------------------------------|--------------------------------|------------------------------|
|   |             | 31 December 2013                  | 31 December 2012<br>(Restated) | 1 January 2012<br>(Restated)<br>(in thousand Baht) | 31 December 2013              | 31 December 2012<br>(Restated) | 1 January 2012<br>(Restated) |
| <b>Liabilities and equity</b>                           | <i>Note</i> |                                   |                                |  |                               |                                |                              |
| <b>Equity</b>   |             |                                   |                                |  |                               |                                |                              |
| Share capital   |             |                                   |                                |  |                               |                                |                              |
| Authorised share capital                                | 23          | 4,815,857                         | 4,815,857                      | 4,815,857  | 4,815,857                     | 4,815,857                      | 4,815,857                    |
| Issued and paid-up share capital                        | 23          | 4,814,257                         | 4,814,257                      | 4,814,257  | 4,814,257                     | 4,814,257                      | 4,814,257                    |
| Additional paid-in capital:                             |             |                                   |                                |  |                               |                                |                              |
| Share premium   | 23          | 29,774,627                        | 29,774,627                     | 29,774,627   | 29,774,627                    | 29,774,627                     | 29,774,627                   |
| Unrealised surpluses (deficits)                         |             |                                   |                                |  |                               |                                |                              |
| Revaluation surplus                                     | 24          | 1,109,407                         | 1,322,690                      | 1,569,383  | -                             | -                              | -                            |
| Hedging reserve   | 24, 37      | (8,389)                           | (42,231)                       | (89,826)   | (236,338)                     | 1,891                          | -                            |
| Currency translation differences                        | 24          | 2,499,825                         | (1,971,917)                    | (752,541)  | -                             | -                              | -                            |
| Excess of cost over book value of acquired subsidiaries | 24          | (3,294,950)                       | (3,294,954)                    | (3,294,954)  | -                             | -                              | -                            |
| Differences arising from common control transactions    | 24          | (1,235,562)                       | (1,235,562)                    | (1,235,562)  | -                             | -                              | -                            |
| Retained earnings                                       |             |                                   |                                |  |                               |                                |                              |
| Appropriated  |             |                                   |                                |  |                               |                                |                              |
| Legal reserve   | 24          | 1,832,749                         | 1,739,471                      | 1,326,156  | 481,586                       | 481,586                        | 228,650                      |
| Unappropriated  |             | 25,013,556                        | 25,131,027                     | 25,862,132   | 7,162,826                     | 4,924,630                      | 4,987,862                    |
| <b>Equity attributable to owners of the Company</b>     |             | <b>60,505,520</b>                 | <b>56,237,408</b>              | <b>57,973,672</b>                                  | <b>41,996,958</b>             | <b>39,996,991</b>              | <b>39,805,396</b>            |
| Non-controlling interests                               |             | 1,062,244                         | 327,299                        | 178,185  | -                             | -                              | -                            |
| <b>Total equity</b>                                     |             | <b>61,567,764</b>                 | <b>56,564,707</b>              | <b>58,151,857</b>                                  | <b>41,996,958</b>             | <b>39,996,991</b>              | <b>39,805,396</b>            |
| <b>Total liabilities and equity</b>                     |             | <b>189,041,848</b>                | <b>172,473,866</b>             | <b>148,091,060</b>                                 | <b>77,965,206</b>             | <b>73,407,337</b>              | <b>67,670,470</b>            |
|   |             | -                                 | -                              | -  | -                             | -                              | -                            |

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



|   |       | Consolidated financial statements |                    | Separate financial statements |                  |
|---|-------|-----------------------------------|--------------------|-------------------------------|------------------|
|   |       | For the year ended                |                    | For the year ended            |                  |
|   |       | 31 December                       |                    | 31 December                   |                  |
|   | Note  | 2013                              | 2012               | 2013                          | 2012             |
|   |       |                                   | (Restated)         |                               | (Restated)       |
|   |       | (in thousand Baht)                |                    |                               |                  |
| <b>Income</b>                                     |       |                                   |                    |                               |                  |
| Revenue from sale of goods                        | 6     | 229,120,448                       | 210,728,984        | -                             | -                |
| Interest income                                   | 6     | 152,623                           | 272,620            | 1,827,109                     | 1,873,172        |
| Dividend income                                   | 12    | -                                 | -                  | 3,296,322                     | 3,441,471        |
| Net foreign exchange gain                         |       | 267,021                           | 751,242            | 358,227                       | -                |
| Gain on a bargain purchase                        | 5     | -                                 | 147,540            | -                             | -                |
| Impact of flooding, net                           | 39    | 1,690,212                         | 1,872,985          | -                             | -                |
| Other income                                      | 6, 26 | 1,126,317                         | 949,633            | 186,550                       | 146,744          |
| <b>Total income</b>                               |       | <b>232,356,621</b>                | <b>214,723,004</b> | <b>5,668,208</b>              | <b>5,461,387</b> |
| <b>Expenses</b>                                   |       |                                   |                    |                               |                  |
| Cost of sale of goods                             | 6, 27 | 211,779,029                       | 193,483,489        | -                             | -                |
| Selling expenses                                  | 6, 28 | 8,948,763                         | 8,451,006          | -                             | -                |
| Administrative expenses                           | 6, 29 | 3,823,321                         | 3,366,925          | 40,075                        | 47,538           |
| Management benefit expenses                       | 30    | 76,128                            | 109,022            | 10,504                        | 40,538           |
| Net foreign exchange loss                         |       | -                                 | -                  | -                             | 264,482          |
| Finance costs                                     | 32    | 3,810,954                         | 3,447,140          | 1,727,608                     | 1,625,035        |
| <b>Total expenses</b>                             |       | <b>228,438,195</b>                | <b>208,857,582</b> | <b>1,778,187</b>              | <b>1,977,593</b> |
| Share of loss of jointly-controlled entities, net | 13    | (1,107,954)                       | (889,110)          | -                             | -                |
| <b>Profit before income tax expense</b>           |       | <b>2,810,472</b>                  | <b>4,976,312</b>   | <b>3,890,021</b>              | <b>3,483,794</b> |
| Income tax expense                                | 33    | 1,293,893                         | 2,071,804          | 111,263                       | 20,395           |
| <b>Profit for the year</b>                        |       | <b>1,516,579</b>                  | <b>2,904,508</b>   | <b>3,778,758</b>              | <b>3,463,399</b> |
| <b>Profit attributable to:</b>                    |       |                                   |                    |                               |                  |
| Owners of the Company                             |       | 1,325,867                         | 2,740,145          | 3,778,758                     | 3,463,399        |
| Non-controlling interests                         |       | 190,712                           | 164,363            | -                             | -                |
| <b>Profit for the year</b>                        |       | <b>1,516,579</b>                  | <b>2,904,508</b>   | <b>3,778,758</b>              | <b>3,463,399</b> |
|   |       | -                                 | -                  | -                             | -                |
| <b>Earnings per share</b>                         |       |                                   |                    |                               |                  |
| Basic earnings per share (in Baht)                | 35    | 0.28                              | 0.57               | 0.78                          | 0.72             |

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

|   | Note | Consolidated financial statements |                    | Separate financial statements |                  |
|---|------|-----------------------------------|--------------------|-------------------------------|------------------|
|   |      | For the year ended                |                    | For the year ended            |                  |
|   |      | 31 December                       |                    | 31 December                   |                  |
|   |      | 2013                              | 2012               | 2013                          | 2012             |
|   |      |                                   | (Restated)         |                               | (Restated)       |
|   |      | <i>(in thousand Baht)</i>         |                    |                               |                  |
| <b>Profit for the year</b>  |      | <b>1,516,579</b>                  | <b>2,904,508</b>   | <b>3,778,758</b>              | <b>3,463,399</b> |
| <b>Other comprehensive income</b>                                 |      |                                   |                    |                               |                  |
| Foreign currency translation differences for foreign operations   |      | 4,802,662                         | (1,226,451)        | -                             | -                |
| Net gain (loss) on hedge of net investment in foreign operations  |      | (344,478)                         | 2,364              | (297,786)                     | 2,364            |
| Effective portion of changes in fair value of cash flow hedges    |      | 42,510                            | 61,950             | -                             | -                |
| Defined benefit plan actuarial losses                             | 22   | (2,694)                           | (68,602)           | -                             | -                |
| Revaluation of property, plant and equipment                      |      | (22,182)                          | (985)              | -                             | -                |
| Income tax on other comprehensive income                          |      | 56,655                            | 26,042             | 59,557                        | (473)            |
| <b>Other comprehensive income for the year, net of income tax</b> |      | <b>4,532,473</b>                  | <b>(1,205,682)</b> | <b>(238,229)</b>              | <b>1,891</b>     |
| <b>Total comprehensive income for the year</b>                    |      | <b>6,049,052</b>                  | <b>1,698,826</b>   | <b>3,540,529</b>              | <b>3,465,290</b> |
| <b>Total comprehensive income attributable to:</b>                |      |                                   |                    |                               |                  |
| Owners of the Company   |      | 5,808,670                         | 1,537,431          | 3,540,529                     | 3,465,290        |
| Non-controlling interests   |      | 240,382                           | 161,395            | -                             | -                |
| <b>Total comprehensive income for the year</b>                    |      | <b>6,049,052</b>                  | <b>1,698,826</b>   | <b>3,540,529</b>              | <b>3,465,290</b> |

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

**Indorama Ventures Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

| Consolidated financial statements                                     |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|---|--|----------------------------------|---------------|---------------|----------------------------------|-------------|-----------|---|-------------|---|-------------|---|-------------|---------------------------|--|--------------|--|
|   |  | Other components of equity       |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | Retained earnings                |               |               | Currency translation differences |             |           | Excess of cost over book value of acquired subsidiaries |             | Difference arising from common control transactions |             | Equity attributable to owner of the Company |             | Non-controlling interests |  | Total equity |  |
|   |  | Issued and paid-up share capital | Share premium | Legal reserve | Unappropriated                   |             |           |   |             |   |             |   |             |                           |  |              |  |
| Note  |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
| Year ended 31 December 2012   |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | 4,814,257                        | 29,774,627    | 1,326,156     | 27,782,584                       | (2,195,991) | 1,761,376 | (105,855)   | (3,294,954) | (1,235,562)   | 58,626,638  | 139,112                                     | 58,765,750  |                           |  |              |  |
| 3   |  | -                                | -             | -             | (1,920,452)                      | 1,443,450   | (191,993) | 16,029  | -           | -   | (652,966)   | 39,073                                      | (613,893)   |                           |  |              |  |
|   |  | 4,814,257                        | 29,774,627    | 1,326,156     | 25,862,132                       | (752,541)   | 1,569,383 | (89,826)  | (3,294,954) | (1,235,562)   | 57,973,672  | 178,185                                     | 58,151,857  |                           |  |              |  |
| Transaction with owners, recorded directly in equity                  |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
| Distributions to owners of the Company                                |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
| 36  |  | -                                | -             | -             | (3,273,695)                      | -           | -         | -   | -           | -   | (3,273,695) | (16,869)                                    | (3,290,564) |                           |  |              |  |
|   |  | -                                | -             | -             | (3,273,695)                      | -           | -         | -   | -           | -   | (3,273,695) | (16,869)                                    | (3,290,564) |                           |  |              |  |
| Changes in ownership interests in subsidiaries                        |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
| Acquisition of non-controlling interests through business combination |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | -                                | -             | -             | -                                | -           | -         | -   | -           | -   | -           | 4,588                                       | 4,588       |                           |  |              |  |
|   |  | -                                | -             | -             | -                                | -           | -         | -   | -           | -   | -           | 4,588                                       | 4,588       |                           |  |              |  |
| Total changes in ownership interests in subsidiaries                  |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | -                                | -             | -             | (3,273,695)                      | -           | -         | -   | -           | -   | (3,273,695) | (12,281)                                    | (3,285,976) |                           |  |              |  |
| Total transactions with owners, recorded directly in equity           |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
| Comprehensive income for the year                                     |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | -                                | -             | -             | 2,740,145                        | -           | -         | -   | -           | -   | 2,740,145   | 164,363                                     | 2,904,508   |                           |  |              |  |
|   |  | -                                | -             | -             | 271,197                          | -           | (272,569) | -   | -           | -   | (1,372)     | 1,372                                       | -           |                           |  |              |  |
|   |  | -                                | -             | -             | (55,437)                         | (1,219,376) | 25,876    | 47,595  | -           | -   | (1,201,342) | (4,340)                                     | (1,205,682) |                           |  |              |  |
|   |  | -                                | -             | -             | 2,955,905                        | (1,219,376) | (246,693) | 47,595  | -           | -   | 1,537,431   | 161,395                                     | 1,698,826   |                           |  |              |  |
| Transfer to legal reserve   |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | -                                | -             | 413,315       | (413,315)                        | -           | -         | -   | -           | -   | -           | -   | -           |                           |  |              |  |
| Balance at 31 December 2012   |  |                                  |               |               |                                  |             |           |   |             |   |             |   |             |                           |  |              |  |
|   |  | 4,814,257                        | 29,774,627    | 1,739,471     | 25,131,027                       | (1,971,917) | 1,322,690 | (42,231)  | (3,294,954) | (1,235,562)   | 56,237,408  | 327,299                                     | 56,564,707  |                           |  |              |  |

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

**Indorama Ventures Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

| Consolidated financial statements                           |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|---|----|----------------------------------|---------------|----------------------------|----------------|----------------------------------|---------------------|-----------------|---|---|---|---------------------------|--------------|
|   |    | Retained earnings                |               | Other components of equity |                |                                  |                     |                 |   |   |   |                           |              |
|   |    | Issued and paid-up share capital | Share premium | Legal reserve              | Unappropriated | Currency translation differences | Revaluation surplus | Hedging reserve | Excess of cost over book value of acquired subsidiaries | Difference arising from common control transactions | Equity attributable to owner of the Company | Non-controlling interests | Total equity |
| Note  |    |                                  |               |                            |                |                                  | (in thousand Baht)  |                 |   |   |   |                           |              |
| Year ended 31 December 2013                                 |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
| Balance at 31 December 2012 - as reported                   |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|   | 3  | 4,814,257                        | 29,774,627    | 1,739,471                  | 28,912,164     | (2,597,242)                      | 1,487,822           | (47,839)        | (3,294,954)   | (1,235,562)   | 59,552,744                                  | 332,215                   | 59,884,959   |
|   |    | -                                | -             | -                          | (3,820,263)    | 626,379                          | (165,132)           | 5,608           | -   | -   | (3,353,408)                                 | (4,916)                   | (3,358,324)  |
|   | 5  | -                                | -             | -                          | 39,126         | (1,054)                          | -                   | -               | -   | -   | 38,072                                      | -                         | 38,072       |
|   |    | 4,814,257                        | 29,774,627    | 1,739,471                  | 25,131,027     | (1,971,917)                      | 1,322,690           | (42,231)        | (3,294,954)   | (1,235,562)   | 56,237,408                                  | 327,299                   | 56,564,707   |
| Transactions with owners, recorded directly in equity       |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
| Distributions to owners of the Company                      |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|   | 36 | -                                | -             | -                          | (1,540,562)    | -                                | -                   | -               | -   | -   | (1,540,562)                                 | (85,581)                  | (1,626,143)  |
|   |    | -                                | -             | -                          | (1,540,562)    | -                                | -                   | -               | -   | -   | (1,540,562)                                 | (85,581)                  | (1,626,143)  |
| Changes in ownership interests in subsidiaries              |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|   |    | -                                | -             | -                          | -              | -                                | -                   | -               | 4   | -   | 4   | (1,165)                   | (1,161)      |
|   |    | -                                | -             | -                          | -              | -                                | -                   | -               | -   | -   | -   | 581,309                   | 581,309      |
|   |    | -                                | -             | -                          | -              | -                                | -                   | -               | 4   | -   | 4   | 580,144                   | 580,148      |
| Total changes in ownership interests in subsidiaries        |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|   |    | -                                | -             | -                          | (1,540,562)    | -                                | -                   | -               | 4   | -   | (1,540,558)                                 | 494,563                   | (1,045,995)  |
| Total transactions with owners, recorded directly in equity |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
| Comprehensive income for the year                           |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|   |    | -                                | -             | -                          | 1,325,867      | -                                | -                   | -               | -   | -   | 1,325,867                                   | 190,712                   | 1,516,579    |
|   |    | -                                | -             | -                          | 196,688        | -                                | (197,682)           | -               | -   | -   | (994)                                       | 994                       | -            |
|   |    | -                                | -             | -                          | (6,186)        | 4,471,742                        | (15,601)            | 33,842          | -   | -   | 4,483,797                                   | 48,676                    | 4,532,473    |
|   |    | -                                | -             | -                          | 1,516,369      | 4,471,742                        | (213,283)           | 33,842          | -   | -   | 5,808,670                                   | 240,382                   | 6,049,052    |
|   |    | -                                | -             | 93,278                     | (93,278)       | -                                | -                   | -               | -   | -   | -   | -                         | -            |
| Balance at 31 December 2013                                 |    |                                  |               |                            |                |                                  |                     |                 |   |   |   |                           |              |
|   |    | 4,814,257                        | 29,774,627    | 1,832,749                  | 25,013,556     | 2,499,825                        | 1,109,407           | (8,389)         | (3,294,950)   | (1,235,562)   | 60,505,520                                  | 1,062,244                 | 61,567,764   |

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

**Indorama Ventures Public Company Limited and Its Subsidiaries**  
**Statement of changes in equity**

|   |   | Separate financial statements          |                  |               |                                      |                    |              |
|---|---|--|------------------|---------------|--------------------------------------|--------------------|--------------|
|   |   | Retained earnings                      |                  |               |                                      |                    |              |
|   |   | Issued and<br>paid-up<br>share capital | Share<br>premium | Legal reserve | Unappropriated<br>(in thousand Baht) | Hedging<br>reserve | Total equity |
|   | Year ended 31 December 2012                                 |  |                  |               |                                      |                    |              |
|   | Balance at 1 January 2012 - as reported                     | 4,814,257                              | 29,774,627       | 228,650       | 4,831,360                            | -                  | 39,648,894   |
|   | Impact of changes in accounting policies                    | -                                      | -                | -             | 156,502                              | -                  | 156,502      |
| 3   | Balance at 1 January 2012 - restated                        | 4,814,257                              | 29,774,627       | 228,650       | 4,987,862                            | -                  | 39,805,396   |
| Transactions with owners, recorded directly in equity       |   |  |                  |               |                                      |                    |              |
| Distributions to owners of the Company                      |   |  |                  |               |                                      |                    |              |
|   | Dividends   | -                                      | -                | -             | (3,273,695)                          | -                  | (3,273,695)  |
| 36  | Total distributions to owners of the Company                | -                                      | -                | -             | (3,273,695)                          | -                  | (3,273,695)  |
| Total transactions with owners, recorded directly in equity |   |  |                  |               |                                      |                    |              |
|   | Total transactions with owners, recorded directly in equity | -                                      | -                | -             | (3,273,695)                          | -                  | (3,273,695)  |
| Comprehensive income for the year                           |   |  |                  |               |                                      |                    |              |
|   | Profit  | -                                      | -                | -             | 3,463,399                            | -                  | 3,463,399    |
|   | Other comprehensive income                                  | -                                      | -                | -             | -                                    | 1,891              | 1,891        |
|   | Total comprehensive income for the year                     | -                                      | -                | -             | 3,463,399                            | 1,891              | 3,465,290    |
| Transfer to legal reserve                                   |   |  |                  |               |                                      |                    |              |
|   | Transfer to legal reserve                                   | -                                      | -                | 252,936       | (252,936)                            | -                  | -            |
|   | Balance at 31 December 2012                                 | 4,814,257                              | 29,774,627       | 481,586       | 4,924,630                            | 1,891              | 39,996,991   |

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

**Indorama Ventures Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

|  | Note | Separate financial statements          |                   |                           |                  |                    |                   |
|--|------|--|-------------------|---------------------------|------------------|--------------------|-------------------|
|  |      | Issued and<br>paid-up<br>share capital | Share<br>premium  | Retained earnings         |                  |                    | Total equity      |
|  |      |  |                   | Legal reserve             | Unappropriated   | Hedging<br>reserve |                   |
|  |      |  |                   | <i>(in thousand Baht)</i> |                  |                    |                   |
| <b>Year ended 31 December 2013</b>                                     |      |  |                   |                           |                  |                    |                   |
| <b>Balance at 31 December 2012 - as reported</b>                       |      | <b>4,814,257</b>                       | <b>29,774,627</b> | <b>481,586</b>            | <b>4,788,523</b> | <b>2,364</b>       | <b>39,861,357</b> |
| Impact of changes in accounting policies                               | 3    | -                                      | -                 | -                         | 136,107          | (473)              | 135,634           |
| <b>Balance at 31 December 2012 - restated</b>                          |      | <b>4,814,257</b>                       | <b>29,774,627</b> | <b>481,586</b>            | <b>4,924,630</b> | <b>1,891</b>       | <b>39,996,991</b> |
| <b>Transactions with owners, recorded<br/>directly in equity</b>       |      |  |                   |                           |                  |                    |                   |
| <i>Distributions to owners of the Company</i>                          |      |  |                   |                           |                  |                    |                   |
| Dividends  | 36   | -                                      | -                 | -                         | (1,540,562)      | -                  | (1,540,562)       |
| <i>Total distributions to owners<br/>of the Company</i>                |      | -                                      | -                 | -                         | (1,540,562)      | -                  | (1,540,562)       |
| <b>Total transactions with owners, recorded<br/>directly in equity</b> |      | -                                      | -                 | -                         | (1,540,562)      | -                  | (1,540,562)       |
| <b>Comprehensive income for the year</b>                               |      |  |                   |                           |                  |                    |                   |
| Profit   |      | -                                      | -                 | -                         | 3,778,758        | -                  | 3,778,758         |
| Other comprehensive income   |      | -                                      | -                 | -                         | -                | (238,229)          | (238,229)         |
| <b>Total comprehensive income for the year</b>                         |      | -                                      | -                 | -                         | 3,778,758        | (238,229)          | 3,540,529         |
| <b>Balance at 31 December 2013</b>                                     |      | <b>4,814,257</b>                       | <b>29,774,627</b> | <b>481,586</b>            | <b>7,162,826</b> | <b>(236,338)</b>   | <b>41,996,958</b> |

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

**Indorama Ventures Public Company Limited and its Subsidiaries**  
**Statement of cash flows**

|   |        | Consolidated<br>financial statements |                     | Separate<br>financial statements |                  |
|---|--------|--------------------------------------|---------------------|----------------------------------|------------------|
|   |        | For the year ended                   |                     | For the year ended               |                  |
|   |        | 31 December                          |                     | 31 December                      |                  |
|   | Note   | 2013                                 | 2012                | 2013                             | 2012             |
|   |        |                                      | (Restated)          |                                  | (Restated)       |
|   |        | (in thousand Baht)                   |                     |                                  |                  |
| <b>Cash flows from operating activities</b>   |        |                                      |                     |                                  |                  |
| Profit for the year   |        | 1,516,579                            | 2,904,508           | 3,778,758                        | 3,463,399        |
| <b>Adjustments for</b>  |        |                                      |                     |                                  |                  |
| Depreciation  | 31     | 6,351,113                            | 6,061,091           | -                                | -                |
| Amortisation of intangible assets and other assets  | 31     | 700,532                              | 658,043             | -                                | -                |
| Interest income   |        | (152,623)                            | (272,620)           | (1,827,109)                      | (1,873,172)      |
| Dividend income   | 12     | -                                    | -                   | (3,296,322)                      | (3,441,471)      |
| Gain on bargain purchase  | 5      | -                                    | (147,540)           | -                                | -                |
| Gain on previously held interest in a jointly-controlled entity   | 5      | (86,919)                             | -                   | -                                | -                |
| Share of loss of jointly-controlled entities, net   | 13     | 1,107,954                            | 889,110             | -                                | -                |
| Finance costs   | 32     | 3,810,954                            | 3,447,140           | 1,727,608                        | 1,625,035        |
| Unrealised foreign exchange (gain) loss   |        | 151,440                              | (139,346)           | (282,115)                        | 247,317          |
| Provision for bad and doubtful debts expense, net   | 9      | 14,406                               | 10,950              | -                                | -                |
| Provision for inventory obsolescence, net   | 10     | 69,924                               | 5,643               | -                                | -                |
| Impairment losses on machinery and equipment  |        | 18,226                               | 221                 | -                                | -                |
| Employee benefits expense   | 22     | 193,477                              | 164,072             | -                                | -                |
| Gain on sale of flood damaged inventory and property,<br>plant and equipment as a result of scrap sales       |        | -                                    | (113,848)           | -                                | -                |
| (Gain) loss on disposal of property, plant and equipment, net   |        | 6,812                                | (4,958)             | -                                | -                |
| Write-off of property, plant and equipment  |        | 120                                  | 14,413              | -                                | -                |
| Gain on disposal of investment in other equity security   | 12     | -                                    | (2,500)             | -                                | -                |
| Income tax expense  | 33     | 1,293,893                            | 2,071,804           | 111,263                          | 20,395           |
|   |        | 14,995,888                           | 15,546,183          | 212,083                          | 41,503           |
| <b>Changes in operating assets and liabilities</b>  |        |                                      |                     |                                  |                  |
| Trade accounts receivable   |        | (2,753,194)                          | 1,077,846           | -                                | -                |
| Inventories   |        | (2,438,434)                          | (1,385,952)         | -                                | -                |
| Other current assets  |        | (1,467,788)                          | (226,342)           | (352,207)                        | (49,185)         |
| Other non-current assets  |        | 157,074                              | (46,430)            | -                                | -                |
| Trade accounts payable  |        | 2,724,337                            | 1,793,545           | -                                | -                |
| Other current liabilities   |        | (195,849)                            | (365,244)           | (2,035)                          | 1,410            |
| Other non-current liabilities   |        | (121,658)                            | (145,112)           | -                                | -                |
| Employee benefits paid  |        | (24,736)                             | (104,483)           | -                                | -                |
| Income taxes paid   |        | (496,540)                            | (640,563)           | -                                | -                |
| <b>Net cash from (used in) operating activities</b>   |        | <b>10,379,100</b>                    | <b>15,503,448</b>   | <b>(142,159)</b>                 | <b>(6,272)</b>   |
| <b>Cash flows from investing activities</b>   |        |                                      |                     |                                  |                  |
| Interest received   |        | 188,130                              | 309,430             | 1,839,190                        | 1,689,480        |
| Dividend received   |        | -                                    | -                   | 3,296,322                        | 3,441,471        |
| Proceeds from sale of flood damaged inventory and property,<br>plant and equipment as a result of scrap sales |        | -                                    | 113,848             | -                                | -                |
| Purchase of property, plant and equipment   |        | (6,800,141)                          | (10,871,248)        | -                                | -                |
| Proceeds from sale of property, plant and equipment   |        | 9,891                                | 29,852              | -                                | -                |
| Sale of other investments, net  |        | (28,854)                             | 5,355,538           | (15,000)                         | 5,155,000        |
| Sale of investment in other equity securities   |        | -                                    | 2,500               | -                                | -                |
| Purchase of intangible assets   |        | (44,570)                             | (6,964)             | -                                | -                |
| Net cash outflow on acquisitions of businesses  | 5      | (288,041)                            | (30,891,447)        | -                                | -                |
| Net cash inflow on previously held interest in jointly-controlled entity                                      |        | 351,341                              | -                   | -                                | -                |
| Net cash outflow on additional investments in subsidiaries<br>and jointly-controlled entities                 | 12, 13 | (103,906)                            | (413,761)           | (202,342)                        | (1,735,650)      |
| <b>Net cash from (used in) investing activities</b>   |        | <b>(6,716,150)</b>                   | <b>(36,372,252)</b> | <b>4,918,170</b>                 | <b>8,550,301</b> |

