



TICON Industrial Connection Public Company Limited

ANNUAL REPORT 2016



Leading Industrial Property
TOTAL SOLUTION PROVIDER
Warehouses and Factories for Lease



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Message from the Chairman of the Board for the Year 2016

Owing to the increased investors' confidence in the Thai economy which registered a GDP growth of 3.2% in 2016 as compared with 2.9% in 2015, overall demand for factory and warehouse space increased noticeable in 2016. The demand was also underpinned by the increase in foreign direct investments following the more attractive stimulus package offered by Thailand's Board of Investment under the country's Digital Economy Policy or Thailand 4.0. TICON also benefitted from this development as our new factory and warehouse space lease in 2016 increased significantly from last year. With more than half of the new leased warehouses in 2016 were built to suit third party logistics business requirements, we expect to see demand for built-to-suit type of warehouse continuing to grow in 2017 and are pleased to have, with the support from our new strategic shareholder, developed the built-to-suit capability ready to capture this business opportunity.

Factory Lease

TICON let out 60,175 square meters of new factory space in 2016 while returned space from expiring warehouse lease totalled 26,650 square meters bringing a net increase in new leased factory space for 2016 of 33,525 square meters which was 91.3% increase over the new leased factory space of 17,525 square meters in 2015. About two-thirds of the tenants of the new leased factory space in 2016 were supply chain manufacturers in the electronics, automobile, and auto parts industries.

Warehouse Lease

In 2016, demand for new warehouse space mostly came from third party logistics providers. Approximately 55% of the 122,858 square meters of new warehouse space in 2016 were leased to them. Manufacturers of food and beverages accounted for about 16% whilst E-commerce business accounted for another 6% of the total new leased warehouse space. Nearly 32% of the tenants of the new leased warehouse space in 2016 were German companies followed by Thai tenants in second place at 25%.

Investment Activity

In 2016, TICON invested a total of 1.86 billion Baht in construction of factory and warehouse buildings. No land was bought during the year.

PT SLP Surya TICON Internusa (or "SLP"), which is the joint venture company in Indonesia between TICON and

two other business partners, namely Surya Semesta Internusa and Mitsui & Co., increased investment in Indonesia as it is constructing two built-to-suit warehouse facilities, at Kalimantan and Sulawesi, for lease to one tenant. Construction of both facilities is expected to be completed in 2017.

In the fourth quarter of 2016, our subsidiary company, TICON Logistics Park ("TPARK"), set up a joint venture with Prospect Development Company Limited. The new joint venture company was named TPARK BFTZ Company Limited and is a developer of built-to-suit warehouse facilities for lease in the Bangkok Free Trade Zone area near Bangplee, Samutprakan. The project, which covers an area of 800 rai, has received strong interest of investors who have demand for built-to-suit warehouse space. TPARK holds a 60% stake in TPARK BFTZ while the remaining 40% belongs to Prospect Development Company Limited.

Operational Result

In 2016, TICON deferred selling of assets to TICON REIT because TICON was about to finalize a deal with a potential strategic shareholder which will enable the company to receive new funds from a capital increase in an amount sufficient to finance TICON's on-going working capital requirement, future business expansion as well as reducing debt to equity ratio from 2.16 times, estimated for the end of 2016, to just 0.34 times. As a result, TICON's property sales income in 2016 was lower at 251 million Baht.

TICON managed to grow its rental and related service income from 1,048 million Baht in 2015 to 1,172 million Baht in 2016, giving a 12% increase. With additional income from sales of undeveloped land in the fourth quarter, income from sales of investment in unit trusts in the first quarter, and property management fee income in 2016 totaling 737 million Baht, TICON's total revenues in 2016 were 1,873 million Baht. Consequently, the company's net profit for the year was 278 million Baht; a 64% drop from the net profit in 2015.

Strategic Development and Business Outlook

A development that was significance and will be beneficial for TICON to achieve sustainable growth in the long run took place in the fourth quarter of 2016 when Frasers Property Holding Thailand Company Limited

(or “FPHT”) acquired approximately 40% of TICON's shares by subscribing to 735 million new shares issued by TICON. The capital increase was completed and TICON received payment for the new shares totaling 13.2 billion Baht from the new investor, FPHT, on January 16, 2017.

FPHT is a company in the Group led by Frasers Centrepoint Limited (or “FCL”) which is a listed on Singapore's stock market and is a developer of industrial, housing, commercial, and retail properties in Singapore, Australia, China, UK, Thailand and Vietnam. FCL also has extensive experience and expertise in developing and managing large scale factory and high quality logistics facilities in the Australian market.

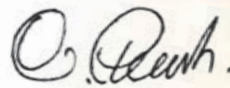
FPHT, as TICON's major shareholder, will support TICON in every area of business - finance, marketing, and networks within and outside Thailand. Experienced industrial property professionals will be brought in from FCL Group to join TICON's management team and share their knowledge with TICON's staff on how to develop built-to-suit warehouse facility for modern logistics business and how to effectively provide total business solution for factory and warehouse customers both in Thailand and overseas which should give TICON the competitive edge over every competitor.

Subsequent to the share acquisition by FPHT, the new strategic shareholder, TICON has revised its business strategy from only leasing factory and warehouse buildings to providing Total Solutions for the Factory and Warehouse tenants. TICON now has a full range of products and services to accommodate all the industrial property needs of each customer. The revised strategic plan will capitalize on the strengths and network of FPHT and emphasize development of built-to-suit warehouse to capture increasing market demand.

With respect to overseas expansion, It can be expected that FPHT and FCL Group's network will be instrumental for TICON to seek more investment opportunities in AEC countries other than just Indonesia. TICON anticipated that the domestic economy will continue to recover in 2017 and the manufacturing industry's excess capacity in Thailand will correspondingly decrease thereby investors will soon begin to expand capacity again. However the conventional labor intensive type of production facility will be transformed to use more automation and robots which will result in more demand for larger factory and warehouse space. More trades in

the economy will increase demand for warehouses and distribution centers, especially the on-line trades which could see substantial growth in 2017.

Last, but not least, as Chairman of the Board, I would like to thank our shareholders and business allies for their continuous support for TICON, and thank our Board of Directors, management executives, and employees for their collective efforts and hard work in making 2016 another successful year for TICON. I believe that with the strengths of all shareholders and management team, the much stronger financial structure of the company and the revised business strategy TICON will become one of the leading developers and providers of international standard quality factories and warehouses together with effective total solution for its customers and be able to achieve a sustainable growth in the long run.



(Mr. Chainoi Puankosoom)
Chairman of the Board



Report of the Audit Committee on Corporate Governance for the Year 2016

To: The shareholders of TICON Industrial Connection Public Company Limited

TICON's Audit Committee Which was appointed by the Company's Board of Director is comprised of experts with relevant work experience in business administration and finance. The Committee is independent and qualifies in accordance with the corporate governance guideline for Audit Committee. Current members of the Audit Committee are three independent directors of the Company who are Mr. Threekwan Bunnag (Chairman of the Audit Committee), Mr. Chainoi Puankosoom, and Mr. Chatchaval Jiaravanon. On January 16, 2017 Mr. Chainoi Puankosoom was appointed an Audit Committee member to replace Mr. David Tarrant who had resigned from the Audit Committee on the same day.

The Committee has performed its duties as assigned by the Board of Directors and the Company's practice guidelines for Audit Committee in accordance with SET regulations. The Committee has focused on conformity with good corporate governance, having good internal audit system, and encouraging preventive audit method, including risk management and benefit protection for all stakeholders equally. During the year 2016, there were five Audit Committee member meetings. The meetings were with the Company's Management, internal auditor, and accounting auditor in audit relevant subjects.

1. Reviewing the financial statements. The Audit Committee joined with Management, Internal Auditor and External Auditor, has reviewed the 2016 quarterly and year-end financial statements for the Company and the consolidation as well as the related party transactions and the transactions that may have conflicts of interest. The Company's external auditor has participated in every session of considering reviewing the financial statements. The Audit Committee made inquiries from the external auditor in regard to the correctness and completeness of the financial statements, the adjustment of key accounting entries affecting the statements, the appropriateness of accounting entry methods and audit scope, as well as the accuracy and adequacy of the disclosure. The Audit Committee was of the opinion that the financial statements were prepared in compliance with related regulations and were presented in a complete, and reliable manner, and reasonable in all material respects adhering to the generally accepted accounting principles. In addition, the Committee held a meeting with the external auditors in an absence of the Management to examine the external auditors' work scope and independency in performing their duties.

2. Reviewing the effectiveness of internal control system. In every quarter, the Committee, together with the internal auditor and the external auditor, has examined and reviewed the internal control systems including operations, asset maintenance, prevention or minimization of errors, losses and the internal control system for the significant workflows of the Company. The external auditor and the Committee were of the opinion that the Company has a sufficient internal control system. No weakness or significant deficiency in such system has been found. The Company's assets have been appropriately kept and maintained. As well, the Company has an appropriate, adequate, and efficient operating monitoring system.

3. Reviewing Corporate Governance. The Committee has reviewed compliance with the workflows, the Securities and Exchange Acts, SET regulations, and other laws relevant to its business. The Committee found no significant lack of compliance with such workflows, laws, and regulations. In addition, the external auditor and the Audit Committee have reviewed connected transactions or transactions that may have conflicts of interest, and agreed that the significant details of the connected transactions were disclosed accurately and completely in the Financial Statements and its Notes, and were reasonably taken and provided the most benefit to the Company. Moreover, the Committee conducted an assessment on the performance of its collective membership with satisfactory results.

4. Reviewing the internal audit. The Committee has reviewed the mission, scope of work, duties and responsibilities, manpower and remuneration of the Internal Auditor Department, as well as approved the annual audit plan. The Committee has followed up management actions in response to the internal audit's findings and recommendations. The findings and recommendations are reported directly to the Audit Committee every quarter. In 2016, the internal audit strategic plan has been revised by outsourcing the internal audit function to improve the efficiency of work and to support business expansion plans in domestic and overseas investments. In 2016, the internal auditor focused on reviewing the information procurement process, the fixed asset control process and overall risk assessment. The Internal Auditor has reviewed the Company's operating procedures and operating systems to ensure that they are in compliance with relevant rules and regulations, and given advice and recommendations to improve operating procedures in response to current situations. The Audit Committee has the opinion that the Company's internal audit system is sufficient, appropriate and effective, and the Internal Auditor is independent in performing its duties.

5. Recruiting the External Auditors. For the year 2016, Audit Committee nominated accounting auditor based on performance, independence, and remuneration suitability. The Committee agreed to nominate the accounting auditor from EY Office Limited who was Mr. Sopon Permsirivallop, CPA license holder number 3182 and/or Ms. Roongnapa Lertsuwankul, CPA license holder number 3516 and/or Mr. Chayapol Supphasettanon, CPA license holder number 3972 and/or Ms. Rossaporn Dej-akom, CPA license holder number 5659 and/or Mrs. Sumana Panpongsanon, CPA license holder number 5872 to become the Company's auditor in 2016 at a total cost of one million baht and presented to the Company's AGM for approval.

6. Participation in the Collective Anti-Corruption Project (CAC) On March 13, 2015 the Company enlisted in the declaration of intention by the Private Sector Collective Action Coalition against Corruption (CAC). The Company amended its policy and set the internal control system to be in line with the corruption risk. It applied to get certified to CAC standards on November 16, 2016 and is pending the certification from CAC.

In summary, the Audit Committee had fulfilled its responsibility in accordance with the Audit Committee Charter approved by the Board of Directors. The Committee has performed its duty with knowledge, professional competency, caution and prudence, as well as adequate independence in protecting the benefits of all stakeholders equally. The Committee was of the opinion that the Company's financial reports were accurate, reliable, and contained adequate information, in accordance with the generally accepted accounting principles. Besides, the Company has implemented sufficient, appropriate, and effective internal control system, carried out good corporate governance and complied with legislation and regulations relevant to its business.



(Mr. Threekwan Bunnag)
Chairman of the Audit Committee



Report of the Company Risk Management Committee for the Year 2015

TICON's Risk Management Committee, appointed by the Board of Directors, comprises seven qualified members. The members are Ms. Lalitphant Phiriyaphant who is Chairwoman of the Risk Management Committee, Mr. Virapan Pulges, Dr. Somsak Chaiyaporn, Mr. Samart Rusmeerojwong, and Mr. Peerapat Srisukont.

The Committee has performed its duties as assigned by the Board of Directors, and in compliance with the practices and guidelines for the Risk Management Committee, which in line with the international standard. The Company focuses on managing four categories of risk – Strategic Risk, Operational Risk, Compliance Risk, and Financial Risk. During the year 2016, the Committee held four meetings. The discussions in the Meetings are summarized as follows:

1. Strategic Risk

Because the economy continued to be depressed, in order to retain our competitiveness and leadership in the industry, in 2016 the Company had the policy whether investment was inside or outside Thailand it had to be through joint venture with partner(s.) That allowed the Company to seek new investment opportunities and reduce risk of investment in emerging market at the same time. Benefits from joint venture investment would be mutual benefits. Moreover, to support local manufacturing industry which turned to rely more on technology, the Company developed more built to suit warehouses and even factory to meet customers' demand and used international standard new technology at constructing built to suit warehouses and factory. One example was the buildings constructed following the US LEED's green building construction guideline which answered need of customers. In addition, they brought the Company chance to get to know a new customer segment where environment is priority. Moreover, human resource development and work process improvement were in the Company's focus since they would enhance work efficiency and potential of Company's work force to get ready for future growth.

2. Operational Risk

Operational Risk includes injury and accident at work, political instability, natural disasters, and other threats. To effectively provide safety in workplace, the Company's Committee of Occupational Safety, Health and Work Environment of the Workplace was set up.

For the flood risk area as Ayudhaya province, the Company installed flood protection pumps and prepared adequate

sand bags as well as training a working team to be ready for flooding should it happen again.

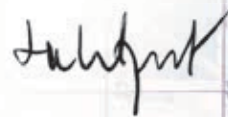
3. Compliance Risk

Legal Limitation Risk: Due to the continual business expansion, both domestic and overseas, the Company manages an efficient response plan by preparing a team of legal experts to study and analyze legal limitations as well as any problem to the Company's business expansions.

4. Financial Risk

Capital Sufficiency Risk: Due to the Company's capital intensive business, the Company needs sufficient funding at an appropriate cost, to operate its business, increase its flexibility for future expansion, reduce financial risk and present its strong financial status. Therefore, the Company maintains its capital structure with an appropriate ratio of interest-bearing debt to equity, and facilitates appropriate financial instruments when sourcing capital.

For the year 2016, to ensure appropriateness, effectiveness and implementation of the Company's risk management, as well as to ensure that the Company can manage key risks at the acceptable levels, the risk management process has been reviewed constantly to ensure the Company's sustainable growth.



(Ms. Lalitphant Phiriyaphant)
Chairwoman of the Risk
Management Committee



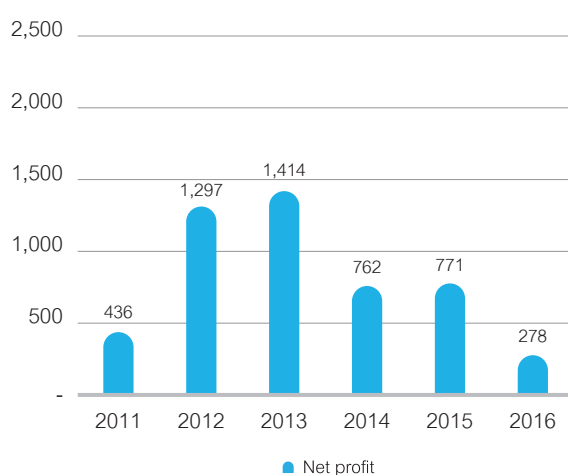
Financial Highlights

Unit : Million Baht

	2016	2015	2014
Sales of properties	250.68	3,345.61	4,561.28
Rental and service income	1,172.12	1,048.55	966.06
Property management fee from property funds/ reit	201.12	204.12	165.34
Share of profit from investments in property funds/ reit	252.22	248.47	267.13
Realized additional gain on sales of properties to property funds/ reit	294.95	246.69	41.37
Cost of sales of properties	160.16	2,401.42	3,192.14
Cost of rental and service	332.56	306.39	243.45
Selling and administrative expenses	704.04	756.89	769.45
Net profit	278.10	770.96	761.57
Assets	36,092.73	36,287.15	31,209.12
Liabilities	24,675.06	24,597.66	19,743.50
Shareholders' equity	11,417.67	11,689.50	11,465.62
Return on equity (%)	2.38	6.65	7.59
Return on fixed assets (%)	2.31	4.63	5.15
Dividend pay-out (%)	53.35	71.39	72.15

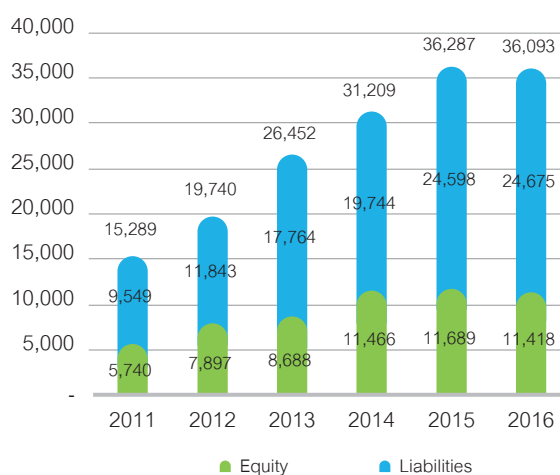
Net Profit

Million Baht



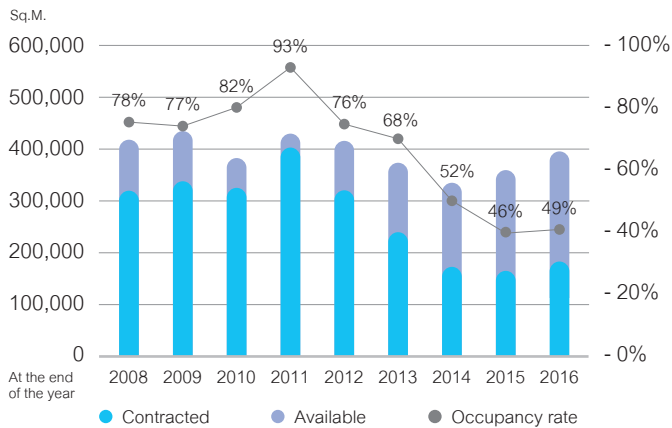
Total Assets

Million Baht

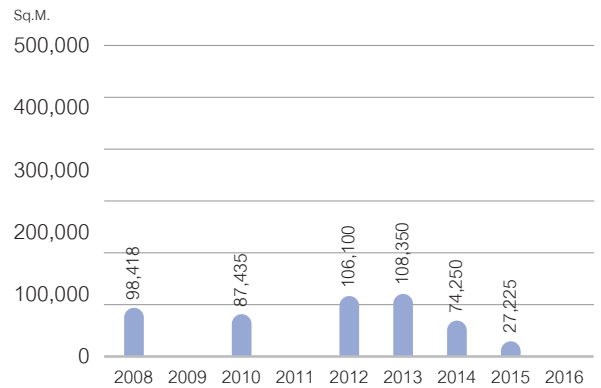


Factory & Warehouse

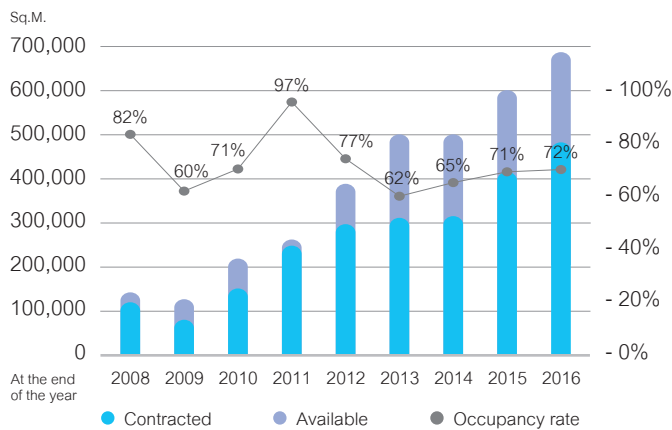
Factory



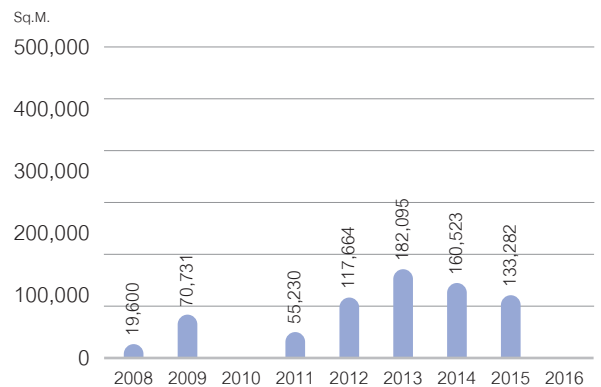
Sales to FUNDS/REIT



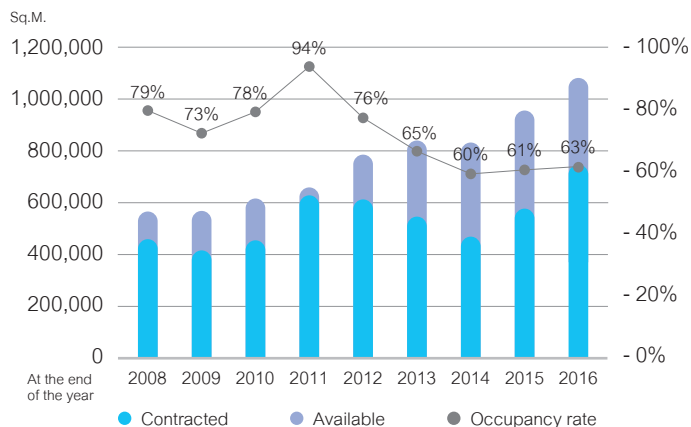
Warehouse



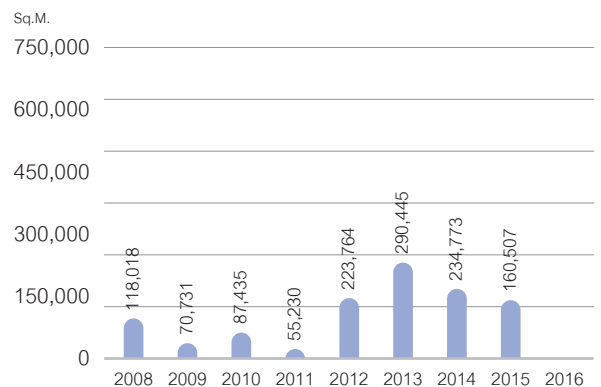
Sales to FUNDS/REIT



Factory & Warehouse



Sales to FUNDS/REIT



LAOS

CAMBODIA

MALAYSIA



Ayutthaya

Factories in 3 Industrial Estate
Warehouses in 2 Logistic Parks



Chon Buri

Factories in 4 Industrial Estate
Warehouses in 7 Logistic Parks



Rayong

Factories in 2 Industrial Estate
Warehouses in 2 Logistic Parks



Samut Prakan

Factories in 2 Industrial Estate
Warehouses in 1 Logistic Parks



Pathum Thani

Factories in 1 Industrial Estate



Bangkok

Factories in 1 Industrial Estate
Warehouses in 1 Logistic Parks



Prachin Buri

Factories in 2 Industrial Estate
Warehouses in 1 Logistic Parks



Chachoengsao

Warehouses in 2 Logistic Parks



Khon Kaen

Warehouses in 1 Logistic Parks



Samut Sakhon

Warehouses in 1 Logistic Parks



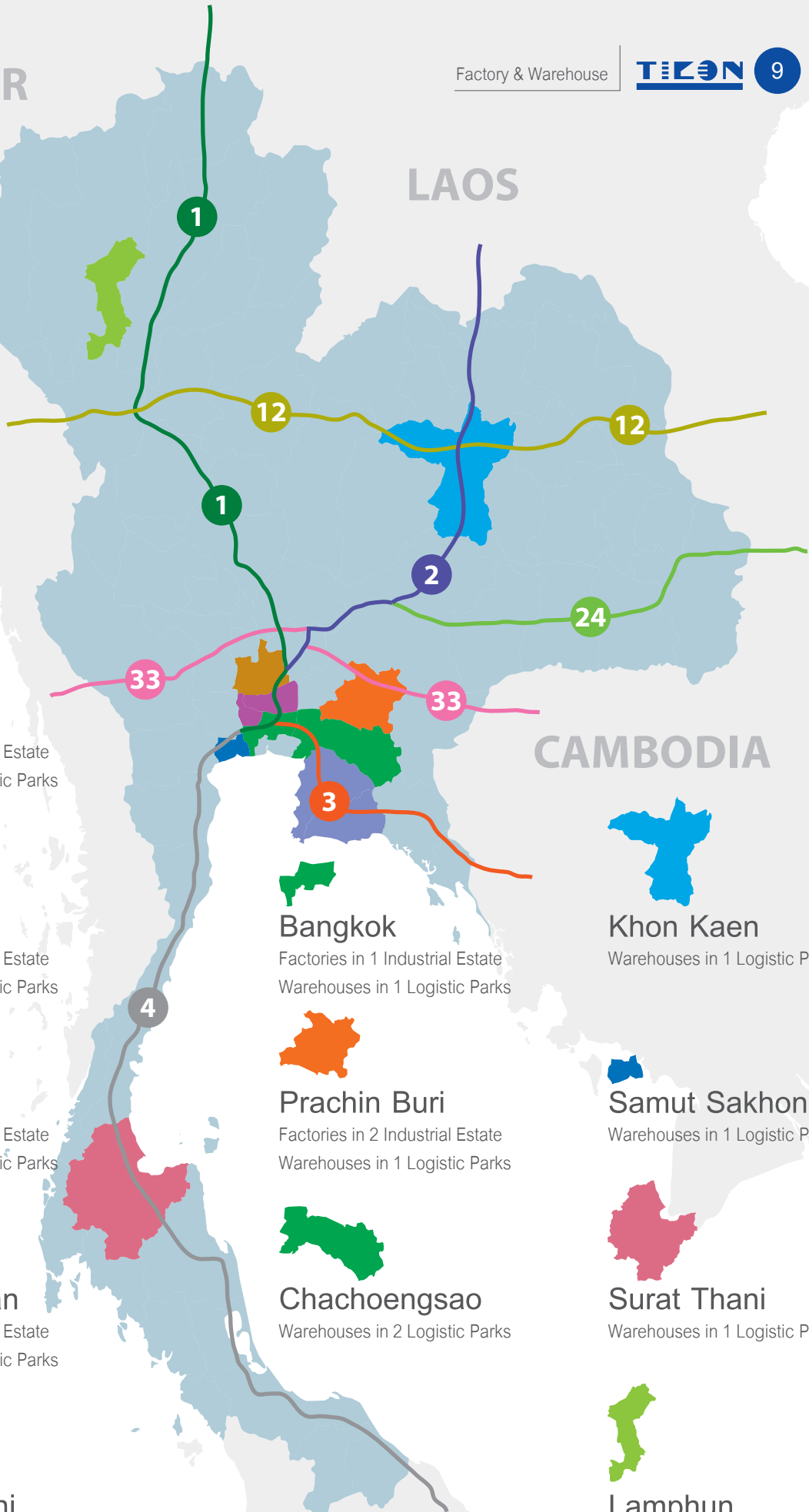
Surat Thani

Warehouses in 1 Logistic Parks



Lamphun

Warehouses in 1 Logistic Parks



TICON Social Responsibilities

TICON operates its business with priority always given to the concern over social and environmental impacts. It uses every resource to the maximum benefit for everyone in the society to live happily together. The Company pays great attention to the living of not only its employees but also of every stakeholder particularly those in residential communities surrounding the Company's establishment. Construction of every factory and warehouse building is given top priority to conserve environment for members of nearby residential communities to feel the least impact on their daily lives.

A Learning Organization

TICON encourages and supports its employees to improve their English language skill by enrolling in the classes taught by the Company's foreign employees free of charge.



English language skill has helped create new job opportunities for TICON employees. In the business world, one third of the communication has been in English language.

Green Buildings Reduce Global Warming

TICON gives top priority to conserve the environment and natural resources. It wants to help the surrounding communities create the livable environment. Recently, the Company constructed a factory and a warehouse as prototype for green industrial buildings. The factory is 3,300 square meters and the warehouse is 51,444 square meters large. They were constructed following the guideline of USGBC's LEED Standards Green Building and were certified by the Institution. TICON is now developing the third green building which is a warehouse and will be 26,160 square meters large at completion. The building could help conserve both the energy and environment since the design process, construction process, to the normal use of the building in its daily operation.



In addition to conserving the energy and reducing operating cost, green buildings help improve life quality and health condition of those who work inside them. There are increasing number of customers with environmental concern who would want green buildings.

Drinking Water from TICON's Goodwill



Voluntary activities in TICON Group which started from a concern that water quality in some rural areas of Thailand was so poor it was not safe for drinking. Children in Tapraya district of Srakaew province were among those encountered with terribly turbid water of which they had no choice but used and drank it every day. TICON decided to step in to invest and install a water filter system for them to treat the water to have drinking water quality so their poor health condition would improve. In addition, the clean water could be sold to villagers to raise fund for a school in the village so it becomes less dependent on the local administration's budget.

Problem Found : Water was terribly turbid. It had mud color and had bad smell. During the drought, there was no water and school would have to buy water from other districts for children. The water was expensive and it turned out to be burden for the school.



TICON donated the water filter system and a 1,500-litre water tank to children at Ban Tap Thai School in Tapraya district of Srakaew province so the children and school teachers have enough drinking water to consume all year round.

TICON also supported education of those children by donating fund, tools, equipment to be used at teaching students. In addition, the Company and its employees bought those children some stationeries, sports equipment, and played games with them during a visit to Ban Tap Thai School.





The activities also showed that TICON's volunteers were determined to work together to give the children happiness which is a qualification the Company would want its employee to have.



Board of Directors and Management



Mr. Chainoi Puankosoom

Chairman of the Board and Chairman of Audit Committee
Age 66 years

Appointed Chairman of the Board and Chairman of the Audit Committee on 16 January 2017

Education

- Master of Management (MM) Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor Degree in Higher Accounting California College of Commerce, USA

Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 63/2007)
- The Role of the Chairman Program (RCP33/2014)
- Financial Institute Governance Program (FGP 3/2011)

Relationship among directors/management

- - None -

Related experience

2017 - Present Chairman of the Board,
and Chairman of Audit Committee,
TICON Industrial Connection Plc.

2012 - Present Director and Member of Audit Committee,
Golden Land Property Development Plc.

Other Related Experience

2016 - Present Director, Working Capital Committee
2016 - Present Director, Petroleum Institute of Thailand
2016 - Present Chairman, Tipco Asphalt Plc.
2015 - Present Director, Prima Marine Co., Ltd.
2013 - Present Director and Member of Audit Committee,
Muang Thai Leasing Plc.
2011 - Present Director, Energy Fund Administration Institute
2010 - Present Director and Member of Audit Committee,
National Power Supply Plc.



Mr. Chali Sophonpanich

Director
Age 56 years

Education

- Master of Business Administration, The University of Chicago
- Thai Institute of Directors Association (IOD)
- Director Accreditation Program 2005,
Thai Institute of Directors Association

Relationship among directors/management

- - None -

Related experience

2010 - 2016 Director, Shanghai TICON Investment
Management Co., Ltd. (Fund management)

1997 - Present President, Asia Industrial Estate Co., Ltd. (Property)

1987 - Present President, City Realty Co., Ltd. (Property)



Mr. Panote Sirivadhanabhakdi

Director
Age 39 years

Education

- M.Sc., Analysis, Design and Management of Information System, The London School of Economics and Political Science, UK
- B.Sc., Manufacturing Engineering, Boston University, USA
- Certificate in Industrial Engineering and Economics, Massachusetts University, USA

Relationship among directors/management

- - None -

Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP 46/2004)
- Director Accreditation Program (DAP 10/2004)
- Finance for Non-Finance Director (FND 10/2004)

Related experience

- 2017 - Present Director, TICON Industrial Connection Plc.
- 2016 - Present Director, Vadhanabhakdi Co., Ltd.
- 2015 - Present Director, Univentures REIT Management Co., Ltd.
- 2014 - Present Director, Kasemsubvadhana Co., Ltd.
- 2013 - Present Group CEO / Director, Frasers Centrepoint Ltd.
- 2013 - Present Director, TCC Assets (Thailand) Co., Ltd.
- 2012 - Present Director, N.C.C. Management And Development Co., Ltd.
- 2008 - Present Vice Chairman, Board of Director / Chairman, Executive Board of Director Univentures Public Company Limited
- 2007 - Present Director, Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.

Other Experiences

- 2007 - Present Director, Thai Beverage Plc.
- 2007 - Present Director / Executive Director, Berli Jucker Plc.
- 2005 - Present Director / Executive Director, Siam Food Plc.
- 2001 - Present Director, TCC Technology Co., Ltd.



Mr. Chotiphat Bijananda

Director
Age 54 years

Education

- MBA, Finance University of Missouri, USA
- B.L. Thammasart University, Thailand

Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP 155/2012)

Relationship among directors/management

- - None -

Related experience

- 2017 - Present Director, TICON Industrial Connection Plc.
- 2016 - Present Director, Big C Supercenter Plc.
- 2013 - Present Director, Golden Land Property Development Plc.
- 2013 - Present Director, Frasers Centrepoint Limited
- 2007 - Present Advisor, TCC Holding Co., Ltd.

Other Related Experience

- 2013 - Present Director, Fraser and Neave Limited
- 2011 - Present Vice Chairman of the Board, Sermisuk Plc.
- 2008 - Present President, Southeast Group Co., Ltd.
- 2008 - Present Chairman of Executive Board, Southeast Insurance Plc.
- 2008 - Present Chairman of Executive Board, Southeast Life Insurance Plc.
- 2008 - Present Chairman of Executive Board, Southeast Capital Co., Ltd.
- 2008 - Present Director, T.C.C. Technology Co., Ltd.

Board of Directors and Management



Mr. Threekwan Bunnag

Director and Audit Committee's member
Age 60 years

Education

- Master of Business Administration, University of North Texas
- Thai Institute of Directors Association (IOD)
- Director Certification Program 2001, Thai Institute of Directors Association
- Director Accreditation Program 2006, Thai Institute of Directors Association

Relationship among directors/management

- - None -

Related experience

- | | |
|----------------|--|
| 2008 - 2016 | Director, TICON Logistics Park Co., Ltd.
(Warehouses for rent) |
| 2012 - Present | Director, Emerald Bay Resort Co., Ltd.
(Property) |
| 2012 - Present | Director, Emerald Bay Villa Co., Ltd. (Property) |
| 2009 - 2012 | Independent Director, Audit Committee and
Compensation Committee, Golden Land
Property Development Public Co., Ltd. (Property) |



Mr. Chai Vinichbutr

Director
Age 43 years

Education

- Bachelor of Business Administration, Boston University
- Thai Institute of Directors Association (IOD)
- Director Accreditation Program 2007,
Thai Institute of Directors Association

Relationship among directors/management

- Mr. Jirapongs Vinichbutr's relative

Related experience

- | | |
|----------------|---|
| 2013 - 2016 | Director, TICON Management Co., Ltd. (REIT manager) |
| 2012 - 2016 | Director, Eco Industrial Services Co., Ltd.
(Factories for rent) |
| 2011 - Present | Director, Bangkok Office 3 Co., Ltd. (Property) |
| 2011 - Present | Director, Bangkok Office 4 Co., Ltd. (Property) |
| 2007 - Present | Director, Rojana Industrial Park Public Co., Ltd.
(Property) |
| 2004 - Present | Managing Director, Rojana Property Co., Ltd. (Property) |



Mr. Chatchaval Jiaravanon

Director and Audit Committee's member
Age 55 years

Education

- Bachelor of Business Administration, University of Southern California
- Certification for Executive Program, CMA9 Capital Market Academy

Thai Institute of Directors Association (IOD)

- Director Accreditation Program 2008, Thai Institute of Directors Association

Relationship among directors/management

- - None -

Related experience

2004 - 2012 Director and Chairman of the Board, Metrostar Property Public Co., Ltd. (Property)



Mr. Uten Lohachitpitaks

Director
Age 44 years

Education

- MBA, Assumption University
- BBA, Assumption University

Thai Institute of Directors Association (IOD)

- - None -

Relationship among directors/management

- - None -

Related experience

2017 - Present Director, TICON Industrial Connection Plc.

2017 - Present Director, TICON Logistics Park Co., Ltd.

2015 - Present Director, Frasers Property Holdings (Thailand) Co., Ltd.

