

# Explanation and Analysis of Financial Status and Performance

## Analysis of Financial Performance in 2011-2010

### Summary Review of 2011 Operations Compared with 2010

#### Revenue :

Company revenues for 2011 totalled Baht 13,373.18 million, representing an increase of 12.48% compared with the 2010 figure of Baht 11,889.73 million. This resulted from 13.55% increase in sales from Baht 11,294.42 million in 2010 to Baht 12,825.31 million in 2011, a decrease of 4.17% in dividends income from Baht 313.94 million in 2010 to Baht 300.86 million in 2011, an increase of 41.55% in interest income from Baht 21.83 million in 2010 to Baht 30.90 million in 2011, a decrease of 42.45% in recovery of doubtful debt from Baht 1.39 million in 2010 to Baht 0.80 million in 2011 and other incomes in 2011 were recorded at Baht 215.31 million compared with Baht 258.15 million in 2010 representing a decrease of 16.60% due to gain from disposal of assets decrease amount Baht 114.37 million in 2010.

#### Comparative Revenue Chart

(Millions Baht)

Revenues	2011	2010	2009	%Increase (decrease)	
				11/10	10/09
Sales	12,825.31	11,294.42	10,648.59	13.55	6.06
Dividends income	300.86	313.94	425.31	(4.17)	(26.19)
Interest income	30.90	21.83	18.19	41.55	20.01
Recovery of doubtful debt	0.80	1.39	1.44	(42.45)	(3.47)
Other incomes	215.31	258.15	125.28	(16.60)	106.06
<b>Total</b>	<b>13,373.18</b>	<b>11,889.73</b>	<b>11,218.81</b>	<b>12.48</b>	<b>5.98</b>

#### Expenses :

Cost of sales in 2011 totalled Baht 8,105.86 million, increase of 12.79% compared with the 2010 figure of Baht 7,186.44 million. Selling and administrative expenses for 2011 were Baht 4,175.73 million, representing an increase of 16.60% over than 2010 figure of Baht 3,581.39 million. Loss from impairment of investments in 2011 were Baht 4.87 million, a decrease of 69.33% from the 2010 figure of Baht 15.88 million. Other expenses in 2011 were Baht 1.78 million, a decrease of 93.95% from the 2010 figure of Baht 29.42 million. This resulted in total expenses for the year 2011 increasing to Baht 12,288.24 million or 13.64% compared with the 2010 figure of Baht 10,813.13 million while the Company's total income for the year 2011 increased by 12.48%.

#### Comparative Expenses Chart

(Millions Baht)

Operating expenses	2011	2010	2009	%Increase (decrease)	
				11/10	10/09
Cost of sales	8,105.86	7,186.44	6,929.05	12.79	3.71
Selling & administrative expenses	4,175.73	3,581.39	3,354.03	16.60	6.78
Loss from impairment of investments	4.87	15.88	31.26	(69.33)	(49.22)
Other expenses	1.78	29.42	(0.83)	(93.95)	(3,644.58)
<b>Total</b>	<b>12,288.24</b>	<b>10,813.13</b>	<b>10,313.51</b>	<b>13.64</b>	<b>4.84</b>

#### Net Profit :

#### Comparative Profit Chart

(Millions Baht)

Details	2011	2010	2009	%Increase (decrease)	
				11/10	10/09
Revenues	13,373.18	11,889.73	11,218.81	12.48	5.98
Expenses	12,288.24	10,813.13	10,313.51	13.64	4.84
Profit before tax	1,084.94	1,076.60	905.30	0.77	18.92
Income tax	384.02	272.76	253.01	40.79	7.81
<b>Net profit</b>	<b>700.92</b>	<b>803.84</b>	<b>652.29</b>	<b>(12.80)</b>	<b>23.23</b>

In 2011, the Company's revenues increased of 12.48% due to more marketing activities and continuous sales promotion have been conducted focusing to reach the consumers. Additionally, another measure adopted is to increase inventories at sufficient amount to meet an intense competition to hold the market share. An increase of consignment channels inventories affected to the income tax causing the decrease in net profit.

