

1. Operation Overview

In the year 2017, Thailand's economy grew by approximately 3.5% resulting from the increase in exports. Large-scale economies such as the United States (US), European Union (EU) and Japan showed signs of recovery for the first time in several years, contributing to 8.9% of growth in Thailand's exports during first eight months of last year, led by agricultural products, food & beverage, and electronic parts. Export continuously expanded and tourism still had a positive trend with more tourists visiting Thailand than the previous year. However, household purchasing power, did not improve at the same rate as purchasing power from overseas, although spending among high - income earners was quite good as reflected from sales revenue of durable goods, especially passenger cars which had high rate of growth, spending among low and middle - income earners remained quiet as evident from the decline in spending in categories of food and beverage due to the trend of decreasing farmer's income, reluctance to increase or create new debts as household debts in Thailand remained relatively high, combined with changing measures and requirements relating to credit card and personal loan repayment in accordance with the new income structure which came into effect from Q3/2017 onwards.

From this slight economic growth, domestic competition continued to rise coupled with rapidly changing consumer spending behavior, resulting the Company having to accelerate the expansion of its distribution channels, especially online channels, allocating higher budget for marketing expenditure in researching consumer behavior, expanding its customer base, producing advertisements and arranging sales promotion activities and accelerating reduction of inventory.

In 2017, the Company and subsidiaries had revenue from sales amounting to THB 12,446.98 million, decreasing by THB 168.40 million or 1.33% compared with 2016 and had net profit of THB 846.99 million, decreasing by THB 90.33 or 9.53% compared with 2016. Cost of goods sold was THB 7,861.12 million, increasing by THB 10.12 million or 0.13% compared with 2016. Sales and administrative expenses amounted to THB 4,690.11 million, increasing by THB 107.77 million or 2.35% compared with 2016. The Company's lower profit was due to increasing marketing expenditure in providing increasing knowledge and awareness of products to consumers, costs for additional sales locations and arranging more sales promotion activities, including to accelerate sale of slow-moving products, leading to less profit for the Company.

The popularity of smart phones allowed for more access easy and rapid individual communication and response (One to One). The Company developed a mobile application "ICCAPP" in response to consumer needs for using smart phone, both for IOS and Android, to provide highest value to consumers. Connecting participation of online consumers to store-front sales generated new experience with products, brands and sales promotion activities. Consumers were able to be acknowledged and aware of any values such as lists of sales promotion, news on any products and brands covering areas across the country. Consumers were able to collect points from participating in activities and additional spending to redeem gifts or receive discount and other values from the Company. The application also enables users to conveniently and speedily share a content of activity to other consumers.

The Company still aimed to create online sales channels which provide speed and value in shopping experience at www.ethailandbest.com with speedy convenience in using mobile devices for their shopping pleasure, connecting purchase order to warehouse, facilitating transportation and providing advice via "Call Center Service" to create positive impression and satisfaction of among consumers. Furthermore, the Company engages with alliances as Web Partner with LAZADA, having a number of consumer database, to expand online sales channel, enabling the Company to engage with more new consumers

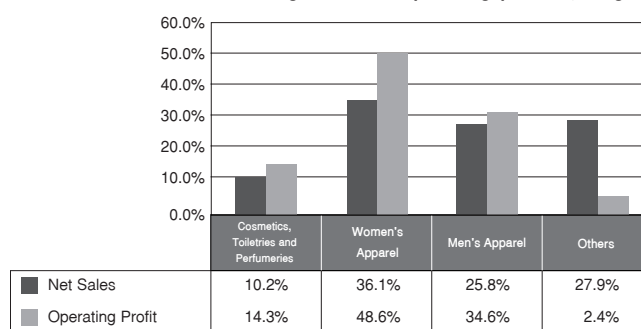
In the Year 2017, the Company invested in a total of 4 subsidiary companies as follows;

