

# Explanation and Analysis of Financial Status and Performance

## Analysis of Financial Performance in 2012-2011

### Summary Review of 2012 Operations Compared with 2011.

#### Revenue :

Company revenues for 2012 totalled Baht 14,405.96 million, representing an increase of 7.72% compared with the 2011 figure of Baht 13,373.18 million. This resulted from 6.64% increase in sales from Baht 12,825.31 million in 2011 to Baht 13,677.44 million in 2012. An increase of 19.33% in dividends income from Baht 300.86 million in 2011 to Baht 359.02 million in 2012, an increase of 1,390.80% in gain from disposal of assets from Baht 7.28 million in 2011 to Baht 108.53 million in 2012, an increase of 316.97% in gain from disposal of investments from Baht 15.85 million in 2011 to Baht 66.09 million in 2012 and other incomes in 2012 were recorded at Baht 194.88 million compared with Baht 223.88 million in 2011 representing a decrease of 12.95% due to interest income decrease amount Baht 17.51 million in 2012. Company also reduces short term investment for the purpose of improving in product operation and increasing market share.

#### Comparative Revenue Chart (Millions Baht)

Revenues	2012	2011	2010	% Increase (decrease)	
				12/11	11/10
Sales	13,677.44	12,825.31	11,294.42	6.64	13.55
Dividends income	359.02	300.86	313.94	19.33	(4.17)
Gain from disposal of assets	108.53	7.28	121.64	1,390.80	(94.02)
Gain from disposal of investments	66.09	15.85	6.36	316.97	149.21
Other incomes	194.88	223.88	153.37	(12.95)	45.97
<b>Total</b>	<b>14,405.96</b>	<b>13,373.18</b>	<b>11,889.73</b>	<b>7.72</b>	<b>12.48</b>

#### Expenses :

Cost of sales in 2012 totalled Baht 8,425.24 million, increase of 3.94% compared with the 2011 figure of Baht 8,105.86 million. Selling and administrative expenses for 2012 were Baht 4,717.45 million representing an increase of 12.79% over 2011 figure of Baht 4,182.38 million. Finance cost in 2012 totalled Baht 5.04 million, increase of 100% as a result, the total expenses in 2011 totalled Baht 12,288.24 million compared with 2012 figure of Baht 13,147.73 million, increase of 6.99% while, the total income of the company increase 7.72%.

In 2012, selling and administrative expenses increase due to the increasing of minimum wage rate by government policy. At the same time, the company has well organization in administration cost therefore the increasing rate in cost of sales is lower than the growth rate of sales.

#### Comparative Expenses Chart (Millions Baht)

Operating expenses	2012	2011	2010	% Increase (decrease)	
				12/11	11/10
Cost of sales	8,425.24	8,105.86	7,186.44	3.94	12.79
Selling & administrative expenses	4,717.45	4,182.38	3,626.69	12.79	15.32
Finance cost	5.04	-	-	100.00	-
<b>Total</b>	<b>13,147.73</b>	<b>12,288.24</b>	<b>10,813.13</b>	<b>6.99</b>	<b>13.64</b>

#### Net Profit :

#### Comparative Profit Chart (Millions Baht)

Details	2012	2011	2010	% Increase (decrease)	
				12/11	11/10
Revenues	14,405.96	13,373.18	11,889.73	7.72	12.48
Expenses	13,147.73	12,288.24	10,813.13	6.99	13.64
Profit before tax	1,258.23	1,084.94	1,076.60	15.97	0.77
Income tax	289.33	384.02	272.76	(24.66)	40.79
<b>Net profit</b>	<b>968.90</b>	<b>700.92</b>	<b>803.84</b>	<b>38.23</b>	<b>(12.80)</b>

In 2012, the Company's revenues increased of 7.72% from the first part of core revenue of company 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. Another part of revenue comes from profit in investment properties and gain from disposal of investment has been increased, resulting more gain in profit before tax for this year, in spite of the increase in minimum wage rate.

