

Part 3
Financial Status and Performance
13. Financial Information
Statements of Financial Position (Consolidated Financial Statements)

Unit: Baht million	As of December 31					
	2011 Restated	%	2012 Restated	%	2013	%
<u>Assets</u>						
Current assets						
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
Total current assets	67,832.4	45.8	59,984.5	34.8	68,422.6	36.2
Non-current assets						
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
Total non-current assets	80,258.6	54.2	112,489.4	65.2	120,619.2	63.8
Total assets	148,091.1	100.0	172,473.9	100.0	189,041.8	100.0

Unit: Baht million	As of December 31					
	2011 Restated	%	2012 Restated	%	2013	%
<u>Liabilities and equity</u>						
Current liabilities						
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
Total current liabilities	43,212.7	29.2	47,275.4	27.4	52,980.5	28.0
Non-current liabilities						
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
Total non-current liabilities	46,726.5	31.6	68,633.7	39.8	74,493.6	39.4
Total liabilities	89,939.2	60.7	115,909.2	67.2	127,474.1	67.4
Equity						
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

Unit: Baht million	As of December 31					
	2011 Restated	%	2012 Restated	%	2013	%
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)
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
Equity attributable to owners of the Company	57,973.7	39.1	56,237.4	32.6	60,505.5	32.0
Non-controlling interests	178.2	0.1	327.3	0.2	1,062.2	0.6
Total equity	58,151.9	39.3	56,564.7	32.8	61,567.8	32.6
Total liabilities and equity	148,091.1	100.0	172,473.9	100.0	189,041.8	100.0

Statements of Income (Consolidated Financial Statements)

Unit: Baht million	For the year ended December 31					
	2011 Restated	%	2012 Restated	%	2013	%
Income						
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	-	-

Unit: Baht million	For the year ended December 31					
	2011 Restated	%	2012 Restated	%	2013	%
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
Total income	194,904.2	104.7	214,723.0	101.9	232,356.6	101.4
Expenses						
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	-	0.0	-	0.0
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	-	0.0	-	0.0
Total expenses	177,524.1	95.4	205,410.4	97.5	224,627.2	98.0
Share of profit of jointly-controlled entity	1,166.5	0.6	(889.1)	(0.4)	(1,108.0)	(0.5)
Profit before finance costs and income tax expenses	18,546.6	10.0	8,423.5	4.0	6,621.4	2.9
Finance costs	2,370.2	1.3	3,447.1	1.6	3,811.0	1.7
Profit before income tax expenses	16,176.4	8.7	4,976.3	2.4	2,810.5	1.2
Income tax expenses	1,195.0	0.6	2,071.8	1.0	1,293.9	0.6
Profit for the period	14,981.4	8.0	2,904.5	1.4	1,516.6	0.7
Attributable to:						
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
Profit for the period	14,981.4	11.3	2,904.5	8.3	1,516.6	2.3
Earnings per share (in Baht)	3.18		0.57		0.28	

Cash Flow Statement (Consolidated Financial Statements)

Unit: Baht million	For the year ended December 31		
	2011 Restated	2012 Restated	2013
Cash flows from operation activities			
Profit for the year	14,981.4	2,904.5	1,516.6
<i>Adjustment for</i>			
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
	16,759.2	15,546.2	14,995.9
<i>Change in operating assets and liabilities</i>			
Trade accounts receivable	(1,379.0)	1,077.8	(2,753.2)
Inventories	(5,135.9)	(1,386.0)	(2,438.4)

Unit: Baht million	For the year ended December 31		
	2011 Restated	2012 Restated	2013
Other current assets	3,986.7	(226.3)	(1,467.8)
Other non-current assets	(249.4)	(46.4)	157.1
Trade accounts payable	(445.6)	1,793.5	2,724.3
Other current liabilities	(4,805.7)	(365.2)	(195.8)
Other non-current liabilities	862.6	(145.1)	(121.7)
Employee benefits paid	(3.2)	(104.5)	(24.7)
Income taxes paid	(191.5)	(640.6)	(496.5)
Net cash provided by (used in) operating activities	9,398.2	15,503.4	10,379.1
Cash flows from investing activities			
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	0.0	2.5	0.0
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		
Net cash provided by (used in) investing activities	(36,839.5)	(36,372.3)	(6,716.2)
Cash flow from financing activities			
Interest paid	(2,152.6)	(3,151.6)	(3,839.1)

