

I.C.C. International Public Company Limited

Notes to the financial statements

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Notes to the financial statements

These notes form an integral part of the financial statements.

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

1 General information

I.C.C. International Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 530 Soi Sathupradit 58, Bang Phong Phang subdistrict, Yannawa district, Bangkok.

The Company was listed on the Stock Exchange of Thailand in December 1978.

The Company’s major shareholders during the financial period were Saha Pathana Inter-Holding Public Company Limited (22.1% shareholding) and I.D.F. Co., Ltd. (9.5% shareholding). Both companies were incorporated in Thailand.

The principle business of the Company is distributing consumer products.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

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

The FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 29.

(b) Basis of measurement

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

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

(c) Presentation currency

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

(d) Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following note 16 - Employee benefit obligations.

3 Significant accounting policies

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

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

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

(b) Cash and cash equivalents

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

(c) Trade and other accounts receivable

Trade accounts receivable are stated at their invoice value less allowance for doubtful accounts and provision for sales to retailers with condition.

Other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories in categories of trading and sales to retailers with condition is calculated using the weighted average cost principle and for cost of inventories on real estate-condominium is calculated using the specific method. Cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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(e) Sales VAT on unrecognized sales of inventories

Sales VAT on unrecognized sales shall be registered when the goods have been delivered to retailers and sales VAT has been submitted to the Revenue Department. This sales VAT shall be registered as current asset in the statement of financial position. The company shall also call for VAT from retailers after the goods have been sold to customers.

(f) Investments

Investments in associates

Investments in associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the financial statements in which equity method is applied are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

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

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

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

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using weighted average method applied to the carrying value of the total holding of the investment.

(g) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment property	20-40 years
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(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property. Any loss is recognised to extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment except for the computer has been determined by using the Sum of Year's Digits Method. The estimated useful lives are as follows:

Buildings and improvements	20, 50	years
Office equipment and vehicles	3 - 5	years
Furniture and fixtures	5	years

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives which were trade mark and license database of customer are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Trademarks 10 years
- License database of customer 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing liabilities

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

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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(m) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all expenses related to defined benefit plans in profit or loss.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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(o) Revenue

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration is recognised in profit or loss using the effective interest method.

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(r) Income tax

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

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In determining the amount of current tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(s) *Earnings per share*

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Ownership interest (%)	Nature of relationships
Key management personnel	Thai	-	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company.
Saha Pathana Inter-Holding Plc.	Thai	9.7	Major shareholders, 22.1% shareholding, some common shareholders and directors
I.D.F. Co., Ltd.	Thai	9.0	Major shareholders, 9.5% shareholding, some common shareholders and directors
Saha Pathanapibul Plc.	Thai	10.6	8.5% shareholding, some common shareholders and directors
International Leather Fashion Co., Ltd.	Thai	28.0	Associate, some common directors
Thai Itokin Co., Ltd.	Thai	27.9	Associate, some common directors

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Name of entities	Country of incorporation/ nationality	Ownership interest (%)	Nature of relationships
Issara United Co., Ltd.	Thai	25.0	Associate, some common directors
Worldclass Rent a Car Co., Ltd.	Thai	25.0	Associate, some common directors
Boon Capital Holding Co., Ltd.	Thai	32.0	Associate, some common directors
Tiger Distribution & Logistics Co., Ltd.	Thai	19.9	Some common directors
Sahapat Real Estate Co., Ltd.	Thai	19.9	Some common directors
O.C.C. Plc.	Thai	19.7	0.6% shareholding, some common directors
SSDC (Tigertex) Co., Ltd.	Thai	19.6	Some common directors
International Laboratories Co., Ltd.	Thai	19.6	1.1% shareholding, some common directors
Bangkok Tokyo Socks Co., Ltd.	Thai	19.6	Some common directors
Grand Star Industry Co., Ltd.	Thai	19.5	Some common directors
K. Commercial and Construction Co., Ltd.	Thai	19.5	Some common directors
General Glass Co., Ltd.	Thai	19.5	Some common directors
Five Star Plus Co., Ltd.	Thai	19.5	Some common directors
D F Inter Co., Ltd.	Thai	19.0	Some common directors
Thai Sun Foods Co., Ltd.	Thai	19.0	Some common directors
Thai Cubic Technology Co., Ltd.	Thai	19.0	Some common directors
Laem Cha-Bang Warehouse Co., Ltd.	Thai	19.0	Some common directors
H & B Intertex Co., Ltd.	Thai	19.0	Some common directors
International Commercial Coordination (Hong Kong) Ltd.	Hong Kong	19.0	Some common directors
Pan Asia Footwear Plc.	Thai	18.9	Some common directors
United Utilities Co., Ltd.	Thai	18.6	Some common directors
Top Trend Manufacturing Co., Ltd.	Thai	18.0	Some common directors
Better Way (Thailand) Co., Ltd.	Thai	16.8	Some common directors
Pan Land Co., Ltd.	Thai	16.7	Some common directors
Otsuka Saha Asia Research Co., Ltd.	Thai	16.3	Some common directors are close member of the family of the Company's management
Thai Gunze Co., Ltd.	Thai	16.0	Some common directors
K R S Logistics Co., Ltd.	Thai	15.5	Some common directors are close member of the family of the Company's management
Erawan Textile Co., Ltd.	Thai	15.2	Some common directors
Shiseido Professional (Thailand) Co., Ltd.	Thai	15.0	Some common directors
Tsuruha (Thailand) Co., Ltd.	Thai	15.0	Some common directors
Thai Secom Pitakkij Co., Ltd.	Thai	15.0	Some common directors
S & J International Enterprises Plc.	Thai	14.6	Some common directors
4 People Foods Co., Ltd.	Thai	14.0	Some common directors
Raja Uchino Co., Ltd.	Thai	13.6	Some common directors
Thai Kamaya Co., Ltd.	Thai	12.8	Some common directors