In 2012, the amount of consignment goods reduced compared with the year 2011. Income tax rate also decreased from 30% to 23% resulting to the decrease of income tax expenses and increase of 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 # 10/2555 held on February 26, 2013 a resolution had been passed to propose to the Annual General Shareowners' Meeting scheduled to be held on April 22, 2013 to pay dividend for 2012 operation at Baht 1.25 per share, equivalent to 125% per share at par value.

# Explanation and Analysis of Financial Status and Performance

## Financial Status :

**Assets :** As of December 31, 2012, the Company had total assets of Baht 19,271.81 million, an increase of Baht 2,738.42 million or 16.56% compared with 2011 as following details :

**Current assets :** In 2012, the Company had current assets at the amount Baht 7,413.76 million, an increase of Baht 584.20 million or 8.55% compared with 2011. This is due to :

1. Cash and cash equivalents decreased Baht 335.76 million
2. Trade account receivable increase from 2011 total Baht 180.99 million, compared to 9.72%.
3. Short-term loans decreased Baht 4.00 million.
4. Inventories increase from 2011 at Baht 724.48 million or 19.25 % due to product at sufficient to provide the customer's demand and market shares.
5. Other assets decreased Baht 33.04 million

**Non-current assets :** In 2012, the Company had non-current assets at the amount Baht 11,858.08 million, an increase of Baht 2,154.22 million or 22.20% compared with 2011. This is due to :

1. Available-for-sale investments increase Baht 1,714.32 million due to investment increase Baht 18.34 million and fair value changes in available-for-sale investment increased Baht 1,695.98 million.
2. Investments in associates increased by 56.00 million of investment in new shares.
3. Other long-term investment increased Baht 218.01 million consists of investments increase Baht 256.58 million, disposal and recovery of investments Baht 84.86 million and reversal an impairment loss of investments Baht 46.29 million from the disposal of certain investment.
4. Investment properties decreased Baht 98.73 million, or equal to 9.28% which is the result from the disposal of certain land.
5. Property, plant and equipment increase Baht 251.37 million, compared to 12.56%.
6. Other assets increased Baht 13.25 million.

**Liabilities** In 2012, the Company has total liabilities at the amount Baht 3,218.33 million, an increase of Baht 393.24 million or 13.92% compared with 2011, due to short-term loans from financial institutions increase Baht 464.00 million, trade accounts payable and accrued expenses decrease Baht 120.24 million, While other non-current liabilities increase Baht 49.48 million.

**Equity** In 2012, the equity amounted Baht 16,053.48 million, an increase of Baht 2,345.18 million or 17.11%. This is due to the net operating profit amounting Baht 968.90 million and the increase in fair value changes in available-for-sale investment

at the amount Baht 1,695.98 million, as well as payment of dividend at the amount Baht 319.70 million.

## Number of Employees :

### Comparative Number of Employees Chart

Details	2012	2011	% Increase (decrease) 12/11
Counter sales force	6,004	5,805	3.43
Office work force	1,970	1,886	4.45
<b>Total</b>	<b>7,974</b>	<b>7,691</b>	<b>3.68</b>

## Summary Review of 2011 Operations Compare with 2010.

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 114.36 million in 2010.

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 4,175.74 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%.

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.

# Explanation and Analysis of Financial Status and Performance

In 2011, the Company had a decrease in cash from operations amounting to Baht 68.97 million, with Baht 384.50 million being used for investment, and Baht 319.70 million for financing, resulting in a net cash decrease of Baht 773.17 million. The current ratio increased from 3.06 times in 2010 to 2.84 times in 2011. The quick ratio in 2010 to 1.41 times and 2011 to 0.99 times, while the debt to equity ratio in 2010 to 0.18 times and 2011 to 0.21 times.