Unit: Baht million	For the year ended December 31		
	2011 Restated	2012 Restated	2013
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 subsidiaries	0.0	-	-
Loans to a jointly-controlled entity	0.0	(60.1)	(32.4)
Net cash provided by (used in) financing activities	37,966.5	13,211.7	(3,928.0)
Net increases (decreases) in cash and cash equivalents	10,525.2	(7,657.1)	(265.0)
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
Cash and cash equivalents at end of year	12,036.2	4,374.2	4,114.3

Key Financial Ratio

		For the year ended December 31		
		2011 Restated	2012 Restated	2013
Liquidity Ratio				
Current ratio	times	1.6	1.3	1.3
Quick ratio	times	1.0	0.6	0.6
Receivable turnover ratio	times	0.3	8.4	8.4
Collection days	days	10.2	43.1	43.1
Inventory turnover ratio	times	35.2	8.2	7.8
Average number of days sales	days	9.9	43.8	45.9
Account payable turnover ratio	times	36.5	9.6	8.8
Payment days	days	11.5	37.5	40.8
Cash cycle	days	31.3	49.4	48.2
Profitability Ratio				
Gross profit margin	%	10.9	8.2	7.6
Operating profit margin	%	5.7	2.6	2.0
Net profit margin	%	7.7	1.4	0.7
Return of equity (ROE)	%	33.4	4.8	2.3
Efficiency Ratio				
Return on asset (ROA)	%	13.3	1.8	0.8
Return on fixed asset	%	12.9	3.6	1.7
Asset turnover	times	1.7	1.3	1.3
Financial Policy Ratio				
Debt to equity	times	1.5	2.0	2.1
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
Interest coverage ratio (on Net Cash provided by operating activities)	times	4.0	4.5	2.7
Interest coverage ratio (on EBITDA)	times	7.2	4.2	3.7

14. Management's Discussion & Analysis (MD&A)

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)
⁽¹⁾ Consolidated Sales	7,456	6,779	229,120	210,729
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
⁽²⁾ Core EBITDA	⁽³⁾ 487	461	14,966	14,334
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)
• Core EBIT	258	245	7,915	7,615

	US\$ in Millions		THB in Millions	
	2013	2012(R)	2013	2012(R)
Interest	(118)	(102)	(3,627)	(3,175)
Core Profit before tax	140	143	4,287	4,440
Current tax	(10)	(19)	(302)	(580)
Effective current tax %	7%	13%	7%	13%
Deferred tax	(32)	(48)	(991)	(1,492)
Core Profit before JV and MI	97	76	2,994	2,368
Joint Ventures Income/(Loss)	(24)	(29)	(741)	(889)
Minority Interests	(6)	(5)	(191)	(164)
Core Net Profit after tax & minorities	67	42	2,062	1,315
⁽⁴⁾ 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
Net Operating Debt to Equity	1.2	1.3	1.2	1.3
Net Operating Long Term Debt to Equity	0.9	1.0	0.9	1.0
Net Operating Core ROCE (before JV's)	6.4%	6.1%	6.0%	6.2%

Note ⁽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⁾ 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 Table below. Ottana's JV partners are discussing potential solutions.

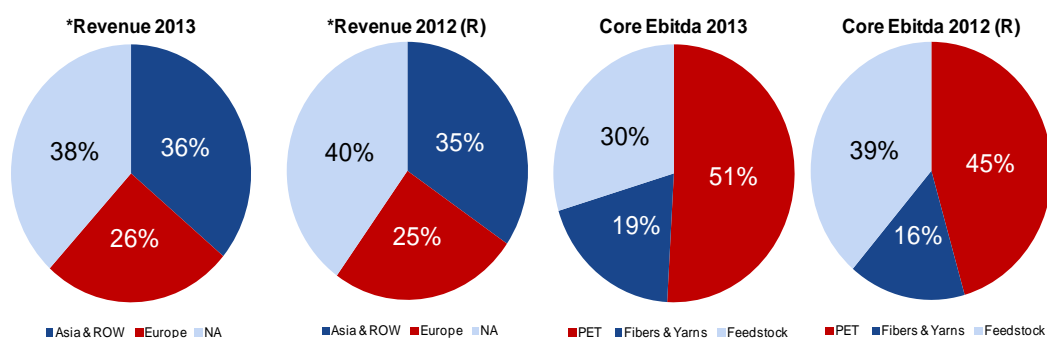
Lower absolute prices in 2013 over 2012 led to an inventory loss of US\$ 30 million in 2013, as against the inventory gain of US\$ 2 million in 2012.