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

Indorama Ventures Public Company Limited and its Subsidiaries  
Statement of cash flows

|   |      | Consolidated<br>financial statements |                    | Separate<br>financial statements  |                     |
|---|------|--------------------------------------|--------------------|-----------------------------------|---------------------|
|   |      | For the year ended<br>31 December    |                    | For the year ended<br>31 December |                     |
|   | Note | 2013                                 | 2012<br>(Restated) | 2013                              | 2012<br>(Restated)  |
|   |      | (in thousand Baht)                   |                    |                                   |                     |
| <b>Cash flows from financing activities</b>   |      |                                      |                    |                                   |                     |
| Interest paid   |      | (3,839,109)                          | (3,151,593)        | (1,716,668)                       | (1,493,409)         |
| Deferred financing cost paid  |      | (271,060)                            | (183,026)          | -                                 | -                   |
| Dividends paid to owners of the Company   | 36   | (1,540,562)                          | (3,273,695)        | (1,540,562)                       | (3,273,695)         |
| Dividends paid to non-controlling interests   |      | (85,581)                             | (16,869)           | -                                 | -                   |
| Proceeds from short and long-term borrowings  |      | 29,289,194                           | 22,349,414         | -                                 | -                   |
| Repayment of short and long-term borrowings   |      | (29,566,050)                         | (16,580,288)       | (72,613)                          | (8,729,996)         |
| Repayment of finance leases   |      | (44,717)                             | (20,132)           | -                                 | -                   |
| Proceeds from issue of debenture, net of debenture<br>issuance costs of Baht 7,729,953 in 2013 and 32,024,687 in 2012 | 19   | 2,162,270                            | 14,147,975         | 2,162,270                         | 14,147,975          |
| Loans to subsidiaries   |      | -                                    | -                  | (4,529,109)                       | (15,389,203)        |
| Loans to a jointly-controlled entity  |      | (32,376)                             | (60,091)           | -                                 | -                   |
| <b>Net cash from (used in) financing activities</b>   |      | <b>(3,927,991)</b>                   | <b>13,211,695</b>  | <b>(5,696,682)</b>                | <b>(14,738,328)</b> |
| <b>Net decrease in cash and cash equivalents</b>  |      | <b>(265,041)</b>                     | <b>(7,657,109)</b> | <b>(920,671)</b>                  | <b>(6,194,299)</b>  |
| Cash and cash equivalents at 1 January  |      | 4,374,177                            | 12,036,243         | 1,597,853                         | 7,792,152           |
| Effect of exchange rate changes on balances<br>held in foreign currencies   |      | 5,214                                | (4,957)            | -                                 | -                   |
| <b>Cash and cash equivalents at 31 December</b>   | 7    | <b>4,114,350</b>                     | <b>4,374,177</b>   | <b>677,182</b>                    | <b>1,597,853</b>    |

**Non-cash transactions**

During in 2013, intercompany loans of EUR 187.3 million (equivalent to Baht 7,535.3 million) and USD 132.1 million (Baht 4,074.2 million) that the Company lent to its indirect subsidiaries were converted into shares of another direct subsidiary for the equivalent amount (see Note 12).

During 2013, acquisition of non-controlling interests with a change in control for an amount of Baht 1,743.6 million is a non-cash transaction (see Note 5(vi)).

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



Indorama Ventures Public Company Limited and its Subsidiaries  
Notes to the financial statements

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# Indorama Ventures Public Company Limited and its Subsidiaries

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 20 February 2014.

### 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, 37<sup>th</sup> Floor, Sukhumvit 19, Asoke Road, Klongtoeynew, 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 activities of the Company and its subsidiaries (“Group”) are 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 2013 and 2012 are given in notes 6, 12, and 13.

### 2 Basis of preparation of the financial statements

#### (a) Statement of compliance

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

The FAP has issued the following new and revised TFRS relevant to the Group’s/Company’s operations and effective for accounting periods beginning on or after 1 January 2013:

| <b>TFRS</b>           | <b>Topic</b>                                     |
|-----------------------|--|
| TAS 12                | Income Taxes                                     |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |
| TFRS 8                | Operating Segments                               |

The adoption of these new and revised TFRS has resulted in changes in the Group’s/Company’s accounting policies. The effects of these changes are disclosed in Note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s/Company’s operations are disclosed in Note 41.

**(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) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded 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 policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

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

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

|            |   |
|------------|---|
| Note 4 (t) | Current and deferred taxation             |
| Note 5     | Acquisitions of businesses                |
| Note 17    | Utilisation of tax losses                 |
| Note 22    | Measurement of defined benefit obligation |
| Note 37    | Valuation of financial instruments        |
| Note 39    | Impact of severe flooding in Thailand     |

### **3 Changes in accounting policies**

**(a) Overview**

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in Note 2, the Group/Company has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group/Company are included in Notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group/Company. The impact of the changes on the 2012 financial statements is summarised as follows:

|   | Consolidated<br>financial<br>statements | Separate<br>financial<br>statements |
|---|---|-------------------------------------|
| Note  | (in thousand Baht)                      |                                     |
| <b>2012 financial statements</b>  |   |                                     |
| <b>Statement of financial position</b>  |   |                                     |
| Equity at 1 January 2012 - as reported  | 58,765,750                              | 39,648,894                          |
| Changes as a result of the adoption retrospectively of:                       |   |                                     |
| TAS 12 Income tax   | (1,554,007)                             | 156,502                             |
| TAS 21 The effect of changes in foreign exchange rate                         | 940,114                                 | -                                   |
| <b>Equity at 1 January 2012 - restated</b>                                    | <b>58,151,857</b>                       | <b>39,805,396</b>                   |
| Equity at 31 December 2012 - as reported                                      | 59,884,959                              | 39,861,357                          |
| Changes as a result of the adoption retrospectively of:                       |   |                                     |
| TAS 12 Income tax   | (3,659,995)                             | 135,634                             |
| TAS 21 The effect of changes in foreign exchange rate                         | 301,671                                 | -                                   |
| Impact of finalisation of fair value of business                              | 5 38,072                                | -                                   |
| <b>Equity at 31 December 2012 - restated</b>                                  | <b>56,564,707</b>                       | <b>39,996,991</b>                   |
| <b>Statement of income for the year ended</b>                                 |   |                                     |
| <b>31 December 2012</b>   |   |                                     |
| Profit before income tax - as reported  | 5,399,328                               | 3,483,794                           |
| Changes before tax as a result of the adoption retrospectively of:            |   |                                     |
| TAS 12 Income tax   | (717,462)                               | -                                   |
| TAS 21 The effect of changes in foreign exchange rate                         | 255,320                                 | -                                   |
| Impact of finalisation of fair value of business                              | 5 39,126                                | -                                   |
| <b>Profit before income tax - restated</b>                                    | <b>4,976,312</b>                        | <b>3,483,794</b>                    |
| Income tax expense - as reported  | 579,738                                 | -                                   |
| Changes to income tax expense as a result of the adoption retrospectively of: |   |                                     |
| TAS 12 Income tax   | 1,492,066                               | 20,395                              |
| <b>Income tax expense - restated</b>  | <b>2,071,804</b>                        | <b>20,395</b>                       |
| <b>Profit - restated</b>  | <b>2,904,508</b>                        | <b>3,463,399</b>                    |
| <b>Decrease in earnings per share:</b>  |   |                                     |
| - Basic earnings per share (in Baht)  | (0.39)                                  | (0.004)                             |

**(b) Accounting for income tax**

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 tax 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 carry forward of unused tax losses. The accounting policy for deferred tax is described in Note 4(t).

The Group/Company adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

|  | Consolidated              |                    | Separate             |                |
|--|---------------------------|--------------------|----------------------|----------------|
|  | financial statements      |                    | financial statements |                |
|  | 31 December               | 1 January          | 31 December          | 1 January      |
| <b>Statement of financial position as at</b>           | 2012                      | 2012               | 2012                 | 2012           |
|  | <i>(in thousand Baht)</i> |                    |                      |                |
| Increase in deferred tax assets                        | 1,100,519                 | 1,399,906          | 135,634              | 156,502        |
| Decrease in investments in jointly-controlled entities | (114,044)                 | (137,791)          | -                    | -              |
| Increase in goodwill                                   | 691,042                   | 68,399             | -                    | -              |
| Increase in deferred tax liabilities                   | (5,337,512)               | (2,884,521)        | -                    | -              |
| Decrease in revaluation surplus                        | (165,132)                 | (191,993)          | -                    | -              |
| Increase (decrease) in hedging reserve                 | 5,608                     | 16,029             | (473)                | -              |
| Increase in currency translation differences           | 132,837                   | 59,425             | -                    | -              |
| Increase (decrease) in retained earnings               | (3,628,392)               | (1,476,541)        | 136,107              | 156,502        |
| Increase (decrease) in shareholders' equity            | (3,655,079)               | (1,593,080)        | 135,634              | 156,502        |
| Increase (decrease) in non-controlling interests       | (4,916)                   | 39,073             | -                    | -              |
| <b>Net changes in total equity</b>                     | <b>(3,659,995)</b>        | <b>(1,554,007)</b> | <b>135,634</b>       | <b>156,502</b> |

|   | Consolidated              | Separate             |
|---|---------------------------|----------------------|
|   | financial statements      | financial statements |
|   | 2012                      | 2012                 |
|   | <i>(in thousand Baht)</i> |                      |
| Decrease in gain on bargain purchase                          | (739,616)                 | -                    |
| Decrease in share of loss of jointly-controlled entities, net | 22,154                    | -                    |
| Increase in income tax expense                                | (1,492,066)               | (20,395)             |
| <b>Decrease in profit for the year</b>                        | <b>(2,209,528)</b>        | <b>(20,395)</b>      |
| <b>Decrease in earnings per share</b>                         |                           |                      |
| - Basic earnings per share <i>(in Baht)</i>                   | (0.45)                    | (0.004)              |

**(c) Accounting for the effects of changes in foreign exchange rates**

From 1 January 2013, the Group/Company has adopted TAS 21 Accounting for 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 (revised 2009) 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(revised 2009). Foreign currencies are defined by TAS 21(revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. However, the functional currency of two overseas subsidiaries have been changed effective from 1 January 2013 and the effects of such change were recognised retrospectively in the consolidated financial statements. The impact of change on the financial statements is as follows:

| <b>Statement of financial position as at</b> | <b>Consolidated<br/>financial statements</b> |                   |
|--|--|-------------------|
|  | 31 December<br>2012                          | 1 January<br>2012 |
|  | <i>(in thousand Baht)</i>                    |                   |
| Increase in total assets                     | 285,449                                      | 945,549           |
| (Increase) decrease in total liabilities     | 16,222                                       | (5,435)           |
| Decrease in retained earnings                | (191,871)                                    | (443,911)         |
| Increase in currency translation differences | 493,542                                      | 1,384,025         |
| <b>Net changes in total equity</b>           | <b>301,671</b>                               | <b>940,114</b>    |

| <b>Statement of income for the year ended 31 December</b> | <b>Consolidated<br/>financial statements</b> |  |
|---|--|--|
|   | 2012   |  |
|   | <i>(in thousand Baht)</i>                    |  |
| <b>Increase in profit for the year</b>                    | <b>255,320</b>                               |  |
| <b>Increase in earnings per share</b>                     |  |  |
| - Basic earnings per share <i>(in Baht)</i>               | 0.05   |  |

**(d) Presentation of information on operating segments**

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously, the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 3, which addresses changes in accounting policies.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in 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. 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 the functional currency 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 operations*

The assets and liabilities of foreign operations 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 operations are stated at exchange rates ruling on transaction date.

The revenues and expenses of foreign operations 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 in the consolidated financial statements 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 4(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 and jointly-controlled entities*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investment in jointly-controlled entities 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. 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     | 2-20 years |
| Transportation equipment                     | 3-10 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 4(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 based on 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  | 3-10, Indefinite    |
| Software licenses                    | 1-15 years          |
| Technology licenses and knowhow      | 5-30 years          |
| Customer contracts and relationships | 3-20.3 years        |
| Trade name and trademarks            | 20-21.5, Indefinite |
| Chemicals exchange contract          | 19 years            |

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

## **(I) 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 defined benefit 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 and volume rebates.

#### *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 profit or loss as it accrues. Dividend income is recognised in profit or loss 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 expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

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

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

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



In determining the amount of current and deferred 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. This 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.

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

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

**(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.

**(v) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's head quarters), head office expenses, and tax assets and liabilities etc.

## 5 Acquisitions of businesses

Consequent to the adoption of new and revised TFRS as disclosed in Note 3, the impact of the change specifically related to acquisitions of business on the consolidated financial statement is as follow:

|  | Note  | Gain on bargain purchases<br>For the year ended<br>31 December 2012<br>(in thousand Baht) |
|--|-------|---|
| <b>Balance - as reported</b>                               |       | <b>847,496</b>  |
| Impact of finalisation of the fair values of business:     |       |   |
| PT Indorama Polypet Indonesia, Indonesia                   | 5(iv) | 39,660  |
| Impact of change in accounting policy:                     |       |   |
| Indorama Ventures Performance Fibers Holdings USA LLC, USA | 5(i)  | (726,333)   |
| PT Indorama Polypet Indonesia, Indonesia                   | 5(iv) | (13,283)  |
| <b>Balance - restated</b>                                  |       | <b>147,540</b>  |

At the date of original issuance of the consolidated financial statements for the year ended 31 December 2012, the fair values of FiberVisions Holdings LLC acquired during the first quarter of 2012 and the purchase price allocation was completed. However, with the impact of change in accounting policy as disclosed in Note 3, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended

31 December 2012 included as comparative information have been restated to adjust the gain on bargain purchase on the acquisition of Baht 726.3 million, as previously preliminarily assessed and reported, to goodwill of Baht 649.2 million.

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.

During the year ended 31 December 2013 and 2012, the Group incurred acquisition-related costs of Baht 0.3 million and Baht 358.8 million, respectively, relating to external legal fees, advisory fees and due diligence costs. These amounts have been included in administrative expenses in the consolidated statements of income for the year ended 31 December 2013 and 2012, respectively.

**(i) 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.

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 specialised fibers market for hygiene products.

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

|  | Note | Carrying<br>amounts | Fair value<br>adjustments<br>(in thousand Baht) | Recognised<br>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   |      | 880,502             | (880,502)                                       | -                    |
| 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 - as previously reported</b> |      | <b>4,595,350</b>    | <b>2,275,592</b>                                | <b>6,870,942</b>     |
| Impact of changes in accounting policy:  |      |                     |   |                      |
| Deferred tax, net  | 3    | (488,774)           | (886,744)                                       | (1,375,518)          |
| <b>Net identifiable assets acquired and liabilities assumed - as restated</b>            |      | <b>4,106,576</b>    | <b>1,388,848</b>                                | <b>5,495,424</b>     |
| Goodwill   |      |                     |   | 649,185              |
| <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.

**(ii) 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). 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.

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:

|  | <i>Note</i> | <b>Carrying<br/>amounts</b> | <b>Fair value<br/>adjustments</b><br><i>(in thousand Baht)</i> | <b>Recognised<br/>values</b> |
|--|-------------|-----------------------------|--|------------------------------|
| 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<br/>liabilities assumed - as previously reported</b> |             | <b>(60,838)</b>             | <b>70,202</b>  | <b>9,364</b>                 |
| Impact of change in accounting policy :  |             |                             |  |                              |
| Deferred tax, net  | 3           | -                           | (19,194)   | (19,194)                     |
| <b>Net identifiable assets acquired and<br/>liabilities assumed - as restated</b>            |             | <b>(60,838)</b>             | <b>51,008</b>  | <b>(9,830)</b>               |
| <b>Interest acquired (%)</b>   |             |                             |  | <b>51%</b>                   |
| <b>Net identifiable asset and liabilities - acquired</b>                                     |             |                             |  | <b>(5,013)</b>               |
| Goodwill   |             |                             |  | 7,401                        |
| <b>Total consideration</b>   |             |                             |  | <b>2,388</b>                 |
| Cash acquired  |             |                             |  | (2,177)                      |
| <b>Net consideration - paid</b>  |             |                             |  | <b>211</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.

**(iii) 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.”. The transaction is accounted for as a business combination.

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:

|   | <b>Carrying<br/>amounts</b> | <b>Fair value<br/>adjustments</b><br><i>(in thousand Baht)</i> | <b>Recognised<br/>values</b> |
|---|-----------------------------|--|------------------------------|
| 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<br/>liabilities assumed</b> | <b>5,331,630</b>            | <b>13,206,966</b>  | <b>18,538,596</b>            |
| Goodwill  |                             |  | 6,438,618                    |
| <b>Net consideration - paid</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.

**(iv) 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). During 2013, the final purchase price was settled with seller to be USD 20.6 million (Baht 647.3 million). The transaction is accounted for as a business combination.

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:

|  | <i>Note</i> | <b>Carrying<br/>amounts</b> | <b>Fair value<br/>adjustments</b><br><i>(in thousand Baht)</i> | <b>Recognised<br/>values</b> |
|--|-------------|-----------------------------|--|------------------------------|
| Inventories  |             | 74,072                      | (8,234)  | 65,838                       |
| Property, plant and equipment  |             | 1,939,967                   | (1,213,086)  | 726,881                      |
| Intangible assets  |             | 31                          | 13,005   | 13,036                       |
| Other assets/(liabilities), net  |             | 2,902                       | (533)  | 2,369                        |
| <b>Net identifiable assets acquired and<br/>liabilities assumed - as previously<br/>reported</b> |             | <b>2,016,972</b>            | <b>(1,208,848)</b>   | <b>808,124</b>               |
| Impact of change in accounting policy :  |             |                             |  |                              |
| Deferred tax, net  | 3           | -                           | (13,283)   | (13,283)                     |
| <b>Net identifiable assets acquired and<br/>liabilities assumed - as restated</b>                |             | <b>2,016,972</b>            | <b>(1,222,131)</b>   | <b>794,841</b>               |
| Gain on bargain purchase   |             |                             |  | (147,540)                    |
| <b>Net consideration - paid</b>  |             |                             |  | <b>647,301</b>               |

(v) **Aurus Packaging Limited, Nigeria**

On 3 April 2013, Indorama Netherlands B.V., an indirect subsidiary registered in the Netherlands, completed the acquisition through the purchase of 100% outstanding shares of Aurus Packaging Limited, located in Nigeria, as per the share purchase and investment agreement dated 15 March 2013 for a cash consideration of USD 10.0 million (Baht 294.3 million). The transaction is accounted for as a business combination. During the period from acquisition date to 31 December 2013, the production facilities contributed revenue of NGN 1,378.9 million (Baht 275.9 million) and net profit of NGN 54.2 million (Baht 10.8 million) to the Group's results.

Management believe that this acquisition will enable the group to grow the demand of PET in West Africa which is still predominantly a glass based beverage consumer and grow volumes for its PET resin business in Nigeria and Western Africa.

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

|   | <i>Note</i> | <b>Carrying<br/>amounts</b> | <b>Fair value<br/>adjustments</b> | <b>Recognised<br/>values</b> |
|---|-------------|-----------------------------|-----------------------------------|------------------------------|
|   |             |                             | <i>(in thousand Baht)</i>         |                              |
| Cash and cash equivalents   |             | 6,223                       | -                                 | 6,223                        |
| Inventories   |             | 25,842                      | -                                 | 25,842                       |
| Accounts receivable   |             | 50,870                      | -                                 | 50,870                       |
| Property, plant and equipment                                       |             | 227,466                     | 37,326                            | 264,792                      |
| Intangible assets   |             | 59                          | -                                 | 59                           |
| Deferred tax, net   | 17          | 12,525                      | -                                 | 12,525                       |
| Other assets/(liabilities), net                                     |             | (66,047)                    | -                                 | (66,047)                     |
| <b>Net identifiable assets acquired and<br/>liabilities assumed</b> |             | <b>256,938</b>              | <b>37,326</b>                     | <b>294,264</b>               |
| <b>Total consideration</b>  |             |                             |                                   | <b>294,264</b>               |
| Cash acquired   |             |                             |                                   | (6,223)                      |
| <b>Net consideration - paid</b>                                     |             |                             |                                   | <b>288,041</b>               |

The trade receivables comprise gross contractual amount due of Baht 50.9 million of which an entire amount was expected to be collectible at the acquisition date.

(vi) **Trevira Holdings GmbH, Germany**

On 1 October 2013, the Group entered into "Amendment to Joint Venture Agreement" with Sinterama S.p.A, the joint venture partner, to determine the rights and obligations over Trevira Holdings GmbH. As a result of changes in control of certain significant management and operational decisions, the Group obtained control of Trevira Holdings GmbH effective from 1 October 2013. Therefore, the investment in Trevira Holdings GmbH, which was previously considered as an investment in a jointly-controlled entity, is now considered as an investment in subsidiary and its operations have been consolidated into the Group's financial statements from the effective date of such agreement.

The acquiree's net assets at the date of obtaining control comprised of the following:

|  | Carrying<br>amounts | Fair value<br>adjustments<br>(in thousand Baht) | Recognised<br>values |
|--|---------------------|---|----------------------|
| Inventories  | 1,729,707           | -   | 1,729,707            |
| Property, plant and equipment                                    | 1,756,832           | -   | 1,756,832            |
| Intangible assets  | 238,685             | 459,544   | 698,229              |
| Other assets/(liabilities), net                                  | (1,939,051)         | 79,099  | (1,859,952)          |
| <b>Net identifiable assets acquired and liabilities assumed</b>  | <b>1,786,173</b>    | <b>538,643</b>                                  | <b>2,324,816</b>     |
| <b>Controlling interests (%)</b>                                 |                     |   | <b>75%</b>           |
| <b>Fair value of identifiable assets and liabilities assumed</b> |                     |   | <b>1,743,612</b>     |
| <b>Fair value of previously held equity interest</b>             |                     |   | <b>1,743,612</b>     |
| <b>Net</b>   |                     |   | <b>-</b>             |

The gain recognised as a result of remeasuring to fair value the previously held equity interest in Trevira Holding GmbH is determined as follows:

|  |                |
|--|----------------|
| Fair value of previously held equity interest  | 1,743,612      |
| Carrying amount of previously held equity interest   | 1,547,784      |
|  | <b>195,828</b> |
| Unrealised loss previously recognised in other comprehensive income                          | (108,909)      |
| <b>Gain recognised as a result of remeasuring to fair value the previously held interest</b> | <b>86,919</b>  |

The measurement to fair value of the Group's existing 75% interest in Trevira Holding GmbH resulted in a gain of Baht 86.9 million, which has been included in other income in the consolidated statement of income for the year ended 31 December 2013.