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Name of entities	Country of incorporation/ nationality	Ownership interest (%)	Nature of relationships
Thai Takeda Lase Co., Ltd.	Thai	12.8	Some common directors
Champ Ace Co., Ltd.	Thai	12.5	Some common directors
T.U.C. Elastic Co., Ltd.	Thai	12.0	Some common directors
Treasure Hill Co., Ltd.	Thai	12.0	Some common directors
Morgan De Toi (Thailand) Co., Ltd.	Thai	12.0	Some common directors are close member of the family of the Company's management
Lion Corporation (Thailand) Co., Ltd.	Thai	12.0	Some common directors are close member of the family of the Company's management
Thai Sports Garment Co., Ltd.	Thai	12.0	Some common directors
Thai Shikibo Co., Ltd.	Thai	11.7	Some common directors
Kewpie (Thailand) Co., Ltd.	Thai	10.8	Some common directors are close member of the family of the Company's management
Thai Arai Co., Ltd.	Thai	10.8	Some common directors
Waseda Education (Thailand) Co., Ltd.	Thai	10.7	Some common directors
Far East DDB Plc.	Thai	10.6	Some common directors are close member of the family of the Company's management
Sriracha BSC Bowling Co., Ltd.	Thai	10.6	Some common directors
Textile Prestige Plc.	Thai	10.4	Some common directors
Sahacogen (Chonburi) Plc.	Thai	10.4	Some common directors
Thanulux Plc.	Thai	10.3	3.4% shareholding, some common directors
Kai I.T. Service Co., Ltd.	Thai	10.0	Some common directors
Thai Takaya Co., Ltd.	Thai	10.0	Some common directors
Total Way Image Co., Ltd.	Thai	10.0	Some common directors
E.P.F. Co., Ltd.	Thai	10.0	Some common directors are close member of the family of the Company's management
K.T.Y. Industry Co., Ltd.	Thai	9.9	Some common directors
First United Industry Co., Ltd.	Thai	9.1	Some common directors
Dairy Thai Co., Ltd.	Thai	9.0	Some common directors are close member of the family of the Company's management
Wien International Co., Ltd.	Thai	9.0	Some common directors
Sun 108 Co., Ltd.	Thai	8.3	Some common directors
Janome (Thailand) Co., Ltd.	Thai	8.0	Some common directors
Thai Bunka Fashion Co., Ltd.	Thai	8.0	Some common directors
Thai Staflex Co., Ltd.	Thai	8.0	Some common directors

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Name of entities	Country of incorporation/ nationality	Ownership interest (%)	Nature of relationships
Molten Asia Polymer Products Co., Ltd.	Thai	7.8	Some common directors are close member of the family of the Company's management
Sahachol Food Supplies Co., Ltd.	Thai	7.8	Some common directors
Shaldan (Thailand) Co., Ltd.	Thai	7.5	Some common directors are close member of the family of the Company's management
Pens Marketing and Distribution Co., Ltd.	Thai	7.0	Some common directors
Sriracha Aviation Co., Ltd.	Thai	3.6	Some common directors
Molten (Thailand) Co., Ltd.	Thai	6.0	Some common directors are close member of the family of the Company's management
Boutique Newcity Plc.	Thai	6.0	Some common directors are close member of the family of the Company's management
Sahapat Properties Co., Ltd.	Thai	5.8	Some common directors
Daiohs (Thailand) Co., Ltd.	Thai	5.5	Some common directors
Pattaya Manufacturing Co., Ltd.	Thai	5.3	Some common directors
People's Garment Plc.	Thai	5.3	Some common directors
Kenmin Foods (Thailand) Co., Ltd.	Thai	5.0	Some common directors
Thai Monster Co., Ltd.	Thai	5.0	Some common directors are close member of the family of the Company's management
Saha Nam Textile Co., Ltd.	Thai	18.0	Some common directors
Thai Wacoal Plc.	Thai	4.9	3.8% shareholding, some common directors
Thai Hoover Industry Co., Ltd.	Thai	4.8	Some common directors
Dome Composites (Thailand) Co., Ltd.	Thai	4.2	Some common directors
Thai Arusu Co., Ltd.	Thai	4.2	Some common directors
The Mall Ratchasima Co., Ltd.	Thai	4.0	Some common directors are close member of the family of the Company's management
Ratchasima Shopping Complex Co., Ltd.	Thai	4.0	Some common directors are close member of the family of the Company's management
Thai Naxis Co., Ltd.	Thai	3.4	Some common directors
Thai President Foods Plc.	Thai	2.0	Some common directors
Newcity (Bangkok) Plc.	Thai	0.8	Some common directors are close member of the family of the Company's management