2013 - Present Group Chief Investment Officer, Frasers Centrepoint Limited



Management

Mr. Virapan Pulges

Chief Executive Officer

Age

Education

56 years

Master of Engineering, University of Colorado

Director Certification Program (Fellow member) 2002,

Thai Institute of Directors Association

DCP Refresher Course 2006,

Thai Institute of Directors Association

Audit Committee Program 2010, Thai Institute of Directors Association

Certification for Executive Program, CMA11 Capital Market Academy

0.636 (as at March 10, 2017)

- None -

Shareholding

Relationship among directors/management

Mr. Sapon Racharaksa

President

Age

Education

45 years

M.A., Public Administration

National Graduate Institute for Policy Studies, Japan, 2002

M.A., Economics Michigan State University, USA, 1995

B.A., Economics Thammasart University, 1992

0.00 (as at March 10, 2017)

- None -

Shareholding

Relationship among directors/management

Dr. Somsak Chaiyaporn

General Manager

Age

Education

65 years

Docteur Ingenieur (Mecanique), Ecole Centrale de Lyon

Master of Business Administration, Thammasat University

0.00 (as at March 10, 2017)

- None -

Shareholding

Relationship among directors/management



Miss Lalitphant Phiriyaphant

Chief Financial Officer and Company Secretary

Age

51 years

Education

Master of Economics, Thammasat University

Company's Secretary Program 2006,

Thai Institution of Directors Association

0.00 (as at March 10, 2017)

Shareholding

- None -

Relationship among directors/management

Mr. Samart Rusmeerojwong

Chief Investor Relation

Age

50 years

Education

Master of Business Administration, Notre Dame de Namur University

0.00 (as at March 10, 2017)

Shareholding

- None -

Relationship among directors/management

Related experience

- None -

Mr. Kris Weerakul

Deputy General Manager - International Business Development

Age

48 years

Education

Master of Science in Civil Engineering, Oregon State University

0.00 (as at March 10, 2017)

Shareholding

- None -

Relationship among directors/management

Related experience

- None -

Mr. Somsak Ratanavirakul

Head of Marketing 1

Age

57 years

Education

Master of Business Administration,

Chulalongkorn University

0.00 (as at March 10, 2017)

Shareholding

-None -

Relationship among directors/management

Mrs. Yuko Hoshi

Head of Marketing 2

Age

46 years

Education

Bachelor of Social Science, Chiba University

0.00 (as at March 10, 2017)

Shareholding

- None -

Relationship among directors/management

Related experience

- None -



Miss Lanchakorn Kongsakul

Head of Human Resources

Age

Education

Shareholding

Relationship among directors/management

Related experience

56 years

Bachelor of Chiangmai University

0.00 (as at March 10, 2017)

- None -

- None -

Miss Siriporn Sombatwatthana

Head of Administration

Age

Education

Shareholding

Relationship among directors/management

Related experience

54 years

Bachelor of Business Administration,
Assumption University

0.05 (as at March 10, 2017)

- None -

- None -

Miss Rojana Asawavichienjinda

Head of Accounting

Age

Education

Shareholding

Relationship among directors/management

Related experience

49 years

Master of Accounting,
Thammasat University

0.00 (as at March 10, 2017)

- None -

- None -

Miss Waranya Intarapirot

Head of Purchasing

Age

Education

Shareholding

Relationship among directors/management

Related experience

49 years

Bachelor of Liberal Arts, Thammasat University

0.01 (as at March 10, 2017)

- None -

- None -



Miss Sutara Jarungraungkiat

Head of Legal

Age

Education

Shareholding

Relationship among directors/management

Related experience

44 years

Master of Laws, Chulalongkorn University

0.00 (as at March 10, 2017)

- None -

- None -

Mr. Apinat Mekloi

Head of Information Technology

Age

Education

Shareholding

Relationship among directors/management

Related experience

43 years

Bachelor of Engineering, Kasembundit University

0.00 (as at March 10, 2017)

- None -

- None -

Mr. Paroot Boondarig

Head of Project Development

Age

Education

Shareholding

Relationship among directors/management

Related experience

42 years

Bachelor of Engineering in Civil Engineering

0.00 (as at March 10, 2017)

Thammasat University

- None -

- None -

Miss Primopa Natchajaruwit

Head of Property Management

Age

Education

Shareholding

Relationship among directors/management

Related experience

39 years

Bachelor of Arts in Journalism and Mass Communication,
Thammasat University

0.00 (as at March 10, 2017)

- None -

- None -

GENERAL INFORMATION

THE COMPANY

Name	TICON Industrial Connection Public Company Limited
Type of business	Developing ready-built factories for rent
Registered number	0107544000051 (Bor Mor Jor 666)
Head office address	Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120 Tel: (662) 679-6565 Fax: (662) 287-3153
Website	www.ticon.co.th
E-mail address	ticon@ticon.co.th
Registered capital	Baht 1,834,142,375 (As at March 10, 2017)
Paid-up capital	Baht 1,834,142,375 (As at March 10, 2017)
Par value	Baht 1 per share

SUBSIDIARIES

Eco Industrial Services Company Limited

Type of business	Developing ready-built factories for rent in Laemchabang Industrial Estate with BOI Privileges
Shareholder	TICON Industrial Connection Public Co., Ltd. holds 100 percent.
Head office address	49/32 Moo 5, Laemchabang Industrial Estate, Tungsukhla, Sriracha, Chonburi 20230 Tel: (662) 679-6565 Fax: (662) 287-3153
Registered capital	Baht 50,000,000 (As at March 10, 2017)
Paid-up capital	Baht 50,000,000 (As at March 10, 2017)
Par value	Baht 10 per share

TICON Logistics Park Company Limited

Type of business	Developing ready-built warehouses for rent
Shareholder	TICON Industrial Connection Public Co., Ltd. holds 100 percent.
Head office address	Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120 Tel: (662) 679-6565 Fax: (662) 287-3153
Website	www.ticonlogistics.com
E-mail address	logistics@ticon.co.th
Registered capital	Baht 19,500,000,000 (As at March 10, 2017)
Paid-up capital	Baht 19,500,000,000 (As at March 10, 2017)
Par value	Baht 10 per share

Shanghai TICON Investment Management Company Limited

Type of business	Fund management
Shareholder	TICON Industrial Connection Public Co., Ltd. holds 100 percent.
Head office address	Rm. A512, Building 4, No.3288, Jinhai Road, Pudong New Area, Shanghai, China
Registered capital	USD 2,800,000 (As at March 10, 2017)
Paid-up capital	USD 2,800,000 (As at March 10, 2017)

TICON Management Company Limited

Type of business	REIT manager
Shareholder	TICON Industrial Connection Public Co., Ltd. holds 70 percent.
Head office address	Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120 Tel: (662) 679-6565 Fax: (662) 287-3153
Registered capital	Baht 10,000,000 (As at March 10, 2017)
Paid-up capital	Baht 10,000,000 (As at March 10, 2017)
Par value	Baht 10 per share

TICON (HK) Limited

Type of business	Overseas Investment
Shareholder	TICON Industrial Connection Public Co., Ltd. holds 70 percent.
Head office address	Room 337, 3/F South China C.S. Building, 13-17 Wah Sing Street, Kwai Chung, N.T. Hong Kong
Registered capital	USD 16,130,000 (As at March 10, 2017)
Paid-up capital	USD 16,130,000 (As at March 10, 2017)

JOINT VENTURES**TICON Demco Power 6 Company Limited (Investment by Subsidiary)**

Type of business	Electricity generator and distributor from solar energy
Shareholder	TICON Logistics Park Company Limited holds 51 percent.
Head office address	59 Moo1, Tambol Suan Prik Thai, Amphur Muang, Patumthani 12000 Tel: (662) 959-5811-5 Fax: (662) 959-5822
Registered capital	Baht 5,000,000 (As at March 10, 2017)
Paid-up capital	Baht 5,000,000 (As at March 10, 2017)
Par value	Baht 100 per share

TICON Demco Power 11 Company Limited (Investment by Subsidiary)

Type of business	Electricity generator and distributor from solar energy
Shareholder	TICON Logistics Park Company Limited holds 51 percent.
Head office address	59 Moo1, Tambol Suan Prik Thai, Amphur Muang, Patumthani 12000 Tel: (662) 959-5811-5 Fax: (662) 959-5822
Registered capital	Baht 4,000,000 (As at March 10, 2017)
Paid-up capital	Baht 4,000,000 (As at March 10, 2017)
Par value	Baht 100 per share

TPARK BFTZ Company Limited (Investment by Subsidiary)

Type of business	Developing warehouses for rent
Shareholder	TICON Logistics Park Company Limited holds 60 percent.
Head office address	Suite 1308, 13/1 th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120 Tel: (662) 679-6565 Fax: (662) 287-3153
Registered capital	Baht 50,000,000 (As at March 10, 2017)
Paid-up capital	Baht 50,000,000 (As at March 10, 2017)
Par value	Baht 10 per share

OTHER RELATED PERSONS

Share registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel: (662) 229-2800 Fax: (662) 359-1259
Auditor	Miss Rossaporn Dejakhom, CPA (Thailand), Registration No. 5659 EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 New Rajadapisek Road, Klongtoey, Bangkok 10110 Tel: (662) 264-9090 Fax: (662) 264-0789
Frequently contacted bank	Bangkok Bank Public Company Limited

Investors can study more information of TICON Industrial Connection Public Company Limited from form 56-1 on www.sec.or.th or the Company website.

OVERVIEW OF BUSINESS

1. VISION AND OBJECTIVE

1.1 Vision

The Company's vision is to be the leading company in developing and providing rental services of industrial properties with international quality by taking into account the social and environmental impacts, as well as maximizing returns to the investors.

1.2 Objective

The Company's objective is to maintain its position as the leader in providing ready-built factories and warehouses of international quality for rent, coupled with associated services, according to tenants' demand. Management with good corporate governance for the benefits of all stakeholders is also the Company's objective.

2. SIGNIFICANT DEVELOPMENTS

During the past three years;

➤ In May 2014, TICON increased its capital by issuing Transferable Subscription Rights (TSR) #2 to shareholders totaling 182.76 million units and received Baht 2,365 million from the capital increase after shareholders exercised their rights in June 2014. In October 2014, TICON offered the unsubscribed rights issue stocks to Rojana Industrial Park Company Limited totaling Baht 465 million in value.

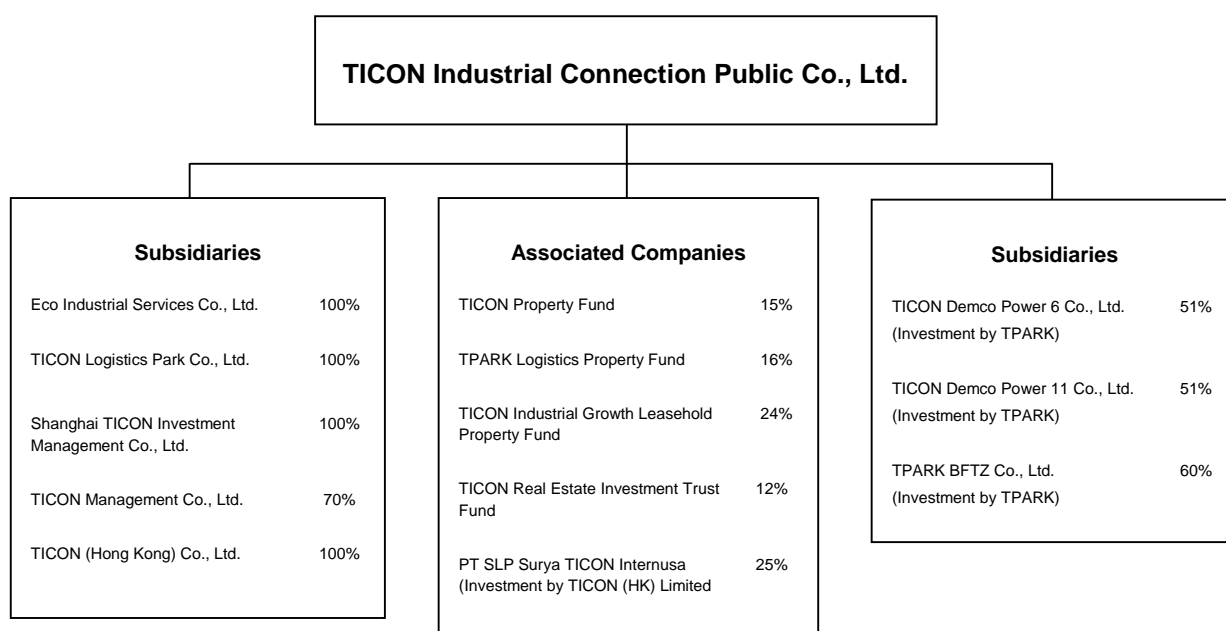
➤ In May 2014, TICON Logistics Park Company Limited invested in joint venture business with Demco Public Company Limited to set up two joint venture companies namely TICON Demco Power 6 Company Limited and TICON Demco Power 11 Company Limited to produce and distribute electricity from solar energy.

➤ In October 2014, TICON agreed to sell partials of its investment in TICON Management Company Limited to Mitsui & Co. (Asia Pacific) Pte. Limited which was equal to 30 percent of the Company's registered and paid-up capital. TICON received Baht 70 million from the sales in November 2014.

➤ In December 2014, TICON sponsored the establishment of TICON Freehold and Leasehold Real Estate Investment Trust: TREIT and sold/leased a number of factories and warehouses to TREIT totaling Baht 4,228 million in value.

- In April 2015, TICON signed a joint venture business agreement with PT Surya Semesta Internusa Tbk and Mitsui & Co., Limited to invest in PT SLP Surya TICON Internusa or SLP. The Indonesian partner is an industrial estate developer in Indonesia. The joint venture company will develop factories and warehouses for sale/rent in Indonesia. TICON has a 25% stake in SLP by which it invested through the subsidiary company in Hong Kong.
- In April 2015, TICON set up TICON (HK) Limited, a subsidiary company in Hong Kong, to take care investment in foreign countries.
- In June 2015, TICON managed to close the subsidiary company in the US, TICON Property Inc. The Company had not had any investment owing to lack of investment opportunity with appropriate return on investment.
- In October 2016, TICON Logistics Park Company Limited invested in TPARK BFTZ Company Limited which is a joint venture company with Prospect Development Company Limited to develop warehouses for sale/rent within the Bangkok Free Trade Zone estate project in Bangplee, Samutprakan.
- In December 2016, TICON increased capital by issuing common shares for sale to Frasers Property Holdings (Thailand) Company Limited or FPHT. The new shares were distributed in Private Placement form and were 735 million shares at Baht 18 apiece. TICON received fund from the capital increase in January 2017 totaling Baht 13.23 billion. FPHT, with 40% stake in TICON after the capital increase, became the largest shareholder of TICON.
- In 2016, TICON had a total capital expenditure in Thailand of Baht 1,866 million. Most of the expenses were investment in warehouses since demand for rental warehouses continued to grow at a strong pace particularly the demand for warehouses in Bangna-Traad, Bangplee, and Wangnoi area. The strong warehouse demand growth was reflected in the net increase of new warehouse rental space of 65,088 square meters in 2016.
- Additionally, TICON's net increase of new factory rental space was 33,525 square meters in 2016 because there had been higher demand for factory rental space by tenants in the electronics industry. The increase was 279% from the new factory rental space in 2015. That coupled with the decrease of return factory rental space in 2016 which was 77% lower than the return seen in 2015. Electronics industry tenants were in a key customer group at TICON.

3. SHAREHOLDING STRUCTURE OF TICON GROUP AS OF 31 DECEMBER 2016



1. Eco Industrial Services Co., Ltd. (“EISCO”)

TICON has 100 percent stake in EISCO. The objective of establishing EISCO was to benefit from the Board of Investment’s Privileges in relation to developing a phase of ready-built factory buildings on Laemchabang Industrial Estate, in a similar manner to TICON itself. However, such the Privileges already expired.

As of December 31, 2016, EISCO had registered and paid-up capital of Baht 50 million. In 2003, EISCO was granted ISO 9001:2000 certification.

2. TICON Logistics Park Co., Ltd. (“TPARK”)

TICON has 100 percent stake in TPARK. TPARK was established in August 2005 for the purpose of developing logistics warehouses for rent. TPARK was granted BOI Privileges for development of logistics parks at TPARK Wangnoi (1 location), TPARK Sriracha, TPARK Laemchabang, TPARK Eastern Seaboard, TPARK Bangpakong, TPARK Khon Kaen, and a number of warehouses development in Amata Nakorn Industrial Estate, Hemaraj Cholburi (Borwin) Industrial Estate, TPARK Bangplee, Amata City Industrial Estate, and Rojana Industrial Park in Ayudhya and Prachinburi.

As of December 31, 2016, TPARK had registered and paid-up capital of Baht 19,500 million. In 2009, TPARK was granted ISO 9001:2008 certification.

3. Shanghai TICON Investment Management Company Limited (“SH-TICON”)

TICON has 100 percent stake in SH-TICON. SH-TICON was registered in China in July 2010 to explore business opportunities in relation to the real estate investment in China. It currently is in the process of seeking investment opportunity.

As of December 31, 2016, SH-TICON had registered and paid-up capital of USD 2.8 million.

4. TICON Management Company Limited (“TMAN”)

TICON has 70 percent stake in TMAN and Mitsui & Co. (Asia Pacific) Pte. Limited holds shares equal to 30 percent of TMAN's registered capital. TMAN was founded in May 2013 to become a trust fund manager and was granted the approval from Securities and Exchange Commission (SEC) to manage trust fund since August 6, 2014.

As of December 31, 2016, TMAN had registered and paid-up capital of Baht 10 million.

5. TICON (Hong Kong) Company Limited (“TICON-HK”)

TICON has 100 percent stake in TICON-HK. This subsidiary was founded in Hong Kong in April 2015 to invest in foreign business. At present, it has investment in Indonesia.

As of December 31, 2016, TICON-HK had registered and paid-up capital of USD 11.6 million.

TICON also has investment in joint venture companies which are TICON Demco Power 6 Company Limited and TICON Demco Power 11 Company Limited through the holding of its subsidiary with the objective to develop projects on electricity generation from solar power for sales. Another joint venture, and TPARK BFTZ Company Limited to develop warehouses for sale/rent in Bangplee, Samutprakan. Details of joint venture companies are as the followings:

1. TICON Demco Power 6 Company Limited (“TICON DEMCO 6”)

TPARK holds 51 percent stake in the Company at present and Demco Public Company Limited has 49 percent shares by which TICON Demco Power 6. is in the process of developing projects on electricity generation from solar power for sales. The Company already started distributing the electricity generated from solar energy.

As of December 31, 2016 TICON DEMCO 6's registered and paid-up capital was Baht 5 million.

2. TICON Demco Power 11 Company Limited (“TICON DEMCO 11”)

TPARK holds 51 percent stake in the Company. At present and Demco Public Company Limited has 49 percent shares by which TICON Demco Power 11 is in the same business as Demco Power 6. The Company already started distributing the electricity generated from solar energy.

As of December 31, 2016 TICON DEMCO 11's registered and paid-up capital was Baht 4 million.

3. TPARK BFTZ Company Limited (“TPARK BFTZ”)

TPARK has 60 percent stake shares and Prospect Development Company Limited has 40 percent stake shares. The Company was founded in October 2016 to develop warehouses for sale/rent in Bangplee's Bangkok Free Trade Zone estate project in Samutprakan.

As at December 31, 2016 TPARK BFTZ's registered and paid-up capital was Baht 50 million.

TICON also has investment in Associated Companies; TICON Property Fund, TPARK Logistics Property Fund, TICON Industrial Growth Leasehold Property Fund, and TICON Real Estate Investment Trust Fund, and PT SLP Surya TICON Internusa. Details are as the followings:

1. TICON Property Fund (“TFUND”)

TFUND, a listed mutual fund on the Stock Exchange of Thailand, was established in April 2005 for the purpose of investment in industrial properties owned by TICON and/or other developers. BBL Asset Management Company Limited is the fund manager.

Presently, TFUND has capital from the unit holders of Baht 11,825 million. TFUND raised capital for the first time in 2005, following with another six rounds of capital raising from 2006 - 2012. At present, TFUND has 235 factories (with total useable area of 560,385 square meters) and 8 warehouses (with total useable area of 19,600 square meters). Both TICON and TPARK are not subject to any obligation to buy back those properties from TFUND.

TICON and TPARK were signed up as property managers to manage all of the properties sold to and collect property management fees from TFUND.

TFUND has a policy to pay dividends of no less than 90 percent of the net profit which is not subject to corporate income tax. The payment will be made twice a year at minimum. As at December 31, 2016, the NAV of TFUND was Baht 11.4392 per unit.

At the end of December 2016, TICON had investment in TFUND equivalent to 15 percent of its total issued units.

2. TPARK Logistics Property Fund (“TLOGIS”)

TLOGIS, a listed mutual fund on the Stock Exchange of Thailand, was established in December 2009 for the purpose of investment in industrial properties owned by TICON/TPARK and/or other developers. As well as TFUND, BBL Asset Management is the fund manager of TLOGIS.

Presently, TLOGIS has capital from the unit holders of Baht 4,469 million. TLOGIS raised capital for the first time in 2009, following with another two rounds of capital raising from 2011-2012. At present, TLOGIS has 63 warehouses (with total useable area of 243,625 square meters). TPARK is not obligated to buy back the warehouses from TLOGIS

TICON and TPARK was signed up as property managers to manage all of the properties sold to and collect property management fees from TLOGIS.

TLOGIS has a policy to pay dividends of no less than 90 percent of the net profit which is not subject to corporate income tax. The payment will be made twice a year at minimum. As at December 31, 2016, the NAV of TLOGIS was Baht 11.7086 per unit.

At the end of December 2016, TICON had investment in TLOGIS equivalent to 16 percent of its total issued units.

3. TICON Industrial Growth Leasehold Property Fund (“TGROWTH”)

TGROWTH, a listed leasehold mutual fund on the Stock Exchange of Thailand, was established in December 2013 for the purpose of investment in industrial properties owned by TICON/TPARK and/or other developers. SCB Asset Management Company Limited is the fund manager of TGROWTH.

Presently, TGROWTH has capital from the unit holders of Baht 5,550 million. TGROWTH raised capital for the first time in 2013. At present, TGROWTH has 38 factories (with total useable area of 114,450 square meters) and 50 warehouses (with total useable area of 182,095 square meters). Both TICON and TPARK are not subject to any obligation to buy back those properties from TGROWTH.

TICON and TPARK were signed up as property managers to manage all of the properties sold to and collect property management fees from TGROWTH.

TGROWTH has a policy to pay dividends of no less than 90 percent of the net profit which is not subject to corporate income tax. The payment will be made twice a year at minimum. As at December 31, 2016, the NAV of TGROWTH was Baht 10.3525 per unit.

At the end of December 2016, TICON had investment in TGROWTH equivalent to 24 percent of its total issued units.

4. TICON Real Estate Investment Trust Fund (“TREIT”)

TREIT, a listed trust fund on the Stock Exchange of Thailand, was established in December 2014 for the purpose of investment in industrial properties owned by TICON/TPARK and/or other developers. TICON Management Company Limited or TMAN is the REIT manager of TREIT.

Presently, TREIT has capital from the trust unit holders of Baht 5,459 million. TREIT raised capital for the first time in 2014, following with another round of capital raising in 2015. At present, TREIT has 27 factories (with total useable area of 75,900 square meters and 25 warehouse buildings divided into 71 units (with total useable area of 293,805 square meters). Both TICON and TPARK are not subject to any obligation to buy back those properties from TREIT.

TICON and TPARK were signed up as property managers to manage all of the properties sold to and collect property management fees from TREIT.

TREIT has a policy to pay dividends of no less than 90 percent of the net profit which is not subject to corporate income tax. The payment will be made twice a year at minimum. As at December 31, 2016, the NAV of TREIT was Baht 10.1451 per trust unit.

At the end of December 2016, TICON had investment in TREIT equivalent to 12 percent of its total issued trust units

5. PT SLP Surya TICON Internusa (“SLP”)

SLP is a joint venture company in Indonesia of which TICON co-signed the agreement on April 7, 2015 to establish in order to develop factories and warehouses for sale/rent in Indonesia.

At present, SLP's registered capital is 185.6 million US dollars and paid-up capital is 46.4 million US dollars. SLP has developed factories and warehouses for sale/rent in Suryacipta Technopark totaling 28 warehouse units (65,631 square meters) and already has income from the project.

At the end of 2016, TICON (HK) Limited and Mitsui & Co., Limited each has a 25 percent stake in SLP. PT Surya Semesta Internusa Tbk has 50 percent.

The previous sales of properties to property funds helped provide the Company with alternative source of fund for its business expansion, in addition to funds from operating activities and various credit facilities. Decisions as to whether to sell properties in TICON/TPARK to TFUND, TLOGIS or TGROWTH were made after analyzing several relevant factors periodically, in order to maximize shareholder value. However, since the beginning of 2014, raising property fund's capital to acquire new assets no longer is allowed by the SEC. Therefore, only TREIT which is REIT fund, can increase capital to buy properties from TICON/TPARK.

TICON has investment in a Related Company, Bangkok Club Co., Ltd., amounting to Baht 256,500 in which TICON holds 0.11 percent stake, for the purpose of using the Club's facilities.

NATURE OF BUSINESS

1. BUSINESS OVERVIEW

The Company's business is to develop factories and logistics warehouses for rent in industrial estates, industrial park, industrial zone, industrial promotion zone and other strategic locations throughout Thailand. Factories are located in 15 different locations as follows:

Location	Province
Bangpa-In Industrial Estate	Ayudhya
Hi-Tech Industrial Estate	Ayudhya
Rojana Industrial Park-Ayudhya	Ayudhya
Amata Nakorn Industrial Estate	Chonburi
Laemchabang Industrial Estate	Chonburi
Hemaraj Chonburi Industrial Estate	Chonburi
Pinthong Industrial Estate	Chonburi
Amata City Industrial Estate	Rayong
Bangpoo Industrial Estate	Samutprakarn
Asia Industrial Estate	Samutprakarn
Navanakorn Industrial Promotion Zone	Pathumthani
Ladkrabang Industrial Estate	Bangkok
Rojana Industrial Park-Rayong	Rayong
Kabinburi Industrial Zone	Prachinburi
Rojana Industrial Park-Prachinburi	Prachinburi

* Conveys Zone 3 benefits to companies established on these estates which have applied for benefits from BOI prior to December 31, 2014, otherwise Zone 2 benefits are to be applied.

Warehouses are located in 33 different locations as shown below:

Location	Province
TPARK Bangna	Chachoengsao
TPARK Laemchabang	Chonburi
TPARK Wangnoi (3 Locations)	Ayudhya
TPARK Rojana	Ayudhya
TPARK Amata Nakorn	Chonburi
TPARK Ladkrabang	Bangkok
TPARK Eastern Seaboard	Rayong
TPARK Eastern Seaboard (5 Locations)	Chonburi

Location	Province
TPARK Sriracha	Chonburi
TPARK Bowin	Chonburi
TPARK Phan Thong (3 Locations)	Chonburi
TPARK Bangpakong	Chachoengsao
TPARK Bangplee (6 Locations)	Samutprakan
TPARK Rojana Prachinburi	Prachinburi
TPARK Khonkaen	Khonkaen
TPARK Surat Thani	Surat Thani
TPARK Amata City	Rayong
TPARK Samutsakorn	Samutsakorn
TPARK Lumpun	Lumphun

2. REVENUE STRUCTURE

At present, income from sales of properties to associated companies is the largest portion of total revenues owing to substantial sales of factories/warehouses to property fund/REIT each year. However, in 2016 TICON did not sell any factory/warehouse to TREIT.

During the past three years, rental and related service income, and property sales income were TICON's major income source of income. It also has other sources of income which are of portions varying in each year. Please see the analysis of change in revenue structure in "Management Discussion and Analysis".

Revenue structure	2014		2015		2016	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Sales of properties	4,561.28	73.98	3,345.61	62.55	250.68	10.36
Rental and service income	966.06	15.67	1,048.55	19.60	1,172.12	48.44
Properties management fee from property/REIT funds	165.34	2.68	204.12	3.81	201.12	8.31
Share of profit from investments in property/REIT funds	267.13	4.33	248.47	4.65	252.22	10.43
Realized additional gains on sales of properties to property/REIT funds	41.37	0.67	246.69	4.61	294.95	12.19
Other income	163.79	2.67	255.65	4.78	248.59	10.27
Total	6,164.97	100.00	5,349.09	100.00	2,419.68	100.00

3. PRODUCTS AND SERVICES

3.1 Products

a. Ready-built factories

TICON develops ready-built factories of World class quality to serve demand from manufacturers who prefer not to own factories (in order to reduce the operating cost and manage the possible risk from uncertainties.) TICON develops factories in various strategic locations. The factories are of standard design to suit most manufacturing processes. With close to 90 percent tenants being foreigners, TICON also offers supplemental services to help its tenants commence their operation in Thailand.

The locations in which TICON develops factories are determined mainly from demand of customers, either at present or in a foreseeable future. Accessibility to seaports, airports and the city of Bangkok is highly relevant, as well as infrastructure quality of industrial estate.

The Company has developed factories both in Export Processing Zone (“EPZ”) and in General Industrial Zone (“GIZ”) following customers’ demand, which was different from location to location. Demand in the Laemchabang Industrial Estate; for instance, being adjacent to Thailand’s deep sea port, tends to be for factories within EPZ.

Every ready-built factory developed by TICON or EISCO is single-storey building with mezzanine office, constructed at their own fenced and landscaped sites, complete with security guard box, parking space and truck loading area. They are of standard design, albeit modified to meet the customers' requirement. Factory size range starts from 550 to 12,000 square meters, with average size range from 1,500 to 3,000 square meters. Factory's floor loading capacity is in the range of 1 to 3 metric tons per square meter. Building structure is of steel portal frame construction, which gives customer maximum useable area unobstructed by structural columns.

In addition to the ready-built factories, custom-built factories can also be developed following customers’ own specification and/or requirement.

In general, a typical ready-built factory’s lease agreement expires after 3 years. TICON normally offers its tenants options to renew the lease. Moreover, the Company can offer options to exchange the property for other of a different size or location, and even options to buy the property should tenants want to.

Every tenant is required to pay cash deposit equivalent to 3-6 month amount of rent.

At the end of 2014, 2015 and 2016, TICON's factory portfolios were as follows:

	End of 2014		End of 2015		End of 2016	
	No. of factory (Unit)	Building area (Sq M.)	No. of factory (Unit)	Building area (Sq M.)	No. of factory (Unit)	Building area (Sq M.)
Contracted	64	175,080	64	165,380	76	196,205
Available	55	160,200	71	195,250	79	203,575
Under construction	28	67,325	21	41,850	-	-
Under site preparation	175	431,350	157	404,100	157	404,100
Total	322	833,955	313	806,580	312	803,880

The figures shown in the previous table are those after the sales of almost 100 percent occupied factories to TFUND/TGROWTH/TREIT. The numbers of factories sold to property funds and REIT fund were as follows:

	2014		2015		2016	
	No. of factory (Unit)	Building area (Sq M.)	No. of factory (Unit)	Building area (Sq M.)	No. of factory (Unit)	Building area (Sq M.)
Sold to property funds	3	20,250	2	5,325	-	-
Sold to REIT fund	20	54,000	7	21,900	-	-

The average occupancy rate of TICON's factories in 2016 was 1 percentage point lower than the rate in 2015 because domestic and international economic condition both impacted manufacturers to delay their investment in expansion. Nevertheless, TICON had in 2016 more net new lease space by which the growth came mainly from tenants in electronics industry and tenants in the flooded area north of Bangkok.

The average occupancy rates of factories during the past three years were as follows:

	2014	2015	2016
Average occupancy rate (%)	62	49	48

At the end of 2016, TICON's customers were in various industries and were varied in their nationality as shown in the table below:

Industry	%	Country/Region	%
1. Auto parts	34.97	1. Japan	40.5
2. Electronics/Electricals	34.1	2. Europe	22.4
3. Food	5.8	3. North America	10.7
4. Plastic	4.0	4. Singapore	7.2
5. Textile	3.9	5. Taiwan	6.0
6. Others	17.2	6. Thailand	5.8
		7. Others	7.4
Total	100	Total	100

Note: The percentages were calculated based on rental and services income received in December 2016.

b. Warehouses

Development of warehouses which have World class quality is undertaken by TICON Logistics Park Co., Ltd. (TPARK), one of the Company's subsidiaries.

Logistics is essential activity for the distribution of materials, parts, finished goods and other produce. Distributors, whether they are the principal operators themselves or logistics service providers, will normally be capital-lean in their logistics operation, and will therefore prefer to lease warehouse facilities. This has created strong demand for modern logistics parks and warehouses of which the Company seeks to supply through TPARK.

The Company's warehouses mainly locate in TPARK's logistics parks throughout the country's strategic logistics locations, suitable for development into distribution center, and so on. The warehouses are designed to suit the modern logistics management systems. Typical warehouse specifications include having good clear heights, having wide column spans, being equipped with dock levelers, and having high floor loading capacities.

As with the factories, the Company offers warehouses on a built-to-suit basis, in addition to providing speculatively-developed ready-built buildings. The Company also offers sale and leaseback option to tenants.

Typically, warehouse lease agreement expires after 3 years. The Company normally offers tenant option to renew the lease. Every tenant is required to pay cash deposit equivalent to 3-6 month amount of rent.

At the end of 2014, 2015 and 2016, TPARK's warehouse portfolios were as follows:

	End of 2014		End of 2015		End of 2016	
	No. of warehouse (Unit)	Building area (Sq M.)	No. of warehouse (Unit)	Building area (Sq M.)	No. of warehouse (Unit)	Building area (Sq M.)
Contracted	73	324,927	80	418,307	101	488,337
Available	65	173,923	66	174,207	80	194,230
Under construction	37	151,797	34	110,641	25	133,577
Under site preparation	193	1,865,281	196	2,142,313	186	1,993,027
Total	368	2,515,928	376	2,845,468	392	2,809,171

The figures shown in the previous table were those after the sales of almost 100 percent occupied warehouses to TFUND/TLOGIS/TGROWTH/TREIT. The numbers of warehouses sold to property funds and REIT fund were as follows:

	2014		2015		2016	
	No. of warehouse (Unit)	Building area (Sq M.)	No. of warehouse (Unit)	Building area (Sq M.)	No. of warehouse (Unit)	Building area (Sq M.)
Sold to property funds						
Sold to REIT fund	25	160,523	46	133,282	-	-

The average occupancy rate of TPARK's warehouses was higher in 2016 because TPARK pasitive had net new lease space of 65,088 square meters. Demand for warehouse space continued to escalate especially the demand from third party logistics providers, beverage makers, and auto part manufacturers. Moreover, TPARK did not sell any warehouse to TREIT in 2016.

The average occupancy rates of warehouses during the past three years were as follows:

	2014	2015	2016
Average occupancy rate (%)	63	68	69

At the end of 2016, TPARK's customers were in various industries and were varied in their nationality as shown in the table below:

Industry	%	Country/Region	%
1. General logistics	41.7	1. Europe	44.6
2. International wholesalers	14.1	2. Thailand	29.3
3. Auto parts	12.2	3. Japan	17.4
4. Food	7.6	4. Australia	3.3
5. Retails	4.6	5. Korea	1.9
6. Others	19.8	6. Others	3.5
Total	100	Total	100

Note: The percentages were calculated based on rental and services income received in December 2016.

3.2 Services

Services provided by the Company include:

- Modifications

With an in-house design, project management and construction capability, the Company is well positioned to assist customers in designing and carrying out modifications to the standard specification of the building to suit their particular needs.

- Utilities Connections

The Company assists industrial customers in securing utility services at the customers' required capacity.

- Assistance with Consents and Permits

The Company assists industrial customers obtaining the various statutory consents necessary to commence manufacturing operations swiftly such as operation permit. Moreover, should customers need Work Permits for any of their expatriate staffs, the Company will obtain the permits for them.

- Other Services

In addition to the above, the Company will seek to assist the customers in any particular needs where it is able to provide assistance, such as recommending suppliers of goods and services, and assisting customers at recruiting key personnel.

4. Benefits and Incentives at TICON and Subsidiaries

4.1 Benefits and Incentives from the Board of Investment (BOI)

- a) Parts of the factories developed for rent project in Pinthong Industrial Estate, Amata Nakorn Industrial Estate, Hi-tech Industrial Estate, Hemaraj Cholburi Industrial Estate, Asia Industrial Estate, Rojana Industrial Parks in Ayudhya and Prachinburi, and Kabinburi Industrial Estate were granted the investment incentives from Board of Investment. The incentives were as the followings:
 - (i.) Eight years corporate tax exemption for projects at Kabinburi Industrial Estate (2013-2021), Amata City Industrial Estate (2013-2021, 2014-2022, and 2015-2023), Rojana Industrial Park in Prachinburi (2014-2022) and seven years corporate tax exemption for projects at Amata Nakorn Industrial Estate, Hi-tech Industrial Estate, Pinthong Industrial Estate, and Rojana Industrial Park in Ayudhya (from 2012 to 2019), Hemaraj Cholburi Industrial Estate (2013-2020, and 2014-2021), and three years corporate tax exemption for projects at Asia Industrial Estate (2014-2017). In case there is loss during the tax exemption period, the loss amount becomes tax deductible in another five years after the tax exemption period ends.
 - (ii.) Dividend is exempted from income tax throughout the life of incentive should it come from a business which has been granted the investment incentive.
 - (iii.) Permission for the limited imports of skilled labors and/or specialists into Thailand within a specified period.
 - (iv.) Permission to remit in and out the foreign currency.
- b) TICON Logistics Park in Wangnoi 2, Sriracha, Bangpakong, Laemchabang, Bangplee 2, Eastern Seaboard, Khon Kaen, and warehouses in Hemaraj Cholburi Industrial Estate, Amata City Industrial Estate, and Amata Nakorn Industrial Estate were granted the investment incentives from Board of Investment as the followings:
 - (i.) Eight years corporate tax exemption for projects at TPARK Wangnoi 2 (2014-2022), Sriracha (2013-2021), Bangpakong (2015-2023), Laemchabang (2013-2021), Eastern Seaboard and Khon Kaen (2015-2023), Amata City and Amata Nakorn (2015-2023 and 2011-2019 respectively), and seven years corporate tax exemption for warehouses at Hemaraj Cholburi Industrial Estate (2013-2020), Rojana Industrial Park in Ayudhya (2010-2017), and three years corporate tax exemption for warehouses at TPARK Bangplee 2 (2014-2017 and 2015-2018). In case there is loss during the tax exemption period, the loss

amount becomes tax deductible in another five years after the tax exemption period ends.

(ii.) Dividend is exempted from income tax throughout the life of incentive should it come from a business which has been granted the investment incentive.