## 6 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:

| Name of entities                          | Country of<br>incorporation/nationality | Nature of relationships   |
|---|---|---|
| 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, 99.97% shareholding, some common directors              |

| Name of entities                                     | Country of incorporation/nationality | Nature of relationships  |
|--|--------------------------------------|--|
| Indorama Polymers Public Company Limited             | Thailand                             | Subsidiary, 72.60% shareholding and 26.61% 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 |
| Indorama Ventures Global Services Limited            | Thailand                             | Subsidiary, 100.00% shareholding, some common directors                                    |
| IVL Belgium N.V.                                     | Belgium                              | Subsidiary, 100.00% shareholding, some common directors                                    |
| Indo Polymers Mauritius Limited                      | Mauritius                            | Subsidiary, 100.00% shareholding   |
| Asia Pet (Thailand) Limited                          | Thailand                             | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| Petform (Thailand) Limited                           | Thailand                             | Indirect subsidiary, 59.53% 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, 99.21% effective interest, some common directors                      |
| Indorama Polymers Rotterdam B.V.                     | The Netherlands                      | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| Indorama Polymers Workington Limited                 | United Kingdom                       | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| UAB Orion Global PET                                 | Lithuania                            | Indirect subsidiary, 99.21% 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 Europe 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, 99.21% effective interest, some common directors                      |
| StarPet Inc.   | USA                                  | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| Auriga Polymers Inc.                                 | USA                                  | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| Indorama PET (Nigeria) Limited                       | Nigeria                              | Indirect subsidiary, 89.29% effective interest, some common directors                      |
| Aurus Packaging Limited                              | Nigeria                              | Indirect subsidiary, 100.00% effective interest  |
| IVL Singapore PTE Limited                            | Singapore                            | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| Guangdong IVL PET Polymer Company Limited            | China                                | Indirect subsidiary, 99.21% effective interest, some common directors                      |
| 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                     |

| <b>Name of entities</b>                                      | <b>Country of incorporation/nationality</b> | <b>Nature of relationships</b>   |
|--|---|--|
| 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                               |
| 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 (Struck off in February 2013) |
| Wellman International Trustees Works Limited                 | Ireland                                     | Indirect subsidiary, 100.00% effective interest, some common directors (Struck off in February 2013) |
| 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 (liquidated in May 2013)      |
| FiberVisions Holdings LLC                                    | USA   | Indirect subsidiary, 100.00% effective interest, some common directors (liquidated in May 2013)      |
| 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  |



| Name of entities                                      | Country of incorporation/nationality | Nature of relationships  |
|---|--------------------------------------|--|
| 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  |
| Indorama Ventures USA Holdings LP                     | USA                                  | Indirect subsidiary, 100.00% effective interest, some common directors   |
| Indorama Ventures AlphaPet Holdings, Inc              | USA                                  | Indirect subsidiary, 100.00% effective interest, some common directors   |
| Indorama Polymers (USA) LLC                           | USA                                  | Indirect subsidiary, 100.00% effective interest, some common directors   |
| AlphaPet, Inc.  | USA                                  | Indirect subsidiary, 100.00% effective interest, some common directors   |
| Indorama Ventures Packaging (Philippines) Corporation | Philippines                          | Indirect subsidiary, 100.00% effective interest, some common directors   |
| Trevira Holdings GmbH                                 | Germany                              | Indirect subsidiary, 75.00% effective interest, some common directors  |
| Trevira GmbH  | Germany                              | Indirect subsidiary, 75.00% effective interest, some common directors  |
| Trevira Sp. z o.o.                                    | Poland                               | Indirect subsidiary, 75.00% effective interest, some common directors (liquidated in July 2013)                    |
| Trevira North America, LLC                            | USA                                  | Indirect subsidiary, 75.00% effective interest, some common directors  |
| 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                                    |
| 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  |
| 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                                       |
| 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  |

| <b>Name of entities</b>       | <b>Country of incorporation/nationality</b> | <b>Nature of relationships</b>  |
|-------------------------------|---|---|
| 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                                    | Some common directors   |
| PT Irama Unggul               | Indonesia                                   | Family relationships with directors   |
| Indorama Commerce DMCC        | United Arab Emirates                        | Family relationships with directors   |
| Vega Aviation Limited         | British Virgin Islands                      | Family relationships with 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. |

SPG/FV Investor LLC and FiberVisions Holdings LLC have signed the dissolution and liquidation agreement effective 1 May 2013 and filed with the Secretary for State of Delaware. The dissolution is effective from the date of signing of the agreement.

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 13). During 2013, the Group made additional investment of USD 3.4 million (Baht 102.8 million) due to increasing of share capital of this jointly-controlled entity.

On 17 December 2012, Wellman International Limited passed a resolution for striking off the name of Wellman International Trustees Staff Limited and Wellman International Trustees Works Limited, its subsidiaries. The process was completed on 3 February 2013.

On 3 April 2013, Indorama Netherlands B.V., an indirect subsidiary registered in the Netherlands, completed the acquisition of 100% of outstanding shares of Aurus Packaging Limited ("APL"), located in Nigeria (see Note 5 (v)). The principle activities of APL consist of manufactures and distributors of preform and other packaging materials.

Trevira Sp. z o.o., an indirect jointly-controlled entity, completed the registration for liquidation on 2 July 2013.

On 4 September 2013, Indorama Ventures Europe B.V., a new indirect subsidiary was incorporated in the Netherlands, with the registered share capital of EUR 100 (Baht 4.2 thousand).

On 2 October 2013, Indorama Ventures Packaging (Philippines) Corporation, a new indirect subsidiary, was incorporated in the Philippines. The registered share capital of the company is Philippines Pesos 110 million (Baht 79.4 million). The principal activities of the company consist of manufacture and distribution of packaging materials in the Philippines.

On 21 October 2013, Indorama Ventures USA Holdings LP and Indorama Ventures AlphaPet Holdings, Inc., two new indirect subsidiaries, were incorporated in the United States with the registered share capital of USD 25 thousand (Baht 0.8 million). Both companies were incorporated for the purpose of reorganisation of the Group's business operations located in the USA. After the reorganisation Indorama Polymers (USA) Inc. has been renamed to Indorama Polymers (USA) LLC.

On 13 December 2013, Indorama Ventures Global Services Limited, a new subsidiary, was incorporated in the Thailand with the registered share capital of Baht 20.0 million. The company was incorporated for the purpose of being a regional operating headquarters. As at 31 December 2013, no capital is injected into this company yet.

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<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|---|--|-----------|--|-----------|
|   | 2013   | 2012      | 2013                                     | 2012      |
|   | <i>(in thousand Baht)</i>                    |           |  |           |
| <b>Subsidiaries</b>                                     |  |           |  |           |
| Interest income   | -  | -         | 1,725,422                                | 1,660,775 |
| Interest expense  | -  | -         | 3,269                                    | 3,814     |
| Other income  | -  | -         | 165,294                                  | 139,789   |
| <b>Key management</b>                                   |  |           |  |           |
| Directors' fee and bonus                                | 14,981                                       | 44,314    | 10,504                                   | 40,538    |
| Short-term employee benefits                            | 51,722                                       | 39,458    | -  | -         |
| Long-term employee benefits                             | 9,425  | 25,250    | -  | -         |
| <b>Other related parties</b>                            |  |           |  |           |
| Sales of goods  | 6,816,182                                    | 6,810,596 | -  | -         |
| Purchases of goods and raw materials                    | 267,087                                      | 79,824    | -  | -         |
| Other raw materials conversion<br>charges and overheads | 9,601  | 5,885     | -  | -         |
| Selling and administrative expenses                     | 178,544                                      | 89,844    | 5,990                                    | -         |
| Other income  | 2,547  | 2,044     | -  | -         |
| <b>Jointly-controlled entities</b>                      |  |           |  |           |
| Sales of goods  | 4,903,669                                    | 4,245,557 | -  | -         |
| Purchases of goods and raw materials                    | 2,022,592                                    | 56,543    | -  | -         |
| Other raw materials conversion<br>charges and overheads | 315  | -         | -  | -         |
| Selling and administrative expenses                     | 591  | 2,758     | -  | -         |
| Interest income   | 2,934  | 179       | -  | -         |
| Other income  | 15,257                                       | 7,333     | 6,769                                    | 6,955     |

Balances as at 31 December with related parties were as follows:

|   | <b>Consolidated<br/>financial statements</b> |                         | <b>Separate<br/>financial statements</b> |                      |
|---|--|-------------------------|--|----------------------|
|   | 2013   | 2012                    | 2013                                     | 2012                 |
|   | <i>(in thousand Baht)</i>                    |                         |  |                      |
| <b>Trade accounts receivable from related parties</b> |  |                         |  |                      |
| <b>Other related parties</b>                          |  |                         |  |                      |
| Serm Suk Public Company Limited                       | 73,077                                       | 146,864                 | -  | -                    |
| Indo Rama Synthetics (India) Limited                  | 1,308,997                                    | 1,280,021               | -  | -                    |
| PT Indorama Synthetics TBK                            | 115,307                                      | 153,555                 | -  | -                    |
|   | <u>1,497,381</u>                             | <u>1,580,440</u>        | <u>-</u>                                 | <u>-</u>             |
| <b>Trade accounts receivable from related parties</b> |  |                         |  |                      |
| <b>Jointly-controlled entities</b>                    |  |                         |  |                      |
| Trevira Holdings GmbH                                 | -  | 3,093                   | -  | -                    |
| Ottana Polimeri S.R.L.                                | -  | 111,592                 | -  | -                    |
| PT Indorama Petrochemicals                            | 1,785  | -                       | -  | -                    |
| ES FiberVisions LP                                    | 271,618                                      | 43,831                  | -  | -                    |
| ES FiberVisions ApS                                   | 148,310                                      | 114,946                 | -  | -                    |
| ES FiberVisions Hongkong Limited                      | 25,331                                       | 31,013                  | -  | -                    |
| ES FiberVisions (Suzhou) Co., Ltd.                    | 1,191  | -                       | -  | -                    |
|   | <u>448,235</u>                               | <u>304,475</u>          | <u>-</u>                                 | <u>-</u>             |
| <b>Total</b>  | <b><u>1,945,616</u></b>                      | <b><u>1,884,915</u></b> | <b><u>-</u></b>                          | <b><u>-</u></b>      |
| <b>Other receivables</b>                              |  |                         |  |                      |
| <b>Subsidiaries</b>                                   |  |                         |  |                      |
| Indorama Ventures Holdings LP                         | -  | -                       | -  | 78,620               |
| Indorama Ventures Performance Fibers Holdings USA LLC | -  | -                       | 7,260                                    | -                    |
| Indorama Ventures Global Services Limited             | -  | -                       | 111                                      | -                    |
|   | <u>-</u>                                     | <u>-</u>                | <u>7,371</u>                             | <u>78,620</u>        |
| <b>Other related parties</b>                          |  |                         |  |                      |
| Pacific Resources Limited                             | 1,312  | 1,312                   | -  | -                    |
| Cryoviva (Thailand) Limited                           | 168  | 166                     | -  | -                    |
| Indo Rama Synthetics (India) Limited                  | 4,078  | 9,010                   | -  | -                    |
| Eleme Petrochemicals Limited                          | 1,425  | 1,876                   | -  | -                    |
|   | <u>6,983</u>                                 | <u>12,364</u>           | <u>-</u>                                 | <u>-</u>             |
| <b>Jointly-controlled entities</b>                    |  |                         |  |                      |
| Trevira Holdings GmbH                                 | -  | 845                     | -  | 845                  |
| Ottana Polimeri S.R.L.                                | 1,833  | -                       | 1,833                                    | -                    |
|   | <u>1,833</u>                                 | <u>845</u>              | <u>1,833</u>                             | <u>845</u>           |
| <b>Total</b>  | <b><u>8,816</u></b>                          | <b><u>13,209</u></b>    | <b><u>9,204</u></b>                      | <b><u>79,465</u></b> |

| <b>Short-term loans to<br/>related parties</b>       | <b>Interest rate</b> |           | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |                   |
|--|----------------------|-----------|--|------------|--|-------------------|
|  | 2013                 | 2012      | 2013   | 2012       | 2013                                     | 2012              |
|  | <i>(% per annum)</i> |           | <i>(in thousand Baht)</i>                    |            |  |                   |
| <b>Comprising :</b>                                  |                      |           |  |            |  |                   |
| <b>Short-term loans to<br/>related parties</b>       |                      |           |  |            |  |                   |
| <b>Subsidiaries</b>                                  |                      |           |  |            |  |                   |
| Indorama Polymers                                    |                      |           |  |            |  |                   |
| Public Company Limited                               | 4.50                 | 5.00      | -  | -          | 3,130,127                                | 4,105,580         |
| Asia Pet (Thailand) Limited                          | 4.50                 | 5.00      | -  | -          | 1,469,150                                | 496,850           |
| Indorama Holdings Limited                            | 4.50                 | 5.00      | -  | -          | 1,491,819                                | 687,550           |
| <b>Subsidiaries</b>                                  |                      |           |  |            |  |                   |
| Indorama Polyester Industries                        |                      |           |  |            |  |                   |
| Public Company Limited                               | 4.50                 | 5.00      | -  | -          | 5,013,100                                | 3,909,800         |
| Indorama Netherlands                                 |                      |           |  |            |  |                   |
| Cooperatief U.A.                                     | 3.08-3.75            | 3.07-3.86 | -  | -          | 681,539                                  | 1,134,853         |
| <b>Total</b>   |                      |           | -  | -          | <b>11,785,735</b>                        | <b>10,334,633</b> |
| <b>Interest receivable<br/>from related parties</b>  |                      |           |  |            |  |                   |
| <b>Subsidiaries</b>                                  |                      |           |  |            |  |                   |
| Indorama Polymers                                    |                      |           |  |            |  |                   |
| Public Company Limited                               |                      |           | -  | -          | 82,065                                   | 124,948           |
| Asia Pet (Thailand) Limited                          |                      |           | -  | -          | 50,141                                   | 67,561            |
| Indorama Holdings Limited                            |                      |           | -  | -          | 62,816                                   | 44,568            |
| Indorama Polyester Industries                        |                      |           |  |            |  |                   |
| Public Company Limited                               |                      |           | -  | -          | 75,677                                   | 71,090            |
| Indorama Netherlands                                 |                      |           |  |            |  |                   |
| Cooperatief U.A.                                     |                      |           | -  | -          | 67,838                                   | 176,169           |
| Indorama Petrochem<br>Limited                        |                      |           | -  | -          | 128,767                                  | 53,080            |
| TPT Petrochemicals                                   |                      |           |  |            |  |                   |
| Public Company Limited                               |                      |           | -  | -          | 89,286                                   | 14,844            |
| <b>Total</b>   |                      |           | -  | -          | <b>556,590</b>                           | <b>552,260</b>    |
| <b>Jointly-controlled<br/>entities</b>               |                      |           |  |            |  |                   |
| Trevira Holdings GmbH                                |                      |           | -  | 181        | -  | -                 |
| ES FiberVisions<br>(Suzhou) Co., Ltd.                |                      |           | 602  | -          | -  | -                 |
| <b>Total</b>   |                      |           | <b>602</b>                                   | <b>181</b> | <b>-</b>                                 | <b>-</b>          |
| <b>Total short-term loans<br/>to related parties</b> |                      |           | <b>602</b>                                   | <b>181</b> | <b>12,342,325</b>                        | <b>10,886,893</b> |

| Long-term loans to<br>related parties                   | Interest rate |           | Consolidated         |        | Separate             |            |
|---|---------------|-----------|----------------------|--------|----------------------|------------|
|   |               |           | financial statements |        | financial statements |            |
|   | 2013          | 2012      | 2013                 | 2012   | 2013                 | 2012       |
|   | (% per annum) |           | (in thousand Baht)   |        |                      |            |
| Comprising :  |               |           |                      |        |                      |            |
| Long-term loans to<br>related parties                   |               |           |                      |        |                      |            |
| Subsidiaries  |               |           |                      |        |                      |            |
| Indorama Petrochem<br>Limited                           | 2.13-4.50     | 2.43-5.00 | -                    | -      | 3,381,732            | 2,426,726  |
| TPT Petrochemicals<br>Public Company Limited            | 4.50          | 5.00      | -                    | -      | 1,725,000            | 1,725,000  |
| Indorama Polymers<br>Public Company Limited             | 4.50          | 5.00      | -                    | -      | 2,646,233            | 8,696,620  |
| Asia Pet (Thailand)<br>Limited                          | 4.50          | 5.00      | -                    | -      | 2,500,000            | 2,500,000  |
| Indorama Holdings<br>Limited                            | 4.50          | 5.00      | -                    | -      | 4,190,859            | 2,930,000  |
| Indorama Polyester Industries<br>Public Company Limited | 4.50          | 5.00      | -                    | -      | 2,810,000            | 2,810,000  |
| Indorama Netherlands<br>Cooperatief U.A.                | 3.05-3.75     | 3.07-3.86 | -                    | -      | 6,160,483            | 10,380,564 |
| IVL Belgium N.V.  | 2.91          | 2.90      | -                    | -      | 1,338                | 803        |
| Total   |               |           | -                    | -      | 23,415,645           | 31,469,713 |
| Jointly-controlled entities                             |               |           |                      |        |                      |            |
| Trevira Holdings GmbH                                   | -             | 2.55      | -                    | 60,835 | -                    | -          |
| ES FiberVisions<br>(Suzhou) Co., Ltd.                   | 2.39-2.40     | -         | 98,441               | -      | -                    | -          |
| Total   |               |           | 98,441               | 60,835 | -                    | -          |
| Interest receivables<br>from related party              |               |           |                      |        |                      |            |
| Subsidiary  |               |           |                      |        |                      |            |
| IVL Belgium N.V.  |               |           | -                    | -      | 64                   | 31         |
| Total   |               |           | -                    | -      | 64                   | 31         |
| Total long-term loans to<br>related parties             |               |           | 98,441               | 60,835 | 23,415,709           | 31,469,744 |

The long-term loans to Indorama Petrochem Limited and TPT Petrochemicals Public Company Limited, 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.

During 2012, the Company has amended the loan agreements with related parties to change the repayment term resulting in classification of short-term loan to related party of Baht 19,316 million to be presented under long-term loan to related party as at 31 December 2012.

During 2013, the Company has amended the loan agreements with related parties to change the repayment term resulting in classification of short-term loan to related party of Baht 360.7 million to be presented under long-term loan to related party as at 31 December 2013.

During 2013, the Company entered into a memorandum of understanding with Indo Polymers Mauritius Limited ("IPML") and Indorama Netherlands Cooperatief U.A. ("INCOOP") under which the loan to INCOOP of EUR 187.3

million (equivalent to Baht 7,535.3 million) was converted into shares of IPML for the equivalent amount effective from 1 February 2013. In addition, the Company entered into various agreements whereby a loan to one subsidiary and promissory notes issued by two subsidiaries totalling of USD 132.1 million (equivalent to Baht 4,074.2 million) were converted into shares of IPML for the equivalent amount effective from 31 October 2013 (see Note 12).

During 2013, the short-term loan of USD 18.5 million (Baht 590.9 million) and long-term loan of USD 56.0 million (Baht 1,788.5 million) given to Indorama Netherlands Cooperatief U.A. have been reassigned to the Company by Indorama Polymers Public Company Limited ("IRP") as a settlement of long-term loan of USD 74.5 million (Baht 2,379.4 million) given to IRP by the Company. Accordingly, the transfer of long-term loan to short-term loan totaling USD 18.5 million (Baht 590.9 million) is presented as part of reclassification of loans during the year ended 31 December 2013.

**Summary of loans to related parties**

|                                       | Consolidated<br>financial statements |               | Separate<br>financial statements |                   |
|---------------------------------------|--------------------------------------|---------------|----------------------------------|-------------------|
|                                       | 2013                                 | 2012          | 2013                             | 2012              |
|                                       | <i>(in thousand Baht)</i>            |               |                                  |                   |
| Short-term loans                      | 602                                  | 181           | 12,342,325                       | 10,886,893        |
| Long-term loans                       | 98,441                               | 60,835        | 23,415,709                       | 31,469,744        |
| <b>Total loans to related parties</b> | <b>99,043</b>                        | <b>61,016</b> | <b>35,758,034</b>                | <b>42,356,637</b> |

Movements during the years ended 31 December of loans to related parties, excluding interest receivable from related parties, were as follows:

**Loans to related parties**

| <i>Loans to related parties</i>                   |       | Consolidated         |               | Separate             |                   |
|---|-------|----------------------|---------------|----------------------|-------------------|
|   |       | financial statements |               | financial statements |                   |
|   | Note  | 2013                 | 2012          | 2013                 | 2012              |
|   |       | (in thousand Baht)   |               |                      |                   |
| <b>Short-term loans:</b>                          |       |                      |               |                      |                   |
| <b>Subsidiaries</b>                               |       |                      |               |                      |                   |
| At 1 January                                      |       | -                    | -             | 10,334,633           | 24,367,216        |
| Increase  |       | -                    | -             | 38,042,401           | 45,535,523        |
| Decrease  |       | -                    | -             | (36,821,506)         | (40,251,712)      |
| Reclassification                                  |       | -                    | -             | 230,207              | (19,316,394)      |
| <b>At 31 December</b>                             |       | <b>-</b>             | <b>-</b>      | <b>11,785,735</b>    | <b>10,334,633</b> |
| <b>Long-term loans:</b>                           |       |                      |               |                      |                   |
| <b>Subsidiaries</b>                               |       |                      |               |                      |                   |
| At 1 January                                      |       | -                    | -             | 31,469,713           | 2,326,893         |
| Increase  |       | -                    | -             | 3,785,624            | 9,826,426         |
| Reclassification                                  |       | -                    | -             | (230,207)            | 19,316,394        |
| Transfer  |       | -                    | -             | (11,609,485)         | -                 |
| <b>At 31 December</b>                             |       | <b>-</b>             | <b>-</b>      | <b>23,415,645</b>    | <b>31,469,713</b> |
| <b>Jointly-controlled entity</b>                  |       |                      |               |                      |                   |
| At 1 January                                      |       | 60,835               | -             | -                    | -                 |
| Increase  |       | 98,441               | 60,835        | -                    | -                 |
| Elimination due to change in accounting treatment | 5(vi) | (60,835)             | -             | -                    | -                 |
| <b>At 31 December</b>                             |       | <b>98,441</b>        | <b>60,835</b> | <b>-</b>             | <b>-</b>          |

**Loans to related parties**

|   |             | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |                   |
|---|-------------|--|---------------|--|-------------------|
|   | <i>Note</i> | 2013   | 2012          | 2013                                     | 2012              |
|   |             | <i>(in thousand Baht)</i>                    |               |  |                   |
| <b>Total long-term loans to related parties</b>   |             |  |               |  |                   |
| At 1 January                                      |             | 60,835                                       | -             | 31,469,713                               | 2,326,893         |
| Increase  |             | 98,441                                       | 60,835        | 3,785,624                                | 9,826,426         |
| Elimination due to change in accounting treatment | 5(vi)       | (60,835)                                     | -             | -  | -                 |
| Reclassification                                  |             | -  | -             | (230,207)                                | 19,316,394        |
| Transfer  |             | -  | -             | (11,609,485)                             | -                 |
| <b>At 31 December</b>                             |             | <b>98,441</b>                                | <b>60,835</b> | <b>23,415,645</b>                        | <b>31,469,713</b> |

**Trade account payable to related party****Other related party**

|                            |  |               |          |          |          |
|----------------------------|--|---------------|----------|----------|----------|
| PT Indorama Synthetics TBK |  | 32,803        | -        | -        | -        |
|                            |  | <u>32,803</u> | <u>-</u> | <u>-</u> | <u>-</u> |

**Jointly-controlled entity**

|                            |  |                  |            |          |          |
|----------------------------|--|------------------|------------|----------|----------|
| PT Indorama Petrochemicals |  | 1,143,477        | 660        | -        | -        |
|                            |  | <u>1,143,477</u> | <u>660</u> | <u>-</u> | <u>-</u> |
| <b>Total</b>               |  | <b>1,176,280</b> | <b>660</b> | <b>-</b> | <b>-</b> |

**Other payable to related parties****Other related parties**

|                                      |  |               |               |          |          |
|--------------------------------------|--|---------------|---------------|----------|----------|
| Lohia Global Holdings Limited        |  | 34,400        | 21,995        | -        | -        |
| PT Indorama Synthetics TBK           |  | -             | 852           | -        | -        |
| Indo Rama Synthetics (India) Limited |  | 448           | -             | -        | -        |
|                                      |  | <u>34,848</u> | <u>22,847</u> | <u>-</u> | <u>-</u> |

**Jointly-controlled entity**

|                            |  |                |               |          |          |
|----------------------------|--|----------------|---------------|----------|----------|
| PT Indorama Petrochemicals |  | 228,315        | -             | -        | -        |
|                            |  | <u>228,315</u> | <u>-</u>      | <u>-</u> | <u>-</u> |
| <b>Total</b>               |  | <b>263,163</b> | <b>22,847</b> | <b>-</b> | <b>-</b> |

**Loans from related party****Short-term loan from related party****Subsidiary**

|                            |  |          |          |                |                |
|----------------------------|--|----------|----------|----------------|----------------|
| Indorama Petrochem Limited |  | -        | -        | 164,300        | 164,300        |
| <b>Total</b>               |  | <u>-</u> | <u>-</u> | <u>164,300</u> | <u>164,300</u> |

Movements during the years ended 31 December of loans from related party, excluding interest payable to related party, were as follows:

|  | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |                |
|--|--|----------|--|----------------|
|  | 2013   | 2012     | 2013                                     | 2012           |
|  | <i>(in thousand Baht)</i>                    |          |  |                |
| <b>Short-term loans from related party</b> |  |          |  |                |
| <b>Subsidiary</b>                          |  |          |  |                |
| At 1 January                               | -  | -        | 164,300                                  | 164,300        |
| Increase                                   | -  | -        | 510,148                                  | 164,300        |
| Decrease                                   | -  | -        | (510,148)                                | (164,300)      |
| <b>At 31 December</b>                      | <b>-</b>                                     | <b>-</b> | <b>164,300</b>                           | <b>164,300</b> |



## 7 Cash and cash equivalents

|                                      | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                                      | 2013                                 | 2012             | 2013                             | 2012             |
|                                      | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Cash on hand                         | 563,481                              | 5,795            | -                                | -                |
| Cash at bank - current accounts      | 2,452,737                            | 2,452,051        | 1,220                            | 885              |
| Cash at bank - savings accounts      | 392,386                              | 490,625          | 135,962                          | 246,968          |
| Cash at bank - fixed accounts        | 1,272                                | 1,347            | -                                | -                |
| Call deposits                        | -                                    | 73,980           | -                                | -                |
| Highly liquid short-term investments | 704,474                              | 1,350,379        | 540,000                          | 1,350,000        |
| <b>Total</b>                         | <b>4,114,350</b>                     | <b>4,374,177</b> | <b>677,182</b>                   | <b>1,597,853</b> |

As at 31 December 2013, cash at bank amounting to CNY 18.7 million (Baht 100.9 million) was restricted to secure letters of credit.