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Cake & Bakery Co., Ltd.	Thai	-	Some common directors
Can Co., Ltd.	Thai	-	Some common directors
Koraj Watana Co., Ltd.	Thai	-	Some common directors
Sun and Sand Co., Ltd.	Thai	-	Some common directors
Thai Q.P. Co., Ltd.*	Thai	-	Some common directors
Bangkok Rubber Plc.	Thai	-	Some common directors
B.S.C.Entertainment Co., Ltd.**	Thai	-	Some common directors
Paknumpo Wattana Co., Ltd.	Thai	-	Some common directors
Maharachapreuk Co., Ltd.	Thai	-	Some common directors
Vira Law Office Co., Ltd.	Thai	-	Some common directors
Sukhatasana Co., Ltd.	Thai	-	Some common directors
Saha Asia Pacific Co., Ltd.	Thai	-	Some common directors are close member of the family of the Company's management
Intanin Chiangmai Co., Ltd.	Thai	-	Some common directors
Inter South Co., Ltd.	Thai	-	Some common directors
Eastern I.C.C. Co., Ltd.	Thai	-	Some common directors
S R P Advertising Co., Ltd.	Thai	-	Some common directors
Hair Service (Thai) Co., Ltd.	Thai	-	Some common directors are close member of the family of the Company's management
FANCL (Thailand) Co., Ltd.***	Thai	-	Some common directors are close member of the family of the Company's management

* Thai Q.P. Co., Ltd. has been liquidated and dissolved on 3 July 2012.

** B.S.C.Entertainment Co., Ltd. has been liquidated and dissolved on 11 May 2012.

*** FANCL (Thailand) Co., Ltd. has been liquidated and dissolved on 31 July 2012.

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

Transactions	Pricing policies
Sales of goods	Market price
Interest income	At the rate of 4.5% per annum
Dividends income	According to the declaration
Other income	Market price or contractually agreed prices
Purchase of goods or receiving of services	Market price or contractually agreed prices
Purchase of property, plant and equipment and investment property	Contractually agreed prices
Selling expenses	Market price
Other expenses	Market price or contractually agreed prices

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

For the years ended 31 December	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Associates		
Sales of goods	130	164
Dividends income	6,774	2,889
Other income	2,629	2,962
Purchases of goods	344,497	300,677
Selling expense	577	680
Other expense	2,501	938
Other related parties		
Sales of goods	467,379	407,788
Dividends income	337,801	264,069
Other income	103,843	110,783
Purchases of goods	7,786,677	7,431,806
Purchase of property, plant and equipment and investment property	118,332	316,980
Selling expense	651,548	626,104
Other expense	46,200	52,997
Key management personnel compensation		
Short-term employee benefits	73,038	82,601
Long-term benefits	5,120	4,938
Total key management personnel compensation	78,158	87,539

Balances as at 31 December with related parties were as follows:

	Financial statements in which equity method is applied and Separate financial statement			
	2012		2011	
	Trade accounts receivable and accrued income	Trade accounts payable and accrued expenses	Trade accounts receivable and accrued income	Trade accounts payable and accrued expenses
<i>(in thousand Baht)</i>				
Associates				
Thai Itokin Co., Ltd.	-	226	-	11,051
International Leather Fashion Co., Ltd.	-	41,475	59	41,399
Other related parties				
Thai Wacoal Plc.	86	350,923	199	366,569
Thanulux Plc.	320	259,866	285	236,110
People's Garment Plc.	1,420	141,507	905	165,583
Far East DDB Plc.	128	5,807	-	6,100
Saha Pathanapibul Plc.	6,474	16,574	2,271	13,365
S & J International Enterprise Plc.	3,326	2,491	4,849	2,435

