



Bored Pile

งานเสาเข็มเจาะขนาดใหญ่



Jet Grouting

งานปรับปรุงคุณภาพดิน



Diaphragm Wall

งานกำแพงกันดิน



Civil Works

งานก่อสร้างด้านโยธา

ANNUAL REPORT 2013

PYLON
PUBLIC COMPANY LIMITED

วิสัยทัศน์

(Vision)

“มุ่งมั่นจะเป็นผู้นำงานก่อสร้างฐานราก
ทั้งด้านคุณภาพ และประสิทธิภาพ”



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



ข้อมูลสรุปทางการเงิน

(Financial Summary)

ข้อมูลทางการเงิน (พันบาท) Financial Data (Thousand Baht)	งบการเงินเฉพาะของบริษัท Separate Financial Statement			งบการเงินรวม Consolidated		
	2554	2555	2556	2554	2555	2556
	(2011)	(2012)	(2013)	(2011)	(2012)	(2013)
สินทรัพย์รวม Total Assets	700,587	859,179	982,379	731,433	844,581	987,430
หนี้สินรวม Total Liabilities	312,725	433,260	358,087	332,251	423,873	360,491
ส่วนของผู้ถือหุ้น Shareholders' Equity	387,862	425,919	624,292	386,138	410,766	613,147
รายได้จากการรับจ้าง Revenue from Rendering of Service	841,160	1,019,673	1,085,232	944,770	1,089,926	1,293,864
กำไรสุทธิ (ส่วนที่เป็นของผู้ถือหุ้น ของบริษัท) Net Profit (Portion of the Company)	77,170	78,037	155,060	77,762	64,609	159,067



อัตราส่วนทางการเงิน Financial Ratio	งบการเงินเฉพาะของบริษัท Separate Financial Statement			งบการเงินรวม Consolidated		
	2554 (2011)	2555 (2012)	2556 (2013)	2554 (2011)	2555 (2012)	2556 (2013)
อัตรากำไรสุทธิ (%) Net Profit (%)	9.10%	7.55%	14.11%	8.04%	3.38%	12.59%
อัตราผลตอบแทนผู้ถือหุ้น (%) Return on Equity	21.47%	19.18%	29.53%	20.57%	9.03%	31.10%
อัตราผลตอบแทนจากสินทรัพย์ (%) Return on Assets (%)	11.92%	10.01%	16.84%	11.45%	4.70%	17.79%
กำไรสุทธิต่อหุ้น (บาท) Earning per share (Baht)	0.39	0.31	0.61	0.39	0.26	0.63
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt to Equity (Time)	0.81	1.02	0.57	0.84	1.01	0.58
อัตราการเติบโตของรายได้จากการรับจ้าง (%) Revenue from Rendering of Service Growth (%)	37.42%	21.22%	6.43%	50.80%	15.36%	18.71%
อัตราการเติบโตของกำไรสุทธิ (%) Net Profit Growth (%)	98.12%	1.12%	98.70%	201.09%	-52.75%	340.23%

หมายเหตุ 1 รายได้จากการรับจ้าง หมายถึง รายได้จากงานฐานราก และงานก่อสร้าง

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



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Chairman's Statement

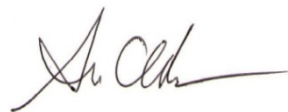
To: Shareholders of

Pylon Public Company Limited

The overall construction industry in 2013 grew continuously from 2012 due to the ongoing launch of BTS/MRT and expressway construction projects and the expansion of the private sector's condominium projects along BTS/MRT lines. With a high workload in the industry and the mild price competition, the Company's operating results in 2013 considerably increased from 2012.

As regards the foundation construction industry outlook in 2014, despite political uncertainty, the Company has a large number of works on hand and is continuously engaged with new construction projects since many of the government sector's foundation works are still under construction and the private sector's condominium projects along the BTS/MRT lines have emerged consistently. Thus, in the short-term, the Company still has not yet been much affected by the said factor. With its aim of creating sustainable growth and stability, the Company continues to implement the policy of expanding customer base and places importance on the selection of customers, cost control, liquidity management and ongoing personnel development.