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

|                             | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|-----------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                             | 2013                                 | 2012             | 2013                             | 2012             |
|                             | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| United States Dollars (USD) | 1,675,042                            | 1,411,274        | -                                | -                |
| Euro (EUR)                  | 1,217,039                            | 474,069          | -                                | -                |
| Thai Baht (THB)             | 765,361                              | 1,704,716        | 677,182                          | 1,597,853        |
| Chinese Yuan (CNY)          | 131,666                              | 85,472           | -                                | -                |
| Pounds Sterling (GBP)       | 88,022                               | 46,668           | -                                | -                |
| Mexican Peso (MXN)          | 68,418                               | 230,973          | -                                | -                |
| Indonesian Rupiah (IDR)     | 62,580                               | 73,575           | -                                | -                |
| Lithuanian Litas (LTL)      | 42,875                               | 26,687           | -                                | -                |
| Polish Zloty (PLN)          | 23,777                               | 65,533           | -                                | -                |
| Nigeria Naira (NGN)         | 17,716                               | 135,381          | -                                | -                |
| Philippines Peso (PHP)      | 12,850                               | -                | -                                | -                |
| Danish Krone (DKK)          | 6,438                                | 118,928          | -                                | -                |
| Japanese Yen (JPY)          | 1,926                                | 55               | -                                | -                |
| Swiss Franc (CHF)           | 628                                  | 834              | -                                | -                |
| Singapore Dollars (SGD)     | 12                                   | 12               | -                                | -                |
| <b>Total</b>                | <b>4,114,350</b>                     | <b>4,374,177</b> | <b>677,182</b>                   | <b>1,597,853</b> |

## 8 Other investments

|  | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|--|--------------------------------------|----------------|----------------------------------|----------------|
|  | 2013                                 | 2012           | 2013                             | 2012           |
|  | (in thousand Baht)                   |                |                                  |                |
| <b>Current investments</b>                                 |                                      |                |                                  |                |
| Short-term deposits at<br>financial institutions           | 262,640                              | 227,580        | 50,000                           | -              |
|  | <b>262,640</b>                       | <b>227,580</b> | <b>50,000</b>                    | <b>-</b>       |
| <b>Other long-term investments</b>                         |                                      |                |                                  |                |
| Long-term debentures issued by a<br>financial institutions | 99,025                               | 105,000        | 70,000                           | 105,000        |
|  | <b>99,025</b>                        | <b>105,000</b> | <b>70,000</b>                    | <b>105,000</b> |
| <b>Total</b>   | <b>361,665</b>                       | <b>332,580</b> | <b>120,000</b>                   | <b>105,000</b> |

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

|              | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|--------------|--------------------------------------|----------------|----------------------------------|----------------|
|              | 2013                                 | 2012           | 2013                             | 2012           |
|              | (in thousand Baht)                   |                |                                  |                |
| USD          | 181,353                              | 227,360        | -                                | -              |
| THB          | 151,000                              | 105,000        | 120,000                          | 105,000        |
| EUR          | 27,007                               | -              | -                                | -              |
| PHP          | 2,018                                | -              | -                                | -              |
| PLN          | 287                                  | 220            | -                                | -              |
| <b>Total</b> | <b>361,665</b>                       | <b>332,580</b> | <b>120,000</b>                   | <b>105,000</b> |

Deposits in the amount of Baht 0.3 million (2012: Baht 0.2 million) have been pledged to secure loans from financial institutions.

## 9 Trade accounts receivable

|   |      | Consolidated<br>financial statements |                   | Separate<br>financial statements |          |
|---|------|--------------------------------------|-------------------|----------------------------------|----------|
|   | Note | 2013                                 | 2012              | 2013                             | 2012     |
|   |      | (in thousand Baht)                   |                   |                                  |          |
| Related parties   | 6    | 1,945,616                            | 1,884,915         | -                                | -        |
| Other parties   |      | 27,089,830                           | 23,900,736        | -                                | -        |
| <b>Total</b>  |      | <b>29,035,446</b>                    | <b>25,785,651</b> | <b>-</b>                         | <b>-</b> |
| Less allowance for<br>doubtful accounts                                 |      | (208,257)                            | (188,788)         | -                                | -        |
| <b>Net</b>  |      | <b>28,827,189</b>                    | <b>25,596,863</b> | <b>-</b>                         | <b>-</b> |
| Provision for bad<br>and doubtful debts expense<br>during the year, net |      | 14,406                               | 10,950            | -                                | -        |

Aging analyses for trade accounts receivable were as follows:

|                                      | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |          |
|--------------------------------------|--|-------------------|--|----------|
|                                      | 2013   | 2012              | 2013                                     | 2012     |
|                                      | <i>(in thousand Baht)</i>                    |                   |  |          |
| <b>Related parties</b>               |  |                   |  |          |
| Within credit terms                  | 1,897,334                                    | 1,806,049         | -  | -        |
| Overdue:                             |  |                   |  |          |
| Less than 3 months                   | 45,509                                       | 78,866            | -  | -        |
| 6-12 months                          | 2,773  | -                 | -  | -        |
|                                      | <u>1,945,616</u>                             | <u>1,884,915</u>  | <u>-</u>                                 | <u>-</u> |
| <b>Other parties</b>                 |  |                   |  |          |
| Within credit terms                  | 22,350,053                                   | 20,108,694        | -  | -        |
| Overdue:                             |  |                   |  |          |
| Less than 3 months                   | 4,222,945                                    | 3,401,070         | -  | -        |
| 3-6 months                           | 225,169                                      | 165,244           | -  | -        |
| 6-12 months                          | 100,086                                      | 35,907            | -  | -        |
| Over 12 months                       | 191,577                                      | 189,821           | -  | -        |
|                                      | <u>27,089,830</u>                            | <u>23,900,736</u> | <u>-</u>                                 | <u>-</u> |
| Less allowance for doubtful accounts | <u>(208,257)</u>                             | <u>(188,788)</u>  | <u>-</u>                                 | <u>-</u> |
|                                      | <u>26,881,573</u>                            | <u>23,711,948</u> | <u>-</u>                                 | <u>-</u> |
| <b>Net</b>                           | <u>28,827,189</u>                            | <u>25,596,863</u> | <u>-</u>                                 | <u>-</u> |

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

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

|              | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |          |
|--------------|--|-------------------|--|----------|
|              | 2013   | 2012              | 2013                                     | 2012     |
|              | <i>(in thousand Baht)</i>                    |                   |  |          |
| USD          | 21,172,054                                   | 18,099,700        | -  | -        |
| EUR          | 2,993,735                                    | 2,444,296         | -  | -        |
| THB          | 2,415,681                                    | 2,475,880         | -  | -        |
| CNY          | 862,055                                      | 842,656           | -  | -        |
| GBP          | 803,028                                      | 792,528           | -  | -        |
| MXN          | 198,454                                      | 98,765            | -  | -        |
| NGN          | 119,315                                      | 8,732             | -  | -        |
| IDR          | 92,211                                       | 95,059            | -  | -        |
| PLN          | 81,080                                       | 229,779           | -  | -        |
| LTL          | 70,079                                       | 144,632           | -  | -        |
| JPY          | 17,070                                       | 9,651             | -  | -        |
| DKK          | 2,427  | 350,160           | -  | -        |
| AUD          | -  | 5,025             | -  | -        |
| <b>Total</b> | <u>28,827,189</u>                            | <u>25,596,863</u> | <u>-</u>                                 | <u>-</u> |

Trade accounts receivable with a carrying amount of Baht 12,290 million (2012: Baht 9,522.1 million) have been pledged as collateral to secure loans from financial institutions.

## 10 Inventories

|  | Consolidated<br>financial statements |                           | Separate<br>financial statements |                 |
|--|--------------------------------------|---------------------------|----------------------------------|-----------------|
|  | 2013                                 | 2012                      | 2013                             | 2012            |
|  | (in thousand Baht)                   |                           |                                  |                 |
| Finished goods   | 16,861,412                           | 12,787,700                | -                                | -               |
| Work in process  | 1,017,901                            | 1,125,528                 | -                                | -               |
| Raw materials  | 7,479,194                            | 7,290,651                 | -                                | -               |
| Trading materials  | 10,262                               | 6,635                     | -                                | -               |
| Spare parts and supplies   | 2,731,642                            | 2,304,407                 | -                                | -               |
| Goods in transit   | 1,054,554                            | 1,344,892                 | -                                | -               |
|  | <u>29,154,965</u>                    | <u>24,859,813</u>         | <u>-</u>                         | <u>-</u>        |
| Less allowance for decline in value  | <u>(215,409)</u>                     | <u>(180,282)</u>          | <u>-</u>                         | <u>-</u>        |
| <b>Net</b>   | <b><u>28,939,556</u></b>             | <b><u>24,679,531</u></b>  | <b><u>-</u></b>                  | <b><u>-</u></b> |
| Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities | <b><u>13,239,146</u></b>             | <b><u>9,622,373</u></b>   | <b><u>-</u></b>                  | <b><u>-</u></b> |
| Inventories recognised as an expense in 'cost of sale of goods':   |                                      |                           |                                  |                 |
| - Cost   | 180,367,482                          | 164,618,499               | -                                | -               |
| - Write-down to net realisable value   | 145,500                              | 105,191                   | -                                | -               |
| - Reversal of write-down   | <u>(75,576)</u>                      | <u>(99,548)</u>           | <u>-</u>                         | <u>-</u>        |
| <b>Net total</b>   | <b><u>180,437,406</u></b>            | <b><u>164,624,142</u></b> | <b><u>-</u></b>                  | <b><u>-</u></b> |

## 11 Other current assets

|  | Consolidated<br>financial statements |                         | Separate<br>financial statements |                       |
|--|--------------------------------------|-------------------------|----------------------------------|-----------------------|
|  | 2013                                 | 2012                    | 2013                             | 2012                  |
|  | (in thousand Baht)                   |                         |                                  |                       |
| Value added tax receivable                     | 1,878,990                            | 1,712,213               | -                                | -                     |
| Insurance claims receivable                    | 898,189                              | 396,829                 | -                                | -                     |
| Receivable from seller in business combination | 726,397                              | 717,716                 | -                                | -                     |
| Prepaid expenses                               | 536,102                              | 445,872                 | -                                | -                     |
| Advance payments                               | 469,390                              | 537,644                 | -                                | -                     |
| Advance tax payments and withholding tax       | 401,570                              | 327,630                 | 28,547                           | -                     |
| Material price adjustment receivable           | 233,736                              | 286,223                 | -                                | -                     |
| Others   | <u>1,133,938</u>                     | <u>682,013</u>          | <u>390,447</u>                   | <u>106,574</u>        |
| <b>Total</b>                                   | <b><u>6,278,312</u></b>              | <b><u>5,106,140</u></b> | <b><u>418,994</u></b>            | <b><u>106,574</u></b> |

Receivable from seller in business combination relates to tax liability, which was recorded as part of income tax payable as at 31 December 2013 and 2012, for which IVL can claim from Arteva Latin America B.V. as per the sale and purchase agreement.

## 12 Investments in subsidiaries and other equity security

|                        | Consolidated<br>financial statements |                 | Separate<br>financial statements |                          |
|------------------------|--------------------------------------|-----------------|----------------------------------|--------------------------|
|                        | 2013                                 | 2012            | 2013                             | 2012                     |
|                        | (in thousand Baht)                   |                 |                                  |                          |
| At 1 January           | -                                    | -               | 29,095,241                       | 27,127,240               |
| Additional investments | <u>-</u>                             | <u>-</u>        | <u>11,811,827</u>                | <u>1,968,001</u>         |
| <b>At 31 December</b>  | <b><u>-</u></b>                      | <b><u>-</u></b> | <b><u>40,907,068</u></b>         | <b><u>29,095,241</u></b> |

Investments in subsidiaries and other equity security as at 31 December 2013 and 2012 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 |          |
|--------------------------------|------------------------------|-------|-----------------|----------------|----------------|----------------|------------------|------------------|-----------------|----------|-----------------|----------|
|                                | 2013                         | 2012  | 2013            | 2012           | 2013           | 2012           | 2013             | 2012             | 2013            | 2012     | 2013            | 2012     |
|                                | (in thousand Baht)           |       |                 |                |                |                |                  |                  |                 |          |                 |          |
| <b>Other equity securities</b> |                              |       |                 |                |                |                |                  |                  |                 |          |                 |          |
| Tuntex Textile (Thailand)      | 16.58                        | 16.58 | 1,200,000       | 1,200,000      | 200,000        | 200,000        | (200,000)        | (200,000)        | -               | -        | -               | -        |
| Company Limited                |                              |       |                 |                |                |                |                  |                  |                 |          |                 |          |
| <b>Total</b>                   |                              |       | <b>200,000</b>  | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>(200,000)</b> | <b>(200,000)</b> | <b>-</b>        | <b>-</b> | <b>-</b>        | <b>-</b> |

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 |          | At cost-net       |                   | Dividend income  |                  |
|--|--------------------|--------|-------------------|-------------------|-------------------|-------------------|------------|----------|-------------------|----------|-------------------|-------------------|------------------|------------------|
|  | 2013               | 2012   | 2013              | 2012              | 2013              | 2012              | 2013       | 2012     | 2013              | 2012     | 2013              | 2012              | 2013             | 2012             |
|  | (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         | -                | -                |
| Indorama Holdings Limited                            | 99.81              | 99.81  | 774,468           | 774,468           | 2,001,419         | 2,001,419         | -          | -        | -                 | -        | 2,001,419         | 2,001,419         | 1,298,691        | 1,256,175        |
| 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         | 210,743          | 1,294,566        |
| 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          |
| TPT Petrochemicals                                   |                    |        |                   |                   |                   |                   |            |          |                   |          |                   |                   |                  |                  |
| Public Company Limited                               | 99.97              | 99.97  | 2,955,000         | 2,955,000         | 5,181,847         | 5,181,847         | -          | -        | -                 | -        | 5,181,847         | 5,181,847         | -                | -                |
| 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 | 22,382,289        | 10,570,804        | 10,570,804        | 10,570,804        | -          | -        | -                 | -        | 22,382,289        | 10,570,804        | 1,786,888        | 719,054          |
| Indorama Ventures Global Services Limited            | 100.00             | -      | 20,000            | -                 | -                 | -                 | -          | -        | -                 | -        | -                 | -                 | -                | -                |
| <b>Total</b>   |                    |        | <b>40,907,068</b> | <b>29,095,241</b> | <b>29,095,241</b> | <b>29,095,241</b> | <b>-</b>   | <b>-</b> | <b>-</b>          | <b>-</b> | <b>40,907,068</b> | <b>29,095,241</b> | <b>3,296,322</b> | <b>3,441,471</b> |

During 2013, Indo Polymers Mauritius Limited (“IPML”) increased its share capital from USD 344.4 million (Baht 10,570.8 million) to USD 737.3 million (Baht 22,382.3 million) for which the Company subscribed to the entire increased capital by converting the loans to Indorama Cooperatief U.A. of EUR 187.3 million (Baht 7,535.3 million), converting the promissory notes issued by Indorama Ventures Alphapet Holdings, Inc. and Indorama Polymers (USA) Inc. of USD 90.6 million (Baht 2,793.7 million), and converting loans from Indorama Polymers Public Company Limited to Alphapet Inc. of USD 41.5 million (Baht 1,280.5 million) into shares of IPML for the equivalent amount (see Note 6) and contributing in cash of USD 6.8 million (Baht 202.3 million).

None of the Group’s subsidiaries and other equity security are publicly listed and consequently do not have published price quotations.

### 13 Investment in jointly-controlled entities

|   |       | Consolidated<br>financial statements |                  | Separate<br>financial statements |          |
|---|-------|--------------------------------------|------------------|----------------------------------|----------|
|   | Note  | 2013                                 | 2012             | 2013                             | 2012     |
|   |       | (in thousand Baht)                   |                  |                                  |          |
| At 1 January                                      |       | 5,124,410                            | 5,278,620        | -                                | -        |
| Acquisitions                                      |       | -                                    | 407,920          | -                                | -        |
| Additional investment                             |       | 102,741                              | 413,761          | -                                | -        |
| Share of loss of investments                      |       |                                      |                  |                                  |          |
| - equity method, net                              |       | (1,107,954)                          | (889,110)        | -                                | -        |
| Elimination due to change in accounting treatment | 5(vi) | (1,480,908)                          | -                | -                                | -        |
| Effect of movements in exchange rates             |       | 249,182                              | (86,781)         | -                                | -        |
| <b>At 31 December</b>                             |       | <b>2,887,471</b>                     | <b>5,124,410</b> | <b>-</b>                         | <b>-</b> |

Investment in jointly-controlled entities as at 31 December 2013 and 2012 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 |           |
|--|------------------------------|-------|-----------------|-----------|-------------|-----------|---------------|-----------|--------------------------------------|----------|--------------------------|-----------|
|  | 2013                         | 2012  | 2013            | 2012      | 2013        | 2012      | 2013          | 2012      | 2013                                 | 2012     | 2013                     | 2012      |
|  | (in thousand Baht)           |       |                 |           |             |           |               |           |                                      |          |                          |           |
| Jointly-controlled entities            |                              |       |                 |           |             |           |               |           |                                      |          |                          |           |
| UAB Ottana Polimeri Europe (a)         | 50.00                        | 50.00 | 242,460         | 242,460   | 121,230     | 121,230   | 959,760       | 1,838,884 | 111,673                              | (27,121) | 1,071,433                | 1,811,763 |
| Trevira Holdings GmbH (b)              | -                            | 75.00 | -               | 1,071     | -           | 790,211   | -             | 1,431,071 | -                                    | (26,998) | -                        | 1,404,073 |
| PET Indorama Petrochemicals (c)        | 43.00                        | 43.00 | 4,532,869       | 4,532,869 | 1,463,186   | 1,463,186 | 824,030       | 1,204,762 | 93,276                               | (19,030) | 917,306                  | 1,185,732 |
| ES FiberVisions (d)                    | 50.00                        | 50.00 | 603,959         | 603,959   | 694,326     | 694,326   | 687,199       | 656,832   | 30,757                               | (13,632) | 717,956                  | 643,200   |
| ES FiberVisions (Suzhou) Co., Ltd. (e) | 50.00                        | 50.00 | 369,946         | 160,310   | 182,383     | 79,642    | 167,300       | 79,642    | 13,476                               | -        | 180,776                  | 79,642    |
| Total                                  |                              |       | 2,461,125       | 3,148,595 | 2,461,125   | 3,148,595 | 2,638,289     | 5,211,191 | 249,182                              | (86,781) | 2,887,471                | 5,124,410 |

(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 2013 and 2012 and recorded its 50% interest in net loss of UAB OPE, amounting to Baht 852.0 million and Baht 223.1 million, respectively, as a share of loss of jointly-controlled entity in the consolidated statement of income for the years ended 31 December 2013 and 2012, respectively. The share of loss recorded in the consolidated statement of income for the year ended 31 December 2013 included 50% of the impairment provision of Baht 734.7 million, amounting to Baht 367.3 million.

(b) The Group applied the equity method of accounting for its investment in Trevira Holdings GmbH ("Trevira") in the consolidated financial statements for the period from 1 January 2013 to 30 September 2013 and for the year ended 31 December 2012 as both shareholders entered into a management agreement giving each party joint control of all significant management and operational decisions. The Group recorded its 75% interest in net profit (loss) of Trevira for the period from 1 January 2013 to 30 September 2013 and for the year ended 31 December 2012, amounting to Baht 76.8 million and Baht (392.6) million, respectively, as a share of profit (loss) of jointly-controlled entity in the consolidated statement of income for the years ended 31 December 2013 and 2012 respectively.

On 1 October 2013, the Group entered into "Amendment to Joint Venture Agreement" with its joint venture partner and immediately obtained a control of Trevira. Accordingly, there is a change in accounting treatment of investment in Trevira Holdings GmbH (see Note 5 (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% interest in net loss of PTIP for the year ended 31 December 2013 and 2012 amounting to Baht 361.7 million and Baht 235.9 million, respectively, as a share of loss of jointly-controlled entity in the consolidated statements of income for the years ended 31 December 2013 and 2012, respectively.

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 USD 12.9 million (Baht 407.9 million) as a result of a completion of the purchase price allocation (see Note 5(i)). 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 the profit (loss) of ES FiberVisions for the year ended 31 December 2013 and for the period from 6 January 2012 to 31 December 2012, amounting to Baht 44 million and Baht (37.5) million, respectively as a share of profit (loss) of jointly-controlled entities in the consolidated statement of income for the years ended 31 December 2013 and 2012, respectively.

(e) The Group applied the equity method of accounting for its investment in ES FiberVisions (Suzhou) Co., Ltd. The Group recorded its 50% interest in the loss of ES FiberVisions (Suzhou) Co., Ltd. amounting to Baht 15.1 million as a share of loss of jointly-controlled entities in the consolidated statement of income for the year ended 31 December 2013.

Summary of financial information as at 31 December 2013 and 2012, except for Trevira Holdings GmbH for which its summary of financial information is for the period from 1 January 2013 to 30 September 2013 (see Note 5 (vi)), for the equity-accounted jointly-controlled entities, not adjusted for the percentage of ownership held by the Group, is as follows:

|                                    | Current<br>assets         | Non-<br>current<br>assets | Total<br>assets   | Current<br>liabilities | Non-<br>current<br>liabilities | Total<br>liabilities | Total<br>revenues | Total<br>expenses | Net<br>profit/<br>(loss) |
|------------------------------------|---------------------------|---------------------------|-------------------|------------------------|--------------------------------|----------------------|-------------------|-------------------|--------------------------|
|                                    | <i>(in thousand Baht)</i> |                           |                   |                        |                                |                      |                   |                   |                          |
| <b>2013</b>                        |                           |                           |                   |                        |                                |                      |                   |                   |                          |
| UAB Ottana Polimeri Europe         | 2,342,748                 | 2,455,078                 | 4,797,826         | 1,653,425              | 1,019,042                      | 2,672,467            | 6,437,032         | 8,141,038         | (1,704,006)              |
| Trevira Holdings GmbH              | -                         | -                         | -                 | -                      | -                              | -                    | 7,752,674         | 7,650,228         | 102,446                  |
| PT Indorama Petrochemicals         | 2,592,575                 | 8,034,772                 | 10,627,347        | 3,554,102              | 4,981,456                      | 8,535,558            | 4,288,493         | 5,129,660         | (841,167)                |
| ES FiberVisions                    | 1,230,876                 | 37,055                    | 1,267,931         | 1,057,819              | 28,003                         | 1,085,822            | 6,468,188         | 6,380,191         | 87,997                   |
| ES FiberVisions (Suzhou) Co., Ltd. | 49,164                    | 828,730                   | 877,894           | 3,437                  | 502,076                        | 505,513              | -                 | 30,165            | (30,165)                 |
| <b>Total</b>                       | <b>6,215,363</b>          | <b>11,355,635</b>         | <b>17,570,998</b> | <b>6,268,783</b>       | <b>6,530,577</b>               | <b>12,799,360</b>    | <b>24,946,387</b> | <b>27,331,282</b> | <b>(2,384,895)</b>       |
| <b>2012</b>                        |                           |                           |                   |                        |                                |                      |                   |                   |                          |
| UAB Ottana Polimeri Europe         | 2,865,968                 | 3,523,573                 | 6,389,541         | 1,754,798              | 1,026,918                      | 2,781,716            | 7,423,431         | 7,869,739         | (446,308)                |
| Trevira Holdings GmbH              | 2,050,373                 | 1,956,879                 | 4,007,252         | 1,565,043              | 835,581                        | 2,400,624            | 9,467,116         | 9,990,582         | (523,466)                |
| PT Indorama Petrochemicals         | 1,339,316                 | 7,346,818                 | 8,686,134         | 926,128                | 4,968,835                      | 5,894,963            | 13,868            | 574,525           | (560,657)                |
| ES FiberVisions                    | 1,309,351                 | 54,388                    | 1,363,739         | 1,213,843              | 24,960                         | 1,238,803            | 6,629,128         | 6,704,113         | (74,985)                 |
| ES FiberVisions (Suzhou) Co., Ltd. | 107,492                   | 53,741                    | 161,233           | -                      | -                              | -                    | -                 | -                 | -                        |
| <b>Total</b>                       | <b>7,672,500</b>          | <b>12,935,399</b>         | <b>20,607,899</b> | <b>5,459,812</b>       | <b>6,856,294</b>               | <b>12,316,106</b>    | <b>23,533,543</b> | <b>25,138,959</b> | <b>(1,605,416)</b>       |