(iii.) Import duty waived on machines as per the Board's approval.

4.2 Benefits and Incentives in Industrial Estate of the Industrial Estate Authority of Thailand (IEAT)

Since TICON has developed a few factories inside the Industrial Estate of IEAT, it enjoys the benefits granted from IEAT as the followings:

(i.) Tax incentives (only in the export zone) which are several tax waivers (e.g. import duty, value added tax, and excise tax) on imported machines and equipment and on raw materials. Export goods will also be exempted from the export duty.

(ii.) Non-tax incentives which are permission for foreign investors to possess land inside the industrial estate and permission for imports of skilled labors into Thailand within the permitted period. Other permission is for the remittance of funds outside Thailand should the funds be part of in-bound foreign direct investment or have the obligation with foreign parties (e.g. bank loans).

(iii.) Other benefits

(iii-a.) One-stop service permission application. Application for permissions to use land, to construct on land, and to operate industrial business can all be submitted to IEAT without having to apply separately at different governmental offices.

(iii-b.) Advisory service for investors on documentation and legal issues.

4.3 Benefits of Being a SET-Listed Company.

Dividend income received from the investment in SET-listed securities which are TFUND, TLOGIS, and TGROWTH is exempted from corporate tax if TICON invests in the securities a minimum of three consecutive months in prior to and after the dividend payment date.

5. INDUSTRY AND COMPETITION

5.1 Concept, demand/supply, and competition

5.1.1 Ready-built factories for lease

a. The concept of ready-built factories

Industrial property development in Thailand is primarily involved with developing industrial estates, providing the estate infrastructure, and selling plots of land for the industrial users to construct their own factories.

The manufacturers might either allocate their capital to build their own factories or lease in order to reduce their operating capital and risks related to any possible uncertainties. To lease factories with associated services becomes attractive for international manufacturers who want to run operation in Thailand with no ownership in properties.

b. Supply

The developers who provide factory buildings for sale/lease can be classified into two types which are;

- Industrial estates/parks developers who develop factory buildings on their own industrial land; and
- Other developers who develop factory buildings on land purchased or leased from the industrial land developers. The Company and its Subsidiary are this kind of developer.

c. Demand

Many foreign manufacturers do not want to develop their own factories, in order to reduce their project capital and increase flexibility, especially during uncertain times. Shortening product life cycles and more investor focus on return on capital have added to the appeal of leasing in the eyes of modern international industry.

Thailand is a good location for manufacturing and export to AEC since it situates in the middle of most ASEAN countries. Moreover, there is a skilled labor force, and a good level of physical and regulatory infrastructure, as well as beneficial

regulation for investors, both local and foreign. Thailand's foreign direct investment growth helps increase demand for leased factories.

d. Competition

At present, there are few players in the ready-built factory for lease market. Besides TICON, there are Hemaraj Land and Development Public Co., Ltd., Thai Factory Development Public Co., Ltd., Amata Summit Ready Build Co., Ltd., and Pinthong Industrial Park Co., Ltd.

However, only TICON is concentrating on development of factories for lease. TICON's competitive advantages are its sole focus on providing factories and warehouses for lease, the multiple locations it can offer, the services it has developed to assist its customers. Moreover, the Company's 25 years of experience in this business and a share of approximately 54 percent in the ready-built factory market resulted in the benefits of economies of scale.

5.1.2 Warehouses for rent

a. The concept of warehouses

In Thailand, the cost of logistics management is currently high as compared with other countries, which limits the country's competitiveness level. Improving the effectiveness of logistics management will result in lower supply chain costs, which eventually reduces prices of goods and services. In addition, an efficient logistics infrastructure will encourage foreign direct investment into Thailand.

Warehouses play an important role in the logistics system. World class quality warehouses will improve efficiency of the entire logistics system.

There has been substantial increase in the number of logistics service providers. The logistics service providers, who have specific areas of expertise, have played important roles in logistics management business. Many producers, wholesalers and retailers, and manufacturers tend to outsource their logistics management instead of setting up their own related functions.

However, the principal businesses and the logistics service providers normally have a policy not to own their warehouses. Seeking returns on real estate is not their main business operation. The logistics service providers tend to limit their investment to essential assets which enhance the company's competitiveness, including vehicles, equipment and information technology systems, as well as

training personnel. Investment in real estate, especially without expertise, incurs fixed costs in long run which will increase risk in the event that their customers terminate contracts. For these reasons, the logistics management industry looks to the real estate sector to provide logistics warehouses for lease.

b. Supply

Generally, logistics warehouses are mainly found concentrated in the outskirts of Bangkok and vicinity area. Many warehouses locate along the Asia Highway, the Bangna-Trad Road and the Rama II Road. Most of these warehouses were not designed for use as modern distribution centers. In addition, proper infrastructure never was installed to support logistics management operation. Further, many of the warehouses locate in residential area and mixed use areas which cause problems in terms of safety, congestion and pollution.

c. Demand

Demand for logistics warehouses are from the following sources.

1. Logistics service providers, most of which are multinational companies which have expertise in logistics management with software and modern management systems. The logistics service providers tend to lease warehouses rather than owning them.
2. Operators who are involved in international distribution centers, international procurement offices and modern distribution centers.
3. Manufacturers and major retailers who need distribution centers for the distribution of their goods to their customers in Bangkok and other regions
4. Exporters and importers who are interested in warehouses located near an airport or seaport, especially in a duty free zone
5. Logistics supporting businesses including transportation service providers, packaging service providers, value added creation providers (i.e. quality inspection, label sticking, maintenance service, assembling/packing), truck maintenance providers, providers of temporary workers and carriers, etc.

d. Competition

Presently, there are 2 main competitors who develop warehouses of the same quality as TICON's, which are WHA Corporation Public Co., Ltd. and Hemaraj Land and Development Public Co., Ltd. However, TICON has advantages over these two competitors since its warehouses are better diversified with many more locations.

5.2 Competition strategies for factories and warehouses

- **Market positioning**

According to a survey by CB Richard Ellis (Thailand) Co., Ltd., at the end of 2016, TICON had a total market share of 48.5 percent of the ready-built factories for lease market under management (of which 31.6 percent were funds' and REIT's properties).

TICON has positioned itself as the major provider of factories for lease in Thailand. It is the Company's intention to retain and enhance this position by increasing the scale of activities, thereby increasing the customer base, and benefiting from further economies of scale and increasing returns.

The intended market position for the Company's high quality logistics warehouses for lease is the same as for ready-built factories for lease, which is to be the major provider.

- **Target market**

The target market for leased factory is component suppliers to large end product manufacturers. However, the Company also seeks to custom-build for larger manufacturers.

The target markets for leased warehouses are producers, wholesalers, retailers and manufacturers, together with their logistic service providers.

- **Pricing**

The level of lease the Company charges are more related to the cost of providing the facilities than the lease competitors charge. The Company will, however, continue to monitor the market to ensure that its lease are competitive, and that the quality of its factories and services provided are superior.

- **Promotion**

The Company's principal marketing activities involve direct approaches to potential customers, and regular contact with a number of intermediaries, such as major manufacturers (to accommodate their suppliers), Thai government agencies, foreign embassies, Trade Missions, Chambers of Commerce, industrial estate developers, real estate brokers and other intermediaries.

Marketing material includes the production of brochures, press advertising, an internet website, signboards on all construction sites, billboards at expressway locations, and selective mailing.

More proactive measures, such as participation in seminars, exhibitions and other relevant meetings, both domestically and overseas, take place from time to time when appropriate.

5.3 Industry outlook and future competition

5.3.1 Industry outlook

There has been a growing tendency in demand for factory and warehouse lease. This has resulted from growth in the automotive sector for export to the Asia-Pacific Region, business expansion of logistics service providers and diversification to new strategic locations of major retailers. Moreover, manufacturing relocation into Asian countries, particularly in the automobile sector as well as the setting up of ASEAN Economics Community (AEC) will lead to various economic activities in the region. In addition, the manufacturers' policy not to invest in properties will help support a shift up in demand for lease facilities.

5.3.2 Competition

New competitors would have a high capital requirement, and would need considerable time to develop factories with the location, size and type diversification comparable to the range TICON offers, as well as to develop the support services currently provided by TICON.

6. PRODUCTION

The Company builds its factories/warehouses on potential plots of land using its own design and construction team. With its own team, the Company has more flexibility in managing construction and can control the construction cost.

The main construction materials are steel and concrete. The Company is able to procure construction materials of the same quality and price from several vendors.

7. WORK IN PROGRESS

At the end of December 2016, TICON had pre-leased contracts whose buildings were under construction as the followings:

Name of industrial estate / logistics park / industrial park	No. of factories / warehouses	Land size (Rai)	Rental space (Sq.M.)	Investment (Baht mn)
TPARK Bangna	1	1.7513	1,315	34.83
TPARK Bangplee 2	2	9.6118	10,026	178.19
TPARK Lamphun	1	7.2294	2,291	50.60
Total	4	18.5925	13,632	263.62

KEY RISKS

1. RISK RELATED TO LEASE AGREEMENT CONSIDERED AS A SHORT-TERM

With regard to the Company's lease contracts mostly of 3 years term, with options to renew, investors may be concerned about the customers' decisions on renewing the contracts.

However, once the tenants are in production in the factory, they will not tend to vacate it unless there is good reason to do so. For this reason, the normal lease renewal rate is in excess of 80 percent.

The diversification of the Company's locations, as well as the customers' nationality and type of business, helps reduce risk in relation to contract termination. Moreover, the factories/warehouses are of standard design in popular estates and leasing out factories/warehouses where leases are not renewed does not tend to be difficult.

2. RISK RELATED TO FACTORIES/WAREHOUSES LOCATED IN FLOOD-RISK AREA

In Q4/2011, the Company was affected by the floods in Ayudhya and Pathumthani provinces. Its factories/warehouses located in such areas were damaged, following by the Company's loss of a certain amount of lease, as well as lease agreement terminations. Besides, there are still a few replacement in those areas. Investor may be concerned that there might be a possibility of floods in the future and it may cause a number of factories available for certain periods.

TICON has insured its properties, with cover including physical damages and business interruption, to reduce impacts from the floods, if any. All the insurance premiums, which are more expensive than before, were passed through tenants. Furthermore, the Company has stopped developing more factories in those areas. In addition, concrete dikes were constructed by industrial estate/park developers in the flooded areas, and by the Company on its logistics park. The construction of dikes was already finished in late last year, and could be able to protect the properties in such areas.

With its location diversification and majority of properties in eastern Thailand, the Company is able to serve new demands, as well as demands moving from flooded area to other areas considered secure. The broadening of 2011 flood impacts has led the government to seriously improve water management. Together with the positive factors as mentioned, the Company believes that there will be a lot of demands for factories/warehouses in those areas in the near future, particularly for electronics and food industries, which need a lot of water for their productions. Besides, those areas are the strategic locations for distributing goods to the north and north-east of the country.

In Q4/2013, flooding spread through the provinces of the eastern area, including Rayong, Chonburi and Prachinburi provinces. Fortunately, there was neither severe impact nor damage to the Company's factories and warehouses. All tenants in these areas were able to operate their businesses as normal. During the floods, the Company also actively helped our tenants to protect their area and closely monitored the situation with them. Meanwhile, the tenants still have confidence in the Company's well-positioned and strategic location.

3. RISK RELATED TO RELIANCE ON PARTICULAR BUSINESS SECTORS AND NATIONALITIES OF TENANTS

At the end of 2016, 41 percent of the Company's factory tenants were manufacturers from Japan, 22 percent were from Europe. Of the tenants, 35 percent were in automotive sector and 34 percent were in electronics/electrical sector. Moreover, 45% of TICON's warehouse tenants were from Europe and 17% were from Japan. Of the tenants, 42% were logistics providers and 12% were auto parts related. Hence, the Company might be affected by a slowdown of those sectors, or by less direct investment from Japan and Europe.

However, the Company believes that such risk would have little impact. Although manufacturers in electronics/electrical sector have relocated to other countries where labor costs are lower and international trade preferences are greater than in Thailand, they have not shifted their entire factories but only moved the production which are labor intensive. Recently, Thai government came up with a new policy to attract advanced technology industries' foreign direct investment into Thailand to substitute investment of the departing manufacturers in electronics/electrical sector. The policy directly helps bring new tenants to the Company's unoccupied factories. Moreover, Thailand's automotive sector has bright future because lower oil prices will help boost global demand for automobile. Relocation to Thailand of major car manufacturers focusing on exports is expected. This resulted in an upsurge of demand for automotive parts.

Besides risk of reliance on certain business sectors of factory leasing, the Company's warehouse tenants are mainly in general logistics sector. Nevertheless, the Company believes that this risk would also have little impact, due to the independence and diversification of their customers' products, i.e., auto parts, electrical appliances, consumer products, health and beauty products, chemical substances, etc.

As for direct investment from Japan, Japan ranks first for country with most direct investment in Thailand and thereby for TICON since TICON has the biggest market share in ready-built factory leasing. The Company feels that among ASEAN countries, Thailand is one of the most attractive destination for direct investment owing to its cost effectiveness. Because of those reasons, the Company is sustainable with such risk.

Moreover, the standard type of factories and warehouses can help serve the demand of customers from various industries.

4. RISK RELATED TO ABILITY TO LEASE OUT FACTORIES/WAREHOUSES IN DEVELOPMENT PLAN

At the end of 2016, the Company had 157 factories and 211 warehouses under development plan. The Company might have to carry the development cost in the event that such factories and warehouses cannot be leased out.

The Company believes that the risk can be controlled. The Company intends to maintain only 3-4 available factories/warehouses in each location. In the event that the numbers of available factories/warehouses exceeds what is required, the construction will be slowed down. With its own construction team, the Company can manage construction effectively, including speed and flexibility, to transfer workers to other active locations.

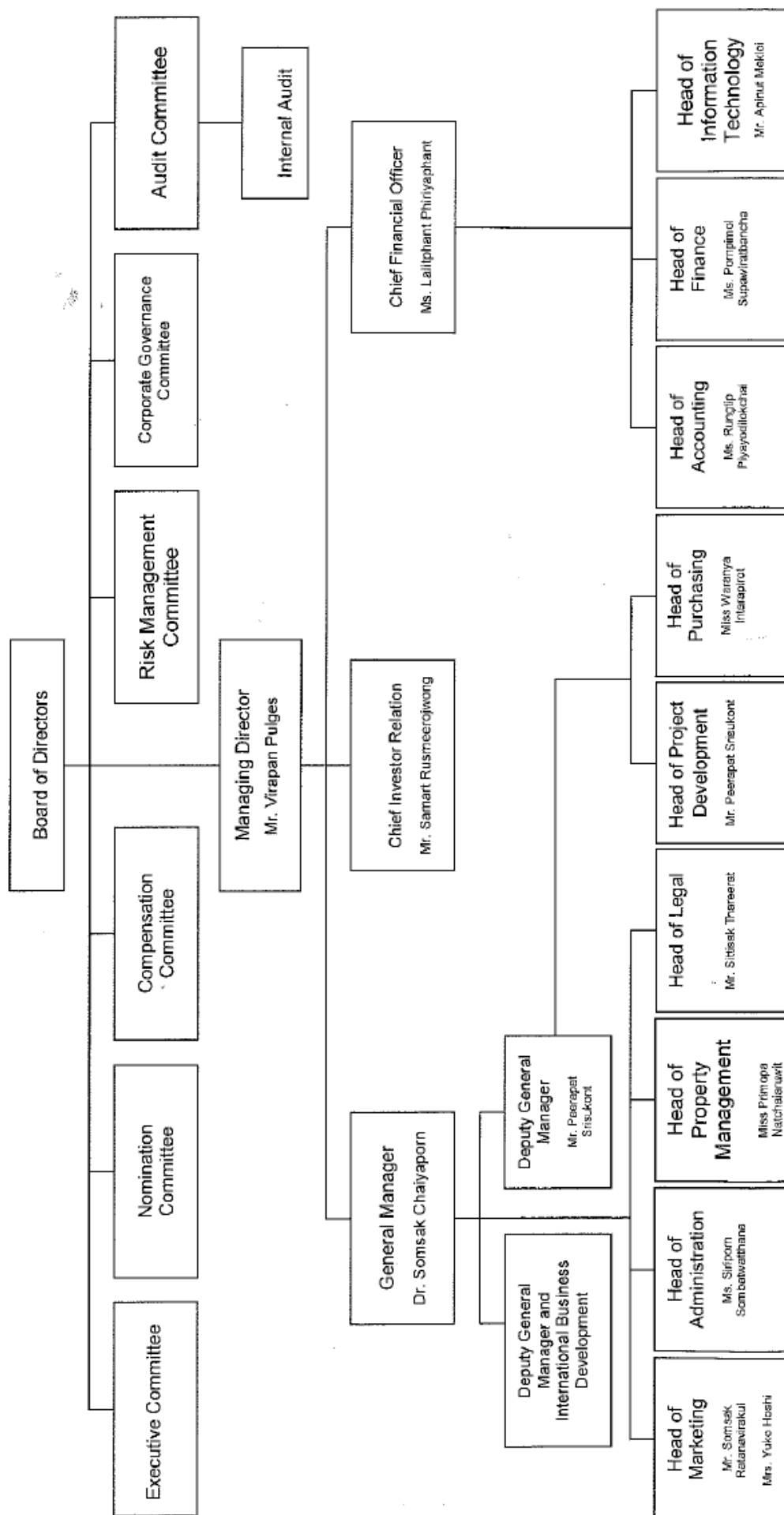
SHAREHOLDING STUCTURE

Shareholders	As of March 10, 2017	
	No. of shares	%
1. Frasers Property Holdings (Thailand) Co. Ltd	735,000,000	40.07
2. Rojana Industrial Park Public Co., Ltd.	478,699,619	26.10
3. City Realty Group		
City Villa Co., Ltd.	38,568,150	2.10
Mr. Chali Sophonpanich	24,773,910	1.35
Mrs. Siriya Sophonpanich	11,458,725	0.63
City Realty Co., Ltd.	2,582,684	0.14
	77,383,469	4.22
4. Directors/Manager/Related persons		
Mr. Virapan Pulges (Chief Executive Officer) and spouse	11,673,803	0.64
Mr. Threekwan Bunnag (Director and Audit Committee) and spouse	1,349,362	0.07
Miss Lalitphant Phiriyaphant (Chief Financial Officer and Company Secretary)	79	0.00
	13,023,244	0.71
5. Mrs. Suchada Leesawattrakul	46,391,670	2.53
6. Mr. Jatupon Kriangchaikijkul	46,249,100	2.52
7. Thai N.V.D.R. Limited	40,793,132	2.23
8. Nortrust Nominees Limited Group	25,708,832	1.40
9. Miss Sawanee Pattharawanichanon	22,000,000	1.20
9. Sathorn City Tower Property Fund	19,503,194	1.06
11. Others	329,390,115	17.96
Total	1,834,142,375	100.00

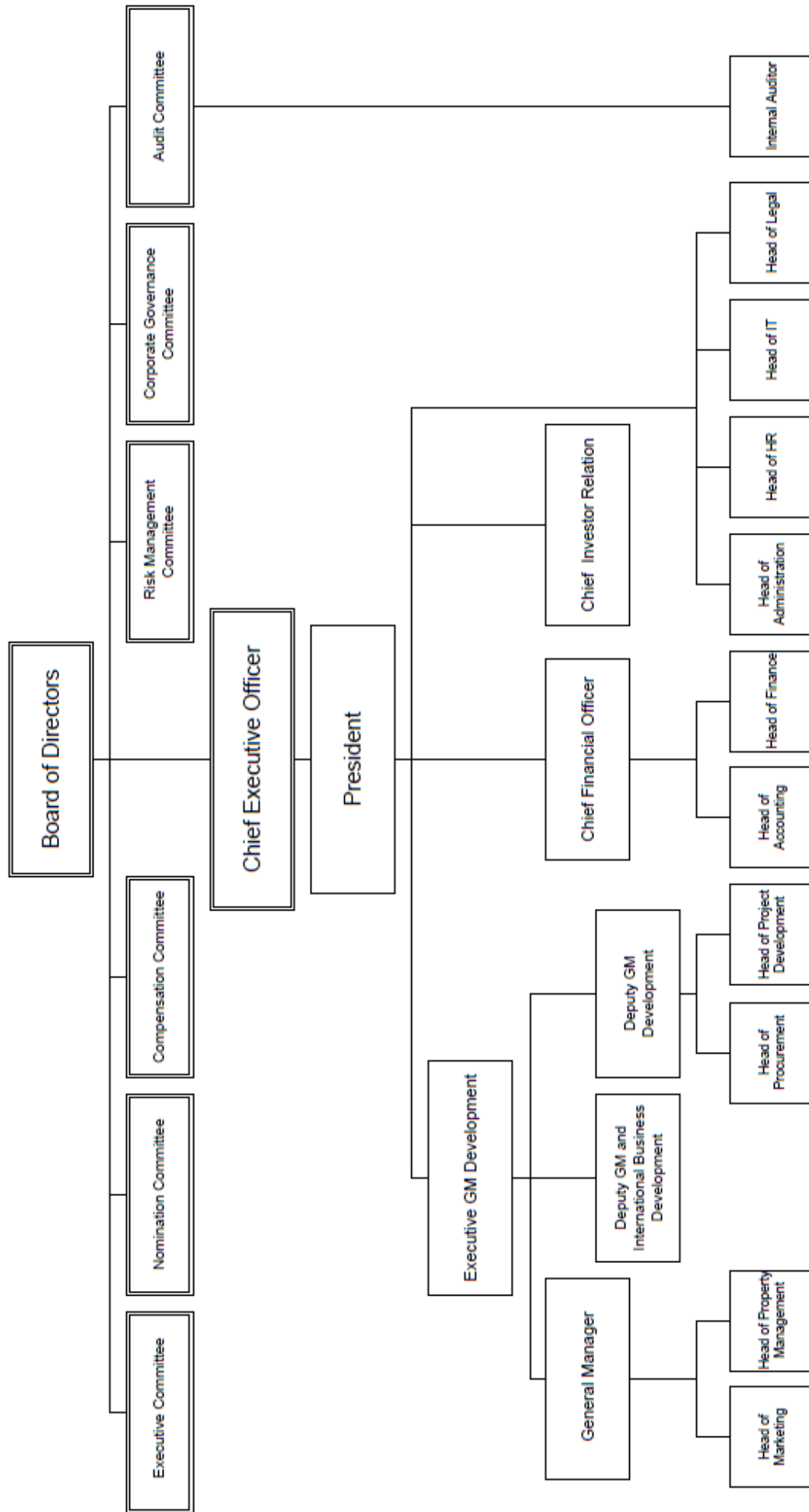
The Company has a policy of paying cash dividend of not less than 40 percent of net profit after taxation; however, whether the Company will pay dividends and the amount thereof will depend upon the Company's results, financial condition and cash requirements and other relevant factors. At the present there is no dividend payments restriction under loan agreement between the Company and financial institutions.

MANAGEMENT

1. MANAGEMENT STRUCTURE AS OF 31 DECEMBER 2016



AT PRESENT, THE ORGANISATION STRUCTURE HAS BEEN CHANGED AS FOLLOWS:



The Company has one Board of Directors and six Sub-Committees, comprising the Executive Committee, the Audit Committee, the Corporate Governance Committee, the Compensation Committee, the Nomination Committee and the Risk Management Committee.

2. BOARD OF DIRECTORS

As of 31 December 2016, the Company's Board of Directors consist of eight members as follows:

- | | |
|------------------------------|---------------------------------|
| 1. Mr. Chali Sophonpanich | Chairman of the Board |
| 2. Mr. Jirapongs Vinichbutr | Director |
| 3. Mr. Chai Vinichbutr | Director |
| 4. Mr. Nate Charanvas | Director |
| 5. Mr. Virapan Pulges | Managing Director |
| 6. Mr. David Desmond Tarrant | Chairman of the Audit Committee |
| 7. Mr. Chatchaval Jiaravanon | Audit Committee's member |
| 8. Mr. Threekwan Bunnag | Audit Committee's member |

Since then, members of the Risk Management Committee are as follows:

- | | |
|---------------------------------|--|
| 1. Mr. Chainoi Puankosoom | Chairman of the Board and
Chairman of Audit Committee |
| 2. Mr. Threekwan Bunnag | Director and Audit Committee's member |
| 3. Mr. Chatchaval Jiaravanon | Director and Audit Committee's member |
| 4. Mr. Chali Sophonpanich | Chairman of the Board |
| 5. Mr. Chotiphat Bijananda | Director |
| 6. Mr. Chai Vinichbutr | Director |
| 7. Mr. Panote Sirivadhanabhakdi | Director |
| 8. Mr. Uten Lohachitpitaks | Director |

*appointed as Director on January 16, 2017

The authorized directors are Mr. Chali Sophonpanich, or Mr. Chai Vinichbutr, or Mr. Panote Sirivadhanabhakdi, any sign the name with Mr. Chotiphat Bijananda, or Mr. Uten Lohachitpitaks documents with the Company's seal affixed.

Mr. Chotiphat Bijananda, Mr. Panote Sirivadhanabhakdi, or Mr. Uten Lohachitpitaks represents Frasers Group, Mr. Chali Sophonpanich represents City Realty Group, and Mr. Jirapongs Vinichbutr and Mr. Chai Vinichbutr represent Rojana Group.

Roles, duties and responsibilities of the Board of Directors

The Board shall act professionally on behalf of the shareholders to steer the Company's operation and make decision on important matters, and safeguard the benefits for all stakeholders.

Moreover, the Board is accountable for overseeing management operations, risk management and determining remuneration.

1. New directors should attend orientation classes regarding business operations of the Company.
2. Conduct their duties in compliance with all laws, objectives and the Articles of Association of the Company, as well as resolutions of the shareholders' meetings with honesty and integrity and carefully safeguard the benefits of the Company to ensure fair accountability towards all shareholders.
3. The Board shall dedicate time and effort to formulate visions, directions and strategies of the Company's operation, by reviewing every five years. Moreover, the Board is accountable for seeking useful information for the Company, and considering any potential risk to ensure that the management team can implement the determined vision, directions and strategies efficiently.
4. Formulate policies and directions of the Company's operations, and also monitor and supervise the management team to function in accordance with such policies and regulations with efficiency and effectiveness, under the principles of Good Corporate Governance, to maximize economic value and shareholders' wealth
5. Being a head of the Company and a role model in performing own duties in accordance with the Company's regulation, in line with the good Corporate Governance of the Company.
6. Being a director who encourage continuous training, either internal or external training, in order to improve own performance more efficiently.
7. Arrange effective and reliable accounting systems, financial report, accounting audits, internal control and internal audit systems.
8. Consider the Company's significant risk and setting out a risk management process throughout the Company. The Board shall ensure that the management team has an efficient risk management process, and seeking business opportunities that may arise.
9. A dividend payment shall be made to shareholders when the Company has sufficient profits, no accumulative losses.
10. The Board shall oversee and resolve conflict of interests, connected transactions, and other significance transactions to ensure the best shareholder and stakeholder value.

11. Independent and other external directors are capable to use their judgment with an independent opinion in determining matters such as setting out strategies, operational tactics, resource utilization, nomination of directors, including setting up performance standard of the Company. They also have to be ready to oppose any acts of other directors or the management on the issues affecting the equity of shareholders.
12. Report and update the “Report on the interest of Director and Executive” to the Company, in compliance with the Company’s criteria.
13. Directors shall refrain from securities trading during periods when they are in possession of material information not yet disclosed to the public, which might affect the share price. Directors shall also not disclose such information to outsiders. Directors are aware of the penalties regarding misuse of such information.
14. Ensure that the management team treats all stakeholders with ethics and equitability.
15. Review the Company’s Good Corporate Governance Policy constantly.
16. Setting out and effectively oversees the anti-corruption system to ensure the management team awareness and attention to the anti-corruption scheme; embed organizational anti-corruption culture.
17. Comply with the anti-corruption measures and punish when noncompliance occurs.
18. Appoint the Company Secretary to take care of the Board’s and the Company’s activities such as the Board of Directors’ meeting and the shareholders’ meeting, also assist the directors and the Company in performing their duties as required by laws and related rules and regulations from time to time. Moreover, the Company Secretary is accountable for supporting the directors and the Company in disclosing all information accurately, completely, transparently, and providing in a timely manner.
19. Report the Company’s performance to shareholders’ meetings and via the Company’s annual report.
20. Provide easy-to-access channels that are appropriate for shareholders.
21. Board self-assessment and the Managing Director’s performance evaluation should be conduct regularly, at least annually, to be used as a framework for reviewing the performance to enhance its effectiveness. The result should be disclosed in the Company’s annual report. Moreover, the Managing Director’s remuneration should be evaluated according to own performance.

22. Seek professional opinions from external to make comments or give advice on the Company's operations with the Company's expense as necessary.

Appointment of the Board members

The candidates for Board members are nominated by the Nomination Committee. The appointment is subject to the Articles of Association, which are in compliance with the Public Limited Company Act, the terms of which are as follows:

1. In the case of appointing a Director to replace a retiring Director, or appointing an additional director, a resolution from a shareholders' meeting is required. The said appointment takes place under the following procedures:
 - a) Each shareholder has one vote per share
 - b) Each shareholder may exercise his/her voting right pursuant to a) to elect one or more candidates as Director(s) but may not allot his/her votes to any such candidate unequally.
 - c) Candidates who receive the largest numbers of votes shall be elected as Directors until the vacancies are filled. Where there is a tie among the candidates, the chairman of the meeting is entitled to a casting vote.
2. Where a Director vacates office for reasons other than retirement, the Board of Directors will appoint a qualified person as a replacing director.

3. EXECUTIVE COMMITTEE

As of 31 December 2016, the Company's Executive Committee consist of four members, as follows:

- | | |
|-----------------------------|---|
| 1. Mr. Virapan Pulges | Chairman of the Committee |
| 2. Mr. Chali Sophonpanich | Committee's member |
| 3. Mr. Jirapongs Vinichbutr | Committee's member |
| 4. Dr. Somsak Chaiyaporn | Committee's member and Secretary to the Committee |

According to minutes of meeting #2/2017 on 16 January 2017 .The Board of Directors assigned these four members to the Executive Committee:

- | | |
|---------------------------------|---|
| 1. Mr. Panote Sirivadhanabhakdi | Chairman of the Committee |
| 2. Mr. Chai Vinichbutr | Director |
| 3. Mr. Uten Lohachitpitaks | Director |
| 4. Mr. Virapan Pulges | Director |
| 5. Mr. Sapon Racharaksa | Committee's member and Secretary to the Committee |

Roles, duties and responsibilities of the Executive Committee

1. Undertake action assigned by the Board.
2. Strictly comply with laws, objectives, rules and regulations of the Company.

4. AUDIT COMMITTEE

As of 31 December 2016, the Company's Audit Committee consist of three members, as follows:

- | | |
|------------------------------|--|
| 1. Mr. David Desmond Tarrant | Chairman of the Committee/Independent Director |
| 2. Mr. Chatchaval Jiaravanon | Committee's member/Independent Director |
| 3. Mr. Threekwan Bunnag | Committee's member/Independent Director |

According to minutes of meeting #2/2017 on 16 January 2017 .The Board of Directors assigned these three members to the Audit Committee:

- | | |
|------------------------------|--|
| 1. Mr. Threekwan Bunnag | Chairman of the Committee/Independent Director |
| 2. Mr. Chainoi Puankosoom | Committee's member/Independent Director |
| 3. Mr. Chatchaval Jiaravanon | Committee's member/Independent Director |

All members of the Audit Committee have knowledge and experience in accounting to review the financial report process to ensure the reliability.

Roles, duties and responsibilities of the Audit Committee

1. Review the accuracy and adequacy of the Company's financial reports.
2. Ensure that the Company has suitable and efficient internal control system, internal audit, good corporate governance process and risk management system.
3. Review the efficiency and effectiveness of Information Technology System in relation to the Internal Control and the Risk Management.
4. Review the Company's compliance with the Securities and Exchange Act, the Stock Exchange of Thailand's regulations, and the laws relating to the Company's business.
5. Consider the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the Stock Exchange of Thailand's rules and regulations together with the laws relating to the Company's business.
6. Review risk assessment process and advice risk mitigation measures to the Board. The management team shall implement such advice.

7. Review and consider with the management on the defects that have been found out and on the responses from the management.
8. Empower on the auditing and investigating all related party under the authorization of the Audit Committee and is authorized in hiring an expert so as to audit and investigate in compliance with the Company's regulations.
9. Consider, select, nominate/discharge and recommend remuneration of the Company's external auditor. The Audit Committee shall meet privately with external auditor at least once a year, without the management team being present.
10. Consider scopes of work and plans of the external auditor and the internal audit department in order to ensure cooperation of both parties and ensure there are reductive double operations of financial auditing.
11. Coordinate with the Company's auditors and may advise them to review in any significant transactions.
12. If the Audit Committee finds the issue that may affect the financial and performance of the Company, the Audit Committee shall report to the Board to improve it in due course.
13. Review and measure anti-corruption processes to ensure compliance.
14. Monitor relevant internal control system to ensure efficient and effective anti-corruption measures.
15. Regularly report and provide suggestions relevant to internal audit results on the anti-corruption measures to the Board of Directors and the management team.
16. Ensure that the management team sets out Whistle Blowing system and its monitoring process.
17. Chairman or a member of the Audit Committee should attend the Company's Annual General Shareholder Meeting so that shareholders may ask questions related to the Audit Committee.
18. Evaluate the Company's audit committee performance at least one time annually, and report to the Board.
19. Prepare an annual disclosure report on the corporate governance of the Audit Committee to be included in the annual report, affixing the signature of the Chairman of the Audit Committee. Minimum contents to be disclosed in the report are the Audit Committee's

performing, number of attending the meeting, attendants and overall opinions of the Committee.

20. Ensure that the Company's auditor remuneration is disclosed in the Company's annual report.
21. Approve charter, work plans, budget and manpower of the Internal Audit Department.
22. Consider, select, nominate and evaluate the Internal Audit Manager as well as an independence of the Internal Audit Department.
23. Perform any other acts assigned by the Board, with the approval of the Audit Committee.

Composition of the Audit Committee

1. The Audit Committee shall be comprised of at least 3 independent members of the Board, that all non-executive.
2. At least 1 member of the Audit Committee must have knowledge, understanding or experience in accounting or finance to review the financial report process to ensure the reliability.

Criteria for the appointment and nomination of the Audit Committee members

The Audit Committee is nominated by the Nomination Committee and shall be appointed by the Board of Directors or shareholders. A committee member must possess full qualifications according to the criteria as follows:

1. Holding shares not more than 1 percent of number of voting stock of the Company, subsidiary companies, associated companies or related company, which shall be inclusive of the shares held by related persons.
2. Persons who have benefits or financial and/or managerial interests in the Company and/or its related companies, either at present or during the past two years, shall be prohibited to hold the position of independent director of the Company. Such prohibited relationships include:
 - Executive director, employee, worker, advisor who receives regular salary or controlling person;
 - Professional advisors such as auditor, legal advisor, financial advisor or appraiser; and

- Persons with business relationships through such means as normal business transaction, acquisition or disposition of assets, and offering or receipt of financial assistance, etc.
3. In case of concurrently holding the position of independent director at other companies in the same group, the Company shall disclose such information and compensations received from such other companies.
 4. Audit Committees are prohibited to be any types of directors at any other listed companies in the same group.
 5. Being a director who is not a related person or close relative of any management member or major shareholder of the Company.
 6. Being a director whom is not appointed as a representative to safeguard interests of the Company's directors, major shareholders or shareholders who are related to the Company's major shareholders.
 7. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board frees and clears from the control of the management or the major shareholders of the Company including related persons or close relatives of the said persons.

Related persons include persons who have relationship with or are related to the Company to the extent that they cannot perform their duties independently or in a flexible manner such as supplier, customer, creditor, debtor or person who has business relation that is material etc.

5. COMPENSATION COMMITTEE

On January 31, 2016 the Company's Board of Directors appointed a Corporate Governance Committee which was comprised of three members.

- | | |
|------------------------------|---------------------------|
| 1. Mr. Chali Sophonpanich | Chairman of the Committee |
| 2. Mr. David Desmond Tarrant | Committee's member |
| 3. Mr. Jirapongs Vinichbutr | Committee's member |

According to minutes of meeting #2/2017 on 16 January 2017 .The Board of Directors assigned these three members to the Corporate Governance Committee:

- | | |
|---------------------------------|---------------------------|
| 1. Mr. Chainoi Puankosoom | Chairman of the Committee |
| 2. Mr. Chatchaval Jiaravanon | Committee's member |
| 3. Mr. Panote Sirivadhanabhakdi | Committee's member |

Roles, duties and responsibilities of the Corporate Governance Committee

1. Proposed good Corporate Governance policy to the Board.
2. Provide suggestion on the good Corporate Governance to the Board.
3. Ensure that directors and the management team conform to the good Corporate Governance principles.
4. Review the Company's good Corporate Governance practices and guidelines, in line with the international standards, and present to the Board.
5. Formulate policy and practice of the Sustainable Management ("SM") and Corporate Social Responsibility ("CSR") and present to the Board.
6. Review and follow-up the Sustainable Management plan.
7. Establish and review the Anti-Corruption Policy. Provide suggestions, guidelines, monitors and assessment the Anti-Corruption risk compliance.

