



ANNUAL REPORT 2014

LEADING PROVIDER
OF QUALITY
FACTORIES AND
WAREHOUSES
FOR LEASE



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MESSAGE FROM THE CHAIRMAN

OF THE BOARD

2014 was a challenging year for all in Thailand. Political instability in the country and sluggish global economic growth continued to negatively impact Thai economy. TICON's warehouse leasing business emerged strongly, while factory leasing was moderate. Again, during 2014, we focused on growing our portfolio at many strategic locations –in preparation of the higher demand for both warehouses and factories following global economic revival, the AEC integration in late 2015, and expected government's mega infrastructure projects.

Factory leasing

Despite the "Bangkok Shutdown" incidence during the first half of 2014 which seriously hampered the growth in most parts of Thai economy, TICON still saw a relatively active factory leasing activities.

In 2014, we had 31,075 square meters of new factory space leasing, decreasing by 62.5 percent from 2013. Nevertheless, due to one large customer terminating leasing contracts, the net factory space leasing was negative 2,200 square meters, comparing with the 44,575 square meters achieved in 2013. About half of the new tenants were Japanese automobile and electronics manufacturers.

During 2014 TICON saw many new tenants of various industries going into the flood-affected area of Ayudhya and Patum Thani provinces. These tenants were, for instance, processed food manufacturers, chemical substance producers, and packaging firms. Such movement into previously flood-affected area helped improved the low occupancy of our portfolio in the central area. Fortunately, there was no major flood incidence in Thailand in 2014.

The average occupancy rate of the Company's factories during 2014 was 62 percent. Lower occupancy of 40 percent remained in those flood-affected areas while higher level of occupancy of 80 percent was witnessed in the eastern seaboard area of Thailand.

Warehouse leasing

In 2014, a total of new warehouse leasing of 189,142 square meters was achieved. Net leasing was 167,776 square meters, a slight 14.5 percent drop from 2013. More than 50 percent of the new tenants were third party logistics (3PL) service providers. Twenty-eight percent of new customers were Japanese.

The upcoming AEC integration in 2015 should bring about more demand for warehouse locations in the upcountry of Thailand. In April 2014, we acquired land at a new location to develop warehouses in Lamphun province which is near Chiangmai,

Thailand's largest city in the northern region. Together with new additions in other areas, TICON group now has 32 locations for warehouses, up from 29 locations in 2013.

Owing to a rapid growth in the logistics business in Thailand, TICON's customers demanded for larger warehouse buildings which led us to develop more custom built warehouses. In 2014, our custom built or built to suit warehouses accounted for 33 percent of our total new warehouse leasing, compared to 24 percent in 2013. Moreover, we see the built to suit warehouse space leasing grew to 62,177 square meters in 2014 from 50,219 square meters in the previous year.

The average occupancy for our warehouses in 2014 was 63 percent, a decline from 71 percent achieved during 2013. Reason for the decline was our portfolio's fast expansion in 2014.

Investment activity

TICON spent close to Baht 8 billion in 2014 mainly for the development of factories/warehouses and acquisition of land, comparing to more than Baht 9 billion capital expenditure in 2013. Of the Baht 8 billion, we spent approximately Baht 5 billion to develop new factories and warehouses on our existing land, and Baht 3 billion to acquire new land to expand our locations. TICON remains optimistic with global economic recovery prospect, AEC integration in 2015 and the Thai government-supported mega transportation infrastructure projects.

In the second quarter of 2014, TICON Logistics Park Company Limited ("TPARK"), a wholly owned subsidiary of TICON, entered into joint ventures in electricity generation from solar rooftop with Demco Public Co., Ltd. TICON Demco Power 6 Company Limited and TICON Demco Power 11 Company Limited were both set up --each of which TPARK has 51 percent equity interest in.

In the third quarter of 2014, TICON Management Company Limited ("TMAN") which is a subsidiary company of TICON received the SEC's approval to become a REIT manager in Thailand. TMAN was set up in the second quarter of 2013 as a wholly owned subsidiary of TICON. On October 29, 2014 Mitsui & Co. (Asia Pacific) Pte. Limited ("MAP") made investment into TMAN by purchasing 300,000 shares or 30 percent stake in the company from TICON. MAP is a Singapore-based company under Mitsui & Co. Limited, a large conglomerate from Japan which has long and extensive experience operating REITs in many parts of the world. With Mitsui's global network in various businesses, TICON expects to benefit a great deal from its partnership with Mitsui --worldwide and particularly in the ASEAN region.

In the fourth quarter of last year, TICON and TPARK have sold/leased factory and warehouse space totaling 214,523 square meters worth Baht 4.5 billion to TICON Real Estate and Investment Trust ("TREIT"). TREIT is TICON's first REIT set up to hold both freehold and leasehold properties. At the end of 2014, TICON has 12 percent stake in TREIT.

Overall performance

In 2014, TICON posted a net profit of Baht 761.6 million, or 46 percent decline from 2013. Income from factory/warehouse leasing which is our core business income has decreased to Baht 966.1 million, falling by 13 percent from 2013. TICON had sales of factories/warehouses worth Baht 4,561.3 million. Total revenue was Baht 5,856.5 million, a contraction of seven percent from 2013. As the property manager for TICON Property Fund (TFUND), TPARK Logistics Property Fund (TLOGIS), and TICON Industrial Growth Leasehold Property Fund (TGROWTH), TICON received management fee totaling Baht 165.3 million, an increase of eight percent from 2013. Moreover, TICON had share of profit from investment in all three funds of Baht 267.1 million, a 23 percent increase. This resulted from the funds' better performance, as well as their growth in assets under management.

The Company's large-scale capital expenditures resulted in a high debt-to-equity ratio of two times at the end of 2013; therefore, in the second quarter of 2014, TICON raised its registered capital using the Transferable Subscription Rights issue or TSR. A total of 157.67 million shares was raised and added to TICON's registered capital at the end of second quarter last year. In the third quarter, Rojana Industrial Park Public Company Limited, a major shareholder of TICON, bought another 25.08 million TICON shares which were the unsubscribed shares during the Company's rights offering in June 2014. As a result, TICON's registered capital increased to become Baht 1,099.14 million at the end of the year.

Outlook

The National Council for Peace and Order (NCPO) came into power in the second quarter of 2014 and began to install harmony and transparency to Thailand. Confidence in Thailand has since been improved both domestically and internationally. The Board of Investment (BOI)'s approval of new projects surged, after NCPO's leader took over as Chairman of the Board, having reached Baht 645,000 million in value of new investment projects. Although automobile sales in Thailand were down in 2014 from those in 2013, it is expected to see growth in the automobile production in 2015. TICON remains confident that our business will have a steady growth in 2015 as a result of global economic growth, the AEC integration, and the Thai government's several economic stimulus packages.

In 2015, TICON plans to add more ready built factories and warehouses in the locations we recently acquired. Majority of our 2015 capital expenditure will most likely be for construction of new facilities. Total amount of capital expenditure in 2015 as compared to 2014 will be slightly less. Regarding our overseas business prospects, we have been introduced to many opportunities in various countries, either by our customers or by business counterparts. There are a few countries in the AEC which TICON is seriously considering making investment in a very near future.

Lastly, TICON is about to celebrate our 25th Anniversary in 2015. I would like to take this opportunity to thank all our business alliances, customers, core shareholders, various investors, management team & staffs, and all our stakeholders, for being parts of our success. With everyone's continued support, we are confident that 2015 will be another successful year for TICON.



Mr. Chali Soponpanich
Chairman of the Board

REPORT OF THE AUDIT COMMITTEE ON CORPORATE GOVERNANCE FOR THE YEAR 2014

TO : THE SHAREHOLDERS OF TICON INDUSTRIAL CONNECTION PUBLIC COMPANY LIMITED

TICON's Audit Committee comprises three qualified independent directors, who have experience in business administration and finance. The members are independent and have suitable qualifications in compliance with the SET regulations and Best Practice Guidelines for Audit Committee. Presently, the members of the Committee are Mr. David Desmond Tarrant - the Chairman, Mr. Chatchaval Jiaravanon, and Mr. Threekwan Bunnag.



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 2014, the Committee held four meetings. All the Committee members attended every meeting. The Company Executives, the internal auditor and the external auditor also joined every meeting. The discussions in the Meetings are summarized as follows:

1. REVIEWING THE FINANCIAL STATEMENTS.

The Audit Committee joined with Management, Internal Auditor and External Auditor, has reviewed the 2014 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.

Mr. David Desmond Tarrant
Chairman
of the Audit Committee

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 mission, scope of work, duties and responsibilities, manpower and remuneration, of the Internal Audit Department, as well as approved 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 2014, it focused on reviewing information Technology Security system, petty cash process including follow-up procurement process and fixed asset control process. The Internal Audit Department has reviewed the Company's operating procedures and operating systems to be in compliance with relevant rules and regulations. The Department gives advice and recommendations to improve operating procedures in correspond to current situations. The Audit Committee has the opinion that the Company's internal audit system is sufficient, appropriate and effective, and the Internal Audit Department is independent in performing its duties.

5. RECRUITING THE EXTERNAL AUDITORS.

For the year 2014, The Committee has recruited external auditors by taking into considerations their performance, independence in performing their duties, as well as appropriateness of their remuneration. The Committee has agreed to propose auditors from EY Office Limited, comprising Mr. Sophon Permsirivallop, Certified Public Accountant Registration number 3182 (who served as the Company's external auditor during 2004 - 2008) and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant number 4521 and/or Ms. Rosaporn Decharkom, Certified Public Accountant number 5659 and/or Ms. Sumana Punpongsanon, Certified Public Accountant number 5872, to serve as the Company's external auditor for the year 2014, with remuneration at the same amount as the previous year of 790,000 Baht. The proposal was submitted to the Board of Directors and the 2014 Annual General Meeting of Shareholders for approval.

6. RECRUITING THE EXTERNAL AUDITORS.

On March 13, 2015 the Company enlisted in the declaration of intention by the Private Sector Collective Action Coalition against Corruption (CAC). Policy amendment is underway for assessment by Internal Audit Department and the Audit Committee for the Company's request for 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.

REPORT OF THE COMPANY RISK MANAGEMENT COMMITTEE FOR THE YEAR 2014

TICON's Risk Management Committee, appointed by the Board of Directors, comprises seven qualified members. Presently, the members are Mr. Threekwan Bunnag (independent director) – the Chairman, Mr. Virapan Pulges, Dr. Somsak Chaiyaporn, Mr. Patan Somburanasin, Miss Lalitphant Phiriyaphant, 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 2014, the Committee held four meetings. The discussions in the Meetings are summarized as follows:

1. STRATEGIC RISK

Business Readiness Risk: To support the policy for business growth and prepare against competition within the industry, the Company plans to expand its domestic business constantly by adhering to the strategic workforce plan to the Company's strategic plan.

Foreign Investment Risk: The Company plans to expand its business to overseas in response to the policy of business growth. Personnel is one of the important factors for the Company. Presently, it is in the process of setting specific Personnel Management Policy for the overseas staff, and managing the possible risk which may occurs and affects the investment success.

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.

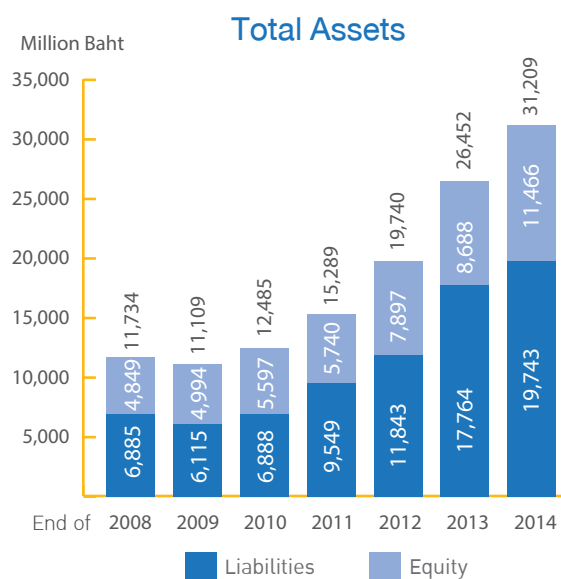
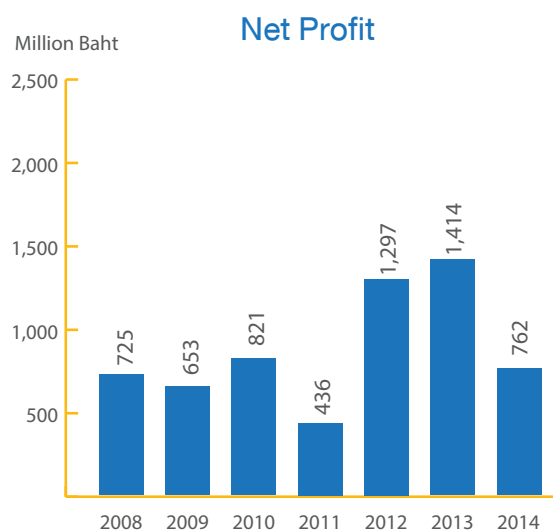
For the year 2014, to ensure appropriateness, effectiveness and implementation of the Company's risk management, as well as to ensure that the Company can manage key risks at the acceptable levels, the risk management process has been reviewed constantly to ensure the Company's sustainable growth.

Mr. Threekwan Bannag
Chairman of the
Risk Management Committee

FINANCIAL HIGHLIGHTS

Unit : Million Baht

	2014	2013	2012
Sales of properties	4,561.28	4,663.04	4,364.45
Rental and service income	966.06	1,109.69	1,053.01
Property management fee from property funds	165.34	152.59	105.07
Share of profit from investments in property funds	267.13	216.57	169.22
Realized additional gain on sales of properties to property funds	41.37	154.45	35.29
Cost of sales of properties	3,192.14	2,886.28	2,691.07
Cost of rental and service	243.45	261.52	392.29
Selling and administrative expenses	769.45	715.60	432.00
Net profit	761.57	1,414.23	1,296.57
Assets	31,209.12	26,451.39	19,736.00
Liabilities	19,743.50	17,763.63	11,839.27
Shareholders' equity	11,465.62	8,687.76	7,896.73
Return on equity (%)	7.59	17.05	19.02
Return on fixed assets (%)	5.15	10.06	12.90
Dividend pay-out (%)	72.15	64.61	70.35



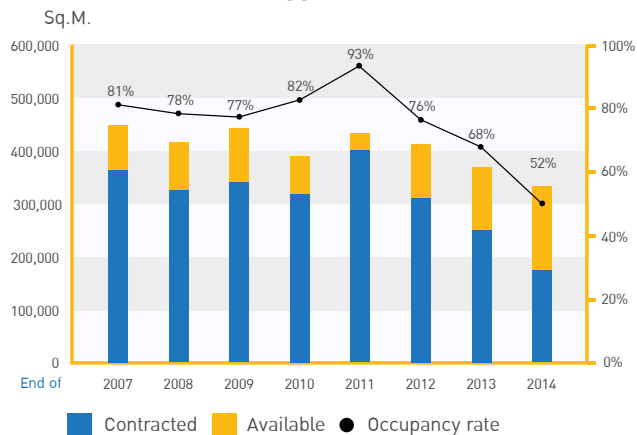
FACTORY / WAREHOUSE

FACTORY

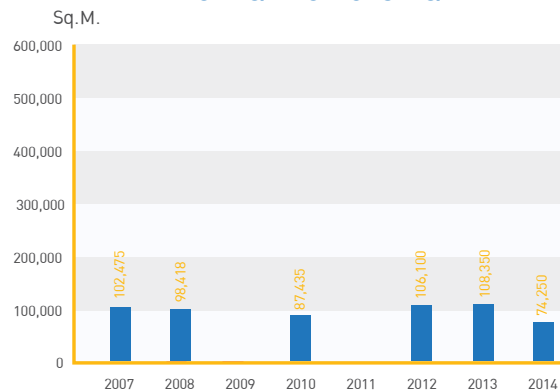
WAREHOUSE

FACTORY & WAREHOUSE

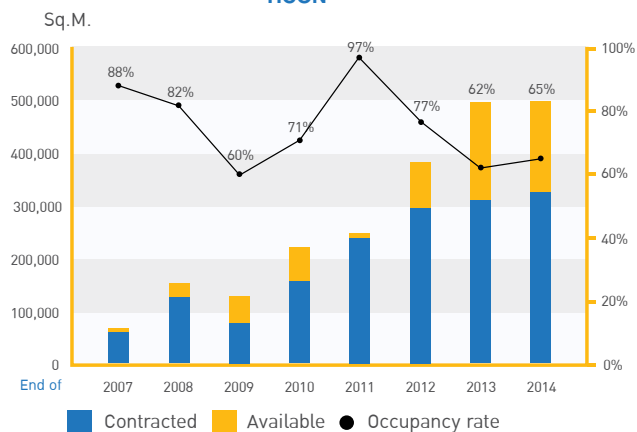
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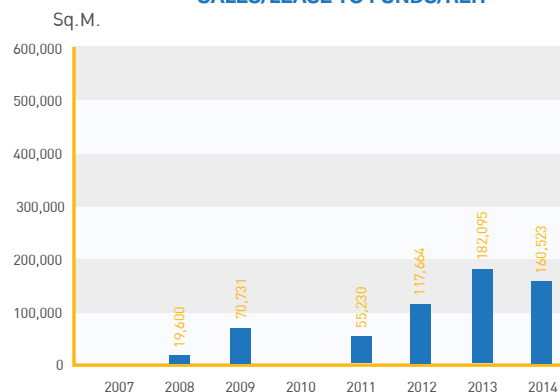
SALES/LEASE TO FUNDS/REIT



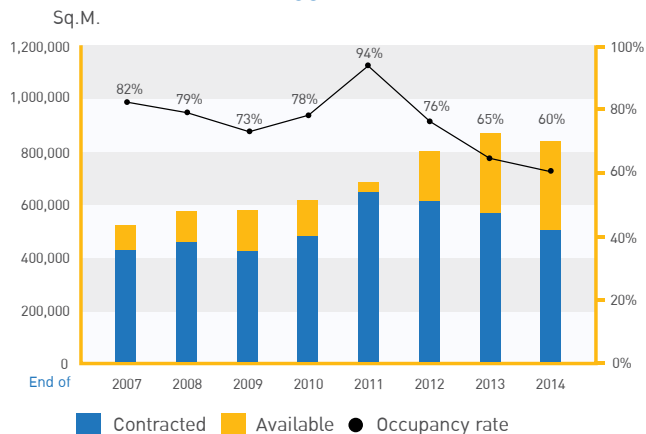
TICON



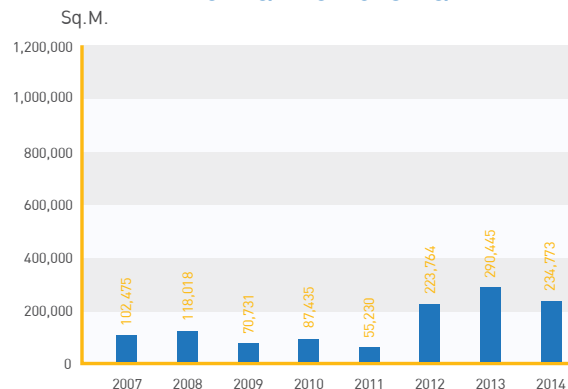
SALES/LEASE TO FUNDS/REIT

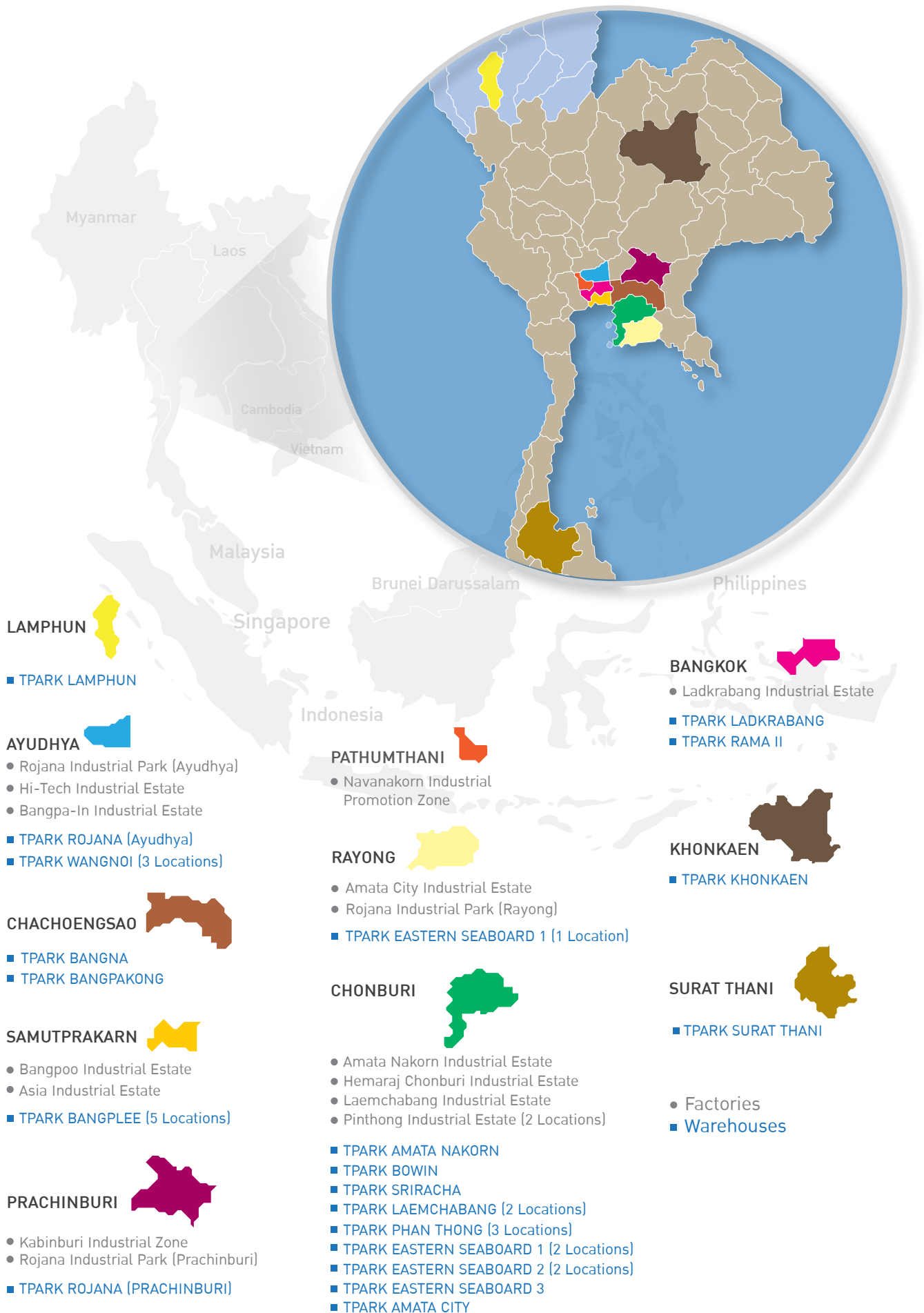


TICON



SALES/LEASE TO FUNDS/REIT





SOCIAL RESPONSIBILITIES



Management and staffs participated in TICON annual sports day games to promote unity and good health for all. The event took place at Chulalongkorn University's Indoor Game Facility.



TICON
SOCIAL RESPONSIBILITIES



TICON executed "Green Life: Conservation of Coral Reef" project. Management and staffs participated in growing small corals off the beach in Sattaheep district of Chonburi.