## Consolidated financial statements

|   | Note | Land and land improvements | Buildings and building improvements | Machinery and equipment - textile production | Machinery and equipment - other | Office furniture, fixtures, and equipment<br>(in thousand Baht) | Transportation equipment | Stores and spares | Construction in progress | Total              |
|---|------|----------------------------|-------------------------------------|--|---------------------------------|---|--------------------------|-------------------|--------------------------|--------------------|
| <b>Cost/revaluation</b>                       |      |                            |                                     |  |                                 |   |                          |                   |                          |                    |
| <b>At 1 January 2012</b>                      |      | <b>3,456,440</b>           | <b>9,314,876</b>                    | <b>12,841,351</b>                            | <b>62,070,187</b>               | <b>779,537</b>  | <b>197,925</b>           | <b>562,189</b>    | <b>5,159,016</b>         | <b>94,381,521</b>  |
| Additions                                     |      | 17,356                     | 40,832                              | 169,678                                      | 689,519                         | 55,734  | 50,130                   | 98,777            | 9,276,080                | 10,398,106         |
| Acquisitions through business combination     | 5    | 468,528                    | 1,050,369                           | 2,722,365                                    | 11,664,523                      | 52,301  | 4,954                    | -                 | 104,247                  | 16,067,287         |
| Transfers                                     |      | 20,621                     | 1,283,572                           | 1,605,756                                    | 7,678,992                       | 50,873  | 8,837                    | (68,089)          | (10,580,562)             | -                  |
| Reclassification                              |      | -                          | -                                   | -  | (7,038)                         | 7,038   | -                        | -                 | -                        | -                  |
| Disposals                                     |      | -                          | (1,902)                             | (2,367,116)                                  | (990,613)                       | (4,102)   | (33,400)                 | (5,951)           | (65,747)                 | (3,468,831)        |
| Effect of movements in exchange rates         |      | (93,126)                   | (188,653)                           | (190,446)                                    | (692,876)                       | 490   | (813)                    | (7,418)           | (120,532)                | (1,293,374)        |
| <b>At 31 December 2012 and 1 January 2013</b> |      | <b>3,869,819</b>           | <b>11,499,094</b>                   | <b>14,781,588</b>                            | <b>80,412,694</b>               | <b>941,871</b>  | <b>227,633</b>           | <b>579,508</b>    | <b>3,772,502</b>         | <b>116,084,709</b> |
| Additions                                     |      | 334,688                    | 220,311                             | 2,793  | 1,749,614                       | 53,567  | 5,886                    | 89,011            | 6,327,061                | 8,782,931          |
| Acquisitions through business combination     | 5    | 666,771                    | 595,759                             | 477,302                                      | 86,101                          | 48,550  | 3,560                    | -                 | 143,581                  | 2,021,624          |
| Transfers                                     |      | 95                         | 387,900                             | 1,527,478                                    | 1,012,492                       | 57,243  | 11,296                   | (18,322)          | (2,978,182)              | -                  |
| Reclassification                              |      | -                          | 3,878                               | -  | (3,650)                         | (228)   | -                        | 869               | -                        | 869                |
| Disposals                                     |      | -                          | -                                   | (26,624)                                     | (941,275)                       | (9,593)   | (9,429)                  | (7,222)           | (217)                    | (994,360)          |
| Effect of movements in exchange rates         |      | 283,151                    | 838,868                             | 633,219                                      | 4,181,765                       | 38,509  | 4,116                    | 3,581             | 489,844                  | 6,473,053          |
| <b>At 31 December 2013</b>                    |      | <b>5,154,524</b>           | <b>13,545,810</b>                   | <b>17,395,756</b>                            | <b>86,497,741</b>               | <b>1,129,919</b>  | <b>243,062</b>           | <b>647,425</b>    | <b>7,754,589</b>         | <b>132,368,826</b> |
| <b>Depreciation</b>                           |      |                            |                                     |  |                                 |   |                          |                   |                          |                    |
| <b>At 1 January 2012</b>                      |      | <b>130,946</b>             | <b>1,649,140</b>                    | <b>5,471,029</b>                             | <b>17,802,383</b>               | <b>428,148</b>  | <b>110,536</b>           | <b>10,691</b>     | -                        | <b>25,602,873</b>  |
| Depreciation charge for the year              |      | 68,052                     | 461,990                             | 1,088,338                                    | 4,275,097                       | 121,608   | 30,537                   | 15,469            | -                        | 6,061,091          |
| Reclassification                              |      | -                          | -                                   | -  | (4,436)                         | 4,436   | -                        | -                 | -                        | -                  |
| Disposals                                     |      | -                          | (706)                               | (1,694,987)                                  | (435,121)                       | (2,885)   | (27,639)                 | -                 | -                        | (2,161,338)        |
| Effect of movements in exchange rates         |      | (3,432)                    | (18,333)                            | (69,451)                                     | (53,692)                        | 3,282   | 491                      | (6,209)           | -                        | (147,344)          |
| <b>At 31 December 2012 and 1 January 2013</b> |      | <b>195,566</b>             | <b>2,092,091</b>                    | <b>4,794,929</b>                             | <b>21,584,231</b>               | <b>554,589</b>  | <b>113,925</b>           | <b>19,951</b>     | -                        | <b>29,355,282</b>  |
| Depreciation charge for the year              |      | 67,926                     | 558,537                             | 811,415                                      | 4,735,846                       | 126,188   | 31,705                   | 19,496            | -                        | 6,351,113          |
| Reclassification                              |      | -                          | 1                                   | -  | 38                              | 7   | (46)                     | -                 | -                        | -                  |
| Disposals                                     |      | -                          | -                                   | (3,874)                                      | (928,669)                       | (9,104)   | (8,286)                  | (18)              | -                        | (949,951)          |
| Effect of movements in exchange rates         |      | 13,544                     | 157,309                             | 270,427                                      | 919,495                         | 18,202  | 2,053                    | 201               | -                        | 1,381,231          |
| <b>At 31 December 2013</b>                    |      | <b>277,036</b>             | <b>2,807,938</b>                    | <b>5,872,897</b>                             | <b>26,310,941</b>               | <b>689,882</b>  | <b>139,351</b>           | <b>39,630</b>     | -                        | <b>36,137,675</b>  |

## Consolidated financial statements

|                             | Land and<br>land<br>improvements | Buildings and<br>building<br>improvements | Machinery and<br>equipment -<br>textile<br>production | Machinery and<br>equipment -<br>other<br><i>(in thousand Baht)</i> | Office furniture,<br>fixtures, and<br>equipment | Transportation<br>equipment | Stores and<br>spares | Construction<br>in progress | Total              |
|-----------------------------|----------------------------------|---|---|--|---|-----------------------------|----------------------|-----------------------------|--------------------|
| <b>Impairment</b>           |                                  |   |   |  |   |                             |                      |                             |                    |
| <b>At 1 January 2012</b>    | -                                | -   | <b>(666,464)</b>                                      | <b>(541,758)</b>   | -   | -                           | <b>(4,836)</b>       | <b>(58,504)</b>             | <b>(1,271,562)</b> |
| Write-off                   | -                                | -   | 666,464   | 541,758  | -   | -                           | -                    | 58,504                      | 1,266,726          |
| <b>At 31 December 2012</b>  |                                  |   |   |  |   |                             |                      |                             |                    |
| <b>and 1 January 2013</b>   | -                                | -   | -   | -  | -   | -                           | <b>(4,836)</b>       | -                           | <b>(4,836)</b>     |
| Impairment losses           | -                                | -   | (17,658)  | -  | -   | -                           | -                    | -                           | (17,658)           |
| Write-off                   | -                                | -   | -   | -  | -   | -                           | 4,836                | -                           | 4,836              |
| <b>At 31 December 2013</b>  | -                                | -   | <b>(17,658)</b>                                       | -  | -   | -                           | -                    | -                           | <b>(17,658)</b>    |
| <b>Net book value</b>       |                                  |   |   |  |   |                             |                      |                             |                    |
| <b>At 1 January 2012</b>    |                                  |   |   |  |   |                             |                      |                             |                    |
| Owned assets                | 2,878,035                        | 7,665,736                                 | 6,579,056   | 43,726,046   | 351,389   | 59,640                      | 546,662              | 5,100,512                   | 66,907,076         |
| Assets under finance leases | 447,459                          | -   | 124,802   | -  | -   | 27,749                      | -                    | -                           | 600,010            |
|                             | <b>3,325,494</b>                 | <b>7,665,736</b>                          | <b>6,703,858</b>                                      | <b>43,726,046</b>  | <b>351,389</b>                                  | <b>87,389</b>               | <b>546,662</b>       | <b>5,100,512</b>            | <b>67,507,086</b>  |
| <b>At 31 December 2012</b>  |                                  |   |   |  |   |                             |                      |                             |                    |
| <b>and 1 January 2013</b>   |                                  |   |   |  |   |                             |                      |                             |                    |
| Owned assets                | 3,067,272                        | 9,407,003                                 | 9,869,388   | 58,828,463   | 387,282   | 99,359                      | 554,721              | 3,772,502                   | 85,985,990         |
| Assets under finance leases | 606,981                          | -   | 117,271   | -  | -   | 14,349                      | -                    | -                           | 738,601            |
|                             | <b>3,674,253</b>                 | <b>9,407,003</b>                          | <b>9,986,659</b>                                      | <b>58,828,463</b>  | <b>387,282</b>                                  | <b>113,708</b>              | <b>554,721</b>       | <b>3,772,502</b>            | <b>86,724,591</b>  |
| <b>At 31 December 2013</b>  |                                  |   |   |  |   |                             |                      |                             |                    |
| Owned assets                | 4,252,730                        | 10,737,872                                | 11,388,448  | 60,186,800   | 440,037   | 92,447                      | 607,795              | 7,754,589                   | 95,460,718         |
| Assets under finance leases | 624,758                          | -   | 116,753   | -  | -   | 11,264                      | -                    | -                           | 752,775            |
|                             | <b>4,877,488</b>                 | <b>10,737,872</b>                         | <b>11,505,201</b>                                     | <b>60,186,800</b>  | <b>440,037</b>                                  | <b>103,711</b>              | <b>607,795</b>       | <b>7,754,589</b>            | <b>96,213,493</b>  |

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2013 amounted to Baht 17,706.3 million (2012: Baht 16,102.4 million).

Certain property, plant and equipment with a carrying value of Baht 39,284.6 million (2012: Baht 45,767 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 174.9 million (2012: Baht 163.7 million), with a capitalisation rate of 1.60-5.00% (2012: 1.67-5.46%) (see Note 32).

## 15 Goodwill

|   | Note   | Consolidated<br>financial statements |                  |
|---|--------|--------------------------------------|------------------|
|   |        | 2013                                 | 2012             |
|   |        | (in thousand Baht)                   |                  |
| <b>Cost</b>   |        |                                      |                  |
| <b>At 1 January - as reported</b>                             |        | <b>7,485,373</b>                     | <b>395,427</b>   |
| Impact of change in accounting policy:                        |        |                                      |                  |
| Businesses acquired prior to 1 January 2012                   |        | -                                    | 68,399           |
| <b>At 1 January - restated</b>                                |        | <b>7,485,373</b>                     | <b>463,826</b>   |
| Acquisitions through business combination                     | 5(iii) | -                                    | 6,438,618        |
| Impact of change in accounting policy:                        |        |                                      |                  |
| Indorama Ventures Performance Fibers Holdings<br>USA LLC, USA | 5(i)   | -                                    | 649,185          |
| Beverage Plastics (Holdings) Limited, UK                      | 5(ii)  | -                                    | 7,401            |
| Total   |        | -                                    | 656,586          |
| Effect of movements in exchange rates                         |        | 533,374                              | (73,657)         |
| <b>At 31 December</b>   |        | <b>8,018,747</b>                     | <b>7,485,373</b> |
| <b>Net book value</b>   |        |                                      |                  |
| <b>At 1 January</b>   |        | <b>7,485,373</b>                     | <b>463,826</b>   |
| <b>At 31 December</b>   |        | <b>8,018,747</b>                     | <b>7,485,373</b> |

| Consolidated financial statements          |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
|--|--------|-----------------|-------------------------------------|-------------------|---------------------------------|--------------------------------------|---------------------------|-----------------------------|------------|
|  | Note   | Rights acquired | Supplier contract and relationships | Software licenses | Technology licenses and knowhow | Customer contracts and relationships | Trade name and trademarks | Chemicals exchange contract | Total      |
| <i>(in thousand Baht)</i>                  |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
| <b>Cost</b>                                |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
| At 1 January 2012                          |        | 60,431          | 336,239                             | 259,753           | 2,691,214                       | 1,185,584                            | 485,616                   | -                           | 5,018,837  |
| Additions                                  |        | -               | -                                   | 6,964             | -                               | -                                    | -                         | -                           | 6,964      |
| Acquisitions through business combinations |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
| ● FiberVisions Holdings LLC                | 5(i)   | -               | 449,028                             | -                 | 379,460                         | 259,298                              | -                         | -                           | 1,087,786  |
| ● Old World                                | 5(iii) | -               | 3,358,704                           | -                 | 308,138                         | 1,571,504                            | -                         | 308,138                     | 5,546,484  |
| ● PT Indorama Polypet Indonesia            | 5(iv)  | -               | 13,005                              | -                 | -                               | 31                                   | -                         | -                           | 13,036     |
| Reclassification                           |        | -               | -                                   | (96,655)          | 96,655                          | -                                    | -                         | -                           | -          |
| Write-off                                  |        | (9,427)         | -                                   | (1)               | -                               | -                                    | -                         | -                           | (9,428)    |
| Effect of movements in exchange rates      |        | (422)           | (38,127)                            | (7,695)           | (86,929)                        | (36,454)                             | (15,664)                  | (1,822)                     | (187,113)  |
| At 31 December 2012 and 1 January 2013     |        | 50,582          | 4,118,849                           | 162,366           | 3,388,538                       | 2,979,963                            | 469,952                   | 306,316                     | 11,476,566 |
| Additions                                  |        | 25,084          | -                                   | 3,547             | 15,939                          | -                                    | -                         | -                           | 44,570     |
| Acquisitions through business combinations |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
| ● Aurus Packaging Ltd.                     | 5(v)   | -               | -                                   | 59                | -                               | -                                    | -                         | -                           | 59         |
| ● Trevira Holdings GmbH                    | 5(vi)  | -               | -                                   | 25,627            | 33,653                          | 416,639                              | 222,310                   | -                           | 698,229    |
| Write-off                                  |        | -               | -                                   | (629)             | -                               | -                                    | -                         | -                           | (629)      |
| Effect of movements in exchange rates      |        | 5,703           | 306,320                             | 12,527            | 221,186                         | 274,502                              | 48,444                    | 21,820                      | 890,502    |
| At 31 December 2013                        |        | 81,369          | 4,425,169                           | 203,497           | 3,659,316                       | 3,671,104                            | 740,706                   | 328,136                     | 13,109,297 |
| <b>Amortisation</b>                        |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
| At 1 January 2012                          |        | 22,474          | -                                   | 71,273            | 109,520                         | 222,255                              | -                         | -                           | 425,522    |
| Amortisation charge for the year           |        | 3,142           | 107,888                             | 39,397            | 225,330                         | 249,630                              | 1,693                     | 12,251                      | 639,331    |
| Reclassifications                          |        | -               | -                                   | (45,914)          | 45,914                          | -                                    | -                         | -                           | -          |
| Write-off                                  |        | (9,427)         | -                                   | (1)               | -                               | -                                    | -                         | -                           | (9,428)    |
| Effect of movements in exchange rates      |        | (84)            | (1,648)                             | (2,324)           | (4,299)                         | (1,282)                              | 27                        | (193)                       | (9,803)    |
| At 31 December 2012 and 1 January 2013     |        | 16,105          | 106,240                             | 62,431            | 376,465                         | 470,603                              | 1,720                     | 12,058                      | 1,045,622  |
| Amortisation charge for the year           |        | 3,283           | 132,400                             | 31,501            | 190,124                         | 308,878                              | 4,007                     | 16,174                      | 686,367    |
| Write-off                                  |        | -               | -                                   | (629)             | -                               | -                                    | -                         | -                           | (629)      |
| Effect of movements in exchange rates      |        | 1,443           | 16,547                              | 5,954             | 36,202                          | 69,736                               | 442                       | 1,956                       | 132,280    |
| At 31 December 2013                        |        | 20,831          | 255,187                             | 99,257            | 602,791                         | 849,217                              | 6,169                     | 30,188                      | 1,863,640  |
| <b>Net book value</b>                      |        |                 |                                     |                   |                                 |                                      |                           |                             |            |
| At 1 January 2012                          |        | 37,957          | 336,239                             | 188,480           | 2,581,694                       | 963,329                              | 485,616                   | -                           | 4,593,315  |
| At 31 December 2012 and 1 January 2013     |        | 34,477          | 4,012,609                           | 99,935            | 3,012,073                       | 2,509,360                            | 468,232                   | 294,258                     | 10,430,944 |
| At 31 December 2013                        |        | 60,538          | 4,169,982                           | 104,240           | 3,056,525                       | 2,821,887                            | 734,537                   | 297,948                     | 11,245,657 |

## 17 Deferred tax

Deferred tax assets and liabilities as at 31 December 2013 and 2012 were as follows:

| Consolidated financial statements            |                   |                |               |              |              |              |
|--|-------------------|----------------|---------------|--------------|--------------|--------------|
|  | Assets            |                | Liabilities   |              | Net          |              |
|  | 2013              | 2012           | 2013          | 2012         | 2013         | 2012         |
|  | (in million Baht) |                |               |              |              |              |
| Property, plant and equipment                | (507)             | (402)          | 8,426         | 5,247        | 7,919        | 4,845        |
| Accounts receivable                          | (5)               | (72)           | -             | -            | (5)          | (72)         |
| Derivatives                                  | (70)              | (18)           | 7             | 4            | (63)         | (14)         |
| Inventories                                  | (102)             | (40)           | 7             | 5            | (95)         | (35)         |
| Provisions                                   | (251)             | (133)          | 284           | 255          | 33           | 122          |
| Loss carry forward                           | (3,378)           | (2,120)        | -             | -            | (3,378)      | (2,120)      |
| Others                                       | (611)             | (550)          | 1,940         | 2,061        | 1,329        | 1,511        |
| <b>Total</b>                                 | <b>(4,924)</b>    | <b>(3,335)</b> | <b>10,664</b> | <b>7,572</b> | <b>5,740</b> | <b>4,237</b> |
| Set off of tax                               | 3,739             | 2,234          | (3,739)       | (2,234)      | -            | -            |
| <b>Net deferred tax (assets) liabilities</b> | <b>(1,185)</b>    | <b>(1,101)</b> | <b>6,925</b>  | <b>5,338</b> | <b>5,740</b> | <b>4,237</b> |

| Separate financial statements                |                   |              |             |          |             |              |
|--|-------------------|--------------|-------------|----------|-------------|--------------|
|  | Assets            |              | Liabilities |          | Net         |              |
|  | 2013              | 2012         | 2013        | 2012     | 2013        | 2012         |
|  | (in million Baht) |              |             |          |             |              |
| Derivatives                                  | (59)              | -            | -           | -        | (59)        | -            |
| Loss carry forward                           | (25)              | (136)        | -           | -        | (25)        | (136)        |
| <b>Total</b>                                 | <b>(84)</b>       | <b>(136)</b> | <b>-</b>    | <b>-</b> | <b>(84)</b> | <b>(136)</b> |
| Set off of tax                               | -                 | -            | -           | -        | -           | -            |
| <b>Net deferred tax (assets) liabilities</b> | <b>(84)</b>       | <b>(136)</b> | <b>-</b>    | <b>-</b> | <b>(84)</b> | <b>(136)</b> |

Movements in total deferred tax assets and liabilities during the year ended 31 December 2013 and 2012 were as follows:

| Consolidated financial statements |                   |                |                            |          |                                  |                      |                     |
|-----------------------------------|-------------------|----------------|----------------------------|----------|----------------------------------|----------------------|---------------------|
| Charged / (credited to) :         |                   |                |                            |          |                                  |                      |                     |
|                                   | At 1 January 2013 | Profit or loss | Other comprehensive income | Equity   | Acquired in business combination | Exchange differences | At 31 December 2013 |
|                                   | (in million Baht) |                |                            |          |                                  |                      |                     |
| Property, plant and equipment     | 4,845             | 2,381          | (6)                        | -        | 186                              | 513                  | 7,919               |
| Accounts receivable               | (72)              | 67             | -                          | -        | -                                | -                    | (5)                 |
| Derivatives                       | (14)              | 5              | (53)                       | -        | -                                | (1)                  | (63)                |
| Inventories                       | (35)              | (56)           | -                          | -        | -                                | (4)                  | (95)                |
| Provisions                        | 122               | (97)           | -                          | -        | (1)                              | 9                    | 33                  |
| Loss carry forward                | (2,120)           | (893)          | -                          | -        | (207)                            | (158)                | (3,378)             |
| Others                            | 1,511             | (416)          | 3                          | -        | 128                              | 103                  | 1,329               |
| <b>Total</b>                      | <b>4,237</b>      | <b>991</b>     | <b>(56)</b>                | <b>-</b> | <b>106</b>                       | <b>462</b>           | <b>5,740</b>        |

| <b>Consolidated financial statements</b> |                                  |                                  |                                  |                             |  |                                    |              |
|--|----------------------------------|----------------------------------|----------------------------------|-----------------------------|--|------------------------------------|--------------|
|  | <b>At 1<br/>January<br/>2012</b> | <b>Charged / (credited to) :</b> |                                  |                             |  | <b>At 31<br/>December<br/>2012</b> |              |
|  |                                  | Profit or<br>loss                | Other<br>comprehensive<br>income | Equity<br>(in million Baht) | Acquired in<br>business<br>combination | Exchange<br>differences            |              |
| Property, plant and<br>equipment         | 2,985                            | 784                              | (27)                             | -                           | 1,220                                  | (117)                              | 4,845        |
| Accounts<br>receivable                   | (4)                              | 1                                | -                                | -                           | (71)                                   | 2                                  | (72)         |
| Derivatives                              | (52)                             | 23                               | 14                               | -                           | -                                      | 1                                  | (14)         |
| Inventories                              | (213)                            | 174                              | -                                | -                           | -                                      | 4                                  | (35)         |
| Provisions                               | (96)                             | (42)                             | -                                | -                           | 263                                    | (3)                                | 122          |
| Loss carry forward                       | (1,816)                          | (138)                            | -                                | -                           | (209)                                  | 43                                 | (2,120)      |
| Others                                   | 681                              | 690                              | (13)                             | -                           | 196                                    | (43)                               | 1,511        |
| <b>Total</b>                             | <b>1,485</b>                     | <b>1,492</b>                     | <b>(26)</b>                      | <b>-</b>                    | <b>1,399</b>                           | <b>(113)</b>                       | <b>4,237</b> |

| <b>Separate financial statements</b> |                                  |                                  |   |          |                                    |
|--------------------------------------|----------------------------------|----------------------------------|---|----------|------------------------------------|
|                                      | <b>At 1<br/>January<br/>2013</b> | <b>Charged / (credited to) :</b> |   |          | <b>At 31<br/>December<br/>2013</b> |
|                                      |                                  | Profit or loss                   | Other<br>comprehensive<br>income<br>(in million Baht) | Equity   |                                    |
| Derivatives                          | -                                | -                                | (59)  | -        | (59)                               |
| Loss carry forward                   | (136)                            | 111                              | -   | -        | (25)                               |
| <b>Total</b>                         | <b>(136)</b>                     | <b>111</b>                       | <b>(59)</b>   | <b>-</b> | <b>(84)</b>                        |

| <b>Separate financial statements</b> |                                  |                                  |   |          |                                    |
|--------------------------------------|----------------------------------|----------------------------------|---|----------|------------------------------------|
|                                      | <b>At 1<br/>January<br/>2012</b> | <b>Charged / (credited to) :</b> |   |          | <b>At 31<br/>December<br/>2012</b> |
|                                      |                                  | Profit or loss                   | Other<br>comprehensive<br>income<br>(in million Baht) | Equity   |                                    |
| Loss carry forward                   | (156)                            | 20                               | -   | -        | (136)                              |
| <b>Total</b>                         | <b>(156)</b>                     | <b>20</b>                        | <b>-</b>  | <b>-</b> | <b>(136)</b>                       |

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognised in the financial statements as at 31 December 2013 and 2012 were as follows:

|                                  | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |          |
|----------------------------------|--|--------------|--|----------|
|                                  | 2013   | 2012         | 2013                                     | 2012     |
|                                  | <i>(in million Baht)</i>                     |              |  |          |
| Deductible temporary differences | 10   | 20           | -  | -        |
| Tax losses                       | 1,042  | 1,365        | -  | -        |
| <b>Total</b>                     | <b>1,052</b>                                 | <b>1,385</b> | <b>-</b>                                 | <b>-</b> |

The tax losses expire between year 2014 to year 2026. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will arise against which the Group can utilise the benefits therefrom.

## 18 Other non-current assets

|   | Consolidated<br>financial statements |                  | Separate<br>financial statements |               |
|---|--------------------------------------|------------------|----------------------------------|---------------|
|   | 2013                                 | 2012             | 2013                             | 2012          |
|   | <i>(in thousand Baht)</i>            |                  |                                  |               |
| Refundable deposits                         | 99,677                               | 83,157           | -                                | -             |
| Advance payment on purchase of<br>machinery | 580,289                              | 1,086,144        | -                                | -             |
| Others                                      | 191,283                              | 288,421          | -                                | 10,398        |
| <b>Total</b>                                | <b>871,249</b>                       | <b>1,457,722</b> | <b>-</b>                         | <b>10,398</b> |

## 19 Interest-bearing liabilities

|   |      | Consolidated<br>financial statements |                   | Separate<br>financial statements |                   |
|---|------|--------------------------------------|-------------------|----------------------------------|-------------------|
|   | Note | 2013                                 | 2012              | 2013                             | 2012              |
|   |      | <i>(in thousand Baht)</i>            |                   |                                  |                   |
| <b>Current</b>  |      |                                      |                   |                                  |                   |
| Bank overdrafts   |      | 384,240                              | 350,381           | -                                | -                 |
| Short-term loans from<br>financial institutions (a)                             |      | 15,691,144                           | 13,020,823        | -                                | -                 |
| <b>Bank overdrafts and<br/>short-term loans from<br/>financial institutions</b> |      | <b>16,075,384</b>                    | <b>13,371,204</b> | <b>-</b>                         | <b>-</b>          |
| <b>Short-term loan from<br/>related party</b>                                   | 6    | <b>-</b>                             | <b>-</b>          | <b>164,300</b>                   | <b>164,300</b>    |
| Current portion of long-term<br>loans from financial institutions               |      | 3,975,864                            | 5,631,666         | 1,959,550                        | 70,208            |
| Less deferred financing costs   |      | (53,998)                             | (22,520)          | (6,283)                          | (3,097)           |
| <b>Net current portion of long-<br/>term loans (b)</b>                          |      | <b>3,921,866</b>                     | <b>5,609,146</b>  | <b>1,953,267</b>                 | <b>67,111</b>     |
| <b>Current portion of finance<br/>lease liabilities (c)</b>                     |      | <b>5,235</b>                         | <b>41,123</b>     | <b>-</b>                         | <b>-</b>          |
| <b>Total current interest-<br/>bearing liabilities</b>                          |      | <b>20,002,485</b>                    | <b>19,021,473</b> | <b>2,117,567</b>                 | <b>231,411</b>    |
| <b>Non-current</b>  |      |                                      |                   |                                  |                   |
| Long-term loans from<br>financial institutions                                  |      | 41,695,364                           | 40,184,699        | 9,371,364                        | 11,313,573        |
| Less deferred financing costs   |      | (232,106)                            | (203,771)         | (11,988)                         | (18,271)          |
| <b>Net long-term loans (b)</b>  |      | <b>41,463,258</b>                    | <b>39,980,928</b> | <b>9,359,376</b>                 | <b>11,295,302</b> |
| <b>Finance lease liabilities (c)</b>  |      | <b>4,627</b>                         | <b>3,307</b>      | <b>-</b>                         | <b>-</b>          |
| <b>Debentures (d)</b>   |      | <b>23,795,700</b>                    | <b>21,623,792</b> | <b>23,795,700</b>                | <b>21,623,792</b> |
| <b>Total non-current interest-<br/>bearing liabilities</b>                      |      | <b>65,263,585</b>                    | <b>61,608,027</b> | <b>33,155,076</b>                | <b>32,919,094</b> |

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

|                                      | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |                   |
|--------------------------------------|--|-------------------|--|-------------------|
|                                      | 2013   | 2012              | 2013                                     | 2012              |
|                                      | <i>(in thousand Baht)</i>                    |                   |  |                   |
| Within one year                      | 19,997,250                                   | 18,980,350        | 2,117,567                                | 231,411           |
| After one year but within five years | 35,702,858                                   | 41,607,852        | 16,246,448                               | 18,016,150        |
| After five years                     | 29,556,100                                   | 19,996,868        | 16,908,628                               | 14,902,944        |
| <b>Total</b>                         | <b>85,256,208</b>                            | <b>80,585,070</b> | <b>35,272,643</b>                        | <b>33,150,505</b> |

