

Annual Report
2012
ธันวาคมประจำปี 2555

วิสัยทัศน์

(Vision)

“มุ่งมั่นจะเป็นผู้นำงานก่อสร้างฐานราก
ทั้งด้านคุณภาพ และประสิทธิภาพ”



“TO BE THE LEADING FOUNDATION
CONTRACTOR IN QUALITY AND EFFICIENCY”



ข้อมูลสรุปทางการเงิน

(Financial Summary)

ข้อมูลทางการเงิน (พันบาท)	งบการเงินเฉพาะของบริษัท			งบการเงินรวม		
	Separate Financial Statement			Consolidated		
	2553 (2010)	2554 (2011)	2555 (2012)	2553 (2010)	2554 (2011)	2555 (2012)
สินทรัพย์รวม	559,115	698,477	856,688	600,072	729,323	842,089
Total Assets						
หนี้สินรวม	228,138	312,725	433,261	258,336	332,251	423,873
Total Liabilities						
ส่วนของผู้ถือหุ้น	330,977	385,752	423,427	328,967	384,028	408,274
Shareholders' Equity						
รายได้จากการรับจ้าง	612,109	841,160	1,019,673	626,496	944,770	1,089,926
Revenue from Rendering of Service						
กำไรสุทธิ	38,951	75,060	77,656	26,016	76,221	36,626
Net Profit						

อัตราส่วนทางการเงิน	งบการเงินเฉพาะของบริษัท			งบการเงินรวม		
	Separate Financial Statement			Consolidated		
	2553 (2010)	2554 (2011)	2555 (2012)	2553 (2010)	2554 (2011)	2555 (2012)
อัตรากำไรสุทธิ (%)	6.31%	8.85%	7.52%	4.12%	8.04%	3.36%
Net Profit (%)						
อัตราผลตอบแทนผู้ถือหุ้น (%)	12.02%	20.95%	19.19%	7.62%	20.63%	8.98%
Return on Equity (%)						
อัตราผลตอบแทนจากสินทรัพย์ (%)	7.95%	11.94%	9.99%	4.74%	11.47%	4.66%
Return on Assets (%)						
กำไรสุทธิต่อหุ้น (บาท)	0.19	0.38	0.39	0.16	0.38	0.32
Earning per share (Baht)						
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า)	0.69	0.81	1.02	0.76	0.84	1.01
Debt to Equity (Time)						
อัตราการเติบโตของรายได้จากการรับจ้าง (%)	55.22%	37.42%	21.22%	5.56%	50.80%	15.36%
Revenue from Rendering of Service Growth (%)						
อัตราการเติบโตของกำไรสุทธิ (%)	129.64%	92.70%	3.46%	1.86%	192.98%	-51.95%
Net Profit Growth (%)						

หมายเหตุ 1 รายได้จากการรับจ้าง หมายถึง รายได้จากงานฐานราก และงานก่อสร้าง

1 Revenue from rendering of service consist of revenue from foundation and construction works.



Content

1	Vision
4	Chairman's Statement
5	Company's Directory and Executive
13	General Information
16	Type of Business
18	Industry Overview and Competition
19	Capital Structure
20	Management
31	Corporate Governance
35	Internal Control
36	Risk Factors
39	Management's Explanation and Analysis
41	Connected Transactions
42	Statement of the Board of Directors' Responsibilities
43	Statement of the Audit Committee
46	Statement of the Nomination and Remuneration Committee
47	Report of the Independent Auditor
49	Financial Statements
77	Reference



Chairman's Statement

To: Shareholders of

Pylon Public Company Limited



The overview of the construction industry in 2012 showed a rising trend, as compared to the year 2011. This was a result of the government's economic stimulus policies through investments in MRT projects, flood prevention systems, and public infrastructures as evident in a series of launches of new MRT projects as well as the growing number of private projects. Thus, the Company's revenues in 2012 had grown continuously.

As regards the trends of the foundation construction industry in 2013, due to the fact that the MRT Blue Line Extension project is still under construction; the SRT Red Line project (Bangsue-Rangsit section) and the MRT Green Line project (Bearing – Samutprakarn section) which are mega projects will simultaneously begin construction this year; and private consumption and investment are steadily rising, the number of projects should continue to stay at a high level with mild price competition. The Company is expected to benefit from a number of MRT projects, mega public infrastructure projects, and other construction projects in accordance with the economic stimulus plan and flood protection. The construction works should continue to be carried out for at least another 3-5 years. The Company's policies on business operations in 2013 still focus on the expansion of its customer base, consideration and selection of customers, cost control, liquidity management, and ongoing personnel development efforts.

In 2012, the Company participated in the "Restoring flooded schools, Building relationships with communities" project initiated by the Committee of the Thai Stock Market Flood Relief Fund. The mai-listed Companies Association (maiA) was assigned to take care of schools requesting to receive assistance from the project. Under the project, the maiA joined forces with schools, local communities and mai-listed companies in restoring school buildings according to the aim of the fund. As part of the project, the restoration of three schools in Pathum Thani province and Nonthaburi province was completed and the school buildings were handed over to the school authorities on 30 August 2012.

On behalf of the Board of Directors, I would like to take this opportunity to thank all shareholders for your trust in the Company's operations and specifically those who have provided us with continuous support. I also would like to thank the Company's management team and employees for carrying out their duties with accountability and tireless effort. All these factors are key elements in driving the Company to continue its ongoing development, ensuring its stability as well as ultimately enabling the Company to grow and achieve both its short and long-term goals.

(Mr. Seri Chintanaseri)

Chairman of the Board of Directors



Company's Directors and Executives



Mr.Seri Chintanaseri
Chairman
Independent Director



Mr.Vongchai Sangarayakul
Founder Chairman / Director /Member of
Nomination and Remuneration Committee



Mr.Panja Senadisai
Independent Director/
Chairman of Audit Committee



Mr.Vinit Chovichien
Independent Director/
Chairman of Nomination and
Remuneration Committee / Member
of Audit Committee



Mr.Chanet Sangarayakul
Director/
Chairman of Executive Board



Mr.Chaipat Sahasakul
Independent Director /
Member of Audit Committee/
Member of Nomination and
Remuneration Committee



Mr.Bordin Sangarayakul
Director / Member of
Executive Board



Mr.Somsak Viriyapiphat
Director / Member of
Executive Board



Mr.Pisun Sirisuksakulchai
Director / Member of
Executive Board



The Positions of Company's Directors and Executive

Mr. Seri Chintanaseri (71)

Chairman

Independent Director

Education :

- Barrister-at-Law, The Honourable Society of Lincoln's Inn, England
- Barrister-at-Law, Institute of Legal Education, Thailand
- Bachelor of law, Thammasart University

IOD Training :

- Directors Certification Program (65/2005)

Work Experience :

- | | |
|----------------|--|
| 2005 – Present | Chairman/ Independent Director, Pylon PLC. |
| 2010 - Present | Legal Subcommittee, The Stock Exchange of Thailand |
| 1997 – Present | Chairman, Seri Manop & Doyle Ltd |
| 2003 – Present | Director/ Member of the Audit Committee, Advance Agro PLC. |
| 2007 - 2009 | Director/ Member of the Audit Committee, Sammitr Motors Manufacturing PLC. |

Percentage of Shareholding: 0.53%

Mr. Vongchai Sangarayakul (66)

Founder Chairman

Director

Member of Nomination and Remuneration Committee

Education :

- High School

IOD Training :

- Directors Accreditation Program (44/2005)

Work Experience :

- | | |
|----------------|---|
| 2005 – Present | Director/ Member of Nomination and Remuneration Committee, Pylon PLC. |
| 1967 – Present | Owner, Siam Pharmacy |

Percentage of Shareholding : 7.4



Mr. Panja Senadisai (65)

Independent Director

Chairman of Audit Committee

Education :

- Master of Business Administration (MBA),
Suffolk University (USA)

IOD Training :

- Directors Certification Program (20/2002)
- Audit Committee Program (2004)
- Certificate of Attendance Role of Compensation
Committee Program (2/2007)

Work Experience :

- 2005 – Present Chairman of the Audit Committee/
Independent Director, Pylon PLC.
- 2000 – Present Director/
Somboon Advance Technology PLC.
- 2006 - Present Chairman of the Audit Committee/
Member of the Nomination &
Remuneration Committee,
Somboon Advance Technology PLC.
- 2002 – Present Director/ Member of the Audit
Committee/ Chairman of the
Compensation Committee,
Trinity Wattana PLC.
- 1983 – Present Director, KCE Electronics PLC.
- 2003 – Present Director/ Member of the Audit
Committee,
Rasa Properties Development PLC.
- 2004 – 2011 Chairman, Deva Property PLC.
- 2006 – 2009 Director/ Member of the Executive
Board of Director/ Member of
the Remuneration Committee,
Government Saving Bank

Percentage of Shareholding: -

Mr. Vinit Chovichien (67)

Independent Director

Member of the Audit Committee

Chairman of Nomination & Remuneration Committee

Education:

- Doctor of Philosophy, Purdue University, Indiana
(USA)
- Master of Science in Civil Engineering , Purdue
(USA)
- Bachelor of Civil Engineering, Chulalongkorn
University

IOD Training:

- Directors Accreditation Program (44/2005)

Work Experience :

- 2005 – Present Independent Director/ Member of
Audit Committee/ Member of
Nomination & Remuneration
Committee, Pylon PLC.
- 2007 – Present Lecture, Faculty of Engineering,
Chulalongkorn University

Percentage of Shareholding : -



Mr. Chanet Sangaranyakul (39)

Director

Chairman of Executive Board

President

Education :

- Doctor of Engineering, Asian Institute of Technology
- Master of Science in structure, Asian Institute of Technology
- Bachelor of Civil Engineering, Chulalongkorn University

IOD Training :

- Directors Accreditation Program (44/2005)

Work Experience :

- | | |
|----------------|--|
| 2005 – Present | Director/ Chairman of Executive Board/ President, Pylon PLC. |
| 2008 – Present | Chairman, Excelon Co., Ltd. |
| 2011 – Present | Board of Directors Thai Listed Companies Association |

Percentage of Shareholding : 39.14%

Mr. Chaipat Sahasakul (57)

Independent Director

Member of the Audit Committee

Member of Nomination and Remuneration Committee

Education :

- Ph.D. in Economics, University of Rochester, USA
- Master of Arts in Economics, Thammasat University
- Bachelor of Economics, Thammasat University

IOD Training :

- Directors Certification Program (21/2002)
- Audit Committee Program (33/2010)

Work Experience :

- | | |
|----------------|--|
| 2005 – Present | Independent Director/ Member of the Audit Committee/ Member of Nomination and Remuneration Committee, Pylon PLC. |
| 2010 – Present | Director, the Stock Exchange of Thailand |
| 2010 – Present | Independent Director/ Member of the Audit Committee, Thai Vegetable Oil PLC. |
| 2002 – Present | Chairman of Audit Committee/ Director, The Electricity Generating PLC. |
| 2009 – Present | Chairman, University Research Policy Committee, Bangkok University |
| 2001 – 2009 | Secretary – General, Agricultural Futures Trading Commission |

Percentage of Shareholding : -



Mr. Bordin Sangarayakul (38)

Director

Member of Executive Board

Senior Executive Vice President

Education :

- Master of Science (Construction Engineering and Management), Virginia Tech (USA)
- Bachelor of Civil Engineering, Chulalongkorn University

IOD Training :

- Directors Accreditation Program (44/2005)

Work Experience :

2005 – Present Director/ Member of Executive Board/ Senior Executive Vice President–Finance & Administration, Pylon PLC.

2008 – Present Director, Excelon Co., Ltd.

2010 – 2555 Director, Aun Jung Co., Ltd.

Percentage of Shareholding: 9%

Mr. Somsak Viriyapipat (54)

Director

Member of Executive Board

Senior Executive Vice President

Education :

- Bachelor of Mechanical Engineering, King Mongkut's Institute of Technology North Bangkok

IOD Training :

- Directors Accreditation Program (44/2005)

Work Experience :

2005 – Present Director/ Member of Executive Board/ Senior Executive Vice President – Equipment & Facilities/ Acting Vice President, Pylon PLC.

Percentage of Shareholding: 1.54 %



Mr. Pisun Sirisulsakulchai (39)

Director

Member of Executive Board

Senior Executive Vice President

Education :

- Master of Art in Economic Law, Chulalongkorn University
- Master of Business Administration(MBA), Rockhurst University (USA)
- Master of Science-Construction Management, University of Wisconsin-Madison (USA)
- Bachelor of Civil Engineering, Chulalongkorn University

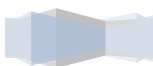
IOD Training:

- Directors Accreditation Program (79/2009)

Work Experience :

2011 – Present	Director/ Member of the Executive Board of Director/ Senior Executive Vice President-Engineering & Marketing, Pylon PLC.
2008 – Present	Director, Excelon Co., Ltd.
2008 –2011	Director/ Member of the Executive Board of Director/ Executive Vice President – Engineering, Pylon PLC.
2008 – 2011	Director, Thaicar dot com Co., Ltd.

Percentage of Shareholding : 0.40%



Mr. Siroj Tungkahotara (38)

Executive Vice President – Engineering

Education :

- Ph. D. Structural Engineering, Old Dominion University (USA)
- Master of Structural Engineering , Old Dominion University (USA)
- Bachelor of Civil Engineering, Chulalongkorn University

Work Experience :

2011 – Present	Executive Vice President – Engineering & Marketing, Pylon PLC.
2008 – 2011	Structure Engineer, Tetra Tech INCA (USA)

Percentage of Shareholding: -

Mr. Veeratas Chiradechvirot (33)

Vice President - Purchasing

Education:

- Master of Business Administration (MBA), Thammasart University
- Bachelor of Mechanical Engineering, King Mongkut's Institute of Technology North Bangkok

Work Experience:

2007 – Present	Vice President – Purchasing, Pylon PLC.
2006 – 2007	Operating System Manager, Pylon PLC.

Percentage of Shareholding: -

Mrs. Sureerat Nakaphadungrat (51)

Vice President - Accounting

Education:

- Master of Business Administration (MBA), NIDA
- Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Work Experience :

2004 – Present	Vice President – Accounting, Pylon PLC.
2000 – 2004	Accounting Manager, Cinecolor Lab Co., Ltd.

Percentage of Shareholding: 0.66%



Mr. Korn Thongsri (39)

Vice President – Human Resource

Education:

- Bachelor of Law, Ramkhamhaeng University

Work Experience:

2011 – Present	Vice President - Human Resource, Pylon PLC.
2009 – 2011	Human Resource Manager, TPP Group Co., Ltd.
2002 – 2009	Human Resource Manager, JVK International Logistics and Moving Co., Ltd.

Percentage of Shareholding: -

Mr. Supachai Rojviroon (38)

Vice President – Purchasing

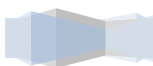
Education:

- Master of Business Administration (Finance), Bangkok University
- Bachelor of Engineering (Civil), Srinakharinwirot University

Work Experience :

- 2012 - Present Vice President – Purchasing, Pylon PLC.
- 2011 – 2012 Estimate Manager, EMC PLC.
- 2005 – 2011 Construction Manager, China Hua-Fong Construction (Thailand) Co., Ltd.

Percentage of Shareholding : -



General Information



Pylon Public Company Limited (Pylon) is a specialty foundation construction company. The Company headquarters is located at 170/16 Soi Sammit (Sukhumvit Soi 16), Ratchadapisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok 10110 and the maintenance yard is located at 22/4 Moo 11, Koobangluang Subdistrict, Ladlumkaew District, Patumthani. The Company's public company registration number is 0107548000536. Its phone number is 0-2661-8242, facsimile number is 0-2661-8247 and website address is www.pylon.co.th.

At present, Pylon's registered capital is Baht 300 million and paid up capital is Baht 200 million separated into 300 million ordinary shares at Baht 1 par value per share.

Details of Companies in which the Company holds 10 % or more of shares

The Company Name	:	Excelon Company Limited
Capital	:	Baht 80 million
The Company holds	:	51%
Type of Business	:	Design, construction, consulting and architectural works for buildings/ structures
Address	:	170/15 Soi Sammit (Sukhumvit Soi16) Ratchadapisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok 10110

History and Significant Developments

Year 2002

- Registered the Company in the name of Pylon Company Limited on August 13, 2002 with the initial paid up capital of Baht 5 million to engage primarily in foundation construction business. The Company has employed experienced and skillful engineering staffs to handle foundation works at the recovery of economic crisis.