IVL-Non Operational/Extraordinary Items

	US\$ in Millions		THB in Millions	
	2013	2012(R)	2013	2012(R)
Core Net Profit after tax & minorities	67	42	2,062	1,315
Add: Inventory gain/(loss)	(30)	2	(928)	76
Add: Non Operational/Extraordinary income/(expense)	6	43	192	1,349
<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>⁽¹⁾ Impairment of assets (incl. Ottana)</i>	<i>(13)</i>	<i>-</i>	<i>(385)</i>	<i>-</i>
<i>Restructuring expenses (Debt & 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>
= Net profit after tax and minority	43	88	1,326	2,740

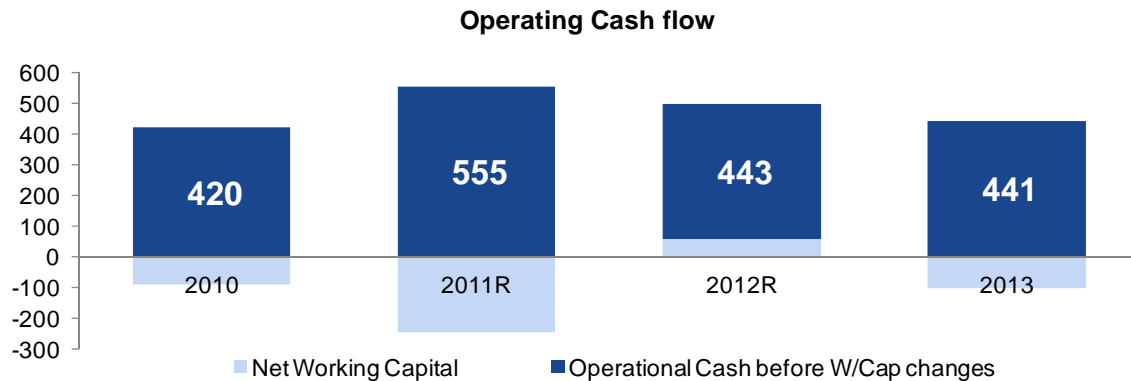
Note ⁽¹⁾ Ottana partial impairment US\$ 12 million (IVL share)