- 1) W B R E CO., LTD.: conducting real estate business in establishing Town House Project at Sriracha, near Sahaphat Group Industrial Estate, to expand new business channel for the Company.
- 2) Amis Du Monde SARL (in France): which had a shop in the Champs Elysees area, leading shopping center of France, to bring the "BSC" brand into overseas markets as an international brand under BSC International initially operating as apparel brand. The Board of Directors' Meeting No.6/2016 held on 14 October 2016, considered and approved the winding-up of this operation due to continuous losses. The Company held 98,300 shares in Amis Du Monde SARL or 81.92% of registered capital at par value of EURO 10.00 amounting to EURO 980,000.00 or THB 40.96 million. The Company set aside an impairment of investment amounting to THB 40.96 million. In 2018, the Company is in the process of terminating operation and liquidation based on procedures under French Law.
- 3) Thai Itokin Co., Ltd.: being a manufacturer and distributor of readymade clothes and an important supply chain of the Company. Thai Itokin Co., Ltd. was licensed for the production and distribution of the brand on behalf of the Company including producing uniform clothes, producing products for domestic distribution and export to overseas markets. In this regard, the Company aimed to ensure that Thai Itokin Co., Ltd. continuously conduct business and achieve good operating result for the Company to obtain benefit in terms of dividend.
- 4) Canchana International Co., Ltd.: formerly, 400 shares or 40% of registered capital was held by the Company, with par value at USD 500 each amounting to USD 200,000.00 or THB 6,474,860.00. The Company additionally purchased shares of Canchana International Co., Ltd. from Saha Pathana Inter Holding PCL on 30 November 2017 amounting to 200 shares or 20% of registered capital

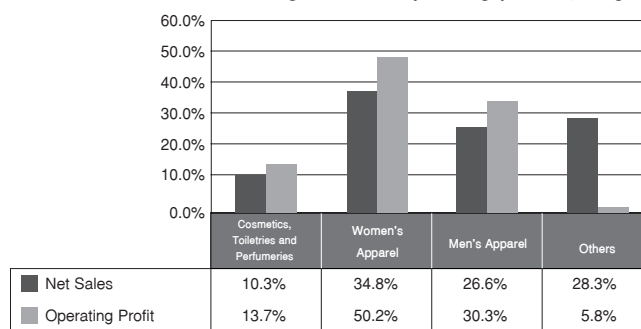
at the price of USD 1,020.861 each (based on Book Value on 31 December 2016), amounting to a total of USD 204,172.20 or THB 7,350,710.00. Therefore, the Company's equity in Canchana International Co., Ltd. came to 600 shares or 60.00% of registered capital, rendering Canchana International Co., Ltd. to become subsidiary of the Company. Purposes for share purchase were to increase the Company's equity proportion since it is a supply chain in product distribution of the Company in the Kingdom of Cambodia, and to give the Company management control for the purpose of increasing operating results and receiving higher benefit in the form of dividend.

2. Performance and Profitability

Proportion of revenue from sale of goods and operating profit by segment 2017



Proportion of revenue from sale of goods and operating profit by segment 2016



Revenue from Sales

In 2017, the Company had revenue from sales amounting to THB 12,446.98 million, decreasing by THB 168.40 million or 1.33% compared with revenue from sales amounting to THB 12,615.38 million in 2016.

Revenue of the Company and subsidiaries comprised 3 main categories, namely cosmetics and fragrances, women's apparel and men's apparel. The details of revenue and profit in each category, compared between the years 2017 and 2016 are as follows;

(Unit : Million Baht)

Product Lines	Net Sales		%	Operating Profit		%
	2017	2016		2017	2016	
Cosmetics and Perfumeries	1,273.62	1,299.79	(2.01)	121.74	171.76	(29.12)
Women's Apparel	4,491.63	4,388.00	2.36	412.95	628.53	(34.30)
Men's Apparel	3,211.01	3,356.02	(4.32)	293.79	379.71	(22.63)
Others	3,470.71	3,571.57	(2.82)	20.56	72.36	(71.59)
Total	12,446.98	12,615.38	(1.33)	849.04	1,252.36	(32.20)

Cosmetics and Perfumeries

In 2017, the Company had revenue from cosmetics and fragrances amounting to THB 1,273.62 million, decreasing by THB 26.17 million or 2.01% compared with 2016 and posted profit from the operation in this category in 2017 amounting to THB 121.74 million, down by THB 50.02 million or 29.12% due to;

- Increasing competition with leading brand name products from overseas and the increase of small and medium enterprises
- Increasing budget of the Company to create consumer awareness, expand customer base, maintaining current customer base and costs for sales promotion activities.
- Changing consumer behavior to do their shopping online