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

	
<p>Mr.Seri Chintanaseri Chairman Independent Director</p>	<p>Mr.Vongchai Sangarayakul Founder Chairman / Director /Member of Nomination and Remuneration Committee</p>



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



			
<p>Mr. Chaipat Sahasakul Independent Director / Member of Audit Committee/ Member of Nomination and Remuneration Committee</p>	<p>Mr. Bordin Sangarayakul Director / Member of Executive Board</p>	<p>Mr. Somsak Viriyapiphat Director / Member of Executive Board</p>	<p>Mr. Pisun Sirisuksakulchai Director / Member of Executive Board</p>



The Positions of Company's Directors and Executives

Mr. Seri Chintanaseri (72)

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.
1997 – Present	Chairman, Seri Manop & Doyle Ltd
2003 – Present	Director/ Member of the Audit Committee, Advance Agro PLC.
2010 – 2014	Legal Subcommittee, The Stock Exchange of Thailand
2007 – 2009	Director/ Member of the Audit Committee, Sammitr Motors Manufacturing PLC.

Percentage of Shareholding: 0.52%

Mr. Vongchai Sangarayakul (67)

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 : 7.22%



Mr. Panja Senadisai (66)

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

Mr. Vinit Chovichien (68)

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 Sangarayakul (40)**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 : 38.18%**Mr. Chaipat Sahasakul (58)****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 (39)

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: 8.78%

Mr. Somsak Viriyapipat (55)

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: 1.26%



Mr. Pisun Sirisulsakulchai (40)**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 : 1.91%**Mr.Siroj Tungkahotara (39)****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 (34)**Executive Vice President - Management****Education:**

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

Work Experience:

2012 – Present	Executive Vice President – Management, Pylon PLC.
2007 – 2012	Vice President – Purchasing, Pylon PLC.
2006 – 2007	Operating System Manager, Pylon PLC.

Percentage of Shareholding: -

Mr. Chaiyaphol Sutthamanuswong (40)**Executive Vice President - Finance****Education:**

- Master of Business Administration (MBA), Kasetsart University
- Bachelor of civil Engineering, Chulalongkorn University

Work Experience:

2013 – Present	Executive Vice President – Finance, Pylon PLC.
1996 – 2013	VP Relationship Manager Bangkok Bank PLC.

Percentage of Shareholding: -

Mrs. Sureerat Nakaphadungrat (52)**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: ๓๖%



Mr. Korn Thongsri (40)**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 (39)**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, Chaina Hua-Fong Construction (Thailand) Co., Ltd.

Percentage of Shareholding : -

Miss Thitima Taiwprateep (35)**Company Secretary****Education:**

- Bachelor of Accounting (Management), The University of Thai Chamber of Commerce

Work Experience :

- 2007 – Present Company Secretary, Pylon PLC.
- 2005 – 2007 Human Resource Staff, Pylon PLC.
- 2002 – 2005 Accounting Staff, Pylon PLC.

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), Ratchadapisektadmai 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 374.99 million and paid up capital is Baht 278.03 million separated into 374.99 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) Ratchadapisektadmai 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 Nakornsri Thammarat 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 (Ajnarong-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 Bangkapi 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.

Year 2013

- Increased capital to Baht 374.99 million in May to facilitate both the stock dividends and the adjusted exercise ratio for PYLON-W1.



Revenue by Products

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

The Company's Revenue

Products	(Unit : Thousand Baht)					
	2011		2012		2013	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Bored Piles	717,479	84.64	780,544	75.53	883,627	80.42
Ground Improvement	-	-	5,350	0.52	-	-
Diaphragm Wall	-	-	-	-	-	-
Total Revenue from Foundation	717,479	84.64	785,894	76.04	883,627	80.42
Revenue from Construction	123,681	14.59	233,779	22.62	201,605	18.35
Revenue from Other Services ¹	1,873	0.22	3,299	0.32	2,984	0.27
Other Revenues ²	4,680	0.55	10,500	1.02	10,528	0.96
Total Revenue	847,713	100.00	1,033,472	100.00	1,098,744	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

Products	(Unit : Thousand Baht)					
	2011		2012		2013	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Revenue from Construction	159,604	100.00	159,604	100.00	365,524	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.