## Past Financial Performance and Position

### 1. Appropriate Capital Structure :

Year	Debt/ equity ratio
2012	0.20
2011	0.21
2010	0.16

The debt to equity ratio in 2012 is 0.20 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 (decrease) from operation in the Statements of Cash Flows
2012	2.69	(0.15)	(398.55)
2011	2.84	(0.03)	(68.97)
2010	3.22	0.27	542.73

Regarding the liquidity ratio, an increasing liquidity was shown while the amount of current assets was higher than the current liabilities. In 2012 the liquidity ratio was 2.69 times compared with 2.84 times in 2011, representing a decrease of 0.15 times. The liquidity ratio of cash flow in 2012 was (0.15) times compared with (0.03) times in 2011, representing a decrease of 0.12 times. This resulted from an decrease cash flow from operation of Baht (398.55) million compared with Baht (68.97) million in 2011, equivalent to a total decrease of Baht 329.58 million, due to following reasons :

1. In 2012, the Company received a decreased payment from the trade accounts receivables incurring from the sales of that year, compared with 2011 at the total amount Baht 36.37million.

2. In 2012, the amount of payment for trade accounts payable and goods was more than those in 2011 at the total amount Baht 263.62 million.

3. In 2012, payment for other debts was less than those in 2011 at the total amount Baht 62.68 million.

4. In 2012, payment for other assets was less than those in 2011 at the total amount Baht 63.97 million.

5. In 2012, the company has cash received after deduction of operating expenses decreased at the total amount Baht 103.62 million .

### 3. Quality of Assets :

Property, plant and equipment mainly. The company provides asset which accumulated over 48 years the value of property, plant and equipment increased from the year 2011 of Baht 251.37 million, mainly from the purchase of land for building, parking for the welfare of its employees.

In the year 2012, the Company has unrealized gain for fair value adjustment in marketable securities increase Baht 1,695.98 million showing in equity and reversed the impairment losses of investments Baht 46.29 million due to the sale of other long-term investment.

The Measures to be considered when proving 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

Product management to respond to the need of company's valued consumer is one of the most priority concerned of ICC management. Online Analytical Processing tool (OLAP) is created to more closely and precisely monitor performance of products. The seasonal concept and product success rate as a key factor to ensure right product to satisfy the consumer needs in order to maintain the market leader.