I.C.C. International Public Company Limited
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	Financial statements in which equity method is applied and Separate financial statement			
	2012		2011	
	Trade accounts receivable and accrued income	Trade accounts payable and accrued expenses	Trade accounts receivable and accrued income	Trade accounts payable and accrued expenses
	<i>(in thousand Baht)</i>			
Champ Ace Co., Ltd.	769	80,084	138	70,836
Lion Corporation (Thailand) Co., Ltd.	186	207,916	56	199,846
International Laboratories Co., Ltd.	2,757	140,601	20,649	159,678
Can Co., Ltd.	4,661	-	4,837	-
Koraj Wattana Co., Ltd.	6,970	-	6,602	-
Sun and Sand Co., Ltd.	10,635	181	9,730	-
The Mall Ratchasima Co., Ltd.	38,097	9	31,048	2
Thai Gunze Co., Ltd.	-	7,723	-	22,930
Tiger Distribution & Logistics Co., Ltd.	1,682	7,877	114	13,372
Better Way (Thailand) Co., Ltd.	3,788	-	6,869	-
Paknumpo Wattana Co., Ltd.	3,900	-	5,636	-
Maharachapreuk Co., Ltd.	7,359	-	5,037	97
Sukhatasana Co., Ltd.	-	36,663	3	22,473
Inter South Co., Ltd.	25,361	-	9,896	-
Intanin Chiangmai Co., Ltd.	23,444	-	21,576	-
Eastern I.C.C. Co., Ltd.	4,234	-	3,946	-
Raja Uchino Co., Ltd.	10,522	21,881	10,550	26,716
Thai Arusu Co., Ltd.	-	33,766	-	33,944
Pattaya Manufacturing Co., Ltd.	854	48,399	964	49,822
E.P.F. Co., Ltd.	4,713	-	3,060	-
H & B Intertex Co., Ltd.	385	39,214	331	31,408
Total Way Image Co., Ltd.	-	28,204	-	26,428
Shaldan (Thailand) Co., Ltd.	525	5,263	565	8,579
S R P Advertising Co., Ltd.	-	13,721	-	22,375
Other (less than 4 million Baht)	6,814	9,890	7,018	12,556
Total	169,410	1,500,261	157,193	1,543,674

	Financial statements in which equity method is applied and Separate financial statement	
	2012	2011
	<i>(in thousand Baht)</i>	
Trade accounts receivable	142,095	117,095
Accrued income	27,315	40,098
Total	169,410	157,193
Trade accounts payable	1,386,934	1,428,672
Accrued expenses	113,327	115,002
Total	1,500,261	1,543,674

I.C.C. International Public Company Limited
Notes to the financial statements

Loans to related parties

	Interest rate		Financial statements in which equity method is applied and Separate financial statement	
	2012	2011	2012	2011
<i>Short-term loans</i>	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
Associates				
Thai Itokin Co., Ltd.	-	5.0	-	4,000
Other related parties				
Erawan Textile Co., Ltd.	4.5	5.0	90,000	90,000
Total short-term loans to related parties			90,000	94,000

Rental area and related services agreements

The Company entered into rental area and related services agreements with several related parties companies. The company pays fees of approximately Baht 1.2 million per month. The agreements have periods of 1-2 years and will expire in 2013.

5 Cash and cash equivalents

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Cash on hand	3,966	6,136
Cash at banks – current and saving accounts	174,333	134,383
Highly liquid short-term investments	-	374,894
Others	6,103	4,752
Total	184,402	520,165

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

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	184,108	519,694
Others	294	471
Total	184,402	520,165

I.C.C. International Public Company Limited
Notes to the financial statements

6 Trade accounts receivable

		Financial statements in which equity method is applied and Separate financial statements	
	<i>Note</i>	2012	2011
		<i>(in thousand Baht)</i>	
Related parties	4	142,095	117,095
Other parties		1,935,387	1,771,956
		<u>2,077,482</u>	<u>1,889,051</u>
<i>Less</i> allowance for doubtful accounts		(33,849)	(26,410)
Net		<u>2,043,633</u>	<u>1,862,641</u>
Bad and doubtful debts expense for the year		<u>7,761</u>	<u>793</u>

Aging analyses for trade accounts receivable were as follows:

		Financial statements in which equity method is applied and Separate financial statements	
		2012	2011
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		92,295	71,415
Overdue:			
Less than 1 months		49,800	45,680
		<u>142,095</u>	<u>117,095</u>
Other parties			
Within credit terms		1,298,229	1,225,036
Overdue:			
Less than 1 months		192,557	196,928
1 - 3 months		252,189	208,151
4 - 12 months		126,472	98,189
Over 12 months		65,940	43,652
		<u>1,935,387</u>	<u>1,771,956</u>
<i>Less</i> allowance for doubtful accounts		(33,849)	(26,410)
Net		<u>1,901,538</u>	<u>1,745,546</u>
		<u>2,043,633</u>	<u>1,862,641</u>

The normal credit terms granted by the Company range from 30 days to 90 days.