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

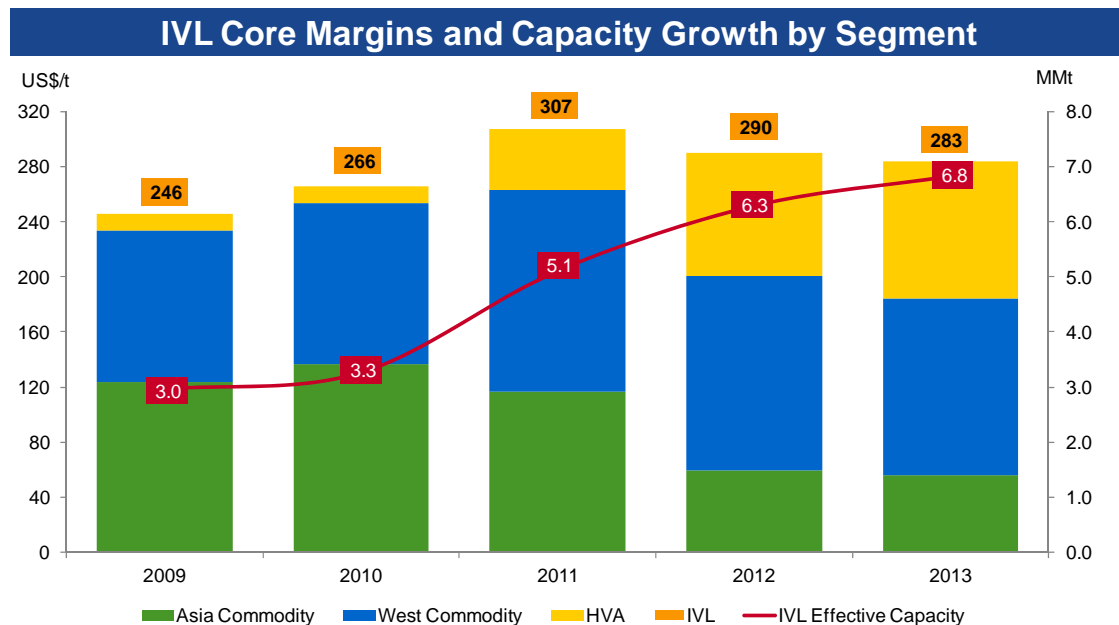


*Regional revenues breakup on customers' location

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



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\$/t 283 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\$/t 5 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.



Note: Core Margins on the weight age of IVL effective capacity across the years.

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 position 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

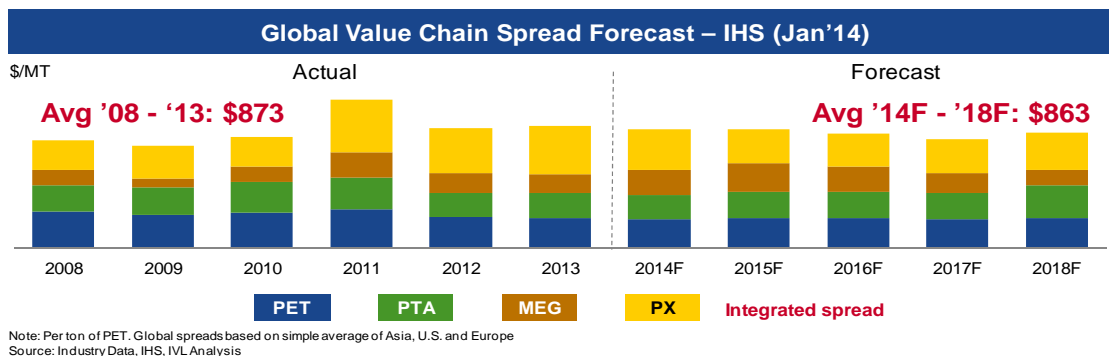
7. **Margins:** the weakness of the PTA industry due to oversupply over the past two years has shaken things up significantly and is forcing the rationalization of high-cost assets. Together with approximately 7 million tonnes of new Paraxylene (PX) capacity in 2014, we expect to see support for PTA 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.



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)	⁽¹⁾ 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
⁽²⁾ CAPEX (US\$ mm)	285	(5%)	~300

⁽¹⁾ Based on management estimates including the strategic actions planned in 2013 and the approved budget approved by the Board of Directors. (Please see 'Notes'), ⁽²⁾ 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