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

|   | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |          |
|---|--|-------------------|--|----------|
|   | 2013   | 2012              | 2013                                     | 2012     |
|   | <i>(in thousand Baht)</i>                    |                   |  |          |
| Current investments   | 287  | 220               | -  | -        |
| Trade accounts receivable                                   | 12,289,953                                   | 9,522,051         | -  | -        |
| Inventories   | 13,239,146                                   | 9,622,373         | -  | -        |
| Property, plant, and equipment                              | 39,284,576                                   | 45,767,286        | -  | -        |
| Shares of subsidiaries and jointly -<br>controlled entities | -  | 2,746,012         | -  | -        |
| <b>Total</b>  | <b>64,813,962</b>                            | <b>67,657,942</b> | <b>-</b>                                 | <b>-</b> |

**(a) Short-term loans from financial institutions**

Short-term loans from financial institutions comprise the following:

|  | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |          |
|--|--|-------------------|--|----------|
|  | 2013   | 2012              | 2013                                     | 2012     |
|  | <i>(in thousand Baht)</i>                    |                   |  |          |
| Short-term loans   | 4,291,043                                    | 2,806,091         | -  | -        |
| Revolving loan (USD 193,891,384)<br>(2012: USD 178,470,828) due in<br>December 2018, secured by trade<br>accounts receivable and inventories | 6,362,274                                    | 5,466,847         | -  | -        |
| Revolving loan (EUR 24,640,822)<br>(2012: EUR 26,000,000)<br>due in September 2018   | 1,109,372                                    | 1,054,464         | -  | -        |
| Liabilities under trust receipts   | 505,043                                      | 1,532,363         | -  | -        |
| Packing credits  | -  | 173,616           | -  | -        |
| Promissory notes   | 1,325,000                                    | 825,000           | -  | -        |
| Bill discounted and others   | 2,098,412                                    | 1,162,442         | -  | -        |
| <b>Total</b>   | <b>15,691,144</b>                            | <b>13,020,823</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, 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<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|--|--|-----------|--|-----------|
|  | 2013   | 2012      | 2013                                     | 2012      |
|  | <i>(in thousand Baht)</i>                    |           |  |           |
| Unsecured loan, due in October 2016,<br>repayable in quarterly installments,<br>with interest at THBFIX 3 month<br>plus margin per annum   | 2,252,250                                    | 2,252,250 | 2,252,250                                | 2,252,250 |
| Unsecured loan, due in February 2017,<br>repayable in semi-annual installments,<br>with interest at THBFIX 3 month<br>plus margin per annum  | 1,800,000                                    | 1,800,000 | 1,800,000                                | 1,800,000 |
| Unsecured loan, due in February 2017,<br>repayable in semi-annual installments,<br>with interest at THBFIX 3 month<br>plus margin per annum  | 1,962,000                                    | 1,962,000 | 1,962,000                                | 1,962,000 |
| Unsecured loan, due in April 2018,<br>repayable in semi-annual installments,<br>with interest at THBFIX 6 month<br>plus margin per annum   | 1,368,000                                    | 1,368,000 | 1,368,000                                | 1,368,000 |
| Unsecured loan, due in February 2017,<br>repayable in semi-annual installments,<br>with interest at THBFIX 3 month<br>plus margin per annum  | 990,000                                      | 990,000   | 990,000                                  | 990,000   |
| Unsecured loan, due in March 2017,<br>repayable in semi-annual installment,<br>with interest at THBFIX 3 month plus<br>margin per annum  | 966,000                                      | 966,000   | 966,000                                  | 966,000   |
| Unsecured loan, due in September 2017,<br>repayable in quarterly installments,<br>with interest at THBFIX 3 month plus<br>margin per annum   | 861,394                                      | 861,394   | 861,394                                  | 861,394   |
| Unsecured loan, due in January 2014,<br>repayable in semi-annual installment,<br>with interest at EURIBOR 6 month plus<br>margin per annum   | 90,645                                       | 245,162   | -  | -         |
| Unsecured loan, due in March 2017,<br>repayable in semi-annual installments,<br>with interest at LIBOR 6 month<br>plus margin per annum  | 263,070                                      | 315,937   | 263,070                                  | 315,937   |
| Unsecured loan, due in September 2016,<br>repayable in quarterly installments,<br>with interest at LIBOR plus margin<br>per annum  | 1,773,699                                    | 2,601,829 | -  | -         |
| Term loan, due in November 2015,<br>repayable in quarterly installments,<br>with interest at LIBOR plus margin per<br>annum, secured by property, plant and<br>equipment (prepaid in 2013) | -  | 1,743,704 | -  | -         |
| Term loan, due in March 2017, repayable<br>in semi-annual installments, with<br>interest at LIBOR plus margin<br>per annum, secured by property, plant and<br>equipment (prepaid in 2013)  | -  | 3,078,476 | -  | -         |

|   | Consolidated<br>financial statements |                   | Separate<br>financial statements |                   |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
|   | 2013                                 | 2012              | 2013                             | 2012              |
|   | (in thousand Baht)                   |                   |                                  |                   |
| Unsecured loan, due in February 2017, repayable in semi-annual installments, interest at THBFIX 3 month plus margin per annum (prepaid in 2013)   | -                                    | 1,170,000         | -                                | -                 |
| 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 (prepaid in 2013)               | -                                    | 2,161,664         | -                                | -                 |
| 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           | -                                | -                 |
| Unsecured loan, due in April 2020, repayable in quarterly installments, interest at LIBOR 3 month plus margin per annum (prepaid in 2013)   | -                                    | 3,369,476         | -                                | -                 |
| Unsecured loan, amount USD 225 million due in 2017 and USD 225 million due in 2019, repayable in quarterly installments, with interest at LIBOR plus margin per annum (prepaid in 2013)       | -                                    | 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                              | 1,968,816                            | 2,182,502         | -                                | -                 |
| Secured loan, due in September 2018, repayable in quarterly installments, starting in September 2015, with interest at EURIBOR plus margin per annum, secured by property plant and equipment | 4,501,563                            | -                 | -                                | -                 |
| Secured loan, due in December 2019, repayable in semi-annual installments, with interest at LIBOR plus margin per annum, secured by property plant and equipment                              | 2,625,088                            | -                 | -                                | -                 |
| Unsecured loan, due in December 2020, repayable in quarterly installments, with interest at LIBOR plus margin per annum   | 21,000,704                           | -                 | -                                | -                 |
| Other long-term loans   | 3,247,999                            | 4,802,221         | 868,200                          | 868,200           |
| Total loans from financial institutions   | 45,671,228                           | 45,816,365        | 11,330,914                       | 11,383,781        |
| Less deferred financing costs   | (286,104)                            | (226,291)         | (18,271)                         | (21,368)          |
| Net loans from financial institutions   | 45,385,124                           | 45,590,074        | 11,312,643                       | 11,362,413        |
| Less portion due within one year, net of related deferred financing costs   | (3,921,866)                          | (5,609,146)       | (1,953,267)                      | (67,111)          |
| <b>Long-term loans from financial institutions</b>  | <b>41,463,258</b>                    | <b>39,980,928</b> | <b>9,359,376</b>                 | <b>11,295,302</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 2013, the Group had unutilised credit facilities totaling Baht 21,872.4 million (2012: Baht 22,064 million).

**(c) Finance lease liabilities**

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

|                                      | Consolidated financial statements |              |   |                               |              |   |
|--------------------------------------|-----------------------------------|--------------|---|-------------------------------|--------------|---|
|                                      | 2013                              |              |   | 2012                          |              |   |
|                                      | Future minimum lease payments     | Interest     | Present value of minimum lease payments<br>(in thousand Baht) | Future minimum lease payments | Interest     | Present value of minimum lease payments |
| Within one year                      | 6,310                             | 1,075        | 5,235   | 42,629                        | 1,506        | 41,123                                  |
| After one year but within five years | 5,562                             | 935          | 4,627   | 3,342                         | 35           | 3,307                                   |
| <b>Total</b>                         | <b>11,872</b>                     | <b>2,010</b> | <b>9,862</b>  | <b>45,971</b>                 | <b>1,541</b> | <b>44,430</b>                           |

**(d) Debentures**

As at 31 December 2013, the Company had outstanding unsubordinated and unsecured debentures totalling Baht 23,850 million (2012: Baht 21,680 million), as follows:

| Debentures no. | Principal<br>(in thousand Baht) | Interest rate<br>(% p.a.) | Term     | Maturity date | Deferred debenture issuance expense | Net<br>(in thousand Baht) |
|----------------|---------------------------------|---------------------------|----------|---------------|-------------------------------------|---------------------------|
| 1/2011-1       | 210,000                         | 4.50-5.05                 | 5 years  | 19 Oct. 16    | 506                                 | 209,494                   |
| 1/2011-2       | 98,000                          | 4.75-5.50                 | 7 years  | 19 Oct. 18    | 289                                 | 97,711                    |
| 1/2011-3       | 37,000                          | 5.00-6.00                 | 10 years | 19 Oct. 21    | 124                                 | 36,876                    |
| 1/2011-4       | 2,690,000                       | 4.70                      | 5 years  | 19 Oct. 16    | 6,488                               | 2,683,512                 |
| 1/2011-5       | 1,302,000                       | 5.04                      | 7 years  | 19 Oct. 18    | 3,846                               | 1,298,154                 |
| 1/2011-6       | 3,163,000                       | 5.35                      | 10 years | 19 Oct. 21    | 10,627                              | 3,152,373                 |
| 1/2012-1       | 1,500,000                       | 4.45-5.20                 | 5 years  | 5 Apr. 17     | 2,225                               | 1,497,775                 |
| 1/2012-2       | 1,250,500                       | 5.10-6.00                 | 10 years | 5 Apr. 22     | 2,351                               | 1,248,149                 |
| 1/2012-3       | 2,500,000                       | 4.73                      | 5 years  | 5 Apr. 17     | 3,709                               | 2,496,291                 |
| 1/2012-4       | 1,500,000                       | 5.09                      | 7 years  | 5 Apr. 19     | 2,565                               | 1,497,435                 |
| 1/2012-5       | 2,649,500                       | 5.52                      | 10 years | 5 Apr. 22     | 4,981                               | 2,644,519                 |
| 2/2012-1       | 780,000                         | 4.52                      | 6 years  | 14 Dec. 18    | 1,431                               | 778,569                   |
| 2/2012-2       | 880,000                         | 4.78                      | 8 years  | 14 Dec. 20    | 1,700                               | 878,300                   |
| 2/2012-3       | 1,645,000                       | 5.11                      | 10 years | 14 Dec. 22    | 3,274                               | 1,641,726                 |
| 2/2012-4       | 1,475,000                       | 5.28                      | 12 years | 14 Dec. 24    | 2,993                               | 1,472,007                 |
| 1/2013-1       | 550,000                         | 4.40                      | 5 years  | 27 Jun. 18    | 1,758                               | 548,242                   |
| 1/2013-2       | 520,000                         | 4.70                      | 7 years  | 27 Jun. 20    | 1,716                               | 518,284                   |
| 1/2013-3       | 1,100,000                       | 5.10                      | 10 years | 27 Jun. 23    | 3,717                               | 1,096,283                 |
| <b>Total</b>   | <b>23,850,000</b>               |                           |          |               | <b>54,300</b>                       | <b>23,795,700</b>         |

The extraordinary general meeting of shareholders held on 22 September 2011 and the annual general meeting of shareholders held on 29 April 2013 approved the issue of debentures up to an amount not exceeding Baht 25,000 million (in Baht or equivalent foreign currency) and Baht 25,000 million (in Baht or equivalent foreign currency), respectively, for a maturity not exceeding 15 years and 20 years, respectively. 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 and

institutions. On 27 June 2013, the Company raised in cash Baht 2,170 million through the issue of unsubordinated and unsecured Baht debentures in a private placement. The Company appointed a debenture holders' 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<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |                   |
|--------------|--|-------------------|--|-------------------|
|              | 2013   | 2012              | 2013                                     | 2012              |
|              | <i>(in thousand Baht)</i>                    |                   |  |                   |
| USD          | 38,813,721                                   | 37,433,026        | 263,070                                  | 315,937           |
| THB          | 38,163,977                                   | 36,838,771        | 35,009,573                               | 32,834,568        |
| EUR          | 7,515,205                                    | 5,928,661         | -  | -                 |
| GBP          | 624,002                                      | 421,259           | -  | -                 |
| MXN          | 147,985                                      | -                 | -  | -                 |
| NGN          | 1,180  | -                 | -  | -                 |
| DKK          | -  | 5,071             | -  | -                 |
| CNY          | -  | 2,712             | -  | -                 |
| <b>Total</b> | <b>85,266,070</b>                            | <b>80,629,500</b> | <b>35,272,643</b>                        | <b>33,150,505</b> |

## 20 Trade accounts payable

|                 |             | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |          |
|-----------------|-------------|--|-------------------|--|----------|
|                 | <i>Note</i> | 2013   | 2012              | 2013                                     | 2012     |
|                 |             | <i>(in thousand Baht)</i>                    |                   |  |          |
| Related parties | 6           | 1,176,280                                    | 660               | -  | -        |
| Other parties   |             | 24,486,967                                   | 22,304,413        | -  | -        |
| <b>Total</b>    |             | <b>25,663,247</b>                            | <b>22,305,073</b> | <b>-</b>                                 | <b>-</b> |

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

|              | <b>Consolidated<br/>financial statements</b> |                   | <b>Separate<br/>financial statements</b> |          |
|--------------|--|-------------------|--|----------|
|              | 2013   | 2012              | 2013                                     | 2012     |
|              | <i>(in thousand Baht)</i>                    |                   |  |          |
| USD          | 13,628,737                                   | 12,421,133        | -  | -        |
| EUR          | 5,012,893                                    | 3,629,406         | -  | -        |
| THB          | 4,458,043                                    | 4,001,515         | -  | -        |
| CNY          | 1,191,058                                    | 785,231           | -  | -        |
| MXN          | 565,777                                      | 509,037           | -  | -        |
| IDR          | 305,297                                      | 145,077           | -  | -        |
| PLN          | 177,546                                      | 58,993            | -  | -        |
| GBP          | 124,519                                      | 111,485           | -  | -        |
| DKK          | 117,898                                      | 491,657           | -  | -        |
| LTL          | 70,398                                       | 66,569            | -  | -        |
| JPY          | 7,982  | 4,086             | -  | -        |
| NGN          | 2,834  | 4,780             | -  | -        |
| CHF          | 265  | 104               | -  | -        |
| AUD          | -  | 75,956            | -  | -        |
| SGD          | -  | 44                | -  | -        |
| <b>Total</b> | <b>25,663,247</b>                            | <b>22,305,073</b> | <b>-</b>                                 | <b>-</b> |

## 21 Other current liabilities

|                                     | Consolidated<br>financial statements |                  | Separate<br>financial statements |                |
|-------------------------------------|--------------------------------------|------------------|----------------------------------|----------------|
|                                     | 2013                                 | 2012             | 2013                             | 2012           |
|                                     | <i>(in thousand Baht)</i>            |                  |                                  |                |
| Accrued operating expenses          | 2,045,871                            | 1,846,596        | 9,034                            | 13,148         |
| Other payables                      | 1,619,741                            | 635,224          | -                                | -              |
| Materials price adjustments payable | 926,892                              | 615,684          | -                                | -              |
| Value added tax payable             | 562,139                              | 367,063          | -                                | -              |
| Interest payable                    | 299,092                              | 411,514          | 235,812                          | 238,169        |
| Withholding tax payable             | 257,712                              | 301,312          | -                                | -              |
| Advance from customers              | 233,483                              | 503,312          | -                                | -              |
| Others                              | 668,985                              | 251,465          | 3,175                            | 490            |
| <b>Total</b>                        | <b>6,613,915</b>                     | <b>4,932,170</b> | <b>248,021</b>                   | <b>251,807</b> |

## 22 Employee benefit obligations

|  | Consolidated         |                | Separate             |          |
|--|----------------------|----------------|----------------------|----------|
|  | financial statements |                | financial statements |          |
|  | 2013                 | 2012           | 2013                 | 2012     |
|  | (in thousand Baht)   |                |                      |          |
| <b>Statement of financial position</b>                 |                      |                |                      |          |
| <b>obligations for:</b>                                |                      |                |                      |          |
| Post-employment benefits                               |                      |                |                      |          |
| Thailand legal severance plan                          | 184,041              | 160,630        | -                    | -        |
| Defined benefit plans established in Europe            | 251,293              | 208,635        | -                    | -        |
| Defined benefit plans established in rest of the world | 506,395              | 492,915        | -                    | -        |
| Other long-term employee benefits                      | 20,089               | 17,774         | -                    | -        |
| <b>Total</b>   | <b>961,818</b>       | <b>879,954</b> | <b>-</b>             | <b>-</b> |
| <b>Statement of income:</b>                            |                      |                |                      |          |
| <b>Recognised in profit or loss:</b>                   |                      |                |                      |          |
| Post-employment benefits                               |                      |                |                      |          |
| Thailand legal severance plan                          | 23,887               | 22,500         | -                    | -        |
| Defined benefit plans established in Europe            | 101,599              | 61,203         | -                    | -        |
| Defined benefit plans established in rest of the world | 61,201               | 77,608         | -                    | -        |
| Other long-term employee benefits                      | 6,790                | 2,761          | -                    | -        |
| <b>Total</b>   | <b>193,477</b>       | <b>164,072</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           | (104,701)            | 201,037        | -                    | -        |
| Fair value of plan assets                              | 107,395              | (132,435)      | -                    | -        |
| <b>Total</b>   | <b>2,694</b>         | <b>68,602</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 statement of financial position obligation was determined as follows:

|   | <b>Consolidated</b>         |                | <b>Separate</b>             |          |
|---|-----------------------------|----------------|-----------------------------|----------|
|   | <b>financial statements</b> |                | <b>financial statements</b> |          |
|   | 2013                        | 2012           | 2013                        | 2012     |
|   | <i>(in thousand Baht)</i>   |                |                             |          |
| Present value of unfunded obligations             | 198,877                     | 181,746        | -                           | -        |
| Unrecognised actuarial losses (gains)             | 5,253                       | (3,342)        | -                           | -        |
| <b>Statement of financial position obligation</b> | <b>204,130</b>              | <b>178,404</b> | <b>-</b>                    | <b>-</b> |

Movement in the present value of the defined benefit obligations

|   | <b>Consolidated</b>         |                | <b>Separate</b>             |          |
|---|-----------------------------|----------------|-----------------------------|----------|
|   | <b>financial statements</b> |                | <b>financial statements</b> |          |
|   | 2013                        | 2012           | 2013                        | 2012     |
|   | <i>(in thousand Baht)</i>   |                |                             |          |
| Defined benefit obligations at 1 January                          | 178,404                     | 162,004        | -                           | -        |
| Current service costs and interest                                | 26,892                      | 24,817         | -                           | -        |
| Actuarial loss recognised in profit or loss                       | 3,785                       | 444            | -                           | -        |
| Actuarial (gains) losses recognised in other comprehensive income | 1,468                       | (3,786)        | -                           | -        |
| Benefits paid by the plan   | (6,419)                     | (5,075)        | -                           | -        |
| <b>Defined benefit obligations at 31 December</b>                 | <b>204,130</b>              | <b>178,404</b> | <b>-</b>                    | <b>-</b> |

Expense recognised in profit or loss:

|  | <b>Consolidated</b>         |               | <b>Separate</b>             |          |
|--|-----------------------------|---------------|-----------------------------|----------|
|  | <b>financial statements</b> |               | <b>financial statements</b> |          |
|  | 2013                        | 2012          | 2013                        | 2012     |
|  | <i>(in thousand Baht)</i>   |               |                             |          |
| Current service costs                                  | 20,315                      | 19,255        | -                           | -        |
| Interest on obligation                                 | 6,577                       | 5,562         | -                           | -        |
| Actuarial losses for other long-term employee benefits | 3,785                       | 444           | -                           | -        |
| <b>Total</b>   | <b>30,677</b>               | <b>25,261</b> | <b>-</b>                    | <b>-</b> |

The expense is recognised in the following line items in the statement of income:

|                                     | <b>Consolidated</b>         |               | <b>Separate</b>             |          |
|-------------------------------------|-----------------------------|---------------|-----------------------------|----------|
|                                     | <b>financial statements</b> |               | <b>financial statements</b> |          |
|                                     | 2013                        | 2012          | 2013                        | 2012     |
|                                     | <i>(in thousand Baht)</i>   |               |                             |          |
| Cost of sale of goods               | 19,390                      | 18,079        | -                           | -        |
| Selling and administrative expenses | 11,287                      | 7,182         | -                           | -        |
| <b>Total</b>                        | <b>30,677</b>               | <b>25,261</b> | <b>-</b>                    | <b>-</b> |

Actuarial gains and losses recognised in other comprehensive income:

|                                | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |          |
|--------------------------------|--|---------------|--|----------|
|                                | 2013   | 2012          | 2013                                     | 2012     |
|                                | <i>(in thousand Baht)</i>                    |               |  |          |
| Included in retained earnings: |  |               |  |          |
| At 1 January                   | 16,294                                       | 20,080        | -  | -        |
| Recognised during the year     | 1,468  | (3,786)       | -  | -        |
| <b>At 31 December</b>          | <b>17,762</b>                                | <b>16,294</b> | <b>-</b>                                 | <b>-</b> |

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

|                         | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |      |
|-------------------------|--|--------------|--|------|
|                         | 2013   | 2012         | 2013                                     | 2012 |
|                         |  |              | %  |      |
| Discount rate           | 4.20%  | 3.90%        | -  | -    |
| Future salary increases | 5.00%-6.00%                                  | 5.00%-11.80% | -  | -    |

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<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |          |
|--|--|----------------|--|----------|
|  | 2013   | 2012           | 2013                                     | 2012     |
|  | <i>(in thousand Baht)</i>                    |                |  |          |
| Excess of present value of obligations<br>over fair value of plan assets | 246,195                                      | 144,212        | -  | -        |
| Unrecognised actuarial (gains) losses                                    | (19,122)                                     | 65,846         | -  | -        |
| Effect of movements in exchange rates                                    | 24,220                                       | (1,423)        | -  | -        |
| <b>Statement of financial position obligation</b>                        | <b>251,293</b>                               | <b>208,635</b> | <b>-</b>                                 | <b>-</b> |

|   | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |          |
|---|--|----------------|--|----------|
|   | 2013   | 2012           | 2013                                     | 2012     |
|   | <i>(in thousand Baht)</i>                    |                |  |          |
| Movement in the present value of<br>the defined benefit obligations:  |  |                |  |          |
| Defined benefit obligations at 1 January                              | 695,395                                      | 414,468        | -  | -        |
| Defined benefit obligations assumed upon<br>acquisition of subsidiary | 19,878                                       | -              | -  | -        |
| Current service costs and interest                                    | 121,407                                      | 74,354         | -  | -        |
| Expected employees contribution                                       | 14,259                                       | 12,562         | -  | -        |
| Actuarial gains recognised in profit or loss                          | (68)   | -              | -  | -        |
| Actuarial (gains) losses recognised in other<br>comprehensive income  | (121,092)                                    | 194,897        | -  | -        |
| Benefits paid by the plan   | (241)  | (191)          | -  | -        |
| Effect of movements in<br>exchange rates                              | 79,431                                       | (695)          | -  | -        |
| <b>Total defined benefit obligations at<br/>31 December</b>           | <b>808,969</b>                               | <b>695,395</b> | <b>-</b>                                 | <b>-</b> |

|   | Consolidated<br>financial statements |                | Separate<br>financial statements |          |
|---|--------------------------------------|----------------|----------------------------------|----------|
|   | 2013                                 | 2012           | 2013                             | 2012     |
|   | <i>(in thousand Baht)</i>            |                |                                  |          |
| Movement in the fair value of plan assets:                        |                                      |                |                                  |          |
| Fair value of plan assets at 1 January                            | 486,760                              | 251,588        | -                                | -        |
| Contributions paid into the plan                                  | 6,380                                | -              | -                                | -        |
| Expected plan participant contributions                           | 94,207                               | 98,306         | -                                | -        |
| Expected return on plan assets                                    | 17,397                               | 7,278          | -                                | -        |
| Actuarial gains (losses) recognised in other comprehensive income | (102,038)                            | 129,051        | -                                | -        |
| Benefits paid by the plan   | (241)                                | (191)          | -                                | -        |
| Effect of movement in exchange rates                              | 55,211                               | 728            | -                                | -        |
| <b>Fair value of plan assets at 31 December</b>                   | <b>557,676</b>                       | <b>486,760</b> | <b>-</b>                         | <b>-</b> |
| <b>Statement of financial position obligations at 31 December</b> | <b>251,293</b>                       | <b>208,635</b> | <b>-</b>                         | <b>-</b> |

Expense recognised in profit or loss:

|  | Consolidated<br>financial statements |               | Separate<br>financial statements |          |
|--|--------------------------------------|---------------|----------------------------------|----------|
|  | 2013                                 | 2012          | 2013                             | 2012     |
|  | <i>(in thousand Baht)</i>            |               |                                  |          |
| Current service costs                        | 98,251                               | 55,929        | -                                | -        |
| Interest on obligation                       | 23,156                               | 18,425        | -                                | -        |
| Expected return on plan assets               | (17,397)                             | (7,278)       | -                                | -        |
| Actuarial gains recognised in profit or loss | (68)                                 | -             | -                                | -        |
| Expenses capitalised                         | (2,343)                              | (5,873)       | -                                | -        |
| <b>Total</b>                                 | <b>101,599</b>                       | <b>61,203</b> | <b>-</b>                         | <b>-</b> |

The expense is recognised in the following line items in the statement of income:

|                         | Consolidated<br>financial statements |               | Separate<br>financial statements |          |
|-------------------------|--------------------------------------|---------------|----------------------------------|----------|
|                         | 2013                                 | 2012          | 2013                             | 2012     |
|                         | <i>(in thousand Baht)</i>            |               |                                  |          |
| Cost of sale of goods   | 94,272                               | 57,515        | -                                | -        |
| Administrative expenses | 7,327                                | 3,688         | -                                | -        |
| <b>Total</b>            | <b>101,599</b>                       | <b>61,203</b> | <b>-</b>                         | <b>-</b> |