### 4. Profitability :

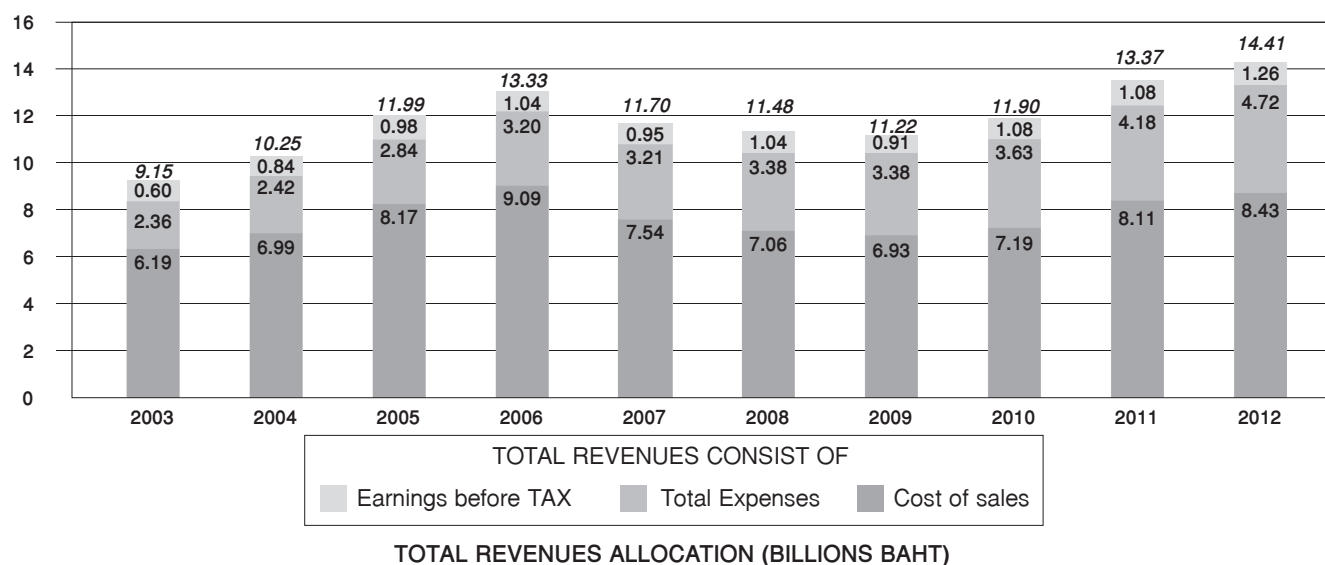
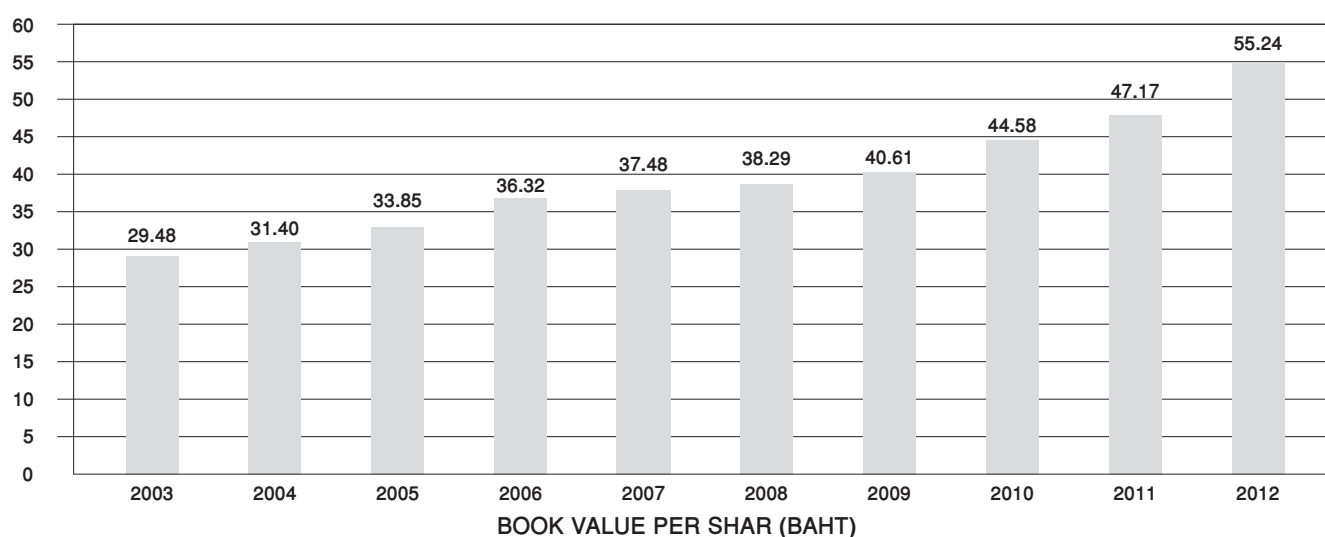
Year	Earning to revenues	Earning from operation	Earning to equity	Earning per share	Price/ earning ratio
2012	6.73	9.20	6.51	3.33	12.61
2011	5.24	8.46	5.26	2.41	18.67
2010	6.76	9.53	6.49	2.77	14.80