6. NOMINATION COMMITTEE

As of 31 December 2016, the Company's Compensation Committee consist of four members, as follows:

- | | |
|------------------------------|---------------------------|
| 1. Mr. Chali Sophonpanich | Chairman of the Committee |
| 2. Mr. Jirapongs Vinichbutr | Vice committee's member |
| 3. Mr. David Desmond Tarrant | Committee's member |
| 4. Mr. Threekwan Bunnag | Committee's member |

According to minutes of meeting #2/2017 on 16 January 2017 .The Board of Diectors assigned these three members to the Compensation Committee:

- | | |
|------------------------------|---------------------------|
| 1. Mr. Chatchaval Jiaravanon | Chairman of the Committee |
| 2. Mr. Threekwan Bunnag | Committee's member |
| 3. Mr. Chotiphat Bijananda | Committee's member |

Roles, duties and responsibilities of the Corporate Governance Committee

1. Propose policy and criteria for compensation of the Boards' and Sub-committees' members including meeting allowance, bonus, welfare and other compensation in both cash and non-cash terms, by taking into consideration similar compensation in the industry.

2. Determine compensation for the Managing Director.
3. Determine cash and non-cash welfare and other benefits for the Company's employees.
4. Ensure that the Director's remuneration is disclosed, corresponding to the principles.

7. RISK MANAGEMENT COMMITTEE

As of 31 December 2016, the Company's Nomination Committee consist of four members, as follows:

- | | |
|---------------------------------|---|
| 1. Miss Lalitphant Phiriyaphant | Chairman of the Committee |
| 2. Mr. Virapan Pulges | Committee's member |
| 3. Dr. Somsak Chaiyaporn | Committee's member |
| 4. Mr. Samart Rusmeerojwong | Committee's member and Secretary to the Committee |

According to minutes of meeting #2/2017 on 16 January 2017 .The Board of Diectors assigned these four members to the Nomination Committee:

- | | |
|---------------------------------|---------------------------|
| 1. Mr. Chotiphat Bijananda | Chairman of the Committee |
| 2. Mr. Threekwan Bunnag | Committee's member |
| 3. Mr. Panote Sirivadhanabhakdi | Committee's member |
| 4. Mr. Uten Lohachitpitaks | Committee's member |

Roles, duties and responsibilities of the Nomination Committee

1. Set criteria and methodology for selection of the Board's and Sub-committees' members as well as President and Managing Director, for the purpose of transparency.
2. Nominate members of the Board and Committees for the Board and/or shareholders to appoint.
3. Recruit and appoint those nominees to be President and Managing Director.

8. CORPORATE GOVERNANCE COMMITTEE

As of 31 December 2016, the Company's Risk Management Committee consist of three members, as follows:

- | | |
|------------------------------|---------------------------|
| 1. Mr. Threekwan Bunnag | Chairman of the Committee |
| 2. Mr. Virapan Pulges | Committee's member |
| 3. Mr. Samart Rusmeerojwong* | Committee's member |

According to minutes of meeting #2/2017 on 16 January 2017 .The Board of Directors assigned these three members to the Risk Management Committee:

- | | |
|----------------------------|---------------------------|
| 1. Mr. Chainoi Puankosoom | Chairman of the Committee |
| 2. Mr. Threekwan Bunnag | Committee's member |
| 3. Mr. Uten Lohachitpitaks | Committee's member |

Roles, duties and responsibilities of the Risk Management Committee

1. Regulate and support risk management procedure to be in line with the Company's strategies and objectives, responding to any risk situation change.
2. Consider Risk Management Policy and procedures in all areas, e.g. credit risk, market risk, operational risk, strategic risk, liquidity risk and other risks, such as regulatory risks.
3. Assess the Company's risks in the areas mentioned in item 2.
4. Define and review risk management tools and guidelines to ensure that they are efficient and appropriate with regard to the overall risk associated with the operation.
5. Determine and review risk limits and corrective measures.
6. Follow up with risk assessments which assume both normal operational mode and crisis situations (stress testing).
7. Evaluate the risk entailed in operating new businesses and trading new products. Furthermore, to define preventive measures to deal with the risk derived from transactions.
8. Review and improve, if needed, the Charter of the Risk Management Committee, and report the amendment to the Board of Directors.
9. Risk Management Report should be reported to the Board. When there are any events unlikely to have significant impact on the Company, the Board shall be reported immediately.
10. The Risk Management Committee should set its meeting schedule at least one time per quarter.
11. Review and support Anti-Corruption risk management implementation by assessment of corruption risks and review appropriateness of the anti-corruption measures.
12. Perform any other acts assigned by the Board, with the approval of the Risk Management Committee.

9. MANAGEMENT TEAM

As of 31 December 2016, the Company's management team is as follows:

1. Mr. Virapan Pulges	Chief Executive Officer
2. Mr. Sapon Racharaksa*	President
3. Dr. Somsak Chaiyaporn	General Manager
4. Mr. Kris Weerakul	Deputy General Manager – International Business Development
5. Miss Lalitphant Phiriyaphant	Chief Financial Officer and Company Secretary
6. Mr. Samart Rusmeerojwong	Chief Investor Relation
7. Mr. Somsak Ratanavirakul	Head of Marketing 1
8. Mrs. Yuko Hoshi	Head of Marketing 2
9. Miss Lanchakorn Kongsakul**	Head of Human Resources
10. Miss Siriporn Sombatwatthana	Head of Administration
11. Miss Rojana Asawavichienjinda***	Head of Accounting
12. Miss Waranya Intarapirot	Head of Purchasing
13. Miss Sutara Jarungraungkiat****	Head of Legal
14. Mr. Paroot Boondarig*****	Head of Project Development
15. Mr. Apinat Mekloi	Head of Information Technology
16. Miss Primopa Natchajaruwit	Head of Property Management

Note :

- * Appointed as executive of the company as of 16 January 2017
- ** Appointed as executive of the company as of 16 February 2017
- *** Appointed as executive of the company as of 16 February 2017
- **** Appointed as executive of the company as of 16 December 2016
- ***** Appointed as executive of the company as of 16 February 2016

Authorities and Duties of the Management

The Management is authorized to carry out tasks assigned by the Board of Directors under the rules, regulations and Articles of Association of the Company. However, any member of the Management having a material interest, directly or indirectly, or having a conflict of interests in any matter with the Company/Subsidiaries, as defined by the SEC, has no right to engage in such matter.

10. COMPENSATION FOR DIRECTORS AND MANAGEMENT

Criteria for determination of Directors' compensation

The Directors' compensation has been fixed by taking into consideration the duties and responsibilities of the Directors. Furthermore, the Company's performance and similar Directors' compensation of listed companies in the industry have been taken into account as well. The compensation has been initially determined by the Compensation Committee, and proposed to shareholders for approval.

10.1 Compensation in cash

In year 2016, the compensations (accrual basis) paid to Directors and Audit Committee's members are as follows:

nit : Baht

Directors	Meeting allowance		Bonus
	Board	Audit Committee	
Mr. Chali Sophonpanich	80,000	-	1,084,000
Mr. David Desmond Tarrant	50,000	60,000	2,160,000
Mr. Jirapongs Vinichbutr	50,000	-	2,080,000
Mr. Chai Vinichbutr	50,000	-	870,000
Mr. Virapan Pulges	50,000	-	2,080,000
Mr. Threekwan Bunnag	60,000	60,000	710,000
Mr. Chatchaval Jiaravanon	40,000	30,000	410,000
Mr. Nate Charanvas	50,000	-	1,255,000
Total	440,000	150,000	10,640,000

During the same period, the compensations (accrual basis) paid to the Company's Management are as follows:

	Amount (Baht)
Salary	31,665,332
Bonus	2,346,344
Provident Fund	755,986
Total	34,767,652

10.2 Other compensations

In 2016, no other compensation was paid to Directors and Management.

11. EMPLOYEES

In 2016, no other compensation was paid to Directors and Management.

As of 31 December 2016, the Company has a total of 119 employees.

Department	Number of employees(person)
Managing Director	1
General Manager	1
Chief Financial Officer	1
Vice General Manager	1
Investor Relation	2
Accounting	19
Information Technology	3
Financial	6
Legal	2
Marketing	14
Administration	15
Purchasing	3
Project Development	19
Property Management	28
Human Resources	3
International Business Development	1
Total	119

11.1 Total Compensation for Employees

Total compensation for employees in 2016 was 105.95 million baht which was in the form of salaries, bonuses, fringe benefits, allowances, provident funds (Company's contribution), and business seminars and trainings.

11.2 Human Resource Development Policy

The Company regularly provided trainings and seminars to help improve skills, and knowledge of employees. That included training new employees to prepare for their

jobs, and in order to improve work efficiency and skills of management and staffs the Company provided its employees chance to register for external training as well.

In 2016, the Company spent a total of 0.46 million baht on human resource development.

11.3 Dispute on Labor, Over the Past Three Years

-None-

CORPORATE GOVERNANCE

1. SHAREHOLDERS TREATMENTS

The Company takes shareholders' equitable treatment, especially their rights of access to the Company's information in sufficient detail and in a timely manner. This information has been provided via the SET electronic company information disclosure system, press releases as required by the Public Limited Company Act, as well as via the Company's web site, <http://www.ticon.co.th>

Besides the disclosure of information, the Company also pays attention to the shareholders' meeting, particularly in the composition of the meeting, so as to ensure the equitable treatment of the shareholders. The Company arranges meetings by selecting a suitable date, time and place to accommodate most shareholders. Map of the meeting's venue is attached to the invitation letter. The letter contains objective and reason and the Board of Directors' opinion on each agenda item. The letter is sent to the shareholders 7 days prior to the meeting, or 14 days prior to the meeting in the event that the notice of the meeting contains a special agenda, according to the Company's Articles of Association.

All essentially relevant information is provided to the shareholders as supporting information for voting purposes. The Annual Report, containing information of the Company's performance during the previous year, is attached with the invitation letter as well. Moreover, the proxy form, containing the information of Audit Committee's member(s) being proposed as a proxy, is provided for the Shareholders with a format that helps the shareholders to choose when voting for each agenda item. The Company also attaches its Articles of Association in regard to voting requirement of the agenda with the invitation letter, together with the evidence required for attending the meeting.

Starting from 2007, the Company offers the shareholders the opportunity to propose the meeting's agenda(s) and any qualified person(s) to be director(s) in advance of the meeting. The criteria and procedures of the proposal are clearly informed on the Company's website.

In every meeting, the Board of Directors' and Audit Committee's members and Management and auditor have been represented at the meeting. The Chairman of the Board, or any person voted by the Shareholders as chairman for the meeting, presides over the meeting according to the ordered agenda. In order to create transparency, the Company also clarifies voting method and informs voting results to the Shareholders. The Shareholders are welcome to express opinions and ask questions freely. The Company provides the shareholders with clear answers.

The Board of Directors has monitored the record of the minutes of the meeting to ensure that such minutes contain a clarification of significant issues, questions, and opinions, as well as the voting required for each agenda. The minutes are finished in time, kept properly and accessible for verification and examination. The Company also records voting results in the minutes in order to promote transparency.

All the meeting related information is provided on the Company's website, both in Thai and English, including the invitation letter to be disclosed prior at least 1 month to the meeting and the minutes of the meeting which will be disclosed within 14 days after the meeting. Moreover, an audiovisual recording of the meeting is also accessible on the Company's website.

TICON held the 2016 Annual General Meeting of Shareholders on April 26, 2016 at 2:30 p.m. and the #1/2016 Extraordinary General Meeting of Shareholders on December 23, 2016 at 10:00 a.m. at Surasak 1 Ballroom on level 11 of the Eastin Grand Sathorn Hotel, 33/1 South Sathorn Road, Yannawa, Sathorn, Bangkok. There were seven directors attended at both meetings.

2. STAKEHOLDERS TREATMENTS

The Company has realized that all stakeholders, including employees, suppliers, customers, lenders, community, society, as well as competitors, all play a part in the Company's business success. As a result, the Company is very much concerned that the employees are treated equally and fairly; that products and services bought from suppliers are in accordance with normal business conditions and agreements; that customers are provided with good products and services and their information is treated as confidential; that borrowing agreements are strictly honored; that community, environment and society are responsibly treated and that only fair business practices are used in relation to competition with its competitors.

Since the employees are valuable key success factor, the Company is concerned that employees are treated equally and fairly, in provision of job opportunity, compensation, welfare, promotion, rotation, skill development and safe working environment. The Company complies with safety measures as well as provides appropriate and adequate facilities to save the employees from accidents, job-related injuries and illness. Moreover, the Company has provided recreation activities to unite and reward the employees.

With customers, the Company commits to serving their needs with more effective and efficient procedures. Also, the Company insists on fulfilling the agreements and conditions made with customers by delivering quality products and after-sales services at a fair price in a timely manner. In addition, customers' information is treated as confidential and exempted from any misuse. The Company also provides flexibility and help in the customers' difficulties.

Suppliers and/or creditors are treated equally and fairly by taking into consideration the Company's maximum benefits, as well as standing on fair return of both parties. The Company also mitigates chance that may lead to a conflict of interest and honors any commitment made. For competitors, the Company treats the competitors and competes under fair business practices, without violation and fraud on their confidence. During last year, the Company had no any dispute with competitors.

The Company has been doing business that benefits overall economy and society as well as to balance business growth and development of community, society and environment.

Stakeholders can complain to the Company about any unfair matters, via telephone or the Company's website.

3. BOARD OF DIRECTORS

The Company's Board of Directors consists of 8 persons, 3 of which are independent directors. The authorities of the Chairman of the Board, the President and the Managing Director have been clearly separated so as to reduce overall individual influence.

The directors meet regularly at least once a quarter to consider the business of the Company. A notice of the meeting, containing a clear agenda, together with supporting documents, is normally sent to the directors at least 7 days prior to the meeting except when urgent, as required by the Articles of Association.

The following table shows the attendance of each director in year 2016.

	Number of attendances (6 meetings in total)
1. Mr. Chali Sophonpanich	4
2. Mr. David Desmond Tarrant	5
3. Mr. Jirapongs Vinichbutr	5
4. Mr. Chai Vinichbutr	5
5. Mr. Nate Charanvas	5
6. Mr. Virapan Pulges	5
7. Mr. Threekwan Bunnag	5
8. Mr. Chatchaval Jiaravanon	4

The Company Secretary is responsible for arranging the meetings, preparing agendas and supporting documents, circulating agendas and recording all the proceedings in the minutes with all significant details and opinions within 14 days from the meeting date, filing all relevant documents properly and providing the Board with any advice regarding rules and regulations relating to meetings' agendas.

The Board of Directors plays a significant role in the following areas so as to encourage the Company to participate in good corporate governance.

- At the beginning of the year, the Board of Directors will consider determining the Company's business strategy and operation targets as well as review the management performance for the previous year. Performance against target will be reviewed, with a view to optimizing future business policy and set appropriate targets for the following year.
- To encourage the effectiveness of the Board's operation, a review of the Boards' performance, as well as an analysis of any problems and obstacles during the previous year, will help the Board optimize its performance. The Board, therefore, conduct a self-assessment every year.
- The Board of Directors will propose the basis of directors' compensation, initially proposed by the Compensation Committee, to shareholders for approval. To date, the said compensation has been approved by the shareholders, after taking into consideration the duty and responsibility of the directors. The Chairman of the Board has been paid a higher compensation. Directors who are assigned additional responsibility, such as servicing as members of the Audit Committee, have been paid appropriately more compensation.

The compensation paid to the directors and Audit Committee's members in year 2016 is disclosed in the topic of "Compensation for directors and management".

- To encourage efficiency and prudence of business management, the Board of Directors has determined duties and responsibilities of directors and management regarding financial authorization. The amount of such authorization has been determined in regard to the purchase/lease of assets, disposal/lease out of assets, as well as signing of loan agreements with financial institutions. The Company has already informed the directors, Audit Committee members, management and relevant employees concerning such authorization.
- The Board of Directors and Audit Committee have regularly monitored and acknowledged all connected transactions and transactions which might lead to any conflicts of interests. The appropriateness of the said transactions has been prudently considered on an arm's length basis, and any director who has a conflict of interest has no voting right in such

matters. In addition, the Board of Directors and Audit Committee have also overseen compliance with the relevant rules and regulations concerning connected transactions. In consideration of connected transactions, the director who might have conflict of interests is not entitled to vote.

The opinion of the Audit Committee regarding the Company's connected transactions has been disclosed in the topic of "Connected transactions".

- The Board of Directors has prepared a report indicating its responsibilities for financial statements, as appended to the auditor's report, to ensure that the Company's financial report is complete, true, reasonable and in compliance with generally accepted accounting standard and relevant regulations. The Company regularly conducts appropriate accounting policy.
- Even though the Chairman of the Board represents a major shareholder, the Company has the Audit Committee to help ensuring that the approval of any transactions is carried out correctly, transparently and fairly.
- In 2009, the Board of Directors has formulated the Corporate Governance Policy in which the relevant policy and key principal are complied for the directors and employees to follow in their performance of duties. The details of the policy have been posted on the Company's web site, <http://www.ticon.co.th>

4. AUDIT COMMITTEE

The Company has three Audit Committee's members. All the members are independent, which holds the Company's ordinary share less than 1 percent, non-executive directors, and have accounting and/or finance background. The Audit Committee assists the Board in fulfilling the Company's good corporate governance, particularly in providing visions of business, commenting on financial reports and internal control systems, and monitoring the completion and compliance with relevant standards and regulations of the disclosure of financial reports. All these actions enhance the quality of the said reports.

The Audit Committee has played an important role in the following areas to enhance good corporate governance:

- The Audit Committee's meetings are arranged at least once a quarter to consider the above matters. The Company's auditor also joins the meeting in every round of consideration of the financial reports.

The following table shows the attendance of each Audit Committee's member in year 2016.

	Number of attendances (5 meetings in total)
1. Mr. David Desmond Tarrant	5
2. Mr. Chatchaval Jiaravanon	5
3. Mr. Threekwan Bunnag	3

Presently, the Company's internal auditor is responsible for taking care of the Audit Committee's activities, including arranging the meeting, preparing agenda and supporting document, circulating agenda, recording all the proceeding in the minutes and filing relevant document.

- The Audit Committee will report all activities which have already been carried out to the Board of Directors' Meeting at least every quarter. The Committee has policy on reporting any essential incidents to the Board immediately. In addition, the Committee has prepared a report to the shareholders in the Annual Report.
- The Company has the Audit Committee's Charter. The charter includes roles and responsibilities of the Committee. This will help enhancing the effectiveness of the Committee.

5. EXECUTIVE COMMITTEE

The Executive Committee has 4 members who are appointed by the Board of Directors to perform duties assigned by the Board of Directors.

6. COMPENSATION COMMITTEE

The Compensation Committee comprises 3 directors who are appointed by the shareholders or the Board of Directors. The Committee is responsible for monitoring the transparency and fairness of the determination of the directors' and management's compensations, as well as the provision of the employees' welfare.

The Compensations mentioned above will be determined according to market practice, the Company's performance and duties and responsibilities of the directors and management.

The following table shows the attendance of each Compensation Committee's member in year 2016.

	Number of attendance (1 meeting in total)
1. Mr. Chali Sophonpanich	-
2. Mr. David Desmond Tarrant	1
3. Mr. Jirapongs Vinichbutr	1

7. NOMINATION COMMITTEE

The Nomination Committee comprises 4 directors who are appointed by the Board of Directors. The Committee is responsible for setting criteria and methodology for selection of the Company's directors, Committees' members, President and Managing Director, for the purpose of transparency.

The following table shows the attendance of each Nomination Committee's member in year 2016.

	Number of attendance (1 meeting in total)
1. Mr. Chali Sophonpanich	-
2. Mr. Jirapongs Vinichbutr	1
3. Mr. David Desmond Tarrant	1
4. Mr. Threekwan Bunnag	1

8. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises 4 members who are appointed by the Board of Directors. The Committee is responsible for evaluating and monitoring all type of risks and always reviewing guidelines and tools to appropriately and efficiently deal with the overall risk associated with the Company's operations.

The following table shows the attendance of each Risk Management Committee's member in year 2016.

	Number of attendance (1 meetings in total)
1. Miss Lalitphant Phiriyaphant	1
2. Mr. Virapan Pulges	1
3. Dr. Somsak Chaiyaporn	1
4. Mr. Samart Rusmeerojwong	1

9. CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises 3 members who are appointed by the Board of Directors. Members of the Committee are responsible of proposing the Corporate Governance Policy and advising the Board of Directors, monitoring, reviewing their roles in order to promote good governance within the Company. Corporate Governance Committee members also are responsible of proposing policy and work procedure for Sustainability Management (SM) which emphasizes work and efforts on social, community, and environmental management (Corporate Social Responsibility : CSR) and present to the Board of Directors including creating, reviewing, advising and evaluating anti-corruption operation for the Company.

The following table shows the attendance of each Corporate Governance Committee's member in year 2016.

	Number of attendance (4 meetings in total)
1. Mr. Threekwan Bunnag	4
2. Mr. Virapan Pulges	4
3. Mr. Samart Rusmeerojwong	4

10. BUSINESS ETHICS

The Company has code of ethics contained in the Company's Manual. The manual also includes guidelines in relation to inside information usage for personal benefits.

11. RELATED PARTIES RELATIONSHIP

As a public listed company, TICON appreciates the need to disclose full, accurate information on a timely basis. The Company has assigned management to be responsible for providing information to investors, shareholders, analysts and relevant agencies. The table below presents details of IR person.

Name	Position	E-mail	Address
Mr. Samart Rusmeerojwong	Chief Investor Relation	samart.r@ticon.co.th	Suite 1308, 13/1th Floor, Sathorn City Tower, 175 South Sathorn Road, Bangkok 10120 Tel. (662) 679-6565 Fax. (662) 287-3153

12. MONITORING OF INSIDER TRADING

The Company has put in place a policy and measures relating to inside information as follows:

- Directors and management have been notified of their responsibilities to report TICON shareholding, according to the Section 59 of the Securities and Exchange Act B.E. 2535 as well as the relevant penal provisions.
- Management has been notified to refrain from trading of TICON shares during periods when they are in possession of material information not yet disclosed to the public, which might affect the share price. The Company has also notified Management not to disclose such information to outsiders. Management is aware of the penalties regarding misuse of such information.
- Information which might leak out to the public will be clarified via the SET, so as to create fairness among shareholders and investors.

In addition to the regular meetings at TICON's offices and site visit requested by investors/analysts, as well as analyst meetings and Press Conference, the Company also participated in Opportunity Day arranged by the Stock Exchange of Thailand each quarter, as well as local/international roadshows arranged by securities companies. The activities help investors not only to understand more on TICON but also enhance relationship with Management.

In 2016, TICON had activities for abroad, institutions and individual investors and securities analysts as follows:

Activities	Number of attendance
Opportunity Day	3
Company visit	19
Analyst meetings and Press Conference	2
Local roadshows	5
International roadshows	3
Site visit	1

13. ANTI-CORRUPTION SUPPORT

The Board of Directors is determined to direct the Company's operation with transparency and responsibilities. The Company will abide the laws, adhere the business ethics, and follow the corporate governance guidelines. The Board of Directors acknowledged corruption would have serious negative impacts on the country's economic and social development and national

security. Consequently, the Board of Directors is supportive of the anti-corruption move and would want to announce the Company's Anti-Corruption Policy as the following:

1. Encourage employees to have positive thoughts, values, and attitudes towards their works so they could be loyal, transparent, and laws and rules abiding. Make anti-corruption the Company's culture and manage the Company with good governance.
2. Employees must not ask for bribes or any valuables from others whose duties or business are involved with the Company except that it is owing to the tradition and the subject is not illegal. Employees must not use their position to seek benefits either for themselves or others in improper ways.
3. Provide audit process for every work procedure and assess corruption risks. Suggest appropriate risk management to reduce the risks.
4. Provide sufficient and efficient internal control. Develop system and mechanism to check, control, and balance the use of authority to be fit, evident, and effective to protect against corruption.
5. Communicate with and provide training for employees to better understand the Company's anti-corruption measures.
6. Provide channels for complaints and information clues. Protect the identity of those who submit complaints or information clues and set measures to investigate and punish the offenders.
7. Support the activities of organizations against corruption.

TICON declared its intention against corruption having joined with the CAC (Thailand Private Sector's Collective Action Coalition Against Corruption) in the first quarter 2015. In 2016, TICON applied to get the Company certified to CAC standards and is pending the certification from CAC.

14. WHISTLEBLOWING POLICY

Objectives

1. To encourage Company personnel to operate correctly, transparently, rightfully and accountably in accordance with the principles of good Corporate Governance, Ethical Standards and the Company Code of Business Ethics. Everyone is expected to report in good faith any act contrary to, or suspected to be in violation of, such matters to the

Company. The Company shall improve or modify operations to be correct, suitable, transparent, fair and consistent with the Securities and Exchange Act which protects the persons giving information in good faith to the complaint receiver.

2. To ensure that supervisors and the Human Resources Department of the Company are responsible for managing, providing advice and monitoring that the various actions of staff are performed correctly. Additionally, the complainants shall be protected if they have acted in good faith

Channels of notifying suspicions or complaints

1. In cases of doubt or discovering actions violating the principles of good practice concerning the following matters:
 - Violation of compliance with the principles and practice guidelines of good Corporate Governance Policy
 - Violation of the rules and regulations of the Company
 - Not being treated fairly at work
 - Fraud
2. Discovery of acts that cause suspicion and have a bad effect on the Company

Channels of notifying suspicions or complaints for stakeholders

1. Mail: **Board of Directors or Audit Committee or Company Secretary or Human Resources Department**

TICON Industrial Connection Public Company Limited

Suite 1308, 13/1th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120

2. Tel: (662) 679-6565 Fax: (662) 287-3153

3. E-mail address:

Directors	: whistleblowing.director@ticon.co.th
Audit Committee	: whistleblowing.ac@ticon.co.th
Company Secretary	: whistleblowing.secretary@ticon.co.th
Human Resource Department	: whistleblowing.hr@ticon.co.th

4. Website: www.ticon.co.th/en/ir

Process of dealing with matters of complaint

1. Registration and submission of matters

1.1 The Complaint Coordinator registers the complaint and fixes the date of reporting back any progress with the said matter to the complainant as follows:

- In the event of serious impact on the reputation of the Company, take action as urgently as possible.
- For other cases, take action quickly.
- For general inquiries such as questions about share price, dividend payment, there is no need for registration of these matters. However, the matters shall be submitted to the departments directly responsible to answer questions from inquirers.

1.2 The Complaint Coordinator records information from the complainant as follows:

- Complainant's name, except in the case of anonymity
- Complaint date
- Name of the person or cause of complaint
- Other relevant information

1.3 After registration of complaint, define the confidentiality level in accordance with the nature of the matter (except for general inquiries) and proceed as follows:

- Submit to the relevant person responsible for that complaint so as to supervise the investigation according to their level of authority.
- Submit a copy of the matter to the Human Resources Department as preliminary information to prepare for providing advice on disciplinary or other actions.
- Submit a copy of the matter to the Managing Director and Audit Committee for acknowledgement.

2. Gathering facts and giving orders

2.1 The person responsible for that complaint shall undertake to find facts and advise the relevant person to behave or practice suitably. If disciplinary action must be imposed, consult with the Human Resources Department so that the punishment is in accord with the Company's punitive measures. If the person responsible for that complaint has no power to order punishment, the matter should be submitted to a

higher level, until it reaches the correct level of authority. This may vary case by case. The results of the investigation, the action taken and the punishment for that case must be submitted to the Managing Director through the relevant superiors for acknowledgement or further action.

- 2.2 Regarding a complaint by an anonymous person and inability to find sufficient additional information, the person responsible for complaint shall submit a report on the results of information verification and comments on that complaint to the Managing Director through the relevant superiors so as to seek guidelines for appropriate action. If the Managing Director considers that it is unfeasible to act on the complaint, that complaint shall be dropped. Furthermore, the person responsible for complaint must submit a copy for the Complaint Coordinator to acknowledge so as to report to the Audit Committee.
- 2.3 If the person responsible for that complaint finds, after investigation, that the respondent is not guilty, or that the matter arises from a misunderstanding, or if advice has already been provided to the respondent or the relevant person to behave appropriately, or if examination reveals that the matter should be closed without any penalty, the person responsible for that complaint shall submit the said matter to their superiors so as to request approval for closing the case, and submit a copy to the Complaint Coordinator to inform the complainant. The Coordinator shall report to the Managing Director and Audit Committee.

3. Investigation

- 3.1 If the person responsible for that complaint and the Human Resources Department consider that disciplinary action must be imposed, the Human Resources Department shall submit the matter to the Managing Director for further investigation into the facts.
- 3.2 According to Managing Director's orders, the person responsible for that complaint shall be notified of the outcome so as to follow the next steps.

4. Notifying conclusive results to the complainant, improvements and modifications

- 4.1 The person responsible for that complaint shall follow the orders of the Managing Director, and proceed to recommend appropriate behavior or practice. The Complaint Coordinator shall be informed about the results of the action.

- 4.2 The Complaint Coordinator notifies the complainant of the results and records the results of action on the complaint by informing the Audit Committee on a quarterly basis.
- 4.3 The Complaint Coordinator follows the results of improvements and modifications (if any) and reports to the Managing Director and the Audit Committee for acknowledgement.

Complaint in bad faith

For Company personnel, if notification of suspicions or complaints proves to have been made in bad faith, disciplinary action shall be imposed. For an outsider who acts and causes damage to the Company, legal proceedings shall be taken against that person.

Measures to protect the informers or complainants

1. The Company shall keep information and the identity of the informers, complainants and respondents confidential.
2. The Company shall disclose information as necessary, taking into account the safety of, or threat to, the informers or relevant persons.
3. Any persons suffering harm shall be treated with right and fair procedures.
4. In the event that the complainant or other persons cooperating in the investigation consider that they may be unsafe or potentially suffer harm, the complainants or persons cooperating in the investigation can request that the Company adopt appropriate protection measures. The Company may adopt the protection measures without the request of complainants or persons cooperating in the investigation if the situation is considered to be unsafe.
5. The Company shall not do anything which is unfair to the informers or the complainants, including changing their job or office, suspension from work, intimidation, interference with work, dismissal or any other actions that appear to be unfair treatment of the informers, complainants or persons cooperating in the investigation.

Punishment

Since the Anti-Corruption Policy and Measures form part of work discipline, directors, management and personnel of the company who violate them will be subject to investigation

and disciplinary action under TICON's regulations, as well as those of the Public Limited Companies Act, Securities and Exchange Act and the law.

GREEN HOUSE GAS EMISSIONS REPORT

The Company has been very concerned with global environmental changes especially the changes in world's atmosphere caused by the increase of green-house gas emissions from various manufacturing industries. As a result, global warming situation has worsened every year. In 2015, the Company assigned researchers to do the research which measured volume of green-house gas emissions resulting from the Company's operation during the year. Objective of the research was to help the Company improve operation to reduce green-house gas emissions volume. The Company's Green-House Gas Emissions for Organization Report summarizes the study and the results are as the followings:

Greenhouse Gas Emissions for Organization Report

TICON Industrial Connection Public Company Limited was established in 1990 to provide ready built factories and warehouses for lease to satisfy high demand from customers. TICON's factories and warehouses are located in major industrial estates in 17 locations at present and have a range of sizes that best meet customers' standard requirements.

TICON's factories and warehouses are built with best quality, standard safety procedures and environmental friendly. In environmental, TICON has engaged activities to reduce energy consumption and greenhouse gas emissions in accordance with global warming crisis. The company has realised the affect of climate change, so the achievement of greenhouse gas emissions reduction is the aim of TICON's activity. Carbon Footprint for Organization (CFO) or Corporate Carbon Footprint (CCF) is recognized as a significant tool to quantity greenhouse gas emissions of organizations. The quantification of CFO helps in identifying actions and measures that can be taken to effectively reduce greenhouse gas emission.

"Guideline for Corporate Carbon Footprint" developed by Thailand Greenhouse Gas Management (Public Organization) (TGO) is the reference standard for greenhouse gas reporting of organization. The scope of emission sources are categorized as scope 1 - direct emissions, scope 2 - energy indirect emissions and scope 3 – other indirect emissions under organization boundary in operation control with 5% of materiality.

Apart from TGO's guideline, ISO14064-1 (2006) and The GHG Protocol (WRI/WBCSD) are referred as the international reference standards, which used to assist in the measurement, quantification and reporting of greenhouse gas emissions.

Emission sources from Scope 1 - direct emissions

- Stationary Combustion
 - o Fuel consumption in generators and other stationary machines at construction site (Financial reimbursement system)
- Mobile Combustion
 - o Fuel consumption in company's vehicle (Fleet card system)
 - o Fuel consumption in company's vehicle (Financial reimbursement system)
- Fugitive Emission: None
- Process Emission: None

Emission sources from Scope 2 - energy indirect emissions

- Energy consumption at head office
- Energy consumption at site offices and construction sites

Emission sources from Scope 3- other indirect emissions

- Energy consumption at construction sites, which is responsible by contractors or lessee
- Quantity of white paper usage
- Water consumption at head office
(Water at site office and construction sites is provided by contractors, so source of water cannot be determined)

Exclusion of emission sources (with explanation)

- Stationary Combustion: Fuel consumption in generators and other stationary machines at head office (Diesel)
The company cannot operate such machines directly. The cost incurred from operation of such machines will not be considered the operating cost.
- Fugitive Emission: Refrigerants at head office
The company does not have direct control of centralized air conditioning system. Cost does not include in operating cost. TICON is responsible only for energy consumption of designated air handling unit (AHU). This consumption has already been included in energy consumption at head office (scope 2).
However, office building management confirms that refrigerant was not replenished at centralized air conditioning system in 2014. For split type air conditioning system at data center room, the system uses refrigerant type R-22, which exclude from reporting boundary.
- Fugitive Emission: Wastewater sludge treatment system at head office
Wastewater treatment system is not operated directly by the company. Treatment system is the activated sludge and sludge is removed commonly.

Result of monitoring

Scope	Details	Emission (tCO ₂ e)	Proportion (internal scope)	Proportion (Scope 1 + 2)
Scope 1	Diesel(Stationary Combustion)	286.47	26%	9%
	Diesel (Mobile Combustion)	644.65	57%	20%
	Gasoline (Mobile Combustion)	190.90	17%	6%
	Total	1,122.02	100%	35%
Scope 2	Electricity (Own Consumption)	2,068.78	100%	65%
	Total	2,068.78	100%	65%
Scope 3	Electricity(Client Consumption)	2,857.25	100%	90%
	Tap Water (H/O Usage)	2.79	0%	0%
	Paper Usage (Stencil,Wax)	0.22	0%	0%
	Paper Usage(Writing, Printing)	5.77	0%	0%
	Total	2,866.03	100%	90%

In conclusion, the ratios of emission sources are ranged from maximum to minimum as below;

1. Energy consumption by the company
2. Fuel consumption form mobile transportation
3. Fuel consumption in stationary, i.e., generators, and fire pump

Therefore, the greenhouse gas emission reduction management and projects development should focus on 3 above consumptions.

Greenhouse gas emissions monitoring of TICON by comparing with other organizations in Thailand, who disclose through Carbon Disclosure Project (CDP) are shown as below;

Organization	CDP-2015 Score	GHG Emission (tCO ₂ e)	per FTE (tCO ₂ e/person)	per Revenue (tCO ₂ e/M THB)	per Net Profit (tCO ₂ e/M THB)
PTT EP	100A	5,126,229	1,980	19.69	238.54
PTT GC	100A-	7,456,926	1,359	12.86	495.94
CPF	92C	886,907	14	2.02	83.97
BANPU	91C	Non disclosure			
TRUE	88C	262,262	20	2.23	184.01
PTT	87C	34,182,568	8,054	11.92	612.65
KBANK	84D	75,397	3	0.33	1.63
RATCH	56E	6,515,490	1,278	110.34	1,037.66
BBL	47	Not yet calculation			
TICON		3,191	21	0.52	4.19

Reference: <https://www.cdp.net/CDPResults/CDP-HK-SE-climate-change-report-2015.pdf>

At the present, no laws and regulations has been announced to report greenhouse gas emissions in the organization. A number of companies choose to disclose this data voluntarily to the international database system. In this study, information was accessed through CDP (www.cdp.net), a non-for-profit organization which works with shareholders and corporations to disclose the greenhouse gas emission of corporations. As the preliminary evaluation calculated from all submittal information, it is estimated that TICON's CDP performance score should be within the range of 50 to 75 and disclosure score between D to E. The score is deemed to be highly satisfactory for its first year emission reporting.

The comparison between TICON and other organizations reported in 2014 indicates that the business activities are similar to both TRUE and KBANK. TICON's business activities involve office tasks and management day to day operations. In term of emission per full time employee (FTE), TICON's performance is within similar range with CPF and TRUE, while KBANK performs better.

Based on the publicly available information, the study shows that TICON's GHG emission is relatively low. However, the number shows that KBANK has the best performance.

1. Establishing the direct responsible team for corporate GHG emissions management, in which the Board (or individual/sub-set of the Board or other committee appointed by the Board) shall be the highest level of direct responsibility to establish and maintain the climate change policies within the organization. The emissions reduction target should be set in both long and short term goals.
2. Develop an effective data collecting system for higher quality, transparent and credibility of GHG inventory
3. Select an organization based on the knowledge and qualifications of their actual verifiers to perform verification of the GHG inventory for the accuracy and completeness of reported GHG information and the conformity of this information
4. Disclose the emission calculation to public and stakeholders
5. Develop GHG emission reduction projects within organization boundary. All employees should participate in project operation such as energy efficiency campaign (affect directly to company's cost)
6. Develop Green purchase policy to supply chain (suppliers, customers and stakeholders) for sustainable development
7. Corporate with government agencies for GHG database management or participate in programs to receive news update and evaluate future impact of GHG emission to the organization.

Managing Greenhouse Gas Emissions Policy

A requirement to report the corporate GHG is the drivers and challenges from governments, companies and their customers in dealing with GHG reporting. Presently, the leading companies have incorporated systems for reducing GHG emissions into their own business and are engaging their suppliers to drive down emissions beyond their own operations. So, the corporate reporting of greenhouse gas emissions is steadily increasing important as a decisive factor for buyers or investors.