Women’s Apparel

In 2017, the Company and subsidiaries had revenue from women’s apparel amounting to THB 4,491.63 million, increasing by THB 103.64 million or 2.36 compared with 2016 and posted profit from operation amounting to THB 412.95 million, down by THB 215.58 million or 34.30% compared with 2016 mainly due to;

- Consumer behavior of most teenagers to purchase their favorite product, at reasonable price, with short period of usage and frequent change, regardless of quality,as well as availability on a number of different social media channels which had a number of retailers.
- Increasing revenue from sales in category of black and white clothes during Q4/2016
- Decreasing sales space in department stores to expand more areas for the category of sport fashion
- Market Competition from fast fashion brands such as ZARA, H&M and UNIQLO
- Continuous growth of sales in the category of lingerie from previous year via;
 - Expanding sales channel via direct marketing such as TV Shopping Online by selecting product suitable with such channel
 - Launching new product lines in response to consumer needs

Men’s Apparel

In 2017, the Company had revenue from men’s apparel amounting to THB 3,211.01 million, decreasing by THB 145.01 million or 4.32% compared with 2016 and posted profit from operation amounting to THB 293.79 million,down by THB 85.92 million or 22.63% compared with 2016 mainly due to;

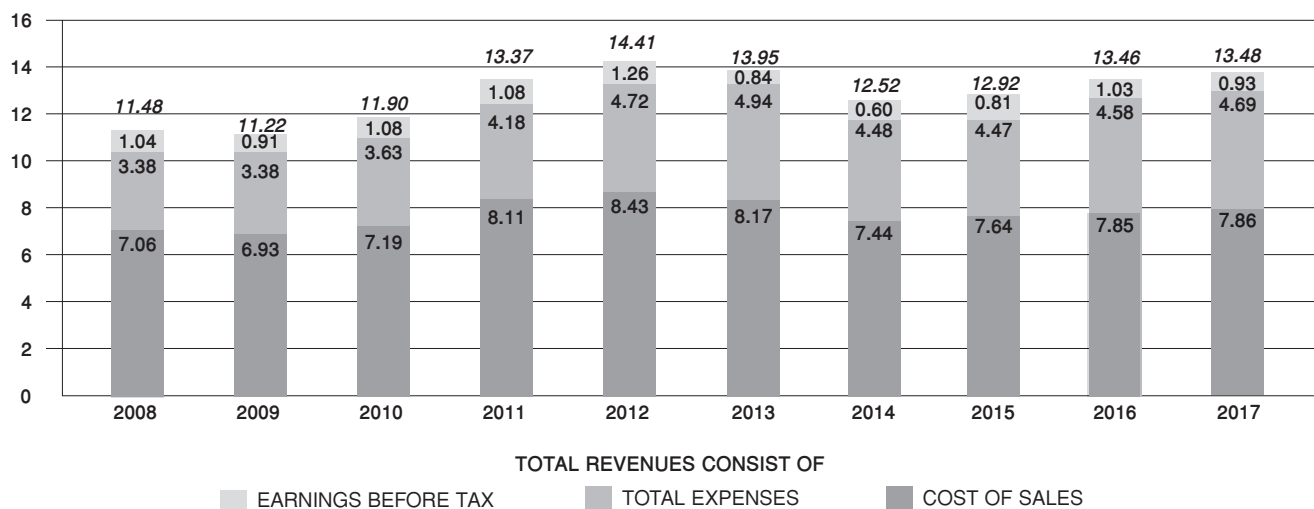
- Significant increase in revenue from sales of black and white clothes in Q4/2016 and because black and white clothes can also be generally worn on other occasions resulting in the decrease of sales in year 2017
- Decreasing revenue from sales in the AEC such as in Myanmar, where spending among the middle class focused mainly on basic consumer products for general consumption resulting in a decline in sales of clothing products, considered as luxury items, and the advent of the AEC free-trade zone leading to more business operators and higher competition

Others

Main revenues of other categories were children’s clothes, active wear, sports clothing, leather goods and household products such as washing liquid and detergent as well as fabric care products. In 2017, the Company had revenue from the products in other categories amounting to THB 3,470.71 million, decreasing by THB 100.86 million or 2.82% compared with 2016 and posted profit from operation amounting to THB 20.56 million,down by THB 51.80 million or 71.59% compared with 2016 due to;

Other revenues

In 2017, the Company had revenue from other incomes amounting to THB 1,010.61 million, decreasing by THB 211.17 million or 26.41% compared with 2016 and had profit from operation in year 2017 amounting to THB 47.31 million, down by THB 57.02 million



Total Income Apportion (Million Baht)

Cost of sales of goods

In 2017, the Company and its subsidiaries had Cost of Sales of THB 7,861.12 Million, increasing by THB 10.12 Million or 0.13%. Cost to sales ratio in 2017 was 63.16% compared to 62.23% in 2016, increasing by 0.92%, due to clearance sales promotion activities to boost the total sale volume.