# Explanation and Analysis of Financial Status and Performance

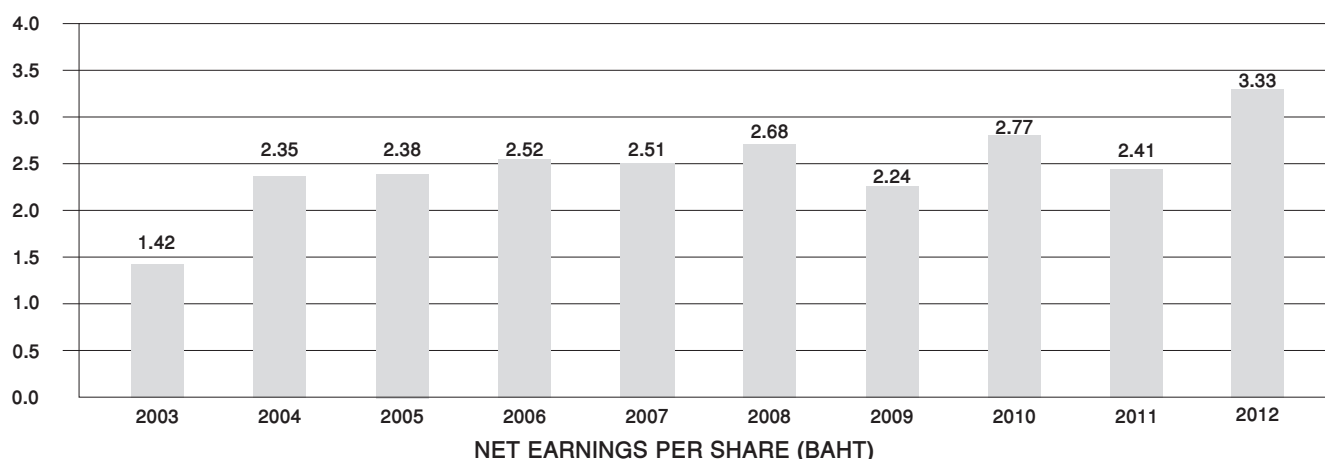
In 2012 the Company gained 9.20% earning from operation compared with 8.46% in 2011 or 0.74% increase. Earning per share in 2012 was Baht 3.33 compared with Baht 2.41 in 2011 or Baht 0.92 increase. Earning to revenues for the year 2012 was 6.73% compared with 5.24% in 2011 or 1.49% increase and earning to equity was 6.51% in 2012 compared with 5.26% in 2011 or an increase of 1.25%. This is due to gaining more income on disposal of assets and investment in 2012 than in 2011, and the balance amount of inventories on trading by retailer in 2012 is less than in 2011 effecting a decrease in the income tax expenses. Another positive factor is the reduction on the income tax rate, resulting an increase of net profit to 38.25%.

## Company's revenues

Revenues	2012		2011		%Increase (decrease) 12/11
	Millions Baht	%	Millions Baht	%	
Sales	13,677.44	94.94	12,825.31	95.90	6.64
Other income					
Gain from disposal of investments	66.09	0.46	15.85	0.12	316.97
Gain from disposal of assets	108.53	0.75	7.28	0.05	1,390.80
Dividend income	359.02	2.49	300.86	2.25	19.33
Interest income	13.39	0.09	30.90	0.19	(56.67)
Rental income	49.42	0.34	57.36	0.35	(13.84)
Other incomes	132.07	0.92	135.62	1.01	(2.62)
<b>Total revenues</b>	<b>14,405.96</b>	<b>100.00</b>	<b>13,373.18</b>	<b>100.00</b>	<b>7.72</b>



# Explanation and Analysis of Financial Status and Performance



## 5. Operating Cycle Days :

Year	Inventories coverage	Collection period	Payment period	Operating cycle days
2012	176.30	52.20	63.42	165.08
2011	152.56	51.14	63.23	140.47
2010	151.16	57.19	63.94	144.41

In 2012, the operating cycle days were 24.61 days longer than those in 2011, from 140.47 days to 165.08 days, due to following reasons :

1. Period of inventories coverage (period of goods selling) increased from 152.56 days in 2011 to 176.30 days in 2012, representing a total of 23.74 days longer period due to the change of trading system in some certain groups of shops in order to meet the business need of such groups. This resulted to 19.25% inventory increase.

2. The collection period in 2012 was 52.20 days while in 2011 was 51.14 which was 1.06 days longer.

3. Payment period in 2012 was 63.42 days while in 2011 was 63.23 days which was 0.19 days longer. 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.28 commitments with non-related parties page 152 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 KPMG Phoomchai Audit Ltd. for the fiscal year 2012 at the total amount Baht 1,200,000

### 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.