Year 2003

- Performed the first soil cement columns with high-pressured jet grouting in His Majesty The King Bhumipol's Pak Pa Nang Diversion Dam Project in Nakornsrithammarat Province as a subcontractor to Sino-Thai Engineering and Construction Plc (Sino-Thai). From the success in the Pakpanang project, the Company has developed a strong business relationship with Sino-Thai and, as a result, received bored piling works for several projects from Sino-Thai such as The 3rd Stage Expressway - Part S1 (Ajnaraong-Bangna) Contract No. 2, The Bumrungrat Hospital Parking Garage, etc. From those projects, the Company has become well-known in the construction industry for quality of work and exceptional service, and received many bored piling works from other customers.





Year 2004

- Increased capital to Baht 60 million in January and Baht 95 million in December.
- Cooperated with Soletanche Bachy, an International Foundation Specialist Company, to construct diaphragm walls for The Samlae Water Treatment Plant in Patumthani Province.

Year 2005

- Increased capital to Baht 115 million in May.
- In June, the Company increased its capital from Baht 115 million to Baht 150 million along with splitting par value per share from Baht 10 to Baht 1 to accommodate the initial public offering.
- Registered as the public company on July 20, 2005.
- Registered on the Market for Alternative Investment (mai) Stock Market in December. The first trading day of the Company's shares was December 23, 2005.

Year 2006

- Relocated the Company's maintenance yard from Bangkok to Ladlumkaew, Patumthani Province in March.

Year 2008

- Set up the subsidiary company under the name of Excelon Co., Ltd. in December to provide services for design, construction, consulting and architectural works for buildings/ structures. Its registered capital is 30,000,000 baht. Pylon holds 51% of the total shares.

Year 2009

- Increased capital to Baht 200 million in May.

Year 2012

- Increased capital to Baht 300 million in May to facilitate the issuance of PYLON-W1.
- Excelon increased capital to Baht 80 million in December whereas Pylon still holds 51% of the total shares.



Revenue by Products

The Company's revenue can be categorized by products as follows:

The Company's Revenue

(Unit : Thousand Baht)

Products	2010		2011		2012	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Bored Piles	536,965	87.04	717,479	84.64	780,544	75.53
Ground Improvement	-	-	-	-	5,350	0.52
Diaphragm Wall	-	-	-	-	-	-
Total Revenue from Foundation	536,965	87.04	717,479	84.64	785,894	76.04
Revenue from Construction	75,144	12.18	123,681	14.59	233,779	22.62
Revenue from Other Services ¹	576	0.09	1,873	0.22	3,299	0.32
Other Revenues ²	4,210	0.68	4,680	0.55	10,500	1.02
Total Revenue	616,895	100.00	847,713	100.00	1,033,472	100.00

Remark : ¹Revenue from Other Services is the revenues from rental of machines, equipments and tools such as cranes, casing including damage claims received from Subcontractors.

²Other Revenues is the revenues from interest income, profit from sale of assets, etc.

The Subsidiary's Revenue

(Unit : Thousand Baht)

Products	2010		2011		2012	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Revenue from Construction	21,955	100.00	159,604	100.00	204,383	100.00

Remark : Excelon Co., Ltd. was established in December 2008.



Type of Business

1. Bored Pile

Bored Piles are usually used as the foundation of large-scale structures especially those located in a limited area where driven piles are not applicable due to transportation and ground vibration problems. Moreover, compared to driven piles, bored piling technique causes no lateral movement of soil underneath that may affect nearby structures, less noise pollution and less ground vibration. The Company offers various sizes of pile ranging from 50 centimeters to 200 centimeters in diameter and deeper than 60 meters depending on the design load and local soil properties.



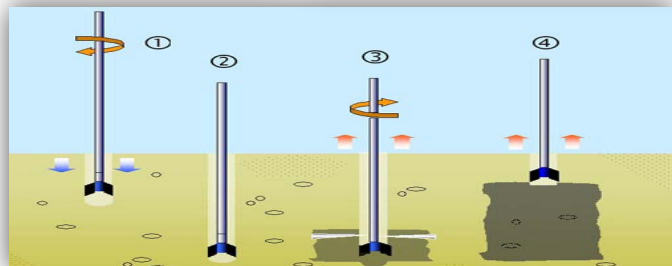
2. Ground Improvement by Jet Grouting

The objective of ground improvement is to strengthen the existing soil structure which can lead to the increase of soil bearing capacity and prevention of lateral soil movement. The Company provides this type of service by injecting cement grout at a high pressure between 200 to 400 bars. Type of work can be categorized as follows:



2.1 Soil Cement Column

This type of ground improvement is used to strengthen the soft soil properties throughout their whole layers. The process starts from jetting water downward at high pressure to stir the surrounding soil into the designated shape and size. Once reaching the level of pile tip, cement slurry is injected to mix with surrounding soil to create the solidified soil cement column that has ability to carry a vertical design load and



reduce the settlement of structure above. The soil cement column produced by Jet Grouting has better properties and more homogeneous texture than those produced by other techniques such as low pressure mixing and rotary dry mixing. At present, soil cement column has been applied to various types of works such as road foundations, airport runways, dams, water gates as well as slope protection of canals or river banks.

2.2 Localized soil improvement

This type of work is used to improve strength and properties of soil or rock in a specific area; for example, grouting cracks in rock or soil for dam construction, grouting to improve stability of soil for excavation or drilling purpose in a specific area.

3. Diaphragm Wall

Diaphragm wall is an underground reinforced concrete wall constructed to be a load bearing and retaining structure to prevent lateral soil movement. Construction process of diaphragm wall is similar to that of wet-process bored pile. Diaphragm wall can be used not only instead of sheet pile but also as a permanent underground wall with water-resistant and load bearing ability. Diaphragm wall is generally used as the structure of underground car park, subway station, underpass, etc.



4. General Construction

The Company provides service related to design, construction and architectural works for buildings and structures. Our target is to focus on civil works and low-rise buildings such as flood protection, water drainage, conference hall including office and residential buildings in which their height is less than 8 stories. Our Team consists of experienced and professional architects and engineers with various kinds of tool and equipment to carry out the works.



Industry Overview and Competition



The foundation business, which comprises piling works, diaphragm walls, ground improvement, etc., depends particularly on the construction industry. Since early 2012 (after 2011 great flooding), the number of construction projects has continued to rise. As for the public sector, investments in various projects have been undertaken in a more continuous manner, especially the expansion of the BTS/MRT systems and the construction of other infrastructures. As for the private sector, there has been a continuous increase in condominium supply in urban areas and along BTS/MRT routes. Despite the slowdown in 2nd-3rd quarter due to the impact from the minimum wage increase, the private works have been back to normal level afterward. The construction industry outlook of 2012 has been on an upward trend, the number of projects in the industry has risen to high level and price competition has decreased.

In 2013, Clear signs of economic growth appear due to the public sector's policy on spending and investment in MRT systems, flood protection projects and other infrastructures as well as the continuing private construction and investment. The economic growth rate in 2013, according to the Fiscal Policy office, Ministry of Finance, is expected to be at 5.2% (expected range 4.7%-5.7%).

As for the bored piling industry which is considered the main source of income of the Company, due to the fact that a number of projects of BTS/MRT lines have been continually constructed, that the private sector's construction projects have been launched on a continuous basis, and that the government has the policy on investment for the country's efficiency and competitiveness improvement; the number of construction projects in the market is likely to be on a continued rise for another 3-5 years. As regards the industry outlook, in 2013 the number of construction projects is expected to continue to remain at high level with the price competition being not relatively high. Risk factors from fragile global recovery, changes in government policies and impact from the minimum wage increase for the whole country as well as domestic political situations due to conflicts between groups of people, however, might cause the economic growth to be slower than expected.



Capital Structure

Shareholders

The shareholders' list as at the closing date of the register book on December 12, 2012 is as follow:

No	Name of shareholders		No. of shares	Percentage
1	Sangarayakul Family *		125,559,602	62.78
2	Mr. Boonchui	Thangwatthanasirikul	3,725,000	1.86
3	Mr. Somsak	Vriyapipat	2,585,533	1.29
4	Thai NVDR Co., Ltd.		2,296,266	1.15
5	Mr. Pisun	Sirisuksakulchai	2,056,800	1.03
6	Mr. Saksaan	Thongthai	1,530,800	0.77
7	Prof. Dr. Natthapol	Thammachot	1,163,600	0.58
8	Miss Nadthika	Phuphiphat	1,093,386	0.55
9	Mr. Seri	Chintanaseri	1,059,533	0.53
10	Mr. Boonsri	Arkornkij	1,000,000	0.50
	Other Shareholders		57,929,480	28.96
	Total		200,000,000	100

Remark:

* Sangarayakul family consists of Mr. Chanet, Mr. Bordin, Mr. Vongchai and Mr. Anon Sangarayakul which held the shares in proportion of 39.15, 9.00, 7.40 and 7.23 respectively.

DIVIDEND POLICY

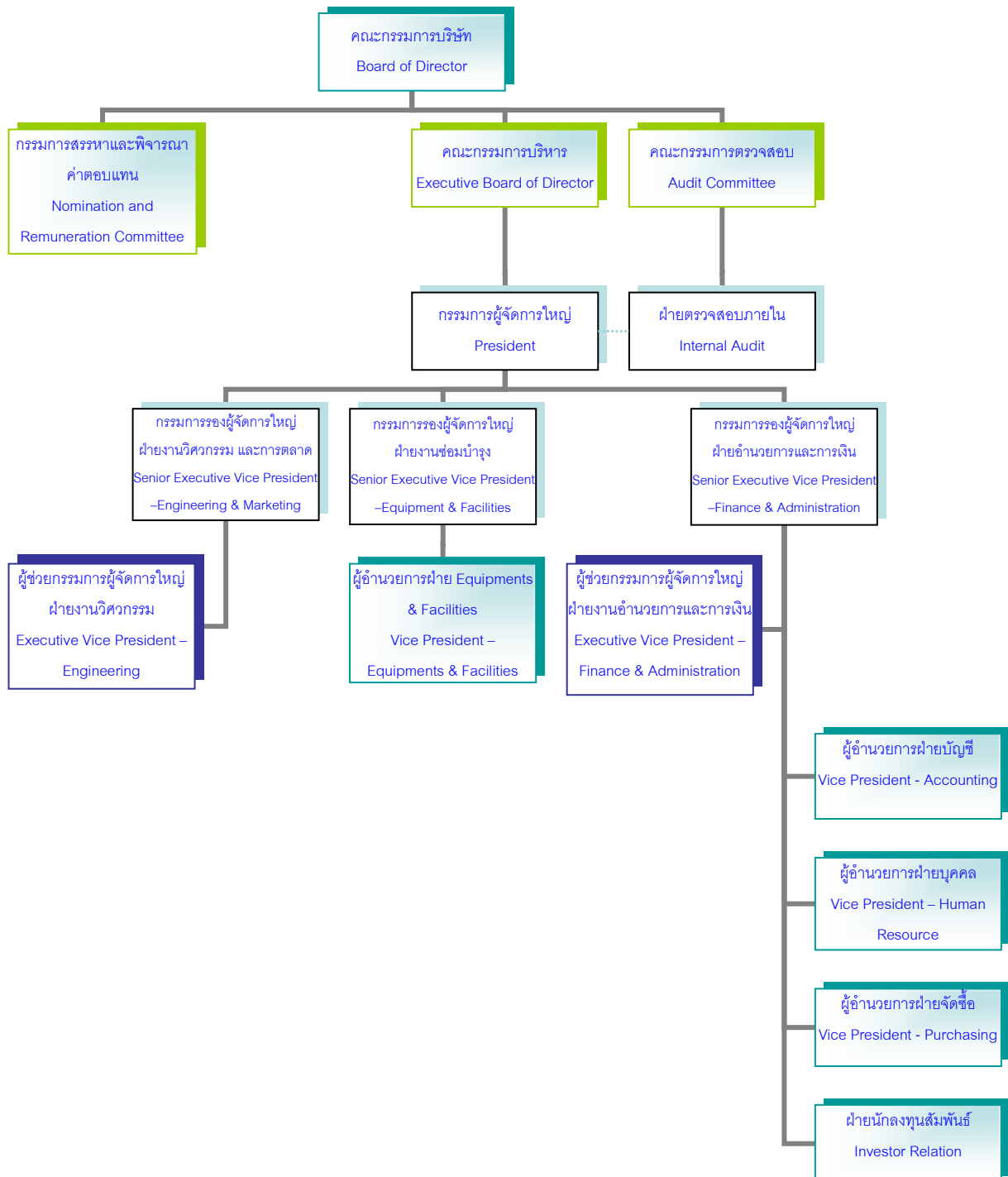
The Company has a policy to pay a dividend at a rate of not less than 40% of net earnings after income tax. However, the Company may pay less than the specified rate if the Company has to use the earnings to expand the operation, to invest, or to other objectives according to the approval of the Company's Board of Directors and the re-approval in the shareholders' meeting.



Management

Management Structure

The Company's management structure is shown in the following organization chart



The structure of the Company's committees consists of the Board of Directors and three sub-committees which are the Audit Committee, the Nomination and Remuneration Committee and the Executive Board. Members of each committee and the scope of their authorities are as follows:

The Board of Directors

The Company's Board of Directors comprises nine members in which:

- 5 directors are non-executive directors while 4 of them are independent directors
- 4 directors are executive directors

Their names are as follows:

Name - Surname	Position
1. Mr. Seri Chintanaseri	Chairman / Independent Director
2. Mr. Vongchai Sangarayakul	Founder Chairman/Director
3. Mr. Panja Senadisai	Independent Director
4. Mr. Chaipat Sahasakul	Independent Director
5. Mr. Vinit Chovichien	Independent Director
6. Mr. Chanet Sangarayakul	Director
7. Mr. Bordin Sangarayakul	Director
8. Mr. Somsak Viriyapipat	Director
9. Mr. Pisun Sirisuksakulchai	Director

Company Secretary is Ms. Thitima Tiawprateep

Remark : Mr.Suwit Udomsab resigned from the Board of Directors on 19th September 2012.

Independent Director

Independent Director is defined by the Company's Board of Directors as follows:

1. Holding shares not exceeding 1 percent of the total shares with voting rights of its parent company, its subsidiary, its associated company or potential conflicting juristic person (provided that any shares held by his or her related person as stipulated in section 258 of securities laws (No.4) 2008 must be taken into account).
2. Not being (at present) nor having been (2 years prior to appointment) an executive director (including the director who has the same responsibility as management and authorized director except for the signature in transactions approved by the Board of Directors and joint signing with other directors), employee, officer, monthly paid advisor or controlling person of the Company, its parent company, its subsidiary, its associated company, its parallel subsidiary (subsidiary of the same holding company) or potential conflicting juristic person.
3. Not being a person related by blood or by registration under laws such as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person or such other persons who will be nominated to take up the position of executive or controlling person of the Company or its subsidiary.



4. Not having (at present) nor having had (2 years prior to appointment) a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person that might interfere his or her use of independent discretion, including not being (at present) nor having been (2 years prior to appointment) a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person with transaction value equal to or more than 3 percent of net tangible assets (NTA) of the Company; or equal to or more than baht 20 million, whichever is lower. The calculation of such transaction value must include the transaction incurred during 1 year prior to the date entering into the business relationship with the same person. The aforementioned business relationship includes any trading transaction in the ordinary course of business, taking or granting a lease of real property, any transaction relating to assets or services, and granting or acceptance of financial assistance.
5. Not being (at present) nor having been (3 years prior to appointment) an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person as well as not being a major shareholder, a director who is not an independent director, an executive, or a managing partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person.
6. Not being (at present) nor having been (2 years prior to appointment) any professional service providers, including a legal advisor or a financial advisor, obtaining service fees of more than baht two million per annum from the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person. If a professional service provider is a juristic person, this will include a major shareholder, a director who is not an independent director, an executive or a managing partner of such professional service provider.
7. Not being a director appointed to represent any director of the Company, a major shareholder or a shareholder who is a related person to the Company's major shareholder.
8. Not having any other characteristic which makes him or her incapable of expressing an independent opinion with regard to the Company's operation.

Authority to sign on behalf of the Company

Mr. Chanet Sangarayakul and Mr. Bordin Sangarayakul are authorized to jointly sign their names together with the Company's seal affixed to enter into bond on the Company's behalf. Otherwise, one of the aforementioned Directors may jointly sign his name with either Mr. Vongchai Sangarayakul or Mr. Somsak Viriyapipat or Mr. Pisun Sirisuksakulchai together with the Company's seal affixed to enter into bond on the Company's behalf.