Selling and Administration Expenses

In 2017, the Company and its subsidiaries had Selling and Administration expenses amounting to THB 4,690.11 Million, increasing by THB 107.77 Million or 2.35%. Hence, accounting for cost to sales ratio of 37.68% in 2017, compared with 36.32% in 2016. Following are additional details::

In 2017, the Company and its subsidiaries had selling expenses in the amount of THB 3,078.12 Million, while in 2016 it was THB 2,892.34 Million, increasing by THB 185.78 Million or 6.42%, due to the increased in marketing expenditure, to promote customers awareness, attract new target customers, as well as expenditure to increase and improve point of sells, all contributing to the increase of selling expenses this year.

In 2017, the Company and its subsidiaries had administration expenses in the amount of THB 1,611.99 Million, compared to THB 1,690.00 Million in 2016, decreasing by THB 78.01 Million or 4.62%, due to the decrease in allowance for impairment of investments.

Income Tax Expenses

In 2017, the Company's corporate income tax amounted to THB 86.49 Million, compared to THB 94.49 Million in 2016, decreasing by THB 8.01 Million, due to the increasing of tax allowances in the amount of THB 1.60 Million and Defer tax expenses in the amount of THB 9.65 Million (Year 2017 : THB 1.32 Million, Year 2016 : THB 10.97 Million) resulting in the Company having less income tax expenses in 2017 than in 2016.

Net profit

In 2017, the Company and its subsidiaries had Net Profit in the amount of THB 846.99 Million, increasing by THB 90.33 Million or 9.53% compared with 2016, due to the decrease of sale volume, increasing marketing activities in relation to higher market competition, as well as the increase in the marketing budget to raise customers awareness, attract new target customers and maintaining existing customers' satisfaction to promote repeat purchases.

3. Financial Statements

Assets

As at 31 December 2017, total assets of the Company and its subsidiaries were 23,280.16 million baht, an increase of Baht 3,084.24 million or 15.25% compared with 31 December 2016. The main changes are as follows;

As at 31 December 2017, current assets were Baht 6,902.91 million, equivalent to 29.65% of total assets, decrease of Baht 287.50 million or 3.99% compared to 2016. The main changes are as follows:

- The decrease of Baht 264.39 million in cash and cash equivalents due to investment in the bond of some company amount of Baht 399.00 million.
- The increase of Baht 363.56 million in accounts receivable, due to this year some department store delays payments from the end of the year to the next year. And new accounts receivable increased.
- The decrease of Baht 135.00 million in Short-term borrowing.
- The decrease of Baht 260.93 million in inventories due to the Company's focus on efficient inventory management, adjusted purchase order and accelerate merchandise that sells slowly. As a result, the inventories decreased.

Non-current assets were Baht 16,377.25 million, equivalent to 70.35% of total assets, an increase of Baht 3,368.73 million or 25.90% compared with 2016. The main changes are as follows:

- The increase of Baht 60.00 million in Short-term borrowing due to change of loan type from short term to Long term loan of associated companies.
- The increase of Baht 2,482.01 million in available-for-sale investments due to the appreciation of fair value totaling Baht 2,503.65 million, sale of investment totaling Baht 21.64 million due to injecting capital amount of Baht 137.99 million, decrease of one associated companies amount of Baht 6.47 million and share of profit (loss) from investment in associated totaling Baht 0.42 million.
- The increase of Baht 52.34 million in net investment property from sell of land and building.
- The increase of Baht 63.83 million in net property land, building and equipment, cost for furniture used for new shop and renovating existing shop, land and building acquisition utilizing for business and cost for new shop decoration.