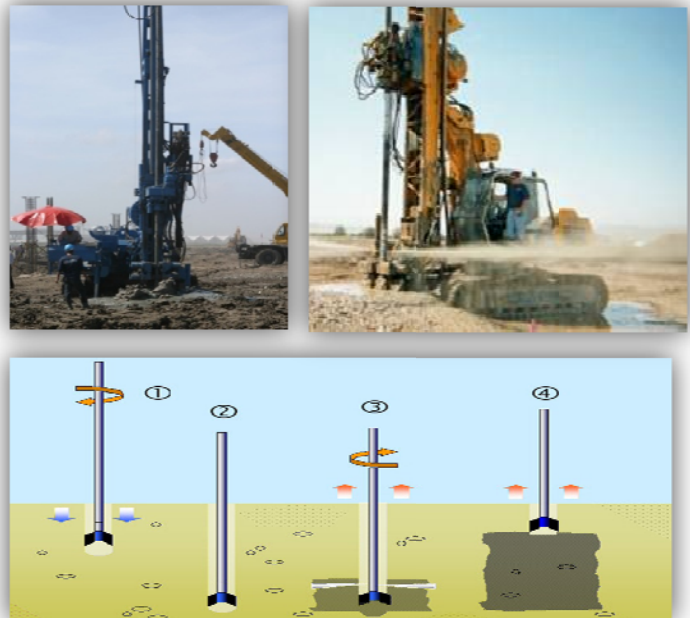


2. Ground Improvement by Jet Grouting

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



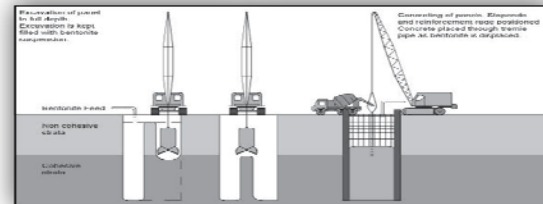
has ability to carry a vertical design load and reduce the settlement of structure above. The soil cement column produced by Jet Grouting has better properties and more homogeneous texture than those produced by other techniques such as low pressure mixing and rotary dry mixing. At present, soil cement 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 construction industry has started to feel the impact of the political rallies taking place from Q4 of 2013. However, the 2013 construction industry outlook showed an improving trend due to high volume of works in the industry and mild price competition.

As for 2014, despite clear signs of the global economic recovery which will lead to the improvement of the Thai export sector, political conflicts with no clear resolution have led to the slowdown in the investments by both the government and private sectors. Also, there is still economic growth uncertainty due to the above factor. The Kasikorn Research Center forecasted the Thailand's economic growth directions in 2014 based on the following 2 assumptions:

- In the case where political conflicts can be solved quickly and the new government can be established within the first half of 2014, the GDP growth should be at 4.1% (in the range between 3.7% and 4.5%) and the inflation rate at 2.2%.
- In the case where a resolution to the political conflicts is delayed and the new government cannot be established within the first half of 2014, the GDP growth should be at 2.5% (in the range between 2.2% and 2.8%) and the inflation rate at 0.8%.

As regards the bored-pile foundation construction industry which is the key driver of the Company's income, during Q1-Q3 of 2013, the volume of bored-pile construction works in the industry was high thanks to the ongoing execution of bored-pile works of a number of the government sector's BTS/MRT projects and the continuous launch of the private sector's projects. Despite Q4's political demonstration developments, the overall bored-pile foundation construction industry was slightly affected.