Scope of Authorities of the Company's Board of Directors

The Board of Directors has authorities and responsibilities to manage the Company in compliance with laws, objectives and regulations of the Company, and the legalized resolution passed at the shareholders' meeting. The Board of Directors shall manage the Company with honesty and carefully look after the Company's benefits. The important authorities and responsibilities of the Board of Directors are as follows:

1. To arrange the annual general shareholders' meeting within four months after the date ending the Company's fiscal year.
2. To arrange the Board of Directors' meeting at least once every three months.



3. To prepare the Company's balance sheet and income statement that would be audited by the external auditor and submitted to the shareholders' meeting for consideration and approval.
4. The Board of Directors may delegate authorities to one or many Directors or other persons to perform any duties on its behalf under its supervision. The Board of Directors may assign them with specific authorities and durations as deemed appropriate and reserve the right to change or revoke those authorities given.

The Board of Directors may delegate authorities to the Executive Board to perform any tasks in accordance with the extent of its prescribed authorities. The assigned authorities, however, must not give the Executive Board the opportunity to consider and approve any transactions that he/she or other persons may have interests or conflict of interests of any nature with the Company or its subsidiaries except the transactions that comply with the policy and criteria that are already considered and approved by the Board of Directors.

5. To set goal, direction, policy, plan, and budget of the Company as well as monitor and supervise the administration and management of the Executive Board so that it complies with the prescribed policy except for the matters required by law to be approved by the resolution of the shareholders' meeting. These matters are such as acquisition and deposition of the capital, issuance of the Company's debenture, sale or transfer of ownership of the Company or a significant part thereof to another individual, purchase or transfer of business from other companies, and amendment of memorandum of association or regulations, etc. The Board of Directors' duty is also to supervise the Company so that its business operation complies with the Securities and Securities Exchange Act and the Stock Exchange of Thailand's regulations such as the matter of related party transactions and the sale and purchase of core assets in accordance with the regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business.
6. To consider the structure of management as well as the appointments of the Executive Board, Managing Director, and other committees as deemed appropriate.
7. To monitor the Company's operating performance so that it has continually complied with the prescribed plan and budget.
8. The Director is prohibited from doing business, being partner of the ordinary partnership, being partner with unlimited liabilities of the limited partnership, or being Director of the private company or other companies which conduct business of the same nature and directly compete with the Company. These matters are prohibited whether doing for his/her or other person interests unless the Director notifies the shareholders' meeting prior to the resolution for his/her appointment.
9. The Director must promptly inform the Company about their direct or indirect personal interest in contracts executed by the Company including debentures and shareholding status, whether increase or decrease, in the Company or its affiliates.



Audit Committee

Name - Surname	Position
1. Mr. Panja Senadisai *	Chairman of Audit Committee / Independent Director
2. Mr. Chaipat Sahasakul *	Member of Audit Committee / Independent Director
3. Mr. Vinit Chovichien	Member of Audit Committee / Independent Director

Remark *The Director who has knowledge and experience in reviewing the financial report

Secretary to the Audit Committee is Ms. Thitima Tiawprateep

Scope of Authorities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient as well as to determine an internal audit unit's independence;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration;
5. To approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
6. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations and are reasonable and for the highest benefits of the Company;
7. To review the Charter of the Audit Committee at least once a year and propose to the Board of Directors for consideration;
8. To carry out any other tasks as assigned by the Board of Directors and approved by the Audit Committee;
9. To prepare, and to disclosed in the Company's annual report, an audit committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information required by the Stock Exchange of Thailand;
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interest,
 - (f) the number of the Audit Committee meetings and the attendance of such meetings by each committee member,



- (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
10. To report the results of the Audit Committee's work to the Board of Directors regularly at least once every quarter.

The Nomination and Remuneration Committee

	Name - Surname	Position
1.	Mr. Vinit Chovichien	Chairman of Nomination and Remuneration Committee / Independent Director
2.	Mr. Vongchai Sangarayakul	Member of Nomination and Remuneration Committee
3.	Mr. Chaipat Sahasakul	Member of Nomination and Remuneration Committee / Independent Director

Remark Secretary to the Nomination and Remuneration Committee is Mr.Korn Thongsri.

Mr.Suwit Udomsab resigned from the Board of Directors on 19th September 2012.

Scope of Authorities of the Nomination and Remuneration Committee

- To determine the structure, composition and qualifications of the directors and the president.
- To select and submit the names of the knowledgeable and experienced candidates who are suitable for the Company's business to be appointed as the directors and the president in case of vacancy for consideration and approval of the Board of Directors or at the shareholders' meeting as the case may be.
- To select the Company's representative for positions in subsidiary and/or associated companies.
- To determine the remuneration structure of the directors and the president such as monthly remuneration, gratuity, bonus, welfare, meeting fee and other cash and non-cash fringe benefits.
- To set up the criteria for the president's assessment and present to the Board of Directors' for consideration and approval.
- To consider the terms and conditions in case of new securities (or warrants) offered to directors and employees (ESOP) as well as to consider and endorse in case that securities are allotted to any director or any employee more than 5 % of the total securities to be allotted. The Nomination and Remuneration Committee will be eligible to have such endorsement upon the condition that none of the Nomination and Remuneration Committee's members is granted the security allotment of more than 5%.
- The Nomination and Remuneration Committee is a sub-committee appointed by the Board of Directors for a purpose of studying and reviewing the assignments. Hence, the Nomination and Remuneration Committee is routinely requested to report its activities to the Board of Directors' meeting subsequent to its meeting and report its performance in the past year to shareholders in the Company's annual report and the annual general meeting of shareholders.
- To perform any other tasks, as assigned by the Board of Directors, in relation to nomination and remuneration.



The Executive Board of Directors

Name - Surname	Position
1. Mr. Chanet Sangarayakul	Chairman of Executive Board
2. Mr. Bordin Sangarayakul	Member of Executive Board
3. Mr. Somsak Viriyapipat	Member of Executive Board
4. Mr. Pisun Sirisuksakulchai	Member of Executive Board

Scope of Authorities of the Executive Board of Directors

Duties and responsibilities of the Executive Board of Directors are to administer the Company's usual business practice and management. Its duties and responsibilities are also to set and submit to the Board of Directors' meeting for consideration and approval and/or endorsement the policies, business plans, budget, management structure, and power of management authorities, as well as the criteria in conducting the Company's business that complies with the economic environment. The Executive Board of Directors shall investigate and monitor the Company's performance to ensure the compliance with the prescribed policies. Major duties and responsibilities of the Executive Board of Directors are as follows:

1. To set policy, direction, strategy, and core management structure regarding the Company's business conduct and submit to the Board of Directors for approval.
2. To set business plan, budget, and management authorities and submit to the Board of Directors for approval.
3. To consider the Company's investment project and submit to the Board of Directors for approval.
4. To approve important investment expenditures prescribed in the annual budget as assigned by the Board of Directors or investment expenditures that are already approved in principle by the Board of Directors.
5. To approve procurement or hiring contracts for the office management task in the amount not exceeding Baht 20 million per transaction.
6. To negotiate and sign contracts, agreements, and documents for the construction projects worth not exceeding Baht 200 million for private sector and Baht 500 million for public sector including the procurement or hiring of those projects that are normal business practices of the Company.
7. To act as the management's advisory committee in the matter of financial policy, marketing, operation and other administrative duties.
8. To approve the opening or closing of the bank deposit account, to specify the authorized person who shall withdraw money from the Company's account, as well as to handle the matters concerning the bank deposit account.
9. To conduct any necessary operations to support and protect the Company's benefits.



According to the regulations of the Securities and Securities Exchange Commission and the Stock Exchange of Thailand, the authorities of the Executive Board shall not include the approval of transactions that member of the Executive Board or other persons may have interests or conflict of interests of any nature with the Company or its subsidiaries (if any). These transactions must be submitted to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's regulations and other related laws unless it is the approval of transactions that are the nature of the Company's normal business practices and the framework for consideration is clearly set by the Board of Directors.

The Management Executive

Members of the management executive are as follows:

Name - Surname	Position
1. Mr. Chanet Sangarayakul	President
2. Mr. Bordin Sangarayakul	Senior Executive Vice President - Finance & Administration
3. Mr. Pisun Sirisuksakulchai	Senior Executive Vice President – Engineering & Marketing
4. Mr. Somsak Viriyapipat	Senior Executive Vice President - Equipments & Facilities
5. Mr. Siroj Tungkahotara	Executive Vice President - Engineering
6. Mr. Veeratas Chiradechvirot	Executive Vice President - Finance & Administration
7. Mrs. Sureerat Nakaphadungrat	Vice President - Accounting
8. Mr. Korn Thongsri	Vice President - Human Resource
9. Mr. Supachai Rojviroon	Vice President – Purchasing

Scope of Authorities of the President

1. To take responsibilities on daily routine management as well as control and supervise staffs and employees of the Company.
2. To conduct or operate the Company's business in compliance with the policy, plan, and budget approved by the Board of Directors and/or the Executive Board.
3. To manage, on behalf of the Company, the Company's business to fully comply with the prescribed objectives, regulations, policies, rules, orders as well as the resolutions of the shareholders' meeting and/or the resolutions of the Board of Directors' meeting and/or the resolutions of the Executive Board's meeting.
4. To approve procurement or hiring contracts for the office management tasks in the amount not exceeding Baht 5 million per transaction.
5. To negotiate and sign contracts, agreements, and documents for the construction projects worth not exceeding Baht 50 million including the procurement or hiring of those projects that are normal business practices of the Company.
6. To hire and determine the remunerations of all the Company's employees as well as appoint the employer's representative in the provident fund committee.



However, according to the regulations of the Securities and Securities Exchange Commission and the Stock Exchange of Thailand, the authorities of the President shall not include the approval of transactions that he/she or other persons may have interests or conflict of interests of any nature with the Company or its subsidiaries. These transactions must be submitted to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's regulations and other related laws unless it is the approval of transactions that are the nature of the Company's normal business practice and the framework for consideration is clearly set by the Board of Directors.

The Selection of Directors and Executives

● **Composition and Criteria for Selection of the Company's Directors**

Composition and selection, appointment, dismiss or termination from the position of the Company's Director is prescribed in the Company's article of association which can be concluded as follows.

The Company's Board of Directors comprises at least 5 members and not less than half of the Directors must reside in Thailand. All Directors must meet the qualification required by law.

At every annual general meeting, one-third of the Directors, or if the number is not a multiple of three, then the number nearest to one-third shall retire from the office. The Directors retiring on the first and second year after the registration of the company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire. Directors whose terms expire may be re-elected.

The annual meeting of shareholders shall elect members of the Board of Directors in accordance with the following criteria and procedures.

1. Each shareholder shall have one vote for each share he/she holds.
2. Each shareholder shall exercise all votes in electing one or many persons to be Directors, provided that a vote shall not be divisible.
3. Persons who receive the highest votes are, in descending order, elected to the Board of Directors until the required number is met. In the case that two or more candidates have an equality of votes but exceed the number of Directors which the meeting of shareholders is to appoint, the presiding Chairman will cast the deciding vote.

In case of vacancy due to reasons other than expiry of service terms, the Board of Directors shall choose any person who is qualified and not subject to prohibition by law as a replacement director at the next meeting of the Board of Directors, except in the case that the remaining term of office of such director is less than two months.

The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. The resolution of the Board of Directors must be passed by votes of not less than three-fourth of the number of the remaining directors.

The meeting of shareholders may pass a resolution to dismiss the director before the expiration of his/her service term with the votes of at least three-fourth of the number of attendant shareholders entitles to vote and at least one half of shares held by the attendant shareholders entitled to vote.



● Composition and Criteria for Selection of the Audit Committee

The Company shall appoint the Audit Committee which consists of at least three independent directors. At least one director must have knowledge or experience in accounting or finance, and have consistent knowledge of events affecting the changes in the Company's financial report in order to increase the efficiency of the Audit Committee. The Audit Committee shall hold office on a three-year term.

When the term of service expires or there is any circumstance causing any member to be unable to hold office until expiration, thus making the number of committee members to be lower than three persons, the Board of Directors or the shareholders' meeting should appoint the new member to fill up the vacancy immediately or not later than three months from the date of vacancy to ensure the continual performance of the Audit Committee.

● Composition and Criteria for Selection of the Nomination and Remuneration Committee

The Company shall appoint the Nomination and Remuneration Committee which consists of not less than 3 members. At least half of the members, including the Chairman of the Nomination and Remuneration Committee, must be the independent directors. The Nomination and Remuneration Committee shall hold office on a three-year term.

In case of vacancy because of completion of term, or for other reasons than completion of term, the Board of Directors shall appoint a qualified person as a replacement member within 90 days to ensure that the composition of the Nomination and Remuneration Committee complies with the requirement of the Board of Directors.

● Composition and Criteria for Selection of the Company's Executives

The Board of Directors shall appoint a number of suitable persons to be members of the Executive Board.

Remunerations of Directors and Executives

Position	No. (Person)	Year 2011		No. (Person)	Year 2012	
		Amount (Million Baht)	Description		Amount (Million Baht)	Description
Director	11	4.326	Meeting Fee, Bonus, Monthly Remuneration	11	4.226	Meeting Fee, Bonus, Monthly Remuneration
Executive	7	9.88	Salary, Bonus, Social Security Fund and Provident Fund	9	10.885	Salary, Bonus, Social Security Fund and Provident Fund



Remunerations of the Directors

Number of Meeting Attendance

Name - Surname	Year 2012		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
1. Mr. Seri Chintanaseri	6/6		
2. Mr. Vongchai Sangarayakul	6/6		1/1
3. Mr. Panja Senadisai	5/6	5/5	
4. Mr. Suwit Udomsab	4/5		1/1
5. Mr. Chaipat Sahasakul	6/6	5/5	
6. Mr. Vinit Chovichien	6/6	5/5	1/1
7. Mr. Chanet Sangarayakul	6/6		
8. Mr. Bordin Sangarayakul	6/6		
9. Mr. Somsak Viriyapipat	6/6		
10. Mr. Pisun Sirisuksakulchai	6/6		

Remark

1. Mr.Suwit Udomsab resigned from the Board of Directors on 19th September 2012.

Directors' Remunerations

Name - Surname	Year 2011	Year 2012
	Remuneration (Baht)	Remuneration (Baht)
1. Mr. Seri Chintanaseri	919,118	999,231
2. Mr.Vongchai Sangarayakul ²	433,059	429,615
3. Mr. Panja Senadisai ¹	531,471	529,615
4. Mr. Suwit Udomsab ²	434,059	440,846
5. Mr. Chaipat Sahasakul ¹	483,471	491,615
6. Mr. Vinit Chovichien ^{1,2}	492,471	496,615
7. Mr. Chanet Sangarayakul	206,471	214,615
8. Mr. Bordin Sangarayakul	206,471	214,615
9. Mr. Somsak Viriyapipat	206,471	214,615
10. Mr. Pisun Sirisuksakulchai	206,471	214,615

Note

1. Including remuneration as the Audit Committee
2. Including remuneration as the Nomination and Remuneration Committee.
3. Mr.Suwit Udomsab resigned from the Board of Directors on 19th September 2012.



Corporate Governance

Corporate Governance, as defined by the Stock Exchange of Thailand (SET), is a set of structures and processes of the relationships between a company's board of directors, its management and its shareholders to develop the company's competitiveness, growth and shareholder value in long term while taking into account the interests of other company's stakeholders. The Board of Directors has conducted business in accordance with the concepts of good corporate governance as defined by the Principles of Good Corporate Governance and the regulations specified by the Securities Exchange Commission (SEC) in order to promote the Company's management efficiency and to serve as a basis for sustainable business development, which are presented in 5 categories as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors

Chapter 1 and 2 - Rights and Equitable Treatment of Shareholders

The Company must recognize shareholders' rights and ensure equitable treatment to all shareholders in respect of both statutory rights, such as the right to attend and vote in shareholders' meetings, the right to approve dividend payment and the right to specify remuneration for directors; and non-statutory rights such as disclosure of information and news to shareholders via the Company's website.

With regard to shareholders' meetings, all shareholders are allowed to propose the meeting agendas and the names of candidate directors to the Company in advance from mid-November prior to the Company's Annual General Meeting of Shareholders. Additionally, the Board of Directors has set various criteria such as the shareholding percentage of those proposing candidate directors, support data for consideration, various channels for submission of information and the submission deadline. Relevant information will be published through the channel of the SET and details of the said criteria are also available on the Company's website. The Company's meeting invitation contains supporting information for each agenda and various proxy forms as well as a list of independent directors in case any shareholders are unable to attend the meeting but would like to assign proxy to attend the meeting on their behalf. The Company has posted the meeting invitation and related attachments in both Thai and English via its website in advance of the meeting so that shareholders can study all information prior to receiving the invitation.