1. Carbon Tax: In some countries, the government puts a pollution limit, or cap, on the overall level of carbon pollution from industry which set by regulation. In doing so, a number of countries have implemented carbon taxes or energy taxes that are related to carbon content or emission. In Thailand, study is underway to establish standard for GHG emission limit for each industrial sector i.e., energy, cement, petrochemical industries and etc.
2. PPP (Polluter Pays Principle) is an environmental policy principle which requires that the costs of pollution be borne by those who cause it. This imposes a charge on the emission of greenhouse gases equivalent to the corresponding potential cost caused through future climate change. In this way, a financial incentive is created for a factory, for instance, to minimize its costs by reducing emissions.

INTERNAL CONTROL AND RISK MANAGEMENT

An efficient, appropriate and sufficient internal control system and risk management which have made efficient operation are the key to the Company's business. It was reasonably confident that the Company's performance was able to achieve the objective and generated benefit in long term. In addition, it was ensured that the financial information and operation were reported accurately and completely. It was also assured that the Company's operation has complied with laws, related regulations and to protect risks that may arise. The Board of Directors' Meeting No.1/2016 had reviewed the appropriateness and sufficiency of the Company's internal control systems, with reference to "Evaluation of Sufficiency of Internal Control System" issued by the SEC. The Board was of the opinion that the Company has appropriate and sufficient internal control systems, including the Company's organization and environment, risk management, management operation control, information and communication system and monitoring system.

1. ORGANIZAION AND ENVIRONMENT

The Company has encouraged development of conditions and factors to ensure a good internal control by setting clear and measurable business targets in the form of earnings per share. The result of each year has been compared with the target. Discussions have taken place in the event that the targets were not achieved, in order to improve the Company's performance in the following year. In addition, the management's approval authorities were clearly determined. Any member of management potentially involves in any conflict of interest will not be authorized to approve such matters. Moreover, the responsibilities for approving transactions, recording accounting matters and monitoring assets are defined separately for transparent monitoring.

The management structure embraces seven committees, comprising the Board of Directors, the Executive Committee, the Audit Committee, the Compensation Committee, the Nomination Committee, the Risk Management Committee and the Corporate Governance Committee. Each committee is responsible for governing the Company's management operations to maximize the shareholders' benefit with business ethics and treating all stakeholders. The Committees also promote and follow up the progress of the good corporate governance and corporate social responsibility by revising the Company's Corporate Governance Ethical Standards and Code of Business Ethics Handbook as well as providing guidelines and other suggestions needed for the Company's development.

On March 13, 2015 the Company amended its policy and set the internal control system to be in line with the corruption risk for internal auditors and Audit Committee members to consider. It applied to get certified to CAC standards on November 16, 2016 and is pending the certification from CAC.

2. RISK MANAGEMENT

The Company prioritizes the risk management policy is one of the key policies. The Company has set up the Risk Management Committee, consisting of Directors and Management, to assess external risk factors from the economic situation, government's policy and fluctuation of raw material prices as well as internal risk factors that can affect the Company's objective and business operation. The Committee also assigns a person responsible for the risk in each department and assigns the risk management task as a responsibility of every executive. There is a plan and measure to manage risks, assess risk factors that may affect the Company's business operation and objectives. The Committee follows up on the risk management of each department every quarter and reports to the Board of Directors. The Company also arranges to educate employees of all levels to understand and be aware of the importance of the continuous risk management process.

3. MANAGEMENT OPERATION CONTROL

The Company's internal control measure is proper with its particularities and risks. As well, the measure covers appropriate procedures, for example, policies and work guidelines in areas of procurement, finance and general management. A clear scope of duties and authorization of management has been identified, to prevent fraud. The approval limits and authorization of each level of management, procedures of approving investment project, as well as procurement and suppliers selection processes are well specified. The management who involves in any conflict of interest is unable to approve such matters. In addition, the Company separates the responsibilities with the power to investigate each other: the duty to approve transactions, the duty to record items in accounting records and the duty to control over assets. The Company has methods to ensure that every function strictly complies with policies, work guidelines, laws and related regulations. Furthermore, the Company always reviews the policies and operating procedures to be appropriate. The Company also continually manages development, maintenance and securities of the Information Technology System.

The Company usually gathers up to date information regarding major shareholders, directors, management as well as related parties and connected persons, in order to monitor and review connected transactions or transactions that may cause the conflict of interest. To approve the connected transactions, the Company always makes a decision on the arm's length basis by concerning maximum benefits of the Company. The person who is potential for personal benefit is unable to involve in the approval process. To achieve target of investment in subsidiaries, the Company has good monitoring process and provides execution guidelines for their directors and management.

4. INFORMATION AND COMMUNICATION SYSTEM

The information system as well as communication of the internal and external information, especially on performance and financial reports ensure that the decisions of the Board, management, shareholders and relevant persons to be made on the basis of adequate, correct, complete, up to date, reliable and easy to understand information, for enhancing the Company's competitiveness.

The Company prepares all important information sufficient for the Board to make decisions, by sending an invitation letter which includes all necessary and analytical matters as well as adequate information for consideration of the matters at least 7 days prior to the Board of Directors' meetings. The Company Secretary is responsible for providing the Board with any advice regarding rules and regulations, managing the Board's activities, as well as communicating the Board's resolutions to the management and encourage the implementation. Moreover, the Company Secretary has served as the center for significant corporate documents, i.e. a register of directors, the notifications and the minutes of the Board of Directors' meetings and the Shareholders' meetings, for the shareholders to review and examine.

The financial reports were prepared systematically, including a filing process, an examination/audit by external auditor, and a review of the financial reports by the Audit Committee as well as the external auditors. The Company's accounting policies comply with the General Accepted Accounting Principles and are suitable for type of business the Company engaged. Before disclosure of the financial reports to the public, the Board of Directors has a review of the reports to ensure accuracy, completeness and transparency.

5. MONITORING SYSTEM

The Company has implemented the monitoring system in all levels of employees to ensure the performance to meet the target. In the event that there are variations from the target, the Board of Directors and the management will make corrections and determine clear guidelines in a timely manner. The assigned person is responsible for recommending the review and analysis report to the Board for appropriate remedial actions, reporting the progress of implementation and monitoring.

TICON's policy on the internal audit was that it used an outsource auditor. From May 2015 to December 2016, the Company appointed Grant Thornton Services Company Limited as its internal auditor responsible for the auditing of Company's operation and internal control to assess sufficiency, appropriateness and effectiveness of the Company's internal control system, including the operation procedures of the Company and its subsidiaries. The Internal Audit has analyzed the examination results, summarized the significant issues and reported to the Audit

Committee, for consideration with the management to determine guidance for preventive improvement. The Audit Committee always reports the examination results to the Board of Directors. Grant Thornton Services Co., Ltd was appointed the company's outsourcing internal auditor since May 2016. In case there is appointment, transfer, or termination of internal auditor, approval from Audit Committee will be required.

Secretary of TICON's Audit Committee is Miss Lalitphant Phiriyaphant as approved by the Audit Committee.

CONNECTED TRANSACTIONS

1. DETAILS OF THE CONNECTED TRANSACTIONS

1.1 Purchase of land from related parties

1.1.1 Rojana Industrial Park Public Co., Ltd.

The Company has acquired plots of land for factories/warehouses development from Rojana Industrial Park Public Co., Ltd. ("Rojana") for many years. Rojana is considered as a related party which might have a conflict of interest with TICON. Rojana is a major shareholder of TICON. Mr. Chai Vinichbutr, are directors of TICON.

In 2016, the Company has not acquired any plot of land from Rojana.

1.1.2 Asia Industrial Estate Co., Ltd.

The Company has acquired plots of land for factories development from Asia Industrial Estate Co., Ltd. ("AIE"). Mr. Chali Sophonpanich is a director of AIE and TICON.

In 2016, the Company has not acquired any plot of land from AIE.

Opinion of the Audit Committee

The Audit Committee has considered the transactions mentioned above by taking into consideration the market prices of the land in the surrounding areas. The Committee was of the view that such transactions were necessary, reasonable and determined at market price, with terms and conditions as practiced in the market.

1.2 Lease of office space from related party

The Company has leased office space from Sathorn City Tower Property Fund ("the Fund"). A major shareholder of the Fund relates to a shareholder and a director of the Company, details of which are as follows;

1. City Realty Group, a major shareholder of the Fund, held a 0.14 percent directly and indirectly in TICON, as of March 10, 2016.
2. Mr. Chali Sophonpanich is a shareholder and an authorized director of TICON as well as of the associated companies in the City Realty Group.

In 2016, the Company leased office space from the Fund, with the rental fee totaling Baht 17.07 million.

As of December 31, 2016, there was no accrued expense on this fee.

Opinion of the Audit Committee

The Audit Committee has considered the transaction mentioned above by taking into consideration office rental in the surrounding areas. The Committee was of the view that such transaction is reasonable and determined at market price with similar services and conditions as others.

1.3 Use of financial services, provided by related party

The Company has used financial services provided by Bangkok Bank Public Co., Ltd. ("BBL"). A major shareholder of BBL is the Sophonpanich family which relates to Mr. Chali Sophonpanich, a shareholder and a director of TICON.

At the end of 2016, TICON had outstanding balance of the financial transactions with BBL as follows:

Transaction	Interest rate/fee (% per annum)	Outstanding balance (Million Baht)
Letter of Guarantee	as announced by the bank	197.22
Long-term loan	MLR minus a certain rate	738.77
Promissory Notes	Market interest rate	1,060.00
Saving deposit	as announced by the bank	96.37

As at December 31, 2016, the Company had Baht 0.16 million accrued interest expense. However, these had already been settled in early 2017.

Opinion of the Audit Committee

The Audit Committee has considered the transactions as mentioned and was of the opinion that such transactions were reasonable and determined at market price with proper terms and conditions as practiced in the market.

1.4 Doing transactions in regard to securities trading with related party

The Company has traded mutual fund units of TFUND, TLOGIS, TGROWTH and trust units of TREIT via Asia Plus Securities Public Co., Ltd. ("ASP"). Mr. Chali Sophonpanich is a director of ASP as well as an authorized director of TICON.

During 2016, the Company made payments for the use of securities trading services to ASP in a total amount of Baht 0.02 million

Opinion of the Audit Committee

The Audit Committee has considered the transactions mentioned above and was of the opinion that such transactions were necessary and determined at market price with conditions as practiced in the market.

The Company's Board of Directors' Meeting No. 4/2008, held on August 13, 2008, has authorized the management to make a decision on any connected transactions determined at market or fair price.

2. NECESSITY AND REASONABLENESS OF THE TRANSACTIONS

The connected transactions mentioned above were necessary and benefit the Company. They were carried out at fair and reasonable price, as stated in the opinion of the Audit Committee.

3. MEASURES AND PROCEDURES TO APPROVE CONNECTED TRANSACTIONS

The Audit Committee is responsible for ensuring the fairness of the connected transactions by taking into consideration the highest benefits to the Company. The Committee also monitors the disclosure of the transactions in compliance with the SET regulations. The Company has a procedure engaged in relation to the connected transactions as follows:

- The Company's Board of Directors' Meeting no. 4/2008, held on August 13, 2008, has approved in principle to authorize the management to make a decision on on-going and future connected transactions with the condition that such connected transactions are undertaken on arm's length basis. The management shall report such transactions to the Board of Directors' Meeting to be held following the transactions.
- The Audit Committee will ensure that the connected transactions be determined at market or fair price. The transactions will be approved by the Board of Directors or the

shareholders (as the case may be). Director(s) or shareholder(s) who has potential conflict of interest on the transaction has no right to vote on the transactions.

- The transactions will be disclosed in compliance with relevant SEC/SET regulations, as specified in the Company's Articles of Association.
- The transactions will be disclosed in accordance with accounting standards issued by the Accountants Association.

4. POTENTIAL FUTURE CONNECTED TRANSACTIONS

Future connected transactions are expected to be carried out as long as it provides benefits to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OPERATING RESULTS

1.1 Revenues

The Company is engaged in industrial real estate development business, which comprises the development of factories and warehouses, mainly for rent and occasionally for sale. Over the past three years, rental and related service income, as compared with total revenues, were approximately 16.5 percent, 21.6 percent and 62.6 percent, respectively. In 2014 and 2015, income from sales of factories/warehouses to TFUND, TGROWTH, and TREIT was the major portion of total revenues, representing 76.2 percent, 62.6 percent, respectively. The objective was to raise fund for business expansion in each year. In 2016, the Company had no income from sales of factories/warehouses to REIT.

However. In some periods, the Company had income from sales of factories to tenants, most of which were under options to buy as specified in the lease contracts. The sales of factories to tenants are unpredictable and depending upon tenants' decisions.

The Company had income relating to its investment in TFUND/TLOGIS/TGROWTH/TREIT, including share of profit from investment, property management fee, gain from sales of investment units and realized additional gain on sales of properties.

Besides, the Company had revenues from construction services and utility income. These incomes were normally a small portion of total revenues.

1.1.1 Rental and services income

Over the past three years, rental and services income were Baht 966.1 million, Baht 1,048.5 million and Baht 1,172.1 million, respectively, representing a decrease of 12.9 percent, an increase of 8.5 percent, and an increase of 11.8 percent, respectively. Cost of rental and services for such periods were Baht 243.5 million, Baht 306.4 million and Baht 332.6 million, respectively. Hence, gross rental and service margin turned into 74.8 percent, 70.8 percent and 71.6 percent, as a consequence.

2014 rental and services income declined because the Company had sold a number of properties to TGROWTH in Q4/2013 and some in Q1/2014. Further, demand for rental factories contracted while demand for rental warehouses still increased but at a slower pace which were caused both by the decelerated economy and the cost reduction in real sector.

2015 rental and services income increased since demand for leased warehouses continued to grow from previous year particularly the demand which came from logistics providers. Net new lease of warehouse space also increased from 2014. Most of the new lease warehouse space in 2015 were space of built to suit warehouses.

Rental and service related income in 2016 rose 123.6 million baht or increased 11.8 percent comparing with the same period of previous year owing to the increase of new leased space both factories and warehouses.

1.1.2 Income from sales of properties to property funds

In 2014 and 2015, the Company had income from sales of properties to TFUND, TLOGIS TGROWTH and TREIT of Baht 4,460.1 million and Baht 3,037.3 million, representing 4.4 percent and 31.9 percent decrease, respectively.

In 2016, TICON had no income from sales of properties to TREIT.

In 2014, the Company had less income from properties sales because less capital expenditure had been planned for in 2014 than in 2013 so fewer assets were sold to property and REIT funds. In Q1/2014, there were one factory sold to TFUND and two other factories leased over long term contracts (“financial lease”) to TGROWTH. The Company in 4Q/2014 sold factories and warehouses with some warehouses being financial lease to TREIT.

In 2015, the Company had much less income from properties sales owing to the decline in demand for land. Capital expenditures were mainly for the development of land acquired in preceding years. The Company sold Baht 126.0 million properties to TFUND in September 2015. In December 2015, Baht 2,911.3 million was recorded as income from properties sales to TREIT.

Sales of properties to TFUND and TLOGIS were made on freehold basis (true sales) for both land and factory/warehouse buildings. The Company recorded whole amount as income from sales of properties presented in the income statement. Meanwhile, sales of properties to TGROWTH and TREIT in 2013 and 2014 were made on leasehold basis for land together with freehold/leasehold basis for factory/warehouse buildings. The leasehold for land was recorded as unearned land rental income presented in statement of financial position, and will be realized as rental income throughout lease agreements. The true sales and leasehold for

factory/warehouse buildings were recorded as income from sales of properties presented in income statement, according to TAS 17 (revised 2009) which defines the long-term leasing of buildings as financial lease.

However, sales of properties to property and REIT funds each year depend on the Company's funding needs for its business expansion.

1.1.3 Income from sales of properties to other parties

In addition to income from sales of properties to funds and TREIT, TICON had income from sales of properties to its tenants and/or other third party investors by chance. Over the past three years, the Company sold properties to third party investors and received income of 101.2 million, 308.3 million, and 250.7 million baht respectively.

In 2014, the Company sold two factories to other parties. Total sales were recorded at Baht 101.2 million.

In 2015, the Company sold one factory with land to other party at Baht 48.2 million. In addition, the Company sold its land bank to other party and recorded Baht 260.1 million baht as revenues from the sales of property.

In 2016, the properties sold to third party investors was a piece of raw land which was sold at 250.7 million baht.

Sales to tenants do not occur regularly. It normally depends on tenants' decisions to exercise the options to buy set forth in lease agreements. The gross margin of the sales varies by age, size, specification and location of the factories. Sales of raw land does not happen on a regular basis. It happens by chance and depends on the gross sales margin.

1.1.4 Income relating to associated companies (TFUND, TLOGIS, TGROWTH, and TREIT)

- 1) Share of profit from investment in TFUND, TLOGIS, TGROWTH, TREIT and SLP

The share of profit from investment in TFUND, TLOGIS, TGROWTH, TREIT and SLP varies by TICON's stake in the funds, and the funds' profit.

Over the past three years, the Company had the share of profit from investment in the funds of Baht 267.1 million, Baht 248.5 million and Baht 252.2 million, respectively, representing a 23.3 percent and 7.0 percent increase, and 1.5 percent decrease, in consequence.

In 2014, share of profit from investment in the funds increased by Baht 50.5 million from 2013, because the Company received share of profit from full year operation of TGROWTH (TGROWTH was set up near the end of 2013) and from TREIT, a REIT fund set up near the end of 2014.

In 2015, share of profit from investment in the funds declined from 2014 since the Company's fundholding stake in and earnings of TFUND, TLOGIS, and TGROWTH had dropped. Additionally, the Company received in 2015 Baht 1.8 million share of profit from investment in SLP which develops factories and warehouses for lease in Indonesia.

In 2016, the Company received 3.7 million baht higher share of profit from associated companies when comparing with the amount in 2015 owing to better operating results of TFUND and TREIT. In addition to share of profit from associated companies, the Company received 1.9 million baht share of profit from SLP which is the Company's joint venture factories and warehouses development business in Indonesia.

2) Property management income received from property funds and REIT.

Over the past three years, the Company had property management fees of Baht 165.3 million, Baht 204.1 million and Baht 201.1 million, respectively.

In 2014, the Company received Baht 165.3 million income from management of properties, an increase of 8.3 percent from previous year, owing to TGROWTH was set up in Q4/2013.

In 2015, the Company had property management income of Baht 204.1 million. The appointment for the Company to be property manager of TREIT resulted in 23.5 percent increase in property management income in 2015. TREIT was set up in Q4/2014.

In 2016, the Company's property management income was 201.1 million baht, decreased 1.5% from the income in 2015. The decline was caused mainly by lower property management income received from TLOGIS and TGROWTH.

Being the property manager for property funds and REIT, has obligation on guarantee of rental income for some of TLOGIS's warehouses and 1-year assurance of rental income for TGROWTH's vacant factories and warehouses. As for TREIT, the Company has obligation on guarantee of rental income and others for TREIT (Please see under 1.2.1 Provision related to sales of properties)

3) Gain on sales of investment in associated companies

During the past three years, the Company sold some investment in TFUND, TLOGIS and TGROWTH for management of the Company's cash flow and made some gains i.e. Baht 1.5 million, 126.3 million, and 103.6 million baht respectively. The gain on sales was recorded as a part of other income.

4) Realized additional gains on sales of properties to associated companies.

A gain may occur when TFUND, TLOGIS, TGROWTH and TREIT sell factories/warehouses acquired from the Company to a third party, or when the Company reduces its stake in the funds.

Over the past three years, the Company had the realized additional gain on sales of properties to property funds of Baht 41.4 million, Baht 246.7 million and Baht 295.0 million, respectively.

In 2014, the realized additional gain on sales of properties to funds was less because the Company reduced its stake in the funds less than it did in 2013. The stake reduction in TGROWTH was only 1.2 percent in 2014. In addition, TFUND sold only one factory to other party during the year.

In 2015, the Company realized additional gain on sales of properties to funds of Baht 246.7 million. The gain was decent since the Company reduced its stake in three property funds: 5.2 percent in TFUND, 3.8 percent in TLOGIS and 1.9 percent in TGROWTH. Moreover, TFUND sold three factories to other parties during the year.

In 2016, the Company had realized additional gains on sales of properties to associated companies of 295.0 million baht which resulted from the reduction of investment in TFUND, TLOGIS, TGROWTH and TREIT. Moreover, TFUND and TGROWTH managed to sell some of their factories and land to third party during the year.

1.1.5 Other Income

In addition to the income mentioned above, the Company had other income as follows:

1. Income from construction services

This income was generated from the Company's provision of construction or modification to tenants. Normally, such income was a minor portion of total revenues.

2. Utilities income

Utility income is income received from tenants on provision of utilities within the leased factories and warehouses.

3. Insurance claims

In 2013, the Company received insurance claims for renovation expenses for flood-affected properties and for the loss of rental income amounting to Baht 69.7 million.

In 2014, insurance claims revenue was Baht 2.4 million because there had been incident of loss from flood in 2013.

In 2015 and 2016, TICON had not the income.

1.2 Expenses

1.2.1 Provision related to sales of properties

In 2014, the Company set up provision related to sales of properties worth Baht 118.0 million which derived from sales and financial lease of properties to TREIT in December 2014. The Company has obligations on guarantee of rental income for TREIT's properties which were emptied on the transfer date and on guarantee of income from the "option to buy" contracts should tenants exercise their options at TREIT. Such obligations were booked under expense item in the Company's income statement and under liabilities item as both short-term and long-term provisions in the Company's statement of financial position. Total amount of the provision was Baht 133.2 million and the difference of Baht 15.24 million was booked as deferred

gains on sales of properties to funds in accordance with the Company's stake in TREIT (12 percent).

In 2015, the Company set up provision related to sales of properties worth Baht 33.3 million which derived from sales and financial lease of properties to TREIT in December 2015. The Company has obligations on guarantee of rental income for TREIT's properties which were emptied on the transfer date. Such obligations were booked under expense item in the Company's income statement and under liabilities item as both short-term and long-term provisions in the Company's statement of financial position. Total amount of the provision was Baht 50.3 million and the difference of Baht 9.9 million was booked as deferred gains on sales of properties to funds in accordance with the Company's stake in TREIT (19.6 percent).

During the year, the Company transferred back provisions related to the sales of properties valued Baht 8.1 million because guarantee of income from the "option to buy" contracts had declined since tenant with "option to buy" prematurely terminated lease contracts.

In 2016, the Company reversed back 59.33 million baht provision related to sales of properties most of which resulted from termination of leased contracts that had the options to buy.

1.2.2 Selling and administrative expenses

Over the past three years, selling and administrative expenses were Baht 769.5 million, Baht 756.9 million and Baht 704.0 million, respectively, representing a 7.5 percent increase and 1.6 percent increase and 7.0 percent decrease, in consequence.

The major elements of selling and administrative expenses were expenses related to employees and depreciation of completed factories/warehouses which were vacant. In 2016, those expenses were approximately 59.4% of the Company's selling and administrative expenses.

In 2014, the Company's selling and administrative expenses were Baht 769.5 million which increased Baht 53.9 million or 7.53 percent from the expenses in 2013. Most of the increase were higher depreciation cost from vacant factories/warehouses and employment costs which was in line with the Company's business expansion.

In 2015, the Company's selling and administrative expenses were Baht 756.9 million which decreased Baht 12.6 million from the expenses in previous year. The decline

was from the decrease in selling expenses most of which were advertising expenses and in 2014 the Company had more expenses relating to sales of properties to TREIT than in 2015. Moreover, the Company had lower administrative expenses in 2015 because repair and maintenance of available buildings cost had been lower.

In 2016, the Company's total selling and administrative expenses were 704.0 million baht, dropped 52.9 million baht or 7.0 percent from the amount in same period of 2015. A reason why the expenses declined was the change in Company's depreciation policy. Since January 1, 2016 the useful life of assets under Company's investment properties was changed from 20 to 30 years. Depreciation cost of the assets therefore became lower.

1.2.3 Finance Cost

Over the past three years, finance cost were Baht 642.6 million, Baht 762.2 million and Baht 812 million, respectively, representing a 17.6 percent, 18.6 percent and 6.5 percent increase each year.

The finance cost surged in 2014, The Company had borrowed quite a large amount of money due mainly from the substantial increase in borrowing, corresponding to the Company's business expansion. However, in 2015, the Company had fewer factory/warehouse expansion, comparing to that in 2013 and 2014 although there was capital spent by the Company in 2015 to invest in joint venture with foreign partners to expand factory/warehouse leasing business in ASEAN country.

1.3 Profit

1.3.1 Gross profit margin

The Company had gross profit margin from its operations - rental and sales - over the past three years of 37.8 percent, 38.4 percent and 65.4 percent, respectively.

In 2014, the Company's gross profit margin declined because gross properties sales margin dropped as more warehouses than factories were sold and financial leased to the funds. Warehouse sales margin was lower than factory sales margin. Further, built to suit warehouse sales margin was less than that of the ready built ones. Also, gross rental margin subsided.

In 2015, the Company's gross profit margin slightly increased because there had been profit from the sales of land bank to other party which had high gross margin versus none in 2014. However, the gross rental margin and the properties sales

margin were both lower because the Company had received more rental income from warehouse lease and there had been more warehouses sold to TREIT than factories. Warehouse rental income and warehouse sales income both have lower gross margins than those of factories owing to higher construction cost.

In 2016, the Company's gross operating profit margin was 65.4 percent which increased significantly from the margin in 2015. That was owing to the lack of properties sales to TREIT. Properties sales margin was low.

1.3.2 Net profit margin

Over the past three years, the Company's net profit under the equity method, presented in consolidated financial statements, were Baht 761.6 million, Baht 769.7 million and Baht 275 million, respectively. Earnings per share were Baht 0.76, Baht 0.70 and Baht 0.25, as a consequence.

In 2014, the Company's net profit dropped Baht 652.5 million or decreased by 46.21 percent because it had less income from both rental and properties sales business. Other income also dropped as the Company did not reduce any of its stake in property funds during the year. Further, the Company had higher expense from the provision related to sales of properties to TREIT near the end of 2014. Selling and administrative expenses, finance cost all lifted up because of the Company's business expansion.

In 2015, the Company's net profit slightly increased by 1.1 percent. Operating profit in 2015 was close to that in 2014; however, the Company had huge profit from sales of investment in property funds. Moreover, property management fees increased from inclusion of TREIT's assets under the Company's management. Further, the Company successfully managed down all expenses in 2015 which resulted in lower selling and administrative costs.

In 2016, the Company's net profit declined 494.7 million baht or dropped 64.3 percent from 2015. The reason was because its properties sales income dropped 3,094.9 million baht owing to TICON did not selling a property to TREIT in 2016. However, rental and related service income which was the Company's core business income rose 11.8 percent from the income in 2015.

2. FINANCIAL STATUS

2.1 Assets

As at December 31, 2016, the Company had total assets of Baht 36,092.7 million. 86.6 percent of the total assets were investment properties, and 8.1 percent of the total assets were investment in TFUND, TLOGIS, TGROWTH, TREIT and SLP.

Total assets of the Company dropped 194.4 million baht or declined 0.5% from the amount in 2015. The drop was caused mainly by lower investment in associated companies, cash and cash equivalents.

2.1.1 Investment properties

The investment properties are comprised of properties under development, available for lease, and leased properties. During the past three years, the Company had investment properties totaling Baht 23,914.3 million, Baht 30,074.9 million and Baht 31,247.1 million, respectively.

The rising in the investment properties-net of those sold to TFUND/TLOGIS/TGROWTH/TREIT-in 2014 by 38.5 percent, in 2015 by 25.8 percent, and in 2016 by 3.9 percent, reflected the Company's business expansion with substantial increase in land acquisition and factories/warehouses development, In large amount particularly in 2014 and 2015. The increase In addition, there was change in accounting method from recording the common area of each project as the Company's property, plants and equipment to record under the Company's investment properties.

2.1.2 Property, plant and equipment ("PPE")

In 2014, this increased 45.5 percent, mainly because of more properties development. In 2015, it decreased 88.5% because there had been change in accounting from registering land in common area of the development projects under land and land improvement to registering under investment properties for rent.

As of December 31, 2016 the Company's property, plant, and equipment was 180.6 million baht, a decrease of 2.7 million baht or 1.5 percent from the value at the end of 2015 owing to the increase of depreciation cost.

2.1.3 Current investments

As of December 31, 2016 the Company's current investment was 22.1 million baht, a decrease of 0.04 million baht or 0.2 percent from the value at the end of 2015. Current investment of the Company was fixed deposit account at commercial bank.

2.1.4 Trade accounts receivables–net

As at December 31, 2016, net trade accounts receivables was Baht 81.4 million comprising of receivables past due of up to 3 months, Baht 58.1 million, or 71.4 percent of total net trade account receivables, and unbilled operating leases receivables, Baht 19.7 million, or 24.1 percent of total net trade receivables.

However, the Company has a policy of holding security deposits of three to six months rental and service fee to help mitigating risks that could arise in the future.

2.1.5 Advances for construction

As at December 31, 2016, the Company had advances for construction of Baht 109.8 million baht which increased 35.8 million baht from the amount at the end of 2015. The advances for construction were amount pre-paid to sub-contractors for warehouse construction.

2.1.6 Pledged fixed deposit

As of December 2016, the Company had deposit account with guarantee obligation value of 0.2 million baht. The guarantee was for credit line of L/C and trust receipts and also for credit line of currency booking and for bank guarantees issued for governmental offices.

2.1.7 Investment

At the end of 2016, TICON had investments in subsidiaries, associated and related companies as follows:

- a. Investment in Eco Industrial Services Co., Ltd. (a subsidiary) of 100 percent of its paid-up capital, with the investment amount under the cost method of Baht 50.0 million, representing 0.1 percent of the Company's total assets.
- b. Investment in TICON Logistics Park Co., Ltd. (a subsidiary) of 100 percent of its paid-up capital, with the investment amount under the cost method of Baht 19,515.0 million, representing 58.4 percent of the Company's total assets.

- c. Investment in Shanghai TICON Investment Management Co., Ltd. (a subsidiary) of 100 percent of its paid-up capital, with the investment amount under the cost method of Baht 85.4 million, representing 0.3 percent of the Company's total assets.
- d. Investment in TICON Management Co., Ltd. (a subsidiary) of 70 percent of its paid-up capital, with the investment amount under the cost method of Baht 7.0 million, representing 0.02 percent of the Company's total assets.
- e. Investment in TICON (Hong Kong) Co., Ltd. (a subsidiary) of 100 percent of its paid-up capital, with the investment amount under the cost method of Baht 413.4 million, representing 1.2 percent of the Company's total assets.
- f. Investment in TICON Property Fund (an associated company) of 15.0 percent of the fund's capital. The investment amount under the equity method was Baht 794.4 million, representing 2.2 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 1,783.2 million, or 5.3 percent of the Company's total assets.
- g. Investment in TPARK Logistics Property Fund (an associated company) of 16.1 percent of the fund's capital. The investment amount under the equity method was Baht 439.5 million, representing 1.2 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 733.9 million, or 2.2 percent of the Company's total assets.
- h. Investment in TICON Industrial Growth Leasehold Property Fund (an associated company) of 24.0 percent of the fund's capital. The investment amount under the equity method was Baht 768.9 million, representing 2.1 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 1,329.3 million, or 4.0 percent of the Company's total assets.
- i. Investment in TICON Real Estate Investment Trust Fund (an associated company) through a subsidiary company's holding of 12.1 percent of the fund's capital. The investment amount under the equity method was Baht 482.0 million, representing 1.3 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 686.0 million, or 2.1 percent of the Company's total assets
- j. PT SLP Surya TICON Internusa (a joint venture company) through a subsidiary company's holding of 25.0 percent of its registered capital. The investment amount under the equity method was Baht 430.5 million, representing 1.2

percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 414.2 million, or 1.2 percent of the Company's total assets

- k. Investment in TICON Demco Power 6 Co., Ltd. (a joint venture company) through a subsidiary company's holding of 51 percent of its registered capital. The investment amount under the equity method was Baht 2.5 million, representing 0.01 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 2.6 million, or 0.01 percent of the Company's total assets
- l. Investment in TICON Demco Power 11 Co., Ltd. (a joint venture company) through a subsidiary company's holding of 51 percent of its registered capital. The investment amount under the equity method was Baht 2.0 million, representing 0.01 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 2.0 million, or 0.01 percent of the Company's total assets.
- m. 13 TPARK BFTZ Company Limited was invested by a subsidiary company which holds 60 percent of its paid-up capital. The investment was calculated using equity method and was 0.3 million baht or 0.001 percent of total combined assets of the Company and subsidiary. When calculated using cost method, the investment was 0.6 million baht or 0.002 percent of total combined assets.
- n. Investment in Bangkok Club Co., Ltd. (a related company) of 0.11 percent of its registered capital, with the investment amount net of allowance for impairment of Baht 0.26 million.

2.1.8 Deferred tax assets

As of December 31, 2016 the Company's prepaid rental expenses were 684.2 million baht, decreased 30.8 million baht from the amount at the end of 2015. Prepaid rental expenses were due to long-term leases of properties for warehouse development. They would gradually become realized expenses in the profit and loss statement throughout the lease terms.

2.2 Liabilities

As at December 31, 2016, the Company had total liabilities of Baht 24,675.1 million, increased by Baht 77.4 million, or 0.3 percent, from those of 2015.

The majority of the total liabilities were loans and debentures, representing 90.1 percent of total liabilities. The increase in total liabilities resulted from the following elements:

2.2.1 Loans

The Company's total loans as of December 31, 2016 were 22,242.4 million baht. Increased 243.8 million baht or 1.1 percent when comparing with the amount on December 31, 2015. The increase was caused mainly by more short- and long-term borrowings.

The Company's total loan borrowing comprised short-term loans of 13.8 percent, long-term loans of 8.2 percent, and debentures of 78.0 percent.

Cash flow from operations and long-term loans, as well as debentures, are the Company's source of funds for factory/warehouse development which is considered as a long-term investment. The Company likewise uses short-term loans facilities for working capital, particularly for land acquisition during the period of applying for long-term credit lines from financial institutions. However, the large amount of short-term loans outstanding at any point of time depends mainly on the Company's cash flow management. The Audit Committee has regularly monitored the appropriateness of the ratio of short-term to total loans.

As at December 31, 2016, the outstanding balance of the debentures was Baht 17,340.0 million. All debentures' tenors ranged from 3 to 10 years.

The Company has agreements with some financial institutions and debenture holders in respect of retaining debt/interest-bearing debt to equity of not exceeding 2.5-3.0 times. The Company has never breached the said covenants.

2.2.2 Trade payables

As at December 31, 2016, the Company had trade payables of Baht 224.4 million, most of which were related to the Company's factory and warehouse development. Trade payables decreased by Baht 120.9 million, or dropped 35.0 percent.

2.2.3 Corporate income tax payable

As at December 31, 2016, the Company had corporate income tax payable of Baht 1.3 million baht, increased 0.6 million baht from the amount at the end of 2015. The reason was because net profit of subsidiary companies increased from the previous year so income tax became higher.

2.2.4 Short-term and long-term provisions

As of December 31, 2016 the Company had no provision related to sales of properties to associated companies because most of them had already been reversed from termination of contracts that had the option to buy. Moreover, TICON did not have properties sales either to funds or REIT in 2016.

2.2.5 Provision for long-term employee benefits

As at December 31, 2016, the Company had Baht 42.0 million provision for long-term employee benefits which was the estimation of the Company's obligation to compensate employees on their retirement.

The Company has adopt TAS19 - Employee Benefits since 2011, by way of recording accumulated amount until the end of 2010 as liability, and recording the provision for employee benefits during each year as expenses.

2.2.6 Unearned land rental income

As of December 31, 2016 the Company had unearned land rental income of 1,318.8 million baht. In 2014 and 2015, TICON leased land to TREIT for a period of 28 to 30 years. The rental income will be realized every year throughout the lease term using straight-line method.

2.2.7 Deferred tax

As of December 31, 2016 the Company had deferred tax liabilities of 63.0 million baht which was net from deferred tax assets. The deferred tax liabilities mainly resulted from TICON realizing income from financial leasing its assets to TGROWTH and TREIT and were owing to the useful life of assets under Company's investment properties having been changed.

2.3 Shareholders' Equity

As at December 31, 2016, the Company had shareholders' equity of Baht 11,417.7 million, decreased by Baht 271.8 million, representing a 2.3 percent decrease from the previous year. The decrease was owing to dividend payment in 2016

2.4 Appropriateness of the Company's Capital Structure

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value.

In the past, the Company's main sources of funds for factories and warehouses development were operating cash flow, shareholders' capital injection, and loans from financial institutions. However, with its strong growth during the past 8-9 years, the Company participated in establishing TFUND in 2005, TLOGIS in 2009, TGROWTH in 2013 and TREIT in 2014, in order to increase its abilities in raising more funds. Proceeds from sales of properties to these property funds each year help reduce reliance on loan borrowing and capital increase which costs more.

In addition, the Company has issued debentures with tenors of 2 to 10 years. Issuing debentures is another important source of funds for the Company, with the cost cheaper than that of loans from financial institutions.

Moreover, there also were TICON-T2 TSRs (Transferable Subscription Rights) issued in Q2/2014 all of which expired in 2014.

2.5 Liquidity

As at December 31, 2016, the Company had net cash received from operations amounting to Baht 87.1 million, net cash used for investment of Baht 626.2 million, and net cash received from financing of Baht 308.8 million.

The information as mentioned above shows that the Company had lower financial liquidity when comparing with 2015. The current ratio calculation could not be used to describe the Company's liquidity because it had no inventory in its current assets. Most of the Company's assets were land and buildings which were not current assets. However, land payables and construction payables were treated as current liabilities. As a result, current ratio turned out to be low.