As regards 2014, although Thailand's economy has been affected by the political conflicts, the Company expected that the effect on the bored-pile foundation construction industry in the first half of 2014 should be minimal. However, with the political conflicts becoming more intensified or being prolonged, the industry may start to be affected and the price competition is likely to be stiffer during the second half of 2014.



Capital Structure

Shareholders

The shareholders' list as at the closing date of the register book on December 11, 2013 is as follow:

No	Name of shareholders	No. of shares	Percentage
1	Sangarayakul Family *	156,638,063	61.11
2	THAI NVDR COMPANY LIMITED	20,813,643	8.12
3	Mr. Pisun Sirisuksakulchai	4,895,998	1.91
4	Mr. Phadet Hongfah	4,151,825	1.62
5	Mr. Somsak Viriyapiphat	3,231,916	1.26
6	Ms. Woraluk Samatchai	2,421,100	0.94
7	Ms. Kiratikarn Wanthanom	2,021,400	0.79
8	Ms. Jariya Taiwprateep	2,012,375	0.79
9	CITIBANK NOMINEE SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT	2,001,900	0.78
10	Mr. Watchara Kaewsawang	2,000,000	0.78
	Other Shareholders	56,151,155	21.91
	Total	256,339,375	100.00

Remark:

* Sangarayakul family consists of Mr. Chanet, Mr. Bordin, Mr. Vongchai and Mr. Anon Sangarayakul which held the shares in percentage of 38.18, 8.78, 7.22 and 6.93 respectively.

DIVIDEND POLICY

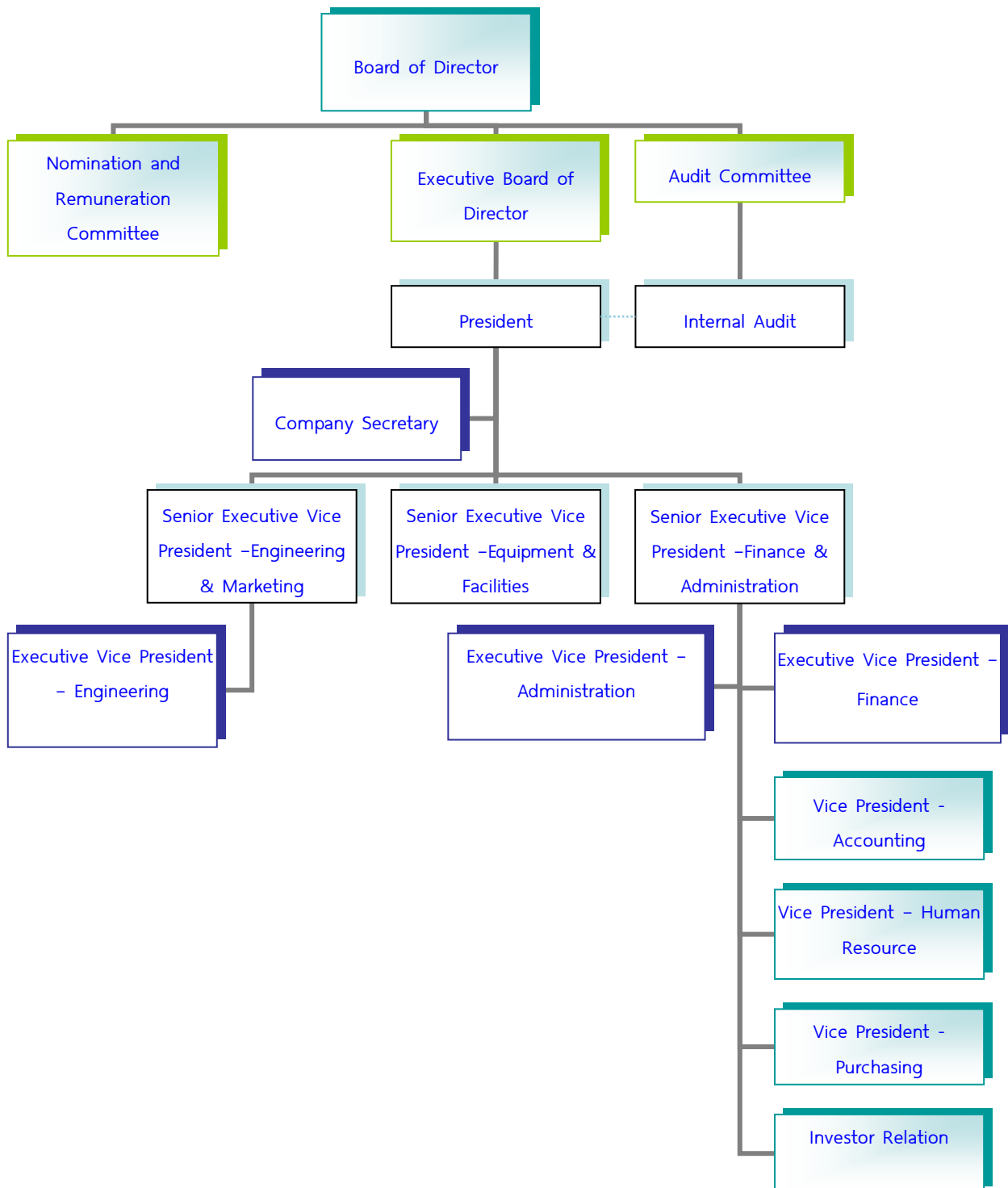
The Company has a policy to pay a dividend at a rate of not less than 40% of net earnings after income tax. However, the Company may pay less than the specified rate if the Company has to use the earnings to expand the operation, to invest, or to other objectives according to the approval of the Company's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