Management and staffs attended TICON Team Building activities to enhance people skill in teamwork which causes higher efficiency. The event took place at Legacy River Kwai Resort in Kanchanaburi.



TICON gave Nan Hospital in Nan a compact networked patient monitoring unit which is the high performance medical equipment being used by doctors to closely monitor patients in critical condition.



TICON donated computers and office apparels to the Suankaew Foundation in Nonthaburi, an activity which has been carried on for years.

BOARD OF DIRECTORS AND MANAGEMENT



1

Mr. Chali Sophonpanich
Chairman of the Board

Age: 54 years

Education:

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

Shareholding :

3.30 percent (as at March 16, 2015)

Relationship among directors/management:

- None -

Related experience:

2010 – Present

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)



2

Mr. Jirapongs Vinichbutr
Director

Age: 64 years

Education:

- Master of Business Administration, George Washington University
- Director Accreditation Program 2005, Thai Institute of Directors Association
- Director Certification Program 2005, Thai Institute of Directors Association

Shareholding:

- None - (as at March 16, 2015)

Relationship among directors/management:

Mr. Chai Vinichbutr's relative

Related experience:

2012 – Present

Managing Director, Rojana Prachinburi
Industrial Park Co., Ltd. (Property)

2012 – Present

Managing Director, Rojana Rayong 2
Industrial Park Co., Ltd. (Property)

2010 – Present

Director, Shanghai TICON
Investment Management
Co., Ltd. (Fund Management)

2005 – Present

Chairman of the Board, TICON
Logistics Park Co., Ltd. (Warehouses for
rent)

1993 – Present

Managing Director, Rojana Industrial
Park Public Co., Ltd. (Property)



3

Mr. Chai Vinichbutr
Director

Age: 41 years

Education:

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

Shareholding:

- None - (as at March 16, 2015)

Relationship among directors/management:

Mr. Jirapongs Vinichbutr's relative

Related experience:

2013 – Present

Director, TICON Management Co., Ltd.
(REIT manager)

2012 – Present

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)



4

Mr. Wei Cheng Kuan
Director and President

Age: 57 years

Education:

- Master of Business Administration, The University of Chicago

Shareholding:

- None - (as at March 16, 2015)

Relationship among directors/management:

Mrs. Yupadee Kuan's spouse

Related experience:

2012 – Present

Director, TICON Property, Inc.
(Property investment)

2010 – Present

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

2005 – Present

Director, TICON Logistics Park Co., Ltd.
(Warehouses for rent)

2001 – 2011

Managing Director, Eco Industrial Services Co., Ltd. (Factories for rent)

BOARD OF DIRECTORS AND MANAGEMENT



5

Mrs. Yupadee Kuan
Director

Age: 53 years

Education:

- Master of Business Administration, Michigan State University
- Director Certification Program 2013, Thai Institute of Directors Association

Shareholding:

2.84 percent (as at March 16, 2015)

Relationship among directors/management:

Mr. Wei Cheng Kuan's spouse

Related experience:

2012 – Present

Director, Eco Industrial Services Co., Ltd.
(Factories for rent)

2013 – 2014

Director, TICON Management Co., Ltd.
(REIT manager)



6

Mr. Virapan Pulges
Director and Managing Director

Age: 54 years

Education:

- 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
- Certificate of Completion, Master Class of National Association of Corporate Directors, United State of America, 18 – 19 August 2014

Shareholding:

1.01 percent (as at March 16, 2015)

Relationship among directors/management:

- None -

Related experience:

2013 – Present

Director, TICON Management Co., Ltd. (REIT manager)

2010 – Present

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

2005 – Present

Director, TICON Logistics Park Co., Ltd. (Warehouses for rent)

2001 – Present

Director, Eco Industrial Services Co., Ltd. (Factories for rent)



Mr. David Desmond Tarrant
Director and Chairman
of the Audit Committee

Age: 72 years

Education:

- Fellow of the Institute of Chartered Accountants in England & Wales
- Director Accreditation Program 2007, Thai Institute of Directors Association

Shareholding:

0.08 percent (as at March 16, 2015)

Relationship among directors/management:

- None -

Related experience:

1995 – Present

Director, Sakura Ventures Pte. Ltd.
(Property, Offices and Hotels)

2008 – 2012

Director, Chairman of Audit Committee
and Compensation Committee,
Golden Land Property Development
Public Co., Ltd. (Property)



Mr. Chatchaval Jiaravanon
Director and Audit Committee's
member

Age: 53 years

Education:

- Bachelor of Business Administration, University of Southern California
- Director Accreditation Program 2008, Thai Institute of Directors Association
- Certification for Executive Program, CMA9 Capital Market Academy

Shareholding:

- None - (as at March 16, 2015)

Relationship among directors/management:

- None -

Related experience:

2004 – 2012

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



Mr. Threekwan Bunnag
Director and Audit Committee's
member

Age: 58 years

Education:

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

Shareholding:

0.15 percent (as at March 16, 2015)

Relationship among directors/management:

- None -

Related experience:

2008 – Present

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)

BOARD OF DIRECTORS AND MANAGEMENT

Dr. Somsak Chaiyaporn

General Manager

Age

Education

Shareholding

Relationship among directors/management

Related experience

- 63 years
- Docteur Ingenieur (Mecanique), Ecole Centrale de Lyon
- 0.01 percent (as at March 16, 2015)
- - None -
- 2001 – Present General Manager,
Eco Industrial Services Co., Ltd. (Factories for rent)

Miss Lalitphant Phiriyaphant

Chief Financial Officer and Company Secretary

Age

Education

Shareholding

Relationship among directors/management

Related experience

- 49 years
- Master of Economics, Thammasat University
- Company's Secretary Program 2003,
Thai Institute of Directors Association
- 0.00 percent (as at March 16, 2015)
- - None -
- 2013 – Present Director,
TICON Management Co., Ltd. (REIT manager)

Mr. Samart Rusmeerojwong

Chief Investor Relation

Age

Education

Shareholding

Relationship among directors/management

Related experience

- 48 years
- Master of Business Administration,
Notre Dame de Namur University
- - None - (as at March 16, 2015)
- - None -
- - None -

Mr. Somsak Ratanavirakul

Head of Marketing 1

Age

Education

Shareholding

Relationship among directors/management

Related experience

- 55 years
- Master of Business Administration,
Chulalongkorn University
- 0.00 percent (as at March 16, 2015)
- - None -
- 1996 – 2004 Project Planning Manager,
Thai Factory Development Public Co., Ltd. (Property)

Mrs. Yuko Hoshi

Head of Marketing 2

Age

Education

Shareholding

Relationship among directors/management

Related experience

- 44 years
- Bachelor of Social Science, Chiba University
- 0.00 percent (as at March 16, 2015)
- - None -
- - None -

Mr. Peerapat Srisukont
Head of Project Development

Age

Education

- 46 years
- Master of Science in Engineering,
Texas A&M University, Kingsville
- Master of Business Administration,
Mahidol University International College
- - None - (as at March 16, 2015)
- - None -
- - None -

Shareholding

Relationship among directors/management

Related experience

Miss Siriporn Sombatwatthana
Head of Administration

Age

Education

- 52 years
- Bachelor of Business Administration,
Assumption University
- 1.75 percent (as at March 16, 2015)
- - None -
- - None -

Shareholding

Relationship among directors/management

Related experience

Mr. Sittisak Thareerat
Head of Legal

Age

Education

Shareholding

Relationship among directors/management

Related experience

- 51 years
- Bachelor of Laws, Ramkhamhaeng University
- - None - (as at March 16, 2015)
- - None -
- - None -

Miss Rungtip Piyayodilokchai
Head of Accounting

Age

Education

- 44 years
- Master of Business Administration,
Monash University
- - None - (as at March 16, 2015)
- - None -
- - None -

Shareholding

Relationship among directors/management

Related experience

Miss Pornpimol Supawiratbancha
Head of Finance

Age

Education

- 39 years
- Master of Business Administration,
Thammasat University
- 0.00 percent (as at March 16, 2015)
- - None -
- - None -

Shareholding

Relationship among directors/management

Related experience

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 1,115,941,811 (As at March 6, 2015)
Paid-up capital	Baht 1,099,142,375 (As at March 6, 2015)
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 6, 2015)
Paid-up capital	Baht 50,000,000 (As at March 6, 2015)
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 14,500,000,000 (As at March 6, 2015)
Paid-up capital	Baht 14,500,000,000 (As at March 6, 2015)
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 6, 2015)
Paid-up capital	USD 2,800,000 (As at March 6, 2015)

TICON Property, Inc.

Type of business	Investment in general real estates
Shareholder	TICON Industrial Connection Public Co., Ltd. holds 100 percent.
Head office address	2975 23RD ST San Francisco, CA 94110
Paid-up capital	USD 6,000,000 (As at March 6, 2015)

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 6, 2015)
Paid-up capital	Baht 10,000,000 (As at March 6, 2015)
Par value	Baht 10 per share

JOINT VENTURES

TICON Demco Power 6 Company Limited (Investment by Subsidiary)

Type of business	Electricity generator and distributor
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 6, 2015)
Paid-up capital	Baht 5,000,000 (As at March 6, 2015)
Par value	Baht 100 per share

TICON Demco Power 11 Company Limited (Investment by Subsidiary)

Type of business	Electricity generator and distributor
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 6, 2015)
Paid-up capital	Baht 4,000,000 (As at March 6, 2015)
Par value	Baht 100 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
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Auditor	Mr. Sophon Permsirivallop, CPA (Thailand), Registration No. 3182 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
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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

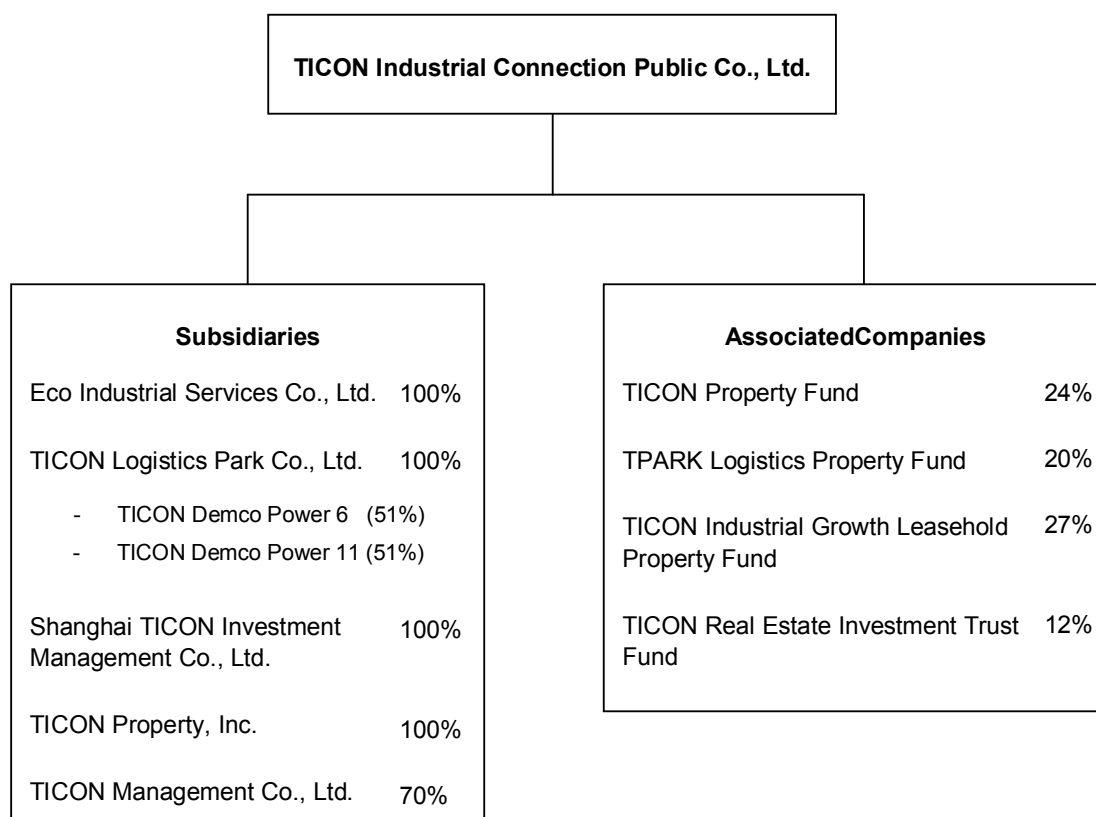
In 2014, the Company kept expanding in new strategic locations having added three more logistics parks and built several new factories and warehouses. Land acquisition and factory/warehouse development's expenditure totaled slightly more than Baht 8 billion. Most investment were in the warehouse business to serve growing demand for both high quality storage buildings and modern trade business's distribution centers. At end of the year, the Company's net new warehouse leasing was 167,776 square meters while it was negative 2,200 square meters for the factory business.

Unfortunately, a major tenant for factories managed to return most of their leased factories to the Company during the year because their business had not done well. Further, electronics and automobile industries, Thailand's two largest industries and groups of tenants for factories, continued to do poorly in 2014, having caused both the Company's new factory lease and occupancy rate to remain moderate. Nevertheless, number of new tenants in other industries kept increasing and there were growing interest for ready built factories in Ayudhya area where it had been flooded in 2011.

Growing demand for the Company's built to suit warehouses continued to be witnessed from third party logistics firms. This was in line with retail sector's need for storage buildings where finished goods would be kept for future distribution not only in Thailand but also in its neighbor countries. Thailand has recently become the manufacturing base of consumer products for export to most countries in the ASEAN Economics Community (AEC). This resulted in the Company's warehouse rental income surpassing factory rental income at last.

In December 2014, the Company successfully launched its first REIT fund which is “TICON Real Estate Investment Trust Fund” (“TREIT”). Total value of the assets sold to TREIT was Baht 4,228 million. TICON Logistics Park Company Limited (“TPARK”) invested in TREIT during IPO and has a 12% stake in the fund. TICON Management Company Limited (“TMAN”) is TREIT’s manager.

3. SHAREHOLDING STRUCTURE OF TICON GROUP AS OF 31 DECEMBER 2014



TICON has 5 subsidiaries named Eco Industrial Services Co., Ltd. (“EISCO”), TICON Logistics Park Co., Ltd. (“TPARK”), Shanghai TICON Investment Management Company Limited, TICON Property, Inc. and TICON Management Co., Ltd. TICON and EISCO are providers of ready-built factories while TPARK provides logistics warehouses. Shanghai TICON Investment Management Co., Ltd. and TICON Property, Inc. were established for exploring new business in China and in the United States of America, respectively. TICON Management Co., Ltd. was established for being a REIT Manager. Details of the **Subsidiaries** are as follows.

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. EISCO commenced its operation in April 2001 and was granted BOI Privileges in August 2001.

As of March 6, 2015, 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 Bangna, Wangnoi, Sriracha and Laemchabang 2, as well as for development of a number of warehouses in Hemaraj Chonburi Industrial Estate (Bowin).

As of March 6, 2015, TPARK had registered and paid-up capital of Baht 14,500 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 for exploring business in relation to investment in real estates in China. Currently, it is in the process of seeking investment opportunity.

As of March 6, 2015, SH-TICON had registered capital of USD2.8 million, and paid-up capital of USD 2.8 million.

4. **TICON Property, Inc.**

TICON has 100 percent stake in TICON Property, Inc. This subsidiary was registered in the USA in January 2012, for exploring business in relation to real estate investment in the USA. Currently, it is in the process of seeking investment opportunity.

As of March 6, 2015, TICON Property, Inc. had paid-up capital of USD 6 million.

5. TICON Management Company Limited (“TMAN”)

TICON has 70 percent stake in TMAN. TMAN was established in May 2013 for the purpose of being a REIT manager. In August 2014, TMAN received SEC’s approval to become REIT manager. In October 2014, TICON sold 300,000 shares equivalent to 30 percent stake in TMAN to Mitsui & Co. (Asia Pacific) Pte. Ltd.

As of March 6, 2015, TMAN had registered and paid-up capital of Baht 10 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.

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

TPARK holds 51 percent stake in the Company. At present, TICON Demco Power 6 Co., Ltd. is in the process of developing projects on electricity generation from solar power for sales.

As of December 31, 2014 the Company’s 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, TICON Demco Power 11 Co., Ltd. is in the process of developing projects on electricity generation from solar power for sales.

As of December 31, 2014 the Company’s paid-up capital was Baht 4 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 (through TPARK), details of which are as follow:

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 12,392 million. TFUND raised capital for the first time in 2005, following with another six rounds of capital raising during 2006 - 2012. The proceeds were used to acquire 237 factories (usable area totaling 563,800 square meters) and 8 warehouses (usable area totaling 19,600 square meters) from TICON and TPARK,

respectively. TICON and TPARK are not subject to any obligation to buy back these properties.

TICON and TPARK were selected as the property managers for all of the factories and warehouses sold to TFUND, and are entitled to property management fees from TFUND.

TFUND has a policy to pay dividends of no less than 90 percent of net profit, which is not subject to corporate income tax. The payment will be made at least twice a year. As at December 31, 2014, the NAV of TFUND was Baht 11.0021 per unit.

At the end of December 2014, TICON held 24 percent of TFUND's total issued units.

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 4,647 million. TLOGIS raised capital for the first time in 2009, following with another two rounds of capital raising in 2011-2012. The proceeds were used to acquire 63 warehouses (usable area totaling 243,625 square meters) from TPARK. Some of the fund's income, amounting to Baht 187.5 million per year, has been guaranteed by TICON until December 31, 2016. TPARK are not subject to any obligation to buy back these properties.

TICON and TPARK were selected as the property managers for TLOGIS's properties, and are entitled to property management fees from TLOGIS.

TLOGIS has a policy to pay dividends of no less than 90 percent of its net profit, which is not subject to corporate income tax. The payment will be made at least twice a year. As at December 31, 2014, the NAV of TLOGIS was Baht 11.6221 per unit.

At the end of December 2014, TICON held a 20 percent of TLOGIS's total issued units.

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. The proceeds were used to acquire 38 factories (usable area totaling 104,225 square meters) and 50 warehouses (usable area totaling 182,095 square

meters) from TICON and TPARK, respectively. TICON and TPARK are not subject to any obligation to buy back these properties.

TICON and TPARK were selected as the property managers for TGROWTH's properties, and are entitled to property management fees from TGROWTH.

TGROWTH has a policy to pay dividends of no less than 90 percent of its net profit, which is not subject to corporate income tax. The payment will be made at least twice a year. As at December 31, 2014, the NAV of TGROWTH was Baht 10.2633 per unit.

At the end of December 2014, TICON held a 27 percent of TGROWTH's total issued units.

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 unit holders of Baht 3,425 million. TREIT raised capital for the first time in 2014. The proceeds were used to acquire 20 factories (useable area totaling 54,000 square meters) and 25 warehouses (useable area totaling 160,523 square meters) from TICON and TPARK, respectively. TICON and TPARK are not subject to any obligation to buy back these properties.

TICON and TPARK were selected as the property managers for TREIT's properties, and are entitled to property management fees from TREIT.

TREIT has a policy to pay dividends of no less than 90 percent of its net profit, which is not subject to corporate income tax. The payment will be made at least twice a year. As at December 31, 2014, the NAV of TREIT was Baht 10.0232 per unit.

At the end of December 2014, TICON (through TPARK) held 12 percent of TREIT's total issued units.

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 29 different locations as shown below:

Location	Province
TPARK Bangna	Chachoengsao
TPARK Laemchabang (2 Locations)	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 (5 Locations)	Samutprakan
TPARK Rojana Prachinburi	Prachinburi
TPARK Khonkaen	Khonkaen
TPARK Surat Thani	Surat Thani

2. REVENUE STRUCTURE

At present, income from sales of properties to associated companies has become the biggest portion of total revenues owing to substantial sales of factories/warehouses to property/REIT fund each year. However, because the Company's core business is to provide factories/warehouses for rent, rental and service income still has an important role in the Company's revenue structure.

Both types of income combined has contributed to approximately 80-90 percent of the Company's total revenues. 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	2012		2013		2014	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Sales of properties	4,364.45	72.16	4,663.04	69.80	4,561.28	73.98
Rental and service income	1,053.01	17.41	1,109.69	16.61	966.06	15.67
Properties management fee from property/REIT funds	105.07	1.74	152.59	2.28	165.34	2.68
Share of profit from investments in property/REIT funds	169.22	2.80	216.57	3.24	267.13	4.33
Realized additional gains on sales of properties to property/REIT funds	35.29	0.58	154.45	2.31	41.37	0.67
Other income	321.45	5.31	384.70	5.76	163.79	2.67
Total	6,048.49	100.00	6,681.04	100.00	6,164.97	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 2012, 2013 and 2014, TICON's factory portfolios are as follows:

	End of 2012		End of 2013		End of 2014	
	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	114	312,865	86	252,190	64	175,080
Available	34	101,225	41	119,475	55	160,200
Under construction	11	24,625	14	39,300	28	67,025
Under site preparation	62	173,775	160	421,975	175	431,650
Total	221	612,490	301	832,940	301	833,955

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:

	2012		2013		2014	
	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	38	106,000	40	108,350	2	16,950
Sold to REIT fund	0	0	0	0	20	54,000

The 2014 factories' average occupancy rate fell from that in 2013. Main reasons were the decline in new leases and a number of vacant factories still in the flood-affected areas. In addition, the Company sold nearly 100 percent occupied factories, with a useable area of slightly more than 70,000 square meters, mostly to TREIT with some to property funds. In 2014, decline in the Company's factory new lease was due mainly to the slowdown of investment in both electronics/electrical and automobile sectors. Electronics/electrical manufacturers were affected by low global demand for durable goods. Likewise, investment in automobile sector did not increase last year because domestic demand for new cars remained poor after the first-time car buyer tax rebate program had been put to an end earlier.

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

	2012	2013	2014
Average occupancy rate (%)	81	73	62

At the end of 2014, 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	31.7	1. Japan	42.4
2. Electronics/Electricals	29.0	2. Europe	31.5
3. Food	5.4	3. North America	11.7
4. Packaging	4.3	4. Singapore	7.6
5. Plastic	4.0	5. Others	6.8
5. Others	25.6		
Total	100.0	Total	100.0

Note: The percentages were calculated based on rental and services income received in December 2014.

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 2012, 2013 and 2014, TPARK's warehouse portfolios are as follows:

	End of 2012		End of 2013		End of 2014	
	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	295,778	47	309,872	73	324,927
Available	34	86,713	62	187,963	65	173,923
Under construction	19	159,082	31	176,604	37	151,797
Under site preparation	94	838,904	207	1,537,082	193	1,865,282
Total	220	1,380,477	347	2,211,521	368	2,515,928

The figures shown in the previous table are 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:

	2012		2013		2014	
	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	36	117,664	50	182,095	0	0
Sold to REIT fund	0	0	0	0	25	160,523

In 2014, warehouses' average occupancy rate decreased from that in 2013, due mainly to recurrent expansion of the Company's new warehouse locations. As a result, number of available warehouses increased accordingly. In addition, the Company sold nearly 100 percent occupied warehouses to trust fund, with useable area of 160,523 square meters. The amount sold was slightly less than the 182,095 square meters sold to property fund in 2013. Net new lease of warehouses in 2014 also decreased from the previous year because there had been less warehouse space leased in 2014. However, demand from general logistics providers remained strong particularly for high quality custom built or built to suit warehouses.

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

	2012	2013	2014
Average occupancy rate (%)	89	71	63

At the end of 2014, 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	34.9	1. Europe	39.9
2. Retailers	20.9	2. Japan	25.0
3. Auto parts	15.8	3. Thailand	21.9
4. Trading (Import/Export)	9.6	4. North America	7.7
5. Electronics/Electricals	5.9	5. Taiwan (R.O.C.)	5.5
6. Consumer products	5.1		
7. Food	4.3		
8. Others	3.5		
Total	100.0	Total	100.0

Note: The percentages were calculated based on rental and services income received in December 2014.