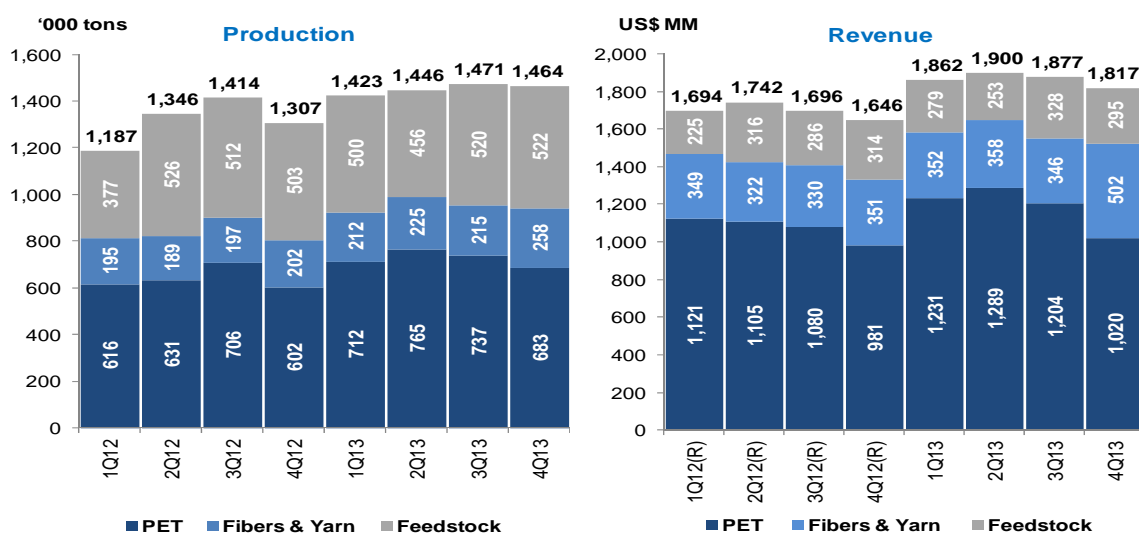
The Fibers & Yarns achieved a strong Core EBITDA of US\$ 95 million in 2013 (including an insurance claim from business interruption for US\$ 12.8 million) as against US\$ 72 million in 2012. Consolidation of Trevira, Germany in IVL since Oct'2013 has improved the earnings in this segment. The completion 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
Core EBITDA/tonne (US\$/t)	2,579	2,728	(5)%	⁽¹⁾ 84	88	(4)%
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)%

	THB in Millions			US\$ in Millions		
	2013	2012(R)	YoY	2013	2012(R)	YoY
Core EBITDA	14,966	14,334	4%	487	461	6%
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)%
Consolidated EBITDA	14,038	14,410	(3)%	457	464	(1)%
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 ⁽¹⁾ 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.

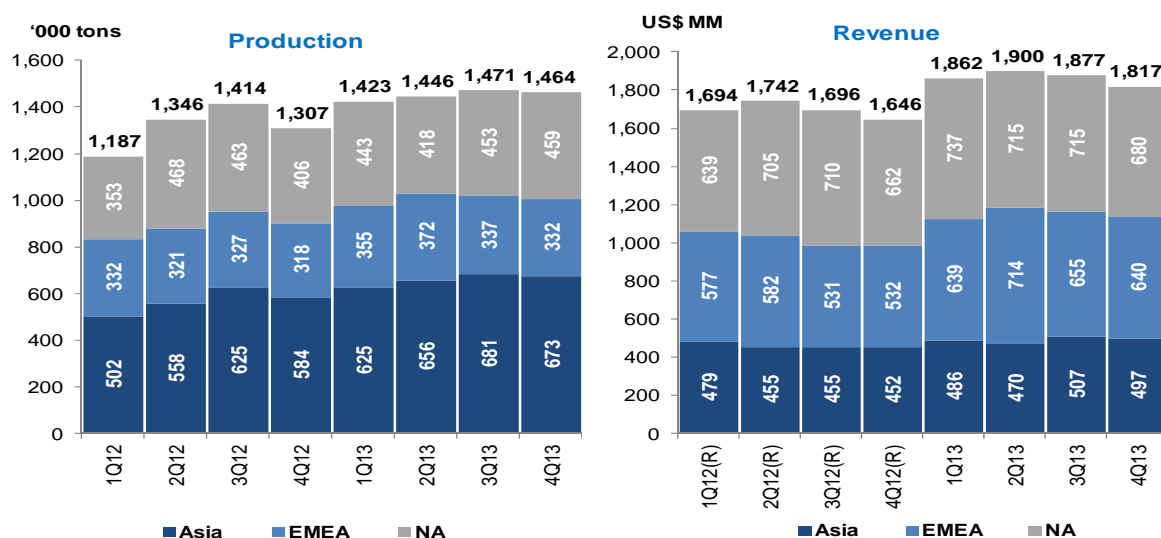
Europe, Middle East and Africa (EMEA)

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



*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
Core EBITDA/tonne (US\$/t)	2,579	2,728	(5)%	84	88	(4)%
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)%
Core EBITDA (US\$ mm)	14,966	14,334	4%	487	461	6%
Asia	4,194	2,356	78%	136	76	80%
⁽¹⁾ EMEA	2,353	3,137	(25)%	77	101	(24)%

			THB in Millions			US\$ in Millions		
			2013	2012(R)	YoY	2013	2012(R)	YoY
NA			8,419	8,841	(5)%	274	284	(4)%
Consolidated	EBITDA	(US\$ mm)	14,038	14,410	(3)%	457	464	(1)%
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,

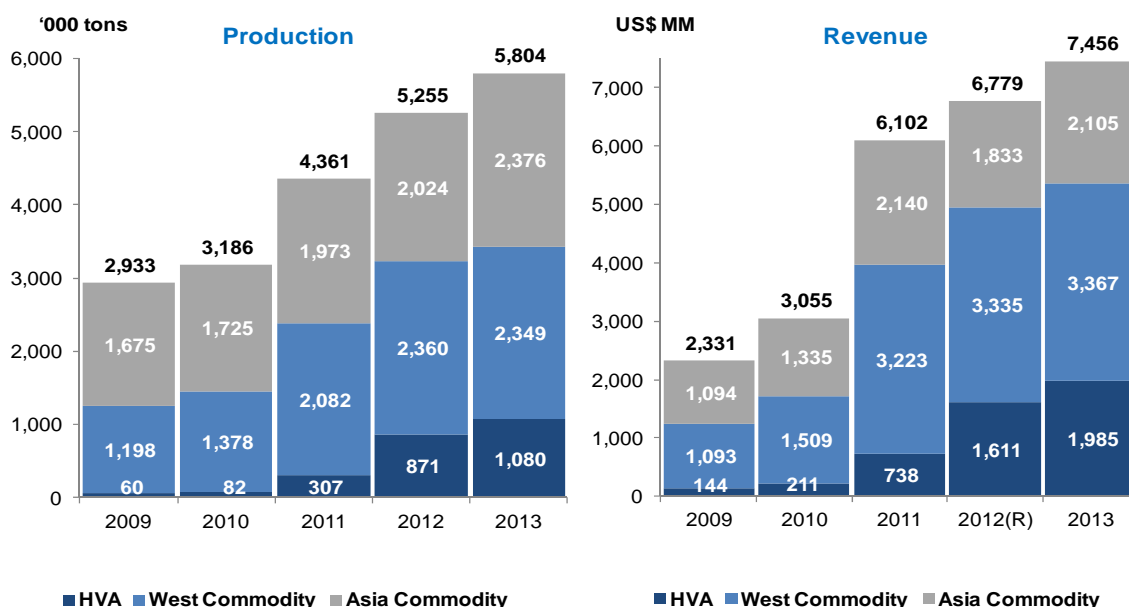
Diversified Portfolio

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 6.6 Tire chords and the demand growth of Tire cords and Airbags, coupled with ample availability 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 6.6 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

Product Type-Key Financial Data (YoY)

	THB in Millions			US\$ in Millions		
	Y2013	Y2012(R)	YoY	Y2013	Y2012(R)	YoY
Core EBITDA/tonne (US\$/t)	2,579	2,728	(5)%	84	88	(4)%
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%
Core EBITDA	14,966	14,334	4%	487	461	6%
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%
Consolidated EBITDA	14,038	14,410	(3)%	457	464	(1)%
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 (Restated)	Change (%)
Revenue from sale of goods	229,120.4	210,728.9	8.7%
Add: Eliminations	35,656.5	33,622.4	
Adjusted revenue from sale of goods	264,776.9	244,351.3	8.4%
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 (Restated)	Change (%)
Cost of sale of goods	205,205.4	187,448.4	9.5%
As a percentage of total revenues from the sale of goods	89.6%	89.0%	
Add: Eliminations	35,656.5	33,622.4	
Adjusted cost of sales of goods	240,861.9	221,070.8	9.0%
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 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 (Restated)	Change (%)
Gross Profit	23,915.0	23,280.6	2.7%
As a percentage of total revenues from the sale of goods	10.4%	11.0%	
Add: Eliminations	-	-	
Adjusted gross profit	23,915.0	23,280.5	2.7%
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 (Restated)	Change (%)
EBITDA⁽¹⁾	14,037.6	14,409.8	(2.6)%
Add: Inventory loss/(gain) ⁽²⁾	928.3	(75.9)	
CORE EBITDA	14,965.9	14,333.9	4.4%
As a percentage of total revenues from the sale of goods	6.5%	6.8%	
Add: Eliminations and others ⁽³⁾	35.7	(132.2)	
Adjusted CORE EBITDA	15,001.6	14,201.7	5.6%
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 ⁽⁴⁾	4,455.6	5,499.8	(19.0)%
As a percentage of total Feedstock revenue	6.3%	8.0%	

(1) 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.