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.



Scope of Authorities of the Nomination and Remuneration Committee

1. To determine the structure, composition and qualifications of the directors and the president.
2. 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.
3. To select the Company's representative for positions in subsidiary and/or associated companies.
4. 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.
5. To set up the criteria for the president's assessment and present to the Board of Directors for consideration and approval.
6. 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%.
7. 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.
8. 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
Mr. Chanet Sangarayakul	President
Mr. Bordin Sangarayakul	Senior Executive Vice President - Finance & Administration
Mr. Pisun Sirisuksakulchai	Senior Executive Vice President - Engineering & Marketing
Mr. Somsak Viriyapipat	Senior Executive Vice President - Equipments & Facilities
Mr. Siroj Tungkahotara	Executive Vice President - Engineering
Mr. Veeratas Chiradechviro	Executive Vice President - management
Mr. Chaiyaphol Sutthamanuswong	Executive Vice president - Finance
Mrs. Sureerat Nakaphadungrat	Vice President - Accounting
Mr. Korn Thongsri	Vice President - Human Resource
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



Remuneration of Directors and Executives.

Directors' Remunerations

Name - Surname	Year 2012				Year 2013			
	Remuneration (Baht)				Remuneration (Baht)			
	Monthly Remuneration	Meeting Allowance	Bonus	Total	Monthly Remuneration	Meeting Allowance	Bonus	Total
1. Mr. Seri Chintanaseri	600,000	30,000	369,231	999,231	600,000	30,000	545,455	1,175,455
2. Mr. Panja Senadisai ¹	300,000	45,000	184,615	529,615	300,000	55,000	272,727	627,727
3. Mr. Chaipat Sahasakul ¹	252,000	55,000	184,615	491,615	252,000	60,000	272,727	584,727
4. Mr. Vinit Chovichien ^{1,2}	252,000	60,000	184,615	496,615	252,000	65,000	272,727	589,727
5. Mr. Vongchai Sangarayakul ²	252,000	35,000	184,615	471,615	252,000	40,000	272,727	564,727
6. Mr. Chanet Sangarayakul		30,000	184,615	214,615		30,000	272,727	302,727
7. Mr. Bordin Sangarayakul		30,000	184,615	214,615		30,000	272,727	302,727
8. Mr. Somsak Viriyapipat		30,000	184,615	214,615		30,000	272,727	302,727
9. Mr. Pisun Sirisuksakulchai		30,000	184,615	214,615		30,000	272,727	302,727
Total	1,656,000	345,000	1,846,154	3,847,154	1,656,000	370,000	2,727,273	4,753,273

Executives' Remuneration

Position	Year 2012			Year 2013		
	No. (Person)	Amount (Million Baht)	Description	No. (Person)	Amount (Million Baht)	Description
Executive	9	10.885	Salary, Bonus, Social Security Fund and Provident Fund	10	12.609	Salary, Bonus, Social Security Fund and Provident Fund



Number of Meeting Attendance

Name - Surname	Year 2013		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
1. Mr. Seri Chintanaseri	6/6		
2. Mr. Vongchai Sangarayakul	6/6		2/2
3. Mr. Panja Senadisai	6/6	5/5	
4. Mr. Chaipat Sahasakul	6/6	5/5	2/2
5. Mr. Vinit Chovichien	6/6	5/5	2/2
6. Mr. Chanet Sangarayakul	6/6		
7. Mr. Bordin Sangarayakul	6/6		
8. Mr. Somsak Viriyapipat	6/6		
9. Mr. Pisun Sirisuksakulchai	5/6		



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 2013, 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 sub 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.



Corporate Social Responsibility

Pylon Public Company Limited has the policy to conduct its business by living up to the concept of corporate social responsibility (CSR) and placing importance on the provision of support through a number of social and community activities as well as the commitment towards ongoing environmental care. The Company conducts its business based on the principles of transparency, accountability, integrity, respect for human rights, and preservation of interests of stakeholders including shareholders, employees, communities surrounding the Company's workplace, customers, trading partners, government agencies and society and the nation as a whole.

The Company focuses on the business development while implementing the concept of corporate social responsibility and complying with laws, regulations and other international practices with an aim of building a foundation for the Company's continuous and sustainable responsibility. The details of the Company's CSR policy are as follows:

1. Operating business with integrity:

The Company is committed to operating its business with integrity and ethics by strictly complying with laws and respecting rules and regulations of society. The organization has a neutral political stance and aims to be a leader in the bored-pile foundation construction industry in terms of quality and efficiency in order to gain trustworthiness from customers, investors and other stakeholders as well as to create value added and promote the organization's sustainable growth. The Company also attaches importance to the international management practices which are beneficial to Thai society. This is for the Company to strive for the achievement of established goals and to foster the integrity which is a core value of the leading organizations.

2. Respect for human rights:

The Company put an emphasis on basic human rights to promote respect for rights and freedom. The Company supports non-favoritism, equitable treatment, equal opportunities for all sexes and classes, and fight against children labour use.

3. Fair treatment of workers:

The Company ensures that wages are determined at appropriate levels compared to the industry. Changes to the structure and organization arrangement are responsibly made within the framework of Thai laws.



The Company has a wide range of employee benefits and put efforts in improving the quality of work life of employees to ensure that employees can perform duties with efficiency and happiness. The Company also provides group accident insurance and medical insurance as well as establishes the Provident Fund to create security for employees.

The Company also stresses the importance of occupational health and safety by establishing the Occupational Health, Safety and Environment Committee for the factories and construction sites which shall be responsible for ensuring employees' safety and health. Measures to check the safety of workplaces on a regular basis were established. Fire extinguishers were installed and fire exits were established. Fire control demonstrations and fire drills were arranged every year for the factory and head office. The operating manual for construction sites was formulated, focusing on occupational health, safety and environment in workplaces and creation of secure work atmosphere for employees, sub contractors and visitors at the construction sites. The manual contains control measures to protect everyone from possible accidents and hazards.

4. Responsibility towards customers:

The Company focuses on the production with quality and highest safety standards to attain the customer's maximum satisfaction. The Company demonstrates sincere and active efforts in handling customers' complaints and problems potentially arising from the production and/or services with a view to maintaining sustainable relationships with customers.

5. Environmental care:

The Company has the clear environmental policy and seriously implements the policy. The Company complies with environmental laws and standards and arranges internal systems to control and prevent against environmental problems. