

Part 3

Financial Status and Performance

13. Financial Information

The consolidated and separate financial statements for the year ended December 31, 2013 2014 and 2015 and were audited by Mr. Winid Silamongkol, Certified Public Accountant, with registration No. 3378 of KPMG Phoomchai Audit Ltd.

Summary of audit report of Certified Public Accountant of the Company

Financial Statement For the years ended 31 December 2015

The auditor gave an opinion that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Without qualifying the opinion, the auditor drew attention to the following matters:

As disclosed in note 3 to the consolidated financial statements, the Group changed its accounting policy for property, plant and equipment related to the manufacture of textiles and related products from 1 January 2015 to be consistent with the accounting policy applied across its business segments. The corresponding figures presented are based on the audited consolidated financial statements as at and for the year ended 31 December 2014, after making the adjustments described in note 3.

As disclosed in note 5 to the consolidated financial statements, the Group completed the acquisitions of businesses resulting in the recording of goodwill in the consolidated statement of financial position as at 31 December 2015 of Baht 918.4 million and gain on bargain purchases in the consolidated statement of income for the year ended 31 December 2015 of Baht 3,625.7 million. The fair values of the businesses acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment.

The following table sets forth summary of the consolidated financial statements of Indorama Ventures Public Company Limited from 2013 to 2015

Periods with Restated are restated numbers as per the adoption of new and revised TFRS in 2015

Statements of Financial Position (Consolidated Financial Statements)

Unit: Baht million	As of December 31					
	2013 Restated	%	2014 Restated	%	2015	%
Assets						
Current assets						
Cash and cash equivalents	4,013.4	2.1	5,339.1	2.7	3,232.5	1.5
Current investments	363.5	0.2	5,182.3	2.7	451.8	0.2
Trade accounts receivable	28,827.2	15.3	26,203.0	13.5	27,499.6	12.4
Short-term loans to related parties	0.6	0.0	75.1	0.0	265.6	0.1
Inventories	28,939.6	15.4	29,141.1	15.0	31,785.6	14.3
Other current assets	6,278.3	3.3	6,239.6	3.2	7,313.2	3.3
Total current assets	68,422.6	36.4	72,180.2	37.1	70,548.2	31.8
Non-current assets						
Investments in joint ventures	2,887.5	1.5	1,941.9	1.0	1,962.4	0.9
Other long-term investments	99.0	0.1	104.7	0.1	119.6	0.1
Long-term loans to related parties	98.4	0.1	164.1	0.1	165.4	0.1
Property, plant and equipment	94,934.5	50.5	97,822.5	50.3	120,365.6	54.3
Goodwill	8,018.7	4.3	8,054.8	4.1	9,788.6	4.4
Other intangible assets	11,245.7	6.0	11,126.9	5.7	13,581.2	6.1
Deferred tax assets	1,329.8	0.7	1,229.0	0.6	2,686.8	1.2
Other non-current assets	871.2	0.5	1,909.6	1.0	2,422.9	1.1
Total non-current assets	119,484.9	63.6	122,353.5	62.9	151,092.4	68.2
Total assets	187,907.6	100.0	194,533.7	100.0	221,640.6	100.0
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans						
from financial institutions	16,075.4	8.6	8,581.0	4.4	12,115.0	5.5
Trade accounts payable	25,663.2	13.7	27,764.2	14.3	31,149.0	14.1
Current portion of long-term loans from financial institutions	3,921.9	2.1	4,426.2	2.3	2,118.2	1.0
Current portion of debenture	-	0.0	-	0.0	2,898.0	1.3
Current portion of finance lease liabilities	5.2	0.0	8.3	0.0	8.4	0.0
Income tax payable	700.9	0.4	854.3	0.4	1,162.7	0.5
Other current liabilities	6,613.9	3.5	6,431.6	3.3	7,931.9	3.6
Total current liabilities	52,980.5	28.2	48,065.7	24.7	57,383.2	25.9
Non-current liabilities						

Unit: Baht million	As of December 31					
	2013 Restated	%	2014 Restated	%	2015	%
Long-term loans from financial institutions	41,463.3	22.1	32,757.6	16.8	34,140.3	15.4
Debentures	23,795.7	12.7	27,499.0	14.1	32,310.0	14.6
Finance lease liabilities	4.6	0.0	21.4	0.0	16.4	0.0
Deferred tax liabilities	6,923.3	3.7	8,881.2	4.6	11,223.1	5.1
Employee benefit obligations	961.8	0.5	1,755.0	0.9	1,795.5	0.8
Other non-current liabilities	1,343.4	0.7	944.2	0.5	1,819.3	0.8
Total non-current liabilities	74,492.1	39.6	71,858.3	36.9	81,304.5	36.7
Total liabilities	127,472.6	67.8	119,924.1	61.6	138,687.7	62.6
Equity						
Share capital						
Authorised share capital	4,815.9	2.6	5,666.0	2.9	5,666.0	2.6
Issued and paid-up share capital	4,814.3	2.6	4,814.3	2.5	4,814.3	2.2
Additional paid in capital:						
Share premium	29,774.6	15.8	29,774.6	15.3	29,775.1	13.4
Unrealised surpluses (deficits)						
Hedging reserve	(8.4)	(0.0)	(37.4)	(0.0)	(61.8)	(0.0)
Currency translation differences	2,499.8	1.3	955.5	0.5	4,658.7	2.1
Excess of cost over book value of acquired subsidiaries	(3,304.5)	(1.8)	(3,300.2)	(1.7)	(3,290.8)	(1.5)
Differences arising from common control transactions	(1,235.6)	(0.7)	(1,235.6)	(0.6)	(1,235.6)	(0.6)
Retained earnings						
Appropriated						
Legal reserve	1,832.7	1.0	1,834.7	0.9	1,989.9	0.9
Unappropriated	25,016.5	13.3	24,873.5	12.8	28,301.3	12.8
Equity attributable to shareholders	59,389.6	31.6	57,679.4	29.7	64,951.2	29.3
Subordinated perpetual debentures	-	0.0	14,874.1	7.6	14,874.1	6.7
Equity attributable to equity holders	59,389.6	31.6	72,553.4	37.3	79,825.2	36.0
Non-controlling interests	1,045.4	0.6	2,056.2	1.1	3,127.7	1.4
Total equity	60,435.0	32.2	74,609.6	38.4	82,953.0	37.4
Total liabilities and equity	187,907.6	100.0	194,533.7	100.0	221,640.6	100.0

Statements of Income (Consolidated Financial Statements)

Unit: Baht million	For the year ended December 31					
	2013 Restated	%	2014 Restated	%	2015	%
Income						
Revenue from sale of goods	229,120.4	100.0	243,907.2	100.0	234,697.9	100.0
Net foreign exchange gain	267.0	0.1	375.4	0.2	48.5	0.0
Interest income	152.6	0.1	71.6	0.0	166.7	0.1
Gain on a bargain purchase	-	0.0	1,669.9	0.7	3,625.7	1.5
Impact of flooding, net	1,690.2	0.7	140.0	0.1	-	0.0
Other income	1,126.3	0.5	1,572.8	0.6	1,594.8	0.7
Total income	232,356.6	101.4	247,736.9	101.6	240,133.6	102.3
Expenses						
Cost of sale of goods	211,572.4	92.3	221,869.2	91.0	208,177.2	88.7
Selling and administrative expenses	12,768.7	5.6	16,537.0	6.8	19,180.0	8.2
Management benefit expenses	76.1	0.0	90.2	0.0	112.9	0.0
Impairment losses	-	0.0	744.1	0.3	-	0.0
Total expenses	224,417.2	97.9	239,240.4	98.1	227,470.1	96.9
Share of losses of investments in joint ventures, net	(1,108.0)	(0.5)	(1,356.1)	(0.6)	(242.2)	(0.1)
Profit before finance costs and income tax expense	6,831.5	3.0	7,140.4	2.9	12,421.3	5.3
Finance costs	3,811.0	1.7	3,554.5	1.5	3,652.1	1.6
Profit before income tax expense	3,020.5	1.3	3,585.9	1.5	8,769.2	3.7
Income tax expense	1,306.3	0.6	1,625.4	0.7	1,880.8	0.8
Profit for the year	1,714.3	0.7	1,960.5	0.8	6,888.4	2.9
Attributable to:						
Owners of the Company	1,523.2	2.0	1,675.1	2.0	6,609.3	2.8
Non-controlling interests	191.0	0.3	285.4	0.3	279.1	0.1
Profit for the year	1,714.3	2.3	1,960.5	2.3	6,888.4	2.9
Earnings per share (in Baht)	0.32		0.32		1.20	

Cash Flow Statement (Consolidated Financial Statements)

Unit: Baht million	For the year ended December 31		
	2013 Restated	2014 Restated	2015
Cash flows from operation activities			
Profit for the year	1,714.3	1,960.5	6,888.4
Adjustment for			
Depreciation	6,141.1	7,108.3	8,324.5
Amortisation of intangible assets and other assets	700.5	790.2	1,001.2
Interest income	(152.6)	(71.6)	(166.7)
Gain on bargain purchases	-	(1,669.9)	(3,625.7)
Gain on previously held interest in joint ventures	(86.9)	-	-
Share of losses of investments in joint ventures, net of income tax	1,108.0	1,356.1	242.2
Finance costs	3,811.0	3,554.5	3,652.1
Unrealised foreign exchange (gain) loss	151.4	222.8	129.9
Provision for bad and doubtful debts expenses, net	14.4	(7.5)	19.9
Provision for inventory obsolescence, net	69.9	169.8	40.1
Provision for impairment on property, plant and machinery	18.2	597.4	8.9
Provision for impairment on investment in a joint venture	-	146.7	-
Provision loss on unrecoverable advances payment for project	-	-	609.7
Employee benefits expense	193.5	123.5	317.5
Loss on disposal of property, plant and equipment, net	6.8	64.5	111.3
Write-off of property, plant and equipment	0.1	-	-
Income tax expense	1,306.3	1,625.4	1,880.8
	14,995.9	15,970.7	19,434.2
Changes in operating assets and liabilities			
Trade accounts receivable	(2,753.2)	5,328.7	4,515.8
Inventories	(2,438.4)	1,945.6	1,168.2
Other current assets	(1,206.6)	(272.4)	(92.6)
Other non-current assets	157.1	(244.3)	(124.9)
Trade accounts payable	2,724.3	659.7	(1,046.8)
Other current liabilities	(195.8)	(485.3)	932.7
Other non-current liabilities	(121.7)	(52.4)	770.9
Employee benefits obligation	(200.6)	(169.7)	(117.5)
Income taxes paid	(496.5)	(259.1)	(633.8)
Net cash from (used in) operating activities	10,464.4	22,421.5	24,806.1

Unit: Baht million	For the year ended December 31		
	2013 Restated	2014 Restated	2015
Cash flows from investing activities			
Interest received	188.1	42.0	193.0
Purchase of property, plant and equipment	(6,800.1)	(8,434.4)	(10,281.8)
Proceeds from sale of property, plant and equipment	9.9	89.3	79.1
Proceeds from sale (purchase) of other investment, net	(129.8)	(4,825.3)	4,868.1
Purchase of intangible assets	(44.6)	(93.2)	(55.8)
Proceeds from sale of intangible assets	-	-	0.8
Net cash outflow on acquisitions of businesses	(288.0)	(3,611.2)	(15,267.4)
Net cash inflow on previously held interest in joint venture	351.3	-	-
Net cash outflow on additional investments in subsidiaries and joint ventures	(103.9)	(316.8)	(175.9)
Advance payment on additional investments in subsidiary and a joint venture	-	(437.8)	(412.5)
Advance payment for project	(85.3)	(915.5)	(247.2)
Net cash from (used in) investing activities	(6,902.3)	(18,503.1)	(21,299.5)
Cash flow from financing activities			
Interest paid	(3,839.1)	(3,479.9)	(3,646.6)
Deferred financing cost paid	(271.1)	(40.2)	(90.5)
Dividends paid to owners of the Company	(1,540.6)	(1,587.8)	(2,069.9)
Dividends paid to non-controlling interests	(85.6)	(65.7)	(58.1)
Proceeds from short and long-term borrowings	29,289.2	4,093.7	8,803.6
Repayment of short and long-term borrowings	(29,566.1)	(19,944.3)	(14,998.8)
Repayment of finance leases	(44.7)	(9.1)	(7.9)
Proceeds from issue of ordinary shares due to warrants exercised	-	-	0.5
Proceeds from issue of debenture, net of debenture issuance costs	2,162.3	3,691.7	7,686.0
Proceed from issue of subordinated perpetual debentures, net of issuance costs	-	14,874.1	-
Coupon payment on subordinated perpetual debentures	-	-	(1,050.0)
Loans to joint ventures	(32.4)	(97.4)	(175.9)
Net cash from (used in) financing activities	(3,928.0)	(2,564.9)	(5,607.5)
Net increases (decreases) in cash and cash equivalents	(365.9)	1,353.5	(2,100.9)
Cash and cash equivalents at beginning of year	4,374.2	4,013.4	5,339.1
Effect of exchange rate changes on balances held in foreign currencies	5.2	(27.9)	(5.7)
Cash and cash equivalents at end of year	4,013.4	5,339.1	3,232.5

Key Financial Ratio

		For the year ended December 31		
		2013 Restated	2014 Restated	2015
Liquidity Ratio				
Current ratio	times	1.3	1.5	1.2
Quick ratio	times	0.6	0.8	0.5
Cash from operating ratio	times	0.2	0.4	0.5
Receivable turnover ratio	times	8.4	8.8	8.7
Collection days	days	43.1	40.9	41.4
Inventory turnover ratio	times	7.8	7.5	6.7
Average number of days sales	days	46.0	47.8	53.8
Account payable turnover ratio	times	8.8	8.3	7.1
Payment days	days	40.8	43.3	50.9
Cash cycle	days	48.2	45.3	44.3
Profitability Ratio				
Gross profit margin	%	7.7	9.0	11.3
Operating profit margin	%	2.1	2.3	3.1
Non-operating profit margin	%	1.4	1.2	2.2
Net profit margin	%	0.7	0.8	2.9
Return of equity (ROE)	%	2.6	2.9	10.8
Efficiency Ratio				
Return on asset (ROA)	%	1.0	1.0	3.3
Return on fixed asset	%	1.9	0.3	3.0
Asset turnover	times	1.3	1.3	1.2
Financial Policy Ratio				
Debt to equity	times	2.1	1.6	1.7
Interest bearing debt to equity	times	1.4	1.0	1.0
Net interest bearing debt to equity	times	1.3	0.8	1.0
Interest coverage ratio (on Net Cash provided by operating activities)	times	2.7	6.3	6.8
Interest coverage ratio (on EBITDA)	times	3.7	4.5	5.3

14. Management Discussion and Analysis (MD&A)

The following MD&A should be read in conjunction with our consolidated financial statements. It includes 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 our Risk Factors and statements appearing elsewhere.

Executive Summary

IVL achieved a Core Profit after tax and NCI of Baht 6.5 billion, registering a YoY growth of 33%. Year 2015 saw higher volumes, lower blended taxes with better geographical mix, synergy gains and a change in the product portfolio, which led to a higher core EBITDA thereby registering a growth of 15% YoY. Production volumes were higher 12% YoY, though revenues were lower 4% primarily due to lower absolute prices following the crude oil trend.

Continued economic slowdown in China coupled with very weak and volatile prices of resources has negatively impacted sentiments with cautious buying behavior in both matured as well as emerging markets. IVL management is pleased that the company performance has been satisfactory in the present environment and the company's businesses maintain growth in our volumes, operating rate, Core EBITDA & net profits, and management initiatives have continued to strengthen our business model by technology and intellectual property (IP) based High Value Add (HVA) portfolio. HVA portfolio comprises various types of products that have a premium margin over pure staple commodities or necessities (normally follows industry margin trends).

Financial Summary - Core Financials of Consolidated IVL

THB in Millions	2014(R) ⁽⁵⁾	2015	YoY%
Total Production (in '000 tonnes)	6,249	7,024	12%
⁽¹⁾ Consolidated Sales	243,907	234,698	(4)%
PET	145,121	131,834	(9)%
Fibers & Yarns	70,274	73,219	4%
Feedstock	64,477	59,960	(7)%
⁽²⁾ Core EBITDA	19,481	22,322	15%
PET	9,275	8,944	(4)%
Fibers & Yarns	4,108	6,675	62%
Feedstock	6,296	6,655	6%
Depreciation	(7,898)	(9,325)	18%
Core EBIT	11,583	12,997	12%
Net Interest	(3,481)	(3,580)	3%
Joint Ventures Income/(Loss)	(937)	(396)	(58)%
Total tax income/(expense)	(1,625)	(1,628)	0%
⁽⁶⁾ Add tax impact on Inventory gain/(loss)	(369)	(627)	70%
Non-controlling interests (NCI)	(285)	(279)	(2)%
Core Net Profit after Tax and NCI	4,886	6,487	33%
Core EPS before PERP Interest	1.01	1.35	33%
Core EPS after PERP Interest	0.99	1.17	19%
⁽³⁾ CAPEX and investment	13,726	31,737	131%
Net Operating Debt	58,013	67,296	16%
Net Working Capital Asset (NWC)	26,492	26,395	(0)%
NWC/ Net Operating Debt (%)	46%	39%	(14)%
⁽⁴⁾ Total Equity	74,610	82,953	11%
Net Operating Debt to Equity	0.78	0.81	4%
⁽⁷⁾ Net Operating Core ROCE (before JV's and with M&A Annualized) %	8.6%	9.4%	

Note:

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

⁽²⁾ Core financials are calculated as reported financials less Inventory gain/ (loss) and less extraordinary items, if any to reflect operations before any extraordinary items. For example Core EBITDA is Consolidated EBITDA less Inventory gain/ (loss). Segments total may not match to IVL due to holdings segment. 2014 EBITDA includes a LOP (loss of profit) Lopburi flooding insurance claim of THB 140 MM.

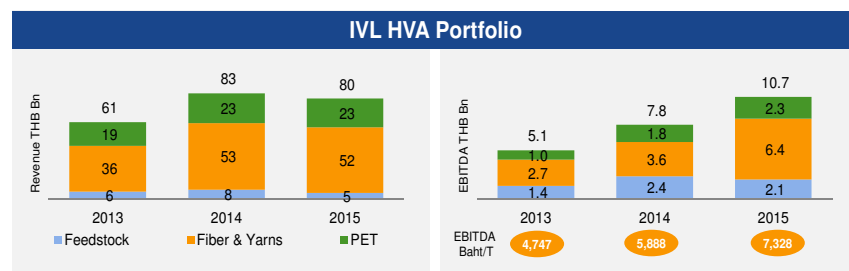
⁽³⁾ CAPEX and investment (including net proceeds from sales of PPE and investments) are on a cash basis as per cash flow statement and also include net debt assumed on acquisitions.

⁽⁴⁾ Includes Subordinated Perpetual Debentures valued at THB 14,874 million.

⁽⁵⁾ Periods with Restated or (R) are restated numbers as per the adoption of new and revised TFRS in 2015

⁽⁶⁾ Tax impact on inventory gain/loss is now being calculated on each entity to present the impact on core basis more appropriately and historical are recasted accordingly.

⁽⁷⁾ M&A earnings annualized in ROCE% calculation to present the ratio appropriately and historical are recasted accordingly.

IVL's HVA Profile


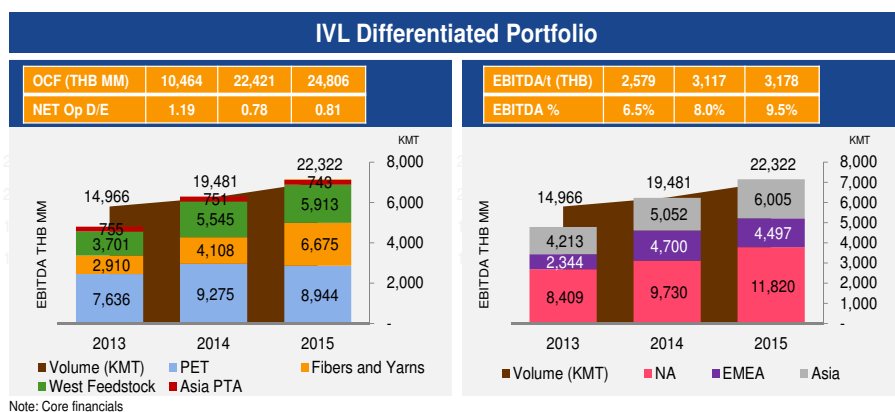
Note: Core financials

IVL registered Core EBITDA growth of 37% in HVA products in 2015 over 2014. Revenues fell 5% during the period on lower absolute prices.

Growth was seen in all **five HVA verticals serving Food & Beverages, Hygiene, Safety, Industrials and Apparel markets.**

In 2015 HVA business contributed 34% of net revenues and 48% of Core EBITDA of IVL. We believe our above-mentioned five HVA verticals, within PET, Fibers & Yarns (F&Y) and Feedstock segments, will remain to provide the company with significant growth opportunities as they follow key industry & consumer trends around environmental awareness, performance, health and safety. We continue to pursue both organic and inorganic expansions to consolidate these HVA businesses and to leverage our scale with a presence in 21 countries globally (including announced Cepsa Spain acquisition). Our acquisition of Europe's only IPA business with Cepsa Spain deal and the NDC business of BP Decatur, USA will expand our HVA product profile once these two deals are completed in 2Q16.

IVL's Differentiation Profile



IVL's product profile in necessities continues to be supplemented and strengthened by both integration in its feedstock i.e. in USA and Europe as well as by strategically investing in attractive downstream markets i.e. PET in India

and Fiber in Indonesia. PTA in Asia has continued to struggle in last 4 years and has limited IVL on delivery to its full potential. We believe that the lack of new capacity build up in Asia going forward will balance the oversupply as demand continues to grow at its usual pace of ~6% pa, as we know from various industry publications and as per our experience.

Our European business was impacted by lower freight rates and cheaper PET imports especially to Turkey although our overall global portfolio and diversified sources of earnings has differentiated IVL from its peers and has allowed us to sail through the weak and volatile environment. We believe that 2016 will face similar challenges and management has taken actions to further improve our differentiation with selective growth opportunities in the West (North America, Europe, Middle East & Africa) and by improving our costs through excellence initiatives.

IVL's Capital Efficiency

IVL registered a 3x growth in Core EPS in 2015 over 2013 to Baht 1.17. Management has been able

IVL	2013(R)**	2014(R)	2015
Necessities	4,724	4,925	5,561
HVA	1,080	1,325	1,463
Production ('000 MT)	5,804	6,249	7,024
Core EBITDA/t (THB)			
Necessities	2,083	2,372	2,086
HVA	4,747	5,888	7,328
IVL	2,579	3,117	3,178
Core EBITDA (THB Million)			
Necessities	9,841	11,681	11,602
HVA	5,125	7,801	10,721
IVL	14,966	19,481	22,322
Core EBIT	8,125	11,583	12,997
Net Op CE	133,426	132,523	150,249
*ROCE%	6.4%	8.6%	9.4%
Core EPS after PERP Interest	฿ 0.41	฿ 0.99	฿ 1.17
Operating Cash Flow	10,464	22,421	24,806
Net Op Debt/Equity Times	1.21	0.78	0.81

**Annualized earnings of the M&A as applicable and exclude JV investments, Note: Net Op CE=Net Operating Capital Employed **Periods with R are restated numbers as per the adoption of new and revised TFRS. Restated 2013 as well accordingly, though not material.*

to reduce net operating debt to equity ratio to 0.81 times in 2015 against 1.21 times in 2013. The company's Core EBITDA per ton has grown to Baht 3,178 in 2015 against Baht 2,579 in 2013, a growth @ 11% CAGR while reducing the net debt per operating assets during this period.

HVA business has more than doubled its absolute core EBITDA to Baht 10.7 billion from Baht 5.1 billion in 2013. The scale business in necessity has maintained its EBITDA at Baht 2,086 per ton since 2013 to 2015, though increased the absolute Core EBITDA to Baht 11.6 billion from Baht 9.8 billion in 2013 which reflects a CAGR of 9%.

On a consolidated basis Core EBITDA has grown at a healthy 22% CAGR since 2013.

In line with a healthy growth of our business across geographies and segments, our OCF (Operating Cash Flow) has grown by over 2x since 2013 to a record Baht 24.8 billion, a growth CAGR of 54%. This resulted primarily from increased earnings and inflow from working capital on lower prices as well as gains from operational excellence. IVL completed six acquisitions in 2015 and added 1.6 million tonnes of new capacity, taking the total installed capacity in 2015 to 9.2 million tonnes, including a 400kt p.a. US gas cracker, currently being refurbished. Our net operating debt per tonne of capacity fell from \$234/t in 2014 to \$213/t in 2015, reflecting our disciplined approach to sustainable growth and cost excellence.

Two previously announced M&A deals adding HVA and necessities portfolio are expected to complete in 1H/2016 which shall add capacity of 1.7 million tonnes, thereby taking total installed capacity to 10.9 million tonnes. 2016 is expected to benefit from increased volumes coming from a full year of operations from the acquisitions completed in 2015 and part of the year from acquisitions completed in 2016. Management will continue with its disciplined approach to consolidate and extract synergies from its acquisitions to deliver superior results across cycles.

Reconciliation of Core Profit after tax and NCI to Reported Net Profit

THB in Millions	2014(R)	2015	YoY%
Core Net Profit after Tax and NCI	4,886	6,487	33%
Inventory gain (loss)	(3,522)	(2,918)	(17)%
Total tax on Inventory gain/(loss)	369	627	70%
Net profit, before extraordinary items	1,733	4,197	142%
Add: Non Operational/Extraordinary income/(expense)	(58)	2,413	-
<i>Acquisition cost & pre-operative expense</i>	<i>(126)</i>	<i>(166)</i>	<i>31%</i>
<i>Gain on Bargain Purchases, impairments and feasibility study (Net)*</i>	<i>506</i>	<i>2,637</i>	<i>421%</i>
<i>Other Extraordinary Income/(Expense)</i>	<i>(438)</i>	<i>(59)</i>	<i>(87)%</i>
= Net profit after tax and NCI	1,675	6,609	295%

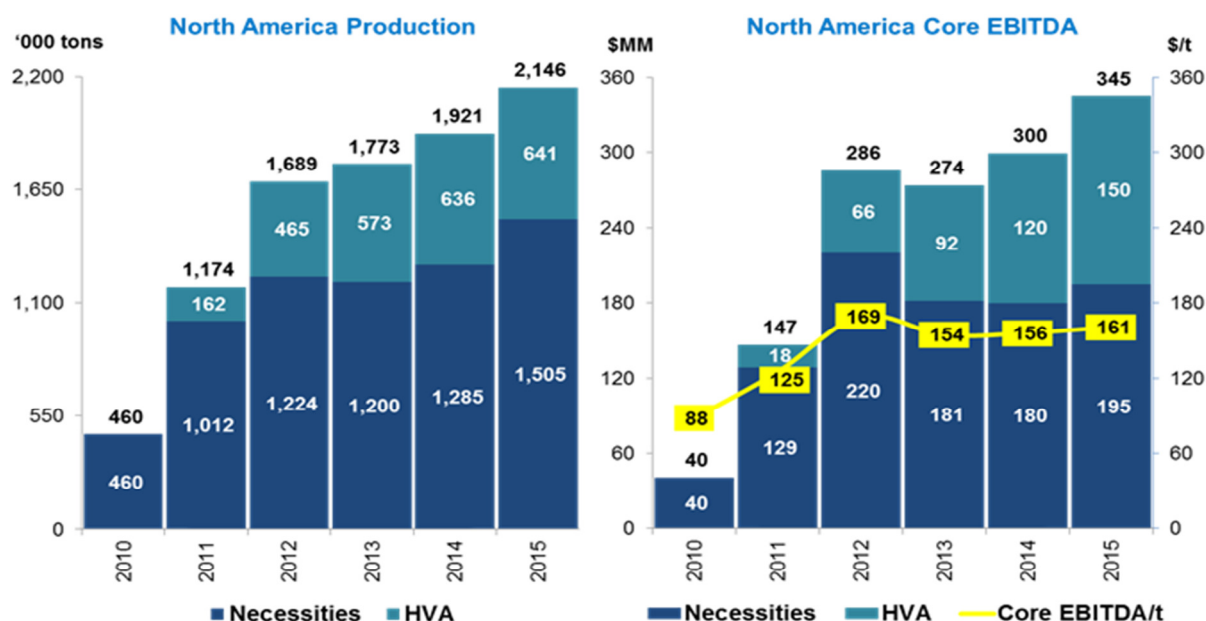
*Gain on bargain purchase needs to be accounted for on completion of any acquisition as per Thai Accounting Standards.

IVL saw a non-cash inventory devaluation of Baht 2.3 billion (tax adjusted) as a result of a rapid fall in prices that was offset by net extraordinary income of Baht 2.4 billion. An inventory gain or loss is calculated notionally every month to reflect the core performance of the business. This gain or loss is calculated on the average inventory during a month and multiplying with the changes in opening and closing inventory value on a tonnage basis. By adjusting this notional gain or loss we can see the core performance of the business. Such gain or loss are accumulated monthly and reported every quarter to get core financials for the quarter. These gain or loss are different than the allowance for decline in value of inventories as the later is more an accounting calculation as per the accounting standard, however the notional inventory gain or loss adjustment provides the core business performance.

The Company saw extraordinary income primarily coming from gains on bargain purchase on completed acquisitions of Polyplex, Bangkok Polyester, Cepsa Canada and others as well as some extraordinary expenses incurred on the acquisitions. After adjusting inventory losses and extraordinary income to the Core net profit, IVL achieved a net profit of THB 6.6 billion in 2015 as against THB 1.7 billion in 2014, an increase of 295% YoY.

Regional Analysis

North America (NA) Segment



Note: Holding companies earnings are allocated to regions and all historical are recasted accordingly

North America	2013	2014	2015	2013	2014	2015
Necessities	1,200	1,285	1,505	1,200	1,285	1,505
HVA	573	636	641	573	636	641
Production ('000 MT)	1,773	1,921	2,146	1,773	1,921	2,146
Core EBITDA/t	USD			THB		
Necessities	151	140	129	4,649	4,548	4,437
HVA	161	188	234	4,937	6,112	8,024
IVL North America	154	156	161	4,743	5,066	5,508
Core EBITDA	USD Million			THB Million		
Necessities	181	180	195	5,577	5,845	6,676
HVA	92	120	150	2,831	3,884	5,144
IVL North America	274	300	345	8,409	9,730	11,820
Core EBIT	173	192	234	5,304	6,233	8,007
Net Op CE	1,789	1,558	1,745	58,691	51,363	62,964
*ROCE%	9.8%	12.6%	14.6%	9.2%	12.4%	13.9%

*Annualized earnings of the M&A as applicable, holdings allocated and exclude JV investments, Note: Net Op CE=Net Operating Capital Employed, ROCE% is different in US\$ and THB due to average exchange rate for earnings and closing exchange rate for capital employed

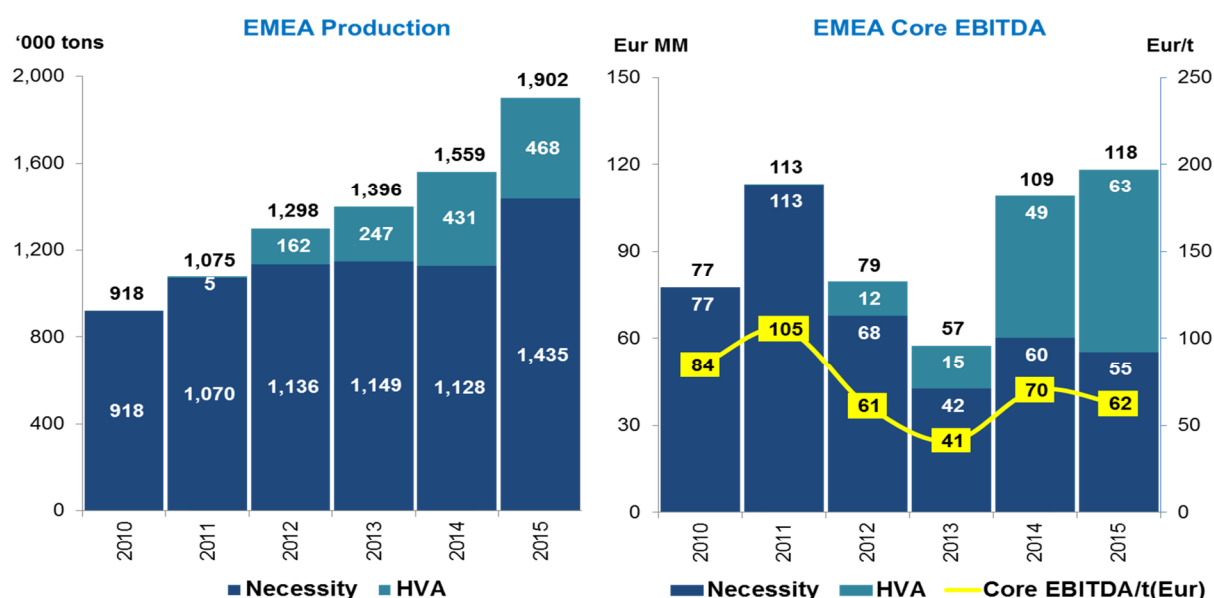
IVL segments in North America continue to benefit from a consolidated and disciplined market place. IVL achieved a YoY volume growth of 12% in 2015 and continues to strategically add and upgrade its portfolio.

The completed acquisition of IVL PTA Montreal in Canada in June 2015, a gas cracker in the State of Louisiana, USA in 3Q15 (startup end 2017) and BP Decatur, Alabama, USA in 2Q16 are the strategic steps in this direction. Post completion of BP Decatur acquisition in 2Q16, IVL will be the fully integrated company in North America.

MEG margins have lowered in 2015 reflecting drop in necessities core EBITA per ton. In the first quarter of 2016, the catalyst change to our EO/EG is ongoing.

Overall our diversified portfolio of necessities and HVA continue to perform according to expectations with superior returns on capital. The company expects to consolidate and extract synergies from the acquired entities during 2016.

Europe, Middle East and Africa (EMEA) Segment



Note: Holding companies earnings are allocated to regions and all historical are recasted accordingly

EMEA	2013	2014	2015	2013	2014	2015
Necessities	1,149	1,128	1,435	1,149	1,128	1,435
HVA	247	431	468	247	431	468
Production ('000 MT)	1,396	1,559	1,902	1,396	1,559	1,902
Core EBITDA/t	EUR			THB		
Necessities	37	53	39	1,507	2,301	1,466
HVA	61	113	134	2,477	4,882	5,116
IVL EMEA	41	70	62	1,679	3,014	2,364
Core EBITDA	EUR Million			THB Million		
Necessities	42	60	55	1,732	2,597	2,104
HVA	15	49	63	612	2,103	2,394
IVL EMEA	57	109	118	2,344	4,700	4,497
Core EBIT	22	65	67	880	2,791	2,536
Net Op CE	582	731	696	26,214	29,287	27,447
*ROCE%	4.5%	9.9%	9.6%	4.2%	9.8%	9.1%

*Annualized earnings of the M&A as applicable, holdings allocated and exclude JV investments, Note: Net Op CE=Net Operating Capital Employed, ROCE% is different in EUR and THB due to average exchange rate for earnings and closing exchange rate for capital employed

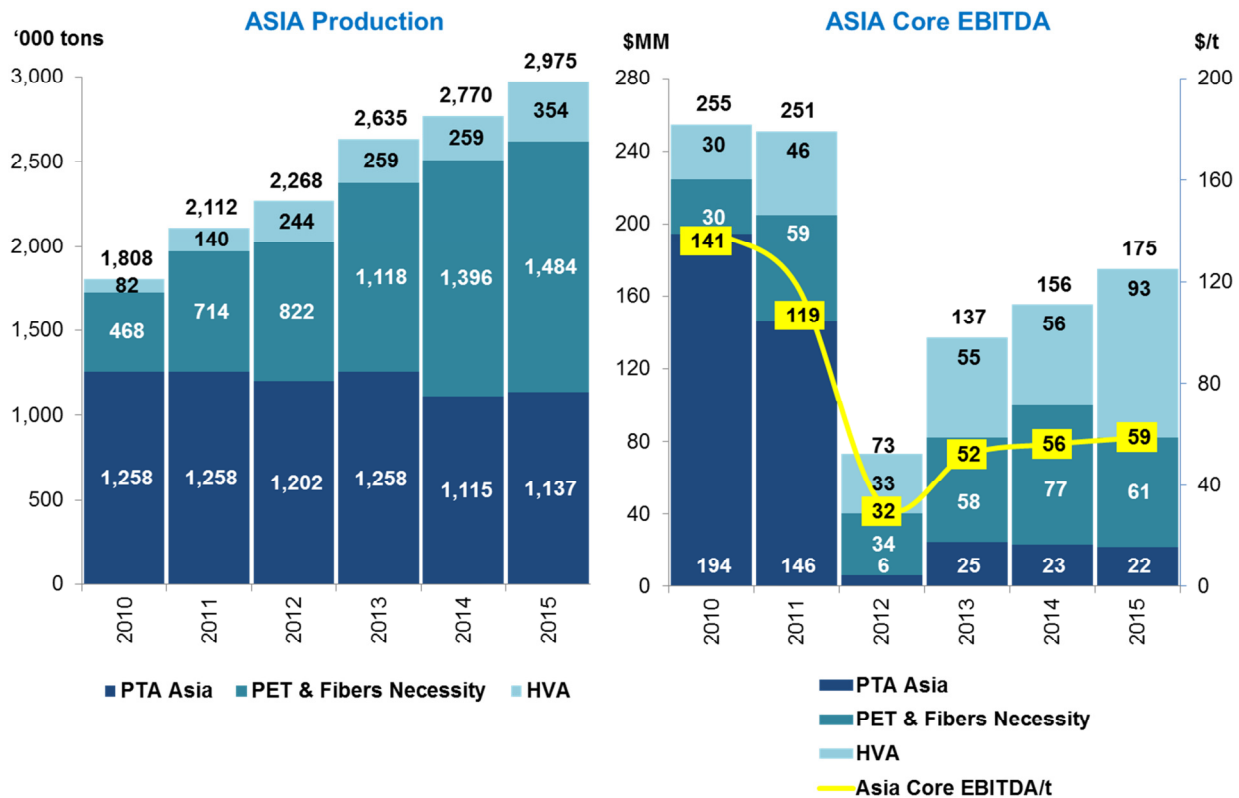
2015 has been a challenging year for earnings in the EMEA region and again our diversified portfolio of products allowed us to achieve a ROCE of 9.6% in Euro (12.3% excluding Polyplex PET which was acquired just after construction was completed and is therefore expected to improve once it is fully absorbed in the market place). Our EMEA ROCE is at midpoint of our North American and our Asian portfolio reflecting the fundamental advantages of a North American like market but having to face challenge in necessities from the very low freights and excess PTA capacity in Asia.

Investments in the HVA business, benefits from IVL's scale and infrastructure and has therefore outperformed throughout the recent period of lower feedstock prices.

Volumes increased 22% YoY in 2015 due to utilization rate increase and new volumes from the acquisition of PHP Fibers and PET in Turkey.

The Rotterdam PTA Brownfield expansion of 330kta will be completed in 2H16, which will help strengthen our cost position and improve our returns. The recent announcement to acquire Cepsa Spain's assets of IPA, PTA and PET will improve IVL's HVA business profile and also help to consolidate the necessities business of PTA and PET. IVL expects to lower its cost position especially the SG&A costs upon completion. The company expects to consolidate and extract synergies with the acquired entities and the brown-field expansion of PTA at Rotterdam.

Asia Segment



Note: Holding companies earnings are allocated to regions and all historical are recasted accordingly

Asia	2013(R)**	2014(R)	2015
Necessities	2,376	2,511	2,621
HVA	259	259	354
Production ('000 MT)	2,635	2,770	2,975
Core EBITDA/t (THB)			
Necessities	1,066	1,290	1,076
HVA	6,491	7,014	8,990
IVL Asia	1,599	1,824	2,018
Core EBITDA (THB Million)			
Necessities	2,532	3,239	2,822
HVA	1,682	1,813	3,183
IVL Asia	4,213	5,052	6,005
Core EBIT	1,941	2,559	2,455
Net Op CE	48,521	51,874	59,838
*ROCE%	4.3%	4.2%	5.0%

*Annualized earnings of the M&A as applicable, holdings allocated and exclude JV investments, Note: Net Op CE=Net Operating Capital Employed **Periods with R are restated numbers as per the adoption of new and revised TFRS. Restated 2013 as well accordingly, though not material.

The Necessities business in Asia continues to be impacted by over-capacity, especially in PTA that has continued to be very sluggish for last 4 years. The PET business has recovered in 2H15 from the lows of 2Q15 and is expected to maintain.

Our HVA portfolio in this region continues to perform well and Core EBITDA has significantly grown in 2015 YoY to Baht 3.2 billion and for the first time is larger than our necessities business in the region. The acquisition of Performance Fibers in 2Q15 has expanded the breadth and depth of our HVA product portfolio in Asia that can be seen in the performance of HVA business in the table.

IVL expects to improve Asian Core EBITDA/t by increasing the number/volume of HVA products and by enhancing integration and synergies within IVL businesses such as increasing HVA and Recycling in Thailand while producing the necessities in Indonesia for domestic consumption.

The acquisition of Bangkok Polyester PET in 2Q15 and our maiden entry in India with MicroPET PET plant in 4Q15 are steps to enhance integration and grow in new attractive markets. More PTA is now being captive supplied by our own nearby facilities to improve the logistic costs.

The company expects to consolidate and extract synergies with the acquired entities, shaping our portfolio and continue to improve the ROCE as seen over the last 3 years despite challenging market conditions and slowdown in China.

Accounting Policy

The accounting policies are adopted and applied consistently to all the periods. For more information on key accounting policies please refer to Note number 3, 4 and 41 of our full year 2015 audited financial statements.

Performance Comparison

Business Segments- Key Financial Data

	2014	2015	YoY%
Production (000 tonnes)	6,249	7,024	12%
PET	3,098	3,414	10%
Fibers and Yarns	1,148	1,315	15%
Feedstock	2,004	2,295	15%
<i>West Feedstock</i>	<i>889</i>	<i>1,158</i>	<i>30%</i>
<i>Asia PTA</i>	<i>1,115</i>	<i>1,137</i>	<i>2%</i>
Operating rate (%)	85%	86%	0%
PET	85%	84%	(1)%
Fibers and Yarns	85%	90%	6%
Feedstock	87%	86%	(0)%
<i>West Feedstock</i>	<i>96%</i>	<i>90%</i>	<i>(6)%</i>
<i>Asia PTA</i>	<i>81%</i>	<i>83%</i>	<i>3%</i>
Core EBITDA (THB in Millions)	19,481	22,322	15%
PET	9,275	8,944	(4)%
Fibers and Yarns	4,108	6,675	62%
Feedstock	6,296	6,655	6%
<i>West Feedstock</i>	<i>5,545</i>	<i>5,913</i>	<i>7%</i>
<i>Asia PTA</i>	<i>751</i>	<i>743</i>	<i>(1)%</i>
Core EBITDA/t (US\$/t)	96	93	(3)%
PET	92	76	(17)%

	2014	2015	YoY%
Fibers and Yarns	110	148	34%
Feedstock	97	85	(13)%
West Feedstock	192	149	(22)%
Asia PTA	21	19	(8)%

Notes: 2014 EBITDA includes LOP Lopburi flooding insurance claim of THB 140 million in PET.

Revenue from sale of goods

Baht in Millions	FY 2014	FY 2015	Change (%)
Revenue from sale of goods	243,907.2	234,697.9	(3.8)%
Add: Eliminations	35,964.2	30,315.4	
Adjusted revenue from sale of goods	279,871.5	265,013.3	(5.3)%
PET	145,120.7	131,834.0	(9.2)%
Fibers & Yarns	70,274.0	73,218.8	4.2%
Feedstock	64,476.8	59,960.5	(7.0)%

Sales revenue for the year ended 2015 was Baht 234,697.9 million, a decrease of 3.8% from 2014 mainly due to lower absolute prices following the crude oil trend, despite an increase in the volumes.

PET Revenue

PET revenue for the year ended 2015 was Baht 131,834.0 million, a decrease by Baht 13,286.7 million or 9.2% from 2014, mainly driven by a significant fall in absolute prices in 2015 following the crude oil price trend.

Fibers & Yarns Revenue

Fibers & Yarns revenue for the year ended 2015 was Baht 73,218.8 million, increased by Baht 2,944.9 million or 4.2% from 2014, primarily driven by volume growth partially negated by lower absolute prices. The volume growth of 15% from last year generally resulted from increasing in utilization rate and the acquisition of Performance Fibers in 2Q15. Besides, 2015 saw the first full year of operations of PHP Fibers which was acquired in 2Q14.

Feedstock Revenue

Feedstock revenue for the year ended 2015 was Baht 59,960.5 million, a decrease of Baht 4,516.3 million or 7.0% from 2014, primarily driven by lower MEG production in 2015 due to practically a month long unplanned shutdown at our EO/EG and its aging catalyst together with significant fall in absolute prices in 2015 following the crude price trend.

Cost of Sale of Goods

Baht in Millions	FY 2014	FY 2015	Change (%)
Cost of sale of goods	215,711.7	202,066.2	(6.3)%
As a percentage of total revenues	88.4%	86.1%	
Add: Eliminations	34,923.8	28,093.7	
Adjusted cost of sales of goods	250,635.5	230,160.0	(8.2)%
PET	131,031.5	117,411.9	(10.4)%
As a percentage of total PET revenue	90.3%	89.1%	
Fibers & Yarns	62,048.9	62,189.9	0.2%
As a percentage of total Fibers & Yarns revenue	88.3%	84.9%	
Feedstock	57,555.1	50,558.2	(12.2)%
As a percentage of total Feedstock revenue	89.3%	84.3%	

Our cost of sales for the year ended 2015 was Baht 202,066.2 million, a decrease of Baht 13,645.5 million or 6.3% from 2014 which is in line with the decrease in sales revenue.

PET Cost of Sale of Goods

For the year ended 2015, PET cost of sale of goods was Baht 117,411.9 million, a decrease of Baht 13,619.6 million or 10.4% from 2014, in line with the decrease in sales revenue together with a significant fall in absolute raw material prices in 2015 following the crude oil price trend.

Fibers & Yarns Cost of Sale of Goods

For the year ended 2015, Fibers & Yarns cost of sale of goods were Baht 62,189.9 million, slightly increased by Baht 141.0 million or 0.2% from 2014, resulted from the volume growth in the HVA products with the acquisition of Performance Fibers in China.

Feedstock Cost of Sale of Goods

For the year ended 2015, Feedstock cost of sale of goods was Baht 50,558.2 million, a decrease of Baht 6,996.9 million or 12.2% from 2014, in line with decrease in sales revenue together with a significant fall in absolute raw material prices in 2015 following crude oil prices.

Gross Profit

Baht in Millions	FY 2014	FY 2015	Change (%)
Gross Profit	28,195.5	32,631.7	15.7%
As a percentage of total revenues	11.6%	13.9%	
Add: Eliminations	(1,040.5)	(2,221.7)	
Adjusted gross profit	29,236.0	34,853.4	19.2%
PET	14,089.3	14,422.1	2.4%
As a percentage of total PET revenue	9.7%	10.9%	

Baht in Millions	FY 2014	FY 2015	Change (%)
Fibers & Yarns	8,225.0	11,028.9	34.1%
As a percentage of total Fibers & Yarns revenue	11.7%	15.1%	
Feedstock	6,921.7	9,402.3	35.8%
As a percentage of total Feedstock revenue	10.7%	15.7%	

Gross Profit for the year ended 2015 was Baht 32,631.7 million, an increase of Baht 4,436.2 million or 15.7% from 2014. The gross profit margin of 13.9% in 2015 increased slightly from the prior year mainly due to a change in the product mix towards higher value-addition.

PET Gross Profit

For the year ended 2015, PET gross profit was Baht 14,422.1 million, increased by Baht 332.9 million from 2014. PET gross profit margin in 2015 was 10.9%, a marginal increase YoY due to lower prices whereas the margins did not fall in line with the revenues.

Fibers & Yarns Gross Profit

For the year ended 2015, Fibers & Yarns gross profit was Baht 11,028.9 million, increased by Baht 2,803.9 million from 2014. Gross profit margin in 2015 was 15.1%, increased from the prior year mainly due to strategically added HVA product portfolio by acquisition of PHP Fibers in 2Q14 and Performance Fibers in 2Q15 which contributed higher margins to IVL and lower absolute prices.

Feedstock Gross Profit

For the year ended 2015, Feedstock gross profit was Baht 9,402.3 million, increased by Baht 2,480.6 million from 2014. Gross profit margin in 2015 was 15.7%, increased from the prior year partially due to higher margin in EOEG business and lower absolute prices, despite lower profits in PTA Asia as negatively impacted by force majeure announced by PX supplier in Thailand (supplies regularised by end of December 2015). Further the margins did not fall in line with the revenues.

***Spread or Raw Material Margins**

Amount in US\$ per MT	FY 2014	FY 2015
Industry spread		
Asia PET	142	117
West PET (50:50- North America : Europe)	248	211
IVL spread		
Asia PET	187	162
West PET (IVL Actual Mix)	282	242
Industry spread		
Asia PTA	87	95
West PTA (50:50- North America : Europe)	231	214
IVL spread		

Amount in US\$ per MT	FY 2014	FY 2015
Asia PTA	113	101
West PTA (IVL Actual Mix)	260	218

*Selling price less raw material consumption

IVL normally gets minor premium over the industry margins due to its volume and vast global presence. Actual geography capacity mix in IVL also impacts the IVL margin when compared with the industry.

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

Baht in Millions	FY 2014	FY 2015	Change (%)
EBITDA⁽¹⁾	15,959.3	19,404.8	21.6%
Add: Inventory loss/(gain) ⁽²⁾	3,522.0	2,917.6	
CORE EBITDA	19,481.3	22,322.5	14.6%
As a percentage of total revenues	8.0%	9.5%	
Add: Eliminations and others ⁽³⁾	197.8	(48.3)	
Adjusted CORE EBITDA	19,679.2	22,274.2	
PET	9,274.6	8,943.9	(3.6)%
As a percentage of total PET revenue	6.4%	6.8%	
Fibers & Yarns	4,108.4	6,674.8	62.5%
As a percentage of total Fibers & Yarns revenue	5.8%	9.1%	
Feedstock	6,296.1	6,655.5	5.7%
As a percentage of total Feedstock revenue	9.8%	11.1%	

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

⁽²⁾ Inventory gain (losses) 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 following market movements.

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

CORE EBITDA for the year ended 2015 was Baht 22,322.5 million, an increase of 14.6% from 2014 Baht 19,481.3 million. Core EBITDA is defined as EBITDA plus Inventory loss/ (gain).

PET Core EBITDA

PET Core EBITDA for the year ended 2015 was Baht 8,943.9 million, a slightly decrease of 3.6% from 2014 Baht 9,274.6 million. PET operations performed weaker due to drop in PET margin but were partially offset by the increased mix of HVA into the portfolio. Core EBITDA margin remained flat YoY at around 6.8% in 2015 on lower absolute prices.

Fibers & Yarns Core EBITDA

Fibers & Yarns Core EBITDA for the year ended 2015 was Baht 6,674.8 million, an increase of 62.5% from 2014 Baht 4,108.4 million. It grew in 2015 primarily due to higher volume and the expansion of the HVA products portfolio since the acquisition of PHP Fibers and Performance Fibers. This primarily helped improve the Core EBITDA margin to 9.1% in 2015 in a lower price environment.

Feedstock Core EBITDA

Feedstock Core EBITDA for 2015 was Baht 6,655.5 million, which increased by 5.7% from Baht 6,296.1 million in 2014. Feedstock Core EBITDA margin in 2015 was 11.1% as against 9.8% in 2014. Such increase was driven by a higher margin in EOEG business and lower absolute prices.

Other Revenues

Baht in Millions	FY 2014	FY 2015	Change (%)
Interest Income	71.6	166.7	132.8%
Net foreign exchange gain (loss)	375.4	48.5	(87.1)%
Gain on a bargain purchase	1,669.9	3,625.7	117.1%
Impact of flooding, net	140.0	-	(100.0)%
Other income	1,572.8	1,594.8	1.4%
Total	3,829.6	5,435.6	41.9%

Interest Income

Interest Income for the year ended 2015 was Baht 166.7 million, increased by Baht 95.1 million or 132.8% from 2014. This was mainly due to an increase in current investment during the year.

Net foreign exchange gain (loss)

There was a net foreign exchange gain for 2015 of Baht 48.5 million, a decrease from 2014 by Baht 326.9 million or 87.1%. This was primarily due to IVL's disciplined approach to hedging the receivables and payables. Also currency volatilities are hedged in a natural way due to our geographical presence, for example US\$ assets are hedged naturally against the US\$ liabilities. Generally Thai baht currency depreciation is beneficial to a global company like IVL as there is a gain on overseas investments, which goes into Translation Reserves in the Shareholders Equity.

Gains on bargain purchases

During 2015, IVL 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) are considered to be gains on bargain purchases, and 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

calculated every time to arrive at recognized values. Fair value adjustments are the difference between the carrying amount and the recognized value. In 2015, IVL had gains on bargain purchases of Baht 3,625.7 million. The following details are given:

Baht in Millions	Net identified assets acquired and liabilities assumed					Total Consideratio n	Gain on a bargain purchase
	Carrying amounts	Fair value adjustments	Recognized values	Interest acquired (%)	Recognized values		
<i>Companies acquired during the years ended December 31, 2014</i>							
PHP Fibers GmbH, Germany	5,507.8	(32.8)	5,475.0	80%	4,380.0	3,292.9	1,087.1
Artenius Turkpet Kimyevi Maddeler Sanayi A.S., Turkey	987.7	365.5	1,353.1	100%	1,353.1	770.3	582.8
							1,669.9
<i>Companies acquired during the years ended December 31, 2015</i>							
Polyplex Resins San. ve Tic. A.S., Turkey	267.5	144.4	411.9	100%	411.9	210.2	201.7
Performance Fibers Holdings Finance, Inc., USA	3,340.7	1,991.7	5,332.3	100%	5,332.3	6,250.7	-
Bangkok Polyesters Public Company Limited, Thailand	1,468.6	818.6	2,287.2	99%	2,263.8	1,356.2	907.6
CEPSA Chimie Montréal s.e.c, Canada	13,285.5	(2,833.9)	10,451.6	100%	10,451.6	7,992.7	2,458.9
Micro Polypet Private Limited, India	83.0	148.3	231.2	100%	231.2	173.8	57.5
							3,625.7

A gain on bargain purchase is considered by management as an extraordinary item which does not arise from the normal operation of the business, but is included in the net profit of the company. Additional information on each acquisition is provided in 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 names and trademarks, were all recognized in the financial statements at fair value, and subject to depreciation, amortization or impairment (If any) in accordance with generally accepted accounting principles, as disclosed in Note 4 – Significant accounting policies in the Audited Financial Statements.