#### Dividends :

It is the definite intention of the Company to pay dividends to shareowners at the rate of 0.20 Baht per share per year (equivalent to 20% of par value). This depends on the Company's performance and the economic conditions. According to the Board of Directors Meeting # 10/2554 held on February 28, 2012 a resolution had been passed to propose to the Annual General Shareowners' Meeting scheduled to be held on April 23, 2012 to pay dividend for 2011 operation at Baht 1.10 per share, equivalent to 110% per share at par value.

## Explanation and Analysis of Financial Status and Performance

### Financial Status :

**Assets :** As of December 31, 2011, the Company had total assets of Baht 16,651.83 million, an increase of Baht 1,413.55 million or 9.28% compared with 2010 as following details :

**Current assets :** In 2011, the Company had current assets at the amount Baht 6,948.00 million, an increase of Baht 67.73 million or 0.98% compared with 2010. This is due to :

1. Cash and cash equivalents increased Baht 12.58 million
2. Current investments decreased Baht 828.52 million
3. Compared with 2010, the trade accounts and other receivable in 2011 increased Baht 167.78 million or 9.17%.
4. Short-term loans decreased Baht 8.00 million
5. Inventories in 2011 increased Baht 657.10 million or 21.15 % due to the high expansion of consignment channels for accommodate future business expansion and market shares.
6. Other assets increased Baht 66.79 million

**Non-current assets :** In 2011, the Company had non-current assets at the amount Baht 9,703.83 million, an increase of Baht 1,345.82 million or 16.10% compared with 2010. This is due to :

1. Long-term loans decreased Baht 4.00 million
2. Investment in associated companies increased Baht 66.08 million, which consist of increased investment at the amount Baht 20.00 million, long-term investment increase at Baht 14.73 million, causing the former long-term investment amounting Baht 7.00 million has been changed to investment in associated companies with the reversal loss from impairment of investments amounted to Baht 24.26 million.
3. Long-term investment increased Baht 1,043.79 million which consists of investments Baht 367.88 million, disposal of investment in ordinary shares Baht 47.41 million, gain from revaluation of securities market Baht 713.15 million, reversal loss from impairment of investments Baht 17.17 million and change in the investment to associated companies at the amount Baht 7.00 million.
4. Fixed assets increased Baht 218.84 million or 7.40%
5. Other assets increased Baht 21.11 million

**Liabilities** In 2011, the Company has total liabilities at the amount Baht 2,943.53 million, an increase of Baht 662.16 million or 29.02% compared with 2010, due to an increase of trade accounts payable and accrued expenses at Baht 280.81 million, while other non-current liabilities increase Baht 381.35 million, as well as being debt free from loan.

**Shareowners' equity** In 2011, the shareowner equity amounted Baht 13,708.30 million, an increase of Baht 751.40 million or 5.80%. This is due to the net operating profit amounting Baht 700.92 million and the increase in unrealized fair value adjustment in marketable securities at the amount Baht 713.15 million, as well as payment of dividend at the amount Baht 319.69 million and the impact from the change of accounting policy concerning employee benefits policy at amount Baht 342.97 million.

### Number of Employees :

#### Comparative Number of Employees Chart

Details	2011	2010	% Increase (decrease) 11/10
Counter sales force	5,805	5,923	(1.99)
Office work force	1,886	1,761	7.10
Total	7,691	7,684	0.09

### Summary Review of 2010 Operations Compared with 2009

Company revenues for 2010 totalled Baht 11,889.73 million representing an increase of 5.98% compared with the 2009 figure of Baht 11,218.81 million. This resulted from 6.06% increase in sales from Baht 10,648.59 million in 2009 to Baht 11,294.42 million in 2010. A decrease of 26.19% in dividends income from Baht 425.31 million in 2009 to Baht 313.94 million in 2010, an increase of 20.01% in interest income from Baht 18.19 million in 2009 to Baht 21.83 million in 2010, a decrease of 3.47% in recovery of doubtful debt from Baht 1.44 million in 2009 to Baht 1.39 million in 2010. Other incomes in 2010 were recorded at Baht 258.15 million compared with Baht 125.28 million in 2009 representing an increase of 106.06% due to gain from disposal of assets amount Baht 121.64 million in 2010.