At the Annual General Meeting of Shareholders, all members of the Board of Directors shall attend the meeting unless having inevitable matter. In 2011, all board members attended the meeting and the meeting Chair, who is also Chairman of the Board of Directors, informed all the attendees about regulations governing the meeting, enabled the shareholders to use their right to elect each individual director, as well as allowed the shareholders to express their opinions and pose any inquiries relating to the meeting or the Company. Furthermore, the Company has encouraged the shareholders to send their questions to the Company in advance via the Company's email.



After the Company's Annual General Meeting of Shareholders, the meeting minutes shall be prepared for dissemination through the Company's website within 14 days.

With regards to control of usage of internal information, the Board of Directors has a policy to prevent directors, executives, and employees from using internal information they may acquire through their status for their own or other persons' benefits. Details of this policy are presented under the section "Supervision of Inside Information Usage". In addition, the Company has prescribed measures and procedures on the approval of connected transactions between the Company and its stakeholders or relevant parties to ensure that the directors who have conflicts of interest or participated in such transactions do not have the right to vote in the decision making process.

Chapter 3 - Role of Stakeholders

The Company realizes the importance and gives due care to all groups of stakeholders both inside and outside the Company, such as the shareholders, employees, customers, suppliers and competitors with respect to their legal rights, as well as undertakes responsibility for the society and the public. The Board of Directors therefore stipulates a code of business ethics as guidelines for the Board of Directors, the management team and employees in their operations. It is the duty and responsibility of everyone to comply with this code. The synopsis is as follows:

- **Treatment of Employees:** The Company realizes the importance of every employee and ensures that they all receive equitable treatment in respect of opportunity, compensation and for development of their ability.
- **Treatment of Customers:** The Company stresses the importance of customer satisfaction and confidence by consistently providing customers with high quality products and services at reasonable prices while maximizing customers' benefits with integrity and honesty.
- **Treatment of Suppliers:** The Company treats its suppliers equally and fairly by not charging, receiving or paying any benefits to or from suppliers unfairly, by strictly complying with the mutually agreed terms and conditions, and by developing and maintaining a sustainable relationship with suppliers and contract counterparties through mutual trust.
- **Treatment of Competitors:** The Company competes fairly with all business competitors under the justified framework of complying with a good business competition practice with morality and not damaging the reputation of its competitors by making false accusations.

In addition, the Company emphasizes the importance of the social and public responsibility through its compliance with laws and related regulations, management of environment issues, and adoption of safety measures for business operations. With regards to environment, the Company has determined measures to reduce environmental impact at the job sites and the maintenance yard. Furthermore, the Company has promoted the resources and energy saving campaign among employees through reduction in use of electricity, water, and especially fuel. Our survey shows that the fuel has been used in a more efficient manner.

In 2012, the Company participated in the "Restoring flooded schools, Building relationships with communities" project initiated by the Committee of the Thai Stock Market Flood Relief Fund. The mai-listed Companies Association (maiA) was assigned to take care of schools requesting to receive assistance from the project. Under the project, the maiA joined forces with schools, local communities and mai-listed companies in restoring school buildings according to the aim of the fund. As part of the project, the restoration of three schools in Pathum Thani province and Nonthaburi province, namely Wat Bang Kudi Thong



School, Pathum Thani province; Wat Suthawat School, Pathum Thani province; and Tesaban Wat Lahan School, Nonthaburi province, was completed and the school buildings were handed over to the school authorities on 30 August 2012.

The stakeholders may send their comments or suggestions to the Board of Directors through the Company's secretary via the Company's website or by mail. If anyone discovers any illegal or unethical acts, inaccurate financial reports or weak internal control systems, they can inform through the Company's secretary, and the Company will protect the informants by keeping their name as confidential. The Audit Committee will then examine the submitted information and report it to the Board of Directors.

Chapter 4 – Disclosure and Transparency

The Company discloses all of its important information, both financial and non-financial, via the Company's website. This includes information about the organization, corporate governance policy, shareholding structure, structure of the Board of Directors and its committees, as well as news inside and outside the organization, which is mostly available in Both Thai and English. Shareholders and investors are also provided easy access to the Company's website to download the Annual Report, the Annual Registration Statement (Form 56-1) and the financial statements. In addition, the Company sets up an investor relations unit to communicate with shareholders, investors, and securities analysts equally.

Chapter 5 – Responsibilities of the Board of Directors

The Board of Directors is made up of 9 members, consisting of 4 independent directors, 4 executive directors, and 1 non-executive director. The structure of the Board of Directors consists of directors with extensive knowledge and experience in various fields relating to the Company's business, e.g. law, accounting, financial, banking, economics, corporate governance and engineering. The Company's Board of Directors set up the qualifications of an independent director which are more strict than the requirements of the SEC and the SET. The Board of Directors directly appoints three sub-committees: the Audit Committee, the Executive Committee, and the Nomination and Remuneration Committee. All these sub-committees have a scope of authority, responsibility and qualifications as specified by the Board of Directors and report directly to the Board on a quarterly basis. The Executive Committee reports the Company's operating results to the Board of Directors on a monthly basis.

The Board of Directors approves the Company's vision, mission and income projection of the following year as well as an annual investment budget. The Board of Directors also revises standards of corporate governance, risk management policy and transactions that may cause conflicts of interest (if any), and expresses opinions on the adequacy of the internal control system. Since 2007, the Board of Directors has commenced the performance evaluation in group. Policy and criteria on payment of directors' remuneration are determined by the Board of Directors and approved by the shareholders. Considerations for remuneration are based on comparison with the industry and the Company's operating results. The Board of Directors also sets remuneration for sub-committees except for the Executive Committee's members and the President who are paid as the Company's employees. The President's remuneration shall be determined based on performance evaluation by the Nomination and Remuneration Committee (since 2008).

Supervision of Inside Information Usage

The Company has a strict policy prohibiting its directors, executives, and employees who know the inside information from using that information for his/her own or other person interests. The Company's guidelines on this policy are as follows.



1. The Company informs the directors and executives about the use of inside information and obligations to report their trading of Company's and its subsidiaries' stock including the trading executed by their spouses and dependents that have not come of age. They are also informed about the relevant penalties thereof according to the Securities and Securities Exchange Act B.E.2535 and its amendment as well as the regulations of the Stock Exchange of Thailand.
2. It is an obligation of directors and executives to prepare the report of their ownerships of the Company's stock, including those stocks owned by their spouses or dependents that have not come of age, and submit to the Securities and Securities Exchange Commission. The report should be as follows.
 - Report the first ownerships of stock (Form 59-1) within 30 days after the public offering closing date or the day that they are appointed to be directors or executives.
 - Report the changes of stock ownerships (Form 59-2) from buying, selling, or transferring of stocks within 3 days after buying, selling, or transferring of those stocks. On the day that they submit the report to the Securities and Securities Exchange Commission, a copy must be sent to the Company.
3. Directors, executives, and employees who know the significant inside information which may affects the changes in stock prices shall be acknowledged by the Company that they must stop buying or selling of the Company's stock one month prior to the disclosure of Company's operating result (the Company will declare its operating result within 45 days after the end of quarter and within 60 days after the end of accounting year) or prior to the day those inside information were disclosed to general public.
4. The Company prepared the Code of Ethics handbook with details prohibiting directors, executives and staffs to use inside information for buying or selling the Company's stock or to give any inside information to other persons for buying or selling the Company's stock.

If the Company found that any directors, executives or employees who knew the significant inside information violated the Company's Code of Ethics relating to usage of inside information and caused damage to the Company or its image, the Company would undertake the proper actions including but not limited to cooperate with relevant supervisory agencies to undertake necessary legal actions.



Internal Control

The Company has always realized the importance of the internal control system and hired Chayot Co., Ltd. as the Company's independent internal auditor since June 2005 the specialist that provides services for internal audit and accounting system set up. It is hired to advise and design the Company's accounting system, to assess the internal control system and to with as the following duties and responsibilities:

- Prepare the Company's annual audit plan.
- Review and provide recommendations to various departments regarding appropriate internal control.
- Prepare a report of the audit results in accordance with the audit plan and submit to the Audit Committee at least once every quarter.
- Prepare and report the results of the Company's risk assessment and adequacy of the internal control system to the Audit Committee
- Oversee the internal control system to ensure compliance with the regulations prescribed by the Stock Exchange of Thailand and the Securities and Exchange Commission.

In 2012, there were no significant issues reported from the internal and external auditors, the Audit Committee acknowledged and provided suggestions on the independent internal auditor and external auditor's notes and recommendations as well as results of the corrections conducted by the Company. In addition, at the meeting of the Company's Board of Directors No. 5/2012 held on November 14, 2012 which were attended by all three members of the Audit Committee, the Board assessed the Company's internal control system by considering reports from the Company's independent internal auditor and report from the Company's executives as well as the responses of the Company's executives to the interrogations. Assessment of the Board on five issues of the Company's internal control system regarding the organization and environment, risk management, control of executive's operation, information system and data communication, and monitoring system can be concluded that the Company's internal control was adequate.



Risk Factors



Price Volatility and Supply Availability of Raw Materials

Main raw materials required for the Company's operations include concrete, rebar, cement, diesel and bentonite/polymer. As regards the trends of main raw materials in 2012, concrete prices have been on a continued rise since the beginning of the year due to an increasing demand for concrete in the construction industry. In the past year, diesel prices have been fairly stable from the domestic price-fixing policy despite some slight price swings in response to situations during a particular period. For rebar prices, there has been little movement in 2012 due to the fact that the global economic slowdown has led to stable demand for rebar.

However, in order to reduce the impact in long term, the Company has always conducted a policy to reduce the risk of price volatility and supply availability by preorder, in whole, some of raw materials such as steel to be used. In some cases such as concrete and bentonite, the Company would enter into the short-term agreement to lock the purchase price for a certain period. Since the Company's projects generally require only 2 – 6 months to complete, a chance that the Company would confront with the price volatility is rather limited. Moreover, the fluctuation of foreign exchange rate does not have significant effect because most major raw materials could be purchased domestically.

Regarding the diesel price in which the purchase price cannot be locked in advance, the Company has a policy to alleviate the effect of diesel price by campaigning for reduction of diesel usage at the job sites as well as increasing the production efficiency. In addition, the Company will adjust the selling price if necessary in consideration with the competitiveness factor.

Inability to Secure New Projects Upon the Completion of Existing Projects

Foundation construction generally requires approximately 2-6 months to complete and at most 10-12 months for large-scale projects. Therefore, acquiring new projects to replace the nearly completed projects is necessary to maintain steady income and growth.

In 2012, the foundation industry has been expanding continuously despite the slowdown the private sector in the 2nd due to the impact of the minimum wage increase. The industry outlook for 2012 showed that the number of projects in the market was close to with the production capacity in the industry, hence benign price competition. This was due to the investment policies to improve the country's efficiency and competitiveness issued by the public sector such as launching of various BTS/MRT projects as well as steady launches of projects by the private sector. The Company expects that it will benefit from mega-infrastructure projects as well as construction projects according to Thailand's economic recovery and flood prevention plans which will be constructed for another 3-5 years and will help reduce this risk. The Company has also made continuous efforts to further improve its ability to acquire new projects, resulting in its customer base growing every year.



Losing Skilled and Experienced Personnel in Foundation Works

The Company's operation requires experienced personnel who have knowledge and skill in foundation works such as planning, construction techniques, client liaison, usage of machines and equipments, as well as machinery maintenance. Losing key personnel such as executives or proficient engineers might affect the Company's performance.

However, the Company has a policy to provide a reasonable welfare and remuneration to the employees as well as the regular training programs to improve their abilities and to keep them with the Company in long term. With a good personnel management system, the Company could rotate personnel for any vacant positions without affecting the operation.

Delay of Project Completion

Risk from the project delay may arise from the client's end such as late handover of construction area or late approval on important matters. In some cases, when the owner delays to handover the construction area, a stand-by fee would be granted to the Company. The project delay could adversely affect the construction period and expenditure. In order to alleviate this risk, the Company constantly collaborates with clients and shall transport the machines and equipments onto the job site only after the area is ready for construction.

On the other hand, the delay may cause by the Company's end such as shortage of raw material supplies. If the Company is unable to deliver the project on the agreed date, it may be subjected to a penalty fee. In this case, the Company alleviates the risk by preordering, in whole, some necessary materials after signing the contract. Moreover, the Company may increase its manpower and machinery to expedite the construction if necessary.

Lawsuits or Claims due to Damages from Construction

Damages of the structures may occur from several reasons such as errors in a design or poor quality of construction. These may lead to damages or injuries. Such occurrences may result in lawsuits or claims against the Company.

Once the project is completed, the Company shall provide the quality assurance by issuing a maintenance bond or a company guarantee letter for a period of 1-2 years. In the past, there were no damages of the structure in the projects that the Company constructed, and the Company has never been subjected to any violent claims because the Company has a high standard of quality control system to minimize a chance of having damages from construction process. In addition, the Company has a policy to have a contractor's all risk insurance during construction to reduce the risk and impact if there is any damage from operation.



Risk from Uncollectible Accounts Receivable (Credit Risk)

In light of the economic conditions including fluctuations of various external factors such as exchange rates, prices of raw materials in the category of oil and metal ores, inflation rates, economic crisis in Europe and America, etc. as well as domestic political problems which may adversely affect the government's stability in the future and thus the real estate and construction business sector; this will give rise to liquidity problems of certain customers of the Company and possible impacts on their debt servicing ability.

In order to reduce the risk of unpaid debts, the Company shall examine financial status and reputation of its customers prior to accepting any engagement. In some cases, the Company may request for a payment guarantee prior to the beginning of operations such as advance payment, a letter of bank guarantee or avals. The Company shall set up an allowance for doubtful accounts for expected uncollectible debts, follow up debt collection until the case is final and further pursue legal action as deemed necessary.



Management's Explanation and Analysis



Overview of the Operations in 2012

In 2012, the investors' confidence was recovered after the domestic political situation has become more stable. Also, various economic stimulus projects by the public sector have been continuously launched. Regarding the high oil price situation, it still stimulated the demand for condominium projects in high potential locations such as areas nearby MRT stations. Thus, the overall performance of the foundation construction business was still in the growth trend except for 2nd-3rd quarter due to the impact of the minimum wage increase.

In 2012, the Company and the Subsidiary earned revenues from construction works in the total amount of Baht 1,089.93 million which were divided into 67.08 % of private projects and 32.92 % of government projects.

As regards the Company's costs, despite fluctuations in labour costs and material prices during the year caused by the government's policy to increase daily minimum wage to Baht 300 starting from April 2012 onwards, the Company was slightly affected by the said fluctuations as the bored pile works did not take much time to complete and the Company was able to adjust the prices of new projects to reflect changing costs. There were only certain projects which were affected due to the relatively long construction period such as the drainage canal improvement projects, for which the company entered into contracts with government authorities (The Company subcontracted construction services to its Subsidiary) and the Company was unable to make adjustments to prices specified by the government authorities. These projects also suffered from the great floods in 2011 and were affected by the flood prevention measures in 2012. In addition, the construction sites had undergone some difficulties such as people trespassing, hence project delays. Nonetheless, the subsidiary revised the budgeted construction costs of these projects to reflect the current condition and set aside a reserve for losses expected to arise from such project construction challenges.

Operating Results

In 2012, the Company and the Subsidiary had revenues from construction works in the total amount of Baht 1,089.93 million which increased by Baht 145.16 million or 15.16% from the previous year. For the government sector, the important projects were the Siam Square Block E & D2 project, the MRT purple line project, the Klong Lane Pane's Drainage System project, the Klong Kruay Pumping Station project, the Klong Song Kratum's Flood Protection project, the Klong Tasad's Flood Protection project, the Klong Wat Yannawa's Flood Protection project. For the private sector, the important projects were the AIA Sathorn Building project, the AIA Ratchadapisek Building project, the Show DC Rama IX project, the Starview Condominium project, the TC Green project, the IDEO MOBI project, the Circle Living Prototype project, various LPN project, ect.

The project costs comprised of wages, construction materials, depreciation, consumables and other expenses required in production process in sequence of the amount of cost. The price of construction materials for foundation works such as



concrete, cement, rebar, diesel and bentonite / polymer slurry was subject to change in accordance with the market and economic situation. In 2012 the Company and its Subsidiary had costs from construction works of Baht 968.71 million, increasing Baht 192.37 million or 24.78% from the previous year. This translated into the percentage of cost to revenue from construction works at 88.88%.

In 2012, the Company and the Subsidiary had the selling and administrative expenses amounted to Baht 52.23 million of which Baht 45.37 million was incurred by the Company, showing a decrease of Baht 10.37 million or 18.60% from the previous year. The other Baht 6.86million was incurred by the Subsidiary.

In 2012, the Company's net profit was Baht 77.66 million, showing an increase of Baht 2.60 million or 3.46% from the prior year. The earnings per share was Baht 0.39. The Company and the Subsidiary's net profit was Baht 64.23 million (excluding loss of minority interest in the Subsidiary amounting to Baht 27.60 million) showing a decrease from Baht 75.65 million of the previous year (excluding profit of minority interest in the Subsidiary amounting to Baht 0.57 million).

Financial Position

As of December 31,2012, the Company and the Subsidiary's total assets were Baht 842.09 million comprising current assets of Baht 590.22 million, increasing Baht 102.44 million from the prior year, and non – current assets of Baht 251.87 million, increasing Baht 10.32 million from the previous year. Such increase in current assets was mainly from cash and cash equivalents of Baht 11 million, from trade accounts and notes receivable of Baht 59 million, from unbilled accrued income of Baht 30 million and from other items of Baht 2 million. Return on assets in 2012 was 4.66%.

Regarding liabilities as of December 31, 2012, the Company and its subsidiary had the total liabilities of Baht 423.87 million comprising current liabilities of Baht 405.99 million, higher than that of the previous year approximately Baht 96.17 million. This was mainly from an increase of Baht 20.5 million in bank overdrafts and short-term loans, from trade accounts and note payable of Baht 62.09 million and from other items of Baht 13.58 million. Non-current liabilities was Baht 17.88 million showing a decrease of Baht 4.55 million from the previous year. Such decrease were mainly from long-term loan from bank and liabilities under hire-purchase agreement of Baht 3.80 million and from other items of Baht 0.75 million.

In regard to shareholders' equity as of December 31, 2012, the consolidated financial statements showed shareholders' equity of Baht 418.22 million of which Baht 408.27 million belonged to the Company, higher than that of the previous year which was Baht 384.03 million. During the year, the Company gave a cash dividend payment of Baht 40 million. The total debt to equity ratio was 1.01 and the return on equity was 8.98%.

Audit Fee

In 2012, the audit fee of Baht 820,000 was paid to the auditor of Grant Thornton Limited, comprising the audit fee for the Company of Baht 620,000 and for the Subsidiary of Baht 200,000. There was no other non-audit fee paid to the auditor, the auditing firm employing the auditor and any person or any entity related to the auditor and such auditing firm. The aforementioned fee excluded out-of-pocket expenses such as printing of financial statements, transportation, etc., which were charged on actual costs but not exceeding 10% of the audit fee.



Connected Transactions

In doing business, the Company has related-party transactions with its subsidiary. Information and details of the related-party transactions are disclosed in Note 5 of the Financial Statements for the Year Ended 31st December 2012.

Measures or Procedures on the Approval of the Connected Transactions

After the Company was listed on the Market of Alternative Investment (mai), the Board of Directors has supervised the Company to ensure compliance with the Securities and Securities Exchange Act, rules, notifications, orders, or regulations prescribed by the Stock Exchange of Thailand including the regulations regarding the disclosure of information on the connected transaction and the acquisition or disposition of the Company's asset.

If the Company enters into a connected transaction with person who may have conflict, interest, or may cause conflict of interest in the future, the Audit Committee shall advise on the necessity of the transaction and suitability of its price. The advice would base on the terms and conditions of the normal business practice in the market and the price would be compared with the market price. In case that the Audit Committee does not have skill to consider the particular connected transaction, the Company shall appoint the independent expert or the Company's external auditor to provide comments on that transaction to be used for the decision of the Board of Directors, and/or the Audit Committee and/or the shareholders whatever the case may be. The Company shall disclose the connected transactions in the note accompanying the financial statements that are audited or reviewed by the Company's external auditor.

The Company has complied with the regulations of the Stock Exchange of Thailand and its amendments regarding the connected transaction and/or the acquisition and disposition of asset of the listed company as well as the disclosure of information to the Company's shareholders, general investors, and relevant agencies including the Stock Exchange of Thailand. The regulations also include the approval from the Board of Directors' Meeting and/or the meeting of shareholders as prescribed by the Stock Exchange of Thailand. In addition, directors or shareholders who have conflicts of interest or participate in such transactions do not have the right to vote in the decision making process.

Policy or Trend on the Connected Transaction Including the Acquisition and Disposition of Asset in the Future

The connected transaction that might happen in the future must comply with the measures prescribed earlier.



Statement of the Board of Directors' Responsibilities

Under the Public Limited Companies Act B.E. 2535, the Accounting Act B.E. 2543, the Securities and Securities Exchange Act B.E. 2535, and the Notifications of the Securities and Securities Exchange Commission regarding the principles, conditions and methods for disclosure of financial statements and performance of companies issuing securities, it is a duty and responsibility of the Board of Directors of the Company to prepare appropriate and actual financial statements of the Company in order to show its financial position and performance for the past year.

The Company's management has prepared the financial statements in accordance with the Generally Accepted Accounting Principles, having chosen appropriate accounting policies and upheld them with consistency. Careful consideration and best estimation have also been used for such preparation and for the disclosure of material and adequate information in the notes accompanying the financial statements.

The Company's financial statements have been examined by an auditor from Grant Thornton Limited. Such auditor has been provided with information and documents to enable them to audit and express opinion in compliance with the auditing standards. The auditor's opinion is presented in the auditor's report which is a part of this annual report.

Being well aware of its duties and responsibilities to ensure the effective oversight of the financial statements, the Board of Directors has appointed the Audit Committee from qualified persons to oversee that the Company's financial statements be prepared correctly and completely and that appropriate accounting policies be adopted and consistently followed. Also, the Audit Committee has to review the internal control system to significantly prevent or reduce risk of any fraud or abnormalities, as well as to ensure its adequacy and effectiveness to safeguard the Company's assets. The Audit Committee's opinion is presented in the Statement of the Chairman of the Audit Committee which is a part of this annual report.

From the practice and supervision as mentioned above, the Board of Directors is of the opinion that the financial statements of Pylon Public Company Limited, as of December 31, 2012, present the Company's financial position and operating results in a correct and reliable manner in compliance with the Generally Accepted Accounting Principles and all relevant governing laws and regulations.



(Mr. Seri Chintanaseri)
Chairman



(Mr. Chanet Sangarayakul)
President



Statement of the Audit Committee

The Company's Audit Committee consists of 3 independent directors possessing full qualifications in compliance with the Notification of the Securities and Exchange Commission (SEC). Mr.Panja Senadisai is Chairman and Mr.Chaipat Sahasakul and Mr.Vinit Chovichien are the other members of the Audit Committee. The term of office of the Audit Committee is 3 years.

The Audit Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Audit Committee's Charter which is in compliance with those specified by The Stock Exchange of Thailand (SET): The Audit Committee's Qualification and Scope of Duties and Responsibilities B.E. 2551. The Audit Committee regularly reports the Committee's Minutes of Meeting to the Board of Directors

In 2012, a total of 5 Audit Committee's meetings were held with all members present at every meeting. The meetings were conducted to consider and proceed with the following matters:-

1. Review of financial reporting

The Audit Committee has reviewed the quarterly and annual financial statements for the year 2012 in collaboration with the auditor and the management. This is to give assurance that the Company's financial statements are in compliance with the generally accepted accounting principles according to the Accounting Act B.E. 2543 and the relevant notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand, and that the disclosure of information is made in an adequate, complete, timely and reliable manner which is beneficial to and supports decisions made by shareholders and general investors as well as aligns with applicable laws and notifications. The Audit Committee has also supported and monitored the compliance with the International Financial Reporting Standards (IFRS) in accordance with the guidelines specified by the Federation of Accounting Profession and the Office of Securities and Exchange Commission. In addition, in 2012 the Audit Committee held one meeting with the auditor without the participation of the management to ensure that the auditor independently performed his/her duties.

2. Review of the adequacy and appropriateness of internal control system

The Audit Committee has reviewed the adequacy and appropriateness of the internal control system by considering the reports of the Internal Audit Department and the external auditor. The auditor has mutually agreed that no significant operational faults were identified in 2012. In addition, the Audit Committee has considered the result of the evaluation of the internal control system of the Company and its subsidiary as well as the questions used in the evaluation form prepared according to the guidelines specified by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Securities and Exchange Commission and the Stock Exchange of Thailand. According to the evaluation result for 2012, the internal audit function is independent and the internal control system of the Company is adequate, appropriate and effective.

3. Supervision of internal audit operations

The Audit Committee has considered and selected Chayot Co., Ltd. to be an independent internal auditor for another year as well as approved the internal audit scope and plan for the year 2013 whereas the internal auditor shall report the result directly to the Audit Committee.



4. Review of the Company's compliance with the laws regarding securities and stock exchange, requirements of the Stock Exchange of Thailand or laws relevant to the Company's business

The Audit Committee has reviewed if the Company has in place the processes to ensure that the operations are in compliance with the laws regarding securities and stock exchange, requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission as well as laws relevant to the Company's business.

5. Connected transactions or transactions which may involve a conflict of interest

The Audit Committee has reviewed the Company's disclosure of information in the case of any connected transactions or transactions which may involve a conflict of interest to ensure that the information is correctly and completely disclosed in the notes to the annual and quarterly financial statements and that the transactions incurred are reasonable, beneficial to the Company and are in compliance with the business conditions and requirements of the Securities and Exchange Commission.

6. Consideration, selection and nomination of an independent person for appointment as the auditor of the Company

The Audit Committee has reviewed the operations of the auditor from Grant Thornton Limited and opined that the auditor performed professional duties in an independent, impartial and timely manner, thoroughly understood the Company's business and has duly been granted approval from the Securities and Exchange Commission. It is therefore deemed appropriate that Mr. Somkid Tiatragul, CPA License No. 2785 or Mr. Kosol Yamleemul, CPA License No. 4575 of Grant Thornton Limited should be nominated as the auditor of the Company for the year 2013 and that the matter should be proposed to the Company's Board of Directors for consideration and further submission to the Meeting of Shareholders for approval.

7. Review of risk management

The Audit Committee has reviewed risk management operations with the management and the internal auditor and opined that the management has in place appropriate and adequate risk management policies and has managed risks to remain within an acceptable level.

8. Review of good corporate governance

The Audit Committee has reviewed the Company's compliance with the good corporate governance principles with the management and supported the establishment of the channel of whistle-blowing or filing of complaints regarding illegal or unethical acts, inaccurate financial reporting or internal control system faults through the Audit Committee or the corporate secretariat for further submission to the Company's Board of Directors at info@pylon.co.th. In this regard, the Company will provide protections for whistle-blowers by not disclosing their names. In 2012, the Company has not received any complaints from interested parties. Also, according to the result of the report on good corporate governance of listed companies for the year 2012 prepared by the Thai Institute of Directors Association (IOD) and supported by the Stock Exchange of Thailand and the Securities and Exchange Commission, the Company's overall average score is at a very good level.



9. Annual review and amendment of the Audit Committee Charter

The Audit Committee shall review the Audit Committee Charter to ensure that the past year's operations were undertaken completely as assigned and the duties and responsibilities were in alignment with the good practices by the SET.

10. The Audit Committee reported its work performance to the Board of Directors for acknowledgement at least once a quarter.

Based on the Audit Committee's performance of duties as mentioned above, the Audit Committee was of the opinion that the Company adopted an adequate and appropriate internal control system, that the Company put in place the appropriate procedures to ensure that the Company's operations are in compliance with relevant laws, and that the preparation and disclosure of information in the financial reports of the Company were correct, complete, reliable, and in a timely manner as well as disclosed connected transactions or transactions which may involve a conflict of interest in a correct and complete manner



(Mr. Panja Senadisai)

Chairman of the Audit Committee



Statement of the Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee consists of 2 independent directors and 1 non-executive director possessing full qualifications in compliance with the Notification of the Securities and Exchange Commission (SEC). Mr. Vinit Chovichien is Chairman and Mr. Chaipat Sahasakul and Mr. Vongchai Sangarayakul are the other members of the Nomination and Remuneration Committee. The term of office of the Nomination and Remuneration Committee is 3 years.

The Nomination and Remuneration Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Nomination and Remuneration Committee's Charter. In 2012, a total of one Nomination and Remuneration Committee's meetings were held with all members present at each meeting. The meetings were conducted to consider and proceed with the following matters:-

1. Considered the structure, composition, and qualifications of directors.
2. Considered, selected, and nominated a person equipped with the qualifications, knowledge, and capability suitable to the Company's business for the director position and for proposal to the Board of Directors for consideration and endorsement and then at the shareholders' meeting for consideration on appointment.
3. Considered the allocation of directors' remuneration for the 2011 operating results within the amount limit as approved by the shareholders and in compliance with the specified allocation criteria.
4. Evaluated the president's performance for the year 2011, calculated his remuneration in accordance with the specified criteria, and proposed the results to the Board for Directors for endorsement.
5. Considered the budget of directors' remuneration, consisting of monthly remuneration, bonus, and meeting fees for the year 2012 by taking into account the average remuneration of the same industry, the average remuneration of the Market for Alternative Investment (mai), workloads and the scope of responsibilities of the Board of Directors, for proposal to the Board of Directors and then at the shareholders' meeting for approval.
6. Considered the criteria for assessing the president's performance and setting his remuneration for the year 2012 and proposed that to the Board of Directors for endorsement.
7. Reviewed and amended the Nomination and Remuneration Committee's Charter so as to enhance its coverage and clarity in correspondence with amendments to law.

Based on the Nomination and Remuneration Committee's performance of duties as mentioned above, the Nomination and Remuneration Committee was of the opinion that the Company selected and nominated the person having full qualifications in compliance with the Securities and Exchange Act and relevant business laws by taking into account his/her knowledge, capability, and experience suitable for such a director position. The Committee also considered that the Company had in place the proper structure and composition of the Board of Directors and that the Company appropriately set the directors' remuneration in compliance with the specified criteria and within the amount limit as approved by the shareholders' meeting. Additionally, the Nomination and Remuneration Committee reported its work performance to the Board of Directors for acknowledgement after every meeting.



(Mr. Vinit Chovichien)

Chairman of Nomination and Remuneration Committee



REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Pylon Public Company Limited

I have audited the accompanying consolidated financial statements of Pylon Public Company Limited and subsidiary comprising the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended including notes disclosures summarizing significant accounting policies and others. I have also audited separate statements of financial statement of Pylon Public Company Limited comprising the separate statement of financial position as at 31 December 2012, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosures summarizing significant accounting policies and others.

Management's responsibility

The Company's management is responsible for the preparation and the fair presentation of these financial statements in accordance with Thai Financial Reporting Standards. This responsibility includes the establishment of necessary internal control relevant to 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 perform the audit under ethical requirements which include planning and performing procedures to obtain reasonable, but not absolute, assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The selected audit procedures depend on the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. As part of risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 financial statement presentation and disclosures.

I believe that the audit evidences that I have obtained is sufficient and appropriate to provide a reasonable basis for my opinion on the financial statements.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 31 December 2012 and the consolidated results of operations and cash flows for the year then ended of Pylon Public Company Limited and subsidiary, and the separate financial position as at 31 December 2012 and the results of operations and cash flows for the year then ended of Pylon Public Company Limited in accordance with Thai Financial Reporting Standards.

Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand 22 February 2013



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 AND 2011

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	2012	2011	2012	2011
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	6	54,079,026	33,305,920	53,671,212	26,981,178
Temporary investments	7	64,766,880	78,362,264	64,697,485	78,068,621
Trade accounts and notes receivable - net					
- general customers	8	96,394,582	37,254,189	87,093,748	33,590,853
- subsidiary company	5, 8	-	-	22,671,613	3,307,052
Unbilled accrued income	9	180,890,923	150,692,895	164,879,608	136,583,377
Other receivable - subsidiary company	5	-	-	2,159,867	104,041
Short-term loan to subsidiary company	5	-	-	12,500,000	20,000,000
Contracted construction work in progress	9	18,780,851	23,219,752	6,971,149	12,777,564
Spare parts and supplies inventories		35,088,573	46,315,792	31,181,960	42,126,756
Retentions receivable - net	10	62,395,861	57,281,639	46,932,692	37,262,392
Advances for purchases of supplies		62,552,314	53,555,474	59,324,544	43,560,911
Advances for subcontract work - subsidiary comp	5	-	-	49,783,818	25,473,963
Other current assets		15,274,538	7,788,988	12,129,647	6,090,373
Total Current Assets		590,223,548	487,776,913	613,997,343	465,927,081
NON - CURRENT ASSETS					
Restricted deposits with banks	11	35,621,414	29,220,480	23,948,680	17,516,680
Investment in subsidiary company - net	12	-	-	25,500,000	15,299,970
Property, plant and equipment - net	13	200,301,210	196,439,562	188,221,742	191,016,876
Deposits and guarantees		2,399,839	2,660,867	1,944,669	2,257,768
Refundable income tax deducted at sources		13,543,360	13,225,120	3,075,231	6,458,487
Total Non - Current Assets		251,865,823	241,546,029	242,690,322	232,549,781
TOTAL ASSETS		842,089,371	729,322,942	856,687,665	698,476,862

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 AND 2011

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short - term loans	14	29,784,332	9,214,355	18,845,066	-
Trade accounts and notes payable		222,283,405	160,190,789	194,623,137	134,232,424
Current portion of ;					
- Long - term loans from bank	15	3,800,290	5,938,680	3,800,290	5,938,680
- Liabilities under hire - purchase agreeme	16	6,047,342	6,720,157	5,587,166	6,403,489
Retentions payable		22,328,850	17,019,107	9,654,256	10,099,713
Retentions payable - subsidiary company	5	-	-	12,154,992	7,452,588
Accrued expenses		28,678,971	33,306,434	24,524,262	26,938,908
Accrued expenses - subsidiary company	5	-	-	77,535,193	32,820,564
Deposits from customers		58,048,601	68,536,545	56,672,907	62,705,284
Provision for loss on construction project		20,890,683	2,075,224	-	-
Other current liabilities		14,127,980	6,815,205	13,168,231	5,096,594
Total Current Liabilities		405,990,454	309,816,496	416,565,500	291,688,244
NON - CURRENT LIABILITIES					
Long - term loans from bank - net	15	3,640,000	7,440,290	3,640,000	7,440,290
Liabilities under hire - purchase agreements	16	9,042,801	10,025,269	8,209,084	9,365,437
Liabilities under employee benefits obligation	17	5,199,551	4,968,762	4,846,257	4,230,462
Total Non - Current Liabilities		17,882,352	22,434,321	16,695,341	21,036,189
TOTAL LIABILITIES		423,872,806	332,250,817	433,260,841	312,724,433

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 AND 2011

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	2012	2011	2012	2011
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> (Continued)					
SHAREHOLDERS' EQUITY					
Share capital – common share at Baht 1 par value					
- Authorized 300,000,000 shares					
(2011 : 200,000,000 shares)	20	300,000,000	200,000,000	300,000,000	200,000,000
- Issued and paid - up 200,008,000 shares					
(2011 : 200,000,000 shares)		200,008,000	200,000,000	200,008,000	200,000,000
Share premium		58,880,817	58,871,217	58,880,817	58,871,217
Retained earnings					
- Appropriated for legal reserve	18	17,172,500	13,288,500	17,172,500	13,288,500
- Unappropriated		132,213,314	111,868,754	147,365,507	113,592,712
Total equity of the Company's shareholders		408,274,631	384,028,471	423,426,824	385,752,429
Non-controlling interests		9,941,934	13,043,654	-	-
Total Shareholders' Equity		418,216,565	397,072,125	423,426,824	385,752,429
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		842,089,371	729,322,942	856,687,665	698,476,862

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

		Shareholders' equity of Company						
						Total Equity of		
		Paid-up	Share	Retained earnings		Company's	Non-controlling	Total
Notes		share capital	premium	Legal reserve	Unappropriated	Shareholders	Interests	Shareholders' Equity
<u>CONSOLIDATED F/S</u>								
Balance as at 1 January 2011, - as previously reported		200,000,000	58,871,217	9,534,500	60,561,426	328,967,143	12,769,064	341,736,207
Cumulative effect of changes in accounting policy								
for employee benefits obligation	17	-	-	-	(4,590,759)	(4,590,759)	(293,987)	(4,884,746)
Balance as at 1 January 2011 - after adjustment		200,000,000	58,871,217	9,534,500	55,970,667	324,376,384	12,475,077	336,851,461
Comprehensive income for the year		-	-	-	75,652,087	75,652,087	568,577	76,220,664
Dividend payment	22	-	-	-	(16,000,000)	(16,000,000)	-	(16,000,000)
Appropriated for legal reserve	18	-	-	3,754,000	(3,754,000)	-	-	-
Balance as at 31 December 2011		200,000,000	58,871,217	13,288,500	111,868,754	384,028,471	13,043,654	397,072,125
Balance as at 1 January 2012		200,000,000	58,871,217	13,288,500	111,868,754	384,028,471	13,043,654	397,072,125
Share increment of subsidiary during the year		-	-	-	-	-	24,500,000	24,500,000
Share increment during the year	20	8,000	9,600	-	-	17,600	-	17,600
Comprehensive income (loss) for the year		-	-	-	64,227,560	64,227,560	(27,601,720)	36,625,840
Dividend payment	22	-	-	-	(39,999,000)	(39,999,000)	-	(39,999,000)
Appropriated for legal reserve	18	-	-	3,884,000	(3,884,000)	-	-	-
Balance as at 31 December 2012		200,008,000	58,880,817	17,172,500	132,213,314	408,274,631	9,941,934	418,216,565

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	Notes	Paid-up share capital	Share premium	Retained earnings		Total Shareholders' Equity
				Appropriated for legal reserve	Unappropriated	
SEPARATE F/S						
Balance as at 1 January 2011, - as previously reported		200,000,000	58,871,217	9,534,500	62,571,182	330,976,899
Cumulative effect of changes in accounting policy						
for employee benefits obligation	17	-	-	-	(4,284,774)	(4,284,774)
Balance as at 1 January 2011 - after adjustment		200,000,000	58,871,217	9,534,500	58,286,408	326,692,125
Comprehensive income for the year		-	-	-	75,060,304	75,060,304
Dividend payment	22	-	-	-	(16,000,000)	(16,000,000)
Appropriated for legal reserve	18	-	-	3,754,000	(3,754,000)	-
Balance as at 31 December 2011		200,000,000	58,871,217	13,288,500	113,592,712	385,752,429
Balance as at 1 January 2012		200,000,000	58,871,217	13,288,500	113,592,712	385,752,429
Share increment during the year	20	8,000	9,600	-	-	17,600
Comprehensive income for the year		-	-	-	77,655,795	77,655,795
Dividend payment	22	-	-	-	(39,999,000)	(39,999,000)
Appropriated for legal reserve	18	-	-	3,884,000	(3,884,000)	-
Balance as at 31 December 2012		200,008,000	58,880,817	17,172,500	147,365,507	423,426,824

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Cash flows from operating activities				
Income before income tax	64,916,369	105,825,216	105,946,324	104,664,856
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities				
Depreciation	32,035,811	31,956,909	30,057,122	31,294,898
Allowance for employee benefits	821,611	982,097	709,619	870,109
Gain from sale of equipment	-	(121,182)	-	(64,951)
Loss from written-off of equipment	5,240	1,023,265	5,240	1,023,265
Allowance for loss on construction projects	18,815,459	2,075,224	-	-
Allowance (reversal of allowance) for doubtful accounts	7,058,462	(499,004)	(179,195)	(499,004)
Allowance for impairment of investment in subsidiary	-	-	15,299,970	-
Interest expense	2,384,182	2,375,480	1,898,622	2,061,892
Cash provided from operations before changes in operating assets and liabilities	126,037,134	143,618,005	153,737,702	139,351,065
Decrease (Increase) in operating assets				
Trade accounts and notes receivable	(59,632,676)	56,238,975	(72,688,261)	48,267,565
Unbilled accrued income	(30,198,028)	(59,106,939)	(28,296,231)	(62,288,598)
Other receivable - subsidiary company	-	-	(2,055,826)	(104,041)
Contracted construction work in progress	4,438,901	(17,972,650)	5,806,415	(8,052,082)
Spare parts and supplies inventories	11,227,219	(19,083,015)	10,944,796	(15,509,259)
Retentions receivable	(11,680,401)	(11,230,631)	(9,670,300)	(4,011,647)
Advances for purchases of supplies	(8,996,840)	(32,468,068)	(15,763,633)	(22,473,505)
Advances for subcontract work - subsidiary company	-	-	(24,309,855)	(25,473,963)
Other current assets	(7,485,550)	(3,414,721)	(6,039,274)	(2,534,086)
Deposits and guarantees	261,028	(247,416)	313,099	148,183
Refundable income tax deducted at sources	7,318,982	10,526,362	5,735,293	8,205,875
Increase (Decrease) in operating liabilities				
Trade accounts and notes payable	62,092,616	51,068,474	60,390,713	28,449,126
Other payable - subsidiary company	-	-	-	-
Retentions payable	5,309,743	4,616,834	(445,457)	(355,041)
Retentions payable - subsidiary company	-	-	4,702,404	7,452,588
Accrued expenses	(4,673,861)	14,605,496	(2,397,008)	9,566,920
Accrued expenses - subsidiary company	-	-	44,714,629	30,010,984
Deposits from customers	(10,487,944)	15,841,402	(6,032,378)	13,636,679
Other current liabilities	7,312,778	(4,516,186)	8,071,637	(5,263,920)
Employee benefits paid	(821,948)	(1,150,720)	(298,612)	(1,150,720)
Cash provided from operations	90,021,153	147,325,204	126,419,853	137,872,123
Interest paid	(2,106,660)	(2,391,242)	(1,711,472)	(1,845,552)
Income paid	(35,927,752)	(35,379,357)	(30,642,566)	(30,196,414)
Net cash provided from operating activities	51,986,741	109,554,603	94,065,815	105,830,157

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Cash Flows from investing activities				
Increase in restricted deposits with banks	(6,400,934)	(15,590,680)	(6,432,000)	(15,016,680)
Increase in investment in subsidiary	-	-	(25,500,000)	-
Decrease (increase) in temporary investments	13,595,384	(33,151,779)	13,371,136	(32,860,941)
Decrease (increase) in short-term loan to subsidiary	-	-	7,500,000	(20,000,000)
Acquisition of fixed assets	(29,984,709)	(37,776,801)	(21,983,298)	(32,164,955)
Proceeds from sales of fixed assets	-	2,328,886	-	865,986
Net cash used in investing activities	(22,790,259)	(84,190,374)	(33,044,162)	(99,176,590)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans	20,569,977	(9,051,310)	18,845,066	(3,529,326)
Repayment of short -term loans from director	-	(6,800,000)	-	-
Proceed from short - term loan from director	-	-	-	-
Proceed from long - term loans	-	-	-	-
Repayment of long - term loans	(5,938,680)	(5,938,680)	(5,938,680)	(5,938,680)
Repayment of liabilities under hire - purchase agreements	(7,573,273)	(5,613,742)	(7,256,605)	(5,426,908)
Proceeds from share increment	17,600	-	17,600	-
Proceeds from share increment of subsidiary	24,500,000	-	-	-
Dividend payment	(39,999,000)	(16,000,000)	(39,999,000)	(16,000,000)
Net cash used in financing activities	(8,423,376)	(43,403,732)	(34,331,619)	(30,894,914)
Net increase (decrease) in cash and cash equivalents	20,773,106	(18,039,503)	26,690,034	(24,241,347)
Cash and cash equivalents at beginning of year	33,305,920	51,345,423	26,981,178	51,222,525
Cash and cash equivalents at end of year	54,079,026	33,305,920	53,671,212	26,981,178

Supplemental disclosures for cash flows information

Non - cash item :

- For the year ended 31 December 2012

The Company acquired machinaries and vehicles totaling Baht 15.50 million of which Baht 5.28 million was under hire - purchase agreement

The Subsidiary acquired vehicles for Baht 0.83 million of which Baht 0.64 million was under hire - purchase agreements.

- For the year ended 31 December 2011

The Company acquired machinaries and vehicles for Baht 24.94 million of which Baht 11.51 million was under hire - purchase agreement

The Subsidiary acquired vehicles for Baht 1.80 million of which Baht 1.14 million was under hire - purchase agreements.

The Company and subsidiary recognised provision for employee past service benefits as at 1 January 2011 by adjusting the past service cost to retained earnings of Baht 4.88 million for consolidated financial statements and of Baht 4.28 million for the separate financial statements.

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2012 AND 2011

1. GENERAL INFORMATION

Pylon Public Company Limited was incorporated on 13 August 2002. The Company is engaged in providing services on construction of foundation works with pre-stressed concrete piles, bored piles and other foundation work, and construction business.

The Company was registered as a public company on 20 July 2005 and its shares has been traded in "MAI" of the Stock Exchange of Thailand (SET) since 23 December 2005. The Company's address is at 170/16 Soi Sammit (Sukhumvit Soi 16) Rachadapisektdamai Rd., Klongtoey, Klongtoey, Bangkok 10110.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles issued under the Accounting Act B.E. 2543, and accounting standards issued under Accounting Profession Act B.E. 2547, and the regulations promulgated by the Securities and Exchange Commission and the Securities Exchange of Thailand concerning the preparation and the disclosure of financial information, under the Securities and Exchange Act B.E. 2535. The financial statements have been prepared on a historical cost basis except as, otherwise, disclosed specifically.

The financial statements are officially prepared in Thai language in accordance with statutory requirement with accounting standards enumerated under the Accounting Profession Act B.E. 2547. The translation of these statutory financial statements to other language must be in compliance with the Thai financial report.

During the years 2010 and 2011, the Federation of Accounting Professions has announced the new and amendments to some accounting standards and financial reporting standards, which are effective for the accounting periods beginning on or after 1 January 2011 and 1 January 2013. The Company has applied those standards which are effective for the accounting periods beginning on or after 1 January 2011 in this financial statements.

Effective 1 January 2013, the Company has to apply Thai Accounting Standard No. 12 "Income Taxes" which impact the financial statements for the year 2013 by increasing assets and net income from recording deferred income tax assets. The Company has to restate the financial statements for the year 2012 for comparison with the financial statements for the year 2013. The management is presently considering the potential impact of adopting and initial application of such new accounting standards.

The consolidated financial statements include the financial statements of Pylon Public Company Limited and subsidiary, as follow :

Name of subsidiary	Percentage of holding		Nature of business
	2012	2011	
Excelon Co., Ltd.	51	51	Provide the design, construction, consulting and architectural service for building/ structures



As at 31 December 2012 and 2011, the total assets of subsidiary represent 16.05 percents and 14.16 percent of the total assets in the consolidated financial statements, respectively, and total revenues of subsidiary for the years ended 31 December 2012 and 2011, represents 9.91 percent and 10.97 percent, respectively, of the total revenues in the consolidated financial statements.

Intercompany balances and transactions and investment in subsidiary company have been eliminated from the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policy for the same accounting transactions or accounting events as used for the preparation of separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenues, costs and expenses recognition

Revenues

Revenues from construction are recognised on a percentage of completion basis based on the assessment of the Company's engineers. The recognised revenues which are not yet due per the contracts has been presented under the caption "Unbilled accrued income" in the statements of financial position.

Rental income is recognised over the period of the lease agreement. Service income is recognised when the service has been rendered.

Costs

Costs of construction are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on construction projects is made in the accounts in full amount when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as current assets or current liabilities in the statements of financial position, whichever the case may be.

Other expenses are recorded on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which are not pledged as collateral) that are readily convertible to cash on maturity date with insignificant risk of change in value.

Temporary investments

Temporary investments consist of fixed deposit and promissory notes due within 1 year. The investments are stated at fair value.

Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may incur in collection of receivables. These losses are based on historical collection experiences and the review of the current status of existing receivables.



Spare parts and supplies

Inventories – spare parts and supplies are valued at the lower of cost, average method, or net realizable value and are charged to cost of construction whenever consumed.

Investment in subsidiary company

Investment in subsidiary company presented in the separate statements of financial position is accounted for by the cost method. Provisions for impairment are taken up in the accounts to adjust the value of investment whenever circumstances indicate the recoverable amount of investment to be lower than its carrying amount.

Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset that bring the assets to the location and condition necessary for its intended use. Plant and equipment are presented in the statements of financial position at costs less accumulated depreciation. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain/loss resulting from their disposals is included in the statements of comprehensive income.

The Company and subsidiary depreciate their plant and equipment by the straight - line method, over the estimated useful lives of the assets based on the segregation of components of assets, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

	Years
Building - factory	20
Building - office and improvements	5 - 20
Machinery	10
Tools and equipment	5
Furniture, fixtures and office equipment	3 - 5
Vehicles	5

No depreciation is made for land and machinery under installation.

Expenditure for additions, renewals and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

Lease agreements - where the Company and subsidiary are the lessees

Leases of equipment where the Company and subsidiary assume substantially all the benefit and risk of ownership are classified as finance leases. Finance leases are capitalized at the fair value of leased assets or estimated present value of the underlying lease payments whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding lease payments. Lease payments net of financial charges, are recognized as liabilities under financial lease agreements. The interest expense is charged to statement of comprehensive income over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to statements of comprehensive income on a straight - line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.



Impairment

As at date of financial position, the Company and subsidiary assess whether there is an indication that any asset may be impaired or not. If any such indication exists, the Company and subsidiary make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of comprehensive income. An asset recoverable amount is the higher of fair value less costs to sell or value in use.

Income tax

The Company and subsidiary account for income tax based on the provision of the Revenue Code.

Related companies

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 give them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

Basic earnings per share

Basic earnings per share is determined by dividing the net income for the year by the weighted average number of common shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the net income for the year by the number of common shares and the number of equivalent common shares (warrant) by weighted according to the period of time as if there were conversion of common shares at the issued date of issuance of equivalent common shares.

Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognized as expenses on an accrual basis.

Post-employment benefits (Defined contribution plans)

The Company, the subsidiary and their employees have jointly established a contributory provident fund, whereby monthly contributions are made by employees and by the Company and subsidiary. The fund's assets are held in a separate trusted fund. The Company's and subsidiary's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and subsidiary have obligations in respect of the severance payments for employees upon retirement under the Labor Law. The Company and subsidiary treat these severance payment obligations as a defined benefit plan.

The Company's obligation under the defined benefit plan is determined by actuary, using the projected unit credit method. The subsidiary's obligation under the defined benefit plan is determined by its management, using the projected unit credit method in accordance with actuarial technique. The subsidiary's management considered that few employees are probably entitled to receive post-employment benefits to reach retirement age policies and amount of the obligation under the defined benefit plan is not have



significant impact to the overall financial statements. The subsidiary, therefore does not hire the actuary to compute the obligation under the plan.

Dividend payment

Dividend payment is recorded in the financial statements in the period in which they are approved by the Shareholders or Board of Directors of the Company.

Use of accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reporting amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. The actual results may differ from those estimates.

Provisions for liabilities and expenses, and contingent assets

Provisions are recognized when the Company and subsidiary have a present legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent assets will be recognized as separate assets only when the realization is virtually certain.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGE MENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

a. Construction revenues recognition

The stage of completion of any construction contract is assessed by Company's engineers and subsidiary's engineers by taking into consideration all information available at the reporting date. In this process, management carries out significant judgments about milestones, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcome in terms of actual costs or revenue may be higher or lower than estimated at the financial statements date, which would affect the revenue and profit recognised in future years, are adjusted to the cumulative costs recorded to date.

b. Impairment of receivable

The Company and subsidiary account for allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivable. The estimated losses are based on historical collection experiences couple with a review of outstanding receivable aging at the end of year.

c. Plant and equipment

Management determines the estimated useful lives and residual values of plant and equipment of the Company and subsidiary at the end of the year and will revise the depreciation charge where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or when they are no longer in use.



d. Allowance for losses on project work

The Company and subsidiary review their construction work-in-progress to determine whether there is any indication of foreseeable loss. Identified foreseeable loss is recognised immediately in the statement of comprehensive income when it is probable that total contract cost will exceed total contract revenue as determined by the management.

e. Impairment of investment

The Company treats investment as impaired when there has been a significant or prolonged decline in the fair value below their costs or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

4.2 Capital risk management

The Company and subsidiary's objectives in the management of capital are to safeguard their abilities to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company and subsidiary may adjust the dividend payment to shareholders, to issue new shares or debentures to finance debts or sell assets to reduce debts.

5. TRANSACTIONS WITH RELATED COMPANY

The Company has transactions with related parties. Certain portions of the Company's assets, liabilities, sales, other income, costs of sales and selling and administrative expenses represent transactions occurred with subsidiary. Those transactions with subsidiary as included in the financial statements are determined at the prices in line with those occurred in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

Significant balances with related parties as at 31 December 2012 and 2011 are follow :

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
(Unit : Baht)				
Balances with Excelon (the subsidiary)				
Trade accounts receivable	-	-	22,671,613	3,307,052
Other receivable	-	-	2,159,867	104,041
Short – term loans to subsidiary	-	-	12,500,000	20,000,000
Advances for subcontract work	-	-	49,783,818	25,473,963
Retentions payable	-	-	12,154,992	7,452,588
Accrued subcontract expenses	-	-	77,535,193	32,820,564
Liabilities under employee benefits obligation				
Key management personal	1,297,702	1,092,631	1,246,155	1,052,871

As at 31 December 2012 and 2011, short - term loan to subsidiary bears interest at MLR + 0.5 percent per annum of a commercial bank. The loan is not collateralized and is repayable on 6 and 13 April 2013.

Significant transactions with related parties for the years ended 31 December 2012 and 2011 are as follow :

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
	The policy to pricing	2012	2011	2012	2011
Materials procurement margin income	Agreed rate	-	-	299,971	353,561
Management fee	Contract price	-	-	800,000	690,000
Other income	Agreed price	-	-	7,678,352	2,872,183
Materials procurement margin expense	Agreed rate	-	-	25,163	-
Project management fee	Agreed price	-	-	61,927	4,639,197
Administrative charge for project delay	Agreed price	-	-	1,533,677	3,200,000
Subcontract work	Agreed price	-	-	135,596,152	52,272,229
Other service expense	Agreed price	-	-	2,604,557	47,644
<u>Key directors and management personnel compensation</u>					
Short - term directors and management benefits		13,555,932	14,957,291	12,225,132	13,619,291
Liabilities under employee benefits obligation		205,071	377,201	193,283	365,414
Total		13,761,003	15,334,492	12,418,415	13,984,705

6. CASH AND CASH EQUIVALENTS

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		2012	2011	2012	2011
Cash on hand		1,142,079	1,018,428	762,079	738,428
Cash at bank - Current account		103,262	6,102,606	102,262	84,572
Cash at bank - Savings account		52,833,685	26,184,886	52,806,871	26,158,178
Total		54,079,026	33,305,920	53,671,212	26,981,178

During the year 2012, savings deposit with bank bears interest at 0.75 – 0.875 percent per annum (2011 : interest rates of 0.65 – 0.75 percent per annum)

7. TEMPORARY INVESTMENTS

(Unit : Baht)					
Interest rate		CONSOLIDATED F/S		SEPARATE F/S	
per annum	Period	2012	2011	2012	2011
Fixed deposits	Fixed rates of 1.75 - 3.00 percent	734,341	3,362,264	664,946	3,068,621
Promissory notes	Fixed rates of 2.75 - 4.00 percent	64,032,539	75,000,000	64,032,539	75,000,000
Total		64,766,880	78,362,264	64,697,485	78,068,621

8. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

As at 31 December 2012 and 2011, the aged trade accounts and notes receivable are as follows:

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
<u>Trade accounts and notes receivable</u>				
<u>- general customers</u>				
Not yet due	46,354,677	20,744,971	46,322,697	20,744,971
Overdue 1 - 30 days	27,890,120	1,170,338	26,385,866	119,096
Overdue 31 - 60 days	84,035	820,690	-	820,690
Overdue 61 - 90 days	1,660,747	22,425	1,345,212	22,425
Overdue 91 - 180 days	4,626,675	1,041,650	2,215,660	280,171
Overdue 181 - 360 days	4,382,302	1,967,442	1,278,902	252,068
Overdue more than 360 days	19,955,536	19,553,900	17,433,442	19,418,659
Total	104,954,092	45,321,416	94,981,779	41,658,080
<u>Less</u> Allowance for doubtful accounts	(8,559,510)	(8,067,227)	(7,888,031)	(8,067,227)
Net	96,394,582	37,254,189	87,093,748	33,590,853
<u>Trade accounts receivable - subsidiary company</u>				
Not yet due	-	-	2,258,647	502,579
Overdue 1 - 30 days	-	-	1,172,477	-
Overdue 31 - 60 days	-	-	853,641	2,804,473
Overdue 61 - 90 days	-	-	889,815	-
Overdue 91 - 180 days	-	-	12,573,954	-
Overdue 181 - 360 days	-	-	2,118,606	-
Overdue more than 360 days	-	-	2,804,473	-
Total	-	-	22,671,613	3,307,052

As at 31 December 2012 and 2011, the Company has trade accounts receivable overdue more than 360 days totalling Baht 9.55 million and Baht 11.35 million, respectively. The Company had agreed to off-set this receivable with another trade account payable for Baht 9.47 million. The Company has outstanding balance of Baht 0.08 million and Baht 1.88 million, respectively, with no allowance, since the management believes that the Company is able to collect all such receivables.

As at 31 December 2012, the Company has trade accounts receivable - subsidiary company overdue more than 360 days of Baht 2.80 million. Management believes that the Company is able to collect all outstanding balance because the subsidiary recently increased its share capital for working capital during the year 2012. The Company therefore, does not set up allowance for doubtful accounts of said overdue amount.



9. UNBILLED ACCRUED INCOME AND CONTRACTED CONSTRUCTION WORKS IN PROGRESS

The Company and subsidiary aggregate costs of work in progress under construction contracts are as follow :

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Aggregate costs of work in progress plus margin on the percentage of completion determined by engineers	1,275,271,548	747,241,583	971,921,907	528,608,525
<u>Add</u> Accrued cost of work in progress	8,298,252	3,559,260	4,956,425	373,223
<u>Less</u> Progress billings to date based on contracts	(1,083,898,026)	(576,888,196)	(805,027,575)	(379,620,807)
Balance of recognized income and work in progress	199,671,774	173,912,647	171,850,757	149,360,941
<u>Less</u> work in progress - at cost	(18,780,851)	(23,219,752)	(6,971,149)	(12,777,564)
Unbilled accrued income	180,890,923	150,692,895	164,879,608	136,583,377

10. RETENTIONS RECEIVABLE - NET

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Retentions receivable	69,871,734	58,191,334	47,842,387	38,172,087
<u>Less</u> Allowance for doubtful accounts	(7,475,873)	(909,695)	(909,695)	(909,695)
Net	62,395,861	57,281,639	46,932,692	37,262,392

These retentions receivable represent amounts withheld by the customers at the rate of 5 - 10 percent of the amounts billed. This will be settled after the inspection and acceptance of construction services by the customers.

11. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2012 and 2011, the Company and subsidiary had fixed deposits with banks totaling Baht 35.62 million and Baht 29.22 million, respectively, which have been pledged with banks as collateral for the bank guarantee for the Company's performance as well as the bank overdraft (Note 14).



12. INVESTMENT IN SUBSIDIARY COMPANY – NET

		(Unit :Thousand Baht)					
		SEPARATE F/S					
		Paid-up Capital (Thousand Baht)		Percentage of shareholding		Cost Method	
	Type of business	2012	2011	2012	2011	2012	2011
<u>Subsidiary</u>							
Exelon Co., Ltd.	Service for design , construction, consulting, and decoration for building	80,000	30,000	51	51	40,800	15,300
<u>Less</u> Provision for impairment						(15,300)	-
Investment in the subsidiary - net						25,500	15,300

During nine-month period ended 30 September 2012, the subsidiary has recognized provision for loss on 3 construction projects of Baht 42.67 million because the construction cost exceed the estimated cost significantly. The subsidiary has operating loss for the nine-month period ended 30 September 2012 of Baht 63.77 million and capital deficiency as at 30 September 2012 of Baht 37.16 million (the Company's portion is of Baht 18.95 million). The Company set provision for impairment of investment in subsidiary for the whole amount of Baht 15.30 million.

On 4 December 2012, the subsidiary increased its registered share capital of Baht 50.00 million. The Company has additionally invested in common shares of the subsidiary at the same shareholding percentage (at rate of 51%), of Baht 25.50 million. As at 31 December 2012, the Company has investment in subsidiary company - net of Baht 25.50 million.

13. PROPERTY, PLANT AND EQUIPMENT – NET

	(Unit : Baht)				
	CONSOLIDATED F/S				
	2011	Increase	Decrease	Transfer In (Out)	2012
Cost					
Land	31,729,641	-	-	-	31,729,641
Building - factory	33,172,184	-	-	-	33,172,184
Building - office and improvement	13,432,583	-	-	-	13,432,583
Machinery	196,096,146	13,986,017	-	-	210,082,163
Tools and equipment	79,070,966	16,409,448	-	1,470,630	96,951,044
Furniture, fixtures and office equipment	6,745,244	1,284,089	(6,206)	-	8,023,127
Vehicles	29,379,092	3,571,822	-	-	32,950,914
Machinery under installation	3,726,382	651,323	-	(1,470,630)	2,907,075
Total	393,352,238	35,902,699	(6,206)	-	429,248,731



(Unit : Baht)

	CONSOLIDATED F/S				2012
	2011	Increase	Decrease	Transfer In (Out)	
Accumulated depreciation					
Building - factory	10,586,854	1,963,752	-	-	12,550,606
Building - office and improvement	6,982,383	486,933	-	-	7,469,316
Machinery	98,546,173	18,010,836	-	-	116,557,009
Tools and equipment	55,946,300	7,876,263	-	-	63,822,563
Furniture, fixtures and office equipment	5,183,874	797,554	(966)	-	5,980,462
Vehicles	19,667,092	2,900,473	-	-	22,567,565
Total	196,912,676	32,035,811	(966)	-	228,947,521
Net Book Value	196,439,562				200,301,210
Depreciation allocation:					
Costs of service	29,605,809				29,683,553
Selling and administrative expenses	2,351,100				2,352,258
Total	31,956,909				32,035,811

As at 31 December 2012 and 2011, the gross carrying amounts of the fully depreciated equipments of the Company and subsidiary that are still in use are Baht 51.18 million and Baht 45.75 million, respectively.

(Unit : Baht)

	SEPARATE F/S				2012
	2011	Increase	Decrease	Transfer In (Out)	
Cost					
Land	31,729,641	-	-	-	31,729,641
Building - factory	33,172,184	-	-	-	33,172,184
Building - office and improvement	13,432,583	-	-	-	13,432,583
Machinery	195,766,146	12,456,017	-	-	208,222,163
Tools and equipment	75,310,806	10,272,667	-	1,402,427	86,985,900
Furniture, fixtures and office equipment	6,297,899	1,166,430	(6,206)	-	7,458,123
Vehicles	27,582,852	2,743,547	-	-	30,326,399
Machinery under installation	3,680,935	628,567	-	(1,402,427)	2,907,075
Total	386,973,046	27,267,228	(6,206)	-	414,234,068
Accumulated depreciation					
Building - factory	10,586,854	1,963,752	-	-	12,550,606
Building - office and improvement	6,982,383	486,933	-	-	7,469,316
Machinery	98,517,965	17,969,057	-	-	116,487,022
Tools and equipment	55,345,395	6,516,272	-	-	61,861,667
Furniture, fixtures and office equipment	5,080,495	661,048	(966)	-	5,740,577
Vehicles	19,443,078	2,460,060	-	-	21,903,138
Total	195,956,170	30,057,122	(966)	-	226,012,326
Net Book Value	191,016,876				188,221,742
Depreciation allocation:					
Costs of service	29,244,397				28,281,784
Selling and administrative expenses	2,050,501				1,775,338
Total	31,294,898				30,057,122



As at 31 December 2012 and 2011, the Company's land and building have been mortgaged as collaterals for the bank overdrafts and short - term and long - term loans from bank (Note 14 and 15).

As at 31 December 2012 and 2011, the gross carrying amounts of the fully depreciated equipments of the Company that are still in use are Baht 51.18 million and Baht 45.75 million, respectively.

14. BANK OVERDRAFTS AND SHORT – TERM LOANS

As at 31 December 2012, the Company has short – term loans from financial institution in the form of discounted promissory notes totaling Baht 18.84 million.

As at 31 December 2012 and 2011, the Company has bank overdraft facilities with 3 banks totaling Baht 32 million and Baht 42 million, respectively. Bank overdrafts facilities are collateralized by the mortgages of the Company's land and construction thereon, the title to possess the office condominium unit, and the pledge of fixed deposits of Baht 2.50 million.

As at 31 December 2012 and 2011, the subsidiary has bank overdrafts of Baht 10.94 million and Baht 9.21 million, respectively.

As at 31 December 2012 and 2011, the subsidiary has unused bank overdrafts and other credit facilities totaling Baht 27.58 million and Baht 30.84 million, respectively. Those credit facilities are collateralized by the Company and the personal guarantees of certain subsidiary's directors and the pledge of the fixed deposits totalling Baht 10 million.

15. LONG – TERM LOANS FROM BANK

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Long - term loans from bank	7,440,290	13,378,970	7,440,290	13,378,970
<u>Less</u> Current portion due within one year	(3,800,290)	(5,938,680)	(3,800,290)	(5,938,680)
Long - term loans from bank - net	<u>3,640,000</u>	<u>7,440,290</u>	<u>3,640,000</u>	<u>7,440,290</u>

As at 31 December 2012 and 2011, the Company has long - term loans from a bank of Baht 7.44 million and Baht 13.38 million, respectively, with interest at the rate of MLR - 0.5 percent per annum and are repayable monthly until August 2015. Those loans are collateralized by the Company's land and construction thereon, and the right to possess the office condominium unit.