IVL's management expertise and business model allows us to buy companies most of the times at below its fair value as determined by an appraiser. Hence we need to record the gain on bargain purchase. These gains are recorded in property plant & equipment or intangibles or other assets as applicable.

Impact of flooding, net

In 2014, an insurance claim from flooding in Lopburi in 2011 was Baht 140 million. All insurance claims related to flooding, were received in 2014.

Other Income

Other income for the year ended 2015 was Baht 1,594.8 million, no significant change from 2014.

Expenses

Baht in Millions	FY 2014 (R)	FY 2015	Change (%)
Selling expenses	11,139.6	12,443.5	11.7%
Administrative expenses	5,397.4	6,736.5	24.8%
Management benefit expenses	90.2	112.9	25.2%
Total	16,627.2	19,292.9	16.0%

Total expenses for the year ended December 31, 2015 was Baht 19,292.9 million, increased from year 2014 by Baht 2,665.7 million or 16.0% as a result of higher spending on selling and administrative expenses in line with our volume growth and inflation factors. Moreover, IVL has made a provision of Baht 609.7 million in administrative expenses against advance payments for costs relating to the Abu Dhabi project. The Abu Dhabi project ultimately proved to be non-viable as, in order for the project to be cost competitive, the Company was expecting certain pricing agreements that did not materialize. Finally it was decided to withdraw from the project before more CAPEX costs were incurred during the project phase and other costs incurred attributable to operations.

While it should be expected that there would be some preliminary costs involved in any greenfield project study, such as basic engineering costs, office costs, legal costs, etc., we have pursued the recovery of costs that have been agreed on.

A greenfield petrochem project generally involves a detailed feasibility study, which, at the end of the study would provide the investors with firmer project costs, such as the total project capital expenditure and timelines. This preliminary phase requires hiring a project management consultancy company; paying for some basic engineering to be done by the technology suppliers; some site preparation; utilities, offsite study and pre-operating costs, etc. The overall costs amounting to Baht 1.25 billion incurred by us are not considered high in this industry and represent a small percentage of the potential overall project cost.

The Abu Dhabi Project, a joint venture, was a part of huge petrochemical complex getting support from certain infrastructure projects which were being developed by our joint venture partner. The Board of IVL decided to exit the project as delays became apparent in the completion schedule for the main project as well as supporting projects. The project costs as well as the operational costs, as they became firmer following the feasibility study, were significantly higher than our expectation. The Joint Venture agreement language provided IVL with a right to exit if certain thresholds on costs were not met. We exercised this right and exited the joint venture.

The joint venture agreement language also provided for which costs would be incurred at different stages and which would be reimbursed to IVL if we were to exit the project. The costs were incurred largely in site preparation, basic engineering costs, utilities and off-site costs that could be used by the joint venture partner to continue with the project on their own (or with another partner) and are reimbursable. Others are seen as sunk costs that cannot be reimbursed, examples of which are pre-operating costs, project consultancy and legal costs up to a certain stage of the feasibility study. However, the cost recovery process is still ongoing.

Based on clear guidance provided under the joint venture agreement, we have accordingly provided Baht 609.70 million in our income statement and reflect Baht 645 million as receivables in our balance sheet. Our expectation is that we may collect these receivables in the third quarter of 2016 with a late case scenario of no later than the end of 2016.

Management benefit expenses increased slightly due to a rise in wages and salaries. Please refer to Note 31 – Employee benefit expenses of the Audited Financial Statements for further details on this item.

Finance Costs

Finance costs for the year ended 2015 was Baht 3,652.1 million, a slightly increase by Baht 97.6 million from 2014 that was in line with a slightly increase in both short-term and long-term debt.

Share of loss of jointly-controlled entities, net

IVL had share of loss from joint venture of Baht 242.2 million and Baht 1,356.1 million for the year ended 2015 and 2014 respectively. A significant decrease in share of loss from joint venture was due to the mothballing of UAB Ottana Polimeri Europe. Please refer Note 13 – Investment in joint ventures in the Audited Financial Statements for further details on this item.

Income Tax Expense

Income tax expense for 2015 was Baht 1,880.8 million, an increase of Baht 255.4 million from 2014. This was in line with an increase in earnings in 2015.

Net Profit

Baht in Millions	FY 2014 (R)	FY 2015	Change (%)
Net profit	1,960.5	6,888.4	251.4%
As a percentage of total revenues	0.80%	2.94%	
Profit attributable to:			
Owners of the Company	1,675.1	6,609.3	294.6%
Non-controlling interests	285.4	279.1	(2.2)%

Net Profit for the year ended December 31, 2015 was Baht 6,888.4 million, an increase of Baht 4,927.9 million or 251.4% from 2014 due to higher earnings as explained above. Please refer to the explanation of EBITDA above for more details. The net profit for the period included extraordinary items i.e. gains on bargain purchases, acquisition costs and related transaction expenses incurred on acquisitions completed. These non-recurring items are not from the normal operation of business.

Financial Position

The company looks at financial position of various businesses at the group level, hence closely monitor the changes in financial position at the group level. An analysis of financial position is presented below:

Total Assets

As of December 31, 2015 and 2014, IVL had total assets of Baht 221,640.6 million and Baht 194,533.7 million, respectively. The increase of 13.9% was mainly due to the growth of business from expansions and acquisitions. Major assets are as follows:

Trade Accounts Receivable

As of December 31, 2015 and 2014, IVL reported trade accounts receivable of Baht 27,499.6 million, and Baht 26,203.0 million respectively, representing 12.4% and 13.5% of total assets. The company has continued to improve and control its debt management. Each subsidiary takes responsibility to set up and monitor their allowance for doubtful accounts by focusing on the amount of over 12 months overdue in order to ensure that the allowance is adequate. Allowance for doubtful accounts is in a narrow low range due to this close follow up and collections on time. Aging analysis for trade accounts receivable was as follows:

	Consolidated financial statements	
	December 31, 2014	December 31, 2015
	(Baht in Millions)	
Related parties		
Within credit terms	1,682.2	664.3
Overdue:		
Less than 3 months	108.3	564.7
3-6 months	1.0	0.0
Net	1,791.4	1,229.0
Other parties		
Within credit terms	21,154.5	21,915.5
Overdue:		
Less than 3 months	3,039.4	3,350.2

	Consolidated financial statements	
	December 31, 2014	December 31, 2015
	(Baht in Millions)	
3-6 months	148.3	740.2
6-12 months	51.5	235.7
Over 12 months	141.8	164.1
	24,535.5	26,405.7
Less: allowance for doubtful accounts	(123.9)	(135.1)
Net	24,411.6	26,270.6
Total	26,203.0	27,499.6

Inventories

As of December 31, 2015 and 2014, IVL reported inventories of Baht 31,785.6 million and Baht 29,141.1 million respectively, representing 14.3% and 15.0% of total assets. This increase was in line with the expansion and business growth in 2015.

Investment in jointly ventures

As of December 31, 2015 and 2014, IVL reported investment in jointly-controlled entities of Baht 1,962.4 million and Baht 1,941.9 million, respectively, representing 0.9% and 1.0% of total assets. The decrease resulted from share of loss of jointly-controlled of Baht 242.2 million in 2015 mainly due to lower PTA margin and higher inventory losses.

Property, plant and equipment (PPE)

As of December 31, 2015 and 2014, IVL reported property, plant and equipment of Baht 120,365.6 million and Baht 97,822.5 million, respectively, representing 54.3% and 50.3% of total assets. The slight increase in property, plant and equipment resulted from six acquisitions and ongoing Rotterdam PTA expansion. Please refer to Note 15 – Property, Plant and Equipment of the Audited Financial Statements for further details on this item.

PET segment saw an increase of 20% in its PPE in 2015 over 2014 to Baht 44,733.2 million. This was primarily due to acquisition of Polyplex Turkey, Bangkok Polyester and Micropet India in 2015.

Fibres & Yarns segment saw an increase of 22% in its PPE in 2015 over 2014 to Baht 34,603.2 million. This was primarily due to acquisition of Performance Fibers and small investments at the existing plants in 2015

Feedstock segment saw an increase of 27% in its PPE in 2015 over 2014 to Baht 40,950.4 million. This was primarily due to acquisition of Cepsa Canada and US Gas Cracker in 2015 together with the ongoing expansion of PTA at our Rotterdam site.

Other Intangible Assets

As of December 31, 2015 and 2014, IVL reported intangible assets of Baht 13,581.2 million and Baht 11,126.9 million, respectively, representing 6.1% and 5.7% of total assets. The increase resulted from acquisition of business in 2015 especially Performance Fibers e.g. technology licenses and knowhow, customer contracts and relationship, trade name and trademark. IVL record the additional intangible asset on the acquisitions, as fair value which was appraised by independent appraiser was higher than the acquisition price.

Loan to related parties

IVL has given certain loan to related parties as per Note 6 – Related parties in the Audited Financial Statements. There are given for various strategic reasons and as on December 2015, these amounts are not material. IVL believe that the companies whom these are given to are in a healthy position to refund the same to IVL.

Total Liabilities

As of December 31, 2015 and 2014, IVL reported total liabilities of Baht 138,687.7 million and Baht 119,924.1 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, 2015 and 2014, IVL had trade accounts payable of Baht 31,149.0 million and Baht 27,764.2 million respectively. This was in line with the growth of the volumes from business expansions and acquisitions. The payment days for the year ended 2015 and 2014 were 50.9 days and 43.3 days respectively. IVL was able to get extended credits from its suppliers as its volume increased in 2015 over 2014.

Interest-bearing liabilities

As of December 31, 2015 and 2013, IVL reported interest-bearing liabilities of Baht 73,293.6 million and Baht 85,266.1 million respectively, representing 37.5% and 45.1% of total liabilities and shareholders' equity. The details of Interest-bearing liabilities are as follows:

Consolidated Financial Statement
December 31, 2014 December 31, 2015
(Baht in Millions)

Current

Bank overdrafts and Short-term loans from financial institutions	8,581.0	12,115.0
Net current portion of long-term loans	4,426.2	2,118.2
Current portion of debentures	-	2,898.0
Current portion of finance lease liabilities	8.3	8.4
	13,015.6	17,139.6

Non-current

Long-term loans from financial institutions	32,757.6	34,140.3
Debentures	27,499.0	32,310.0
Finance lease liabilities	21.4	16.4
	60,278.0	66,466.6

Total	73,293.6	83,606.3
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Our net operating debt to equity remain at 0.8 times at the end of year 2015 and 2014, after spending on capex and investments of US\$ 926 million in 2015. IVL net operating debt increased from US\$ 1,760 million at end of December 31, 2014 to US\$ 1,865 million at the end of December 31, 2015, mainly due to the payment of the acquisitions in 2015.

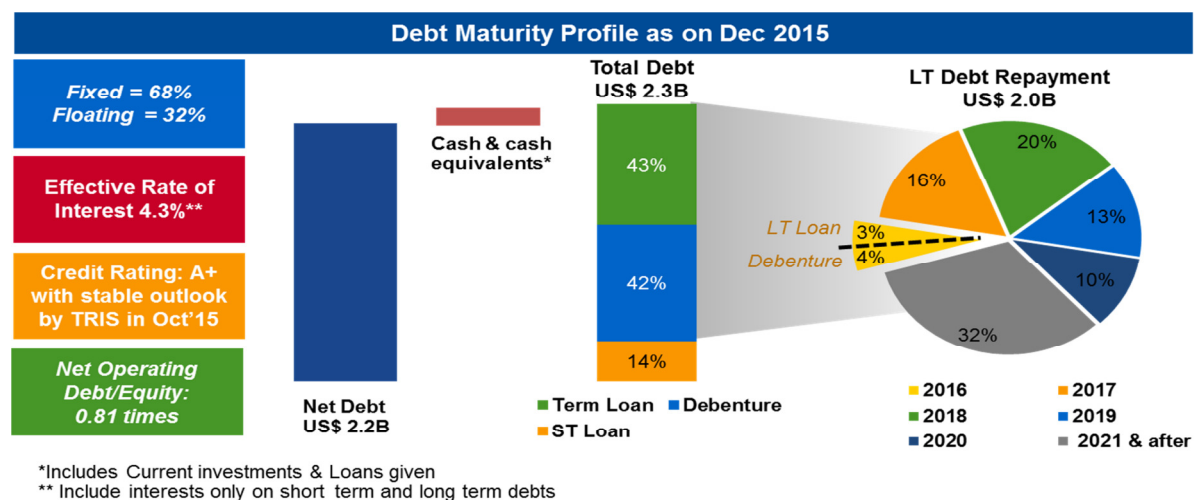
The table below provides movement of total debt and net operating debt in US\$ millions:

US\$ in Millions	2014	2015
Total Debt	2,224	2,317
Bank overdraft and short-term loans	260	336
Long term debt (Current portion)	135	59
Debentures (Current portion)	-	80
Long term debt (Non-current portion)	994	946
Debentures (Non-current portion)	834	895
Cash & Cash under management	323	118
Cash and cash equivalents	164	90
Current investments and loans given	158	29
Net Debt	1,901	2,198
⁽¹⁾ Non-operating Debt (Project Debt)	141	334
Net Operating Debt	1,760	1,865
Net debt to equity (times)	0.8	1.0
Net operating debt to equity (times)	0.8	0.8
Debts with fixed interest %	58%	68%

US\$ in Millions	2014	2015
Credit Rating by TRIS (Reaffirmed in October 2015)	A+	A+
Liquidity	1.6	1.4
Unutilized credit line (US\$ billions)	1.2	1.3
Financial Ratios		
Current ratios (times)	1.5	1.2
Debt Servicing Coverage Ratio (DSCR) times	2.1	2.3
Interest coverage ratio (times)	4.6	5.4

Note ⁽¹⁾ 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\$ billions;



Shareholders' equity

As of December 31, 2015 and 2014, IVL reported shareholders' equity of Baht 82,953.0 million and Baht 74,609.6 million, respectively. The increase in shareholders' equity was mainly due to an increase in retained earnings resulting from the 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 2015 over 2014. Please refer to "Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.

Cash Flow

IVL generated Baht 24,806.1 million of cash flow from operating activities in 2015 compared to Baht 22,421.5 million in 2014 due to improvement in its performance and inflow of net working capital on lower absolute prices following the crude oil trend.

Cash flows used in investing activities of Baht 21,299.5 million in 2015 were primarily paid towards the acquisition of Polyplex, Performance Fibers, Bangkok Polyester, Cepsa Canada and US Cracker. The capex and investments have been funded by a mix of long term loans and cash flow from operations.

Cash flows used in financing activities of Baht 5,607.5 million in 2015 were principally a result of interest paid and dividends paid during 2015. In contrast, there was cash flows provided by financing activities from cash proceeds of issuance debentures, and short and long term loans-net of repayment that used to support business growth.

Liquidity

Strong cash flow from operations and longer average loan maturity led to a high liquidity position in the company. As at December 2015, IVL has a liquidity of US\$ 1.4 billion, in the form of cash and cash under management, plus unutilized banking credit lines. The high liquidity provides us greater flexibility in business operations and to finance accretive growth opportunities.

Key Financial Ratios

Current Ratio

Our current ratio is calculated by dividing total current assets by total current liabilities. The current ratio stands at 1.2 times at the end of 2015, decreased from 1.5 in 2014. This is primarily due to higher cash & cash under management in year 2014, which was subsequently used in 2015 on various acquisitions and higher short-term loans in 2015.

Return on Equity Ratio (ROE)

Our ROE ratio is calculated by dividing our profit attributable to owners of the company for the period by the average of the total equity attributable to equity holders of the Company. IVL achieved a return on equity (ROE) of 10.8% and 2.9% in 2015 and 2014, respectively. In addition, IVL achieved core ROE of 8.9% in 2015 comparing to 7.8% in 2014, that is, increased significantly by 13.3%. The ROE increased in line with core net profit growth.

Return on Assets Ratio (ROA)

Our ROA ratio is calculated by dividing profit for the period by the average total assets. For the year ended 2014 and 2013, our ROA ratio was 3.3% and 1.0%, respectively. In addition, IVL achieved core ROA of 3.1% in 2015 compared to 2.6% in 2014, representing a 22.0% increase. The ROA increased in line with core net profit growth.

Debt to Equity Ratio (D/E)

Our D/E ratio is calculated by dividing total liabilities by total shareholders' equity. As of December 31, 2015 and 2014, our D/E ratio was at 1.7 times and 1.6 times respectively. Our Net Interest Bearing Debt to Equity Ratio is calculated by dividing our interest-bearing liabilities-less cash and cash equivalents by total shareholders; equity. As of December 31, 2015 and 2014, our net interest bearing debt to equity stands at 1.0 times and 0.8 times respectively. The Company raised in cash through the issue of debentures and additional long-term loans from financial institutions, which was used in

acquisitions, ongoing expansions and working capital needs. However the debt covenant for most of the debts is net debt to equity of at least 2 times.

Debt Servicing Coverage Ratio (DSCR)

Our DSCR is calculated by dividing core EBITDA by annual interest and principal payments on debt. As of December 31, 2015 and 2014, our DSCR was at 2.3 times and 2.1 times respectively. The DSCR increased in line with core EBITDA growth which indicated that operations-generated income is sufficient to cover outstanding debt payments during the year. However the debt covenant for most of the debts is DSCR of at least 1.1 times.