Liabilities

As of 31st December 2017, the Company and its subsidiaries had total liabilities of Baht 3,369.51 million, an increase of Baht 550.10 million or 19.51% compared to 2016, of which most were non current liabilities. The main changes are as follows:

Current liabilities amounted to Baht 2,013.87 million, equivalent to 59.77% of total liabilities, an increase of Baht 6.30 million compared to 31st December 2016 due to in other accounts payable in the amount of Baht 18.80 million, the increase of Short-term borrowing from financial institutions in the amount of Baht 10.00 million, the decrease of trade accounts payable in the amount of Baht 43.51 million and decrease of income tax payable in the amount of Baht 45.15 million.

Non-current liabilities were Baht 1,355.64 million, equivalent to 40.23% of total liabilities, an increase of Baht 543.80 million or 66.98% compared to 31st December 2016, The main an increase of deferred tax liabilities totaling Baht 502.05 million and the increase of employee benefit obligations in the amount of Baht 45.15 million.

Shareholder's Equity

As of 31st December 2017, the Company and its subsidiaries had shareholders' equity of Baht 19,910.64 million, an increase of Baht 2,531.13 million or 14.56%, due to the increased difference from change of fair value of available-for-sale investments totaling Baht 2,003.40 million, annual net profit in the amount of Baht 846.99 million, Total changes in ownership interests in subsidiaries amount of Baht 14.97 million and with dividend paid in amount of Baht 334.23 million

4 Asset Quality and Asset Management Capabilities

The Company considered quality receivables by conducting analysis of individual debtors before granting the credit term. The Company regularly tracked and collected outstanding debts and set allowance for doubtful accounts for long outstanding receivables. In 2017, the Company had allowance for doubtful accounts equivalent to 1.08% of trade accounts receivable (compared with 2.90% in 2016).

Policies for granting credit for trade accounts receivable as follows;

1. Ability to make payment for products
2. Attentiveness of managers
3. Potential for growth.
4. Good, transparent and verifiable accounting system
5. Good management systems for inventory and distribution
6. Good internal control system, including effective entry-exit security control for employees and goods
7. Possess stable, substantial and sufficient collateral

Most of the assets of the Company and its subsidiaries comprise land, buildings and equipment collectively acquired throughout the past 53 years, with a net value of Baht 2,874.17 million as of 31st December 2017.

Assets in terms of investment property held by the Company and its subsidiaries generated revenue from rental and sales in the amount of Baht 1,031.77 million, as of 31st December 2017.

For investment, as of 31st December 2017, the Company had unrealized gains from fair value adjustment of securities totaling Baht 7,255.34 million, shown in shareholders' equity and earning return on investment as a dividend at an annual rate of 9.70% in 2016 (previously 8.99% in 2016). The Company's investment management was delegated to appointed persons placed in the joint-venture companies or in companies engaged in related business with the invested business as the center to look after the investment, monitoring and reviewing financial statements and relevant information of the invested company, reporting any unusual event or crisis at the invested company back to the Company promptly in order to find solutions or seek remediation.

The Company places importance on product management by automated packaging systems for delivery of products to shops on a daily basis, a top up of the Collaborative Planning Forecast and Replenishment (CPFR) system to properly manage product volume. The company has developed for a while, so it began to develop links to partners. Manufacturer Factory and the logistics process delivering the supply chain to Demand Planning, responding to the needs of consumers and customers that change in a timely manner from last year.

The Company has new invested in Enterprise Resource(ERP) by Oracle E-Business Version R12 software, which covers accounting, purchasing, inventory management costs. and a standardized and automated linking system. Reduce time and complexity. And can track the whole system.

5. Liquidity and Capital Adequacy

Year	Current Ratio	Liquidities Ratio	Cash from Operating Activities (Million)
2017	3.43	0.08	156.00
2016	3.58	0.53	1,063.55
2015	3.41	0.15	305.89

From the Current ratio, the Company and its subsidiaries had superior liquidity with more current assets than non-current assets. In 2017, liquidity ratio was 3.43 times, compared to 3.58 times in 2016, close to the previous year. In 2017, liquidity ratio of cash flow was 0.08 times, decrease of 0.45 times from 0.53 times in 2016, attributed to the decrease in cash flow from operation of Baht 907.55 million year on year due to;