16. LIABILITIES UNDER HIRE - PURCHASE AGREEMENTS

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Liabilities under hire - purchase agreements	16,580,130	18,592,225	15,171,174	17,512,387
<u>Less</u> Deferred interest charges	(1,489,987)	(1,846,799)	(1,374,924)	(1,743,461)
	15,090,143	16,745,426	13,796,250	15,768,926
<u>Less</u> Current portion due within one year	(6,047,342)	(6,720,157)	(5,587,166)	(6,403,489)
Liabilities under hire - purchase agreements - net	9,042,801	10,025,269	8,209,084	9,365,437

17. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

Effective 1 January 2011, the Company and subsidiary have initially adopted of accounting policies "Employee Benefits", by recognising past service cost of employee benefits obligation up to 31 December 2010 by adjusting the retained earnings as at 1 January 2011 of the Company and subsidiary amounted to Baht 4.28 million and Baht 0.60 million, respectively, following an option under the transitional period of this standard.

During the year ended 31 December 2012 and 2011, movements in employee benefits obligation are as follow :

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Balance as at 1 January	4,968,762	-	4,230,462	-
Effect of change in accounting policy for past service employee benefits obligation	-	4,884,746	-	4,284,774
Balance as at 1 January - adjusted	4,968,762	4,884,746	4,230,462	4,284,774
Provision for the period in statement of comprehensive income	1,052,737	1,234,736	914,407	1,096,408
Paid out during the year	(821,948)	(1,150,720)	(298,612)	(1,150,720)
Balance as at 31 December	5,199,551	4,968,762	4,846,257	4,230,462

The employee benefit expenses were recorded in the statement of comprehensive income for the years ended 31 December 2012 and 2011 as follow :

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Current service cost	821,611	982,097	709,619	870,109
Interest cost	231,126	252,639	204,788	226,299

The Company recognises the employee benefits obligation since employees are entitled to receive benefits upon normal retirement age under the Thai labour law. The defined benefit obligation of the Company is measured by using the actuarial technique. The

estimated amount is computed by the discounted cash flows for amounts to be paid in the future based on the government bond interest rate with term to maturity approximates the term of the related obligation. The estimated future cash outflows are based on employee wages, turnover rate, mortality, length of service and others. The employee benefits expenses were recognised in the statement of comprehensive income to allocate the expense through the hiring period. Actuarial gains or losses arising from changes in actuarial assumptions, when exceeding 10% of the present value of defined benefit, are recognised as income or expenses over the average remaining service lives of the related employees.

Subsidiary recognises the employee benefits obligation since employees are entitled to receive benefits upon normal retirement age under the Thai labour law. The estimate amount is computed by the subsidiary's management using Project Unit Credit Method in accordance with the actuarial technique. Subsidiary believes that only small number of employees will work to reach retirement age under its policy and amount of the obligation under the defined benefit plan will not significantly impact the overall financial statements. The employee benefits expense is recognised in the statement of comprehensive income to allocate the expense through the hiring period.

Principal actuarial assumptions are as follows :

	Pylon Public Company Limited	Excelon Company Limited
Discount rate	4.39 percent per annum	4.39 percent per annum
Future salary expense increment rate	5.32 percent per annum	4.94 percent per annum
Future wage expense increment rate	3.78 percent per annum	-
Normal retirement age	55 years	55 years
Number of employees	417 persons	21 persons

18. LEGAL RESERVE

Under the provision of the Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income, after deduction of the deficit brought forward (if any), as reserve fund until the reserve reaches not less than 10% of the registered share capital. This reserve is not available for dividend distribution.

Under the provision of the Civil and Commercial Code, subsidiary is required to set aside as legal reserve at least 5% of its net earnings at each dividend declaration until the reserve reaches 10% of the authorised share capital. Such reserve is not available for dividend distribution.



19. INCOME TAX

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Income before income tax	64,916,369	105,825,216	105,946,324	104,664,856
<u>Add</u> Transactions added back and deductible in accordance				
with the Revenue Code - net	17,055,977	2,350,317	17,055,977	2,350,317
Net loss (income) of subsidiary which				
included in consolidated F/S	41,029,955	(1,160,360)	-	-
Taxable income	123,002,301	107,015,173	123,002,301	107,015,173
Income tax (rate of 23%)	28,290,529	-	28,290,529	-
Income tax (rate of 25%)	-	12,500,000	-	12,500,000
Income tax (rate of 30%)	-	17,104,552	-	17,104,552
Total income tax for the year	28,290,529	29,604,552	28,290,529	29,604,552
Accrued (prepaid) income tax at the beginning of the year	(13,225,120)	(17,976,677)	(6,458,487)	(14,072,500)
<u>Add</u> Paid withholding tax during the year	(35,927,752)	(35,379,356)	(30,642,566)	(30,196,414)
<u>Less</u> Income tax for the year	28,290,529	29,604,552	28,290,529	29,604,552
Refunded income tax deducted at sources	7,318,983	10,526,361	5,735,293	8,205,875
Accrued (prepaid) income tax at the ending				
of the year	(13,543,360)	(13,225,120)	(3,075,231)	(6,458,487)

For the year ended 31 December 2012, the Company computes corporate income tax at the rate of 23% of taxable income. The Company computes corporate income tax at the rates allowable for the listed company in "MAI" of the Stock Exchange of Thailand (SET) under the Royal Decree No. 531, B.E. 2554 regarding the income tax reduction.

Corporate income tax of subsidiary is computed at the rate of 23% of taxable income.

20. SHARE CAPITAL AND WARRANTS

20.1 Authorized share capital

At the Annual General Meeting of Shareholders No. 1/2012 held on 20 April 2012, the shareholders had the following resolutions;

20.1.1 To approve the increase of the Company's registered share capital from Baht 200,000,000 to Baht 300,000,000 through an issue of 100,000,000 new common shares at Baht 1 par value. The Company registered the increased share capital with the Ministry of Commerce on 2 May 2012.

20.1.2 To approve allotment of 100,000,000 new common shares at Baht 1 par value to support right of the first stock warrants (PYLON-W1).

20.2 Warrants

At the Annual General Meeting of Shareholders No. 1/2012 held on 20 April 2012, the shareholders passed the resolution to allocate 100,000,000 units of the Company's stock warrants to be offered to the existing shareholders on 12 March 2012, at an offering ratio of 2 common shares to 1 unit of free warrant. The warrants are issued for specific persons and transferable. The terms of the warrants do not exceed 3 years from the date of which they are granted with the exercise ratio of 1 warrant



to 1 new common share. The exercise price is Baht 2.20 per share, unless the exercise ratio is adjusted under the conditions of the rights adjustment. The warrant holders can exercise their warrants in June and December of each calendar year. The first exercise date will be on 28 December 2012 and the last exercise date will be 25 April 2015.

On 2 May 2012, the Company reported the result of issuance and allocation of stock warrants for 99,997,435 units with remaining 2,565 units from the total warrants of 100,000,000 units. The Company will discard all of the remaining units of warrants. This allocated stock warrants have been registered as listed securities in the Market for Alternative Investment (MAI) on 16 May 2012 (trading commencement on 16 May 2012).

On 28 December 2012, the warrant holders exercised 8,000 warrants to 8,000 common shares with exercise price of Baht 2.20 per share. The Company has additionally paid-up share capital and share premium of Baht 8,000 and Baht 9,600, respectively. As at 31 December 2012, the Company has 99,989,435 units of outstanding unexercised warrant.

21. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding common shares are assumed to be converted to common shares that dilutes the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the year) based on the outstanding warrants to determine the number of potential common shares to be additionally issued. The potential shares are added to the outstanding common shares but no adjustment is made to statement of comprehensive income.

For the calculation of the diluted earnings per share, the weighted average number of shares with the assumption that all warrants are converted to common shares for the year ended 31 December 2012 of 610,768 shares.

22. DIVIDEND PAYMENT

At the Annual General Meeting of the Company shareholders No. 1/2012 held on 20 April 2012, the shareholders passed a resolution for dividend payment from the Company's separate net income for the year 2011 at Baht 0.20 per share for 200 million common shares totaling Baht 40.00 million.

At the Annual General meeting of the Company shareholder No.1/2011 held on 22 April 2011, the shareholders passed a resolution to pay cash dividends from the net profit for the year ended 31 December 2010 at the rate of Baht 0.08 per share, 200 million common shares totalling Baht 16 million which was paid on 18 May 2011.



23. EXPENSES BY NATURE

Significant expenses by nature are as follows :

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Raw materials and consumable supplies used	609,252,460	453,924,511	496,883,540	386,406,431
Changes in contracted construction work in progress	4,438,901	(17,093,958)	5,806,415	(9,335,626)
Salaries, wages and other employee benefits	133,325,937	119,856,332	110,318,693	104,402,016
Subcontractor expenses	102,279,757	94,330,169	162,935,171	88,758,709
Depreciation	32,035,810	31,956,910	30,057,121	31,294,898
Rental expenses	20,141,576	33,237,303	16,857,237	29,162,668
Repair and maintenance expenses	33,537,212	35,679,991	32,902,756	35,456,236
Transportation	15,028,172	17,001,877	13,415,775	15,696,347
Project management fees	1,874,528	1,464,185	402,779	6,103,382
Allowance for loss on construction project	20,890,683	2,075,224	-	-
Penalty (reversal of penalty) for project delay	(5,257,506)	7,042,450	(3,752,270)	5,537,214
Director remuneration	4,200,000	4,326,003	4,200,000	4,326,003
Allowance for loss from investment in subsidiary	-	-	15,299,970	-
Utility expenses	9,290,328	7,256,549	6,963,782	6,244,632
Allowance for doubtful accounts	7,288,454	3,666,392	50,796	3,666,392
Other expenses	39,903,368	49,441,135	33,284,633	37,811,144

24. OTHER INCOME

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Interest income	2,478,606	1,721,145	5,325,310	2,106,844
Rental income for machinery and equipments	346,611	604,001	3,299,224	1,872,597
Management fee income	-	-	800,000	690,000
Revenue from sales of construction materials and scraps	316,125	203,863	344,286	409,770
Other service income	965,476	124,262	965,476	40,150
Others	1,497,408	4,942,881	3,064,295	5,978,129
Total	5,604,226	7,596,152	13,798,591	11,097,490



25. SEGMENTAL FINANCIAL INFORMATION

The Company and subsidiary are engaged only in one segment of construction business. Details of core revenues for years ended 31 December 2012 and 2011 are as follows :

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December

	2012				2011			
	Foundation work	Construction work	Eliminated	Total	Foundation work	Construction work	Eliminated	Total
Revenues from services	785,893,965	438,161,623	(134,129,583)	1,089,926,005	717,478,908	283,284,968	(55,994,259)	944,769,617
Costs of services				(968,709,393)				(776,337,700)
Gross profit				121,216,612				168,431,917
Other income				5,604,226				7,596,152
Income before expenses				126,820,838				176,028,069
Selling expenses				(2,189,871)				(2,816,645)
Administrative expenses				(50,041,962)				(61,344,336)
Allowance for doubtful debts				(7,288,454)				(3,666,392)
Total expenses				(59,520,287)				(67,827,373)
Income before financial cost and income tax				67,300,551				108,200,696
Financial cost				(2,384,182)				(2,375,480)
Income before income tax				64,916,369				105,825,216
Income tax				(28,290,529)				(29,604,552)
Income for the year				36,625,840				76,220,664
Other comprehensive income (loss) for the year				-				-
Total comprehensive income for the year				36,625,840				76,220,664
Trade accounts and notes receivable - net				96,394,582				37,254,189
Unbilled accrued income				180,890,923				150,692,895
Retentions receivable - net				62,395,861				57,281,639
Property, plant and equipments - net				200,301,210				196,439,562
Other assets				302,106,795				287,654,657
Total Assets				842,089,371				729,322,942



(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS						
For the years ended 31 December						
	2012			2011		
	Foundation work	Construction work	Total	Foundation work	Construction work	Total
Revenues from services	785,893,965	233,778,788	1,019,672,753	717,478,908	123,680,796	841,159,704
Costs of services			(864,905,456)			(686,128,050)
Gross profit			154,767,297			155,031,654
Other income			13,798,591			11,097,490
Income before expenses			168,565,888			166,129,144
Selling expenses			(1,816,466)			(2,468,079)
Administrative expenses			(43,553,710)			(53,267,925)
Allowance for doubtful debts			(50,796)			(3,666,392)
Loss on impairment of investment in subsidiary			(15,299,970)			-
Total expenses			(60,720,942)			(59,402,396)
Income before financial cost and income tax			107,844,946			106,726,748
Financial cost			(1,898,622)			(2,061,892)
Income before income tax			105,946,324			104,664,856
Income tax			(28,290,529)			(29,604,552)
Income for the year			77,655,795			75,060,304
Other comprehensive income (loss) for the year			-			-
Total comprehensive income for the year			77,655,795			75,060,304
Trade accounts and notes receivable - net			109,765,361			36,897,905
Unbilled accrued income			164,879,608			136,583,377
Retentions receivable - net			46,932,692			37,262,392
Property, plant and equipments - net			188,221,742			191,016,876
Other assets			346,888,262			296,716,312
Total Assets			856,687,665			698,476,862

26. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash at banks, restricted deposits with banks, trade accounts and notes receivable, unbilled accrued income, trade accounts and overdraft and short-term loan, liabilities under hire - purchase agreements, and long - term loans. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3 to the financial statements.

Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in a financial loss to the Company. Since the major part of trade accounts receivable are well-known and there is no collection problem, management believes that the Company has no significant credit risk. Customers with credit risk are fully covered with allowance for doubtful account.



Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates, which may have a negative effect to current and future operations of the Company. Management believes that the interest rate risk is minimum, hence, the Company has no hedging agreement to protect against such risk.

Exchange risk

The Company does not have any exchange risk since all of its financial assets and liabilities have been executed in Baht.

Fair value of financial instruments

The fair value of financial instruments is the amount at which the instrument may be exchanged in a current transaction between willing parties. The following methods and assumptions are used to estimate a fair value of each class of the Company's financial instruments for which it is practical to estimate that value:

- Financial assets are shown at estimated fair value.
- Financial liabilities are shown at the book value which is almost the same as the fair value, because such liabilities mature in the short term.

27. COMMITMENT

As at 31 December 2012, the Company has commitments as follow :

- 27.1 The Company has a lease and service agreement for its office for a period of 6 years commencing from 1 September 2010 to 31 May 2016. Under the term of the agreement, the Company has to pay the monthly rental of Baht 80,729.
- 27.2 The Company has letter of guarantees of approximately Baht 279.14 million issued by financial institutions on behalf of the Company and its subsidiary in respect of certain performance bonds required in the normal course of businesses.

28. EVENTS AFTER THE REPORTING PERIOD

At the meeting on 22 February 2013, the Company's Board of Directors passed the following resolutions;

Increase of share capital

The Board of Director passed a resolution to increase the Company's authorized share capital from Baht 300,000,000 to Baht 374,999,359 by issuance new 74,999,359 common shares, at Baht 1 par value, to support stock dividend payment for 50,002,000 shares and warrant exercising of new 24,997,359 common shares. The warrant exercise ratio of the first stock warrants (PYLON-W1) is adjusted from the exercise ratio of 1 warrant to 1 new common share to the ratio of 1 warrant to 1.25 new common share, and the exercise price is adjusted from Baht 2.20 per share to Baht 1.76 per share.

Dividend payment

The Board of Director passed a resolution to propose the dividend payment from its retained earnings and the net profit for the year ended 31 December 2012 totaling Baht 56,002,240 by divided into 2 categories as follows:

- Cash dividend at the rate of Baht 0.03 per share, totaling Baht 6,000,240.



- Stock dividend payment for 50,002,000 shares, at Baht 1 par value, to the existing shareholders of the Company at the rate of 1 new common share per 4 existing common shares, equal to Baht 50,002,000. The remaining shares from the allotment of the stock dividend is offered to Mr. Chanet Sangarayakul, Chairman of the Executive Board, at the average market price of "MAI" of the Stock Exchange of Thailand for 7 days before the date of 2013 Annual General Meeting. In case that there were existing shares remaining from the allotment, these shares would be paid in cash at the rate of Baht 0.25 per share.

The said increase of share capital and dividend payments must be approved at the Annual General Meeting of the Company's shareholders.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of directors on 22 February 2013.



References

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