(2) 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.

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

(4) 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)⁽⁴⁾.

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 (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%
Total	3,236.2	3,994.0	(19.0)%

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 new acquisitions 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		
<i>Companies acquired during the years ended December 31, 2013</i>					
Aurus Packaging Limited	256.9	31.3	294.3	294.3	-
					-

Baht in Millions	Net identified assets acquired and liabilities assumed			Total Consideration	Gain on a bargain purchase
	Carrying amounts	Fair value adjustments	Recognized values		
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 (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)%
Total	8,948.8	8,451.0	5.9%

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

Bath in Millions	FY 2013	FY 2012 (Restated)	Change (%)
Net profit	1,516.58	2,904.51	(47.8)%
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	190.712	164.363	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:

Consolidated financial statements		
	December 31, 2013	December 31, 2012 (R)
	(Baht in Millions)	
Related parties		
Within credit terms	1,897.3	1,806.0
Overdue:		
Less than 3 months	45.5	78.9
6-12 months	2.8	-
Net	1,945.6	1,884.9
Other parties		
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
	27,089.8	23,900.7
Less allowance for doubtful accounts	(208.3)	(188.8)
Net	26,881.6	23,711.9
Total	28,827.2	25,596.9

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:

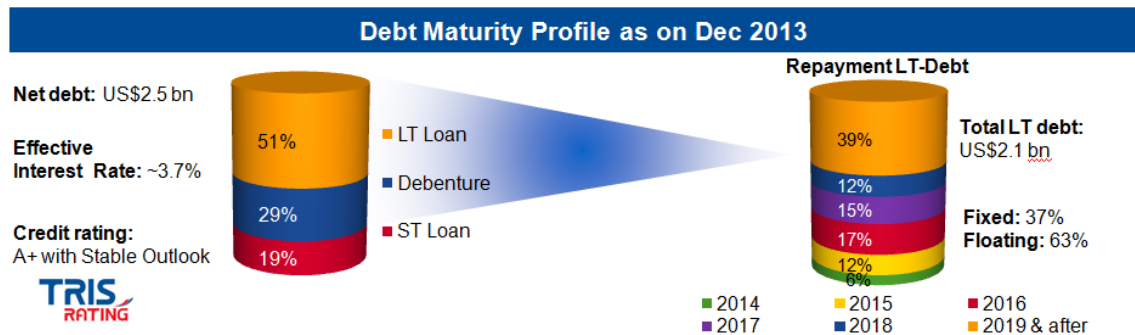
Consolidated Financial Statement		
	December 31, 2013	December 31, 2012 (R)
	(Baht in Millions)	
Current		
Bank overdrafts and Short-term loans from financial institutions	16,075.4	13,371.2
Net current portion of long-term loans	3,921.9	5,609.1
Current portion of finance lease liabilities	5.2	41.1
	20,002.5	19,021.5
Non-current		
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
	65,263.6	61,608.0
Total	85,266.1	80,629.5

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)
Total Debt	2,598	2,632
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
Cash & Cash under management	133	151
Cash and cash equivalents	125	143
Current investments and loans given	7	8
Net Debt	2,466	2,481
⁽¹⁾ Non-operating Debt (Project Debt)	241	161
Net Operating Debt	2,224	2,320
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+
Liquidity (US\$ billions)	0.8	0.9
Unutilized credit line (US\$ billions)	0.7	0.7
Financial Ratios		
Current ratios (times)	1.3	1.3
Interest coverage ratio (times)	3.9	4.5

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



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 owner 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 PTA business. Please refer to 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 PTA business. Please refer to 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.