## Explanation and Analysis of Financial Status and Performance

Cost of sales in 2010 totalled Baht 7,186.44 million, an increase of 3.71% compared with the 2009 figure of Baht 6,929.05 million. Selling and administrative expenses for 2010 were Baht 3,581.39 million representing an increase of 6.78% over 2009 figure of Baht 3,354.03 million. No interest expenses occurred during the years 2010 and 2009. Loss from impairment of investments in 2010 were Baht 15.88 million, a decrease of 49.20% from the 2009 figure of Baht 31.26 million. Other expenses in 2010 were Baht 29.42 million, an increase of 3,644.58% from the 2009 figure of Baht (0.83) million. This resulted in total expenses for the year 2010 increasing to Baht 10,813.13 million or 4.84% compared with the 2009 figure of Baht 10,313.51 million while the Company's total income for the year 2010 increased by 5.98%.

In 2010, the Company has been affected from the political unrest, though an increase of revenue 5.98 % was gained compared with the 2009. This is due to expenses management has been performed more efficiently, combined with an aggressive management by executives along with an aggregated contribution of all its staff. Moreover, the Company carried out a policy to do more marketing activities in PR and advertising which are the important factors for consumer products to get hold of the market share amid the severe competition continually incurring from 2009, as well as to support future growth of business. This resulted to 23.23 % net profit increase.

In 2010, the Company had an increase in cash from operations amounting to Baht 558.46 million, with Baht 255.95 million being used for investment, and Baht 290.63 million for financing, resulting in a net cash increase of Baht 11.88 million. The current ratio increased from 3.03 times in 2009 to 3.06 times in 2010. The quick ratio in 2010 and 2009 equal to 1.41 times, while the debt to equity ratio in 2010 and 2009 to 0.18 times.

### Past Financial Performance and Position

#### 1. Appropriate Capital Structure :

Year	Debt/equity ratio
2011	0.21
2010	0.18
2009	0.18

The debt to equity ratio in 2011 is 0.21 times indicates that the Company's net equity is much greater than total liabilities and, hence, the Company has a potential expansion of liabilities bases when the opportunities arise.

#### 2. Adequate Liquidity :

Year	Liquidity ratio	Liquidity ratio of cash flow	Cash increase from operation in the Statements of Cash Flows
2011	2.75	(0.05)	(111.73)
2010	3.06	0.26	558.46
2009	3.03	0.22	469.77

Regarding the liquidity ratio, an increasing liquidity was shown while the amount of current assets was higher than the current liabilities. In 2011 the liquidity ratio was 2.75 times compared with 3.06 times in 2010, representing a decrease of 0.31 times. The liquidity ratio of cash flow in 2011 was (0.05) times compared with 0.26 times in 2010, representing a decrease of 0.31 times. This resulted from a decrease cash flow from operation of Baht 670.19 million compared with Baht 558.46 million in 2010, equivalent to a total decrease of Baht (111.73) million, due to following reasons :

1. In 2011, the Company received a decreased payment from the trade accounts and others receivables incurring from the sales of that year, compared with 2010 at the total amount Baht 306.70 million.

2. In 2011, the amount of payment for trade accounts payable and goods was less than those in 2010 at the total amount Baht 393.53 million.

3. In 2011, payment for other debts was more than those in 2010 at the total amount Baht 8.98 million.

4. In 2011, payment of other assets increased Baht 41.42 million.

5. In 2011, cash received after deduction of operating expenses decreased Baht 80.44 million.

## Explanation and Analysis of Financial Status and Performance

### 3. Quality of Assets :

The Company's property, plant and equipment have been accumulated over the past 47 years and most of them were regularly acquired, therefore, their real market value, especially land, is much higher than that shown in the Balance Sheet.

In 2011, according to IAS No.40 on the Accounting for Investments in debt and capital share securities, the Company has unrealized gain for fair value adjustment in marketable securities increase Baht 713.15 million showing in shareowners' equities. Additionally, according to IAS No. 36 on Impairment of Assets, the Company has suffered loss from impairment of investments of Baht 4.87 million.