As at December 31, 2016, the Company had an interest-bearing debt to equity ratio, which calculated from:

Loans + Liability under financial lease agreement

Total shareholders'equity

of 1.95 times, more than 1.88 times in the previous year, because in 2015 the Company had to borrow for its warehouse construction which reflected that the Company was able to efficiently manage the debt to equity ratio under its current debt covenant.

As for interest coverage ratio which calculated from:

$$\frac{\text{Net profit} + \text{Interest expenses} + \text{Corporate income tax} + \text{Deferred gain on sales of properties to associated companies}}{\text{Interest expenses}}$$

The Company had the interest coverage ratio for 2016 of 1.47 times, which reflected the Company's high ability to service its finance cost. The Company never defaults on any interest payment.

As well as the debt service coverage ratio which calculated from:

$$\frac{\text{Net cash flows from operating activities} + \text{Interest expenses}}{\text{Repayment of long-term loans and debentures} + \text{Dividend paid} + \text{Interest expenses}}$$

The ratio was 0.2 times, which reflected the Company's ability to repay its liabilities.

3. FUTURE PROSPECTS

- Please see " Message from the Chairman of the Board " -

STATEMENT OF DIRECTORS' RESPONSIBILITIES CONCERNING THE COMPANY'S FINANCIAL REPORT

The TICON's Board of Directors had the management prepare financial statements to reveal the Company's financial position and operating results of the year 2016 in accordance with the Public Limited Companies Act B.E. 2535. (A.D. 1992)

The Board of Directors is well aware of its duties and responsibilities as the directors of a listed company in the Stock Exchange of Thailand to ensure that TICON's financial statements are accurate, complete, and transparent in accordance with generally accepted accounting principles, while providing adequate information to safeguard the Company's assets from unlawful conduct and abnormalities which is for the benefit of shareholders and investors to have true and fair information.

The Board of Directors is of the opinion that the consolidated financial statements of TICON and Subsidiaries for the year 2016 reviewed by the Audit Committee in collaboration with the Management and the external auditor, EY Office Limited (formerly known as Ernst & Young Office Limited), were presented in a complete, true and fair manner in compliance with the generally accepted accounting principles and all governing rules and regulations, with appropriate and consistent accounting policies and adequate information disclosure.



(Mr. Chainoi Puankosoom)
Chairman of the Board

TICON Industrial Connection Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of TICON Industrial Connection Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TICON Industrial Connection Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TICON Industrial Connection Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TICON Industrial Connection Public Company Limited and its subsidiaries and of TICON Industrial Connection Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 4 to the financial statements, regarding the change in the estimated useful lives of investment properties and buildings in order to be consistent with their revised expected utility to the Company and its subsidiaries. The Company and its subsidiaries have applied the changes in estimated useful lives prospectively. My opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit

included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

The recognition of investment properties available for rent/sale and depreciation

As discussed in Note 15 to the financial statements, the Company transferred investment properties under development amounting to Baht 1,166 million to investment properties available for rent/sale during the year. The decision about when to transfer the investment properties under development to investment properties available for rent/sale requires a strict control process to ensure that the timing of the transfer and the depreciation of the transferred assets are appropriate. In addition, the economic slowdown has directly resulted in more intense competition among industrial real estate development companies that are engaged in the construction of factories and warehouses for rent and for sale. This may result in delays in the transfer of the investment properties available for rent/sale of which construction is complete. There is therefore a risk related to the recognition of the investment properties under development and the related depreciation.

I have performed the following procedures with respect to the recognition of the investment properties available for rent/sale and depreciation.

- Assessed and tested the Company's internal controls with respect to the decisions about and approval of transfers of investment properties under development to investment properties available for rent/sale and the calculation of the related depreciation.
- On a sampling basis, examined supporting documents for transactions with respect to the transfer of investment properties under development to investment property available for rent/sale during the year.
- Performed an observation of the physical count of investment properties of the Group, considering the percentage of completion of the construction work and, on a sampling basis, checked investment properties of which construction was complete to the details of investment properties available for rent/sale.
- Tested the calculation of the depreciation of investment properties available for rent/sale to examine whether depreciation was initiated when the investment properties were available for use and their useful lives are as specified in the accounting policy of the Group.

The recognition of rental and related service income

The Group has disclosed its accounting policy relating to rental and related service income in Note 5.1 to the financial statements. I identified the recognition of rental and related service income to be areas of significant risk in the audit. This is because the amount of rental and related service income that the Group recognises in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement and the determination of appropriate timing of recognition are areas which required management to exercise prudence in determining the substance of the agreements in order to calculate income in accordance with the accounting policy and Thai Financial Reporting

Standards. This could present a risk with respect to the amount and timing of the recognition of rental and related service income.

I have performed the following procedures with respect to the recognition of rental and related service income.

- Assessed and tested the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting samples to test the operation of the designed controls.
- Read rental and service agreements relevant to the rental of the Group's investment properties to identify terms and conditions related to revenue recognition.
- Tested the calculation in the rental and related service income worksheet to evaluate whether the calculation was in accordance with the terms and conditions specified in the agreements and the Group's accounting policy.
- On a sampling basis, examined supporting documents for actual income transactions occurring near the end of the accounting period.
- Reviewed credit notes that the Group issued after the period end.
- On a sampling basis, assessed whether investment properties which generate rental and service income were occupied by tenants by checking rental and service agreements to the results of physical count of investment properties.
- Performed analytical procedures on disaggregated data to detect possible irregularities in income transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Rosaporn Decharkom.



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 23 February 2017

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7, 8	284,268,251	1,133,889,840	213,910,734	1,068,081,086
Current investments	9	22,144,140	22,183,200	-	-
Trade and other receivables	7, 10	138,029,561	94,959,070	129,086,038	42,333,851
Short-term loans to related companies	7	108,668,574	-	-	-
Advances for construction		109,767,436	73,932,586	2,872,940	10,848,835
Other current assets	7	249,376,876	217,050,172	62,683,848	41,178,047
Total current assets		912,254,838	1,542,014,868	408,553,560	1,162,441,819
Non-current assets					
Pledged deposits at financial institution	7, 11	240,000	57,430,970	-	57,190,970
Unbilled operating leases receivables		121,170,552	80,315,732	9,561,993	10,064,616
Long-term loans to related company	7	-	-	717,000,000	-
Investments in subsidiaries	12	-	-	20,070,806,949	20,070,806,949
Investments in joint ventures	13	4,840,475	4,068,278	-	-
Investments in associates	14	2,915,233,379	3,574,453,894	4,532,517,334	5,463,660,270
Investment in related company		256,500	256,500	256,500	256,500
Investment properties under development and available for rent/sale	15.1	17,639,902,311	20,305,645,310	5,459,871,002	5,618,829,175
Investment properties for rent	15.2	13,607,243,626	9,769,269,931	2,206,620,325	2,048,887,014
Property, plant and equipment	16	180,561,960	183,226,195	14,567,193	20,145,842
Computer software	17	3,526,299	3,759,395	1,423,492	2,347,916
Deferred tax assets	28	-	28,296,844	-	-
Prepaid rental expenses		684,192,061	714,983,875	-	-
Other non-current assets	7	23,306,253	23,430,829	15,498,695	16,267,445
Total non-current assets		35,180,473,416	34,745,137,753	33,028,123,483	33,308,456,697
Total assets		36,092,728,254	36,287,152,621	33,436,677,043	34,470,898,516

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans	18	2,026,247,663	2,033,393,223	2,026,247,663	2,033,393,223
Short-term loans from related companies	7	1,060,000,000	-	1,060,000,000	291,500,000
Trade and other payables	7, 19	493,477,245	606,336,905	255,767,995	270,619,153
Current portion of liabilities under financial lease agreements	20	4,473,011	1,149,769	-	-
Current portion of long-term loans from related company	7	291,266,000	71,600,000	-	-
Current portion of long-term loans	21	254,227,294	304,899,175	254,227,294	140,000,000
Current portion of debentures	22	4,020,000,000	3,250,000,000	4,020,000,000	3,250,000,000
Income tax payable		1,318,998	684,258	-	-
Short-term provisions	26.2	-	76,327,864	-	10,769,472
Other current liabilities	7	139,968,102	134,226,163	36,364,972	39,907,439
Total current liabilities		8,290,978,313	6,478,617,357	7,652,607,924	6,036,189,287
Non-current liabilities					
Liabilities under financial lease agreements	20	1,730,848	2,910,640	-	-
Long-term loans from related company	7	492,500,000	676,780,000	-	-
Long-term loans	21	778,163,458	721,980,935	438,163,458	671,980,935
Debentures	22	13,320,000,000	14,940,000,000	13,320,000,000	14,940,000,000
Provision for long-term employee benefits	23	41,998,075	32,204,791	27,152,017	25,299,855
Long-term provisions	26.2	-	59,690,523	-	46,421,498
Deferred tax liabilities	28	62,984,974	-	190,917,252	173,160,411
Customer deposits		367,945,470	302,984,207	135,194,107	103,652,982
Unearned land rental income	7	1,318,758,362	1,382,486,942	400,284,140	428,745,850
Total non-current liabilities		16,384,081,187	18,119,038,038	14,511,710,974	16,389,261,531
Total liabilities		24,675,059,500	24,597,655,395	22,164,318,898	22,425,450,818

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries

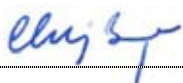

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital					
Registered					
1,834,142,375 ordinary shares of Baht 1 each	24	1,834,142,375	1,115,941,811	1,834,142,375	1,115,941,811
(2015: 1,115,941,811 ordinary shares of Baht 1 each)					
Issued and paid up					
1,099,142,375 ordinary shares of Baht 1 each		1,099,142,375	1,099,142,375	1,099,142,375	1,099,142,375
Premium on ordinary shares		7,343,380,077	7,343,380,077	7,343,380,077	7,343,380,077
Retained earnings					
Appropriated - statutory reserve	25	126,374,017	126,374,017	126,374,017	126,374,017
Unappropriated		2,775,269,638	3,052,854,276	2,703,461,676	3,476,551,229
Other components of shareholders' equity		67,946,663	65,265,091	-	-
Equity attributable to owners of the Company		11,412,112,770	11,687,015,836	11,272,358,145	12,045,447,698
Non-controlling interests of the subsidiaries		5,555,984	2,481,390	-	-
Total shareholders' equity		11,417,668,754	11,689,497,226	11,272,358,145	12,045,447,698
Total liabilities and shareholders' equity		36,092,728,254	36,287,152,621	33,436,677,043	34,470,898,516

The accompanying notes are an integral part of the financial statements.

Directors



TICON Industrial Connection Public Company Limited and its subsidiaries**Income statement****For the year ended 31 December 2016**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues					
Rental and related service income	7	1,172,118,655	1,048,547,425	334,879,156	357,462,904
Revenues from service	7	46,586,275	30,157,752	30,742,847	22,666,536
Sales of properties	7, 26.1	250,675,813	3,345,605,866	40,746,813	652,330,421
Utility income		32,306,808	35,624,500	7,892,805	8,726,644
Dividend income from subsidiary	7, 12	-	-	5,999,981	458,499,966
Dividend income from associates	7, 14	-	-	323,866,663	367,643,459
Management fee income from associates	7	201,121,219	204,123,010	114,961,823	128,274,086
Interest income	7	6,766,462	6,521,222	23,799,004	65,498,489
Gain on sales of investment in associates		103,623,088	126,299,966	48,679,805	44,423,878
Other income		59,308,417	57,050,387	53,119,555	41,392,308
Total revenues		1,872,506,737	4,853,930,128	984,688,452	2,146,918,691
Expenses					
Cost of rental and related services		332,557,436	306,394,792	54,684,744	79,784,653
Cost of service		39,045,201	22,955,582	27,983,801	20,402,889
Cost of sales of properties	26.1	160,164,425	2,401,415,858	28,347,046	341,092,339
Cost of utilities		27,214,505	29,089,888	6,985,898	8,709,589
Provision related to sales of properties (reversal)	26.2	(59,325,829)	33,316,822	(57,190,971)	(8,037,142)
Selling expenses		43,330,188	36,437,352	8,033,118	11,228,063
Administrative expenses	7	479,566,472	435,853,810	266,750,671	284,289,201
Depreciation		181,139,366	284,594,909	62,322,553	90,903,449
Other expenses		19,778,661	9,693,406	10,179,929	586,296
Total expenses		1,223,470,425	3,559,752,419	408,096,789	828,959,337

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries

Income statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Profit before share of profit (loss) from investments					
in associates and joint ventures, realised additional					
gains on sales of properties to associates, deferred gains					
on sales of properties to associates, finance cost and					
income tax expense		649,036,312	1,294,177,709	576,591,663	1,317,959,354
Shares of profit from investments in associates	14	252,216,889	248,467,200	-	-
Shares of profit (loss) from investments in joint ventures	13	172,207	(136,303)	-	-
Realised additional gains on sales of properties					
to associates	14	294,951,979	246,687,892	-	-
Deferred gains on sales of properties to associates	14	-	(166,262,378)	-	-
Profit before finance cost and					
income tax expense		1,196,377,387	1,622,934,120	576,591,663	1,317,959,354
Finance cost	7	(811,957,686)	(762,212,682)	(779,868,689)	(744,241,629)
Profit (loss) before income tax expense		384,419,701	860,721,438	(203,277,026)	573,717,725
Income tax expenses	28	(106,319,774)	(89,762,276)	(18,259,511)	(33,964,332)
Profit (loss) for the year		<u>278,099,927</u>	<u>770,959,162</u>	<u>(221,536,537)</u>	<u>539,753,393</u>
Profit attributable to:					
Equity holders of the Company		275,025,315	769,741,292	(221,536,537)	539,753,393
Non-controlling interests of the subsidiaries		3,074,612	1,217,870		
		<u>278,099,927</u>	<u>770,959,162</u>		
Earnings per share	30				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		<u>0.25</u>	<u>0.70</u>	<u>(0.20)</u>	<u>0.49</u>

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit (loss) for the year	278,099,927	770,959,162	(221,536,537)	539,753,393
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	2,681,572	1,651,151	-	-
	2,681,572	1,651,151	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain	(3,834,519)	1,000,559	(2,513,348)	2,328,361
Less: Income tax effect	766,904	(200,112)	502,670	(465,672)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(3,067,615)	800,447	(2,010,678)	1,862,689
Other comprehensive income for the year	(386,043)	2,451,598	(2,010,678)	1,862,689
Total comprehensive income for the year	277,713,884	773,410,760	(223,547,215)	541,616,082
Total comprehensive income attributable to:				
Equity holders of the Company	274,639,272	772,192,890	(223,547,215)	541,616,082
Non-controlling interests of the subsidiaries	3,074,612	1,217,870	-	-
	277,713,884	773,410,760	(223,547,215)	541,616,082

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2016

Consolidated financial statements											
(Unit: Baht)											
	Equity attributable to owners of the Company										
	Other components of equity										
	Other										
	Other comprehensive income										
	Exchange differences on translation of financial statements in foreign currency										
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings	Statutory reserve	Unappropriated	Surplus (deficit) from the change in the ownership interest in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
Balance as at 31 December 2014	1,099,142,375	7,343,380,077	126,374,017	126,374,017	2,831,850,724	48,521,808	63,613,940	11,464,361,133	1,263,554	11,465,624,687	
Profit for the year	-	-	-	-	769,741,292	-	-	769,741,292	1,217,870	770,959,162	
Other comprehensive income for the year	-	-	-	-	800,447	-	1,651,151	2,451,598	-	2,451,598	
Total comprehensive income for the year	-	-	-	-	770,541,739	-	1,651,151	772,192,890	1,217,870	773,410,760	
Dividends paid (Note 33)	-	-	-	-	(549,538,187)	-	-	(549,538,187)	(34)	(549,538,221)	
Balance as at 31 December 2015	1,099,142,375	7,343,380,077	126,374,017	126,374,017	3,052,854,276	48,521,808	65,265,091	11,687,015,836	2,481,390	11,689,497,226	
Balance as at 31 December 2015	1,099,142,375	7,343,380,077	126,374,017	126,374,017	3,052,854,276	48,521,808	65,265,091	11,687,015,836	2,481,390	11,689,497,226	
Profit for the year	-	-	-	-	275,025,315	-	-	275,025,315	3,074,612	278,099,927	
Other comprehensive income for the year	-	-	-	-	(3,067,615)	-	2,681,572	(386,043)	-	(386,043)	
Total comprehensive income for the year	-	-	-	-	271,957,700	-	2,681,572	274,639,272	3,074,612	277,713,884	
Dividends paid (Note 33)	-	-	-	-	(549,542,338)	-	-	(549,542,338)	(18)	(549,542,356)	
Balance as at 31 December 2016	1,099,142,375	7,343,380,077	126,374,017	126,374,017	2,775,269,638	48,521,808	67,946,663	11,412,112,770	5,555,984	11,417,668,754	

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2016

	Separate financial statements					(Unit: Baht)
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity	
			Statutory reserve	Unappropriated		
Balance as at 31 December 2014	1,099,142,375	7,343,380,077	126,374,017	3,484,473,334	12,053,369,803	
Profit for the year	-	-	-	539,753,393	539,753,393	
Other comprehensive income for the year	-	-	-	1,862,689	1,862,689	
Total comprehensive income for the year	-	-	-	541,616,082	541,616,082	
Dividend paid (Note 33)	-	-	-	(549,538,187)	(549,538,187)	
Balance as at 31 December 2015	1,099,142,375	7,343,380,077	126,374,017	3,476,551,229	12,045,447,698	
Balance as at 31 December 2015	1,099,142,375	7,343,380,077	126,374,017	3,476,551,229	12,045,447,698	
Loss for the year	-	-	-	(221,536,537)	(221,536,537)	
Other comprehensive income for the year	-	-	-	(2,010,678)	(2,010,678)	
Total comprehensive income for the year	-	-	-	(223,547,215)	(223,547,215)	
Dividend paid (Note 33)	-	-	-	(549,542,338)	(549,542,338)	
Balance as at 31 December 2016	1,099,142,375	7,343,380,077	126,374,017	2,703,461,676	11,272,358,145	

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before tax	384,419,701	860,721,438	(203,277,026)	573,717,725
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	436,122,337	522,574,498	98,536,729	151,124,519
Allowance for doubtful accounts	15,197,137	-	7,369,117	-
Bad debt	3,010,598	-	2,810,598	-
Dividend income from subsidiary	-	-	(5,999,981)	(458,499,966)
Dividend income from associates	-	-	(323,866,663)	(367,643,459)
Cost of sales of properties	150,571,004	2,280,414,365	27,168,957	323,331,160
Losses (gains) on sales/write-off of property, plant and equipment	(1,267,879)	8,767,850	(1,217,514)	582,899
Gains on sales of investments in associates	(103,623,088)	(126,299,966)	(48,679,805)	(44,423,878)
Loss from write-off of investment in subsidiary dissolved	-	5,150,496	-	4,962,247
Translation adjustments from subsidiary dissolved	-	(12,722,177)	-	-
Unrealised (gain) losses on exchange	1,596,622	(3,385)	-	(3,385)
Long-term employee benefit expenses	7,716,965	5,917,882	1,097,014	4,163,492
Recognition of unearned land rental income	(64,221,338)	(42,916,662)	(28,954,468)	(12,810,874)
Recognition of prepaid rental expenses	30,791,814	31,856,930	-	-
Provision related to sales of properties (reversal)	(59,325,829)	33,316,822	(57,190,971)	(8,037,142)
Share of profit from investments in associates	(252,216,889)	(248,467,200)	-	-
Share of losses (profit) from investments in joint ventures	(172,207)	136,303	-	-
Realised additional gains on sales of properties to associates	(294,951,979)	(246,687,892)	-	-
Deferred gains on sales of properties to associates	-	166,262,378	-	-
Interest income	(6,766,462)	(6,521,222)	(23,799,004)	(65,498,489)
Interest expenses	807,355,536	751,327,944	775,272,575	733,356,892
Profit from operating activities before changes in operating assets and liabilities	1,054,236,043	3,982,828,402	219,269,558	834,321,741
Operating assets (increase) decrease				
Trade and other receivables	(101,485,960)	(38,522,116)	(93,872,026)	1,201,546
Advances for construction	(35,834,850)	96,468,113	7,975,895	9,565,941
Other current assets	4,235,805	(11,501,452)	1,042,159	(557,776)
Prepaid rental expenses	-	(68,055,844)	-	-
Other non-current assets	124,576	(543,910)	768,750	(756,021)
Operating liabilities increase (decrease)				
Other payables	18,530,609	(28,778,732)	6,973,243	(22,561,643)
Other current liabilities	6,234,697	(13,241,417)	(3,049,709)	(1,914,894)
Provisions	(63,387,623)	(39,388,346)	-	(5,562,097)
Customer deposits	64,961,263	19,265,633	31,541,125	(15,618,733)
Unearned land rental income	-	247,921,234	-	89,330,782
Payment of long-term employee benefits	(1,758,200)	(1,117,072)	(1,758,200)	(1,117,072)
Cash flows from operating activities	945,856,360	4,145,334,493	168,890,795	886,331,774
Interest received	6,119,375	6,514,367	5,241,752	5,807,967
Cash paid for interest expense	(814,634,263)	(721,660,943)	(782,654,921)	(703,528,682)
Cash paid for income tax	(50,198,822)	(182,923,079)	(22,547,961)	(107,292,937)
Net cash flows from (used in) operating activities	87,142,650	3,247,264,838	(631,070,335)	81,318,122

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the year ended 31 December 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Decrease in current investments	39,060	103,001,396	-	-
Increase in investments in associates	(33,698,244)	(1,136,478,852)	(33,698,244)	(1,141,697,259)
Increase in investments in subsidiaries	-	-	-	(5,413,423,149)
Increase in investments in joint ventures	(599,990)	-	-	-
Proceeds from sales of investments in associates	1,013,520,985	955,472,500	1,013,520,985	955,472,500
Cash received from decrease in value of trust units				
from capital reduction	-	15,786,399	-	7,517,524
Proceeds from a subsidiary dissolved	-	7,571,681	-	184,187,221
Decrease in pledged deposits at financial institution	57,190,970	13,191,530	57,190,970	13,191,530
Cash receipt from long-term loans to subsidiary	-	-	645,250,000	6,879,999,850
Cash paid for short-term loans	(110,265,196)	-	-	-
Cash paid for long-term loans to subsidiary	-	-	(1,362,250,000)	(5,059,999,850)
Cash paid for acquisition of investment properties under development				
and available for rent/sale	(1,865,817,357)	(6,924,837,057)	(126,226,836)	(1,338,655,824)
Cash paid for acquisitions of equipment	(11,584,374)	(13,519,342)	(4,126,160)	(4,873,103)
Cash paid for deposits for purchase of land	-	(73,914,283)	-	-
Cash paid for acquisition of computer software	(1,309,033)	(177,849)	(224,496)	(152,673)
Interest income from subsidiary	-	-	16,000,000	60,828,534
Dividend received from subsidiary	-	-	5,999,981	458,499,966
Dividend received from associates	323,866,663	376,942,736	323,866,663	367,643,459
Proceeds from sales of equipment	2,423,577	4,522,573	2,337,555	2,781,525
Net cash flows from (used in) investing activities	(626,232,939)	(6,672,438,568)	537,640,418	(4,028,679,749)
Cash flows from financing activities				
Increase (decrease) in short-term loans	(10,000,000)	1,380,000,000	(10,000,000)	1,380,000,000
Cash receipt from short-term loans from related party	1,060,000,000	-	768,500,000	291,500,000
Cash receipt from long-term loans from related party	106,986,000	-	-	-
Cash receipt from long-term loans	430,000,000	488,721,977	-	438,721,977
Proceeds from issuance of debentures	2,400,000,000	5,550,000,000	2,400,000,000	5,550,000,000
Repayments of long-term loans from related party	(71,600,000)	-	-	-
Repayments of long-term loans	(424,489,358)	(469,224,983)	(119,590,183)	(133,242,983)
Redemptions of debentures	(3,250,000,000)	(2,170,000,000)	(3,250,000,000)	(2,170,000,000)
Dividends paid	(549,650,270)	(549,378,422)	(549,650,252)	(549,378,388)
Net cash flows from (used in) financing activities	(308,753,628)	4,230,118,572	(760,740,435)	4,807,600,606
Decrease in translation adjustments	(1,777,672)	(5,634,983)	-	-
Net increase (decrease) in cash and cash equivalents	(849,621,589)	799,309,859	(854,170,352)	860,238,979
Cash and cash equivalents at beginning of year	1,133,889,840	334,579,981	1,068,081,086	207,842,107
Cash and cash equivalents at end of year (Note 8)	284,268,251	1,133,889,840	213,910,734	1,068,081,086

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Supplemental cash flows information				
Cash paid during the year for:				
Interest capitalised to related assets	20,542,895	60,842,762	12,558,150	25,363,825
Non-cash items:				
Transfer of investment properties under development and available for rent/sale and investment property for rent to be cost of sales of properties	150,571,004	2,280,414,365	27,168,957	323,331,160
Transfer of property, plant and equipment to be investment properties under development and available for rent/sale and investment property for rent	-	1,330,577,783	-	89,414,797
Purchase of investment properties and property, plant and equipment for which no cash has been paid	230,307,866	349,288,052	18,317,424	29,797,124
Deposits for purchase of property capitalised to related assets	-	535,656,058	-	-

The accompanying notes are an integral part of the financial statements.

TICON Industrial Connection Public Company Limited and its subsidiaries**Notes to consolidated financial statements****For the year ended 31 December 2016****1. General information**

TICON Industrial Connection Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in industrial real estate development business, which comprises the development of factories and warehouses, mainly for rent and occasionally for sale, and the provision of service related to rental business.

The registered office of the Company is at No. 175 Sathorn City Tower, 13/1th Floor, South Sathorn Road, Bangkok.

As at 31 December 2016 and 2015, the Company's major shareholder is Rojana Industrial Park Public Company Limited, which is incorporated in Thailand and holds 43.55 percent.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TICON Industrial Connection Public Company Limited and the following subsidiary companies (“the Group”).

The Company’s shareholding in its subsidiaries can be summarised as follows:

Company	Country of incorporation	Nature of business	Percentage of shareholding	
			<u>2016</u> (%)	<u>2015</u> (%)
ECO Industrial Services Company Limited	Thailand	Real estate business-development of factories for rent/sale	99.99	99.99
TICON Logistics Park Company Limited	Thailand	Real estate business-development of warehouses for rent/sale	99.99	99.99
TICON Management Company Limited	Thailand	REIT manager	69.99	69.99
Shanghai TICON Investment Management Company Limited	China	Fund management	100.00	100.00
TICON (HK) Limited	Hong Kong	Investment in real estate in overseas	100.00	100.00

The financial statements of Shanghai TICON Investment Management Company Limited (“the subsidiary”) for the years ended 31 December 2016 and 2015, included in the consolidated financial statements of the Company, were audited by its auditor.

The financial statements of TICON (HK) Limited (“the subsidiary”) for the year ended 31 December 2016 and for the period as from 16 April 2015 to 31 December 2015, included in the consolidated financial statements of the Company, were prepared by the management of the subsidiary.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of oversea subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statement of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates presented under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the current year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards

revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

4. Change in accounting estimates

During the current year, the Company and its subsidiaries changed their accounting estimates with respect to the useful lives of investment properties and buildings presented under the property, plant and equipment from 20 years to 30 years, starting from 1 January 2016. The management of the Company and its subsidiaries believed that the new useful lives of assets are more appropriate since they are consistent with their revised expected utility to the Company and its subsidiaries.

The Company and its subsidiaries applied the changes in estimates prospectively.

The effect of the changes to the statement of financial position as at 31 December 2016 and the income statement for the year ended 31 December 2016 are summarised below.

	(Unit: Million Baht)	
	As at 31 December 2016	
	Consolidated financial statements	Separate financial statements
<u>Statements of financial position</u>		
Increase in investment properties under development and available for rent/sale	84	34
Increase in investment properties for rent	130	32
Increase in property, plant and equipment	1	-
Total	215	66

	(Unit: Million Baht)	
	For the year ended 31 December 2016	
	Consolidated financial statements	Separate financial statements
<u>Income statements</u>		
Decrease in cost of rental and related services	130	32
Decrease in depreciation	85	34
Increase in profit attributable to equity holders of the Company	215	66
Increase in basic earnings per share (Baht per share)	0.20	0.06

The change is expected to have the effect of decreasing in cost of rental and related services and depreciation by totaling Baht 215 million per year and increasing in basic earnings per share by Baht 0.20 per share.

5. Significant accounting policies

5.1 Revenue recognition

Sales

Sales are recognised in full when the Company and its subsidiaries have transferred the significant risks and rewards of ownership to the buyer.

Rental and related service income

Rental and related service income are recognised as revenue in profit and loss on a straight-line basis over the lease term. The recognised revenue which is not yet due per the operating lease agreements has been presented under the caption of “Unbilled operating leases receivables” at the end of reporting period.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

	<u>2016</u>	<u>2015</u>
Buildings	30 years	20 years
Equipment	15 years	-

Depreciation of the investment properties is included in determining income.

No depreciation is provided on land and construction in progress.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.6 Property, plant and equipment and depreciation

Land is stated cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

	<u>2016</u>	<u>2015</u>
Buildings	30 years	20 years
Others	3 and 5 years	3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets

Intangible assets acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit and loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5 and 10 years

5.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, joint ventures, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.10 Long-term leases

Leases which the Company and its subsidiaries transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease income is recognised in profit and loss on a straight-line basis over the lease term.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment or intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit and loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in

case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition of investments in joint ventures by equity method when the subsidiary holds more than half of shares

The management of the Company determined that the Company and its subsidiary has no control over TICON Demco Power 6 Company Limited, TICON Demco Power 11 Company Limited and TPARK BFTZ Company Limited, even

though the subsidiary holds 51%, 51% and 59.9%, respectively, of shares and voting rights, which is more than half of shares and voting rights because the subsidiary and the other shareholder have mutual control over these companies. One shareholder is not able to direct the significant activities without the other shareholder's consent.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of investments in subsidiaries, joint ventures and associates

The Company and its subsidiaries treat investment in subsidiaries, joint ventures and associates as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Investment properties available for rent/sale, investment properties for rent, and property, plant and equipment and depreciation

In determining depreciation of investment properties available for rent/sale, investment properties for rent, and plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' investment properties available for rent/sale, investment properties for rent, and plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment properties available for rent/sale, investment properties for rent, and property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Provision related to sale of properties

In recording provision related to sale of properties, the management needs to estimate the operating results of properties based on historical data on rental

income and related expenses, and other current available information, including the estimation of the compensation for the difference between the fair market price and the net exercise price to TICON Freehold and Leasehold Real Estate Investment Trust ("the Trust") when tenants exercise the option to buy, and record the amount that is expected to be paid to the Trust as provision.

7. Related party transactions

7.1 The nature of the relationships between the Company and its related parties is summarised below.

Related parties names	Relationships	Percentage holding of the Company
ECO Industrial Services Company Limited	Subsidiary Company	99.99%
TICON Logistics Park Company Limited	Subsidiary Company	99.99%
TICON Management Company Limited	Subsidiary Company	69.99%
Shanghai TICON Investment Management Company Limited	Subsidiary Company	100.00%
TICON (HK) Limited	Subsidiary Company	100.00%
TICON Demco Power 6 Company Limited	Joint venture (Held by subsidiary)	51.00%
TICON Demco Power 11 Company Limited	Joint venture (Held by subsidiary)	51.00%
TPARK BFTZ Company Limited	Joint venture (Held by subsidiary)	59.99%
TICON Property Fund	Associated Company	15.00%
TPARK Logistics Property Fund	Associated Company	16.05%
TICON Industrial Growth Leasehold Property Fund	Associated Company	23.95%
TICON Freehold and Leasehold Real Estate Investment Trust	Associated Company	12.08%
PT SLP Surya TICON Internusa	Associated Company (Held by subsidiary)	25.00%
PT SLP Internusa Karawang	Held by associated company	-
PT Surya Semesta Internusa Tbk	Shareholder of associated company	-
PT Surya Internusa Timur	Shareholder of associated company's subsidiary company	-
Rojana Industrial Park Public Company Limited	Shareholder / Co-Director	-
Rojana Industrial Park Prachinburi Company Limited	Shareholder / Co-Director	-
Rojana Industrial Management Company Limited	Shareholder / Co-Director	-
Asia Plus Securities Public Company Limited	Co-Director	-
Asia Industrial Estate Company Limited	Co-Director	-
SVI Public Company Limited	Co-Director	-
Sathorn City Tower Property Fund	Common shareholder	-
Bangkok Bank Public Company Limited	Directors are in the same family.	-

7.2 Details of significant business transactions with related parties

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)					
	Consolidated financial statements		Separate financial statements		Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions between the Company and its subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Management fee income	-	-	7	10	2% of rental and service income of subsidiaries and 2.5% of net income from factory rental and related service of TICON Freehold and Leasehold Real Estate Investment Trust, plus a variation range 0-19.5% of gross operating profit and less 8.3% of a variation fee, plus lease commission of 2-3-month of rental and service fee, and brokerage fee for sale/transfer of leasehold rights at the rate of 3% of such value.
Interest income	-	-	19	60	Average interest rate of debentures and short-term loan plus 0.15%
Dividend income	-	-	6	459	As declared by subsidiaries
Land rental income	-	-	5	5	4% of the price of land acquired from a subsidiary
Other income	-	-	13	8	Contract amount
Management fee	-	-	6	6	3% of rental and service income of associated
<u>Transactions between the Company and its associates</u>					
Sales of land and factory buildings	-	604	-	604	Close to appraisal value
Management fee income from TICON Property Fund	84	93	84	93	4% of rental and service income of the Fund, plus a variation ranged 0-19.5% of gross operating profit, plus lease commission of 2-month of rental and service fee, and plus sales commission at maximum of 3% of sales value
Management fee income from TPARK Logistics Property Fund	-	6	-	6	55% of gross rental and service income of the Fund, net of minimum income guaranteed, direct expense in relation to the property management, and

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Management fee income from TICON Industrial Growth Leasehold Property Fund	31	29	31	29	other reserve, until 31 December 2016. After that, 3% of the gross rental and service income of the Fund plus a variation range 0 -10% of gross operating profit will be applied. 4% of net income of the Fund, plus a variation ranged 0-19.5% of gross operating profit, plus lease commission of 2-month of rental and service fee, and brokerage fee for purchase, sale, transfer of leasehold rights in and receipt of a transfer of leasehold rights in properties at the rate of not more than 3% of such value.
Dividend income	-	-	324	368	As declared by the Fund
Other income	1	-	1	-	Contract amount
Revenues from service	5	7	5	7	Contract amount
Land rental income	16	13	16	13	Contract amount
<u>Transactions between the Company and its related companies</u>					
Office rental and related fees	19	18	19	18	Normal commercial price
Interest income	2	3	1	2	Market rate
Interest expense	31	33	-	2	MLR minus a certain rates and market rate
Service expenses	3	4	2	3	Normal commercial price
<u>Transactions between subsidiary and associates</u>					
Sales of land and warehouse buildings	-	2,433	-	-	Closed to appraisal value
Management fee income from TICON Property Fund	1	2	-	-	2% of rental and service income of the Fund, plus a variation ranged 0.5 - 10.5% of gross operating profit, plus lease commission of 2-month of rental and service fee, and plus sale commission at maximum of 3% of sales value
Management fee income from TPARK Logistics Property Fund	10	12	-	-	3% of rental and service income of the Fund, plus a variation ranged 0-10% of gross operating profit and plus lease commission of 2-month of rental and service fee, and plus sale commission at maximum of 3% of sales value.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Management fee income from TICON Industrial Growth Leasehold Property Fund	17	19	-	-	Not more than 3% of net income of the Fund, plus a variation ranged 0-10.0% of gross operating profit, plus lease commission of 2-month of rental and service fee, and brokerage fee for purchase, sale, transfer of leasehold rights in and receipt of a transfer of leasehold rights in properties at the rate of not more than 3% of such value and administrative fee fix rate at Baht 1 million per annum.
Management fee income from TICON Freehold and Leasehold Real Estate Investment Trust	19	12	-	-	0.25% per annum of the Trust's total assets
Management fee income from TICON Freehold and Leasehold Real Estate Investment Trust	39	31	-	-	2% and 4% of net income from rental and service agreements on warehouse buildings and on factory buildings, respectively, plus incentive fee 0-10.5% and 0-19.5% of net operating profit of warehouse buildings and factory buildings, respectively, plus lease commission in a proportion of lease time of rental and service agreement of the new tenant but not over 3 months of rental and service fee, and brokerage fee for purchase, sale and transfer of leasehold rights in and receipt of a transfer of leasehold rights in properties at the rate of 3% of such value.
Assurance for rental and service income	-	50	-	-	Normal commercial price
Common area service fees	22	5	-	-	Normal commercial price
Revenues from service	1	-	-	-	Contract amount
Land rental income	46	41	-	-	Contract amount

7.3 The outstanding balance of the related party transactions

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash at bank (presented under cash and cash equivalents)				
Related company (Directors are in the same family.)	96,365	96,210	28,963	34,865
Other receivables - related parties (presented under trade and other receivables) (Note 10)				
Subsidiaries	-	-	109,397	1,752
Associates	30,946	33,011	11,076	20,378
Joint venture (Held by subsidiary)	37	-	-	-
Total	30,983	33,011	120,473	22,130
Interest receivables (presented under trade and other receivables) (Note 10)				
Subsidiaries	-	-	2,611	-
Joint venture (Held by subsidiary)	2	-	-	-
Total	2	-	2,611	-
Pledged deposits at financial institution				
Related company (Directors are in the same family.)	240	57,431	-	57,191
Short-term loans to related companies				
Joint venture (Held by subsidiary)	2,400	-	-	-
Related company (Shareholder of associated company's subsidiary company)	106,269	-	-	-
Total	108,669	-	-	-
Long-term loans to related company				
Subsidiaries	-	-	717,000	-
Refundable deposits (presented under other non-current assets)				
Related companies (Common shareholder)	3,690	4,267	3,690	4,267
Related companies (Shareholder/Co-Director)	1,173	1,173	1,157	1,173
Related companies (Co-Director)	2,071	2,054	2,071	2,054
Total	6,934	7,494	6,918	7,494
Other payables - related parties (presented under trade and other payables) (Note 19)				
Subsidiaries	-	-	1,114	524
Associates	4,239	6,364	1,654	1,963
Total	4,239	6,364	2,768	2,487
Interest payable (presented under trade and other payables) (Note 19)				
Subsidiaries	-	-	-	80
Related company (Directors are in the same family.)	159	82	72	-
Total	159	82	72	80
Accrued expenses (presented under trade and other payables) (Note 19)				
Related company (Shareholder/Co-Director)	126	133	126	133

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Unearned land rental income (presented under other current liabilities)				
Subsidiaries	-	-	3,281	3,281
Associates	50,425	50,918	15,184	15,676
Total	50,425	50,918	18,465	18,957
Unearned equipment rental income (presented under other current liabilities)				
Subsidiaries	-	-	-	438
Short-term loans from related companies				
Subsidiary	-	-	-	291,500
Related company (Directors are in the same family.)	1,060,000	-	1,060,000	-
Total	1,060,000	-	1,060,000	291,500
Long-term loans from related company				
Related company (Directors are in the same family.)	783,766	748,380	-	-
Unearned land rental income				
Associate	1,318,758	1,382,487	400,284	428,746

7.4 The outstanding balances and the movements of the lending and the borrowing between the Company and its related parties

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Short-term loans to related companies				
TPARK BFTZ Company Limited	-	2,400	-	2,400
PT Surya Internusa Timur	-	106,269	-	106,269
Total	-	108,669	-	108,669
Short-term loans from related company				
Bangkok Bank Public Company Limited	-	1,060,000	-	1,060,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Long-term loans to related company				
TICON Logistic Park Co., Ltd.	-	1,362,250	(645,250)	717,000
Short-term loans from related company				
TICON Logistic Park Co., Ltd.	291,500	-	(291,500)	-

As at 31 December 2016, long-term loans to related company amounting to Baht 717 million were unsecured loans to TICON Logistics Park Company Limited, a subsidiary, and carried interest at a rate of 3.84% to 3.91% per annum and due within July 2019.