I.C.C. International Public Company Limited
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7 Short-term loans

	Note	Interest rate		Financial statements in which equity method is applied and Separate financial statement	
		2012	2011	2012	2011
		(% per annum)		(in thousand Baht)	
Related parties		4.5	5.0	90,000	94,000
Other parties	4	7.0	7.0	150,000	150,000
				<u>240,000</u>	<u>244,000</u>
<i>Less</i> allowance for decline in value of short-term loans				<u>(75,000)</u>	<u>(75,000)</u>
Net				<u>165,000</u>	<u>169,000</u>

The Company had loans to Siam Zokei Co., Ltd. (“Siam Zokei”) in 2008, totaling Baht 150 million with interest rate at 7% per annum. This loan was guaranteed by another one company with seizure of the original title deeds owned by Siam Zokei Co., Ltd. and by the guaranteed company totaling two plots of land in Phuket province, with total area of 17 rai, 1 ngarn and 79.7 square wah, as its collateral. However, Siam Zokei Co., Ltd. could not repay this loan to the Company. The Company had pursued litigation against this company. Moreover, the Company filed a petition to the Court which approved to seize the properties of Siam Zokei Co., Ltd.

During 2010 – 2012, these properties had been sold at bidding price total approximately Baht 168.7 million and are awaiting for payment in accordance with the Court process. There were other creditors of Siam Zokei Co., Ltd. asking for distribution of these Siam Zokei’s properties in this litigation case. However, if the money gained from the sales by auction is not enough for debt payment, the Company has the right to further file the law suit to the above mentioned guarantor.

8 Inventories

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	(in thousand Baht)	
Inventories on trading		
- Finished goods	1,457,227	1,150,991
- Sale by retailers	3,023,027	2,644,831
- Goods in transit	24,296	20,573
Total	<u>4,504,550</u>	<u>3,816,395</u>
<i>Less</i> allowance for inventories devaluation	<u>(38,915)</u>	<u>(75,241)</u>
Inventories on trading - net	<u>4,465,635</u>	<u>3,741,154</u>
Real estate awaiting for sale - Condominium	22,535	22,535
Total	<u>4,488,170</u>	<u>3,763,689</u>
Inventories recognised as an expense in ‘cost of sales of goods’:		
- Cost	8,274,857	7,890,742
- Write-down to net realisable value	186,711	166,491
- Reversal of write-down	<u>(36,326)</u>	<u>48,623</u>
Net	<u>8,425,242</u>	<u>8,105,856</u>

I.C.C. International Public Company Limited
Notes to the financial statements

9 Other investments

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
<i>Available-for-sale investments</i>		
Equity securities available for sale	<u>6,595,799</u>	<u>4,881,482</u>
<i>Other long-term investments</i>		
Other non-marketable equity securities	1,854,476	1,682,749
Other debt securities held to maturity	<u>65,000</u>	<u>65,000</u>
	1,919,476	1,747,749
<i>Less</i> allowance for impairment	<u>(346,350)</u>	<u>(392,637)</u>
Net	<u>1,573,126</u>	<u>1,355,112</u>

Movements during the years of marketable equity securities were as follows:

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
<i>Other long-term investments</i>		
Available-for-sale securities		
At 1 January	4,881,482	3,935,323
Purchases during the year	18,343	233,007
Valuation adjustment	<u>1,695,974</u>	<u>713,152</u>
At 31 December	<u>6,595,799</u>	<u>4,881,482</u>

10 Investments in equity-accounted investees

	Financial statements in which equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	209,654	100,196	159,986	93,912
Share of net profits of equity- accounted jointly-controlled entities	9,904	46,273	-	-
Dividends income	(6,774)	(2,889)	-	-
Acquisitions	56,000	34,727	56,000	34,727
Transfers from other investments	-	7,000	-	7,000
Reversal allowance for impairment	-	24,347	-	24,347
At 31 December	<u>268,784</u>	<u>209,654</u>	<u>215,986</u>	<u>159,986</u>

I.C.C. International Public Company Limited
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Investments in equity-accounted investees as at 31 December 2012 and 2011, and dividend income from those investments for the years then ended, were as follows:

Financial statements in which equity method is applied and Separate financial statements												
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
			2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
			%						(in thousand Baht)			
<i>Associates</i>												
Worldclass Rent a Car Co., Ltd.	Rent Car	Thai	25.00	25.00	380,000	380,000	93,682	93,682	143,176	133,553	3,694	369
Thai Itokin Co., Ltd.	Ladies Dress	Thai	27.90	27.90	100,000	100,000	29,532	29,532	30,617	30,271	-	-
International Leather Fashion Co., Ltd.	Leather shoes	Thai	28.00	28.00	50,000	50,000	21,728	21,728	37,545	32,836	3,080	2,520
Issara United Co., Ltd.	Property Development	Thai	25.00	25.00	80,000	80,000	20,000	20,000	6,494	17,950	-	-
Boon Capital Holding Co., Ltd.	Investment	Thai	32.00	-	175,000	-	56,000	-	55,908	-	-	-
<i>Less allowance for impairment</i>							(4,956)	(4,956)	(4,956)	(4,956)	-	-
Net							215,986	159,986	268,784	209,654	6,774	2,889

I.C.C. International Public Company Limited
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11 Investment properties

	Financial statements in which equity method is applied and Separate financial statements								
	At 1 January 2011	Additions	Transfers	Disposals	At 31 December 2011	Additions	Transfers	Disposals	At 31 December 2012
	<i>(in thousand Baht)</i>								
Cost									
Land	959,452	130,737	(3,240)	(10,816)	1,076,133	-	-	(82,837)	993,296
Infrastructure development cost	12,573	-	-	-	12,573	-	-	(4,468)	8,105
Buildings	209,674	108,492	1,271	(23,483)	295,954	-	-	(11,500)	284,454
Furniture and fixtures	7,356	-	-	-	7,356	-	-	-	7,356
Total cost	1,189,055	239,229	(1,969)	(34,299)	1,392,016	-	-	(98,805)	1,293,210
<i>Less accumulated depreciation</i>	<i>(141,627)</i>	<i>(8,278)</i>	<i>-</i>	<i>11,324</i>	<i>(138,581)</i>	<i>(11,193)</i>	<i>-</i>	<i>11,266</i>	<i>(138,508)</i>
Balance	1,047,428	230,951	(1,969)	(22,975)	1,253,435	(11,193)	-	(87,539)	1,154,703
<i>Less provisions for impairment loss</i>	<i>(189,075)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(189,075)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(189,075)</i>
Investment properties - net	858,353	230,951	(1,969)	(22,975)	1,064,360	(11,193)	-	(87,539)	965,628

Investment properties were revalued as at 31 December 2012, at open market values on an existing use basis. The appraised value was Baht 1,547 million.

I.C.C. International Public Company Limited
Notes to the financial statements

12 Property, plant and equipment

Financial statements in which equity method is applied and Separate financial statements

	At 1 January 2011	Additions	Transfers	Disposals	At 31 December 2011	Additions	Transfers	Disposals	At 31 December 2012
	<i>(in thousand Baht)</i>								
Cost									
Land	1,488,191	-	3,240	-	1,491,431	174,616	-	(720)	1,665,327
Buildings and improvements	689,207	39,116	(1,271)	-	727,052	3,271	-	(2,949)	727,374
Office equipment and vehicles	639,015	48,319	-	(10,678)	676,656	90,104	-	(16,157)	750,603
Furniture and fixtures	595,887	73,679	-	-	669,566	126,768	-	-	796,334
Total cost	3,412,300	161,114	1,969	(10,678)	3,564,705	394,759	-	(19,826)	3,939,638
Accumulated depreciation									
Buildings and improvements	(447,215)	(29,939)	-	-	(447,154)	(26,113)	-	2,131	(501,136)
Office equipment and vehicles	(553,969)	(45,898)	-	8,046	(591,821)	(47,551)	-	13,383	(625,989)
Furniture and fixtures	(435,434)	(59,657)	-	-	(495,091)	(65,412)	-	-	(560,503)
Total accumulated depreciation	(1,436,618)	(135,494)	-	8,046	(1,564,066)	(139,076)	-	15,514	(1,687,628)
Property, plant and equipment - net	1,975,682	25,620	1,969	(2,632)	2,000,639	255,683	-	(4,312)	2,252,010

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 1,329 million (2011: Baht 1,065 million)

I.C.C. International Public Company Limited
Notes to the financial statements

13 Other non-current assets

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Intangible assets	12,120	15,201
Leasehold	78,946	97,566
Deposits and guarantees	137,946	116,188
Loan to employees and others	19,525	6,571
Other	6,969	6,725
Total	<u>255,506</u>	<u>242,251</u>

I.C.C. International Public Company Limited
Notes to the financial statements

Intangible assets

	Financial statements in which equity method is applied and Separate financial statements						
	At 1 January 2011	Additions	Disposals	At 31 December 2011	Additions	Disposals	At 31 December 2012
	<i>(in thousand Baht)</i>						
Cost							
Trade mark	22,966	-	-	22,966	-	-	22,966
License data base of customer	7,845	-	-	7,845	-	-	7,845
Total cost	30,811	-	-	30,811	-	-	30,811
Accumulated amortisation							
Trade mark	(12,202)	(2,297)	-	(14,499)	(2,297)	-	(16,796)
License data base of customer	(327)	(784)	-	(1,111)	(784)	-	(1,895)
Total accumulated amortisation	(12,529)	(3,081)	-	(15,610)	(3,081)	-	(18,691)
Intangible assets - net	18,282	(3,081)	-	15,201	(3,081)	-	12,120

I.C.C. International Public Company Limited
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Leasehold

	Financial statements in which equity method is applied and Separate financial statements						
	At 1 January 2011	Additions	Disposals	At 31 December 2011	Additions	Disposals	
	<i>(in thousand Baht)</i>						
<i>Cost</i>							
Land	47,397	-	-	47,397	-	(30,000)	17,397
Building	37,108	-	-	37,108	-	-	37,108
Building space in the shopping center	167,564	-	-	167,564	-	-	167,564
Total cost	252,069	-	-	252,069	-	(30,000)	222,069
<i>Accumulated depreciation</i>							
Land	(32,793)	(1,184)	-	(33,977)	(645)	18,692	(15,930)
Building	(24,619)	(1,377)	-	(25,996)	(1,304)	-	(27,300)
Building space in the shopping center	(88,038)	(6,492)	-	(94,530)	(5,363)	-	(99,893)
Total accumulated amortisation	(145,450)	(9,053)	-	(154,503)	(7,312)	18,692	(143,123)
Leasehold - net	106,619	(9,053)	-	97,566	(7,312)	(11,308)	78,946

I.C.C. International Public Company Limited
Notes to the financial statements

14 Interest-bearing liabilities

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Short-term loans from financial institutions - Unsecured	464,000	-

As at 31 December 2012, the Company had total short-term loans from several local financial institutions which bear the interest rate at the rates ranging from 3.0%-3.12 % per annum.

15 Trade accounts payable

		Financial statements in which equity method is applied and Separate financial statements	
	<i>Note</i>	2012	2011
		<i>(in thousand Baht)</i>	
Related parties	4	1,386,934	1,428,672
Other parties		57,225	95,645
Total		1,444,159	1,524,317

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

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	1,430,871	1,496,288
United States Dollars (USD)	13,288	28,029
Total	1,444,159	1,524,317

16 Employee benefit obligations

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Statement of financial position for:		
Defined benefit obligations	427,808	378,688
For the year ended 31 December		
Statement of comprehensive income:		
Recognised in profit or loss:		
Defined benefit obligations	49,120	35,716

I.C.C. International Public Company Limited
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The Company adopted TAS 19 – Employee Benefits with effect from 1 January 2011. Company adopted to apply the new standard retrospectively and adjust the prior year’s financial statements accordingly.

Compensation plan based on Thai Labour Law

The Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
For the years ended 31 December		
Defined benefit obligations at 1 January	378,688	342,972
Current service costs and interest	49,120	35,716
Defined benefit obligations at 31 December	<u>427,808</u>	<u>378,688</u>

Expense recognised in profit or loss (note 22)

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Current service costs and interest on obligation	<u>49,120</u>	<u>35,716</u>

The expense is recognised in the following line items in the statement of comprehensive income:

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Selling expenses	10,421	9,879
Administrative expenses	38,699	25,837
Total	<u>49,120</u>	<u>35,716</u>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	%	
Discount rate	3.71	3.50
Future salary increases	3.00 – 7.00	3.00 – 7.00

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17 Share capital

	Par value per share (in Baht)	2012		2011	
		Number	Baht	Number	Baht
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	500,000	500,000	500,000	500,000
At 31 December					
- ordinary shares	1	500,000	500,000	500,000	500,000
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	290,634	290,634	290,634	290,634
At 31 December					
- ordinary shares	1	290,634	290,634	290,634	290,634

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

18 Reserves

Reserves comprise appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

General reserve

The Company distributed a general reserve equal to 10% of profit for the each year in order for the company has strength on general reserve base to be maintain stability and increase the Shareowner's wealth.

Other components of equity

Fair value changes in available-for-sale investments

The fair value change in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

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Notes to the financial statements

19 Segment information

As the Company has run a business as a distributor of fashion - oriented consumer products with only an insignificant amount of export value when compared with the total sales, so it was deemed not relevant to disclose any segment information on this matter.

20 Selling expenses

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Distribution	1,463,720	1,227,994
Marketing	604,183	591,903
Personnel	1,323,658	1,073,288
Total	<u>3,391,561</u>	<u>2,893,185</u>

21 Administrative expenses

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Office management	501,106	501,957
Personnel	824,673	786,485
Loss from foreign exchange rate	111	762
Total	<u>1,325,890</u>	<u>1,289,204</u>

22 Employee benefit expense

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Wages and salaries	1,956,572	1,641,489
Pension costs - defined benefit plans	49,120	35,716
Pension costs - defined contribution plans	19,973	15,335
Others	89,255	121,707
Total	<u>2,114,920</u>	<u>1,814,247</u>

Defined benefit plans

Details of the defined benefit plans are given in note 16.

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Defined contribution plans

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates of 3% of their basic salaries and by the Company at rates of 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

23 Expenses by nature

The statement of income included an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Purchase of finished goods	9,107,528	8,734,874
Changes in inventories of finished goods	684,432	687,011
Personal expenses	2,148,331	1,859,773
Depreciation and amortisation expenses	160,663	155,906
Advertising costs and promotional expense	631,067	620,696
Transportation expenses	124,455	111,418
Others	291,260	118,566
Total	<u>13,147,736</u>	<u>12,288,244</u>

24 Income tax expense

	Financial statements in which equity method is applied			
	2012		2011	
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>1,261</u>		<u>1,128</u>
Income tax using the Thai corporation tax rate	23	289	30	384
Difference in effective tax rate of share of profit (loss) of equity-accounted investees		(3)		(43)
Income not subject to tax		(443)		(373)
Tax privileges		(40)		(63)
Expenses not deductible for tax purposes		483		631
Total	<u>22</u>	<u>1,258</u>	<u>34</u>	<u>1,280</u>

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	Separate financial statements			
	2012		2011	
	<i>Rate</i> (%)	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in million</i> <i>Baht)</i>
Profit before income tax expense		1,258		1,085
Income tax using the Thai corporation tax rate	23	289	30	384
Income not subject to tax		(443)		(373)
Tax privileges		(40)		(63)
Expenses not deductible for tax purposes		483		631
Total	23	1,258	35	1,280

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

25 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Financial statements in which equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht / in thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	972,028	744,301	968,898	700,917
Number of ordinary shares outstanding	290,634	290,634	290,634	290,634
Basic earnings per share <i>(in Baht)</i>	3.34	2.56	3.33	2.41

26 Dividends

At the annual general meeting of the shareholders of the Company held on 23 April 2012, the shareholders approved the appropriation of dividend of Baht 1.1 per share, amounting to Baht 319.7 million and general reserve 10% of income for the year 2011, amounting to Baht 70.1 million. The dividend was paid to shareholders during the year 2012.

At the annual general meeting of the shareholders of the Company held on 25 April 2011, the shareholders approved the appropriation of dividend of Baht 1.1 per share, amounting to Baht 319.7 million and general reserve 10% of income for the year 2010, amounting to Baht 80.4 million. The dividend was paid to shareholders during the year 2011.

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Notes to the financial statements

27 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

The interest rate risk arises from the fluctuation of the market rate which has affected business performance and cash flow. Hence the Company's financial data mostly bear the interest rate adjusted according to the market interest rate.

Foreign currency risk

Due to the very small number of foreign trade debtors and creditors, the Company then has not entered into the forward exchange contracts for hedging such exchange risk as the risk is immaterial.

Credit risk

Due to the cautious policy in providing credit facilities with strictly-controlled debt follow up and that most of the debtors have long relationship with the Company, no significant loss from debt collection is expected. As of 31 December 2012 and 2011, the Company has reserved for doubtful accounts amounting to Baht 33.9 million and Baht 26.4 million equivalents to 1.63% and 1.40% of trade accounts and notes receivable respectively. Consequently, the credit risk has already been provided for.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, which are held for trading, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

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

Fair values of financial assets and liabilities, together with the carrying values shown in the balance sheets at 31 December were as follows:

	Financial statements in which equity method is applied and Separate financial statements			
	2012	2011		
	Fair value	Carrying Value <i>(in thousand Baht)</i>	Fair value	Carrying value
Non-current				
Other debt securities held to maturity	65,835	65,000	65,331	65,000

28 Commitments with non-related parties

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
<i>Non-cancellable operating lease commitments</i>		
Within one year	27,607	9,587
After one year but within five years	32,309	4,464
Total	59,916	14,051
<i>Other commitments</i>		
Unused bank overdraft	246,000	196,000
Unused bank credit facilities	2,256,550	2,109,360
Unused letters of credit for goods	301,230	299,450
Bank guarantees	3,720	3,718
Guarantees for others companies	151,720	151,720
Total	2,959,220	2,760,248

Rental area and related services agreements

The Company entered into rental area and related services agreements with many domestic companies. The company had paid monthly fees for agreements in periods of 1-5 years and will be expired in 2015.

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Notes to the financial statements

29 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

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

TAS 12 – Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Company will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

	Financial statements in which equity method is applied and Separate financial statements	
	2012	2011
	<i>(in million Baht)</i>	
<i>Statement of financial position</i>		
Estimated changes as a result of the adoption retrospectively of TAS 12 – Income taxes:		
Increase in deferred tax assets	801	718
Increase in deferred tax liabilities	989	598
Decrease in revaluation surplus	(987)	(597)
Increase in retained earnings	799	717
Increase (decrease) in shareholders' equity	(188)	120

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

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Notes to the financial statements

TAS 21 (revised 2009) – The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities, or retained earnings

TFRS 8 – Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group/Company's financial statements.

30 Reclassification of accounts

Certain accounts in the financial statements in the 2011 have been reclassified to conform to the presentation in the 2012 financial statements.

	Financial statements in which equity method is applied and Separate financial statements		
	2011		
	Before reclass.	Reclass.	After reclass.
	<i>(in thousand baht)</i>		
<i>Statement of financial position</i>			
Cash and cash equivalents	263,714	256,451	520,165
Current investments	374,894	(374,894)	-
Accrued expenses	799,394	(799,394)	-
Trade accounts receivable and other receivable	1,997,444	(134,803)	1,862,641
Other current assets	11,249	134,803	146,052
Trade accounts payable and other payable	1,558,948	(34,632)	1,524,316
Other payable	-	715,583	715,583

Tax paid is now shown as part of cash flows from operating activities. Comparative figures have been reclassified accordingly.