In 2011, the Company invested in the short-term debt security at the amount Baht 300.00 million. The investment is in the form of bill of exchange with following criteria :

1. High liquidation and easily transferable
2. Higher interest rate than the one given by saving and fixed deposit. The interest rate is around 3.04%-3.05%
3. Low risk with a fixed return
4. Lending or being availed by the banks with good financial status
5. Short-term investment

Measures to be considered when providing credit facility to trade accounts receivable are as follows :

1. Ability to pay the debt
2. Management attention given to their business
3. Potential toward business growth
4. Auditable and transparent accounting system
5. Efficient logistic and inventory management
6. Efficient internal control including the security system controlling warehouse and entrance and exit to the building
7. Secured and completely coverage collateral

In 2011, an importance has been stressed on close monitoring of the sales target on daily basis by adopting the VPN system (Virtual Private Network), resulting to an integrated improvement. A real time communication between management and counter sales persons has been improved, leading to timely strategic improvement which is the key factor to corporate success. All levels of employee have learnt and acknowledged the same goal via QRMS (Quick Response Marketing System). Information on business growth has been sent via OLAP (Online Analytical Processing) or SMS for quick and accurate information

with KPI during monitoring. Additionally, employees' morale has been enhanced to boost beyond-target sales. Training courses on the principal of thought and working method for success have been provided as a driving factor for the Company to achieve its target and maintain market leader.

### 4. Profitability :

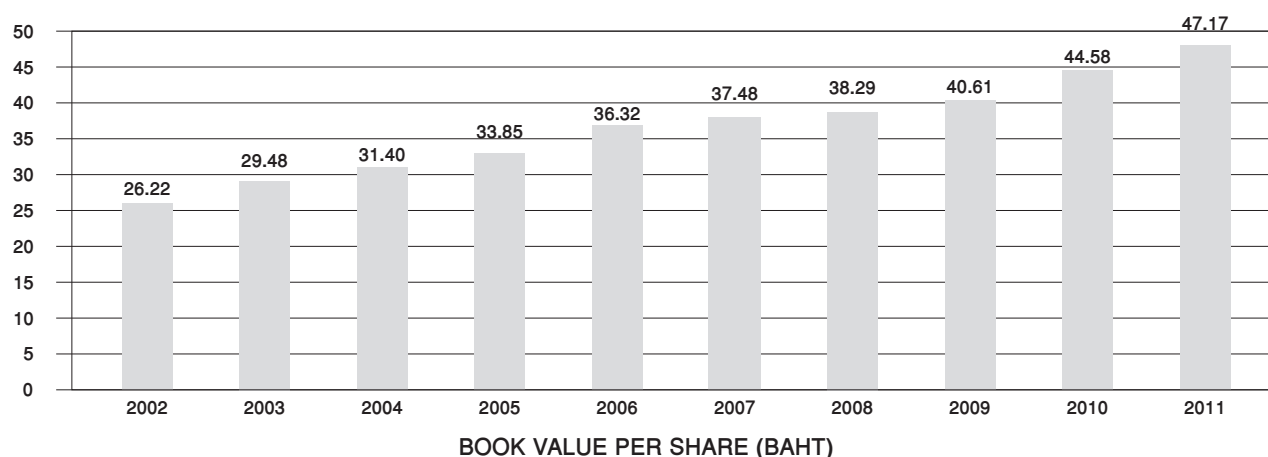
Year	Earning to revenues	Earning from operation	Earning to equity	Earning per share	Price/earning ratio
2011	5.24	8.46	5.26	2.41	18.67
2010	6.76	9.53	6.49	2.77	14.80
2009	5.81	8.50	5.69	2.24	17.86

In 2011 the Company gained 8.46% earning from operation compared with 9.53% in 2010 or 1.07% decrease. Earning per share in 2011 was Baht 2.41 compared with Baht 2.77 in 2010 or Baht 0.36 decrease. Earning to revenues for the year 2011 was 5.24% compared with 6.76% in 2010 or 1.52% decrease and earning to equity was 5.26% in 2011 compared with 6.49% in 2010 or a decrease of 1.23% due to more marketing activities and continuous sale promotion which consists of increase of consignment channels to hold the market shares, the effected to increase in the corporate income tax causing the decrease in net profit of 12.80%.

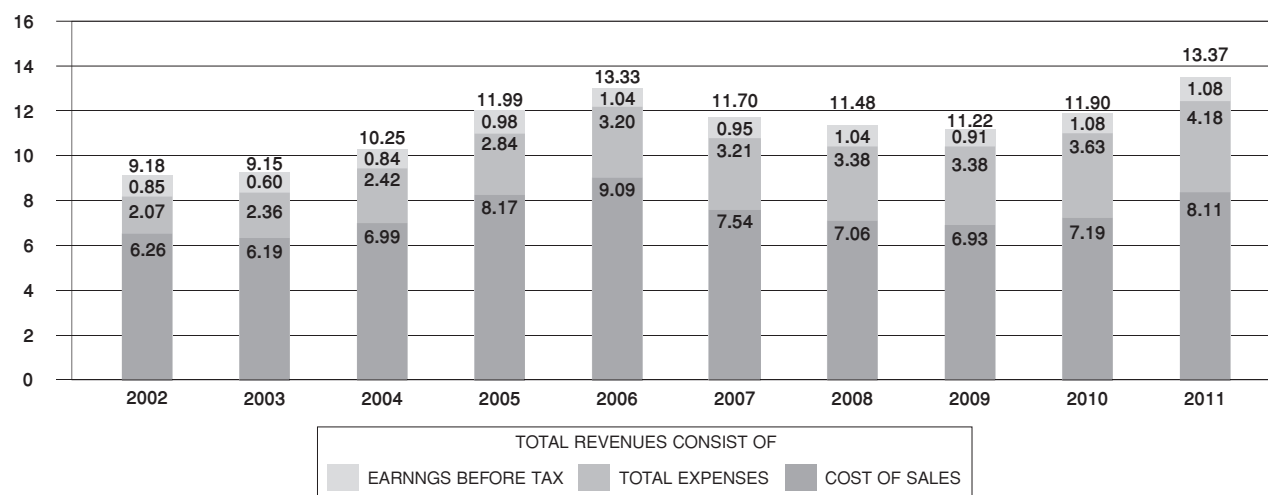
### Company's Revenues

Revenues	2011		2010		%Increase (decrease) 11/10
	Millions Baht	%	Millions Baht	%	
Sales	12,825.31	95.90	11,294.42	94.99	13.55
Other income					
Gain from disposal of investments	15.85	0.12	6.36	0.05	149.21
Gain from disposal of assets	7.28	0.05	121.64	1.02	(94.02)
Dividend income	300.86	2.25	313.94	2.64	(4.17)
Interest income	30.90	0.23	21.83	0.19	41.55
Rental income	57.36	0.43	40.87	0.35	40.35
Recovery of doubtful debt	0.80	0.01	1.39	0.01	(42.45)
Other incomes	134.82	1.01	89.28	0.75	51.01
<b>Total revenues</b>	<b>13,373.18</b>	<b>100.00</b>	<b>11,889.73</b>	<b>100.00</b>	<b>12.48</b>

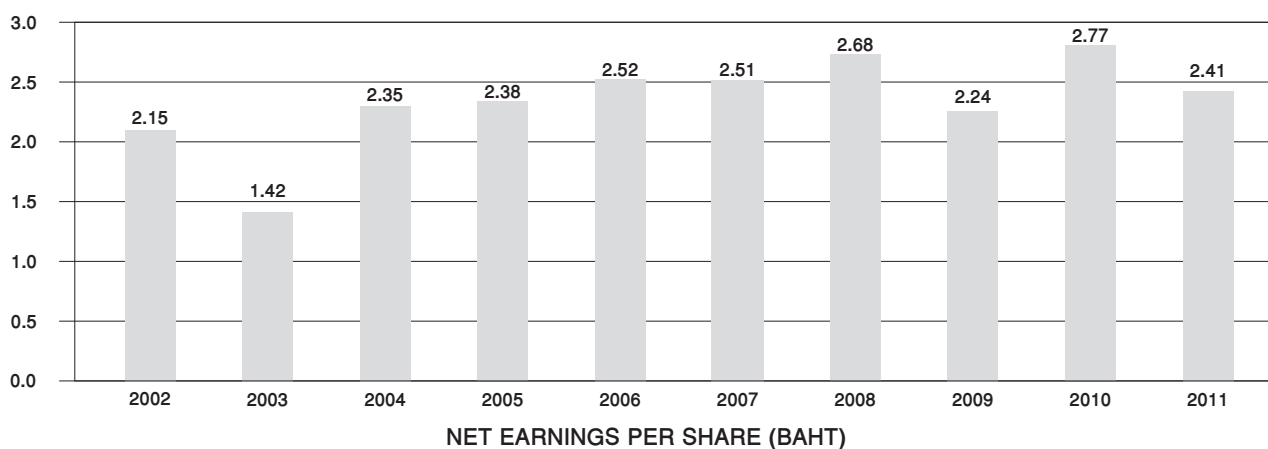
## Explanation and Analysis of Financial Status and Performance



The calculation of book value per share in 2002 has been adjusted to compare with the year 2002-2011 due to stock split in 2003 from Baht 10.00 per share to Baht 1.00.



Financial Statements in the year 2002-2011 have been reclassified for comparison with the 2011 Financial Statements.



The calculation of net earnings per share in 2002 has been adjusted to compare with the year 2002-2011 due to stock split in 2003 from Baht 10.00 per share to Baht 1.00.

## Explanation and Analysis of Financial Status and Performance

### 5. Operating Cycle Days :

Year	Inventories coverage	Collection period	Payment period	Operating cycle days
2011	152.54	51.14	63.27	140.41
2010	151.26	57.19	63.94	144.51
2009	147.41	62.08	65.50	143.99

In 2011, the operating cycle days were 4.1 days shorter than those in 2010, from 144.51 days to 140.41 days, due to following reasons :

1. Period of inventories coverage (period of goods selling) increased from 151.26 days in 2010 to 152.54 days in 2011, representing a total of 1.28 days due to an increase inventories in consignment channels and hold the market share, the impact to inventories increased by 21.15%.

2. The collection period in 2011 was 51.14 days while in 2010 was 57.19 which was 6.05 days shorter.

3. Payment period in 2011 was 63.27 days while in 2010 was 63.94 days which was 0.67 days shorter. This was due to the data base for calculation. The payment of trade accounts payable has always been made in accordance with the agreement entered with the creditors no matter how good or bad the economy situation would occur. This was a part of the Company policy in taking care of the stakeholder.

### 6. Obligations Liable to Financial Situation/Result of Operation

Details are stated in the Note to the Financial Statements No.25 commitment and contingent liabilities page 147 in this Annual Report.

### Remuneration of Auditor

#### 1. Remuneration for auditing service

The Company has been approved by the Annual General Shareowners' Meeting to pay the remuneration to Office of D I A International Auditing for the fiscal year 2011 at the total amount Baht 990,000

#### 2. Other services

None

### Business Target

The Company aims to establish new brand products and to respond better to consumer needs by improving its existing products and better catering to customers within the currently available channels. It also aims to expand the number of the existing channels into new areas, such as retail shops, boutiques, specialty shops, etc., in order to enhance the competitiveness of our key main products, such as apparel, cosmetics, bags, shoes, sport equipment, lingerie, products for kids and washing products to access a greater number of consumers locally and internationally. ICC also provides domestic and imported products with reduced production costs, so as to retain a larger proportion of the budget for boosting marketing potential which will help increase profits.

### Future Project

The Company has set a policy to establish new brand products and to expand the retail shops channel under our management in order to support the demand of new customer segments as well as introducing other products to serve wider customer groups.

The Company has also penetrated new markets by joining hand with selected foreign partners and associated companies to distribute products to international markets.

And to arrange marketing campaigns there. Besides, we will expand our business relating to mass media (TV) and Edutainment.