As at 31 December 2016, short-term loans from related companies amounting to Baht 1,060 million were loans from a financial institution, related company, and carried interest at rate of 2.48%.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Long-term loans from				
Bangkok Bank Public				
Company Limited	748,380	106,986	(71,600)	783,766

The outstanding long-term loan obtained from a financial institution, which is considered as a related company, is as follows:

(Unit: Million Baht)

Loans	Contract date	Consolidated Financial statements		Significant conditions			
		2016	2015	Period	Repayment Schedule	Installment period	Interest rate
1.	23 April 2013	636	707	9 years	Every 6 months	November 2016 - May 2022	MLR minus certain rate
2.	3 April 2014	20	20	9 years	Every 6 months	November 2017 - May 2023	MLR minus certain rate
3.	3 April 2014	128	21	9 years	Every 6 months	November 2017 - November 2022	MLR minus certain rate
Total		784	748				
<u>Less</u> Current portion		(291)	(72)				
Long term loans, net		493	676				

As at 31 December 2016, a part of the investment properties under development and available for rent/sale, investment properties for rent, land and buildings of the subsidiary, with a book value of Baht 2,942 million (2015: Baht 2,924 million), have been pledged as collateral for the loans mentioned above.

As at 31 December 2016, there were available long-term loan facilities from a related party which had not yet been drawn down by the subsidiary of approximately Baht 4,065 million (2015: Baht 4,324 million).

7.5 Directors and management's remuneration

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	65,624	74,965	46,115	55,758
Post-employment benefits	<u>3,947</u>	<u>4,150</u>	<u>2,517</u>	<u>2,826</u>
Total	<u>69,571</u>	<u>79,115</u>	<u>48,632</u>	<u>58,584</u>

7.6 Guarantee obligations with subsidiaries

The Company had outstanding guarantees with its subsidiaries as described in Note to the financial statements, items 21 and 34.3.

8. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

Cash and cash equivalents as reflected in the statement of cash flows consist of the followings:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	947	587	175	295
Deposits at financial institutions	<u>283,321</u>	<u>1,133,303</u>	<u>213,736</u>	<u>1,067,786</u>
Cash and cash equivalents	<u>284,268</u>	<u>1,133,890</u>	<u>213,911</u>	<u>1,068,081</u>

As at 31 December 2016, bank deposits in saving accounts, fixed deposits and current investment with an original maturity of 3 months or less carried interests between 0.1% and 1.7% per annum (2015: between 0.1% and 1.7% per annum).

9. Current investments

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Fixed deposit	22,144	22,183	-	-
Total current investments	22,144	22,183	-	-

10. Trade and other receivables

The outstanding balance of trade accounts receivable, classified by age of the due dates are as follow.

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2016	2015	2016	2015
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due of up to 3 months	58,123	22,062	1,523	2,936
Past due of 3 - 6 months	2,817	6,256	-	-
Past due of 6 - 12 months	803	2,782	-	2,204
Past due of over 12 months	19,123	13,738	11,876	13,738
Total	80,866	44,838	13,399	18,878
Unbilled operating leases receivables	19,721	14,274	2,939	1,855
Less: Allowance for doubtful debts	(19,224)	(4,050)	(11,401)	(4,050)
Total trade receivables - unrelated parties, net	81,363	55,062	4,937	16,683
<u>Other receivables</u>				
Other receivables - related parties	30,983	33,011	120,473	22,130
Other receivables - unrelated parties	5,415	4,618	770	3,009
Interest receivable - related party	2	-	2,611	-
Interest receivable - unrelated parties	699	54	-	54
Accrued income	19,568	2,214	295	458
Other receivables	56,667	39,897	124,149	25,651
Trade and other receivables, net	138,030	94,959	129,086	42,334

11. Pledged deposits at financial institution

As at 31 December 2016, the Company and its subsidiaries have deposits at financial institution of Baht 0.2 million (2015: Baht 57.4 million) which are pledged with certain banks as collateral for letter of credit and trust receipt credit lines together with pre-settlement risk lines and letters of guarantees issued by banks in favor of a government entity, a state enterprise and private companies.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Subsidiaries	Nature of business	Country of Incorporation	Separate financial statements						(Unit: Thousand Baht)	
			Paid-up capital		Shareholding percentage		Investment value under cost method		Dividend received during the years	
			2016	2015	2016	2015	2016	2015	2016	2015
					(%)	(%)				
ECO Industrial Services Company Limited	Development of real estate, development of factories for rent/sale	Thailand	50,000	50,000	99.9	99.99	50,000	50,00	6,000	10,000
TICON Logistics Park Company Limited	Development of real estate, development of warehouses for rent/sale	Thailand	19,500.0	19,500.0	99.9	99.99	19,515,000	19,515,000	-	448,500
TICON Management Company Limited	REIT manager	Thailand	10,000	10,000	69.9	69.99	7,000	7,000	-	-
Shanghai TICON Investment Management Company Limited	Fund management	China	85,384	85,384	100.	100.00	85,384	85,38	-	-
TICON (HK) Limited	Investment in real estate in overseas	Hong Kong	413,423	413,423	100.	100.00	413,423	413,423	-	-
Total investments in subsidiaries							20,070,807	20,070,807	6,000	458,500

During the year 2016, the investments in the subsidiaries have been changed as follows:

On 26 April 2016, the 2016 Annual General Meeting of Shareholders of ECO Industrial Services Company Limited (“the subsidiary”), approved allotment of the partial of its 2015 profit for dividend payment to its shareholders of Baht 0.40 per share. The dividend payment, totaling Baht 2.0 million, will be made on 27 April 2016.

- (a) On 8 September 2016, the meeting of the Board of Directors No. 2/2559 of ECO Industrial Services Company Limited, approved an interim dividend payment to its shareholders of Baht 0.80 per share. The dividend was allotted from partial of its 2015 and 2016 profit. The dividend, totaling Baht 4.0 million, was paid on 19 September 2016.

13. Investments in joint ventures

13.1 Details of joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Company through its subsidiary and other company. Details of these investments are as follow:

Joint ventures	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Percentage of investment	
			2016	2015	2016	2015
			(Million Baht)	(Million Baht)	(%)	(%)
TICON Demco Power 6 Company Limited	Electric generator and seller	Thailand	5.00	5.00	51.00	51.00
TICON Demco Power 11 Company Limited	Electric generator and seller	Thailand	4.00	4.00	51.00	51.00
TPARK BFTZ Company Limited	Development of real estate, development of warehouses for rent/sale	Thailand	1.00	-	59.99	-

On 10 August 2016, the meeting of the Board of Directors No. 3/2559 of TICON Logistics Park Company Limited (“the subsidiary”) approved the subsidiary to joined with Prospect Development Company Limited to establish TPARK BFTZ Company Limited (“the joint venture”) for developing warehouses for lease and/or for sale, with the initial registered capital of Baht 1 million, comprising 100,000 shares at par value of Baht 10 per share. The subsidiary will hold 59.99 percent of its registered shares. The joint venture company was registered for the establishment with the Ministry of Commerce on 20 October 2016.

13.2 Details of investments in joint ventures

(a) Carrying amounts of investments in joint ventures

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements			
	Cost		Equity method	
	2016	2015	2016	2015
TICON Demco Power 6 Company Limited	2,550	2,550	2,491	2,218
TICON Demco Power 11 Company Limited	2,040	2,040	2,026	1,850
TPARK BFTZ Company Limited	600	-	323	-
Total	5,190	4,590	4,840	4,068

(b) Share of profit (loss) from investments in joint ventures

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
TICON Demco Power 6 Company Limited	273	(64)
TICON Demco Power 11 Company Limited	176	(72)
TPARK BFTZ Company Limited	(277)	-
Total	172	(136)

13.3 Summarised financial information of jointly controlled entities

Summarised information about financial position

(Unit: Thousand Baht)

	TICON Demco Power 6 Company Limited		TICON Demco Power 11 Company Limited	
	As at 31 December		As at 31 December	
	2016	2015	2016	2015
Cash and cash equivalent	427	465	384	935
Other current assets	1,483	1,777	1,057	1,159
Non-current assets	14,083	14,685	10,578	11,032
	15,993	16,927	12,019	13,126
Current portion of long-term loans	(1,200)	(900)	(702)	(526)
Other current liabilities	(1,532)	(1,801)	(2,569)	(3,319)
Long-term loans	(8,463)	(9,963)	(4,858)	(5,735)

	TICON Demco Power 6 Company Limited		TICON Demco Power 11 Company Limited	
	As at 31 December		As at 31 December	
	2016	2015	2016	2015
	(11,195)	(12,664)	(8,129)	(9,580)
Net assets	4,798	4,263	3,890	3,546
Shareholding percentage (%)	51.00	51.00	51.00	51.00
Share of net assets	2,447	2,174	1,984	1,808
Operating result before jointly controlled entity	44	44	42	42
Carrying amounts of jointly control entity based on equity method	2,491	2,218	2,026	1,850

(Unit: Thousand Baht)

	TPARK BFTZ Company Limited
	As at 31 December 2016
Cash and cash equivalent	1,764
Other current assets	15,574
Non-current assets	342,422
	359,760
Short-term loans	(4,000)
Other current liabilities	(355,221)
	(359,221)
Net assets	539
Shareholding percentage (%)	59.99
Share of net assets	323
Operating result before jointly controlled entity	-
Carrying amounts of jointly control entity based on equity method	323

Summarised information about income

	TICON Demco Power 6 Company Limited		TICON Demco Power 11 Company Limited	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Revenue	2,105	1,258	1,437	943
Cost of sale	(787)	(499)	(549)	(369)
Administrative expense	(184)	(230)	(198)	(339)
Interest expense	(599)	(654)	(345)	(377)
Profit (loss)	535	(125)	345	(142)

(Unit: Thousand Baht)

TPARK BFTZ Company Limited

For the period as from 20
October 2016 to
31 December 2016

Administrative expense	(458)
Interest expense	(3)
Loss	(461)

14. Investments in associates

14.1 Details of associates:

Associates	Nature of business	Country of incorporation	Paid up Capital		Investment Units held by the Company / subsidiary		Percentage of investment	
			2016	2015	2016	2015	2016	2015
			(Thousand Baht)	(Thousand Baht)	(Thousand Unit)	(Thousand Unit)	(%)	(%)
TICON Property Fund	Investing in properties	Thailand	11,824,790	11,824,790	172,470	212,238	15.00	18.46
TPARK Logistics Property Fund	Investing in properties	Thailand	4,469,062	4,469,062	66,427	67,098	16.05	16.21
TICON Industrial Growth Leasehold Property Fund	Investing in properties and/or leasehold rights in properties	Thailand	5,555,000	5,550,000	132,901	141,395	23.95	25.48
TICON Freehold and Leasehold Real Estate Investment Trust	Investing in properties and/or leasehold rights in properties	Thailand	5,542,063	5,542,063	68,441	111,181	12.08	19.62
PT SLP Surya TICON Internusa	Real estate business - development of factories and warehouses for rent/sale	Indonesia	1,656,633	1,656,633	11,600	11,600	25.00	25.00

14.2 Details of investments in associates

(a) Carrying amounts of investments in associates

Associates	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	Equity method		Cost method	
	2016	2015	2016	2015
TICON Property Fund				
Investments	1,585,636	1,970,463	1,783,249	2,194,425
Less: Deferred gains on sales of properties	(791,231)	(975,613)	-	-
Investments, net	794,405	994,850	1,783,249	2,194,425
TPARK Logistics Property Fund				
Investments	661,406	681,575	733,931	741,352

Associates	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	Equity method		Cost method	
	2016	2015	2016	2015
Less: Deferred gains on sales of properties	(221,934)	(224,146)	-	-
Investments, net	439,472	457,429	733,931	741,352
TICON Industrial Growth Leasehold Property Fund				
Investments	1,235,859	1,345,974	1,329,302	1,414,235
Less: Deferred gains on sales of properties	(467,003)	(508,715)	-	-
Investments, net	768,856	837,259	1,329,302	1,414,235
TICON Freehold and Leasehold Real Estate Investment Trust				
Investments	668,765	1,103,403	686,035	1,113,648
Less: Deferred gains on sales of properties	(198,443)	(265,079)	-	-
Add: Unrealised expenses on provision related to sales of properties	11,680	24,984	-	-
Investments, net	482,012	863,308	686,035	1,113,648
PT SLP Surya TICON Internusa				
Investments	430,488	421,608	-	-
Investments in associates, net	2,915,233	3,574,454	4,532,517	5,463,660
Value of investments per unit (Baht)				
TICON Property Fund	4.61	4.69	10.34	10.34
TPARK Logistics Property Fund	6.62	6.82	11.05	11.05
TICON Industrial Growth Leasehold Property Fund	5.80	5.92	10.00	10.00
TICON Freehold and Leasehold Real Estate Investment Trust	7.06	7.76	10.02	10.02
PT SLP Surya TICON Internusa	37.11	36.35	-	-

The deferred gains on sales of properties to TICON Property Fund, TPARK Logistics Property Fund, TICON Industrial Growth Leasehold Property Fund (“the Funds”) and TICON Freehold and Leasehold Real Estate Investment Trust (“the Trust”) are calculated in proportion to its investments in the Funds and the Trust and presented as reductions on costs of investments in the statement of financial position and reductions against gain on sales of properties to associates in income statement for the period.

(b) Share of profit from investments in associates

Associates	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
TICON Property Fund	98,517	115,812
TPARK Logistics Property Fund	35,545	36,142
TICON Industrial Growth Leasehold Property Fund	83,270	75,236
TICON Freehold and Leasehold Real Estate Investment Trust	32,986	19,487
PT SLP Surya TICON Internusa	1,899	1,790
Total	252,217	248,467

(c) Dividend received from associates

Associates	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2016	2015
TICON Property Fund	117,142	175,426
TPARK Logistics Property Fund	48,958	63,634
TICON Industrial Growth Leasehold Property Fund	113,156	124,240
TICON Freehold and Leasehold Real Estate Investment Trust	44,611	4,343
Total	323,867	367,643

Associate of subsidiary	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
TICON Freehold and Leasehold Real Estate Investment Trust	-	9,299

14.3 Movements of investments in associates

	(Unit: Million Baht)	
	Consolidated financial statements	
	2016	2015
	2016	2015
Investments in associates		
Balance at beginning of year	5,522	5,354
Purchases of investment	34	1,136
Sales of investment	(910)	(829)
Return from decrease in value of trust units	-	(16)
Share of profit	252	248
Dividend received	(324)	(377)
Translation adjustment	7	6
Balance at end of year	4,581	5,522

	(Unit: Million Baht)	
	Separate financial statements	
	2016	2015
	2016	2015
Balance at beginning of year	5,464	5,241
Purchases of investment	34	1,142
Sales of investment	(965)	(911)
Return from decrease in value of trust units	-	(8)
Share of profit	-	-
Dividend received	-	-
Translation adjustment	-	-
Balance at end of year	4,533	5,464

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2016	2015	2016	2015
Deferred gains on sales of properties				
Balance at beginning of year	1,973	2,054		
Increase during the year	-	166		
Decrease during the year	(295)	(247)		
Balance at end of year	1,678	1,973		
Unrealised expenses on provision related to sales of properties				
Balance at beginning of period	25	16		
Increase during the year	-	10		
Decrease during the year	(13)	(1)		
Balance at end of year	12	25		
Investments in associates, net	2,915	3,574		

The increase in deferred gains on sales of properties and unrealised expenses on provision related to sales of properties during the year resulted from the Company's sales of properties to the Funds and the Trust, while the decrease in the deferred gains and unrealised expenses on provision related to sales of properties reflected the Funds and the Trust's sales of properties to third parties, as well as the Company's lower stakes in the Funds and the Trust.

The significant movements of the deferred gains on sales of properties to associates during the year 2016 are as follows.

Date	Transactions during the year 2016	Number of investment units	Selling price (Million Baht)	Decrease in deferred gains on sales of properties (Million Baht)
9-14 March 2016	Sales of investments in TPARK Logistics Property Fund	0.7 million units	8	(2)
9-24 March 2016	Sales of investments in TICON Industrial Growth Leasehold Property Fund	3.1 million units	37	(7)
11 and 18 March 2016	Sales of investments in TICON Freehold and Leasehold Real Estate Investment Trust	46.0 million units	460	(67)
18 March 2016	Sales of investments in TICON Property Fund	39.8 million units	442	(183)
12 July 2016	Sales of investments in TICON Industrial Growth Leasehold Property Fund	5.4 million units	66	(20)
29 August 2016	TICON Industrial Growth Leasehold Property Fund sold factories that was purchased from the Company to third party	2 factories	122	(15)
14 September 2016	TICON Property Fund sold land and factory that was purchased from the Company to third party	1 factory	25	(1)
				(295)

14.4 Fair value of the investments in associates which are listed companies on the Stock Exchange of Thailand

Associates' name	Fair value as at 31 December		Fair value per unit as at 31 December	
	2016 (Million Baht)	2015 (Million Baht)	2016 (Baht)	2015 (Baht)
TICON Property Fund	1,725	2,250	10.0	10.6
TPARK Logistics Property Fund	671	812	10.1	12.1
TICON Industrial Growth Leasehold Property Fund	1,488	1,555	11.2	11.0
TICON Freehold and Leasehold Real Estate Investment Trust	664	1,106	9.7	9.95
Total	4,548	5,723		

14.5 As at 31 December 2016, the Company's investment units in TICON Property Fund of 66 million units (2015: 66 million units), with the value under the equity method amounting to Baht 306 million (2015: Baht 312 million), and the market value amounting to Baht 665 million (2015: Baht 705 million), were pledged with a bank as collateral for short-term loans and long-term loans. In addition, the Company's investment units in the TPARK Logistics Property Fund of 22 million units (2015: 22 million units), with the value under the equity method amounting to Baht 147 million (2015: Baht 152 million), and the market value amounting to Baht 225 million (2015: Baht 269 million), were pledged with a bank as collateral for guarantee of lease and service incomes, as mentioned in Note to the financial statements, item 34.5.

14.6 Summarised financial information of associates

Financial information of the associated companies is summarised below.

a) TICON Property Fund

Summarised information about financial position

	(Unit: Thousand Baht) As at 31 December	
	2016	2015
Current assets	13,523,060	13,315,174
Non-current assets	7,392	6,914
Current liabilities	(48,377)	(47,323)
Non-current liabilities	(332,204)	(321,139)
Net assets	13,149,871	12,953,626
Shareholding percentage (%)	15.00	18.46
Share of net assets	1,972,481	2,391,239
Deferred gains on sales of properties	(791,231)	(975,613)

	(Unit: Thousand Baht)	
	As at 31 December	
	2016	2015
Adjustment entries according to the Company's accounting policies	(386,845)	(420,776)
Carrying amounts of associates based on equity method	794,405	994,850

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2016	2015
Revenue	918,030	899,070
Profit	731,568	707,981
Other comprehensive income	200,384	339,703
Total comprehensive income	931,952	1,047,684

b) TPARK Logistics Property Fund

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2016	2015
Current assets	4,952,519	4,965,846
Non-current assets	4,171	2,262
Current liabilities	(20,581)	(17,826)
Non-current liabilities	(90,599)	(98,170)
Net assets	4,845,510	4,852,112
Shareholding percentage (%)	16.05	16.21
Share of net assets	777,704	786,527
Deferred gains on sales of properties	(221,934)	(224,146)
Adjustment entries according to the Company's accounting policies	(116,298)	(104,952)
Carrying amounts of associates based on equity method	439,472	457,429

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2016	2015
Revenue	360,871	382,301
Profit	297,914	319,693
Other comprehensive income	(344)	49,671
Total comprehensive income	297,570	369,364

c) TICON Industrial Growth Leasehold Property Fund

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2016	2015
Current assets	6,371,939	6,319,524
Non-current assets	2,786	2,568
Current liabilities	(17,587)	(19,359)
Non-current liabilities	(611,503)	(643,914)
Net assets	5,745,635	5,658,819
Shareholding percentage (%)	23.95	25.48
Share of net assets	1,376,080	1,441,867
Deferred gains on sales of properties	(467,003)	(508,715)
Adjustment entries according to the Company's accounting policies	(140,221)	(95,893)
Carrying amounts of associates based on equity method	768,856	837,259

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2016	2015
Revenue	571,455	596,037
Profit	468,512	490,638
Other comprehensive income	79,231	(44,795)
Total comprehensive income	547,743	445,843

d) TICON Freehold and Leasehold Real Estate Investment Trust

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2016	2015
Current assets	7,714,896	7,623,238
Non-current assets	56,380	64,199
Current liabilities	(48,960)	(93,118)
Non-current liabilities	(1,975,447)	(1,993,004)
Net assets	5,746,869	5,601,315
Shareholding percentage (%)	12.08	19.62
Share of net assets	694,222	1,098,978
Deferred gains on sales of properties	(198,433)	(265,079)
Unrealised expenses on provision related to sales of properties	11,680	24,984
Adjustment entries according to the Company's accounting policies	(25,457)	4,425
Carrying amounts of associates based on equity method	482,012	863,308

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2016	2015
Revenue	655,775	415,646
Profit	397,124	286,552
Other comprehensive income	90,890	(126,289)
Total comprehensive income	488,014	160,263

e) PT SLP Surya TICON Internusa

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2016	2015
Current assets	364,818	392,338
Non-current assets	1,772,934	1,571,158
Current liabilities	(26,727)	(36,415)
Non-current liabilities	(376,217)	(234,946)
Net assets	1,734,808	1,692,135
Shareholding percentage (%)	25.00	25.00
Share of net assets	443,702	423,034
Elimination entries	(3,214)	(1,426)
Carrying amounts of associates based on equity method	430,488	421,608

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2016	2015
Revenue	93,202	29,197
Profit	10,063	7,169
Other comprehensive income	(229)	-
Total comprehensive income	9,834	7,169

15. Investment properties

15.1 Investment properties under development and available for rent/sale

15.1.1 Movements of the net book value

(Unit: Thousand Baht)

Consolidated financial statements

	Investment properties under development				Investment properties available for rent/sale			
	Land and land improvement	Construction in progress	Common assets	Total	Factory and warehouse building			Grand total
					Land and land improvement	building	Total	
Cost								
1 January 2015	10,108,576	2,609,228	-	12,717,804	1,152,280	3,837,203	4,989,483	17,707,287
Purchase	2,631,779	4,877,124	-	7,508,903	-	-	-	7,508,903
Disposal	(158,558)	-	-	(158,558)	(27,798)	(173,727)	(201,525)	(360,083)
Transfer in/out	(1,846,416)	(3,275,129)	413,154	(4,708,391)	390,864	423,364	814,228	(3,894,163)
Capitalised interest	-	60,843	-	60,843	-	-	-	60,843
31 December 2015	10,735,381	4,272,066	413,154	15,420,601	1,515,346	4,086,840	5,602,186	21,022,787
Purchase	82,350	1,641,775	-	1,724,125	-	-	-	1,724,125
Disposal	(104,537)	-	(4,841)	(109,378)	(471)	(66)	(537)	(109,915)
Transfer in/out	(1,069,857)	(4,498,151)	215,554	(5,352,454)	368,208	797,665	1,165,873	(4,186,581)
Capitalised interest	-	20,543	-	20,543	-	-	-	20,543
31 December 2016	9,643,337	1,436,233	623,867	11,703,437	1,883,083	4,884,439	6,767,522	18,470,959
Accumulated depreciation								
1 January 2015	-	-	-	-	-	527,541	527,541	527,541
Depreciation for the year	-	-	-	-	-	203,300	203,300	203,300
Depreciation on disposal	-	-	-	-	-	(10,533)	(10,533)	(10,533)
Transfer in/out	-	-	40,048	40,048	14,005	(57,219)	(43,214)	(3,166)
31 December 2015	-	-	40,048	40,048	14,005	663,089	677,094	717,142
Depreciation for the year	-	-	12,118	12,118	4,565	135,004	139,569	151,687
Depreciation on disposal	-	-	(1,445)	(1,445)	(154)	(6)	(160)	(1,605)
Transfer in/out	-	-	(14,309)	(14,309)	8,130	(29,988)	(21,858)	(36,167)
31 December 2016	-	-	36,412	36,412	26,546	768,099	794,645	831,057
Net book value								
1 January 2015	10,108,576	2,609,228	-	12,717,804	1,152,280	3,309,662	4,461,942	17,179,746
31 December 2015	10,735,381	4,272,066	373,106	15,380,553	1,501,341	3,423,751	4,925,092	20,305,645
31 December 2016	9,643,337	1,436,233	587,455	11,667,025	1,856,537	4,116,340	5,972,877	17,639,902
Depreciation for the year (included in administrative expenses)								
2015								203,300
2016								151,687

(Unit: Thousand Baht)

Separate financial statements

	Investment properties under development				Investment properties available for rent/sale			
	Land and land improvement	Construction in progress	Common assets	Total	Land and land improvement	Factory Building	Total	Grand total
Cost								
1 January 2015	2,157,906	626,998	-	2,784,904	641,557	1,357,339	1,998,896	4,783,800
Purchase	898,389	572,745	-	1,471,134	-	-	-	1,471,134
Disposal	-	-	-	-	(8,529)	(20,448)	(28,977)	(28,977)
Transfer in/out	(249,766)	(656,170)	3,920	(902,016)	203,682	471,245	674,927	(227,089)
Capitalised interest	-	25,364	-	25,364	-	-	-	25,364
31 December 2015	2,806,529	568,937	3,920	3,379,386	836,710	1,808,136	2,644,846	6,024,232
Purchase	-	102,189	-	102,189	-	-	-	102,189
Transfer in/out	(304,418)	(504,111)	-	(808,529)	230,205	331,391	561,596	(246,933)
Capitalised interest	-	12,558	-	12,558	-	-	-	12,558
31 December 2016	2,502,111	179,573	3,920	2,685,604	1,066,915	2,139,527	3,206,442	5,892,046

(Unit: Thousand Baht)

	Separate financial statements							
	Investment properties under development				Investment properties available for rent/sale			
	Land and land improvement	Construction in progress	Common assets	Total	Land and land improvement	Factory Building	Total	Grand total
Accumulated depreciation								
1 January 2015	-	-	-	-	-	320,859	320,859	320,859
Depreciation for the year	-	-	-	-	-	82,490	82,490	82,490
Depreciation on disposa	-	-	-	-	-	(2,654)	(2,654)	(2,654)
Transfer in/out	-	-	178	178	792	3,738	4,530	4,708
31 December 2015	-	-	178	178	792	404,433	405,225	405,403
Depreciation for the year	-	-	82	82	204	56,495	56,699	56,781
Transfer in/out	-	-	-	-	(160)	(29,849)	(30,009)	(30,009)
31 December 2016	-	-	260	260	836	431,079	431,915	432,175
Net book value								
1 January 2015	2,157,906	626,998	-	2,784,904	641,557	1,036,480	1,678,037	4,462,941
31 December 2015	2,806,529	568,937	3,742	3,379,208	835,918	1,403,703	2,239,621	5,618,829
31 December 2016	2,502,111	179,573	3,660	2,685,344	1,066,079	1,708,448	2,774,527	5,459,871
Depreciation for the year (included in administrative expenses)								
2015								82,490
2016								56,781

15.1.2 The fair value of the investment properties

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land and land improvement under development*	12,895,764	11,881,984	2,948,160	3,104,368
Land and factory and warehouse buildings available for rent/sale	8,422,362	7,505,589	4,604,500	4,144,479

- * The fair value does not include construction in progress which had book value of Baht 1,504 million (2015: Baht 4,318 million) (The Company only: Baht 180 million, 2015: Baht 569 million).

For 2016 and 2015, the fair value of investment properties has been determined based on independent values. The fair value of the land and land improvement under development has been determined based on market prices, while that of the factory and warehouse buildings available for rent/sale has been determined using the income approach. The main assumptions used in the valuation are yield rate, vacancy rate and long-term growth in real rental rates.

15.1.3 Finance cost capitalised as investment properties under development

	(Unit :Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Investment properties under development	11,667,025	15,380,553	2,685,344	3,379,208
Capitalised interest expenses from the part of loans from financial institutions and debentures	20,543	60,843	12,558	25,364
Capitalisation rate (%)	3.91	4.04	3.91	4.03

15.1.4 Collateralised investment properties under development and available for rent/sale

As at 31 December 2016, investment properties under development and available for rent/sale of the Company and its subsidiaries with total book value of Baht 3,202 million (2015: Baht 6,074 million) (The Company only: Baht 931 million, 2015: Baht 958 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

15.1.5 Amounts recognised in profit and loss for the year 2016 that are related to investment properties under development and available for rent/sale are consisted of direct operating expense arise from investment property that did not generated rental income amounting to Baht 177 million (2015: Baht 218 million) (The company only: Baht 69 million, 2015: Baht 90 million).

15.2 Investment properties for rent

15.2.1 Movements of the net book value

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land and land improvement	Factory and warehouse building	Total
Cost			
1 January 2015	2,831,683	4,668,888	7,500,571
Disposal	(298,091)	(1,766,752)	(2,064,843)
Transfer in/out	2,590,046	2,819,523	5,409,569
31 December 2015	5,123,638	5,721,659	10,845,297
Disposal	(46,025)	(2,658)	(48,683)
Transfer in/out	761,658	3,408,095	4,169,753
31 December 2016	5,839,271	9,127,096	14,966,367

(Unit: Thousand Baht)

Consolidated financial statements			
	Land and land improvement	Factory and warehouse building	Total
Accumulated depreciation			
1 January 2015	-	766,003	766,003
Depreciation for the year	-	235,152	235,152
Depreciation on disposal	(424)	(113,221)	(113,645)
Transfer in/out	119,701	68,816	188,517
31 December 2015	119,277	956,750	1,076,027
Depreciation for the year	18,659	234,666	253,325
Depreciation on disposal	(6,158)	(265)	(6,423)
Transfer in/out	8,867	27,327	36,194
31 December 2016	140,645	1,218,478	1,359,123
Net book value			
1 January 2015	2,831,683	3,902,885	6,734,568
31 December 2015	5,004,361	4,764,909	9,769,270
31 December 2016	5,698,626	7,908,618	13,607,244
Depreciation for the year (included in cost of rental and related services)			
2015			235,152
2016			253,325

(Unit: Thousand Baht)

Separate financial statements			
	Land and land improvement	Factory building	Total
Cost			
1 January 2015	1,280,021	1,260,205	2,540,226
Disposal	(58,790)	(275,676)	(334,466)
Transfer in/out	133,120	188,397	321,517
31 December 2015	1,354,351	1,172,926	2,527,277
Disposal	(27,169)	-	(27,169)
Transfer in/out	74,213	175,763	249,976
31 December 2016	1,401,395	1,348,689	2,750,084
Accumulated depreciation			
1 January 2015	-	456,698	456,698
Depreciation for the year	-	58,844	58,844
Depreciation on disposal	(133)	(37,323)	(37,456)
Transfer in/out	4,043	(3,739)	304
31 December 2015	3,910	474,480	478,390
Depreciation for the year	1,014	34,051	35,065
Transfer in/out	160	29,849	30,009
31 December 2016	5,084	538,380	543,464
Net book value			
1 January 2015	1,280,021	803,507	2,083,528
31 December 2015	1,350,441	698,446	2,048,887
31 December 2016	1,396,311	810,309	2,206,620
Depreciation for the year (included in cost of rental and related services)			
2015			58,844
2016			35,065

15.2.2 The fair value of the investment properties

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and land improvement with factory and warehouse buildings for rent	18,276,876	13,502,310	4,088,839	4,132,087

For 2016 and 2015, the fair value has been determined based on independent values. The fair value of the land and land improvement under development has been determined based on market prices, while that of the factory and warehouse buildings available for rent/sale has been determined using the income approach. The main assumptions used in the valuation are yield rate, vacancy rate and long-term growth in real rental rates.

In addition, as at 31 December 2016 the fair value of the investment properties of Baht 18,277 million (The Company only: Baht 4,089 million) included the fair value of long-term land leased to TICON Industrial Growth Leasehold Property Fund and TICON Freehold and Leasehold Real Estate Investment Trust of Baht 4,946 million (The Company only: Baht 1,138 million). The fair value is determined by market price.

15.2.3 Investment properties for rent under operating leases

The Company and its subsidiaries have several operating lease agreements in respect of the lease of land, factory and warehouse buildings. The terms of the agreements are generally between 2 months to 15 years. As at 31 December 2016 and 2015, future minimum rental income to be generated under these operating leases is as follows.

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Less than 1 year	1,192	845	280	269
In over 1 and up to 5 years	2,855	2,052	384	327
In over 5 years	2,701	717	55	52

15.2.4 Collateralised investment properties for rent

As at 31 December 2016, investment properties for rent of the Company and its subsidiaries with a book value of Baht 4,559 million (2015: Baht 2,397 million) (The Company only: Baht 622 million, 2015: Baht 534 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

15.2.5 Amounts recognised in profit and loss that are related to investment properties for rent are as total amounts presented in rental and related service income and cost of rental and related services in income statement.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Factory building	Equipment and tools	Furniture, fixtures and office equipm ent	Vehicles	Total
Cost						
1 January 2015	1,483,134	187,332	104,439	61,280	29,666	1,865,851
Purchase	-	-	3,940	4,730	5,693	14,363
Disposal/write-off	(1,225)	(12,874)	(4,625)	(1,430)	(6,842)	(26,996)
Transfer in/out	(1,451,059)	(87,272)	21,714	451	-	(1,516,166)
Translation adjustment	-	1,895	-	77	(67)	1,905
31 December 2015	30,850	89,081	125,468	65,108	28,450	338,957
Purchase	-	-	3,480	3,274	6,974	13,728
Disposal/write-off	-	-	(4,553)	(748)	(2,206)	(7,507)
Transfer in/out	3,384	10,648	5,840	-	-	19,872
Translation adjustment	-	(3,050)	-	(82)	(33)	(3,165)
31 December 2016	34,234	96,679	130,235	67,552	33,185	361,885
Accumulated depreciation						
1 January 2015	123,557	25,251	62,545	45,101	15,944	272,398
Depreciation for the year	48,973	11,143	11,091	7,429	3,713	82,349
Depreciation on disposal/write-off	-	(5,043)	(3,924)	(1,353)	(3,384)	(13,704)
Transfer in/out	(172,530)	(16,647)	3,588	-	-	(185,589)
Translation adjustment	-	266	-	52	(41)	277
31 December 2015	-	14,970	73,300	51,229	16,232	155,731
Depreciation for the year	-	3,614	15,252	6,801	3,900	29,567
Depreciation on disposal/write-off	-	-	(4,411)	(686)	(1,253)	(6,350)
Transfer in/out	-	(26)	3,043	-	-	3,017
Translation adjustment	-	(573)	-	(60)	(9)	(642)
31 December 2016	-	17,985	87,184	57,284	18,870	181,323
Net book value						
1 January 2015	1,359,577	162,081	41,894	16,179	13,722	1,593,453

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Factory building	Equipment and tools	Furniture, fixtures and office equipm ent	Vehicles	Total
31 December 2015	30,850	74,111	52,168	13,879	12,218	183,226
31 December 2016	34,234	78,694	43,051	10,268	14,315	180,562
Depreciation for the year (included in administrative expenses)						
2015						82,349
2016						29,567

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Equipment and tools	Furniture, fixtures and office equipment	Vehicles	Total
Cost					
1 January 2015	92,179	33,833	36,890	22,424	185,326
Purchase	-	735	1,781	2,357	4,873
Disposal/write-off	(1,224)	(3,241)	(968)	(3,626)	(9,059)
Transfer in/out	(90,955)	-	-	-	(90,955)
31 December 2015	-	31,327	37,703	21,155	90,185
Purchase	-	150	2,171	1,806	4,127
Disposal/write-off	-	(2,561)	(686)	(2,206)	(5,453)
Transfer in/out	-	-	-	-	-
31 December 2016	-	28,916	39,188	20,755	88,859
Accumulated depreciation					
1 January 2015	2,884	23,104	28,919	13,954	68,861
Depreciation for the year	2,128	-	3,876	2,408	8,412
Depreciation on disposal/ write-off	-	(3,018)	(927)	(1,750)	(5,695)
Transfer in/out	(5,012)	3,473	-	-	(1,539)
31 December 2015	-	23,559	31,868	14,612	70,039
Depreciation for the year	-	230	3,233	2,079	5,542
Depreciation on disposal/ write-off	-	(2,419)	(660)	(1,253)	(4,332)
Transfer in/out	-	3,043	-	-	3,043
31 December 2016	-	24,413	34,441	15,438	74,292
Net book value					
1 January 2015	89,295	10,729	7,971	8,470	116,465
31 December 2015	-	7,768	5,835	6,534	20,146
31 December 2016	-	4,503	4,747	5,317	14,567
Depreciation for the year (included in administrative expenses)					
2015					8,412
2016					5,542

As at 31 December 2016, its subsidiaries had vehicles with net book value of Baht 6 million (2015: Baht 4 million) which were acquired under finance lease agreements.