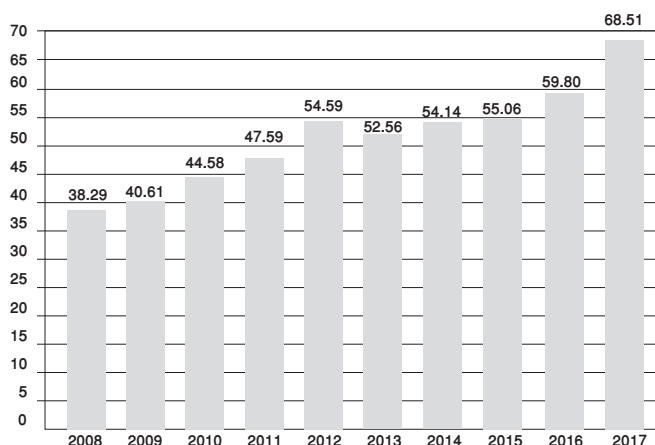
1. In 2017, received repayment from accounts receivable less than by 521.54 Million Baht from Year 2016.
2. In 2017, had the gain on disposal of available for sale and long-term investment increased by Baht 273.68 million from 2016.
3. In 2017, had the Gain on disposal of property, plant and equipment and investment properties increased by Baht 50.96 million from 2016.
4. In 2017, repayment of tax expense increased by Baht 50.69 million from 2016.

The Company had 2 main sources of funding namely (1) funding from operating activities and (2) funding from investment activities in investment properties and equity investments. The Company had revenue from property rental, sales of investment property and dividend received from common stocks at a high rate of return. The Company managed business liquidity well and used funding from business for business expenditure without seeking external funding while also able to pay regular dividends.

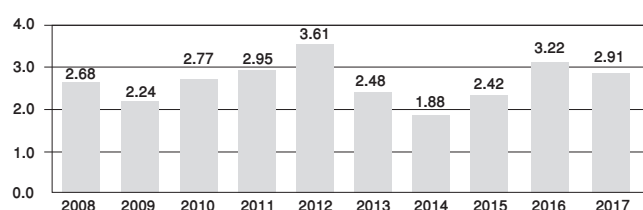
6. Profitability

Year	Profit/Net Income (%)	Profit from Operating (%)	Profit/Shareholders' Equity (%)	Profit/Share (%)	Market Price/Profit (time)
2017	6.29	7.50	4.54	2.91	13.39
2016	6.98	8.17	5.61	3.22	11.34
2015	5.46	6.55	4.43	2.42	15.81

In 2017, the Company's profitability decreased from the previous year with operating margin of 7.50% decrease of 0.67% compared with 2016. Profit per share was Baht 2.91, decrease from the previous year due to decreasing revenue by Baht 168.40 million or 1.33% and increase expenses from sales and administrative by Baht 107.52 million due to increased marketing expenses for the purpose of building brand awareness among consumers who were new target customers.



Book Value per Share (Baht)



Earnings per Share (Baht)

7. Cash Cycle

Year	Average of selling period	Average of collection period (day)	Average of repayment period (day)	Cash Flow Life-Cycle
2017	162.90	49.74	60.44	152.20
2016	172.14	45.08	57.71	159.51
2015	181.00	49.46	59.69	169.77

In 2017, the Company had operating cash cycle of 152.20 days, down by 7.31 days from 2016 due to

1. The average selling period decreased by 9.24 days, from 172.14 days in 2016 to 162.90 days in 2017, due to the Company's ability to decrease inventory by Baht 260.93 million or 7.08% compared 2016.
2. The average collection period an increased by 4.66 days, from 45.08 days in 2016 to 49.74 days in 2017.
3. The average repayment period an increased by 2.73 days, from 57.71 days in 2016 to 60.44 days in 2017 due to the base figure used for calculating billing date of the Company's credit repayment always complied with the agreement with creditors regardless of economic condition, resulting in relative consistency in the repayment period as part of protecting stakeholders in accordance with Company policy.

8. Obligations which may have material impact on Company's financial position/performance

Obligations with unrelated parties/businesses are represented in Notes to Financial Statements (No 34, Page 193 of The Annual Report).

The Company had commitments as a guarantor for 12 joint-venture companies in the amount of Baht 333.08 million under joint-venture agreement as per proportion of shares.

9. Factors affecting future performance

Following are factors which may affect the Company's future performance:

1. Economic Fluctuation

The investment in public sector projects is not enough fast enough. Can affect the shopping that is the purchasing power of people in the country fell. Medium to low income spending continued to be sluggish, with spending on necessities such as food and beverage declining this is in line with the decline in farm income. Meanwhile, non-farm income is likely to remain stable. Exchange rate fluctuation Volatility of the global money market And the uncertainty of United States economic and trade policy.

2. Rapid development of technology

Understanding the new economic and business model in the new context of digital consumer growth. Digital consumer market is growing rapidly in Thailand, In the ASEAN countries, India and China, which, when linked together, will have over 3,000 million consumers. It has the potential to create tremendous opportunities and value for businesses. It has the potential to create tremendous opportunities and value for businesses. Ecommerce business will grow significantly in both service and consumer markets in 2018, and it is expected that consumer-centric business models will be central demand of consumer for grow your business in the next phase.

3. External Market Competition

Brand names from various countries come in affordable prices. The product is stylish and quality is accepted such as UNIQLO ZARA and H & M. To adapt the supply chain to the fast. Economy of Scale Economy of Speed and Economy of Design continuously from last year.

The Audit Committee of I.C.C. International Public Company Limited, comprising Thiraphong Vikitset Ph.D., as Chairman and Mr. Amorn Asvanunt, Mrs. Duangphorn Sucharittanuwat and Mr. Nophorn Bhongsvej as committee members, and Mrs. Duangrudee Milintanggul as Secretary, has the responsibility of overseeing and assessing financial reports for their accuracy and credibility; applying appropriate and sufficient risk management, efficient and effective internal control systems; recommending the appointment or the termination of an external auditor to the company; and undertaking other duties as assigned by the Board of Directors.

In 2017, the Audit Committee arranged 12 meetings to which it invited the Company's Vice President of Accounting and Finance, Vice Presidents of all divisions of the company, the representatives of KPMG Phoomchai Audit Co., Ltd., and the representatives of Dharmniti Internal Audit Co., Ltd., which has been appointed the company's auditor and internal audit consultant since 2004. During the meetings, they jointly considered the relevant agenda to ensure the completeness and accuracy of the information shown on financial statements and consolidated financial statements of the Company and subsidiaries, as well as reviewing and discussing corporate internal control systems, related transactions, risk management and financial information disclosure, a substantial summary of which is as follows:

- 1) The Audit Committee agreed with the conclusions of the representatives of KPMG Phoomchai Audit Co., Ltd., which reported that financial statements and consolidated financial statements of the company and subsidiaries were accurate and substantively complied with the latest accounting standard as represented in the Independent Auditor's Report of this Annual Report.
- 2) The Audit Committee and Dharmniti Internal Audit Co., Ltd. agreed that I.C.C. International Public Company Limited and subsidiaries have adequate and appropriate internal controls and risk management systems, as shown on Dharmniti Internal Audit Co., Ltd.'s report on the adequacy and appropriateness of the Company's Internal Control Systems, under Thailand's Securities and Exchange Commission's guidelines. They also approved the company's auditing year plan, evaluated and provided oversight to ensure that the Head of the Internal Audit Unit had adequate experience, knowledge and training and provided advice for execution improvement in order to enhance effectiveness.
- 3) The Audit Committee monitored and reviewed approaches for IT system development to improve the effectiveness of internal controls to be in line with the company's business development.
- 4) The Audit Committee reviewed all related transactions on the basis of transparency, anticipated interests of ICC in accordance with prevailing market situations, and conflicts of interest of related parties. The Audit Committee submitted 13 cases of related transactions to the Board of Directors for approval in order to ensure that the activities were transparent, rational, and in the best interest of the company and the shareowners. In 2017, there was no significant related transaction or other transaction that might have caused conflict of interest in relation to the guidelines.
- 5) Considered and proposed to the Board of Directors for approval the names of Certified Public Accountants and their remuneration commensurable with their knowledge, ability, experience and independence, for appointment at Annual General Meeting. For the year 2018, the proposed list of Certified Public Accountants of the company and subsidiaries were finalized and remuneration was set at a total of 2,858,245.- Baht.
- 6) Considered and reviewed the Charter of the Audit Committee and conducted a self-assessment audit of its operating results.
- 7) Reviewed compliance with the Securities and Exchange Act, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand including other relevant laws governing business operations of the company.



(Thiraphong Vikitset Ph.D.)
Chairman of the Audit Committee