Actuarial gains and losses recognised in other comprehensive income:

|                                | Consolidated<br>financial statements |               | Separate<br>financial statements |          |
|--------------------------------|--------------------------------------|---------------|----------------------------------|----------|
|                                | 2013                                 | 2012          | 2013                             | 2012     |
|                                | <i>(in thousand Baht)</i>            |               |                                  |          |
| Included in retained earnings: |                                      |               |                                  |          |
| At 1 January                   | 99,844                               | 33,998        | -                                | -        |
| Recognised during the year     | (19,054)                             | 65,846        | -                                | -        |
| <b>At 31 December</b>          | <b>80,790</b>                        | <b>99,844</b> | <b>-</b>                         | <b>-</b> |



Principal actuarial assumptions at the reporting date (expressed as weighted averages):

|                                | Consolidated<br>financial statements |             | Separate<br>financial statements |      |
|--------------------------------|--------------------------------------|-------------|----------------------------------|------|
|                                | 2013                                 | 2012        | 2013                             | 2012 |
|                                |                                      | %           |                                  |      |
| Weighted average discount rate | 3.22%-3.50%                          | 4.45%       | -                                | -    |
| Expected return on plan assets | 2.25%-3.22%                          | 4.45%       | -                                | -    |
| Rate of compensation increase  | 1.50%-2.50%                          | 1.50%-3.00% | -                                | -    |

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:

|  | Consolidated<br>financial statements |                    | Separate<br>financial statements |          |
|--|--------------------------------------|--------------------|----------------------------------|----------|
|  | 2013                                 | 2012               | 2013                             | 2012     |
|  |                                      | (in thousand Baht) |                                  |          |
| Excess of present value of obligations<br>over fair value of plan assets | 457,903                              | 474,132            | -                                | -        |
| Unrecognised actuarial losses  | 20,093                               | 6,600              | -                                | -        |
| Effect of movements in exchange rates                                    | 28,399                               | 12,183             | -                                | -        |
| <b>Statement of financial position obligation</b>                        | <b>506,395</b>                       | <b>492,915</b>     | <b>-</b>                         | <b>-</b> |

|   | Consolidated<br>financial statements |                    | Separate<br>financial statements |          |
|---|--------------------------------------|--------------------|----------------------------------|----------|
|   | 2013                                 | 2012               | 2013                             | 2012     |
|   |                                      | (in thousand Baht) |                                  |          |
| Movement in the present value of the defined<br>benefit obligations :   |                                      |                    |                                  |          |
| Defined benefit obligations at 1 January                                | 534,146                              | 482,841            | -                                | -        |
| Defined benefit obligations<br>assumed upon acquisition of subsidiaries | -                                    | 80,098             | -                                | -        |
| Current service costs and interest                                      | 72,836                               | 80,954             | -                                | -        |
| Benefits paid by the plan   | (69,008)                             | (131,559)          | -                                | -        |
| Actuarial (gains) losses recognised in profit or loss                   | (187)                                | 58                 | -                                | -        |
| Actuarial losses recognised in other<br>comprehensive income            | 14,923                               | 9,926              | -                                | -        |
| Effect of movements in<br>exchange rates                                | 33,381                               | 11,828             | -                                | -        |
| <b>Total defined benefit obligations at<br/>31 December</b>             | <b>586,091</b>                       | <b>534,146</b>     | <b>-</b>                         | <b>-</b> |
| Movement in the fair value of plan assets:                              |                                      |                    |                                  |          |
| Fair value of plan assets at 1 January                                  | 41,231                               | 33,868             | -                                | -        |
| Contributions paid into the plan  | 89,531                               | 33,081             | -                                | -        |
| Benefits paid by the plan   | (50,691)                             | (32,151)           | -                                | -        |
| Expected return on plan assets  | -                                    | 3,404              | -                                | -        |
| Actuarial gains (losses) recognised in other<br>comprehensive income    | (5,357)                              | 3,384              | -                                | -        |
| Effect of movement in exchange rates                                    | 4,982                                | (355)              | -                                | -        |
| <b>Fair value of plan assets at 31 December</b>                         | <b>79,696</b>                        | <b>41,231</b>      | <b>-</b>                         | <b>-</b> |
| <b>Statement of financial position<br/>obligations at 31 December</b>   | <b>506,395</b>                       | <b>492,915</b>     | <b>-</b>                         | <b>-</b> |

Expense recognised in profit or loss:

|   | <b>Consolidated</b>         |               | <b>Separate</b>             |          |
|---|-----------------------------|---------------|-----------------------------|----------|
|   | <b>financial statements</b> |               | <b>financial statements</b> |          |
|   | 2013                        | 2012          | 2013                        | 2012     |
|   | <i>(in thousand Baht)</i>   |               |                             |          |
| Current service costs                                 | 43,663                      | 48,588        | -                           | -        |
| Interest cost   | 29,173                      | 32,366        | -                           | -        |
| Expected return on plan assets                        | -                           | (3,404)       | -                           | -        |
| Actuarial (gains) losses recognised in profit or loss | (187)                       | 58            | -                           | -        |
| Expenses capitalised                                  | (11,448)                    | -             | -                           | -        |
| <b>Total</b>  | <b>61,201</b>               | <b>77,608</b> | <b>-</b>                    | <b>-</b> |

The expense is recognised in the following line items in the statement of income:

|                         | <b>Consolidated</b>         |               | <b>Separate</b>             |          |
|-------------------------|-----------------------------|---------------|-----------------------------|----------|
|                         | <b>financial statements</b> |               | <b>financial statements</b> |          |
|                         | 2013                        | 2012          | 2013                        | 2012     |
|                         | <i>(in thousand Baht)</i>   |               |                             |          |
| Cost of sale of goods   | 43,459                      | 32,726        | -                           | -        |
| Administrative expenses | 17,742                      | 44,882        | -                           | -        |
| <b>Total</b>            | <b>61,201</b>               | <b>77,608</b> | <b>-</b>                    | <b>-</b> |

Actuarial gains and losses recognised in other comprehensive income:

|                              | <b>Consolidated</b>         |               | <b>Separate</b>             |          |
|------------------------------|-----------------------------|---------------|-----------------------------|----------|
|                              | <b>financial statements</b> |               | <b>financial statements</b> |          |
|                              | 2013                        | 2012          | 2013                        | 2012     |
|                              | <i>(in thousand Baht)</i>   |               |                             |          |
| Included in retain earnings: |                             |               |                             |          |
| At 1 January                 | 48,987                      | 42,445        | -                           | -        |
| Recognised during the year   | 20,280                      | 6,542         | -                           | -        |
| <b>At 31 December</b>        | <b>69,267</b>               | <b>48,987</b> | <b>-</b>                    | <b>-</b> |

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

|                                | <b>Consolidated</b>         |             | <b>Separate</b>             |      |
|--------------------------------|-----------------------------|-------------|-----------------------------|------|
|                                | <b>financial statements</b> |             | <b>financial statements</b> |      |
|                                | 2013                        | 2012        | 2013                        | 2012 |
|                                | <i>%</i>                    |             |                             |      |
| Weighted average discount rate | 6.75%-9.00%                 | 2.65%-6.50% | -                           | -    |
| Expected return on plan assets | 6.75%                       | 9.75%       | -                           | -    |
| Rate of compensation increase  | 4.75%-8.00%                 | 4.75%-7.00% | -                           | -    |

Assumptions regarding future mortality are based on published statistics and mortality tables.

## 23 Share capital

|                        | Par value<br>per share<br>(in Baht) | 2013<br>Number | 2013<br>Baht<br>(thousand shares / thousand Baht) | 2012<br>Number | 2012<br>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                                   | 4,815,857      | 4,815,857   | 4,815,857      | 4,815,857    |
| <b>Issued and paid</b> |                                     |                |   |                |              |
| At 1 January           |                                     |                |   |                |              |
| - ordinary shares      | 1                                   | 4,814,257      | 4,814,257   | 4,814,257      | 4,814,257    |
| <b>At 31 December</b>  |                                     |                |   |                |              |
| - ordinary shares      | 1                                   | 4,814,257      | 4,814,257   | 4,814,257      | 4,814,257    |

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.

## 24 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, as well as from the translation of liabilities that hedge the Group's net investment in a foreign operation.

### **Revaluation surplus**

The revaluation 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 revaluation surplus is not available for dividend distribution.

### **Hedging reserve**

The hedging reserve 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.

### **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 disposed 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.

## **25 Segments Information**

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

|           |   |
|-----------|---|
| Segment 1 | 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")   |

There are varying levels of integration between the Segment 1, Segment 2 and Segment 3 reportable segments. This integration includes sales of finished goods. Inter-segment pricing is determined on an arm's length basis

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries

**Information about reportable segment**

|  | Consolidated financial statements |                    |                   |                   |                   |                   | Eliminations        |                     |                    | Total              |      |
|--|-----------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|--------------------|--------------------|------|
|  | PET                               |                    |                   | Feedstock         |                   |                   | Fibers & yarns      |                     |                    | Total              |      |
|  | 2013                              | 2012               | 2013              | 2012              | 2013              | 2012              | 2013                | 2012                | 2013               | 2012               | 2012 |
|  |                                   |                    |                   |                   |                   |                   |                     |                     |                    |                    |      |
| Revenue from sale of goods                                 |                                   |                    |                   |                   |                   |                   |                     |                     |                    |                    |      |
| External revenue   | 145,784,943                       | 133,251,474        | 35,479,907        | 35,666,074        | 47,855,598        | 41,811,436        | -                   | -                   | 229,120,448        | 210,728,984        |      |
| Inter-segment revenue                                      | 632,801                           | 170,981            | 34,911,481        | 33,027,060        | 112,179           | 424,382           | (35,656,461)        | (33,622,423)        | -                  | -                  |      |
| Total revenue from   |                                   |                    |                   |                   |                   |                   |                     |                     |                    |                    |      |
| sale of goods  | 146,417,744                       | 133,422,455        | 70,391,388        | 68,693,134        | 47,967,777        | 42,235,818        | (35,656,461)        | (33,622,423)        | 229,120,448        | 210,728,984        |      |
| Interest income  | 116,985                           | 73,550             | 4,908             | 5,862             | 48,709            | 73,202            | (177,045)           | (91,859)            | (6,443)            | 60,755             |      |
| Net foreign exchange Gain (loss)                           | 284,849                           | 367,568            | (18,171)          | 266,886           | 68,654            | 31,802            | (378,385)           | (20,109)            | (43,053)           | 645,947            |      |
| Gain on a bargain purchase                                 | -                                 | 147,540            | -                 | -                 | -                 | -                 | -                   | -                   | -                  | 147,540            |      |
| Impact of flooding, net                                    | 721,323                           | 873,747            | -                 | -                 | 968,889           | 999,238           | -                   | -                   | 1,690,212          | 1,872,985          |      |
| Unallocated revenue  | -                                 | -                  | -                 | -                 | -                 | -                 | -                   | -                   | 1,595,457          | 1,266,793          |      |
| <b>Total revenue</b>                                       | <b>147,540,901</b>                | <b>134,884,860</b> | <b>70,378,125</b> | <b>68,965,682</b> | <b>49,054,029</b> | <b>43,340,060</b> | <b>(36,211,891)</b> | <b>(33,734,391)</b> | <b>232,356,621</b> | <b>214,723,004</b> |      |
| Cost of sale of goods                                      | 133,552,349                       | 121,569,808        | 64,161,236        | 61,494,177        | 43,148,319        | 38,006,848        | (35,656,461)        | (33,622,423)        | 205,205,443        | 187,448,410        |      |
| Selling and administrative expenses                        | 6,953,758                         | 6,190,181          | 1,896,931         | 1,843,081         | 2,626,257         | 2,381,338         | (5,889)             | (40,734)            | 11,471,057         | 10,373,866         |      |
| Depreciation and amortisation                              | 2,664,981                         | 2,487,167          | 3,229,993         | 2,965,000         | 1,156,671         | 1,266,967         | -                   | -                   | 7,051,645          | 6,719,134          |      |
| Unallocated expenses                                       | -                                 | -                  | -                 | -                 | -                 | -                 | -                   | -                   | 899,096            | 869,032            |      |
| <b>Total expenses</b>                                      | <b>143,171,088</b>                | <b>130,247,156</b> | <b>69,288,160</b> | <b>66,302,258</b> | <b>46,931,247</b> | <b>41,655,153</b> | <b>(35,662,350)</b> | <b>(33,663,157)</b> | <b>224,627,241</b> | <b>205,410,442</b> |      |
| Share of profit (loss) of jointly-controlled entities, net | (852,003)                         | (223,154)          | (361,702)         | (235,864)         | 105,751           | (430,092)         | -                   | -                   | (1,107,954)        | (889,110)          |      |
| <b>Profit (loss) before interest and</b>                   |                                   |                    |                   |                   |                   |                   |                     |                     |                    |                    |      |
| <b>income tax expenses</b>                                 | <b>3,517,810</b>                  | <b>4,414,550</b>   | <b>728,263</b>    | <b>2,427,560</b>  | <b>2,228,533</b>  | <b>1,254,815</b>  | <b>(549,541)</b>    | <b>(71,234)</b>     | <b>6,621,426</b>   | <b>8,423,452</b>   |      |
| Interest expense   | 1,843,872                         | 1,724,641          | 1,476,862         | 1,084,287         | 628,728           | 640,287           | (2,071,911)         | (1,621,344)         | 1,877,551          | 1,827,871          |      |
| Income tax expense   | 772,270                           | 1,008,870          | 130,639           | 679,827           | 257,861           | 329,492           | -                   | -                   | 1,160,770          | 2,018,189          |      |
| Unallocated items  | -                                 | -                  | -                 | -                 | -                 | -                 | -                   | -                   | 2,066,526          | 1,672,884          |      |
| <b>Profit (loss) for the year</b>                          | <b>901,668</b>                    | <b>1,681,039</b>   | <b>(879,238)</b>  | <b>663,446</b>    | <b>1,341,944</b>  | <b>285,036</b>    | <b>1,522,370</b>    | <b>1,550,110</b>    | <b>1,516,579</b>   | <b>2,904,508</b>   |      |

**Information about reportable segment**

|  | Consolidated financial statements |                   |                   |                   |                           |                   |                     |                     |                    |                    |
|--|-----------------------------------|-------------------|-------------------|-------------------|---------------------------|-------------------|---------------------|---------------------|--------------------|--------------------|
|  | PET                               |                   | Feedstock         |                   | Fibers & yarns            |                   | Eliminations        |                     | Total              |                    |
|  | 2013                              | 2012              | 2013              | 2012              | 2013                      | 2012              | 2013                | 2012                | 2013               | 2012               |
|  |                                   |                   |                   |                   | <i>(in thousand Baht)</i> |                   |                     |                     |                    |                    |
| Cash and cash equivalents  | 1,480,951                         | 842,637           | 422,105           | 1,293,340         | 1,265,687                 | 547,591           | -                   | -                   | 3,168,743          | 2,683,568          |
| Inventories  | 16,385,328                        | 14,638,474        | 3,826,816         | 4,362,428         | 8,830,863                 | 5,735,257         | (103,451)           | (56,628)            | 28,939,556         | 24,679,531         |
| Property, plant and equipment  | 38,834,515                        | 37,762,098        | 33,389,456        | 33,067,823        | 23,989,522                | 15,894,670        | -                   | -                   | 96,213,493         | 86,724,591         |
| Unallocated assets   | -                                 | -                 | -                 | -                 | -                         | -                 | -                   | -                   | 60,720,056         | 58,386,176         |
| <b>Total assets</b>  | <b>56,700,794</b>                 | <b>53,243,209</b> | <b>37,638,377</b> | <b>38,723,591</b> | <b>34,086,072</b>         | <b>22,177,518</b> | <b>(103,451)</b>    | <b>(56,628)</b>     | <b>189,041,848</b> | <b>172,473,866</b> |
| Interest-bearing liabilities   | 34,161,972                        | 39,958,792        | 16,840,532        | 28,503,682        | 20,811,295                | 17,484,619        | (48,010,864)        | (38,302,939)        | 23,802,935         | 47,644,154         |
| Unallocated liabilities  | -                                 | -                 | -                 | -                 | -                         | -                 | -                   | -                   | 103,671,149        | 68,265,005         |
| <b>Total liabilities</b>   | <b>34,161,972</b>                 | <b>39,958,792</b> | <b>16,840,532</b> | <b>28,503,682</b> | <b>20,811,295</b>         | <b>17,484,619</b> | <b>(48,010,864)</b> | <b>(38,302,939)</b> | <b>127,474,084</b> | <b>115,909,159</b> |
| Capital expenditure and investments                                    | 2,064,808                         | 5,767,035         | 2,035,583         | 25,474,459        | 2,784,926                 | 10,941,926        | -                   | -                   | 6,885,317          | 42,183,420         |
| Depreciation   | 2,419,160                         | 2,199,573         | 2,894,785         | 2,709,848         | 1,037,168                 | 1,151,670         | -                   | -                   | 6,351,113          | 6,061,091          |
| Amortisation   | 245,821                           | 287,594           | 335,208           | 255,152           | 119,503                   | 115,297           | -                   | -                   | 700,532            | 658,043            |
| Loss (gain) on disposal and write-off of property, plant and equipment | 7,421                             | 11,047            | 28                | (210)             | (517)                     | (1,382)           | -                   | -                   | 6,932              | 9,455              |

## Geographical 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 |

|                   | Consolidated financial statements |                    |                    |                    |                                     |                   |
|-------------------|-----------------------------------|--------------------|--------------------|--------------------|-------------------------------------|-------------------|
|                   | Revenue from sale of goods        |                    | Segment assets     |                    | Capital expenditure and investments |                   |
|                   | 2013                              | 2012               | 2013               | 2012               | 2013                                | 2012              |
|                   | <i>(in thousand Baht)</i>         |                    |                    |                    |                                     |                   |
| Thailand          | 16,932,706                        | 14,924,531         | 78,262,455         | 67,689,349         | 1,368,265                           | 3,961,225         |
| North America     | 87,514,605                        | 84,409,219         | 57,031,430         | 56,198,161         | 2,330,215                           | 32,979,780        |
| Europe            | 58,839,977                        | 53,517,785         | 28,046,234         | 34,337,994         | 939,737                             | 1,767,567         |
| Rest of the world | 65,833,160                        | 57,877,449         | 25,701,729         | 14,248,362         | 2,247,100                           | 3,474,848         |
| <b>Total</b>      | <b>229,120,448</b>                | <b>210,728,984</b> | <b>189,041,848</b> | <b>172,473,866</b> | <b>6,885,317</b>                    | <b>42,183,420</b> |

## 26 Other income

|                            | Consolidated financial statements |                | Separate financial statements |                |
|----------------------------|-----------------------------------|----------------|-------------------------------|----------------|
|                            | 2013                              | 2012           | 2013                          | 2012           |
|                            | <i>(in thousand Baht)</i>         |                |                               |                |
| Insurance claim            | 243,202                           | 407,412        | -                             | -              |
| Gain on disposal of assets | -                                 | 4,958          | -                             | -              |
| Others                     | 883,115                           | 537,263        | 186,550                       | 146,744        |
| <b>Total</b>               | <b>1,126,317</b>                  | <b>949,633</b> | <b>186,550</b>                | <b>146,744</b> |

## 27 Cost of sale of goods

|  | Consolidated financial statements |                    | Separate financial statements |          |
|--|-----------------------------------|--------------------|-------------------------------|----------|
|  | 2013                              | 2012               | 2013                          | 2012     |
|  | <i>(in thousand Baht)</i>         |                    |                               |          |
| Changes in inventories of finished goods and work in process | (1,127,108)                       | (27,410)           | -                             | -        |
| Raw materials and consumables used                           | 181,564,514                       | 164,651,552        | -                             | -        |
| Depreciation and amortisation                                | 6,380,886                         | 6,032,829          | -                             | -        |
| Others   | 24,960,737                        | 22,826,518         | -                             | -        |
| <b>Total</b>   | <b>211,779,029</b>                | <b>193,483,489</b> | <b>-</b>                      | <b>-</b> |

## 28 Selling expenses

|                               | Consolidated<br>financial statements |                  | Separate<br>financial statements |          |
|-------------------------------|--------------------------------------|------------------|----------------------------------|----------|
|                               | 2013                                 | 2012             | 2013                             | 2012     |
|                               | <i>(in thousand Baht)</i>            |                  |                                  |          |
| Distribution                  | 7,275,931                            | 7,028,097        | -                                | -        |
| Depreciation and amortisation | 670,759                              | 686,305          | -                                | -        |
| Travelling expense            | 116,427                              | 90,178           | -                                | -        |
| Insurance expense             | 263,106                              | 211,125          | -                                | -        |
| Others                        | 622,540                              | 435,301          | -                                | -        |
| <b>Total</b>                  | <b>8,948,763</b>                     | <b>8,451,006</b> | <b>-</b>                         | <b>-</b> |

## 29 Administrative expenses

|                   | Consolidated<br>financial statements |                  | Separate<br>financial statements |               |
|-------------------|--------------------------------------|------------------|----------------------------------|---------------|
|                   | 2013                                 | 2012             | 2013                             | 2012          |
|                   | <i>(in thousand Baht)</i>            |                  |                                  |               |
| Personnel expense | 1,481,233                            | 1,398,450        | -                                | -             |
| Professional fees | 317,420                              | 405,607          | 38,961                           | 30,865        |
| Others            | 2,024,668                            | 1,562,868        | 1,114                            | 16,673        |
| <b>Total</b>      | <b>3,823,321</b>                     | <b>3,366,925</b> | <b>40,075</b>                    | <b>47,538</b> |

## 30 Employee benefit expenses

|   | Consolidated<br>financial statements |                  | Separate<br>financial statements |               |
|---|--------------------------------------|------------------|----------------------------------|---------------|
|   | 2013                                 | 2012             | 2013                             | 2012          |
|   | <i>(in thousand Baht)</i>            |                  |                                  |               |
| <b>Management</b>   |                                      |                  |                                  |               |
| Wages and salaries  | 48,789                               | 36,018           | -                                | -             |
| Contribution to defined contribution plans, social security and expenses related to defined benefit plans | 5,683                                | 22,060           | -                                | -             |
| Others  | 21,656                               | 50,944           | 10,504                           | 40,538        |
|   | <b>76,128</b>                        | <b>109,022</b>   | <b>10,504</b>                    | <b>40,538</b> |
| <b>Other employees</b>  |                                      |                  |                                  |               |
| Wages and salaries  | 6,419,197                            | 5,486,254        | -                                | -             |
| Contribution to defined contribution plans, social security and expenses related to defined benefit plans | 611,673                              | 507,197          | -                                | -             |
| Bonus   | 286,143                              | 352,285          | -                                | -             |
| Staff welfare   | 963,911                              | 931,788          | -                                | -             |
| Others  | 5,379                                | 6,150            | -                                | -             |
|   | <b>8,286,303</b>                     | <b>7,283,674</b> | <b>-</b>                         | <b>-</b>      |
| <b>Total employee benefit expenses</b>  | <b>8,362,431</b>                     | <b>7,392,696</b> | <b>10,504</b>                    | <b>40,538</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 2013 amounted to approximately Baht 20.0 million (2012: Baht 15.0 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 2013 amounted to approximately USD 2.2 million, (Baht 66.2 million) (2012 : USD 2.2 million (Baht 69.5 million)).

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 2013 was GBP 0.4 million and EUR 1.7 million (Baht 87.2 million) (2012: GBP 0.4 million and EUR 1.6 million (Baht 83.4 million)).

## **31 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:

|  | <b>Consolidated<br/>financial statements</b> |             | <b>Separate<br/>financial statements</b> |      |
|--|--|-------------|--|------|
|  | 2013   | 2012        | 2013                                     | 2012 |
|  | <i>(in thousand Baht)</i>                    |             |  |      |
| <b><i>Included in cost of sale of goods:</i></b>               |  |             |  |      |
| Changes in inventories of finished goods and work in progress  | (1,127,108)                                  | (27,410)    | -  | -    |
| Raw materials and consumables used                             | 181,564,514                                  | 164,651,552 | -  | -    |
| Employee benefits expense                                      | 6,805,069                                    | 5,885,224   | -  | -    |
| Depreciation and amortisation expense                          | 6,380,886                                    | 6,032,829   | -  | -    |
| <b><i>Included in selling and administrative expenses:</i></b> |  |             |  |      |
| Employee benefits expense                                      | 1,481,233                                    | 1,398,450   | -  | -    |
| Depreciation and amortisation expense                          | 670,759                                      | 686,305     | -  | -    |

## 32 Finance costs

|  |      | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--|------|--------------------------------------|------------------|----------------------------------|------------------|
|  | Note | 2013                                 | 2012             | 2013                             | 2012             |
|  |      | (in thousand Baht)                   |                  |                                  |                  |
| Interest expense:  |      |                                      |                  |                                  |                  |
| Related parties  | 6    | -                                    | -                | 3,269                            | 3,814            |
| Financial institutions   |      | 3,985,855                            | 3,610,795        | 1,724,339                        | 1,621,221        |
|  |      | <u>3,985,855</u>                     | <u>3,610,795</u> | <u>1,727,608</u>                 | <u>1,625,035</u> |
| Less: amount included in<br>the cost of property, plant<br>and equipment under<br>construction | 14   | <u>(174,901)</u>                     | <u>(163,655)</u> | <u>-</u>                         | <u>-</u>         |
| <b>Net</b>   |      | <b>3,810,954</b>                     | <b>3,447,140</b> | <b>1,727,608</b>                 | <b>1,625,035</b> |

## 33 Income tax expense

### Income tax recognised in profit or loss

Income tax recognised in profit or loss

|   |      | Consolidated<br>financial statements |              | Separate<br>financial statements |           |
|---|------|--------------------------------------|--------------|----------------------------------|-----------|
|   | Note | 2013                                 | 2012         | 2013                             | 2012      |
|   |      | (in million Baht)                    |              |                                  |           |
| <b>Current tax expense</b>                        |      |                                      |              |                                  |           |
| Current year                                      |      | 306                                  | 608          | -                                | -         |
| Adjustment for prior years                        |      | (3)                                  | (28)         | -                                | -         |
|   |      | <u>303</u>                           | <u>580</u>   | <u>-</u>                         | <u>-</u>  |
| <b>Deferred tax expense</b>                       | 17   |                                      |              |                                  |           |
| Movements in temporary differences                |      | 1,053                                | 1,511        | 116                              | 20        |
| Income tax reduction                              |      | (33)                                 | 27           | -                                | -         |
| Recognition of previously unrecognised tax losses |      | (29)                                 | (46)         | (5)                              | -         |
|   |      | <u>991</u>                           | <u>1,492</u> | <u>111</u>                       | <u>20</u> |
| <b>Total income tax expense</b>                   |      | <b>1,294</b>                         | <b>2,072</b> | <b>111</b>                       | <b>20</b> |

### Income tax recognised in other comprehensive income

| Consolidated financial statements             |              |                            |              |              |                            |
|---|--------------|----------------------------|--------------|--------------|----------------------------|
|   | Before tax   | 2013 Tax (expense) benefit | Net of tax   | Before tax   | 2012 Tax (expense) benefit |
| <i>(in million Baht)</i>                      |              |                            |              |              |                            |
| Hedge of net investment in foreign operations | (312)        | 62                         | (250)        | 2            | -                          |
| Revaluation of property, plant and equipment  | (37)         | 6                          | (31)         | (121)        | 27                         |
| Cash flow hedges                              | 30           | (9)                        | 21           | 63           | (14)                       |
| Defined benefit plan actuarial gains (losses) | 17           | (3)                        | 14           | (53)         | 13                         |
| <b>Total</b>                                  | <b>(302)</b> | <b>56</b>                  | <b>(246)</b> | <b>(109)</b> | <b>26</b>                  |
| Separate financial statements                 |              |                            |              |              |                            |
|   | Before tax   | 2013 Tax (expense) benefit | Net of tax   | Before tax   | 2012 Tax (expense) benefit |
| <i>(in million Baht)</i>                      |              |                            |              |              |                            |
| Hedge of net investment in foreign operations | (298)        | 59                         | (239)        | 2            | -                          |
| <b>Total</b>                                  | <b>(298)</b> | <b>59</b>                  | <b>(239)</b> | <b>2</b>     | <b>-</b>                   |

## Reconciliation of effective tax rate

|  | Consolidated financial statements |                      |              |                      |
|--|-----------------------------------|----------------------|--------------|----------------------|
|  | 2013                              |                      | 2012         |                      |
|  | Rate<br>(%)                       | (in million<br>Baht) | Rate<br>(%)  | (in million<br>Baht) |
| Profit before income tax expense   |                                   | <u>2,810</u>         |              | <u>4,976</u>         |
| Income tax using the Thai corporation tax rate   | 20.00                             | 562                  | 23.00        | 1,145                |
| Income tax reduction - deferred  | (1.17)                            | (33)                 | 0.54         | 27                   |
| Effect of different tax rates in foreign jurisdictions   | 18.43                             | 518                  | 6.35         | 316                  |
| Income not subject to tax  | (6.98)                            | (196)                | (4.46)       | (222)                |
| Expenses not deductible for tax purposes   | 1.99                              | 56                   | 1.47         | 73                   |
| Utilisation of previously unrecognised tax losses  | (5.41)                            | (152)                | (0.96)       | (48)                 |
| Recognition of previously unrecognised tax losses  | (1.03)                            | (29)                 | (0.92)       | (46)                 |
| Current year losses for which no deferred tax<br>asset was recognised  | 4.73                              | 133                  | 8.98         | 447                  |
| Under (over) provided in prior years   | (0.11)                            | (3)                  | (0.56)       | (28)                 |
| Share of loss in jointly-controlled entities   | 7.90                              | 222                  | 4.12         | 205                  |
| Foreign exchange differences arising from<br>transaction of intercompany loans considered<br>as part of net investment | 8.19                              | 230                  | (1.89)       | (94)                 |
| Others   | (0.50)                            | (14)                 | 5.96         | 297                  |
| <b>Total</b>   | <b>46.04</b>                      | <b>1,294</b>         | <b>41.63</b> | <b>2,072</b>         |

|   | Separate financial statements |                      |             |                      |
|---|-------------------------------|----------------------|-------------|----------------------|
|   | 2013                          |                      | 2012        |                      |
|   | Rate<br>(%)                   | (in million<br>Baht) | Rate<br>(%) | (in million<br>Baht) |
| Profit before income tax expense                  |                               | <u>3,890</u>         |             | <u>3,484</u>         |
| Income tax using the Thai corporation tax rate    | 20.00                         | 778                  | 23.00       | 801                  |
| Income not subject to tax                         | (17.02)                       | (662)                | (22.74)     | (792)                |
| Expenses not deductible for tax purposes          | -                             | -                    | 0.32        | 11                   |
| Recognition of previously unrecognised tax losses | (0.13)                        | (5)                  | -           | -                    |
| <b>Total</b>                                      | <b>2.85</b>                   | <b>111</b>           | <b>0.58</b> | <b>20</b>            |

## Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

## 34 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:

| Consolidated financial statements |                   |                   |                    |                   |                   |                   |
|-----------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
|                                   | 2013              |                   |                    | 2012              |                   |                   |
|                                   | Promoted          | Non-              |                    | Promoted          | Non-              |                   |
|                                   | businesses        | promoted          | Total (a)          | businesses        | promoted          | Total (a)         |
|                                   |                   | businesses        |                    |                   | businesses        |                   |
|                                   |                   |                   | (in thousand Baht) |                   |                   |                   |
| Export sales                      | 22,075,172        | 17,708,753        | 39,783,925         | 20,662,813        | 17,850,938        | 38,513,751        |
| Local sales                       | 21,476,768        | 21,759,177        | 43,235,945         | 17,617,878        | 17,106,823        | 34,724,701        |
| <b>Total revenue</b>              | <b>43,551,940</b> | <b>39,467,930</b> | <b>83,019,870</b>  | <b>38,280,691</b> | <b>34,957,761</b> | <b>73,238,452</b> |

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

### 35 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 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<br/>financial statements</b> |                         | <b>Separate<br/>financial statements</b> |                         |
|--|--|-------------------------|--|-------------------------|
|  | 2013   | 2012                    | 2013                                     | 2012                    |
|  | <i>(in thousand Baht / thousand shares)</i>  |                         |  |                         |
| <b>Profit attributable to ordinary shareholders of the Company (basic)</b> | <b><u>1,325,867</u></b>                      | <b><u>2,740,145</u></b> | <b><u>3,778,758</u></b>                  | <b><u>3,463,399</u></b> |
| <b>Number of ordinary shares outstanding</b>                               | <b><u>4,814,257</u></b>                      | <b><u>4,814,257</u></b> | <b><u>4,814,257</u></b>                  | <b><u>4,814,257</u></b> |
| <b>Earnings per share (basic) (in Baht)</b>                                | <b><u>0.28</u></b>                           | <b><u>0.57</u></b>      | <b><u>0.78</u></b>                       | <b><u>0.72</u></b>      |

### 36 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2013, the shareholders approved the appropriation of dividend of Baht 0.18 per share, amounting to Baht 866.6 million. The dividend was paid to shareholders in May 2013.

At the meeting of the board of directors of the Company held on 8 August 2013, the board of directors approved the appropriation of interim dividend of Baht 0.14 per share, amounting to Baht 674.0 million. The dividend was paid to shareholders in September 2013.

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.

## 37 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 19). 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<br>(% per annum) | Within 1 year     | Separate financial statements                         |                   |  | Total             |
|-------------------------------------|--|-------------------|---|-------------------|--|-------------------|
|                                     |  |                   | After 1 year but within 5 years<br>(in thousand Baht) | After 5 years     |  |                   |
| <b>2013</b>                         |  |                   |   |                   |  |                   |
| <b>Current</b>                      |  |                   |   |                   |  |                   |
| Short-term loans to related parties | 3.05-4.50                                | 12,342,325        | -   | -                 |  | 12,342,325        |
| <b>Non-current</b>                  |  |                   |   |                   |  |                   |
| Long-term loans to related parties  | 2.13-4.50                                | -                 | 12,536,092  | 10,879,617        |  | 23,415,709        |
| <b>Total</b>                        |  | <b>12,342,325</b> | <b>12,536,092</b>                                     | <b>10,879,617</b> |  | <b>35,758,034</b> |
| <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> |

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<br>interest<br>rate<br><i>(% per annum)</i> | Consolidated financial statements |                   |                   |                   |
|---|---|-----------------------------------|-------------------|-------------------|-------------------|
|   |   | Within 1<br>year                  | After 1 year      |                   | Total             |
|   |   |                                   | but within 5      | After 5           |                   |
|   |   |                                   | years             | years             |                   |
| <i>(in thousand Baht)</i>                       |   |                                   |                   |                   |                   |
| <b>2013</b>                                     |   |                                   |                   |                   |                   |
| <b>Current</b>                                  |   |                                   |                   |                   |                   |
| Bank overdrafts                                 | 3.04-8.25   | 384,240                           | -                 | -                 | 384,240           |
| Short-term loans from<br>financial institutions | 1.21-8.58   | 15,691,144                        | -                 | -                 | 15,691,144        |
| Long-term loans from<br>financial institutions  | 0.74-5.38   | 3,921,866                         | -                 | -                 | 3,921,866         |
| Finance lease liabilities                       | 4.04-8.60   | 5,235                             | -                 | -                 | 5,235             |
| <b>Non-current</b>                              |   |                                   |                   |                   |                   |
| Long-term loans from<br>financial institutions  | 0.74-5.38   | -                                 | 28,815,786        | 12,647,472        | 41,463,258        |
| Finance lease liabilities                       | 4.04-8.60   | -                                 | 4,627             | -                 | 4,627             |
| Debentures                                      | 4.40-6.00   | -                                 | 6,887,072         | 16,908,628        | 23,795,700        |
| <b>Total</b>                                    |   | <b>20,002,485</b>                 | <b>35,707,485</b> | <b>29,556,100</b> | <b>85,266,070</b> |
| <b>2012</b>                                     |   |                                   |                   |                   |                   |
| <b>Current</b>                                  |   |                                   |                   |                   |                   |
| Bank overdrafts                                 | 2.20-7.88   | 350,381                           | -                 | -                 | 350,381           |
| Short-term loans from<br>financial institutions | 1.42-8.58   | 13,020,823                        | -                 | -                 | 13,020,823        |
| Long-term loans from<br>financial institutions  | 0.71-7.73   | 5,609,146                         | -                 | -                 | 5,609,146         |
| Finance lease liabilities                       | 4.04-7.37   | 41,123                            | -                 | -                 | 41,123            |
| <b>Non-current</b>                              |   |                                   |                   |                   |                   |
| Long-term loans from<br>financial institutions  | 0.71-7.73   | -                                 | 34,725,096        | 5,255,832         | 39,980,928        |
| 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>19,021,473</b>                 | <b>41,611,159</b> | <b>19,996,868</b> | <b>80,629,500</b> |

|  | Effective<br>interest<br>rate<br><br>(% per annum) | Within 1<br>year | Separate financial statements                                   |                   |  | Total             |
|--|--|------------------|---|-------------------|--|-------------------|
|  |  |                  | After 1 year<br>but within 5<br>years<br><br>(in thousand Baht) | After 5<br>years  |  |                   |
| <b>2013</b>                                    |  |                  |   |                   |  |                   |
| <b>Current</b>                                 |  |                  |   |                   |  |                   |
| Short-term loans from<br>related party         | 1.88-2.00  | 164,300          | -   | -                 |  | 164,300           |
| Long-term loans from<br>financial institutions | 1.88-4.67  | 1,953,267        | -   | -                 |  | 1,953,267         |
| <b>Non-current</b>                             |  |                  |   |                   |  |                   |
| Long-term loans from<br>financial institutions | 1.88-4.67  | -                | 9,359,376   | -                 |  | 9,359,376         |
| Debentures                                     | 4.40-6.00  | -                | 6,887,072   | 16,908,628        |  | 23,795,700        |
| <b>Total</b>                                   |  | <b>2,117,567</b> | <b>16,246,448</b>   | <b>16,908,628</b> |  | <b>35,272,643</b> |
| <b>2012</b>                                    |  |                  |   |                   |  |                   |
| <b>Current</b>                                 |  |                  |   |                   |  |                   |
| Short-term loans from<br>related parties       | 2.00-2.38  | 164,300          | -   | -                 |  | 164,300           |
| Long-term loans from<br>financial institutions | 2.02-5.07  | 67,111           | -   | -                 |  | 67,111            |
| <b>Non-current</b>                             |  |                  |   |                   |  |                   |
| Long-term loans from<br>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> |

#### **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         |                     | Separate             |                  |
|---|------|----------------------|---------------------|----------------------|------------------|
|   |      | financial statements |                     | financial statements |                  |
|   | Note | 2013                 | 2012                | 2013                 | 2012             |
|   |      | (in thousand Baht)   |                     |                      |                  |
| <b>United States Dollars</b>            |      |                      |                     |                      |                  |
| Cash and cash equivalents               | 7    | 1,675,042            | 1,411,274           | -                    | -                |
| Other investments                       | 8    | 181,353              | 227,360             | -                    | -                |
| Trade accounts receivable               | 9    | 21,172,054           | 18,099,700          | -                    | -                |
| Short-term loans to related parties     | 6    | 602                  | -                   | 552,862              | 734,080          |
| Long-term loans to related parties      | 6    | 98,441               | -                   | 4,786,193            | 2,145,590        |
| Interest-bearing liabilities            | 19   | (38,813,721)         | (37,433,026)        | (263,070)            | (315,937)        |
| Trade accounts payable                  | 20   | (13,628,737)         | (12,421,133)        | -                    | -                |
| <b>Gross balance sheet exposure (a)</b> |      | <b>(29,314,966)</b>  | <b>(30,115,825)</b> | <b>5,075,985</b>     | <b>2,563,733</b> |
| <b>Euro</b>                             |      |                      |                     |                      |                  |
| Cash and cash equivalents               | 7    | 1,217,039            | 474,069             | -                    | -                |
| Other investments                       | 8    | 27,007               | -                   | -                    | -                |
| Trade accounts receivable               | 9    | 2,993,735            | 2,444,296           | -                    | -                |
| Short-term loans to related parties     | 6    | -                    | 181                 | 208,246              | 588,927          |
| Long-term loans to related parties      | 6    | -                    | 60,835              | 1,895,925            | 8,721,036        |
| Interest-bearing liabilities            | 19   | (7,515,205)          | (5,928,661)         | -                    | -                |
| Trade accounts payable                  | 20   | (5,012,893)          | (3,629,406)         | -                    | -                |
| <b>Gross balance sheet exposure (a)</b> |      | <b>(8,290,317)</b>   | <b>(6,578,686)</b>  | <b>2,104,171</b>     | <b>9,309,963</b> |

(a) As at 31 December 2013, financial assets and liabilities denominated in USD and Euro of Baht 25,665.6 million (2012: 23,688.8 million) and Baht 6,239.7 million (2012: 5,349.3 million), respectively, pertain to subsidiaries located in the United States and Europe for which their functional currencies are USD and Euro, respectively. The Group's balance sheet exposure is mitigated to that extent.

|                                     |      | Consolidated<br>financial statements |                  | Separate<br>financial statements |          |
|-------------------------------------|------|--------------------------------------|------------------|----------------------------------|----------|
|                                     | Note | 2013                                 | 2012             | 2013                             | 2012     |
|                                     |      | (in thousand Baht)                   |                  |                                  |          |
| <b>Pounds Sterling</b>              |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 88,022                               | 46,668           | -                                | -        |
| Trade accounts receivable           | 9    | 803,028                              | 792,528          | -                                | -        |
| Interest-bearing liabilities        | 19   | (624,002)                            | (421,259)        | -                                | -        |
| Trade accounts payable              | 20   | (124,519)                            | (111,485)        | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>142,529</b>                       | <b>306,452</b>   | <b>-</b>                         | <b>-</b> |
| <b>Lithuanian Litas</b>             |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 42,875                               | 26,687           | -                                | -        |
| Trade accounts receivable           | 9    | 70,079                               | 144,632          | -                                | -        |
| Trade accounts payable              | 20   | (70,398)                             | (66,569)         | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>42,556</b>                        | <b>104,750</b>   | <b>-</b>                         | <b>-</b> |
| <b>Japanese Yen</b>                 |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 1,926                                | 55               | -                                | -        |
| Trade accounts receivable           | 9    | 17,070                               | 9,651            | -                                | -        |
| Trade accounts payable              | 20   | (7,982)                              | (4,086)          | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>11,014</b>                        | <b>5,620</b>     | <b>-</b>                         | <b>-</b> |
| <b>Nigerian Naira</b>               |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 17,716                               | 135,381          | -                                | -        |
| Trade accounts receivable           | 9    | 119,315                              | 8,732            | -                                | -        |
| Interest-bearing liabilities        | 19   | (1,180)                              | -                | -                                | -        |
| Trade accounts payable              | 20   | (2,834)                              | (4,780)          | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>133,017</b>                       | <b>139,333</b>   | <b>-</b>                         | <b>-</b> |
| <b>Chinese Yuan</b>                 |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 131,666                              | 85,472           | -                                | -        |
| Trade accounts receivable           | 9    | 862,055                              | 842,656          | -                                | -        |
| Interest-bearing liabilities        | 19   | -                                    | (2,712)          | -                                | -        |
| Trade accounts payable              | 20   | (1,191,058)                          | (785,231)        | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>(197,337)</b>                     | <b>140,185</b>   | <b>-</b>                         | <b>-</b> |
| <b>Mexican Peso</b>                 |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 68,418                               | 230,973          | -                                | -        |
| Trade accounts receivable           | 9    | 198,454                              | 98,765           | -                                | -        |
| Interest-bearing liabilities        | 19   | (147,985)                            | -                | -                                | -        |
| Trade accounts payable              | 20   | (565,777)                            | (509,037)        | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>(446,890)</b>                     | <b>(179,299)</b> | <b>-</b>                         | <b>-</b> |
| <b>Polish Zloty</b>                 |      |                                      |                  |                                  |          |
| Cash and cash equivalents           | 7    | 23,777                               | 65,533           | -                                | -        |
| Other investments                   | 8    | 287                                  | 220              | -                                | -        |
| Trade accounts receivable           | 9    | 81,080                               | 229,779          | -                                | -        |
| Trade accounts payable              | 20   | (177,546)                            | (58,993)         | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>(72,402)</b>                      | <b>236,539</b>   | <b>-</b>                         | <b>-</b> |

|                                     |      | Consolidated<br>financial statements |                 | Separate<br>financial statements |          |
|-------------------------------------|------|--------------------------------------|-----------------|----------------------------------|----------|
|                                     | Note | 2013                                 | 2012            | 2013                             | 2012     |
|                                     |      | (in thousand Baht)                   |                 |                                  |          |
| <b>Indonesian Rupiah</b>            |      |                                      |                 |                                  |          |
| Cash and cash equivalents           | 7    | 62,580                               | 73,575          | -                                | -        |
| Trade accounts receivable           | 9    | 92,211                               | 95,059          | -                                | -        |
| Trade accounts payable              | 20   | (305,297)                            | (145,077)       | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>(150,506)</b>                     | <b>23,557</b>   | <b>-</b>                         | <b>-</b> |
| <b>Swiss Franc</b>                  |      |                                      |                 |                                  |          |
| Cash and cash equivalents           | 7    | 628                                  | 834             | -                                | -        |
| Trade accounts payable              | 20   | (265)                                | (104)           | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>363</b>                           | <b>730</b>      | <b>-</b>                         | <b>-</b> |
| <b>Australian Dollars</b>           |      |                                      |                 |                                  |          |
| Trade accounts receivable           | 9    | -                                    | 5,025           | -                                | -        |
| Trade accounts payable              | 20   | -                                    | (75,956)        | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>-</b>                             | <b>(70,931)</b> | <b>-</b>                         | <b>-</b> |
| <b>Singapore Dollars</b>            |      |                                      |                 |                                  |          |
| Cash and cash equivalents           | 7    | 12                                   | 12              | -                                | -        |
| Trade accounts payable              | 20   | -                                    | (44)            | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>12</b>                            | <b>(32)</b>     | <b>-</b>                         | <b>-</b> |
| <b>Danish Krone</b>                 |      |                                      |                 |                                  |          |
| Cash and cash equivalents           | 7    | 6,438                                | 118,928         | -                                | -        |
| Trade accounts receivable           | 9    | 2,427                                | 350,160         | -                                | -        |
| Interest-bearing liabilities        | 19   | -                                    | (5,071)         | -                                | -        |
| Trade accounts payable              | 20   | (117,898)                            | (491,657)       | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>(109,033)</b>                     | <b>(27,640)</b> | <b>-</b>                         | <b>-</b> |
| <b>Philippines Peso</b>             |      |                                      |                 |                                  |          |
| Cash and cash equivalents           | 7    | 12,850                               | -               | -                                | -        |
| Other investments                   | 8    | 2,018                                | -               | -                                | -        |
| <b>Gross balance sheet exposure</b> |      | <b>14,868</b>                        | <b>-</b>        | <b>-</b>                         | <b>-</b> |

The net position of currency swaps and forward exchange contracts at 31 December 2013 was Baht 3,276.9 million (net asset transactions) (2012: Baht 4,142.2 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 2013 and 2012, the financial assets and liabilities have fair values that do not differ significantly from the amounts recorded in the statement of financial position.

## **38 Commitments with non-related parties**

|  | <b>Consolidated<br/>financial statements</b> |              |
|--|--|--------------|
|  | 2013   | 2012         |
|  | <i>(in million Baht)</i>                     |              |
| <b>Capital commitments</b>                         |  |              |
| <i>Contracted but not provided for</i>             |  |              |
| Land and land improvements                         | 149  | 129          |
| Buildings and other construction                   | 567  | 663          |
| Machinery and equipment                            | 3,506  | 3,017        |
| <b>Total</b>                                       | <b>4,222</b>                                 | <b>3,809</b> |
| <b>Non-cancellable operating lease commitments</b> |  |              |
| Within one year                                    | 603  | 463          |
| After one year but within five years               | 1,467  | 979          |
| After five years                                   | 237  | 432          |
| <b>Total</b>                                       | <b>2,307</b>                                 | <b>1,874</b> |

**Consolidated  
financial statements**  
2013                      2012  
(in million Baht)

**Other commitments**

Purchase orders and letters of credit

for goods and supplies

2,325

2,969

Bank guarantees

962

1,474

Other

15

20

**Total**

**3,302**

**4,463**

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

Indorama Holdings Ltd., a direct subsidiary in Thailand and JNC FIBERS Corp (formerly known as “Chisso Polypro Fiber Co., Ltd.”), a corporation organized under laws of Japan entered into a joint venture agreement on 25 November 2013, to jointly invest in and set up a joint venture in Rayong province, Thailand for manufacture of Bicomponent fibres. Each party shall directly and/or indirectly through its designated person (s), own 50 % of the equity and the profit/loss sharing interests in the joint venture.

The Company entered into a joint venture agreement on 26 December 2013, with Abu Dhabi National Chemicals Company PJSC (“ChemaWEyaat”) a public joint stock company duly organized and existing under the laws of Abu Dhabi, UAE, to develop the Tacaamol Aromatics Plant on Madeenat ChemaWEyaat AL Gharbia’s (MCAG) site in the western region of Abu Dhabi. IVL will hold 49% equity and Abu Dhabi National Chemicals Company PJSC will hold 51% equity in a new joint venture company.

## 39 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, the property damage claims with insurance company have been finalised. The loss of profit from business interruption claims related to 3 out of 4 subsidiaries have been finalized as well. 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 and wool yarn plant are restored and have resumed their operations.

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 2013, the consolidated financial statements for the years ended 31 December 2013 and 2012 included the insurance income related to the flood damage of Baht 1,690.2 million (2012 Baht 1,872.9 million).

## 40 Events after the reporting period

- a) On 20 February 2014, the board of directors proposed for the dividend payment of Baht 0.14 per share, amounting to Baht 674.0 million. This dividend payment is subject to the approval by the shareholders of the Company.
- b) On 31 January 2014, the Company, through one of its indirect subsidiaries, Indorama Netherlands B.V., signed a share purchase agreement to acquire 80% equity interest in PHP Fibers GmbH and its subsidiaries ("PHP"). The remaining 20% will be held by Toyobo Co., Ltd., a leading Japanese manufacturer of high function products, including among others, automotive products. PHP is a manufacturer of branded high-tenacity polyamide and polyester filament yarns and is a supplier in Europe for the automotive safety supply chain. PHP Group production facilities are located in USA, Europe and China. This acquisition of PHP will enhance the Company's High Value Add (HVA) product portfolio with the addition of high performance automotive and industrial products.

## 41 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

| TFRS                  | Topic  | Year effective |
|-----------------------|--|----------------|
| TAS 1 (revised 2012)  | Presentation of Financial Statements                                     | 2014           |
| TAS 7 (revised 2012)  | Statement of Cash Flows  | 2014           |
| TAS 12 (revised 2012) | Income Taxes   | 2014           |
| TAS 17 (revised 2012) | Leases   | 2014           |
| TAS 18 (revised 2012) | Revenue Recognition  | 2014           |
| TAS 19 (revised 2012) | Employee Benefits  | 2014           |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates                         | 2014           |
| TAS 24 (revised 2012) | Related Party Disclosures  | 2014           |
| TAS 28 (revised 2012) | Investment in Associates   | 2014           |
| TAS 31 (revised 2012) | Interests in Joint Ventures  | 2014           |
| TAS 34 (revised 2012) | Interim Financial Reports  | 2014           |
| TAS 36 (revised 2012) | Impairment of Assets   | 2014           |
| TAS 38 (revised 2012) | Intangible Assets  | 2014           |
| TFRS 3 (revised 2012) | Business Combinations  | 2014           |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations             | 2014           |
| TFRS 8 (revised 2012) | Operating Segments   | 2014           |
| TFRIC 1               | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 2014           |
| TFRIC 4               | Determining Whether an Arrangement Contains a Lease                      | 2014           |
| TFRIC 10              | Interim Financial Reporting and Impairment                               | 2014           |

Management expects to adopt and apply these new and revised 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 these new interpretations and expects that there will be no material impact on the financial statements in the period of initial application.

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