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. INDUSTRY AND COMPETITION

4.1 Concept, demand/supply, and competition

4.1.1 Ready-built factories for rent

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/rent 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 renting 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 rental factories.

d. Competition

At present, there are few players in the ready-built factory for rent 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 rent. TICON's competitive advantages are its sole focus on providing factories and warehouses for rent, 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.

4.1.2 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 rent.

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.

4.2 Competition strategies for factories and warehouses

- **Market positioning**

According to a survey by CB Richard Ellis (Thailand) Co., Ltd., at the end of Q3/2014, TICON had a total market share of 47.4 percent of the ready-built factories for rent market under management (of which 30.5 percent were TFUND's properties).

TICON has positioned itself as the major provider of factories for rent 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 rent is the same as for ready-built factories for rent, 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 rents the Company charges are more related to the cost of providing the facilities than the rents competitors charge. The Company will, however, continue to monitor the market to ensure that its rents 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.

4.3 Industry outlook and future competition

4.3.1 Industry outlook

There has been a growing tendency in demand for factory and warehouse lease. This has resulted from growth in the automobile 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.

4.3.2 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.

5. 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.

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 rent, 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 2014, 42 percent of the Company's factory tenants were manufacturers from Japan and 31 percent were from Europe. 32 percent of those were in the automobile sector, while 29 percent were in the electronics/electrical sector. In addition, 40 percent of the warehouse tenants were companies from Europe and 25 percent were companies from Japan. 35 percent tenants were in the general logistics sector and 16 percent were in the automobile sector. Hence, the Company might be affected by a slowdown of these sectors, or by less direct investment from Japan and Europe.

However, the Company believes that such risk would have little impact since its tenants in the electronics/electrical sector are independent and diversified among various sub-sectors, i.e., electronics manufacturing services, electronics manufacturing for electrical appliances, hard disk drive manufacturing, electrical appliance manufacturing, etc. Moreover, the auto sector tends to have healthy growth, in line with the global economic recovery, as well as the relocation to Thailand of major car manufacturers focusing on exports. This resulted in an upsurge of demand for automotive parts. In addition, tenants in the auto sector increased to be close to those in the electronics/electrical sector. This can help reduce the risk of over-reliance on any particular business sector.

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 the direct investment from Japan, Japan was the largest investor in Thailand and thereby for TICON since TICON ranks number one market share for ready-built factories. The Company foresees that among ASEAN countries, Thailand is considered top-ranking countries for direct investment due to its cost effectiveness. With these reasons, the Company is comfortable with this risk.

Moreover, the standard type of factories and warehouses can help serve the demands of various customers.

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

At the end of 2014, the Company had 203 factories and 230 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.

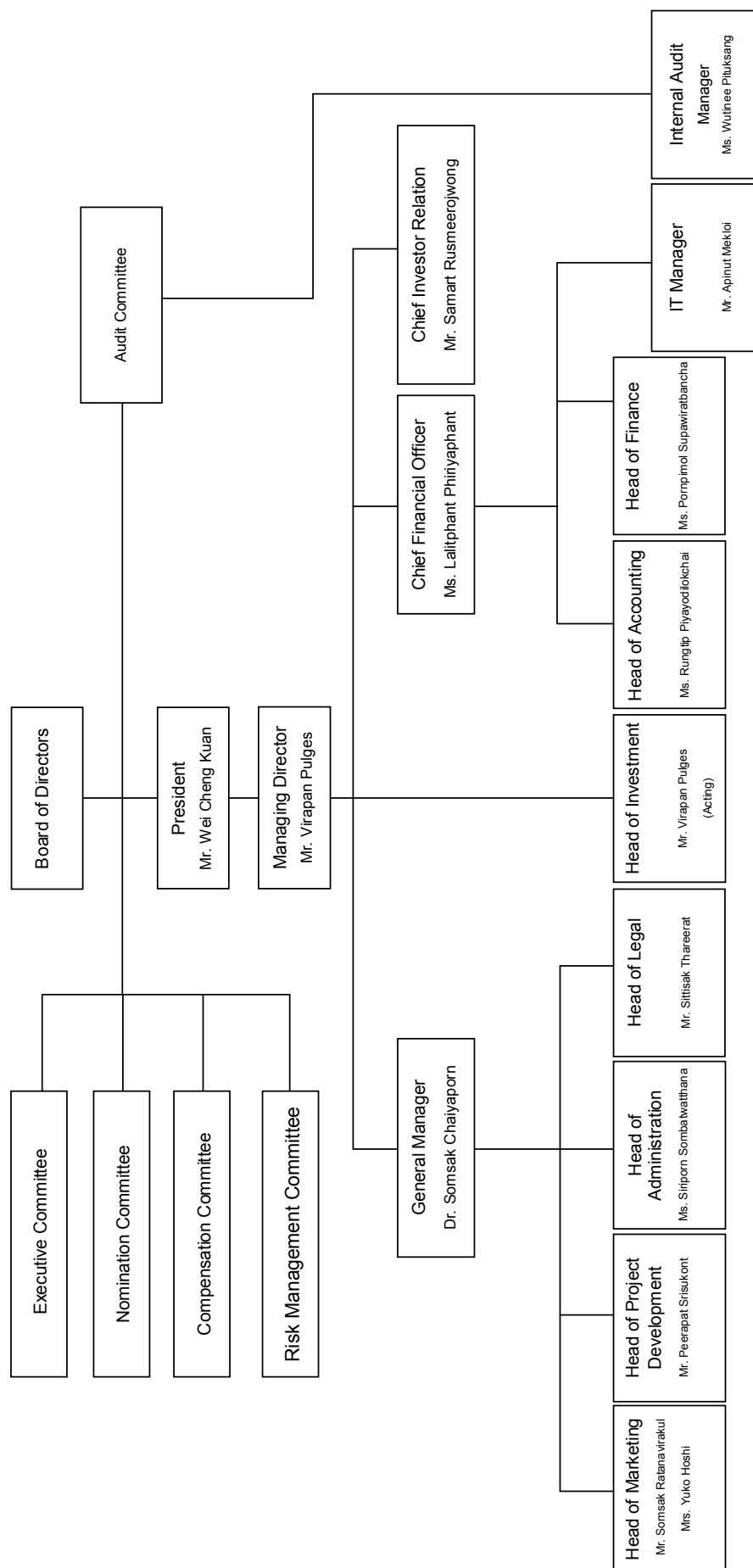
SHAREHOLDING STRUCTURE

Shareholders	As of March 16, 2015	
	No. of shares	%
1. Rojana Industrial Park Public Co., Ltd.	477,618,419	43.45
2. City Realty Group		
City Villa Co., Ltd.	38,568,150	3.51
Mr. Chali Sophonpanich	24,773,910	2.26
Mrs. Siriya Sophonpanich	11,458,725	1.04
City Realty Co., Ltd.	2,582,684	0.23
	77,383,469	7.04
3. Directors/Management/Related persons		
Mrs. Yupadee Kuan (Director)	31,236,904	2.84
Miss Siriporn Sombatwatthana (Head of Administration) and spouse	19,287,500	1.75
Mr. Virapan Pulges (Managing Director) and spouse	11,073,823	1.01
Mr. Threekwan Bunnag (Director and Audit Committee's member) and spouse	1,599,362	0.15
Mr. David Desmond Tarrant (Director and Chairman of the Audit Committee)	844,135	0.08
Dr. Somsak Chiyaporn (General Manager)	101,746	0.01
Miss Pornpimol Supawiratbancha (Head of Finance)	40,890	0.00
Mr. Somsak Ratanavirakul (Head of Marketing 1)	12,011	0.00
Miss Lalitphant Phiriyaphant (Chief Financial Officer and Company Secretary)	79	0.00
Mrs. Yuko Hoshi (Head of Marketing 2)	78	0.00
	64,196,528	5.84
4. Thai N.V.D.R. Limited	46,198,663	4.20
5. Mrs. Suchada Leesawattrakul	41,492,970	3.78
6. Chase Nominees Limited Group	24,769,810	2.25
7. Nortrust Nominees Limited Group	23,394,932	2.13
8. Sathorn City Tower Property Fund	19,503,194	1.78
9. The Hongkong And Shanghai Banking Corporation Limited	18,817,200	1.71
10. East Fourteen Limited Group	15,817,044	1.44
11. Others	289,950,146	26.38
Total	1,099,142,375	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 2014



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 2014, the Company's Board of Directors consists of nine members as follows:

1.	Mr. Chali Sophonpanich	Chairman of the Board
2.	Mr. Jirapongs Vinichbutr	Director
3.	Mr. Chai Vinichbutr	Director
4.	Mr. Wei Cheng Kuan	President
5.	Mrs. Yupadee Kuan	Director
6.	Mr. Virapan Pulges	Managing Director
7.	Mr. David Desmond Tarrant	Chairman of the Audit Committee
8.	Mr. Chatchaval Jiaravanon	Audit Committee's member
9.	Mr. Threekwan Bunnag	Audit Committee's member

The authorized directors are Mr. Chali Sophonpanich, Mr. Jirapongs Vinichbutr, Mr. Chai Vinichbutr, Mr. Wei Cheng Kuan and Mr. Virapan Pulges, any two out of five may sign documents with the Company's seal affixed.

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 signification 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 conducted 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 of the Board's 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 2014, the Company's Executive Committee consists of five members, as follows:

- | | |
|-----------------------------|---|
| 1. Mr. Wei Cheng Kuan | Chairman of the Committee |
| 2. Mr. Virapan Pulges | Vice Chairman of the Committee |
| 3. Mr. Chali Sophonpanich | Committee's member |
| 4. Mr. Jirapongs Vinichbutr | Committee's member |
| 5. Dr. Somsak Chaiyaporn | 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 2014, the Company's Audit Committee consists 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 |

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. CORPORATE GOVERNANCE COMMITTEE

On February 26, 2015 the Company's Board of Directors appointed a Corporate Governance Committee which comprises of seven members.

- | | |
|---------------------------------|---------------------------|
| 1. Mr. Virapan Pulges | Chairman of the Committee |
| 2. Dr. Somsak Chaiyaporn | Committee's member |
| 3. Mr. Patan Somburanasin | Committee's member |
| 4. Miss Lalitphant Phiriyaphant | Committee's member |
| 5. Mr. Samart Rusmeerojwong | Committee's member |
| 6. Mr. Peerapat Srisukont | Committee's member |
| 7. Miss Tasanee Kartsanit | 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. COMPENSATION COMMITTEE

As of 31 December 2014, the Company's Compensation Committee consists of three members, as follows:

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

As of 31 December 2014, the Company's Nomination Committee consists of four members, as follows:

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

As of 31 December 2014, the Company's Risk Management Committee consists of seven members, as follows:

- | | |
|---------------------------------|---|
| 1. Mr. Threekwan Bunnag | Chairman of the Committee |
| 2. Mr. Virapan Pulges | Committee's member |
| 3. Dr. Somsak Chaipayorn | Committee's member |
| 4. Mr. Patan Somburanasin | Committee's member |
| 5. Miss Lalitphant Phiriyaphant | Committee's member |
| 6. Mr. Samart Rusmeerojwong* | Committee's member |
| 7. Mr. Peerapat Srisukont | Committee's member and Secretary to the Committee |

* On 11 November 2014, Mr. Samart Rusmeerojwong was appointed as risk management committee.

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 2014, the Company's management team is as follows:

- | | |
|------------------------------------|---|
| 1. Mr. Wei Cheng Kuan | President |
| 2. Mr. Virapan Pulges | Managing Director |
| 3. Dr. Somsak Chaiyaporn | General Manager |
| 4. Miss Lalitphant Phiriyaphant | Chief Financial Officer and Company Secretary |
| 5. Mr. Samart Rusmeerojwong | Chief Investor Relation |
| 6. Mr. Somsak Ratanavirakul | Head of Marketing 1 |
| 7. Mrs. Yuko Hoshi | Head of Marketing 2 |
| 8. Mr. Peerapat Srisukont | Head of Project Development |
| 9. Miss Siriporn Sombatwatthana | Head of Administration |
| 10. Mr. Sittisak Thareerat | Head of Legal |
| 11. Miss Rungtip Piyayodilokchai | Head of Accounting |
| 12. Miss Pornpimol Supawiratbancha | Head of Finance |

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 2014, the compensations (accrual basis) paid to Directors and Audit Committee's members are as follows:

Unit : Baht

Directors	Meeting allowance		Bonus
	Board	Audit Committee	
Mr. Chali Sophonpanich	160,000	-	2,000,000
Mr. David Desmond Tarrant	60,000	40,000	1,719,000
Mr. Jirapongs Vinichbutr	80,000	-	1,610,000
Mr. Chai Vinichbutr	60,000	-	1,610,000
Mr. Wei Cheng Kuan	-	-	-
Mrs. Yupadee Kuan	50,000	-	1,652,000
Mr. Virapan Pulges	80,000	-	1,652,000
Mr. Threekwan Bunnag	80,000	40,000	1,295,000
Mr. Chatchaval Jiaravanon	80,000	40,000	692,000
Total	650,000	120,000	12,230,000

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

	Amount (Baht)
Salary	32,188,520
Bonus	9,072,250
Provident Fund	1,171,393
Total	42,432,163

10.2 Other compensations

In 2014, no other compensation was paid to Directors and Management.

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.

There were 6 directors attended and 3 directors were absent at the 2014 Annual General Meeting of Shareholders. The meeting was held on April 22, 2014 at 2:30 p.m. at The Tawanna Hotel, 80 Surawong Road, Siphaya, Bangrak, Bangkok.

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 9 persons, with 3 members of the Audit Committee 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 2014.

	Number of attendances (8 meetings in total)
1. Mr. Chali Sophonpanich	8
2. Mr. David Desmond Tarrant	6
3. Mr. Jirapongs Vinichbutr	8
4. Mr. Chai Vinichbutr	6
5. Mr. Wei Cheng Kuan	-
6. Mrs. Yupadee Kuan	5
7. Mr. Virapan Pulges	5
8. Mr. Threekwan Bunnag	8
9. Mr. Chatchaval Jiaravanon	8

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 2014 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 2014.

	Number of attendances (4 meetings in total)
1. Mr. David Desmond Tarrant	4
2. Mr. Threekwan Bunnag	4
3. Mr. Chatchaval Jiaravanon	4

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 5 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 2014.

	Number of attendance (1 meeting in total)
1. Mr. Chali Sophonpanich	1
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 2014.

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

8. RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 13 May 2013, with reference to resolutions of the Board of Directors' Meeting No. 2/2013. The Risk Management Committee comprises 6 members who are appointed by the Board of Directors. The Committee is responsible for evaluating and monitoring all types 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 2014.

	Number of attendance (4 meetings in total)
1. Mr. Threekwan Bunnag	4
2. Mr. Virapan Pulges	4
3. Dr. Somsak Chaiyaporn	4
4. Mr. Patan Somburanasin	2
5. Miss Lalitphant Phiriyaphant	4
6. Mr. Samart Rusmeerojwong*	-
7. Mr. Peerapat Srisukont	4

Note: *Mr. Samart Rusmeerojwong was appointed Risk Management Committee member on November 11, 2014

9. OTHER COMMITTEES

On February 26, 2015 the Company's Board of Directors appointed a Corporate Governance Committee which comprises of seven members. 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.

Details of the Corporate Governance Committee members including names and responsibilities were described in the item of "Management".

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

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 2014, TICON had activities for abroad, institutions and individual investors and securities analysts as follows:

Activities	Number of attendance
Opportunity Day	4
Company visit	38
Analyst meetings and Press Conference	3
Local roadshows	5
International roadshows	9

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.

13. ANTI-CORRUPTION SUPPORT

The Company's Board of Directors is determined at deploying transparency in business within legal framework with morality and corporate governance which includes anti-corruption. The Board of Directors also realizes that corruption has negative impacts on the country's economic and social development as well as the national security.

1. The Company must encourage its employees to have positive awareness, values, and attitudes so they work with loyalty, transparency, integrity, and law-abiding as well as follow all rules and regulation which support anti-corruption. This should be made part of the Company's corporate culture under good corporate governance.
2. Employees of the Company must not demand or receive benefits from others whose works or business are related to the Company's unless it is during festive seasons.
3. The Company must provide a process to review anti-corruption work procedures which includes measures to evaluate tendency to have corruption in the Company and manage to properly solve the corruption problem.
4. The Company must provide sufficient and effective internal control including develop system and mechanism to review, control, and balance power properly, clearly, and efficiently to prevent corruption either direct or indirect.
5. The Company must provide communication and training for employees to have the knowledge and understand in depth the anti-corruption measures.
6. The Company must provide channels of notifying clues or complaints and have clear policy on informer protection and keep confidential information of the informers. Further, the Company must have measures to track corruption and prepare corruption penalty in accordance with relevant rules and regulation.
7. The Company shall accommodate activities of various organizations beneficial both for corruption prevention and anti-corruption support.

14. POLICY ON NOTIFYING CLUES OR COMPLAINTS

Objectives

1. To encourage the Company's personnel to operate correctly, transparently, rightfully and accountably in accordance with the principles of good corporate governance, ethical standards and its code of business conduct. 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, modify or operate to be correct, suitable, transparent, fair and consistent with the Securities and Exchange Act that protects the persons giving information in good faith to the Good Governance Department.

2. To ensure that the superiors and the Human Resources Department of the Company are responsible for managing, providing advice and monitoring various actions of staff to be correct. Also, the said informers shall be protected if the acts are in good faith.

Scope of notifying clues or complaints

1. In case of doubt or finding the actions violating the principles of good practice concerning the following matters:
 - 1.1 Violation of compliance with the principles and practice guidelines of policy on good corporate governance.
 - 1.2 Violation of the rules and regulations of the Company
 - 1.3 Not being treated fairly in working
 - 1.4 Fraud
2. Discovery of the acts that cause suspicion and bad effect on the Company

Channels of notifying clues or complaints for stakeholders

Mr. Virapan Pulges
Managing Director
Tel: (662) 679-6565 ext. 205
E-mail: virapan.p@ticon.co.th

Miss Lalitphant Phiriyaphant
Company Secretary
Tel: (662) 679-6565 ext. 204
E-mail: Lalitphant.p@ticon.co.th

Miss Wutinee Pituksang
Internal Auditor Manager
Tel: (662) 679-6565 ext. 235
E-mail: wutinee.p@ticon.co.th

Miss Tasanee Kartsanit
Human Resources Manager
Tel: (662) 679-6565 ext. 250
E-mail: tasanee.k@ticon.co.th

Process of dealing with the matters of complaint

1. Registration and submission of matters

1.1 The complaint coordinator registers the complaint and fixes the date of notifying the progress of 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 registration of the matters. However, the matters shall be submitted to the directly responsible departments to answer questions to inquirers.

1.2 The complaint coordinator records information from the complainant as follows:

- Complainant's name except for 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 according to the contents (except for the general inquiries) and proceed as follows.

- Submission to the person responsible for complaint so as to undertake to find facts and command according to the authority.
- Submit a copy of the matter to the Human Resources Department for preliminary information to prepare for providing advice on disciplinary or other actions.
- Submit a copy of the matter to the President and scrutiny committee for information.

2. Gather facts and order

2.1 The person responsible for complaint undertakes to find facts and proceeds to advise the related person to behave or practice suitably. If disciplinary action must be imposed, order penalty by consulting with the Human Resources Department so that

punishment accords with punitive measures. Besides, if the person responsible for complaint has no power to order punishment, then submit the matter according to hierarchy until reaching the authority. This shall depend on the case. Also submit the results of finding facts, action and ordering punishment by the case to the President through the superiors in hierarchical order for information or ordering.

2.2 For the complaint of anonymous person and inability to find more information sufficiently, the person responsible shall submit the report on the results of information verification and comments on that complaint to the President through the superiors in hierarchical order so as to seek guidelines for appropriate action. If the President considers that it is unfeasible to act according to the complaint, that complaint shall be closed. Also, the person responsible for complaint must submit a copy to the complaint coordinator for information so as to report to the scrutiny committee.

2.3 After fact verification by the person responsible for complaint, it is found that the respondent is not guilty or the matter arises from misunderstanding. Or, advice is already provided to the respondent or the related person behaves or practices appropriately. Also examination reveals that the matter should be closed without any penalty. In that case, the person responsible for complaint shall submit the said matter to the superiors in higher order so as to request approval for closing. Also submit a copy to the complaint coordinator to inform the complainant. Then proceed to report to the President and scrutiny committee.

3. Investigation

3.1 If the person responsible for complaint and the Human Resources Department consider that disciplinary action must be imposed, the Human Resources Department must submit the matter to the President for fact investigation further.

3.2 With the results of the President's order, then notify the outcomes to the person responsible for complaint so as to follow the next steps.

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

4.1 The person responsible for complaint follows the order of the President, proceeds to recommend appropriate behavior or practice. Then inform the complaint coordinator about the results of action too.

4.2 The complaint coordinator notifies the results to the complainant and records the results of action on the complaint by informing the scrutiny committee on a quarterly basis.

4.3 The complaint coordinator follows the results of improvements, modifications (if any) and reports to the President as well as scrutiny committee.

Complaint in bad faith

If notification of clues, complaints includes words or any information proved to be act in bad faith, disciplinary action shall be imposed for the personnel of the Company. For the outsider who acts and causes damage to the Company, the latter shall proceed to sue that person.

Measures to protect the informers or complainants

1. The Company shall keep information and identity of the informers, complainants or respondents confidential.
2. The Company shall disclose information as long as needed by taking account of safety and damage of the informers or related persons.
3. The persons suffering damage shall be relieved by the right and fair process.
4. Case: The complainants or the persons cooperating in the investigation consider that they may be unsafe or potentially suffer damage. The complainants or persons cooperating in the investigation can request the Company to adopt appropriate protection measures. Or the Company may adopt the protection measures without the request of complainants or persons cooperating in the investigation if the matters are considered to potentially cause damage or insecurity.
5. The Company shall not do anything which is unfair to the informers or the complainants, including the change of jobs, office, ordered suspension from work, intimidation, interference with work, dismissal or any other actions that appear to be treatment unfair on the informers, complainants or persons cooperating in the investigation.

15. CORPORATE SOCIAL RESPONSIBILITY

The Company realizes the importance of corporate governance and would like to be recognized by its stakeholders in all aspects as having good governance. The Board of Directors had its resolution to support the anti-corruption policy which promotes anti-corruption operation and/or activities both inside and outside the Company.

In addition, the Company is responsible of all employees so it has introduced the Policy on notifying clues or complaints to employees as well as to other stakeholders of the Company for

them to participate in making its business operation transparent, investigable, which in long run would lead the Company to become sustainable business.

The Company never neglects on the living environment of its employees including their families and other stakeholders who live in and around the areas where the Company operates throughout the country. Every single time the Company constructs its factory or warehouse, conservation of environment is among the Company's priorities for nearby communities' lives to feel the least impact and thus continue to live their normal lives. Employees who live with their families in worker camps near the Company's construction sites are offered "Day Care Nursery", which is the babysitting service for their small children, free of charge.

The Company realizes the importance of social and environmental responsibility, and community. In 2014, it carried out few CSR activities which could help contribute to sustainable development of Thai society as follow:

- March 20, TICON donated an EKG monitoring unit which is a high-performance medical device to Nan Hospital in Nan province.
- March 22-23, TICON management and employees took part to help farming the sea coral near Sor beach in Sattaheep district, Choburi province. The activity was one of TICON's environmental conservation project under code name "TICON Green Life".
- April 3, TICON donated computer sets including desktop computers and monitor screens to the Muslim Pathanasart School in Pattani province. The school situates in Thailand's three southern border town area currently under violent separatist attacks.
- May 17-18, TICON Group of companies' management, employees and staffs participated in team building seminar and activities at The Legacy River Kwai Resort in Kanchanaburi province. Objectives of activities were to promote work harmony within the Group.
- In September, TICON donated computer devices and office supplies totaling 38 items, e.g. desktop computers, UPS, printers, fax machines, etc. to Suankaew Foundation in Nonthaburi province.
- November 8, TICON Group of companies' management, employees and staffs took part in the Group's sports day activities. Objectives of activities were to encourage workers at all level to play sports, to promote work harmony both within and between business units, and to relax after one full year of hard work together.
- In December, TICON donated office supplies i.e. computer desks, office desks and chairs, copy machines to Suankaew Foundation in Nonthaburi province.

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.1/2015 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.

The Company enlisted in the declaration of intention by the Private Sector Collective Action Coalition against Corruption (CAC). Policy amendment is underway for assessment by Internal Audit Department and the Audit Committee for the Company's request for 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.

The Internal Audit Unit, reporting directly to the Company's Audit Committee, was set up to examine the 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.

The Company's Internal Audit Manager is Ms. Wutinee Pituksang, who has served as the Company's internal auditor for 11 years. She was appointed by the Audit Committee. Any appointment, rotation or termination of the Internal Audit Manager must be 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. Two of its directors, Mr. Jirapongs Vinichbutr and Mr. Chai Vinichbutr, are directors of TICON.

In 2014, 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 2014, 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 7.04 percent directly and indirectly in TICON, as of March 16, 2015.
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 2014, the Company leased office space from the Fund, with the rental fee totaling Baht 14.76 million.

As of December 31, 2014, 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 2014, TICON had outstanding balance of the financial transactions with BBL as follows:

Transaction	Interest rate/fee (% per annum)	Outstanding balance (Million Baht)
Long-term loan	MLR minus a certain rate	748.38
Letter of Guarantee	as announced by the bank	197.22
Fixed deposit	as announced by the bank	1.49
Saving deposit	as announced by the bank	95.85

As at December 31, 2014, the Company had Baht 0.09 million accrued interest expense. However, these had already been settled in early 2015.

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 units of TFUND, TLOGIS and TGROWTH 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 2014, the Company made payments for the use of securities trading services to ASP in a total amount of Baht 0.97 million.

As at December 31, 2014, there was no accrued expense in regard to these transactions.

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 18.0 percent, 17.6 percent and 16.5 percent, respectively. However, income from sales of properties to TFUND/TLOGIS/TGROWTH was the major portion of total revenues, representing 74.1 percent, 73.9 percent and 76.2 percent, respectively. The proceeds from sales of properties to the funds will be used for the Company's business expansion in each year.

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, 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 1,053.0 million, Baht 1,109.7 million and Baht 966.1 million, respectively, representing an increase of 19.6 percent, 5.4 percent and a decrease of 12.9 percent, respectively. Cost of rental and services for such periods were Baht 392.3 million, Baht 261.5 million and Baht 243.5 million, respectively.

2013 rental and services income still increased although the increased rate was less than the previous year due to the less-than-expected demand for factories. However, the demand for warehouses increased substantially, according to the expansion of the general logistic sector and the retail sector. In 2013, The Company's net new leasing increased by 240,932 square meters in total.

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.

1.1.2 Income from sales of properties to property funds

Over the past three years, the Company had income from sales of properties to TFUND, TLOGIS TGROWTH and TREIT of Baht 4,332.9 million, Baht 4,663.0 million and Baht 4,460.1 million, representing a 359.2 percent increase, 7.6 percent increase and 4.4 percent decrease, respectively.

In 2013, the Company sold 2 factories to TFUND amounting to Baht 104.8 million in September, and sold/leased factories and warehouses to TGROWTH amounting to Baht 5,514.5 million in December. Such sale to TGROWTH was the highest record. However, only Baht 4,558.2 million was recorded as income from sales. The biggest proceeds from such sales were used to fund the Company's progressive business expansion in response to considerable increase in demand for leasing.

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.

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

Beside sales of properties to property funds, the Company also has sales of properties to tenants and other parties on occasion.

In 2014, the Company sold two factories to other parties.

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 sale varies by age, size, specification and location of the factories.

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

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

The share of profit from investment in TFUND, TLOGIS, TGROWTH and TREIT 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 169.2 million, Baht 216.6 million and Baht 267.1 million, respectively, representing a 5.2 percent decrease, 28.0 percent increase, and 23.3 percent increase, each year.

Share of profit from investment in the funds was Baht 216.6 million in 2013, increased by Baht 47.4 million from 2012, due to TFUND's and TLOGIS's improved performances and the Company's investments in TGROWTH during the year.

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.

2) Income from management of properties for TFUND, TLOGIS and TGROWTH

Over the past three years, the Company had property management fees of Baht 105.1 million, Baht 152.6 million, and Baht 165.3 million, respectively.

In 2013, this income increased 45.2 percent from TFUND's and TLOGIS's improved performances as well as TLOGIS's income from insurance claim in regard to the floods.

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.

The Company as a property manager of such funds, has obligations 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 obligations 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 36.5 million, Baht 170.1 million, and Baht 1.5 million, respectively. The gain on sales was recorded as a part of other income.

4) Realized additional gain on sales of properties to property and REIT funds

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 35.3 million, Baht 154.5 million, and Baht 41.4 million, respectively. Most of them were from the reduction of the Company's stake in TFUND/TLOGIS in 2013 and TFUND managed to sell three factories to other parties during the year. 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 and TFUND only sold one factory to other party.

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. However, in 2012, income from construction services increased from the prior year, due mainly to the provision of renovation works of a number of flood-affected factories and warehouses to tenants. In 2013 and 2014, this income was from normal repair and modification works provided to tenants, which resulted in considerable decrease from year 2012.

2. Utilities income

The utilities income generated from the provision of temporary utilities for tenants whilst they were waiting for permanent supplies from the utilities suppliers. The Company normally has not sought profit from providing such services to tenants.

3. Insurance claims

In 2012 and 2013, the Company received insurance claims for renovation expenses for flood-affected properties and for the loss of rental income amounting to Baht 82.7 million and Baht 69.7 million in total, respectively.

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

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).

1.2.2 Selling and administrative expenses

Over the past three years, selling and administrative expenses were Baht 432.0 million, Baht 715.6 million and Baht 769.5 million, respectively, representing a 32.5 percent, 65.6 percent, and 7.53 percent increase each year.

The major elements of selling and administrative expenses were employee related expenses and depreciation of vacant factories/warehouses, approximately 60.5 percent in total.

The selling and administrative expenses in 2013 increased substantially due mainly to the increase in depreciation and securities expenses of vacant factories/warehouses as well as the rising in employee related expenses following the expansion of business. In addition, there were expenses related to establishment of TGROWTH which were mostly recorded as selling expenses. It is one-time expense for setting up new fund. However, such expenses were compensated by adding-on to the selling price of properties and other income.

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.

1.2.3 Finance Cost

Over the past three years, finance cost were Baht 410.8 million, Baht 546.4 million, and Baht 642.6 million, respectively, representing a 53.7 percent, 33.0 percent, and 17.6 percent increase each year.

Interest expenses were the significant element of finance cost, representing 98.7 percent. The rest were expenses in relation to the provision for financing.

The finance cost surged in 2014 and 2013, due to the substantial increase in borrowing, corresponding to the Company's business expansion.

1.2.4 Allowance for impairment loss on assets

In 2012, the Company had reversed the allowance for impairment of property since the Company recorded Baht 15.4 million of allowance for impairment loss on two plots of land in Ayudhya province in 2011, then the fair value of such property was higher than its book value in 2012.

There was no such transaction in 2013 and 2014.

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 43.1 percent, 45.5 percent and 37.8 percent, respectively.

In 2013, the Company had slight increase in gross profit margin from operation due to the rising in rental income and rental rate, diminishing of repair expenses for the flood-affected properties and ceasing of depreciation of the investment properties which were classified as non-current assets held-for-sale from Q2 until the completion of property selling in December.

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.

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 1,296.6 million, Baht 1,414.2 million and Baht 761.6 million, respectively. Earnings per share were Baht 1.62, Baht 1.56 and Baht 0.76, respectively.

In 2013, the Company's net profit increased by Baht 117.6 million or 9.1 percent due to the rising in gross profit margin as mentioned above. In addition, the Company had more gain on sales of properties, higher management fee and increasing share of profit from TFUND/TLOGIS/TGROWTH following the funds' improved performances. Moreover, the Company had more realized additional gain on sales of properties to TFUND/TLOGIS as well as gain on sales of investment in

the funds from decrease in the Company's stake as mentioned above. In addition, the Company benefited from the reduction of corporate income tax rate from 23 percent to 20 percent.

In 2014, the Company's net profit dropped Baht 652.7 million or decreased by 46.2 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.

2. FINANCIAL STATUS

2.1 Assets

At the end of 2014, the Company had total assets of Baht 31,209.1 million. 76.6 percent of the total assets were investment properties, and 10.6 percent of the total assets were investment in TFUND, TLOGIS, TGROWTH and TREIT.

The Company's total assets rose by Baht 4,757.7 million, a 18.0 percent increase from the previous year. The main reasons were the increase in the investment properties, land, buildings, equipment, and prepaid rental expenses.

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 13,688.3 million, Baht 17,261.3 million and Baht 23,914.3 million, respectively.

The rising in the investment properties-net of those sold to TFUND/TLOGIS/TGROWTH/TREIT-in 2013 by 26.1 percent and in 2014 by 38.5 percent reflected the Company's business expansion with substantial increase in land acquisition and factories/warehouses development, in respond to considerable demand.

2.1.2 Non-current assets held-for-sale

Non-current assets held-for-sale comprised available and/or leased properties expected to be sold within 1 year.

As at December 31, 2013, the Company had non-current assets held-for-sale of Baht 2,684.0 million, according to resolutions of the Board of Directors' Meeting held in Q1/2014 approved the offering of additional properties to TGROWTH and the offering of properties to TREIT.

As at December 31, 2014, the Company had not non-current assets held for sale.

2.1.3 Property, plant and equipment ("PPE")

Approximately 85.3 percent of the PPE are land and land improvement. In 2013 and 2014, the PPE rose by 26.4 percent and 45.5 percent, respectively, due mainly to more project development as already mentioned.

2.1.4 Current investments

At the end of 2014, the Company had current investments of Baht 257.7 million. Baht 133.0 million was Bills of Exchange, issued by domestic commercial banks. Such investment is considered as low risk and is a good alternative for the Company to manage its cash. In addition, it provides the Company with higher returns than those from savings deposits.

2.1.5 Trade accounts receivables-net

During the past three years, the Company had net trade accounts receivables of Baht 82.4 million, Baht 43.5 million and Baht 63.1 million, respectively.

In 2013, net trade accounts receivables decreased by Baht 38.9 million from the previous year mainly since unbilled operating leases receivables decreased by Baht 31.3 million, resulted from sales of a number of properties to TGROWTH.

As at December 2014, net trade accounts receivables was Baht 63.1 million comprising of receivables past due of up to 3 months, Baht 42.9 million, or 68.0 percent of total net trade account receivables, and unbilled operating leases receivables, Baht 11.0 million, or 17.4 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.

2.1.6 Pledged fixed deposit

At the end of 2014, the Company had a fixed deposit of Baht 70.6 million. The deposit has been pledged with a bank as collateral for TREIT guarantee, letters of credits, trust receipts, and letters of guarantees issued in favor of a government entity, state enterprises and private companies.

2.1.7 Investment

At the end of 2014, 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 0.2 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 14,515.0 million, representing 49.7 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 Property, Inc. (a subsidiary) of 100 percent of its paid-up capital, with the investment amount under the cost method of Baht 189.2 million, representing 0.6 percent of the Company's total assets.
- e. 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.
- f. Investment in TICON Property Fund (an associated company) of 23.63 percent of the fund's capital. The investment amount under the equity method was Baht 1,446.0 million, representing 4.6 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 2,807.9 million, or 9.6 percent of the Company's total assets.

- g. Investment in TPARK Logistics Property Fund (an associated company) of 20.04 percent of the fund's capital. The investment amount under the equity method was Baht 613.4million, representing 2.0 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 916.1 million, or 3.1 percent of the Company's total assets.
- h. Investment in TICON Industrial Growth Leasehold Property Fund (an associated company) of 27.36 percent of the fund's capital. The investment amount under the equity method was Baht 944.2 million, representing 3.0 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 1,516.5 million, or 5.2 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 12.00 percent of the fund's capital. The investment amount under the equity method was Baht 312.9 million, representing 1.0 percent of the Company's consolidated total assets, and the investment amount under the cost method was Baht 411.0 million, or 1.97 percent of the Company's total assets
- j. 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 2.3 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
- k. 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.
- l. 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

At the end of 2014, the Company had deferred tax assets of Baht 91.0 million, most of which related to corporate income tax entitlement in respect of unrealized gain from sales of properties to TFUND/TLOGIS/TGROWTH/TREIT.

Corporate income tax relating to the gain on sales recorded in the Company's income statements excluded a certain amount of the tax at the same percentage as TICON's stake in TFUND/TLOGIS/TGROWTH/TREIT, even where the full amount of the tax was already paid in cash. The difference between the tax paid in cash and the tax recorded in the income statements was the deferred tax assets. In the event that the Company realizes additional gain on sales of properties to TFUND/TLOGIS/TGROWTH/TREIT, the deferred tax assets will be reduced proportionately.

Deferred tax assets presented in statement of financial position was net of deferred tax liabilities.

2.1.9 Deposit for land acquisition

At the end of 2014, the Company had a deposit for land acquisition of Baht 461.7 million. The deposit was paid in accordance with the agreements to purchase land from sellers.

2.1.10 Prepaid rental expenses

As at December 31, 2014, the Company had prepaid rental expenses of Baht 758.3 million which increased Baht 409.4 million from 2013. Prepaid rental expenses are item which occurred from the Company's long-term lease of land for future warehouse development. Such item will be realized as expense throughout the lease term.

2.2 Liabilities

At the end of 2014, the Company had total liabilities of Baht 19,743.5 million, increased by Baht 1,979.9 million, or 11.1 percent, from those of 2013.

The majority of the total liabilities were loans and debentures, representing 87.2 percent of total liabilities. The increase in total liabilities resulted from the following elements:

2.2.1 Loans

Total loan borrowing at the end of 2014 was Baht 17,225.8 million, increased by Baht 1,546.6 million, or 9.9 percent. This substantial increase was due mainly to more land acquisition and greater factory/warehouse development during the year.

The Company's total loan borrowing comprised short-term loans of 3.8 percent, long-term loans of 10.2 percent, and debentures of 86.0 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.

At the end of 2014, the outstanding balance of the debentures was Baht 14,810.0 million. All debentures' tenors ranged from 2 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

At the end of 2014, the Company had trade payables of Baht 405.1million, most of which were related to the Company's factory and warehouse development. Trade payables decreased by Baht 149.0 million, or dropped 26.9 percent from 2013.

2.2.3 Corporate income tax payable

At the end of 2014, the Company had corporate income tax payable of Baht 83.5 million, increased by Baht 81.3 million from the previous year. This was because of the profit from sales of properties to TREIT.

2.2.4 Short-term and long-term provisions

At the end of 2014, the Company had total provisions of Baht 133.2 million. Short-term provisions were Baht 39.41 million and long-term provisions were Baht 93.79 million. Provisions were due mainly to the sales of properties to TREIT (Please see under 1.2.1 Provision related to sales of properties)

2.2.5 Provision for long-term employee benefits

At the end of 2014, the Company had Baht 28.4 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

At the end of 2014, The Company had unearned land rental income of Baht 1,185.8 million which was income from land leasing over 30 years to TGROWTH. In 2014, there were more land leased to TREIT over a period of 28 to 30 years. This will be realized as rental income in the income statement on straight line basis over the term of lease.

2.3 Shareholders' Equity

At the end of 2014, the Company had shareholders' equity of Baht 11,465.6 million, increased by Baht 2,777.9 million, representing a 32.0 percent increase from the previous year. The shareholders' equity rose significantly as a result of capital increase, the increase in common shares premium which derived from the exercises of TICON-W6 and TICON-W3 in Q1/2014 and TICON-T2 and TICON-W6 in Q2/2014. In Q4/2014, ROJNA approached to buy TICON shares which were left unexercised by few TICON-T2 holders. The proceeds also contributed to the Company's growth in shareholders' equity.

Further, in Q4/2014 TICON sold its investment in TMAN, which is a subsidiary company, to Mitsui & Co. (Asia Pacific) Pte. Ltd. After the sales, the Company's holding in TMAN decreased to 70 percent. Gains from such sales were booked under other item in shareholders' equity and were Baht 67 million. The gains were also booked as other income in the Company's unconsolidated income statement.

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-W6 warrants issued in 2012 and TICON-T2 TSRs (Transferable Subscription Rights) issued in Q2/2014 all of which expired in 2014.

2.5 Liquidity

In 2014, the Company had net cash received from operations amounting to Baht 4,098.3 million, net cash used for investment of Baht 8,016.4 million, and net cash received from financing of Baht 3,493.5 million.

The information as mentioned above shows that the Company has sufficient liquidity for its operations each year as planned. (A low current ratio does not reflect the Company's liquidity. Most of TICON's assets are land and factory buildings which are not classified as current assets, whereas accounts payable for the acquisition of land and construction are considered as current liabilities.)

At the end of 2014, the Company had an interest-bearing debt to equity ratio, which calculated from:

$$\frac{\text{Loans+Liability under financial lease agreement}}{\text{Total shareholders' equity}}$$

of 1.50 times, less than 1.80 times in the previous year, because in 2014 the Company increased capital through TSRs (TICON-T2) totaling Baht 182.8 million which increased the Company's shareholders' equity and allowed efficient debt to equity ratio management under the Company's 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 2014 of 2.74 times, which reflected the Company's high ability to service its finance cost. The Company has never defaulted 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 1.30 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 2014 in accordance with the Public Limited Companies Act B.E. 2535.

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 2014 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. Chali Sophonpanich)
Chairman of the Board

**TICON Industrial Connection Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014**

Independent Auditor's Report

To the Shareholders of TICON Industrial Connection Public Company Limited

I have audited the accompanying consolidated financial statements of TICON Industrial Connection Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TICON Industrial Connection Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

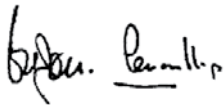
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3812

EY Office Limited

Bangkok: 26 February 2015

TICON Industrial Connection Public Company Limited and its subsidiaries**Statement of financial position****As at 31 December 2014**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets					
Current assets					
Cash and cash equivalents	6, 7	202,079,981	347,864,631	77,842,107	93,287,464
Current investments	8	257,684,596	420,658,704	130,000,000	410,000,000
Trade and other receivables	6, 9	87,093,174	90,671,676	45,465,470	128,123,998
Other current assets	6	313,260,236	185,704,039	39,350,570	59,305,291
Total current assets		860,117,987	1,044,899,050	292,658,147	690,716,753
Non-current assets held-for-sale		-	2,683,965,029	-	750,965,029
		860,117,987	3,728,864,079	292,658,147	1,441,681,782
Non-current assets					
Pledged deposits at financial institution	6, 10	70,622,500	240,000	70,382,500	-
Unbilled operating leases receivables		49,649,272	30,268,027	9,228,637	6,293,445
Long-term loans to related company	6	-	-	1,820,000,000	9,075,955,242
Investments in subsidiaries	11	-	-	14,846,573,800	2,849,573,800
Investments in joint ventures	12	4,204,581	-	-	-
Investments in associates	13	3,316,426,735	3,242,406,082	5,240,529,157	5,305,173,765
Investment in related company		256,500	256,500	256,500	256,500
Investment properties under development and available for rent/sale	14.1	17,179,746,392	13,726,597,884	4,462,940,954	2,431,772,171
Investment properties for rent	14.2	6,734,568,197	3,534,653,294	2,083,528,053	2,189,368,030
Property, plant and equipment	15	1,593,453,385	1,094,903,173	116,464,973	84,084,008
Computer software	16	5,175,770	5,388,657	3,572,530	3,500,712
Deferred tax assets	28	90,974,343	108,755,499	-	-
Deposits for purchase of property	6	461,741,775	610,794,845	228,385,200	515,521,970
Prepaid rental expenses		758,269,438	348,935,359	-	-
Other non-current assets	6	83,914,681	19,325,718	15,511,425	17,947,403
Total non-current assets		30,349,003,569	22,722,525,038	28,897,373,729	22,479,447,046
Total assets		31,209,121,556	26,451,389,117	29,190,031,876	23,921,128,828

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 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans	6, 17	660,000,000	2,108,000,000	660,000,000	2,108,000,000
Trade and other payables	6, 18	660,753,670	765,622,145	329,307,500	311,154,002
Current portion of liabilities under financial lease agreements	19	685,676	-	-	-
Current portion of long-term loans	20	55,000,000	45,000,000	55,000,000	45,000,000
Current portion of debentures	21	2,170,000,000	1,080,000,000	2,170,000,000	1,080,000,000
Income tax payable		83,498,409	2,224,369	83,430,230	2,224,369
Short-term provisions	26	39,406,040	-	5,562,097	-
Other current liabilities	6	139,188,168	62,517,447	38,844,639	32,846,446
Total current liabilities		3,808,531,963	4,063,363,961	3,342,144,466	3,579,224,817
Liabilities related directly to non-current assets held-for-sale		-	112,742,000	-	60,942,000
		3,808,531,963	4,176,105,961	3,342,144,466	3,640,166,817
Non-current liabilities					
Liabilities under financial lease agreements	19	2,531,583	-	-	-
Long-term loans from related party	6	748,380,000	707,300,000	-	-
Long-term loans	20	952,383,116	1,208,866,487	451,501,941	306,245,312
Debentures	21	12,640,000,000	10,530,000,000	12,640,000,000	10,530,000,000
Provision for long-term employee benefits	22	28,404,540	25,344,785	24,581,796	22,351,025
Long-term provisions	26	93,785,312	-	65,228,113	-
Deferred tax liabilities	28	-	-	138,730,407	105,231,151
Customer deposits		283,718,574	193,261,702	119,271,715	107,085,577
Unearned land rental income	6	1,185,761,781	922,750,806	355,203,635	328,094,445
Total non-current liabilities		15,934,964,906	13,587,523,780	13,794,517,607	11,399,007,510
Total liabilities		19,743,496,869	17,763,629,741	17,136,662,073	15,039,174,327

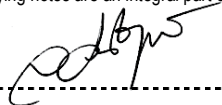
The accompanying notes are an integral part of the financial statements.

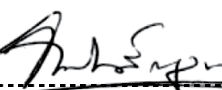
TICON Industrial Connection Public Company Limited and its subsidiaries**Statement of financial position (continued)****As at 31 December 2014**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Shareholders' equity					
Share capital					
Registered					
1,115,941,811 ordinary shares of Baht 1 each					
(2013: 1,263,740,168 ordinary shares					
of Baht 1 each)	23	1,115,941,811	1,263,740,168	1,115,941,811	1,263,740,168
Issued and paid up					
1,099,142,375 ordinary shares of Baht 1 each					
(2013: 912,376,439 ordinary shares					
of Baht 1 each)	23	1,099,142,375	912,376,439	1,099,142,375	912,376,439
Premium on ordinary shares	23	7,343,380,077	4,669,471,944	7,343,380,077	4,669,471,944
Retained earnings					
Appropriated - statutory reserve	25	126,374,017	126,374,017	126,374,017	126,374,017
Unappropriated		2,831,850,724	2,983,901,837	3,484,473,334	3,173,732,101
Other components of shareholders' equity		63,613,940	(4,364,869)	-	-
Equity attributable to owners of the Company		11,464,361,133	8,687,759,368	12,053,369,803	8,881,954,501
Non-controlling interests of the subsidiaries		1,263,554	8	-	-
Total shareholders' equity		11,465,624,687	8,687,759,376	12,053,369,803	8,881,954,501
Total liabilities and shareholders' equity		31,209,121,556	26,451,389,117	29,190,031,876	23,921,128,828

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 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Revenues					
Rental and related service income		966,056,776	1,109,690,372	456,144,938	586,236,312
Revenues from construction services		54,158,944	56,450,230	40,936,996	49,621,915
Sales of properties	6, 26	4,561,275,648	4,663,038,146	1,989,763,854	1,737,477,744
Utility income		37,951,787	25,987,752	10,960,052	8,638,237
Dividend income from subsidiary	6, 11	-	-	16,749,946	38,249,878
Dividend income from associates	6, 13	-	-	380,516,435	216,547,435
Management fee income from associates	6	165,340,654	152,590,550	127,295,354	133,370,948
Interest income	6	8,248,646	7,153,132	439,467,930	391,156,242
Insurance claim		2,428,421	69,653,654	2,322,171	10,000,000
Other income	11	60,996,489	225,449,458	112,735,109	186,032,040
Total revenues		5,856,457,365	6,310,013,294	3,576,892,785	3,357,330,751
Expenses					
Cost of rental and related services		243,451,489	261,519,013	87,454,875	116,832,717
Cost of construction services		46,922,933	40,680,629	35,590,085	36,918,346
Cost of sales of properties	26	3,192,138,735	2,886,282,933	999,061,233	929,046,587
Cost of utilities		34,495,282	24,375,726	10,712,901	8,629,486
Provision related to sales of properties	26	117,963,265	-	70,928,113	-
Selling expenses		68,110,148	159,411,491	16,405,787	62,314,590
Administrative expenses	6	445,599,126	381,802,386	290,688,690	265,396,107
Depreciation		255,745,555	174,382,134	63,707,423	52,411,331
Other expenses		4,012,381	9,649,755	3,986,426	(36,142)
Total expenses		4,408,438,914	3,938,104,067	1,578,535,533	1,471,513,022

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 2014**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
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 expenses		1,448,018,451	2,371,909,227	1,998,357,252	1,885,817,729
Share of profit from investments in associates	13	267,126,079	216,570,828	-	-
Share of loss from investments in joint ventures	12	(385,419)	-	-	-
Realised additional gains on sales of properties					
to associates	13	41,367,476	154,452,915	-	-
Deferred gains on sales of properties to associates	13	(213,420,009)	(505,069,153)	-	-
Profit before finance cost and					
income tax expenses		1,542,706,578	2,237,863,817	1,998,357,252	1,885,817,729
Finance cost	6	(642,612,985)	(546,426,733)	(621,190,504)	(514,575,342)
Profit before income tax expenses		900,093,593	1,691,437,084	1,377,166,748	1,371,242,387
Income tax expenses	28	(138,523,135)	(277,202,089)	(152,639,352)	(227,175,599)
Profit for the year		761,570,458	1,414,234,995	1,224,527,396	1,144,066,788
Profit attributable to:					
Equity holders of the Company		761,735,050	1,414,234,953	1,224,527,396	1,144,066,788
Non-controlling interests of the subsidiaries		(164,592)	42		
		761,570,458	1,414,234,995		
Earnings per share	30				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.76	1.56	1.22	1.26
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.76	1.54	1.22	1.24

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit for the year	761,570,458	1,414,234,995	1,224,527,396	1,144,066,788
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	(592,999)	20,045,191	-	-
Actuarial loss	-	(451,634)	-	(1,309,247)
Other comprehensive income for the year	(592,999)	19,593,557	-	(1,309,247)
Total comprehensive income for the year	760,977,459	1,433,828,552	1,224,527,396	1,142,757,541
Total comprehensive income attributable to:				
Equity holders of the Company	761,142,051	1,433,828,510	1,224,527,396	1,142,757,541
Non-controlling interests of the subsidiaries	(164,592)	42	-	-
	760,977,459	1,433,828,552	1,224,527,396	1,142,757,541

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 2014

	Consolidated financial statements											(Unit: Baht)
	Equity attributable to owners of the Company											
	Other components of equity											
	Other											

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 2014

	Separate financial statements					(Unit: Baht)	
	Issued and fully paid-up share capital	Cash receipts from share subscription	Premium on ordinary shares	Retained earnings			Total shareholders' equity
				Appropriated	Unappropriated		
Balance as at 31 December 2012	877,469,834	56,841,422	4,378,270,708	126,374,017	2,943,038,063	8,381,994,044	
Profit for the year	-	-	-	-	1,144,066,788	1,144,066,788	
Other comprehensive income for the year	-	-	-	-	(1,309,247)	(1,309,247)	
Total comprehensive income for the year	-	-	-	-	1,142,757,541	1,142,757,541	
Converted right to purchase ordinary shares to share capital (Note 23)	34,906,605	-	291,201,236	-	-	326,107,841	
Cash receipts from share subscription	-	(56,841,422)	-	-	-	(56,841,422)	
Dividend paid (Note 33)	-	-	-	-	(912,063,503)	(912,063,503)	
Balance as at 31 December 2013	912,376,439	-	4,669,471,944	126,374,017	3,173,732,101	8,881,954,501	
Balance as at 31 December 2013	912,376,439	-	4,669,471,944	126,374,017	3,173,732,101	8,881,954,501	
Profit for the year	-	-	-	-	1,224,527,396	1,224,527,396	
Other comprehensive income for the year	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	1,224,527,396	1,224,527,396	
Converted right to purchase ordinary shares to share capital (Note 23)	186,765,936	-	2,673,908,133	-	-	2,860,674,069	
Dividend paid (Note 33)	-	-	-	-	(913,786,163)	(913,786,163)	
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	

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 2014**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before tax	900,093,593	1,691,437,084	1,377,166,748	1,371,242,387
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	432,867,339	376,495,056	132,926,353	146,708,312
Allowance for doubtful accounts (reversal)	3,954,503	(663,089)	3,986,423	(637,602)
Dividend income from subsidiary	-	-	(16,749,946)	(38,249,878)
Dividend income from associates	-	-	(380,516,435)	(216,547,435)
Cost of properties sold	3,037,013,320	2,766,100,581	929,985,556	912,270,854
Losses (gains) on sales/write-off of equipment and investment properties for rent	(299,240)	6,212,627	(303,014)	(2,997,006)
Gains on sales of investments in subsidiary	-	-	(67,000,000)	-
Gains on sales of investments in associates	(1,495,500)	(170,095,589)	(4,473,250)	(143,900,862)
Provision for long-term employee benefits	3,059,755	3,320,422	2,230,771	2,714,209
Provision related to sales of properties	117,963,265	-	70,928,113	-
Share of profit from investments in associates	(267,126,079)	(216,570,828)	-	-
Share of loss from investments in joint ventures	385,419	-	-	-
Realised additional gains on sales of properties to associates	(41,367,476)	(154,452,915)	-	-
Deferred gains on sales of properties to associates	213,420,009	505,069,153	-	-
Interest income	(8,248,645)	(7,153,132)	(439,467,930)	(391,156,242)
Interest expenses	634,410,604	537,221,635	612,988,124	505,770,699
Profit from operating activities before changes in operating assets and liabilities	5,024,630,867	5,336,921,005	2,221,701,513	2,145,217,436
Operating assets (increase) decrease				
Trade and other receivables	(19,881,793)	52,571,121	75,695,067	(59,317,247)
Other current assets	(69,887,645)	(38,578,122)	1,032,393	4,196,803
Prepaid rental expenses	(409,334,079)	(348,935,359)	-	-
Other non-current assets	(64,588,964)	(2,938,002)	2,435,979	(2,981,117)
Operating liabilities increase (decrease)				
Other payables	(6,689,258)	(28,157,268)	3,537,143	(53,033,486)
Other current liabilities	(57,412,398)	17,951,120	(64,963,873)	5,138,670
Provisions	133,191,352	-	70,790,210	-
Customer deposits	(22,285,128)	(61,131,279)	(48,755,862)	(36,660,699)
Unearned land rental income	263,010,975	922,750,806	27,109,190	328,094,445
Cash flows from operating activities	4,770,753,929	5,850,454,022	2,288,581,760	2,330,654,805
Interest received	8,373,193	7,382,413	7,509,774	6,017,198
Cash paid for interest expense	(563,679,674)	(528,431,682)	(541,984,336)	(497,335,392)
Cash paid for income tax	(117,105,232)	(263,072,448)	(38,980,648)	(242,811,032)
Net cash flows from operating activities	4,098,342,216	5,066,332,305	1,715,126,550	1,596,525,579

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Increase in current investments	(115,525,892)	(8,540,980)	-	-
Increase in investments in associates	(701,749,642)	(1,630,933,858)	(290,749,642)	(1,630,933,858)
Increase in investments in subsidiaries	-	-	(12,000,000,000)	(33,719,960)
Increase in investments in joint ventures	(4,590,000)	-	-	-
Proceeds from sales of investments in associates	359,867,500	963,106,035	359,867,500	963,106,035
Proceeds from sales of investment in a subsidiary	70,000,000	-	70,000,000	-
Decrease (increase) in pledged deposits at financial institution	(70,382,500)	1,777,560	(70,382,500)	-
Cash receipt from long-term loans to subsidiary	-	-	14,182,955,242	4,753,293,808
Cash paid for long-term loans to subsidiary	-	-	(6,927,000,000)	(8,439,500,000)
Cash paid for acquisition of investment properties under development and available for rent/sale	(7,038,526,606)	(8,210,375,777)	(1,788,187,992)	(993,788,102)
Cash paid for acquisition of equipment	(18,412,444)	(22,400,444)	(11,153,435)	(14,419,912)
Cash paid for deposits for purchase of property	(876,368,665)	(1,160,221,442)	(218,230,620)	(263,967,440)
Cash paid for acquisition of computer software	(1,790,931)	(4,930,941)	(1,737,613)	(3,091,636)
Interest income from subsidiary	-	-	432,000,000	385,353,535
Dividend received from subsidiary	-	-	16,749,946	38,249,878
Dividend received from associates	380,516,435	216,547,435	380,516,435	216,547,435
Proceeds from sales of equipment	582,907	4,069,155	582,569	3,618,905
Net cash flows used in investing activities	(8,016,379,838)	(9,851,903,257)	(5,864,770,110)	(5,019,251,312)
Cash flows from financing activities				
(Decrease) increase in short-term loans	(1,448,000,000)	1,362,915,703	(1,448,000,000)	1,362,915,703
Cash receipt from long-term loans from related party	41,080,000	707,300,000	-	-
Cash receipt from long-term loans	791,774,000	1,028,556,675	491,774,000	374,755,500
Proceeds from issuance of debentures	4,280,000,000	4,460,000,000	4,280,000,000	4,460,000,000
Repayment of long-term loans	(1,038,257,371)	(129,350,188)	(336,517,371)	(129,350,188)
Redemption of debentures	(1,080,000,000)	(2,350,000,000)	(1,080,000,000)	(2,350,000,000)
Proceeds from increase in share capital	2,860,674,069	269,266,419	2,860,674,069	269,266,419
Cash receipt from the subsidiary's increased capital	-	40	-	-
Dividend paid	(913,732,549)	(912,050,090)	(913,732,495)	(912,049,968)
Net cash flows from financing activities	3,493,538,149	4,436,638,559	3,854,198,203	3,075,537,466
Increase in translation adjustments	214,823	16,253,912	-	-
Net decrease in cash and cash equivalents	(424,284,650)	(332,678,481)	(295,445,357)	(347,188,267)
Cash and cash equivalents at beginning of year	758,864,631	1,091,543,112	503,287,464	850,475,731
Cash and cash equivalents at end of year (Note 7)	334,579,981	758,864,631	207,842,107	503,287,464
Supplemental cash flows information				
Cash paid during the year for:				
Interest capitalised to related assets	109,507,758	53,366,921	51,904,966	44,816,796
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	3,037,013,320	2,766,100,581	929,985,556	912,270,854
Purchase of investment properties and property, plant and equipment for which no cash has been paid	407,514,013	554,073,293	100,340,384	136,778,790
Deposits for purchase of property capitalised to related assets	1,025,421,735	1,292,925,569	505,367,390	190,918,192

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 2014

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 construction services.

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

2. BASIS OF PREPARATION

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession 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>2014</u> (%)	<u>2013</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	99.99
Shanghai TICON Investment Management Company Limited	China	Fund management	100.00	100.00
TICON Property, Inc.	United States of America	Investment in general real estate	100.00	100.00

As described in Note to financial statements, item 11, during the current year, the Company sold investment in ordinary shares of TICON Management Company Limited (a subsidiary) to third party for 300,000 shares, totally 30% of shareholding in the subsidiary at the price of Baht 233.33 per share or amounting to Baht 70 million. This sale of investment does not change the status of TICON Management Company Limited as the subsidiary of the Company.

The financial statements of Shanghai TICON Investment Management Company Limited for the years ended 31 December 2014 and 2013, which were included in the consolidated financial statements of the Company, were audited by its external auditor.

The financial statements of TICON Property, Inc. ("the subsidiary") for the years ended 31 December 2014 and 2013, which were included in the consolidated financial statements of the Company, were prepared by the management of the subsidiary and were not audited by its external auditor. The operation of the subsidiary has not yet commenced.

- b) 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.

- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) 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.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) 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, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. NEW FINANCIAL REPORTING STANDARDS

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates

TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. 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 accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below.

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

Revenues from construction services

Revenues from construction services are recognised based on percentage of completion method. The percentage of completion measured by the proportion of actual development costs incurred up to the end of the period and the total anticipated development cost to be incurred to completion.

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.

4.2 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.

4.3 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.

4.4 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 the Company classifies 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.

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.

4.5 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 estimated useful lives of 20 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.

4.6 Property, plant and equipment and depreciation

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

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

Buildings	20 years
Land improvement	20 years
Others	3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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.

4.7 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.

4.8 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.

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

4.9 Related party transactions

Related parties comprise enterprises and individuals 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 and individuals 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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. 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:

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 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 liquidity, correlation and longer-term volatility of financial instruments.

Impairment of securities investments

The Company treats available-for-sale investments and other investments 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.

Impairment of investments in subsidiaries, joint ventures and associates

The Company treats 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.

6. RELATED PARTY TRANSACTIONS

6.1 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 Property, Inc.	Subsidiary Company	100.00%
TICON Demco Power 6 Company Limited (Formerly known as Demco Power 6 Company Limited)	Joint venture (Held by subsidiary)	51.00%
TICON Demco Power 11 Company Limited (Formerly known as Demco Power 11 Company Limited)	Joint venture (Held by subsidiary)	51.00%
TICON Property Fund	Associated Company	23.63%
TPARK Logistics Property Fund	Associated Company	20.04%
TICON Industrial Growth Leasehold Property Fund	Associated Company	27.36%
TICON Freehold and Leasehold Real Estate Investment Trust	Associated Company (Held by subsidiary)	12.00%

Related parties names	Relationships	Percentage holding of the Company
Rojana Industrial Park Public 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-Directors	-
Sathorn City Tower Property Fund	Common shareholder	-
Bangkok Bank Public Company Limited	Directors are in the same family.	-

6.2 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		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions between the Company and its subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Management fee income	-	-	1	1	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.
Construction fee income	-	-	2	7	2% of construction expense of subsidiary incurred during the year
Interest income	-	-	432	385	Before 1 June 2013, average interest rate of debentures issued during the third quarter of 2010 plus a certain rate and since 1 June 2013 average interest rate of debentures and short-term loan plus 0.15%
Dividend income	-	-	17	38	As declared by subsidiaries
Land rental income	-	-	5	5	4% of the price of land acquired from a subsidiary

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Other income	-	-	3	1	Contract amount
Management fee	-	-	7	7	3% of rental and service income of associated
Common area services fee	-	-	-	1	Normal commercial price

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions between the Company and its associates</u>					
Sales of land and factory buildings	1,889	1,737	1,889	1,737	Close to appraisal value (Note 13.3)
Management fee income from TICON Property Fund	86	107	86	107	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	13	25	13	25	55% of gross rental and service income of the Fund, net of minimum income guaranteed, direct expense in relation to the property management, and 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.
Management fee income from TICON Industrial Growth Leasehold Property Fund	29	1	29	1	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	-	-	217	218	As declared by the Fund
Assurance for rental and service income	8	2	8	2	Normal commercial price
Revenues from construction services	5	5	5	5	Contract amount
Land rental income	13	1	13	1	Contract amount

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Transactions between the Company and its related companies					
Deposit for land acquisition	56	124	56	124	Normal commercial price
Purchase of investment	-	450	-	450	Agreed price
Office rental and related fees	15	15	15	14	Normal commercial price
Interest income	1	2	1	1	Market rate
Interest expense	32	23	1	7	MLR minus a certain rates, market rate
Commission fee	-	1	-	1	Market price
Transactions between subsidiary and associates					
Sales of land and warehouse buildings	2,572	2,926	-	-	Closed to appraisal value (Note 13.3)
Management fee income from TICON Property Fund	2	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	14	16	-	-	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.
Management fee income from TICON Industrial Growth Leasehold Property Fund	21	1	-	-	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.
Assurance for rental and service income	3	3	-	-	Normal commercial price
Common area service fees	3	1	-	-	Normal commercial price
Revenues from construction services	2	2	-	-	Contract amount
Land rental income	21	1	-	-	Contract amount

6.3 The outstanding balance of the related party transactions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash at bank (presented under cash and cash equivalents)				
Related company (Directors are in the same family.)	97,340	124,963	62,757	86,495
Other receivables - related parties (presented under trade and other receivables) (Note 9)				
Subsidiaries	-	-	521	73,522
Associates	17,498	44,173	10,317	30,161
Total	17,498	44,173	10,838	103,683
Interest receivables (presented under trade and other receivables) (Note 9)				
Subsidiaries	-	-	1,152	1,101
Prepaid interest expenses (presented under other current assets)				
Related company (Co-Director)	-	32	-	32
Other advance (presented under other current assets)				
Associates	-	2,096	-	1,954
Pledged deposits at financial institution				
Related company (Directors are in the same family.)	70,623	240	70,383	-
Long-term loans to related party				
Subsidiaries	-	-	1,820,000	9,075,955
Deposits for purchase of property				
Related company (Shareholder / Co-Director)	-	132,586	-	106,193
Related company (Co-Director)	65,785	323,128	65,785	323,128
Total	65,785	455,714	65,785	429,321
Refundable deposits (presented under other non-current assets)				
Associates	45	-	45	-
Related company (Common shareholder)	3,705	3,705	3,705	3,705
Related company (Shareholder/Co-Director)	660	214	612	214
Related company (Co-Director)	2,025	-	2,025	-
Total	6,435	3,919	6,387	3,919
Other payables - related parties (presented under trade and other payables) (Note 18)				
Subsidiaries	-	-	564	2,395
Associates	7,867	3,288	1,848	3,032
Total	7,867	3,288	2,412	5,427
Interest payable (presented under trade and other payables) (Note 18)				
Related company (Directors are in the same family.)	87	85	-	-
Accrued expenses (presented under trade and other payables) (Note 18)				
Related company (Shareholder/Co-Director)	-	214	-	214

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Unearned land rental income (presented under other current liabilities)				
Subsidiaries	-	-	3,281	3,281
Associates	42,639	31,875	12,699	11,334
Total	42,639	31,875	15,980	14,615
Unearned equipment rental income (presented under other current liabilities)				
Subsidiaries	-	-	139	139
Short-term loans from related party				
Related company (Co-Director)	-	50,000	-	50,000
Long-term loans from related party				
Related company (Directors are in the same family.)	748,380	707,300	-	-
Unearned land rental income				
Associate	1,185,762	922,751	355,204	328,094

6.4 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 2013	Increase during the year	Decrease during the year	Balance as at 31 December 2014
Short-term loans from				
Bangkok Bank Public Company Limited	-	13,100,000	(13,100,000)	-
Asia Plus Securities Public Company Limited	50,000	-	(50,000)	-
Total	50,000	13,100,000	(13,150,000)	-
Long-term loans from				
Bangkok Bank Public Company Limited	707,300	41,080	-	748,380

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at	Increase	Decrease	Balance as at
		31 December 2013	during the year	during the year	31 December 2014
Long-term loans to					
TICON Logistic Park Co., Ltd.		9,075,955	6,927,000	(14,182,955)	1,820,000
Short-term loans from					
Asia Plus Securities Public					
Company Limited		50,000	-	(50,000)	-

As at 31 December 2014, long-term loans of Baht 1,820 million (2013: Baht 9,076 million) were unsecured loans to TICON Logistics Park Company Limited, a subsidiary, and carried interest at a rate of 4.05% to 4.23% per annum (2013: 3.94% to 4.35% percent per annum).

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

(Unit: Million Baht)

		Consolidated					
		Financial statements		Significant conditions			
				Repayment			
Loans	Contract date	2014	2013	Period	Schedule	Installment period	Interest rate
1.	23 April 2013	707	707	9 years	Every 6 months	November 2016 - May 2022	MLR minus certain rate
2.	3 April 2014	20	-	9 years	Every 6 months	November 2017 - May 2023	MLR minus certain rate
3.	3 April 2014	21	-	9 years	Every 6 months	November 2017 - May 2023	MLR minus certain rate
Long term loans		748	707				

As at 31 December 2014, 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 3,201 million (2013: Baht 944 million), have been pledged as collateral for the loans mentioned above.

As at 31 December 2014, there were available long-term loan facilities from a related party which had not yet been drawn down by the subsidiary of approximately Baht 4,605 million. (2013: Baht 152 million)

6.5 Directors and management's remuneration

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as shown below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	72,900	49,426	55,432	41,538
Post-employment benefits	1,314	1,245	941	1,095
Total	<u>74,214</u>	<u>50,671</u>	<u>56,373</u>	<u>42,633</u>

6.6 Guarantee obligations with subsidiaries

The Company had outstanding guarantees with its subsidiaries as described in Note to the financial statements, items 20 and 34.3.

7. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at financial institutions and current investments with an original maturity of 3 months or less.

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	637	569	365	285
Deposits at financial institutions	201,443	347,296	77,477	93,002
Cash and cash equivalents	202,080	347,865	77,842	93,287
Current investments -				
notes with an original				
maturity of 3 months or less	132,500	411,000	130,000	410,000
Cash and cash equivalents in				
statement of cash flows	<u>334,580</u>	<u>758,865</u>	<u>207,842</u>	<u>503,287</u>

As at 31 December 2014, 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 2.5% per annum (2013: between 0.1% and 3.0% per annum).

8. CURRENT INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Held for trading securities				
Unit trusts	124,685	1,593	-	-
Held to maturity debt security due within one year				
Bills of exchanges	133,000	419,066	130,000	410,000
Total current investments	257,685	420,659	130,000	410,000

9. TRADE AND OTHER RECEIVABLES

9.1 The outstanding balance of trade accounts receivable, classified by age of the due dates

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due of up to 3 months	42,909	13,380	21,845	10,753
Past due of 3 - 6 months	2,132	2,476	1,560	2,154
Past due of 6 - 12 months	7,074	15,773	7,072	1,327
Past due of over 12 months	4,050	590	4,050	590
Total	56,165	32,219	34,527	14,824
Unbilled operating leases receivables	11,026	11,844	1,540	7,549
Less: Allowance for doubtful debts	(4,114)	(565)	(4,114)	(565)
Total trade receivables - unrelated parties, net	63,077	43,498	31,953	21,808
<u>Other receivables</u>				
Other receivables - related parties	17,498	44,173	10,838	103,683
Other receivables - unrelated parties	1,683	238	967	72
Interest receivable - related party	-	-	1,152	1,101

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest receivable - unrelated parties	47	171	40	132
Accrued income	4,788	2,592	515	1,328
Other receivables	24,016	47,174	13,512	106,316
Trade and other receivables, net	<u>87,093</u>	<u>90,672</u>	<u>45,465</u>	<u>128,124</u>

9.2 The balance of trade accounts receivable, classified by type of business.

	(Unit: Thousand Baht)			
Type of accounts receivable	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounts receivable from rental and services	49,143	21,256	21,464	14,159
Accounts receivable from construction services	13,934	22,242	10,489	7,649
	<u>63,077</u>	<u>43,498</u>	<u>31,953</u>	<u>21,808</u>

10. PLEDGED DEPOSITS AT FINANCIAL INSTITUTION

As at 31 December 2014, the Company and its subsidiaries have deposits at financial institution of Baht 70.6 million (2013: Baht 0.2 million) which are pledged with certain banks as collateral for compensating the difference between the fair market price and the net exercise price to TICON Freehold and Leasehold Real Estate Investment Trust when tenants exercise the option to buy, 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.

11. INVESTMENTS IN SUBSIDIARIES

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

(Unit: Thousand Baht)

Company	Nature of business	Country of Incorporation	Separate financial statements							
			Paid-up capital		Shareholding percentage		Investment value under cost method		Dividend received during the years	
			2014	2013	2014	2013	2014	2013	2014	2013
					(%)	(%)				
ECO Industrial Services Company Limited	Development of real estate, development of factories for rent/sale	Thailand	50,000	50,000	99.99	99.99	50,000	50,000	16,750	38,250
TICON Logistics Park Company Limited	Development of real estate, development of warehouses for rent/sale	Thailand	14,500,000	2,500,000	99.99	99.99	14,515,000	2,515,000	-	-
TICON Management Company Limited	REIT manager	Thailand	10,000	10,000	69.99	99.99	7,000	10,000	-	-
Shanghai TICON Investment Management Company Limited*	Fund management	China	85,384	85,384	100.00	100.00	85,384	85,384	-	-
TICON Property, Inc.**	Investment in general real estate	United States of America	31	31	100.00	100.00	189,190	189,190	-	-
Total investments in subsidiaries							14,846,574	2,849,574	16,750	38,250

* Its financial statements were audited by another auditor.

** Its financial statements were prepared by its management.

During the year 2014, the investments in the subsidiaries have been changed as follows:

- (a) On 25 March 2014, the meeting of the Board of Directors No. 1/2557 of ECO Industrial Services Company Limited, a subsidiary, approved an interim dividend payment to its shareholders of Baht 1.10 per share. The dividend was allotted from its 2013 and the first quarter of 2014 net profit under 50 percent tax privileges. The dividend, totaling Baht 5.5 million, was paid on 27 March 2014.
- (b) On 26 September 2014, the meeting of the Board of Directors No. 2/2557 of ECO Industrial Services Company Limited, a subsidiary, approved an interim dividend payment to its shareholders of Baht 1.25 per share. The dividend was allotted from partial of its 2014 profit under 50 percent tax privileges. The dividend, totaling Baht 6.3 million, was paid on 29 September 2014.
- (c) On 29 September 2014, the meeting of the Company's Board of Directors No. 6/2557 approved the capital increase in TICON Logistics Park Company Limited, a subsidiary, amounting to Baht 12,000 million. The Company made the payment for the share increase on 30 October 2014, and the subsidiary registered the increase of its capital with the Ministry of Commerce on 31 October 2014.

- (d) On 29 September 2014, the meeting of the Company's Board of Directors No. 6/2557 approved the disposal of investment in TICON Management Company Limited to Mitsui & Co. (Asia Pacific) Pte. Ltd., a subsidiary of Mitsui & Co., Ltd., by selling 300,000 common shares, representing 30% of the total ordinary shares, at price of Baht 233.33 per share or amounting to Baht 70 million. The disposal results in gain on sale of investment in subsidiary of Baht 67 million as presented in other income in the separate income statement. After the disposal of the investment, the Company's stake in the subsidiary is 699,996 shares, representing 69.99% of total shares. The Company is not losing control over TICON Management Company Limited from the disposal of investment; therefore, it recognised this transaction, owned by the Company, in surplus from the change in the ownership interest in subsidiary which is presented in equity attributable to owners of the Company.
- (e) On 25 December 2014, the meeting of the Board of Directors No. 3/2557 of ECO Industrial Services Company Limited, a subsidiary, approved an interim dividend payment to its shareholders of Baht 1.00 per share. The dividend was allotted from partial of its 2014 profit under net profit under 50 percent tax privileges. The dividend, totaling Baht 5.0 million, was paid on 26 December 2014.

12. INVESTMENTS IN JOINT VENTURES

12.1 Details of joint ventures:

Investment in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follow:

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements		
			Registered capital	Paid-up capital	Percentage of investment
			2014	2014	2014
			(Million Baht)	(Million Baht)	(%)
TICON Demco Power 6 Company Limited	Electric generator and seller	Thailand	5.00	5.00	51.00
TICON Demco Power 11 Company Limited	Electric generator and seller	Thailand	4.00	4.00	51.00

12.2 Details of investments in joint ventures

(a) Carrying amounts of investments in joint ventures

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	Cost	Equity method
	2014	2014
TICON Demco Power 6 Company Limited	2,550	2,282
TICON Demco Power 11 Company Limited	2,040	1,923
Total	4,590	4,205

On 22 May 2014, TICON Logistics Park Company Limited, a subsidiary, purchased the ordinary shares of TICON Demco Power 6 Company Limited (formerly known as Demco Power 6 Company Limited) and TICON Demco Power 11 Company Limited (formerly known as Demco Power 11 Company Limited), at par value of Baht 100 each, for 0.03 million ordinary shares and 0.02 million ordinary shares, respectively, accounting for 51.00% of total shares of these two companies. These two companies initially called up at 25% of the shares that the subsidiary held amounting to Baht 0.64 million and Baht 0.51 million, respectively. The subsidiary made the payment for the share subscription on 5 June 2014. The investments are treated as investments in joint ventures since the companies are jointly controlled by the subsidiary and another shareholder. However, the companies expect to generate and sell electricity in the first quarter of the year 2015.

On 16 July 2014, the meeting of the Board of Directors No. 1/2557 of TICON Demco Power 6 Company Limited and TICON Demco Power 11 Company Limited, passed a resolution to call up the remaining 75% of the shares that the subsidiary held, amounting to Baht 1.91 million and Baht 1.53 million respectively. The subsidiary made the payments on 23 July 2014.

(b) Share of loss from investments in joint ventures

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	For the year ended	
	31 December 2014	
TICON Demco Power 6 Company Limited	(268)	
TICON Demco Power 11 Company Limited	(117)	
Total	(385)	

12.3 Summarised financial information of jointly controlled entities

a) TICON Demco Power 6 Company Limited

The Company's proportionate shares of the assets, liabilities, revenue and expenses of TICON Demco Power 6 Company Limited, according to proportion under joint venture agreement, is as follows:

	(Unit: Thousand Baht)
	As at 31 December 2014
Current assets	3,640
Non-current assets	5,935
	9,575
Current liabilities	(1,338)
Non-current liabilities	(5,999)
	(7,337)
Net assets	2,238

	(Unit: Thousand Baht)
	For the year ended 31 December 2014
Administrative expenses	(168)
Loss before finance cost	(168)
Finance cost	(100)
Loss for the year	(268)

b) TICON Demco Power 11 Company Limited

The Company's proportionate shares of the assets, liabilities, revenue and expenses of TICON Demco Power 11 Company Limited, according to proportion under joint venture agreement, is as follows:

(Unit: Thousand Baht)

As at 31 December
2014

Current assets	1,874
Non-current assets	4,493
	6,367
Current liabilities	(1,024)
Non-current liabilities	(3,462)
	(4,486)
Net assets	1,881

(Unit: Thousand Baht)

For the year ended
31 December 2014

Administrative expenses	(59)
Loss before finance cost	(59)
Finance cost	(58)
Loss for the year	(117)

13. INVESTMENTS IN ASSOCIATES

13.1 Details of associates:

Company	Nature of business	Country of incorporation	Paid up Capital		Investment Units held by the Company		Percentage of investment	
			2014	2013	2014	2013	2014	2013
			(Thousand Baht)	(Thousand Baht)	(Thousand Unit)	(Thousand Unit)	(%)	(%)
TICON Property Fund	Investing in properties	Thailand	11,824,790	11,824,790	271,583	271,583	23.63	23.63
TPARK Logistics Property Fund	Investing in properties	Thailand	4,469,062	4,469,062	82,920	82,920	20.04	20.04
TICON Industrial Growth Leasehold Property Fund	Investing in properties and/or leasehold rights in properties	Thailand	5,550,000	5,550,000	151,834	158,301	27.36	28.52
TICON Freehold and Leasehold Real Estate Investment Trust	Investing in properties and/or leasehold rights in properties	Thailand	3,425,000	-	41,100	-	12.00	-

13.2 Details of investments in associates

(a) Carrying amounts of investments in associates

(Unit: Thousand Baht)

Company	Consolidated financial statements		Separate financial statements	
	Equity method		Cost method	
	2014	2013	2014	2013
TICON Property Fund				
Investments	2,578,543	2,641,187	2,807,921	2,807,921
Less: Deferred gains on sales of properties	(1,132,590)	(1,128,400)	-	-
Investments, net	1,445,953	1,512,787	2,807,921	2,807,921
TPARK Logistics Property Fund				
Investments	869,897	897,498	916,129	916,129
Less: Deferred gains on sales of properties	(256,485)	(256,485)	-	-
Investments, net	613,412	641,013	916,129	916,129
TICON Industrial Growth Leasehold Property Fund				
Investments	1,494,324	1,585,647	1,516,479	1,581,124
Less: Deferred gains on sales of properties	(550,136)	(497,041)	-	-
Investments, net	944,188	1,088,606	1,516,479	1,581,124
TICON Freehold and Leasehold Real Estate Investment Trust				
Investments	411,555	-	-	-
Less: Deferred gains on sales of properties	(114,767)	-	-	-
Add: Unrealised expenses on provision related to sales of properties	16,086	-	-	-
Investments, net	312,874	-	-	-
Investments in associates, net	3,316,427	3,242,406	5,240,529	5,305,174
Value of investments per unit (Baht)				
TICON Property Fund	5.32	5.57	10.34	10.34
TPARK Logistics Property Fund	7.40	7.73	11.05	11.05
TICON Industrial Growth Leasehold Property Fund	6.22	6.88	9.99	9.99
TICON Freehold and Leasehold Real Estate Investment Trust	7.61	-	-	-

The gains on sales of land, factory and warehouse buildings 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”) in the income statement are treated part of the gains, in proportion to its investments in the Funds and the Trust as a deferred gains. The deferred gains were presented as a separate item in the income statement, under the caption “Deferred gains on sales of properties to associates”.

(b) Share of profit from investments in associates

(Unit: Thousand Baht)

Company	Consolidated financial statements	
	For the year ended 31 December	
	2014	2013
TICON Property Fund	131,538	157,653
TPARK Logistics Property Fund	42,549	54,396
TICON Industrial Growth Leasehold Property Fund	92,484	4,522
TICON Freehold and Leasehold Real Estate Investment Trust	555	-
Total	267,126	216,571

(c) Dividend received from associates

(Unit: Thousand Baht)

Company	Separate financial statements	
	For the year ended 31 December	
	2014	2013
TICON Property Fund	194,182	156,750
TPARK Logistics Property Fund	70,150	59,797
TICON Industrial Growth Leasehold Property Fund	116,184	-
Total	380,516	216,547

13.3 Movements of investments in associates

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Investments in associates				
Balance at beginning of year	5,124	4,286	5,305	4,493
Purchases of investment	702	1,631	291	1,631
Sales of investment	(358)	(793)	(355)	(819)
Share of profit	267	217	-	-
Dividend received	(381)	(217)	-	-
Balance at end of year	5,354	5,124	5,241	5,305
Deferred gains on sales of properties				
Balance at beginning of year	1,882	1,531		
Increase during the year	213	505		
Decrease during the year	(41)	(154)		
Balance at end of year	2,054	1,882		
Unrealised expenses on provision related to sales of properties				
Increase during the year	16	-		
Balance at end of year	16	-		
Investments in associates, net	3,316	3,242		

The increase in deferred gains on 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 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 years 2014 are summarised as follows.

Date	Transactions during the year 2014	Number of land and buildings/number of investment units	Selling price Leasehold price (Million Baht)	Increase (decrease) in deferred gains on sales of properties (Million Baht)	
28 February 2014	The Company leased land and factories to TICON Industrial Growth Leasehold Property Fund	2 factories	455	88	*
27 March 2014	The Company sold land and a factory to TICON Property Fund	1 factory	84	10	**
22-23 December 2014	The subsidiary leased and subleased land and leased warehouses, leased land and sold warehouses, and sold land and warehouses to TICON Freehold and Leasehold Real Estate Investment Trust	25 warehouses	2,838	42	***
23 December 2014	The Company sold land and factories to TICON Freehold and Leasehold Real Estate Investment Trust	20 factories	1,390	73	****
				213	
13 March 2014	Sales of investments in TICON Industrial Growth Leasehold Property Fund	31 million units	310	(34)	
7 May 2014	TICON Property Fund sold land and a factory that was purchased from the Company to third party	1 factory	78	(5)	
21, 24 November 2014	Sales of investments in TICON Industrial Growth Leasehold Property Fund	5 million units	47	(2)	
				(41)	

* The fair values of the leased land and factories as appraised using the income approach method by two independent valuers totaled Baht 378 million and Baht 393 million.

** The fair values of the land and factory as appraised using the income approach method by two independent valuers totaled Baht 82 million and Baht 83 million.

*** The fair values of the leased and subleased land and leased warehouses, leased land and sold warehouses and sold land and warehouses as appraised using the income approach method by two independent valuers totaled Baht 2,439 million and Baht 2,612 million.

**** The fair values of the land and factory as appraised using the income approach method by two independent valuers totaled Baht 1,270 million and Baht 1,289 million.

13.4 Fair value of the investments in associates which are listed companies on the Stock Exchange of Thailand

Company's name	Fair value as at		Fair value per unit as at	
	31 December		31 December	
	2014	2013	2014	2013
	(Million Baht)	(Million Baht)	(Baht)	(Baht)
TICON Property Fund	2,824	2,906	10.4	10.7
TPARK Logistics Property Fund	978	912	11.8	11.0
TICON Industrial Growth				
Leasehold Property Fund	1,655	1,393	10.9	8.8
Total	5,457	5,211		

13.5 As at 31 December 2014, the Company's investment units in TICON Property Fund of 66 million units (2013: 66 million units), with the value under the equity method amounting to Baht 355 million (2013: Baht 370 million), and the market value amounting to Baht 692 million (2013: Baht 712 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 (2013: 22 million units), with the value under the equity method amounting to Baht 165 million (2013: Baht 172 million), and the market value amounting to Baht 263 million (2013: Baht 245 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.

13.6 During the year 2014, the investments in the associates have been changed as follows:

- (a) On 11 December 2014, TICON Logistics Park Company Limited, a subsidiary, invested in TICON Freehold and Leasehold Real Estate Investment Trust ("the Trust") by buying 41 million units at a total cost of Baht 411 million. As a result, the subsidiary held 12% of the Trust's units. The Company treated the Trust as an associate company because the Company and its subsidiary have significant influence on the Trust by have TICON Management Company Limited, a subsidiary of the Company, that acts as a trust manager.
- (b) On 9 January 2015, the Stock Exchange of Thailand approved the Trust's units as listed securities with 343 million units at total amounted of Baht 3,425 million.

13.7 Summarised financial information of associates

Financial information of the associated companies is summarised below.

Company's name	(Unit: Million Baht)							
	Total assets		Total liabilities		Total revenues for		Profit	
	as at		as at		the year ended		for the year ended	
	31 December		31 December		31 December		31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
TICON Property Fund	12,997	12,990	350	375	951	1,041	855	1,136
TPARK Logistics Property Fund	4,922	4,805	112	121	414	469	475	399
TICON Industrial Growth Leasehold	6,370	5,838	674	260	609	31	531	27
Property Fund								
TICON Freehold and Leasehold Real	4,507	-	1,074	-	12	-	8	-
Estate Investment Trust								

14. INVESTMENT PROPERTIES

14.1 Investment properties under development and available for rent/sale

14.1.1 Movements of the net book value

(Unit: Thousand Baht)

Consolidated financial statements							
	Investment properties under development			Investment properties available for rent/sale			Grand total
	Land and land improvement	Construction in progress	Total	Land and land improvement	Factory and warehouse building	Total	
Cost							
1 January 2013	4,087,706	1,308,584	5,396,290	782,182	1,868,408	2,650,590	8,046,880
Purchase	5,195,551	4,359,116	9,554,667	-	-	-	9,554,667
Disposal	-	-	-	-	(57,462)	(57,462)	(57,462)
Transfer in/out	(900,796)	(2,990,928)	(3,891,724)	148,387	1,269,805	1,418,192	(2,473,532)
Transfer to non-current assets							
held-for-sale	(154,712)	(840,310)	(995,022)	(15,000)	(45,000)	(60,000)	(1,055,022)
Capitalised interest	16,023	37,344	(53,367)	-	-	-	53,367
31 December 2013	8,243,772	1,873,806	10,117,578	915,569	3,035,751	3,951,320	14,068,898
Purchase	3,040,560	4,782,607	7,823,167	-	-	-	7,823,167
Disposal	-	-	-	(15,552)	(327,097)	(342,649)	(342,649)
Transfer in/out	(1,183,404)	(4,149,045)	(5,332,449)	252,263	1,128,549	1,380,812	(3,951,637)
Capitalised interest	7,648	101,860	109,508	-	-	-	109,508
31 December 2014	10,108,576	2,609,228	12,717,804	1,152,280	3,837,203	4,989,483	17,707,287
Accumulated depreciation							
1 January 2013	-	-	-	-	241,603	241,603	241,603
Depreciation for the year	-	-	-	-	125,221	125,221	125,221
Depreciation on disposal	-	-	-	-	(3,624)	(3,624)	(3,624)
Transfer in/out	-	-	-	-	(20,900)	(20,900)	(20,900)
31 December 2013	-	-	-	-	342,300	342,300	342,300
Depreciation for the year	-	-	-	-	192,436	192,436	192,436
Depreciation on disposal	-	-	-	-	(13,124)	(13,124)	(13,124)
Transfer in/out	-	-	-	-	5,929	5,929	5,929
31 December 2014	-	-	-	-	527,541	527,541	527,541
Net book value							
1 January 2013	4,087,706	1,308,584	5,396,290	782,182	1,626,805	2,408,987	7,805,277
31 December 2013	8,243,772	1,873,806	10,117,578	915,569	2,693,451	3,609,020	13,726,598
31 December 2014	10,108,576	2,609,228	12,717,804	1,152,280	3,309,662	4,461,942	17,179,746
Depreciation for the year (included in administrative expenses)							
2013							125,221
2014							192,436

(Unit: Thousand Baht)

Separate financial statements

	Investment properties under development			Investment properties available for rent/sale			
	Land and land	Construction	Total	Land and land	Factory	Total	Grand total
	improvement	in progress		improvement	Building		
Cost							
1 January 2013	1,129,964	438,380	1,568,344	483,739	881,392	1,365,131	2,933,475
Purchase	344,769	823,346	1,168,115	-	-	-	1,168,115
Disposal	-	-	-	-	(57,462)	(57,462)	(57,462)
Transfer in/out	(374,191)	(785,197)	(1,159,388)	(17,685)	104,301	86,616	(1,072,772)
Transfer to non-current assets							
held-for-sale	(118,712)	(229,310)	(348,022)	-	-	-	(348,022)
Capitalised interest	16,023	28,794	44,817	-	-	-	44,817
31 December 2013	997,853	276,013	1,273,866	466,054	928,231	1,394,285	2,668,151
Purchase	1,362,197	843,015	2,205,212	-	-	-	2,205,212
Disposal	-	-	-	(9,414)	(10,820)	(20,234)	(20,234)
Transfer in/out	(209,792)	(536,287)	(746,079)	184,917	439,928	624,845	(121,234)
Capitalised interest	7,648	44,257	51,905	-	-	-	51,905
31 December 2014	2,157,906	626,998	2,784,904	641,557	1,357,339	1,998,896	4,782,800
Accumulated depreciation							
1 January 2013	-	-	-	-	216,243	216,243	216,243
Depreciation for the year	-	-	-	-	46,417	46,417	46,417
Depreciation on disposal	-	-	-	-	(3,624)	(3,624)	(3,624)
Transfer in/out	-	-	-	-	(22,657)	(22,657)	(22,657)
31 December 2013	-	-	-	-	236,379	236,379	236,379
Depreciation for the year	-	-	-	-	55,798	55,798	55,798
Depreciation on disposal	-	-	-	-	(6,700)	(6,700)	(6,700)
Transfer in/out	-	-	-	-	35,382	35,382	35,382
31 December 2014	-	-	-	-	320,859	320,859	320,859
Net book value							
1 January 2013	1,129,964	438,380	1,568,344	483,739	665,149	1,148,888	2,717,232
31 December 2013	997,853	276,013	1,273,866	466,054	691,852	1,157,906	2,431,772
31 December 2014	2,157,906	626,998	2,784,904	641,557	1,036,480	1,678,037	4,462,941
Depreciation for the year (included in administrative expenses)							
2013							46,417
2014							55,798

14.1.2 The fair value of the investment properties

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and land improvement under development	10,326,387	8,924,067	2,332,795	1,165,993
Land and factory and warehouse buildings available for rent/sale	6,916,978	6,111,801	5,383,922	2,845,628

For 2014 and 2013, the fair value has been determined based on the Company and its two subsidiaries' 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. However, the fair value does not include construction in progress which had book value of Baht 2,609 million (2013: Baht 1,873 million) (The Company only: Baht 627 million, 2013: Baht 276 million).

14.1.3 Finance cost capitalised as investment properties under development

	(Unit :Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Investment properties under development	12,717,804	10,117,578	2,784,904	1,273,866
Capitalised interest expenses from the part of loans from financial institutions and debentures	109,508	53,367	51,905	44,817
Capitalisation rate (%)	4.28	4.21	4.26	4.18

14.1.4 Collateralised investment properties under development and available for rent/sale

As at 31 December 2014, investment properties under development and available for rent/sale of the Company and its subsidiaries with a book value of Baht 5,520 million (2013: Baht 4,676 million) (The Company only: Baht 1,092 million, 2013: Baht 1,682 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

14.2 Investment properties for rent

14.2.1 Movements of the net book value

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land and land improvement	Factory and warehouse building	Total
Cost			
1 January 2013	1,753,529	4,924,948	6,678,477
Disposal	(20,007)	(3,012,401)	(3,032,408)
Transfer in/out	698,045	1,508,231	2,206,276
Transfer to non-current assets held-for-sale	(327,288)	(1,464,655)	(1,791,943)
31 December 2013	2,104,279	1,956,123	4,060,402
Disposal	(90,223)	(897,401)	(987,624)
Transfer in/out	817,627	3,610,166	4,427,793
31 December 2014	2,831,683	4,668,888	7,500,571
Accumulated depreciation			
1 January 2013	-	795,426	795,426
Depreciation for the year	-	196,939	196,939
Depreciation on disposal	-	(320,146)	(320,146)
Transfer in/out	-	16,530	16,530
Transfer to non-current assets held-for-sale	-	(163,000)	(163,000)
31 December 2013	-	525,749	525,749
Depreciation for the year	-	175,129	175,129
Transfer in/out	-	65,125	65,125
31 December 2014	-	766,003	766,003
Net book value			
1 January 2013	1,753,529	4,129,522	5,883,051
31 December 2013	2,104,278	1,403,375	3,534,653
31 December 2014	2,831,683	3,902,885	6,734,568
Depreciation for the year (included in cost of rental and related services)			
2013			196,939
2014			175,129

(Unit: Thousand Baht)

Separate financial statements			
	Land and land improvement	Factory building	Total
Cost			
1 January 2013	1,079,617	1,939,547	3,019,164
Disposal	(20,007)	(946,962)	(966,969)
Transfer in/out	366,751	660,846	1,027,597
Transfer to non-current assets held-for-sale	(137,288)	(318,655)	(455,943)
31 December 2013	1,289,073	1,334,776	2,623,849
Disposal	(17,279)	(106,302)	(123,581)
Transfer in/out	8,227	31,731	39,958
31 December 2014	1,280,021	1,260,205	2,540,226
Accumulated depreciation			
1 January 2013	-	483,555	483,555
Depreciation for the year	-	89,806	89,806
Depreciation on disposal	-	(108,537)	(108,537)
Transfer in/out	-	22,657	22,657
Transfer to non-current assets held-for-sale	-	(53,000)	(53,000)
31 December 2013	-	434,481	434,481
Depreciation for the year	-	67,564	67,564
Depreciation on disposal	-	(9,966)	(9,966)
Transfer in/out	-	(35,381)	(35,381)
31 December 2014	-	456,698	456,698
Net book value			
1 January 2013	1,079,617	1,455,992	2,535,609
31 December 2013	1,289,073	900,295	2,189,368
31 December 2014	1,280,021	803,507	2,083,528
Depreciation for the year (included in cost of rental and related services)			
2013			89,806
2014			67,564

14.2.2 The fair value of the investment properties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and land improvement with factory and warehouse buildings for rent	8,348,743	9,210,799	3,405,696	5,302,713

For 2014 and 2013, the fair value has been determined based on the Company and its two subsidiaries' 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.

14.2.3 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 6 months to 12 years. As at 31 December 2014 and 2013, future minimum rental income to be generated under these operating leases is as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Less than 1 year	361	407	178	237

14.2.4 Collateralised investment properties for rent

As at 31 December 2014, investment properties for rent of the Company and its subsidiaries with a book value of Baht 2,297 million (2013: Baht 2,302 million) (The Company only: Baht 626 million, 2013: Baht 979 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

15. PROPERTY, PLANT AND EQUIPMENT

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Factory building	Equipment and tools	Furniture, fixtures and office equipment	Vehicles	Total
Cost						
1 January 2013	776,652	88,757	89,158	48,985	22,046	1,025,598
Purchase	-	-	10,858	9,141	2,401	22,400
Disposal	-	-	(15,511)	(1,465)	(3,185)	(20,161)
Transfer in/out	203,278	64,851	1,603	588	-	270,320
Translation adjustment	-	3,791	-	128	252	4,171
31 December 2013	979,930	157,399	86,108	57,377	21,514	1,302,328
Purchase	-	191	5,037	5,015	8,169	18,412
Disposal	-	-	(682)	(1,081)	-	(1,763)
Transfer in/out	503,204	30,581	13,976	-	-	547,761
Translation adjustment	-	(839)	-	(31)	(17)	(887)
31 December 2014	1,483,134	187,332	104,439	61,280	29,666	1,865,851
Accumulated depreciation						
1 January 2013	56,542	9,815	46,569	33,560	13,096	159,582
Depreciation for the year	28,368	5,958	6,084	6,220	2,531	49,161
Depreciation on disposal	-	-	(5,824)	(1,380)	(2,675)	(9,879)
Transfer in/out	2,603	520	5,058	-	-	8,181
Translation adjustment	-	252	-	42	86	380
31 December 2013	87,513	16,545	51,887	38,442	13,038	207,425
Depreciation for the year	36,708	8,775	7,313	7,596	2,918	63,310
Depreciation on disposal	-	-	(565)	(925)	-	(1,490)
Transfer in/out	(664)	(14)	3,910	-	-	3,232
Translation adjustment	-	(55)	-	(12)	(12)	(79)
31 December 2014	123,557	25,251	62,545	45,101	15,944	272,398
Net book value						
1 January 2013	720,110	78,942	42,589	15,425	8,950	866,016
31 December 2013	892,417	140,854	34,221	18,935	8,476	1,094,903
31 December 2014	1,359,577	162,081	41,894	16,179	13,722	1,593,453
Depreciation for the year (included in administrative expenses)						
2013						49,161
2014						63,310

(Unit: Thousand Baht)

Separate financial statements					
	Land and land improvement	Equipment and tools	Furniture, fixtures and office equipment	Vehicles	Total
Cost					
1 January 2013	12,950	25,611	29,908	17,580	86,049
Purchase	-	6,618	5,400	2,401	14,419
Disposal/write-off	-	(1,763)	(783)	(1,970)	(4,516)
Transfer in/out	47,290	-	-	-	47,290
31 December 2013	60,240	30,466	34,525	18,011	143,242
Purchase	-	3,853	2,888	4,413	11,154
Disposal/write-off	-	(486)	(1,027)	-	(1,513)
Transfer in/out	31,939	-	504	-	32,443
31 December 2014	92,179	33,833	36,890	22,424	185,326
Accumulated depreciation					
1 January 2013	174	20,043	23,441	11,285	54,943
Depreciation for the year	1,026	-	2,869	2,100	5,995
Depreciation on disposal/ write-off	-	(1,723)	(712)	(1,460)	(3,895)
Transfer in/out	-	2,115	-	-	2,115
31 December 2013	1,200	20,435	25,598	11,925	59,158
Depreciation for the year	1,684	-	4,196	2,029	7,909
Depreciation on disposal/ write-off	-	(369)	(875)	-	(1,244)
Transfer in/out	-	3,038	-	-	3,038
31 December 2014	2,884	23,104	28,919	13,954	68,861
Net book value					
1 January 2013	12,776	5,568	6,467	6,295	31,106
31 December 2013	59,040	10,031	8,927	6,086	84,084
31 December 2014	89,295	10,729	7,971	8,470	116,465
Depreciation for the year (included in administrative expenses)					
2013					5,995
2014					7,909

As at 31 December 2014, its subsidiaries had vehicles with net book value of Baht 3 million which were acquired under finance lease agreements.

As at 31 December 2014, 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 74 million (2013: Baht 67 million) (The Company only: Baht 46 million, 2013: Baht 45 million).

As at 31 December 2014, the Company's and a subsidiary's land, land improvement and buildings with a book value of Baht 575 million (2013: Baht 462 million) (The Company only: Baht 46 million, 2013: Baht 23 million) have been used as collateral for bank overdrafts, short-term loans and long-term loans from financial institutions.

16. COMPUTER SOFTWARE

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Cost		
Balance as at 1 January 2013	23,761	19,903
Acquisition during the year	4,931	3,092
Balance as at 31 December 2013	28,692	22,995
Acquisition during the year	1,791	1,737
Disposal/write off during the year	(15)	(15)
Balance as at 31 December 2014	30,468	24,717
Accumulated amortisation		
Balance as at 1 January 2013	18,130	15,003
Amortisation for the year	5,173	4,491
Balance as at 31 December 2013	23,303	19,494
Amortisation for the year	1,994	1,655
Disposal/write off during the year	(5)	(5)
Balance as at 31 December 2014	25,292	21,144
Net book value		
Balance as at 1 January 2013	5,631	4,900
Balance as at 31 December 2013	5,389	3,501
Balance as at 31 December 2014	5,176	3,573

As at 31 December 2014, 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 22 million (2013: Baht 20 million) (The Company only: Baht 19 million, 2013: Baht 18 million).

17. SHORT-TERM LOANS

	(Unit: Thousand Baht)				
	Consolidated		Separate		
	Interest rate	financial statements		financial statements	
	(% per annum)	2014	2013	2014	2013
Short-term loans	2.47 - 3.06	660,000	2,108,000	660,000	2,108,000

As at 31 December 2014, the Company had overdraft lines and short-term loan credit facilities which have not yet been drawn down totaling Baht 755 million (2013: Baht 1,055 million).

As at 31 December 2014, the parts of the Company and its subsidiaries' investment properties under development and available for rent/sale and investment properties for rent, with a book value of Baht 187 million (2013: Baht 746 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 354 million (2013: Baht 370 million), and a market value amounting to Baht 692 million (2013: Baht 712 million), have been pledged as collateral for liabilities under trust receipts, bank overdrafts and short-term loans from financial institutions.

18. TRADE AND OTHER PAYABLES

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Trade payables - unrelated parties	405,112	554,073	100,340	136,779
Other payables - related parties	7,867	3,288	2,412	5,427
Accrued interest expenses to related party	87	85	-	-
Accrued interest expenses to unrelated parties	171,409	120,649	171,281	120,246
Accrued expenses - related parties	-	214	-	214
Accrued expenses - unrelated parties	76,279	87,313	55,274	48,488
Total trade and other payables	660,754	765,622	329,307	311,154

19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

(Unit: Thousand Baht)

	Consolidated financial statements
	<u>2014</u>
Liabilities under finance lease agreements	3,850
Less : Deferred interest expenses	<u>(632)</u>
Total	3,218
Less : Portion due within one year	<u>(686)</u>
Liabilities under finance lease agreements - net of current portion	<u>2,532</u>

The subsidiaries have entered into finance lease agreements for rental of vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

As at 31 December 2014, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2014		
	Less than 1 year	Over 1-5 years	Total
Future minimum finance lease payments	871	2,979	3,850
Deferred interest expenses	<u>(185)</u>	<u>(447)</u>	<u>(632)</u>
Present value of future minimum lease payments	<u>686</u>	<u>2,532</u>	<u>3,218</u>

20. LONG-TERM LOANS

20.1 The outstanding long-term loans from financial institutions

(Unit: Million Baht)

Loans	Contract date	Outstanding loans				Significant conditions			
		Consolidated		Separate					
		financial statements		financial statements					
		2014	2013	2014	2013	Period	Repayment schedule	Installment period	Interest rate
1.	2 July 2012	182	74	182	74	8 years	Every 6 months	December 2013 - December 2019	MLR minus a certain rate
2.	29 August 2012	-	108	-	108	7 years	Every 6 months	June 2015 - December 2019	MLR minus a certain rate
3.	5 September 2012	-	300	-	-	9 years	Every 6 months	September 2015 - September 2021	MLR minus a certain rate
4.	30 October 2012	500	603	-	-	10 years	Every 6 months	January 2016 - July 2022	MLR minus a certain rate
5.	22 November 2012	319	164	319	164	8 years	Every 6 months	June 2016 - December 2020	MLR minus a certain rate
6.	29 November 2013	6	5	6	5	9 years	Every 6 months	June 2017 - December 2022	MLR minus a certain rate
Total		1,007	1,254	507	351				
Less Current portion		(55)	(45)	(55)	(45)				
Long term loans, net		952	1,209	452	306				

20.2 Movements of long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2013	1,253,867	351,245
Add: Additional borrowings during the year	791,774	491,774
Less: Repayment borrowings during the year	(1,038,257)	(336,517)
Balance as at 31 December 2014	1,007,384	506,502

As at 31 December 2014, the long-term loans credit facilities of the Company and a subsidiary have not yet been drawn down amounted to Baht 4,074 million (2013: Baht 4,866 million).

As at 31 December 2014, 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 a book value of Baht 5,004 million (2013: Baht 5,750 million), have been pledged as collateral for aforesaid long-term loans. In addition, as at 31 December 2014, its subsidiary's credit facilities from financial institutions amounting to Baht 4,067 million are guaranteed by the Company (2013: 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.

21. DEBENTURES

As at 31 December 2014, the Company had outstanding of debentures amounting to Baht 14,810 million (2013: Baht 11,610 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>No.</u>	<u>Issued date</u>	<u>No. of debentures</u>		<u>Amount</u>		<u>Coupon rate</u>	<u>Tenure</u>	<u>Maturity date</u>
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>			
		(Million units)		(Million Baht)		(% p.a.)		
1/2010	12 February 2010	0.25	0.25	250	250	4.280%	5 years	12 February 2015
3/2010	3 September 2010	0.20	0.20	200	200	3.730%	5 years	3 September 2015
4/2010	29 September 2010	-	0.28	-	280	3.400%	4 years	29 September 2014
4/2010	29 September 2010	0.22	0.22	220	220	3.520%	5 years	29 September 2015
1/2011	20 May 2011	0.65	0.65	650	650	4.230%	5 years	20 May 2016
2/2011	8 July 2011	0.35	0.35	350	350	4.780%	7 years	8 July 2018
3/2011	28 December 2011	0.65	0.65	650	650	4.500%	5 years	28 December 2016
4/2011	30 December 2011	0.35	0.35	350	350	4.500%	5 years	30 December 2016
1/2012	10 January 2012	0.10	0.10	100	100	4.500%	5 years	10 January 2017
2/2012	20 January 2012	-	0.80	-	800	4.000%	2 years	20 January 2014
3/2012	18 May 2012	0.80	0.80	800	800	4.280%	3 years	18 May 2015
4/2012	5 July 2012	0.50	0.50	500	500	4.490%	5 years	5 July 2017
5/2012	17 August 2012	0.70	0.70	700	700	4.050%	3 years	17 August 2015
5/2012	17 August 2012	0.30	0.30	300	300	4.170%	5 years	17 August 2017
6/2012	26 September 2012	1.00	1.00	1,000	1,000	4.800%	10 years	26 September 2022
1/2013	11 February 2013	0.50	0.50	500	500	3.620%	3 years	11 February 2016
2/2013	15 May 2013	0.30	0.30	300	300	3.600%	3 years	15 May 2016
2/2013	15 May 2013	1.20	1.20	1,200	1,200	4.000%	5 years	15 May 2018
2/2013	15 May 2013	0.50	0.50	500	500	4.300%	7 years	15 May 2020
3/2013	12 September 2013	0.60	0.60	600	600	4.130%	3 years	12 September 2016
3/2013	12 September 2013	0.30	0.30	300	300	4.730%	5 years	12 September 2018
4/2013	8 October 2013	0.44	0.44	440	440	4.490%	3 years 11 months 12 days	20 September 2017
5/2013	18 October 2013	0.62	0.62	620	620	4.850%	6 years	18 October 2019
1/2014	17 January 2014	1.00	-	1,000	-	3.890%	3 years	17 January 2017
1/2014	17 January 2014	0.60	-	600	-	4.710%	5 years	17 January 2019
2/2014	18 July 2014	1.15	-	1,150	-	3.820%	3 years	18 July 2017
2/2014	18 July 2014	0.80	-	800	-	4.800%	7 years	18 July 2021
3/2014	21 July 2014	0.53	-	530	-	3.820%	3 years 4 days	25 July 2017
4/2014	3 December 2014	0.20	-	200	-	2.900%	2 years 4 days	7 December 2016
		<u>14.81</u>	<u>11.61</u>	<u>14,810</u>	<u>11,610</u>			

21.1 The outstanding balance of the debentures

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2014	2013
Debentures	14,810,000	11,610,000
Less: Current portion	(2,170,000)	(1,080,000)
Debentures - net of current portion	12,640,000	10,530,000

21.2 Movements of debentures

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2014	2013
Balance - beginning of year	11,610,000	9,500,000
Add: Issuance of debentures during the year	4,280,000	4,460,000
Less: Redemption during the year	(1,080,000)	(2,350,000)
Balance - end of year	14,810,000	11,610,000

22. 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:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	25,345	21,573	22,351	18,328
Current service cost	2,365	2,541	1,649	2,028
Interest cost	775	859	662	766
Benefits paid during the year	(80)	(80)	(80)	(80)
Actuarial loss	-	452	-	1,309
Defined benefit obligation at end of year	28,405	25,345	24,582	22,351

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	2,365	2,541	1,649	2,028
Interest cost	775	859	662	766
Total expense recognised in profit or loss	3,140	3,400	2,311	2,794
Line items in profit or loss under which such expenses are included				
Administrative expenses	3,140	3,400	2,311	2,794

As at 31 December 2014 and 2013, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiary, amounted to Baht 0.5 million (the Company only: Baht 1.3 million)

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.9	3.9	3.9	3.9
Future salary increase rate	4.0-5.0	4.0-14.0	4.0-5.0	4.0-14.0
Staff turnover rate (depending on age)				
- Head office	0.0 - 18.0	0.0 - 18.0	0.0 - 18.0	0.0 - 18.0
- Sites	35.0 - 50.0	35.0 - 50.0	35.0 - 50.0	35.0 - 50.0

The amounts of defined benefit obligations and experience adjustments for the current and the past four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	28,405	24,582	-	-
Year 2013	25,345	22,351	(553)	516
Year 2012	21,573	18,328	-	-
Year 2011	18,934	16,167	-	-
Year 2010	16,400	14,081	-	-

23. SHARE CAPITAL

23.1 Registered share capital

During the year 2014, there have been changes of registered share capital as follows:

The 2014 Annual General Meeting of Shareholders held on 22 April 2014 passed the following resolutions:

- a) Approved the reduction of registered capital from Baht 1,263.7 million to Baht 932.7 million by cancelling 331 million unissued ordinary shares at a par value of Baht 1 per share, totaling Baht 331 million.
- b) Approved the increase of registered capital from Baht 932.7 million to Baht 1,115.9 million by issuing ordinary shares totaling 183.2 million shares at a par value of Baht 1 per share. The newly issued shares will be allotted for accommodating the exercise of TSRs.

23.2 Reconciliation of share capital which issued and paid-up

Description	Number of shares (Thousand shares)	Paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)	Registration date
<u>Issued and paid-up ordinary share</u>				
The balance as at 31 December 2012	877,470	877,470	4,378,271	
Increase due to exercise of warrants:				
No. 4/2012				
TICON-W6	7,316	7,316	49,525	4 January 2013
No. 1/2013				
TICON-W3	4,958	4,958	88,473	4 April 2013
No. 1/2013				
TICON-W6	22,366	22,366	151,392	4 April 2013
No. 2/2013				
TICON-W6	170	170	1,152	5 July 2013
No. 3/2013				
TICON-W3	1	1	8	4 October 2013
No. 3/2013				
TICON-W6	95	95	651	4 October 2013
The balance as at 31 December 2013	912,376	912,376	4,669,472	
No. 1/2014				
TICON-W3	20	20	350	4 February 2014
TICON-W6	1,393	1,393	9,427	4 April 2014

Description	Number of shares (Thousand shares)	Paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)	Registration date
No. 2/2014				
TICON-T2	157,670	157,670	2,207,383	2 July 2014
TICON-W6	1,344	1,344	8,786	7 July 2014
No. 3/2014				
TICON-W6	1,252	1,252	8,190	8 October 2014
Private placement	25,087	25,087	439,772	15 October 2014
The balance as at 31 December 2014	1,099,142	1,099,142	7,343,380	

On 7 October 2014, the Company sold the ordinary shares remaining from unexercised of Transferable Subscription Rights (TICON-T2) to Rojana Industrial Park Public Company Limited for 25,086,812 ordinary shares, with a par value of Baht 1 per share at the offering price of Baht 18.53 per share, amounting to Baht 464.86 million. The Company registered the above increase in its paid-up share capital to be Baht 1,099,142,375 with the Ministry of Commerce on 15 October 2014. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 21 October 2014.

24. WARRANTS AND TRANSFERABLE SUBSCRIPTION RIGHTS (TSRS)

24.1 Details of the warrants are as follows:

<u>Warrant</u>	<u>Issued to</u>	<u>Issued date</u>	<u>Number of units issued</u>	<u>Term</u>	<u>Latest exercise ratio per 1 warrant</u>	<u>Latest exercise price per share</u>	<u>Exercise date</u>
TICON-W3	Existing shareholders	3 February 2009	219,353,636	5 years	1.06150	18.841	Last business day of each quarter starting from 31 March 2010
TICON-W6	Directors and employees	4 October 2012	32,883,000	2 years	1.06113	7.539*	Last business day of each quarter starting from 28 December 2012
TICON-T2	Existing shareholders	7 May 2014	182,757,024	52 days	1.00000	15.000	27 June 2014
Total			434,993,660				

* The exercise ratio and exercise price were adjusted from "1 warrant conveys the right to purchase 1 ordinary share at Baht 7.769 per share" at issuing date of the warrants.

The 2014 Annual General Meeting of Shareholders held on 22 April 2014 passed the resolutions to approve the issuance of Transferable Subscription Rights (TSRs) or TICON-T2 TSRs of the number of up to 183,262,047 units for existing shareholders, with the details as follows:

No. of TSRs issued:	Up to 183,262,047 units
Ordinary shares reserved for exercise:	Up to 183,262,047 shares
Term of the TSRs:	52 days from the issuance date of the TSRs
Issuing date of the TSRs:	7 May 2014
Expiry date of the TSRs:	27 June 2014
Offering price per unit:	0 Baht
Exercise price:	15 Baht per share
Exercise ratio:	1 ordinary share per 1 TSRs
Offering method:	Allotted to existing shareholders

24.2 Movements of warrants of the Company during the year

	Number of warrants/TSRs outstanding as at 31 December 2013	Number of warrants/TSRs issued during the year	Number of warrants/TSRs exercised during the year	Number of warrants/TSRs cancelled during the year	Number of warrants/TSRs outstanding as at 31 December 2014
Warrant/TSRs					
TICON-W3	214,677,769	-	(18,461)	(214,659,308)*	-
TICON-W6	3,800,310	-	(3,799,243)	(1,067)***	-
TICON-T2	-	182,757,024	(157,670,212)	(25,086,812)**	-
Total	218,478,079	182,757,024	(161,487,916)	(239,747,187)	-

* No longer been listed securities since 1 February 2014.

** No longer been listed securities since 28 June 2014.

*** No longer been listed securities since 4 October 2014.

In March 2014, the warrant holders exercised 1,352,600 TICON-W6 warrants to purchase 1,393,131 ordinary shares at Baht 7.767 each. The Company registered the above increase in its paid-up share capital to be Baht 913,789,163 with the Ministry of Commerce on 4 April 2014. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 10 April 2014.

In June 2014, the warrant holders exercised 157,670,212 TICON-T2 warrants to purchase 157,670,212 ordinary shares at Baht 15 each. The warrant holders exercised 1,266,200 TICON-W6 warrants to purchase 1,343,598 ordinary shares at Baht 7.539 each. The Company registered the above increase in its paid-up share capital to be Baht 1,071,459,375 and Baht 1,072,802,973, respectively with the Ministry of Commerce on

2 and 7 July 2014, respectively. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 8 and 14 July 2014, respectively.

In October 2014, the warrant holders exercised 1,180,443 TICON-W6 warrants to purchase 1,252,590 ordinary shares at Baht 7.539 each. The Company registered the above increase in its paid-up share capital to be Baht 1,074,055,563 with the Ministry of Commerce on 8 October 2014. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 13 October 2014.

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:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales of properties				
Land and building sales	3,159	3,037	1,576	481
Building sales by finance lease	1,402	1,626	414	1,256
	<u>4,561</u>	<u>4,663</u>	<u>1,990</u>	<u>1,737</u>
Cost of sales of properties				
Land and building sales	2,017	1,993	853	223
Building sales by finance lease	1,175	893	146	706
	<u>3,192</u>	<u>2,886</u>	<u>999</u>	<u>929</u>

26.2 Provision related to sales of properties

(Unit: Thousand Baht)

	Consolidated financial statement		
	Guarantees of purchase price for properties	Guarantees of rental and service income	Guarantees of with options to buy at market price
			Total
Increase during the year	68,821	65,228	134,049
Utilised	(858)	-	(858)
31 December 2014	67,963	65,228	133,191
2014			
Current	39,406	-	39,406
Non-current	28,557	65,228	93,785
	67,963	65,228	133,191
Increase during the year	5,700	65,228	70,928
Utilised	(138)	-	(138)
31 December 2014	5,562	65,228	70,790
2014			
Current	5,562	-	5,562
Non-current	-	65,228	65,228
	5,562	65,228	70,790

The provision above included the proportion of the subsidiary's interest in TICON Freehold and Leasehold Real Estate Investment Trust ("the Trust") amounting to Baht 16 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 fee of the properties. The Company and its subsidiary have guaranteed such income to the Trust for one year, two years and five years in the amount of Baht 22.2 million, Baht 22.5 million and Baht 24.1 million, respectively.

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 three tenants to the Trust. Two tenants have the rights to exercise the option within the first quarter of 2016, and the other tenant has the right to exercise the option within the second quarter of 2019.

27. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee				
benefits	196,897	169,986	137,345	126,834
Depreciation and amortisation	432,867	376,495	132,926	146,708
Repair and maintenance	56,252	62,283	21,713	27,579
Rental expense from operating lease				
agreements	60,739	43,712	37,886	33,988

28. INCOME TAX

28.1 Income tax expenses

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	120,742	118,987	119,140	116,834
Deferred tax:				
Relating to origination and reversal of				
temporary differences	17,781	158,215	33,499	110,342
Income tax expenses reported in				
income statement	<u>138,523</u>	<u>277,202</u>	<u>152,639</u>	<u>227,176</u>

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before income tax	900,094	1,691,437	1,377,167	1,371,242
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied				
by income tax rate	180,019	338,287	275,433	274,248
Effects of:				
Promotional privileges (Note 29)	(82,435)	(173,895)	(41,879)	(3,986)
Dividend income from subsidiary				
and associates	-	-	(79,022)	(49,834)
Non-deductible expenses and				
income	40,939	112,810	(1,893)	6,748
Total	(41,496)	(61,085)	(122,794)	(47,072)
Income tax expenses reported in				
income statement	<u>138,523</u>	<u>277,202</u>	<u>152,639</u>	<u>227,176</u>

28.2 Deferred tax assets and deferred tax liabilities

As of 31 December 2014 and 2013, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax assets				
Unrealised gains on sales of properties to associates	250,966	247,537	-	-
Provision for long-term employee benefits	5,638	5,069	4,917	4,470
Allowance for doubtful accounts	903	106	903	106
Provisions	31,907	-	16,777	-
Customer deposits	12,137	9,682	6,614	6,703
Total	301,551	262,394	29,211	11,279
Deferred tax liabilities				
Operating leases receivables	3,352	2,390	1,689	2,107
Building sales by finance lease	207,225	151,248	166,252	114,403
Total	210,577	153,638	167,941	116,510
	90,974	108,756	(139,730)	(105,231)

29. Promotional privileges

The Company and its two subsidiaries have been granted promotional privileges under the provisions of the Industrial Investment Promotion Act that subject to certain imposed conditions as follows:

Company	Certificate No.	Date of first earning operating income	Period of corporate income tax exemption	Period of 50% reduction of corporate income tax	Promotional activities
TICON Industrial Connection Public Company Limited	2321(2)/2555	24 May 2012	7 years	-	Building development for factory and/or warehouse (Rojana)
	2320(2)/2555	24 May 2012	7 years	-	Building development for factory and/or warehouse (Rojana)
	2322(2)/2555	29 June 2012	7 years	-	Building development for factory and/or warehouse (Pinthong)
	2324(2)/2555	29 June 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)

Company	Certificate No.	Date of first earning operating income	Period of corporate income tax exemption	Period of 50% reduction of corporate income tax	Promotional activities
	2325(2)/2555	29 June 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	2323(2)/2555	29 June 2012	7 years	-	Building development for factory and/or warehouse (Hitech)
	2326(2)/2555	29 June 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	2327(2)/2555	29 June 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	2407(2)/2555	31 July 2012	7 years	-	Building development for factory and/or warehouse (Pinthong)
	2408(2)/2555	31 July 2012	7 years	-	Building development for factory and/or warehouse (Pinthong)
	2760(2)/2555	16 October 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	2931(2)/2555	29 October 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	1129(2)/2556	18 December 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	1128(2)/2556	20 December 2012	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	1282(2)/2556	10 January 2013	7 years	-	Building development for factory and/or warehouse (Hemaraj)
	1283(2)/2556	10 January 2013	8 years	5 years	Building development for factory and/or warehouse (Kabinburi)
	1363(2)/2556	25 January 2013	7 years	-	Building development for factory and/or warehouse (Pinthong)
	1676(2)/2556	7 March 2013	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	1814(2)/2556	30 April 2013	7 years	-	Building development for factory and/or warehouse (Pinthong)

Company	Certificate No.	Date of first earning operating income	Period of corporate income tax exemption	Period of 50% reduction of corporate income tax	Promotional activities
	2482(2)/2556	6 August 2013	8 years	5 years	Building development for factory and/or warehouse (Kabinburi)
	2616(2)/2556	13 September 2013	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	1412(2)/2557	13 February 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	1411(2)/2557	21 February 2014	7 years	-	Building development for factory and/or warehouse (Pinthong)
	1413(2)/2557	24 February 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	1417(2)/2557	25 November 2013	7 years	-	Building development for factory and/or warehouse (Hemaraj)
	1775(2)/2557	22 May 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	1776(2)/2557	29 May 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	2196(2)/2557	8 July 2014	7 years	-	Building development for factory and/or warehouse (Hemaraj)
	2195(2)/2557	15 July 2014	8 years	5 years	Building development for factory and/or warehouse (Rojana Prachinburi)
	2165(2)/2557	25 July 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	2504(2)/2557	8 October 2014	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	2542(2)/2557	11 November 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	1082(2)/2558	3 December 2014	8 years	5 years	Building development for factory and/or warehouse (Amata City)
	1083(2)/2558	8 December 2014	3 years	-	Building development for factory and/or warehouse (Asia)

Company	Certificate No.	Date of first earning operating income	Period of corporate income tax exemption	Period of 50% reduction of corporate income tax	Promotional activities
	1084(2)/2558	11 December 2014	3 years	-	Building development for factory and/or warehouse (Asia)
ECO Industrial Services Company Limited	1720(1)/2544	20 December 2001	8 years	5 years	Development of real estate for factories
TICON Logistics Park Company Limited	2142(2)/2550	1 July 2007	8 years	-	Logistics park activities (Bangna-trad)
	1766(2)/2551	1 July 2008	8 years	-	Logistics park activities (Wangnoi)
	1648(2)/2553	1 August 2010	7 years	-	Building development for factory and/or warehouse (Rojana)
	2529(2)/2554	26 October 2011	7 years	-	Building development for factory and/or warehouse (Amata Nakorn)
	2480(2)/2556	16 July 2013	8 years	-	Logistics park activities (Sriracha)
	2481(2)/2556	30 July 2013	8 years	-	Logistics park activities (Leamchabang 2)
	2677(2)/2556	17 October 2013	7 years	-	Building development for factory and/or warehouse (Hemaraj)
	1418(2)/2557	26 December 2013	8 years	5 years	Building development for factory and/or warehouse (Rojana Prachinburi)
	2497(2)/2557	29 September 2014	3 years	-	Building development for factory and/or warehouse (Bangplee 2)
	1081(2)/2558	9 December 2014	8 years	-	Logistics park activities (Wangnoi 2)

The Company and its subsidiaries' operating revenues for the years ended 31 December 2014 and 2013, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements						
	Promoted		Non-promoted		Total	
	2014	2013	2014	2013	2014	2013
Rental and service income	466,336	613,661	499,721	496,029	966,057	1,109,690
Revenues from construction services	-	-	54,159	56,450	54,159	56,450
Sales of properties	2,766,569	3,732,764	1,794,706	930,274	4,561,275	4,663,038
Utility income	1,128	1,222	36,824	24,766	37,952	25,988
Management fee income from associates	-	-	165,341	152,591	165,341	152,591
Gains on sale of investments in associates	-	-	1,496	170,096	1,496	170,096
Interest income	191	2,470	8,058	4,683	8,249	7,153
Insurance claim	-	-	2,428	69,654	2,428	69,654
Other income	700	12,074	58,800	43,279	59,500	55,353
Total	3,234,924	4,362,191	2,621,533	1,947,822	5,856,457	6,310,013

(Unit: Thousand Baht)

Separate financial statements						
	Promoted		Non-promoted		Total	
	2014	2013	2014	2013	2014	2013
Rental and service income	133,416	146,373	322,729	439,864	456,145	586,237
Revenues from construction services	-	-	40,937	49,622	40,937	49,622
Sales of properties	1,481,349	807,203	508,415	930,274	1,989,764	1,737,477
Utility income	-	-	10,960	8,638	10,960	8,638
Dividend income from subsidiary	-	-	16,750	38,250	16,750	38,250
Dividend income from associates	-	-	380,516	216,548	380,516	216,548
Management fee income from associates	-	-	127,295	133,371	127,295	133,371
Gains on sale of investments in associates	-	-	4,473	143,901	4,473	143,901
Gains on sale of investments in subsidiary	-	-	67,000	-	67,000	-
Interest income	-	1,644	439,468	389,512	439,468	391,156
Insurance claim	-	-	2,322	10,000	2,322	10,000
Other income	-	-	41,263	42,131	41,263	42,131
Total	1,614,765	955,220	1,962,128	2,402,111	3,576,893	3,357,331

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.

Diluted 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 plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the parent	761,735	1,414,235	1,001,560	905,709	0.76	1.56
Effect of dilutive potential ordinary shares						
Warrants/TSRs						
TICON-W3	-	-	-	9,504		
TICON-T2	-	-	2,830	-		
TICON-W6	-	-	1,089	5,792		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants/TSRs to ordinary shares	<u>761,735</u>	<u>1,414,235</u>	<u>1,005,479</u>	<u>921,005</u>	0.76	1.54

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	1,224,527	1,144,067	1,001,560	905,709	1.22	1.26
Effect of dilutive potential ordinary shares						
Warrants/TSRs						
TICON-W3	-	-	-	9,504		
TICON-T2	-	-	2,830	-		
TICON-W6	-	-	1,089	5,792		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants/TSRs to ordinary shares	1,224,527	1,144,067	1,005,479	921,005	1.22	1.24

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 factories
- The development of warehouses
- The provision of construction services
- 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 year ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

For the year ended	The development	The development	The provision	The		Total reportable	Adjustments	
31 December 2014	of factories	of warehouses	of construction	management	Others	segments	and	Consolidated
			services	fee			eliminations	
Revenue from external customers	2,492	3,079	54	165	63	5,853	(5)	5,848
Interest revenue	439	-	-	-	1	440	(432)	8
Interest expense	(613)	(354)	-	-	-	(967)	333	(634)
Depreciation and amortisation	(72)	(107)	-	-	-	(179)	4	(175)
Interest in the profit or loss of associates and joint ventures accounted for by the equity method	43	68	-	-	-	111	-	111
Income tax expense	(137)	11	(13)	-	-	(139)	-	(139)
Segment profit	732	(1)	(15)	81	46	843	(81)	762
Segment total assets	9,422	21,781	-	-	-	31,203	6	31,209
Investment in associates and joint ventures accounted for by the equity method	1,976	1,345	-	-	-	3,321	-	3,321
Additions to non-current assets other than financial instruments and deferred tax assets	2,020	6,408	-	-	-	8,428	-	8,428

(Unit: Million Baht)

For the year ended	The development	The development	The provision	The		Total segments	Adjustments	
31 December 2013	of factories	of warehouses	of construction	management	Others		and	Consolidated
			services	fee			eliminations	
Revenue from external customers	2,375	3,430	56	153	295	6,309	(6)	6,303
Interest revenue	391	1	-	-	-	392	(385)	7
Interest expense	(506)	(319)	-	-	-	(825)	288	(537)
Depreciation and amortisation	(96)	(103)	-	-	-	(199)	2	(197)
Interest in the profit or loss of associates accounted for by the equity method	48	(182)	-	-	-	(134)	-	(134)
Income tax expense	(192)	(38)	-	(17)	(30)	(277)	-	(277)
Segment profit	734	458	(3)	84	225	1,498	(84)	1,414
Segment total assets	8,769	17,673	-	-	-	26,442	9	26,451
Investment in associates accounted for by the equity method	1,919	1,323	-	-	-	3,242	-	3,242
Additions to non-current assets other than financial instruments and deferred tax assets	1,272	8,452	-	-	-	9,724	-	9,724

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2014, the Company and its subsidiaries have revenue from one major customer in the amount of Baht 4,228 million, arising from the development of factories and the development of warehouses (2013: Baht 4,560 million derived from one major customer, arising from the development of factories and the development of warehouses).

32. PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is contributed to by both employees and the Company and its subsidiaries at the rates of 2 - 4% of wages. The fund was managed by Bank Ayudhya Public Company Limited. During the year 2014, the Company and its subsidiaries contributed Baht 4 million (2013: Baht 4 million) to the fund.

33. DIVIDENDS

Dividends for the years ended 31 December 2014 and 2013 consist of the following:

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from the operating results of the year 2013	Annual General Meeting of the shareholders on 22 April 2014	913,786	1.0
Total dividends for the year 2014		913,786	1.0
Dividend from the operating results of the year 2012	Annual General Meeting of the shareholders on 19 April 2013	912,064	1.0
Total dividends for the year 2013		912,064	1.0

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 14 - 15 million per annum. These lease agreements cover a 3-years period, as from July 2012 to June 2015.

The Company and its subsidiaries have future minimum lease payments required under these operating leases contracts as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable:				
In up to 1 year	101	498	19	25
In over 1 and up to 5 years	69	86	46	56
In over 5 years	58	67	58	67

34.2 Capital commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Agreements to purchase land for construction of factories and warehouses in the future	1,215	1,168	671	850
Agreements with contractors	1,576	1,625	74	42
Agreements for landfill	33	16	-	-
Agreements for repairment of factories and warehouses	-	3	-	3
Total	<u>2,824</u>	<u>2,812</u>	<u>745</u>	<u>895</u>

34.3 Bank guarantees

- (a) As at 31 December 2014, the Company has guaranteed bank guarantee facilities of its subsidiaries amounting to Baht 111 million (2013: Baht 111 million).
- (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:

Purpose of Guarantees	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Long-term land lease agreements	35	35	23	24
Utilities for construction projects	19	16	6	5
Retention for construction projects	50	-	-	-
Operation for construction projects of buildings	12	12	6	8
Total	<u>116</u>	<u>63</u>	<u>35</u>	<u>37</u>

34.4 Servitude over property

As at 31 December 2014, the Company and its subsidiary have servitude over land of approximately 227 rai (2013: 108 rai) (The company only: 68 rai, 2013: 68 rai) of which the net book value is Baht 430 million (2013: Baht 245 million) (The company only: Baht 152 million, 2013: Baht 152 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 Logistic Park Company Limited, a subsidiary, as the property manager of TICON Industrial Growth Leasehold Property Fund (“the Fund”) have guaranteed rental and service incomes for 38 factory and 50 warehouse units for one year from 12 and 13 December 2013 to 11 and 12 December 2014. In the event that any of the factory and the warehouse units are vacant, the Company and the subsidiary are obliged to compensate the Fund for rental loss at the same rate as the last tenant before the Fund invested in the factory and warehouse units.

The Company and TICON Logistics Park Company Limited, a subsidiary, as the Property Manager of TICON Freehold and Leasehold Real Estate Investment Trust (“the Trust”), have agreed to guarantee the occupancy for only properties that have been vacant after the registration of the transfer of ownership or leasehold rights of properties was completed or the tenants exercise their right to move out from the rental properties by compensating the Trust at the same rate of rental and service fee that the latest tenant had paid until the Property Manager is 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.

As at 31 December 2014, 22 million units (2013: 22 million units) of the Company’s investment units in TPARK Logistics Property Fund, with a value under the equity method of Baht 165 million (2013: Baht 172 million), and a market value amounting to Baht 263 million (2013: Baht 245 million), were pledged with a bank as collateral for such guarantee.

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 construction services. 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 debt 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 2014

	Fixed interest rates					Total	Average interest rate
	Within	Over	Over	Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalent	1	-	-	200	1	202	0.21
Current investments	258	-	-	-	-	258	2.08
Trade and other receivables	-	-	-	-	77	77	-
Pledged deposits at financial institution	71	-	-	-	-	71	2.80
Unbilled operating leases receivables	-	-	-	-	60	60	-
	330	-	-	200	138	668	
Financial liabilities							
Short-term loans	660	-	-	-	-	660	2.86
Trade and other payables	-	-	-	-	661	661	-
Debentures	2,170	10,340	2,300	-	-	14,810	4.26
Long-term loans from related party	-	542	206	-	-	748	4.28
Long-term loans	55	953	-	-	-	1,008	4.78
	2,885	11,835	2,506	-	661	17,887	

Consolidated financial statements as at 31 December 2013

	Fixed interest rates					Total	Average interest rate
	Within	Over	Over	Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalent	1	-	-	345	1	347	0.30
Current investments	421	-	-	-	-	421	2.43
Trade and other receivables	-	-	-	-	79	79	-
Pledged deposits at financial institution	-	-	-	-	-	-	-
Unbilled operating leases receivables	-	-	-	-	42	42	-
	422	-	-	345	122	889	
Financial liabilities							
Short-term loans	2,108	-	-	-	-	2,108	3.03
Trade and other payables	-	-	-	-	766	766	-
Debentures	1,080	8,410	2,120	-	-	11,610	4.18
Long-term loans from related party	-	358	349	-	-	707	4.50
Long-term loans	45	1,209	-	-	-	1,254	4.95
	3,233	9,977	2,469	-	766	16,445	

Separate financial statements as at 31 December 2014

	Fixed interest rates					Average interest rate
	Within 1 year	Over 1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	
	(Million Baht)					(% p.a.)
Financial assets						
Cash and cash equivalent	1	-	-	76	-	0.41
Current investments	130	-	-	-	-	2.08
Trade and other receivables	-	-	-	-	44	-
Pledged deposits at financial institution	71	-	-	-	-	2.80
Unbilled operating leases receivables	-	-	-	-	11	-
Long-term loans to related company	-	-	-	1,820	-	4.19
	202	-	-	1,896	55	2,153
Financial liabilities						
Short-term loans	660	-	-	-	-	2.86
Trade and other payables	-	-	-	-	329	-
Debentures	2,170	10,340	2,300	-	-	4.26
Long-term loans	55	452	-	-	-	4.61
	2,885	10,792	2,300	-	329	16,306

Separate financial statements as at 31 December 2013

	Fixed interest rates					Average interest rate
	Within 1 year	Over 1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	
	(Million Baht)					(% p.a.)
Financial assets						
Cash and cash equivalent	1	-	-	92	-	0.60
Current investments	410	-	-	-	-	2.43
Trade and other receivables	-	-	-	-	121	-
Unbilled operating leases receivables	-	-	-	-	14	-
Long-term loans to related company	-	-	-	9,076	-	4.12
	411	-	-	9,168	135	9,714
Financial liabilities						
Short-term loans	2,108	-	-	-	-	3.03
Trade and other payables	-	-	-	-	311	-
Debentures	1,080	8,410	2,120	-	-	4.18
Long-term loans	45	306	-	-	-	4.93
	3,233	8,716	2,120	-	311	14,380

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. Generally, the forward contracts mature within one year.

As at 31 December 2014 and 2013, 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.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

36. 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 2014, the Group's debt-to-equity ratio was 1.7:1 (2013: 2.0:1) and the Company's was 1.4:1 (2013: 1.7:1).

37. EVENTS AFTER THE REPORTING PERIOD

37.1 On 19 January 2015, the Company had issued debentures totaling 1.55 million units or Baht 1,550 million. All debentures are name registered, unsubordinated, unsecured, inconvertible debentures, and have no debenture holder's representative. The debentures are sold at a price of Baht 1,000 per unit, with a face value of Baht 1,000 each. The details of the issued debentures are as follows:

<u>No.</u>	<u>Issued date</u>	<u>No. of debentures</u>	<u>Amount</u>	<u>Coupon rate</u>	<u>Tenure</u>	<u>Maturity date</u>
		(Million units)	(Million Baht)	(% p.a.)		
1/2015	19 January 2015	1.55	1,550	3.080%	3 years	19 January 2018

37.2 On 13 February 2015, the Company sold the investment in TICON Industrial Growth Leasehold Property Fund to SVI Public Company Limited, which is a related company, for 7 million units at Baht 11.35 each, totaling of Baht 79.45 million. After the investment sold, the Company's stake in the fund represents 25.30% of total units.

37.3 On 26 February 2015, the Board of Directors Meeting No. 1/2015 of the Company passed the following resolutions:

- (a) Resolved to propose to the 2015 Annual General Meeting of Shareholders to be held on 22 April 2015, to approve allotment of 2014 net profit for dividend payment at Baht 0.50 per share. The payment will be made on 19 May 2015.
- (b) Approved the offering of properties to TICON Freehold and Leasehold Real Estate Investment Trust on freehold and/or leasehold basis. The Company expects to sell and/or to lease out the properties in the second quarter of 2015 approximately 12 units with usable area of approximately 23,700 square metres, at a total price of approximately Baht 400 to 500 million, and in the third quarter of 2015 approximately 51 units with usable area of approximately 182,909 square metres, at a total price of approximately Baht 3,000 to 3,500 million.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2015.

CERTIFICATION OF THE ACCURACY OF AUDITOR'S REMUNERATION DETAILS FOR THE FISCAL YEAR ENDED 31 DECEMBER 2014

Audit fee

No.	Company's name	Auditor's name	Audit fee (Baht)
1	TICON Industrial Connection Public Company Limited and its subsidiaries	EY Office Limited (By Mr. Sophon Permsirivallop)	1,659,000
Total Audit fee			1,659,000

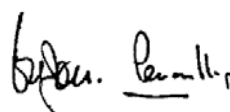
Non-audit Fee

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.



(Mr. Sophon Permsirivallop)

EY Office Limited

Auditor of TICON Industrial Connection Public Company Limited

CERTIFICATION OF THE ACCURACY OF AUDITOR'S REMUNERATION DETAILS FOR THE FISCAL YEAR ENDED 31 DECEMBER 2014

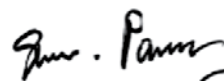
Non-audit Fee

No.	Company's name	Non-audit service	Service provider	(Non-audit fee) (Baht)	
				Amount paid in the year	Amount to be paid later
1	TICON Industrial Connection Public Company Limited and its subsidiaries	Audit data for submission to the Board of Investment.(BOI)	Balance Figure Audit Co., Ltd.	476,000	-
Total Non-audit fee				476,000	-

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. Sirinee Pawareungjamroon)

Balance Figure Audit Co.,Ltd.

Auditor of TICON Industrial Connection Public Company Limited



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