As at 31 December 2016, certain items of equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 90 million (2015: Baht 78 million) (The Company only: Baht 56 million, 2015: Baht 46 million).

As at 31 December 2016, the Company's and a subsidiary's land, land improvement and buildings with total book value of Baht 39 million (2015: Baht 25 million) (The Company only: none, 2015: none) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

17. Computer software

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Cost		
Balance as at 1 January 2015	30,468	24,717
Purchase during the year	177	152
Balance as at 31 December 2015	30,645	24,869
Purchase during the year	1,309	224
Balance as at 31 December 2016	31,954	25,093
Accumulated amortisation		
Balance as at 1 January 2015	25,292	21,144
Amortisation for the year	1,594	1,377
Balance as at 31 December 2015	26,886	22,521
Amortisation for the year	1,542	1,149
Balance as at 31 December 2016	28,428	23,670
Net book value		
Balance as at 1 January 2015	5,176	3,573
Balance as at 31 December 2015	3,759	2,348
Balance as at 31 December 2016	3,526	1,423

As at 31 December 2016, certain items of computer software were fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those assets amounted to Baht 26 million (2015: Baht 23 million) (The Company only: Baht 23 million, 2015: Baht 20 million).

18. Short-term loans

	Interest rates (percent per annum)	Consolidated		(Unit: Thousand Baht)	
		financial statements		Separate	
		2016	2015	2016	2015
Short-term loans -					
bill of exchanges	1.75 - 1.85	2,026,248	2,033,393	2,026,248	2,033,393

As at 31 December 2016, the Company had overdraft and short-term loan credit facilities which have not yet been drawn down totaling Baht 755 million (2015: Baht 755 million).

As at 31 December 2016, the parts of the Company and its subsidiaries' investment properties under development and available for rent/sale and investment properties for rent, with total book value of Baht 168 million (2015: Baht 146 million), and a certain numbers of the Company's investment units in TICON Property Fund, with a value under the equity method amounting to Baht 306 million (2015: Baht 312 million), and a market value amounting to Baht 665 million (2015: Baht 705 million), have been pledged as collateral for liabilities under trust receipts, bank overdrafts and short-term loans from financial institutions.

19. Trade and other payables

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2016	2015	2016	2015
Trade payables - unrelated parties	224,373	345,228	18,318	29,797
Other payables - related parties	4,239	6,364	2,768	2,487
Accrued interest expenses:				
Related party	159	82	72	80
Unrelated parties	195,299	205,509	195,229	205,458
Accrued expenses:				
Related parties	126	133	126	133
Unrelated parties	69,281	49,021	39,255	32,664
Total trade and other payables	493,477	606,337	255,768	270,619

20. Liabilities under finance lease agreements

	(Unit: Thousand Baht) Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Liabilities under finance lease agreements	6,693	4,727
Less : Deferred interest expenses	(489)	(666)
Total	<u>6,204</u>	<u>4,061</u>
Less : Portion due within one year	<u>(4,473)</u>	<u>(1,150)</u>
Liabilities under finance lease agreements - net of current portion	<u>1,731</u>	<u>2,911</u>

The subsidiaries have entered into finance lease agreements for rental of vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

As at 31 December 2016, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht) As at 31 December 2016		
	<u>Less than 1 year</u>	<u>Over 1-5 years</u>	<u>Total</u>
Future minimum finance lease payments	4,748	1,945	6,693
Deferred interest expenses	(374)	(115)	(489)
Present value of future minimum lease payments	<u>4,374</u>	<u>1,830</u>	<u>6,204</u>

21. Long-term loans

21.1 The outstanding long-term loans from financial institutions

		(Unit: Million Baht)							
		Outstanding loans							
Loans	Contract date	Consolidated		Separate		Period	Repayment schedule	Significant conditions Installment period	Interest rate
		financial statements	financial statements	financial statements	financial statements				
		2016	2015	2016	2015				
1.	2 July 2012	53	113	53	113	8 years	Every 6 months	December 2013 - December 2017	MLR minus a certain rate
2.	30 October 2012	-	165	-	-	10 years	Every 6 months	January 2016 - December 2020	MLR minus a certain rate
3.	22 November 2012	238	298	238	298	8 years	Every 6 months	June 2016 - December 2019	MLR minus a certain rate
4.	29 November 2013	401	401	401	401	9 years	Every 6 months	June 2017 - June 2022	MLR minus a certain rate
5.	27 August 2015	340	50	-	-	9 years	Every 6 months	March 2019 - September 2024	MLR minus a certain rate
Total		<u>1,032</u>	<u>1,027</u>	<u>692</u>	<u>812</u>				
Less Current portion		<u>(254)</u>	<u>(305)</u>	<u>(254)</u>	<u>(140)</u>				
Long term loans, net		<u>778</u>	<u>722</u>	<u>438</u>	<u>672</u>				

21.2 Movements of long-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2015	1,026,880	811,980
Add: Additional borrowings during the year	430,000	-
Less: Repayments during the year	(424,489)	(119,590)
Balance as at 31 December 2016	1,032,391	692,390

As at 31 December 2016, the long-term loans credit facilities of the Company and a subsidiary have not yet been drawn down amounted to Baht 3,382 million (2015: Baht 4,783 million).

As at 31 December 2016, the Company's and its subsidiary's investment properties under development and available for rent/sale, investment properties for rent, and its subsidiary's land and buildings, with total book value of Baht 4,690 million (2015: Baht 5,426 million), have been pledged as collateral for aforesaid long-term loans. In addition, as at 31 December 2016, its subsidiary's credit facilities from financial institutions are not guaranteed by the Company (2015: Baht 4,067 million).

Under the loan agreements, the Company and its subsidiary are required to retain debt to equity of not exceeding a certain rate.

22. Debentures

As at 31 December 2016, the Company had outstanding of debentures amounting to Baht 17,340 million (2015: Baht 18,190 million). All debentures are name specified, unsubordinated, and unsecured debentures. The debentures were sold at the price of Baht 1,000 per unit, with a face value of Baht 1,000 each. Among other things, the Company is obliged to maintain its debt-to-equity ratio as specified in the terms and condition of the debentures. Significant details of the debentures are summarised below.

<u>Outstanding balance as at 31 December</u>								
<u>No.</u>	<u>Issued date</u>	<u>No. of debentures</u>		<u>Amount</u>		<u>Coupon rate</u> (% p.a.)	<u>Tenure</u>	<u>Maturity date</u>
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>			
		(Million units)		(Million Baht)				
1/2011	20 May 2011	-	0.65	-	650	4.23	5 years	20 May 2016
2/2011	8 July 2011	0.35	0.35	350	350	4.78	7 years	8 July 2018
3/2011	28 December 2011	-	0.65	-	650	4.60	5 years	28 December 2016
4/2011	30 December 2011	-	0.35	-	350	4.60	5 years	30 December 2016
1/2012	10 January 2012	0.10	0.10	100	100	4.60	5 years	10 January 2017
4/2012	5 July 2012	0.50	0.50	500	500	4.49	5 years	5 July 2017
5/2012	17 August 2012	0.30	0.30	300	300	4.17	5 years	17 August 2017
6/2012	26 September 2012	1.00	1.00	1,000	1,000	4.90	10 years	26 September 2022
1/2013	11 February 2013	-	0.50	-	500	3.62	3 years	11 February 2016
2/2013	15 May 2013	-	0.30	-	300	3.60	3 years	15 May 2016
2/2013	15 May 2013	1.12	1.20	1,200	1,200	4.00	5 years	15 May 2018
2/2013	15 May 2013	0.50	0.50	500	500	4.30	7 years	15 May 2020
3/2013	12 September 2013	-	0.60	-	600	4.13	3 years	12 September 2016
3/2013	12 September 2013	0.30	0.30	300	300	4.73	5 years	12 September 2018
5/2013	18 October 2013	0.62	0.62	620	620	4.85	6 years	18 October 2019
1/2014	17 January 2014	1.00	1.00	1,000	1,000	3.89	3 years	17 January 2017
1/2014	17 January 2014	0.60	0.60	600	600	4.71	5 years	17 January 2019
2/2014	18 July 2014	1.15	1.15	1,150	1,150	3.82	3 years	18 July 2017
2/2014	18 July 2014	0.80	0.80	800	800	4.80	7 years	18 July 2021
3/2014	21 July 2014	0.53	0.53	530	530	3.82	3 years 4 days	25 July 2017
4/2014	3 December 2014	-	0.20	-	200	2.90	2 years 4 days	7 December 2016
1/2015	19 January 2015	1.55	1.55	1,550	1,550	3.08	3 years	19 January 2018
2/2015	15 May 2015	1.00	1.00	1,000	1,000	2.91	4 years	15 May 2019
2/2015	15 May 2015	1.00	1.00	1,000	1,000	3.69	7 years	15 May 2022
3/2015	14 August 2015	0.70	0.70	700	700	2.44	3 years	14 August 2018
3/2015	14 August 2015	0.60	0.60	600	600	3.22	5 years	14 August 2020
3/2015	14 August 2015	0.70	0.70	700	700	4.03	8 years	14 August 2023
1/2016	18 May 2016	0.10	-	100	-	2.29	4 years	18 May 2020
1/2016	18 May 2016	2.30	-	2,300	-	3.35	7 years	18 May 2023
		<u>17.34</u>	<u>18.19</u>	<u>17,340</u>	<u>18,190</u>			

22.1 The outstanding balance of the debentures

(Unit: Thousand Baht)		
Consolidated financial statements/ Separate financial statements		
	<u>2016</u>	<u>2015</u>
Debentures	17,340,000	18,190,000
Less: Current portion	<u>(4,020,000)</u>	<u>(3,250,000)</u>
Debentures - net of current portion	<u>13,320,000</u>	<u>14,940,000</u>

22.2 Movements of debentures

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2016</u>	<u>2015</u>
Balance - beginning of year	18,190,000	14,810,000
Add: Issuances of debentures during the year	2,400,000	5,550,000
Less: Redemptions during the year	(3,250,000)	(2,170,000)
Balance - end of year	<u>17,340,000</u>	<u>18,190,000</u>

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Defined benefit obligation at beginning of year	32,205	28,405	25,300	24,582
Included in profit or loss:				
Current service cost	7,001	5,107	4,085	3,543
Interest cost	716	810	433	620
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(2)	(4,164)	96	(3,479)
Financial assumptions changes	4,074	1,978	1,884	1,833
Experience adjustments	(238)	1,186	533	(682)
Transfer to subsidiaries during the year	-	-	(3,421)	-
Benefits paid during the year	(1,758)	(1,117)	(1,758)	(1,117)
Defined benefit obligation at end of year	<u>41,998</u>	<u>32,205</u>	<u>27,152</u>	<u>25,300</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Administrative expenses	7,717	5,917	4,518	4,163

As at 31 December 2016, the Company and its subsidiary have cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiary, amounted to Baht 3.8 million (2015: actuarial gains amounted to Baht 1.0 million) (the Company only: actuarial losses amounted to Baht 2.5 million, 2015: actuarial gains amounted to Baht 2.3 million). The weighted average duration of the liabilities for long-term employee benefit is 17-22 years (2015: 19-24 years) (Separate financial statements: 17 years, 2015: 19 years).

The Company and its subsidiaries expect to pay long-term employee benefits during the next year to Baht 0.7 million (2015: none) (Separate financial statements: Baht 0.7 million, 2015: none).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.83 - 2.45	2.92 - 3.74	1.83	2.92
Future salary increase rate	3.0 - 5.0	4.0 - 5.0	3.0 - 5.0	4.0 - 5.0
Staff turnover rate (depending on age)				
- Head office	0.0 - 15.0	0.0 - 18.0	0.0 - 12.0	0.0 - 13.0
- Sites	25.0 - 55.0	21.0 - 40.0	25.0 - 55.0	21.0 - 40.0

As at 31 December 2016, the result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation are summarised below:

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4)	5	(2)	2
Future salary increase rate	5	(4)	2	(2)
Staff turnover rate (depending on age)	(4)	3	(2)	1

(Unit: Million Baht)

24. Registered share capital

During the year 2016, the registered share capital has been changed as follows:

On 23 December 2016, the meeting of the Extraordinary General Meeting of Shareholders No.1/2016 passed the following resolutions:

- a) Approved the reduction of registered capital from Baht 1,115.9 million to Baht 1,099.1 million by cancelling 16.8 million unissued ordinary shares at a par value of Baht 1 per share, totaling Baht 16.8 million.
- b) Approved the increase of registered capital from Baht 1,099.1 million to Baht 1,834.1 million by issuing ordinary shares totaling 735.0 million shares at a par value of Baht 1 per share. The newly issued shares will be allotted for serve the subscription of the newly issued ordinary shares by Frasers Property Holdings (Thailand) Co., Ltd., a subsidiary of Frasers Centrepoint Limited which is a company listed on the Singapore Exchange Securities.
- c) Approved the offering and allotment of the newly issued ordinary shares of no more than 735.0 million shares, with a par value of Baht 1 per share to be allotted to Frasers Property Holdings (Thailand) Co., Ltd. ("FPHT") under a private placement scheme, at the offering price of Baht 18 per share, in the total sum of no more than Baht 13,230.0 million, representing approximately 40 percent of total register capital of the Company after the capital increase.

The Company registered the change of its registered share capital as discussed in a) and b) with the Ministry of Commerce on 28 December 2016.

Reconciliation of number of ordinary shares and amount of registered share capital during the year 2016 are summarised below.

	Number of shares	Register share capital
	(Shares)	(Baht)
The balance as at 31 December 2015	1,115,941,811	1,115,941,811
The reduction of registered capital	(16,799,436)	(16,799,436)
The increase of registered capital	735,000,000	735,000,000
The balance as at 31 December 2016	<u>1,834,142,375</u>	<u>1,834,142,375</u>

25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

26. Sales and cost of sales of properties

26.1 The details of sales and cost of sales of properties are as follows:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales of properties				
Land and building sales	251	2,216	41	353
Building sales by finance lease	-	1,130	-	299
	<u>251</u>	<u>3,346</u>	<u>41</u>	<u>652</u>
Cost of sales of properties				
Land and building sales	160	1,550	28	202
Building sales by finance lease	-	851	-	139
	<u>160</u>	<u>2,401</u>	<u>28</u>	<u>341</u>

26.2 Provision related to sales of properties

	(Unit: Thousand Baht) Consolidated financial statement		
	Guarantees of rental and service income	Guarantees of purchase price for properties with options to buy at market price	Total
31 December 2015	78,827	57,191	136,018
Increase during the year	1,037	-	1,037
Utilised	(64,064)	-	(64,064)
Reversal	(15,800)	(57,191)	(72,991)
31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

	(Unit: Thousand Baht) Separate financial statement		
	Guarantees of rental and service income	Guarantees of purchase price for properties with options to buy at market price	Total
31 December 2015	-	57,191	57,191
Reversal	-	(57,191)	(57,191)
31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

The provision above included the proportion of the Company's interest in TICON Freehold and Leasehold Real Estate Investment Trust ("the Trust") amounting to Baht 12 million (2015: Baht 25 million) as unrealised expense in consolidated financial statements.

Guarantees of rental and service income

The Company and its subsidiary recognised a provision for the vacant properties by applying assumptions, based on current occupancy and rental and service fees of the properties. However, as of 31 December 2016, the Company and the subsidiary have no provision for guarantees of rental and service income.

Guarantees of purchase price for properties with options to buy at market price

The Company recognised a provision for guarantees of purchase price for properties with options to buy at market price, based on the estimation of difference between the price of option to buy of tenants who had option of purchasing the properties and the market price that the Trust shall receive from the sale of properties, and recorded the amount expected to be paid to the Trust as provision. The Company has guaranteed the purchase price for tenants to the Trust. The tenants have the rights to exercise the option within the second quarter of 2019. However, in the second quarter of 2016, the Company reversed the provision because the Trust early terminated the lease agreements with the tenants.

27. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	236,972	212,585	139,426	143,299
Depreciation and amortisation	436,122	522,574	98,537	151,125
Repair and maintenance	56,184	44,415	18,357	16,454
Rental expense from operating lease agreements	70,344	65,682	35,395	37,152

28. Income tax

28.1 Income tax expense

Income tax expense for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	14,271	27,285	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	92,049	62,477	18,260	33,964
Income tax expense reported in income statement	<u>106,320</u>	<u>89,762</u>	<u>18,260</u>	<u>33,964</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax on actuarial gain	<u>767</u>	<u>200</u>	<u>503</u>	<u>466</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before income tax	<u>384,420</u>	<u>860,721</u>	<u>(203,277)</u>	<u>573,718</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	76,884	172,144	-	114,744
Effects of:				
Promotional privileges	-	(60,460)	-	-
Dividend income from subsidiary and associates	-	-	(55,329)	(161,681)

Non-deductible expenses and income	29,436	(21,922)	73,589	80,901
Total	<u>29,436</u>	<u>(82,382)</u>	<u>18,260</u>	<u>(80,780)</u>
Income tax expenses reported in income statement	<u>106,320</u>	<u>89,762</u>	<u>18,260</u>	<u>33,964</u>

28.2 Deferred tax assets and deferred tax liabilities

As of 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Unrealised gains on sales of properties to associates	184,645	229,372	-	-
Provision for long-term employee benefits	8,400	6,374	5,431	5,060
Allowance for doubtful accounts	3,943	903	2,377	903
Provisions	4,548	28,623	2,091	13,937
Customer deposits	18,984	16,158	6,557	6,431
Write-off property and plant	1,663	1,811	226	245
Cost of sales of properties	22,182	22,640	558	558
Tax losses	-	297	-	-
Total	<u>244,365</u>	<u>306,178</u>	<u>17,240</u>	<u>27,134</u>
			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax liabilities				
Operating leases receivables	9,561	4,301	2,244	2,146
Building sales by finance lease	275,233	273,580	195,629	198,148
Change in accounting estimates with respect to the useful lives of assets	22,556	-	10,284	-
Total	<u>307,350</u>	<u>277,881</u>	<u>208,157</u>	<u>200,294</u>
Deferred tax assets (liabilities)	<u>(62,985)</u>	<u>28,297</u>	<u>(190,917)</u>	<u>(173,160)</u>

As at 31 December 2016, the Company has the unused taxable losses amounting to Baht 832 million, on which deferred tax assets have not been recognised. The Company considers that the future taxable profits on the non-granted promotional

privileges transactions may not be sufficient to allow utilisation of the unused taxable losses. In addition, the unused tax losses will expire by 2021.

29. Promotional privileges

The Company and its two subsidiaries have been granted promotional privileges under the provisions of the Industrial Investment Promotion Act with respect to building development for factories and/or warehouses for 42 projects of the Company and 17 projects of its subsidiaries. Such promotional privileges included an exemption of corporate income tax for a period of 3 years to 8 years and a 50% reduction of corporate income tax for a period of 5 years after promotional period ends for 14 projects of the Company and 4 projects of its subsidiaries.

The Company and its subsidiaries' operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted		Non-promoted		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Rental and service income	458,450	502,445	713,669	546,102	1,172,119	1,048,547
Revenues from services	-	-	46,586	30,158	46,586	30,158
Sales of properties	25	1,490,022	250,651	1,855,584	250,676	3,345,606
Utility income	-	-	32,307	35,625	32,306	35,625
Management fee income						
from associates	-	-	201,121	204,123	201,121	204,123
Gains on sale of investments						
in associates	-	-	103,623	126,300	103,623	126,300
Interest income	-	215	6,766	6,306	6,079	6,521
Insurance claim	-	-	636	170	636	170
Other income	-	-	58,673	56,880	59,361	56,880
Total	<u>458,475</u>	<u>1,992,682</u>	<u>1,414,032</u>	<u>2,861,248</u>	<u>1,872,507</u>	<u>4,853,930</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted		Non-promoted		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Rental and service income	58,366	80,948	276,513	276,515	334,879	357,463
Revenues from service	-	-	30,743	22,667	30,743	22,667
Sales of properties	-	494,314	40,747	158,016	40,747	652,330
Utility income	-	-	7,893	8,727	7,893	8,727

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted		Non-promoted		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Dividend income from subsidiary	-	-	6,000	458,500	6,000	458,500
Dividend income from associates	-	-	323,867	367,643	323,867	367,643
Management fee income from associates	-	-	114,962	128,274	114,962	128,274
Gains on sale of investments in associates	-	-	48,680	44,424	48,680	44,424
Interest income	-	-	23,799	65,498	23,799	65,498
Insurance claim	-	-	367	4	367	4
Other income	-	-	52,751	41,389	52,751	41,389
Total	<u>58,366</u>	<u>575,262</u>	<u>926,322</u>	<u>1,571,657</u>	<u>984,688</u>	<u>2,146,919</u>

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average		Earnings per share	
			number of ordinary shares			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Profit attributable to equity holders of the Company	<u>275,025</u>	<u>769,741</u>	<u>1,099,142</u>	<u>1,099,142</u>	<u>0.25</u>	<u>0.70</u>
	Separate financial statements					
	Profit for the year		Weighted average		Earnings per share	
			number of ordinary shares			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Profit (loss) attributable to equity holders of the Company	<u>(221,537)</u>	<u>539,753</u>	<u>1,099,142</u>	<u>1,099,142</u>	<u>(0.20)</u>	<u>0.49</u>

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Managing Director.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- The development of investment properties - factories
- The development of investment properties - warehouses
- The provision of service
- The management fee

No operating segments have been aggregated to form the above reportable operating.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

For the year ended 31 December 2016	The development of investment properties - factories	The development of investment properties - warehouses	The provision of service	The manage- ment fee	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	413	1,047	47	201	163	1,871	(5)	1,866
Interest revenue	24	1	-	-	1	26	(19)	7
Interest expense	(775)	(48)	-	-	-	(823)	16	(807)
Depreciation and amortisation	(37)	(219)	-	-	-	(256)	3	(253)
Interest in the profit or loss of associates and joint ventures accounted for by the equity method	381	164	-	-	2	547	-	547
Income tax expense	(51)	(39)	(16)	-	-	(106)	-	(106)
Segment profit (loss)	(328)	359	(14)	95	161	273	5	278
Segment total assets	10,196	26,327	-	-	-	36,523	(426)	36,097
Investment in associates and joint ventures accounted for by the equity method	1,285	1,205	-	-	430	2,920	-	2,920
Additions to non-current assets other than financial instruments and deferred tax assets	130	1,759	-	-	-	1,889	-	1,889

(Unit: Million Baht)

For the year ended 31 December 2015	The development of investment properties - factories	The development of investment properties - warehouses	The provision of service	The manage- ment fee	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	1,052	3,383	30	204	183	4,852	(5)	4,847
Interest revenue	66	-	-	-	-	66	(60)	6
Interest expense	(733)	(69)	-	-	-	(802)	51	(751)
Depreciation and amortisation	(63)	(177)	-	-	-	(240)	4	(236)
Interest in the profit or loss of associates and joint ventures accounted for by the equity method	292	35	-	-	2	329	-	329
Income tax expense	(56)	(18)	-	(16)	-	(90)	-	(90)
Segment profit (loss)	(134)	630	(7)	108	160	757	14	771
Segment total assets	10,704	25,605	-	-	-	36,309	(15)	36,294
Investment in associates and joint ventures accounted for by the equity method	1,659	1,498	-	-	422	3,579	-	3,579
Additions to non-current assets other than financial instruments and deferred tax assets	1,345	5,594	-	-	-	6,939	-	6,939

Geographic information

The Company and its subsidiaries operate their business in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segments.

Major customers

For the year 2016, the Company and its subsidiaries have revenue from one major customer in the amount of Baht 196 million, arising from the development of investment properties - factories and the development of investment properties - warehouses (2015: Baht 3,159 million derived from one major customer, arising from the development of investment properties - factories and the development of investment properties - warehouses).

32. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is contributed by both employees and the Company and its subsidiaries at the rates of 2-4 % of wages. The fund was managed by Bank of Ayudhya Public Company Limited. During the year 2016, the Company and its subsidiaries contributed Baht 4 million (2015: Baht 4 million) to the fund.

33. Dividends paid

Dividends for the years ended 31 December 2016 and 2015 consist of the following:

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from the operating results of the year 2015	Annual General Meeting of the shareholders on 26 April 2016	549,542	0.5
Dividend from the operating results of the year 2014	Annual General Meeting of the shareholders on 22 April 2015	549,538	0.5

34. Commitments and contingent liabilities

34.1 Long-term lease agreements

- a) The Company and its subsidiaries have commitments in respect of six contracts made with “Industrial Estate Authority of Thailand” to rent land for the construction of standard factories for rent. These lease agreements are summarised as follows:

Contract No.	Contract period	Fees	
21/2538-Nor Chor	13 December 1995 - 12 December 2025	Baht 4.70 million per annum	(a)
14/2540-Nor Chor	14 November 1997 - 13 November 2027	Baht 0.66 million per annum	(a)
8/2542-Nor Chor	18 August 1999 - 17 August 2029	Baht 2.21 million per annum	(a)
9/2544-Nor Chor	6 June 2001 - 31 December 2018	Baht 5.59 million per annum	(b)
Nor Chor.Kor 002/2548	25 January 2005 - 31 December 2018	Baht 0.75 million per annum	(b)
Nor Chor. 005/2549	25 April 2006 - 31 December 2018	Baht 2.08 million per annum	(b)

(a) The fee will be raised every ten years, at the rate of not more than 10% of the previous fee

(b) The fee will be raised every five years, at the rate of not more than 10% of the previous fee

- b) The Company has commitments in respect of office rental and related service agreements made with a related company, with rental and service fees charged at a rate of Baht 17 million per annum. These lease agreements cover a 3-years period, as from July 2015 to June 2018.

The Company and its subsidiaries have future minimum lease payments required under these operating leases contracts as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	37	37	21	25
In over 1 and up to 5 years	56	84	45	63
In over 5 years	40	49	40	49

34.2 Capital commitments

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Agreements with contractors	721	765	16	36
Agreements for landfill	-	17	-	-
Agreements for consulting	37	-	-	-
Total	<u>758</u>	<u>782</u>	<u>16</u>	<u>36</u>

34.3 Bank guarantees

- (a) As at 31 December 2015, the Company has guaranteed on bank guarantee facilities of its subsidiaries amounting to Baht 111 million (2016: None).
- (b) There were outstanding bank guarantees issued by the bank on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the business of the Company are categorised by purpose as follows:

	(Unit: Million Baht)			
Purpose of Guarantees	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Long-term land lease agreements	35	35	23	23
Utilities for construction projects	19	20	5	5
Operation for construction projects of buildings	2	4	-	4
Total	<u>56</u>	<u>59</u>	<u>28</u>	<u>32</u>

34.4 Servitude over properties

As at 31 December 2016, the Company and its subsidiary have servitude over land of approximately 312 rai (2015: 312 rai) (The company only: 73 rai, 2015: 73 rai) of which the net book value is Baht 505 million (2015: Baht 505 million) (The company only: Baht 161 million, 2015: Baht 161 million) and is presented under the caption of investment properties for rent and property, plant and equipment.

34.5 Guarantees of rental and service income

The Company, as a property manager of TPARK Logistics Property Fund ("the Fund") for 27 warehouses, has guaranteed minimum rental and service incomes

(net of common area service fees of any vacant warehouses) of Baht 188 million per annum for the period from 1 January 2012 to 31 December 2016. In the event that these net total rental and service incomes are less than the guaranteed amount, the Company is obliged to compensate the Fund for the shortfall.

The Company and TICON Logistics Park Company Limited, a subsidiary, as the Property Managers of TICON Freehold and Leasehold Real Estate Investment Trust (“the Trust”), have agreed to guarantee the occupancy as follows:

- For only properties sold/leased on 22 and 23 December 2014 that have been vacant after the registration of the transfer of ownership or leasehold rights of properties was completed by compensating the Trust at the same rate of rental and service fee that the latest tenant had paid until the Property Managers are able to find a new tenant and the new tenant pays the rental and service fee to the Trust or until after 12 months from date that the Trust first invested in the properties and registered the ownership transferring or the leasehold rights of the properties.
- For only properties sold/leased on 18 and 21 December 2015 that have been vacant after the registration of the transfer of ownership or leasehold rights of properties or the contracts terminated during 12 months was completed by compensating the Trust at the same rate of rental and service fee that the latest tenant had paid until the Property Managers are able to find a new tenant and the new tenant pays the rental and service fee to the Trust or until after 12 months from date that the Trust first invested in the properties and registered the ownership transferring or the leasehold for 1st capital increase rights of the properties.

As at 31 December 2016, 22 million units (2015: 22 million units) of the Company’s investment units in TPARK Logistics Property Fund, with a value under the equity method of Baht 147 million (2015: Baht 152 million), and a market value amounting to Baht 225 million (2015: Baht 269 million), were pledged with a bank as collateral for such guarantee.

34.6 Undertaking

The Company has issued a letter of undertaking to a financial institution with respect to the indebtedness of the subsidiary of PT SLP Surya TICON Internusa of 25%, which is the proportion of the Company's indirect shareholding in this subsidiary. The undertaking is effective from 29 October 2015 to 29 October 2021.

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivable, unbilled operating leases receivables, loans to, investments, short-term loans, long-term loans and debentures. The financial risk associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily from trade with counterparties involving the rental/sale of factories, warehouses and service. However, due to the large number and diversity of entities comprising the customer base, and their business conduct policy, the Company and its subsidiaries do not anticipate material losses from its debts collection. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term loans, long-term borrowings and debentures. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements as at 31 December 2016

Consolidated financial statements as at 31 December 2019							
	Fixed interest rates						
	Within 1 year	Over 1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Average interest rate
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalent	-	-	-	283	1	284	0.38
Current investments	22	-	-	-	-	22	1.55
Trade and other receivables	-	-	-	-	118	118	-
Unbilled operating leases receivables	-	-	-	-	141	141	-
	22	-	-	283	260	565	
Financial liabilities							
Short-term loans	2,030	-	-	-	-	2,030	1.82
Short-term loans from related party	1,060	-	-	-	-	1,060	2.48
Trade and other payables	-	-	-	-	493	493	-
Debentures	4,020	8,320	5,000	-	-	17,340	3.89
Long-term loans from related party	291	493	-	-	-	784	3.99
Long-term loans	254	778	-	-	-	1,032	4.32
	7,655	9,591	5,000	-	493	22,739	

Consolidated financial statements as at 31 December 2015

Consolidated financial statements as at 31 December 2019							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Average interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years				
	(Million Baht)						
Financial assets							
Cash and cash equivalent	150	-	-	983	1	1,134	0.36
Current investments	22	-	-	-	-	22	1.59
Trade and other receivables	-	-	-	-	80	80	-
Pledged deposits at financial institution	57	-	-	-	-	57	0.95
Unbilled operating leases receivables	-	-	-	-	95	95	-
	229	-	-	983	176	1,388	

Consolidated financial statements as at 31 December 2015

Consolidated financial statements as at 31 December 2019							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Average interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years				
	(Million Baht)						
Financial liabilities							
Short-term loans	2,040	-	-	-	-	2,040	2.00
Trade and other payables	-	-	-	-	606	606	-
Debentures	3,250	11,440	3,500	-	-	18,190	4.08
Long-term loans from related party	72	613	63	-	-	748	4.09
Long-term loans	305	722	-	-	-	1,027	4.61
	5,667	12,775	3,563	-	606	22,611	

Separate financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Average interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years				
	(Million Baht)						
Financial assets							
Cash and cash equivalent	-	-	-	214	-	214	0.38
Trade and other receivables	-	-	-	-	126	126	-
Unbilled operating leases receivables	-	-	-	-	13	13	-
	-	-	-	214	139	353	
Financial liabilities							
Short-term loans	2,030	-	-	-	-	2,030	1.82
Short-term loans from related party	1,060	-	-	-	-	1,060	2.48
Trade and other payables	-	-	-	-	256	256	-
Debentures	4,020	8,320	5,000	-	-	17,340	3.89
Long-term loans	254	438	-	-	-	692	4.38
	7,364	8,758	5,000	-	256	21,378	

Separate financial statements as at 31 December 2015

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Average interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years				
	(Million Baht)						
Financial assets							
Cash and cash equivalent	150	-	-	918	-	1,068	0.38
Trade and other receivables	-	-	-	-	40	40	-
Pledged deposits at financial institution	57	-	-	-	-	57	0.95
Unbilled operating leases receivables	-	-	-	-	12	12	-
	207	-	-	918	52	1,177	
Financial liabilities							
Short-term loans	2,040	-	-	-	-	2,040	2.00
Short-term loans from related party	291	-	-	-	-	291	1.00
Trade and other payables	-	-	-	-	271	271	-
Debentures	3,250	11,440	3,500	-	-	18,190	4.08
Long-term loans	140	672	-	-	-	812	4.75
	5,721	12,112	3,500	-	271	21,604	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from purchasing transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate.

As at 31 December 2016 and 2015, the Company has no balances of financial assets or liabilities denominated in foreign currencies.

35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The carrying value and fair value of fixed rate long-term financial liabilities as at 31 December 2016 and 2015 are presented below.

	(Unit: Million Baht)			
	Consolidated/Separate financial statements as at 31 December			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Debentures	17,340	17,772	18,190	18,719

The methods and assumptions used by the Company in estimating the fair value of debentures are based on the latest yield rated quoted by the Thai Bond Market Association as of the date of the statement of financial position or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the end of reporting period for debentures having substantially the same terms and characteristics. During the current year, there were no transfers within the fair value hierarchy.

36. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment in associates	4,548	-	-	4,548
Investment properties	-	-	39,595	39,595
Liabilities for which fair value are disclosed				
Debentures	-	17,772	-	17,772

	(Unit: Million Baht)			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment in associates	4,548	-	-	4,548
Investment properties	-	-	11,641	11,641
Liabilities for which fair value are disclosed				
Debentures	-	17,772	-	17,772

37. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 2.2:1 (2015: 2.1:1) and the Company's was 2.0:1 (2015: 1.9:1).

38. Events after the reporting period

38.1 On 16 January 2017, the Company received payment of share subscription from allotment of 735.0 million shares at a price of Baht 18 per share, or a total of Baht 13,230.0 million, from Frasers Property Holdings (Thailand) Company Limited. The Company registered the increase in paid-up capital from Baht 1,099.1 million to Baht 1,834.1 million with the Ministry of Commerce on 16 January 2017.

38.2 On 23 February 2017, the Board of Directors Meeting No. 3/2017 of the Company resolved to propose to the 2017 Annual General Meeting of Shareholders to be held on 24 April 2017 for consideration and approval as follows:

- (a) the allotment of retained earnings of the Company for dividend payment of Baht 0.08 per share. The payment will be made on 19 May 2017.
- (b) the increase of registered capital from Baht 1,834.1 million to Baht 2,384.4 million by issuing 550.3 million newly issued ordinary shares at a par value of Baht 1 per share and the allotment of newly issued ordinary shares under a General Mandate.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2017.

**CERTIFICATION OF THE ACCURACY OF AUDITOR'S REMUNERATION
DETAILS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2016**

Audit fee

No.	Company's name	Auditor's name	Audit fee (Baht)
1	TICON Industrial Connection Public Company	Ms. Rosaporn Decharkom	1,000,000
2	TICON Logistics Park Company Limited	Ms. Rosaporn Decharkom	900,000
3	ECO Industrial Services Company Limited	Ms. Rosaporn Decharkom	386,000
4	TICON Management Company Limited	Mr. Chayapol Suppasedtanon	280,000
Total Audit fee			2,566,000

Non-audit Fee

No.	Company's name	Non-audit service	Service provider	Non-audit fee (Baht)	
				Amount paid in the year	Amount to be paid later
				-	-
Total Non-audit fee				-	-

The foregoing information:

- ☒ is complete and accurate, and I certify that to the best of my knowledge there is no other remuneration paid by the Company to me and related persons and to the company I work for and its related persons.
- ☐ is not complete and not accurate in respect of

After making any necessary adjustments to the information contained in this form, I hereby certify that such information presents complete and accurate details of all Audit fees and Non-audit fees paid by the Company to me and the audit firm that I work for.

(Ms. Rosaporn Decharkom)

EY Office Limited

Auditor of TICON Industrial Connection Public Company Limited



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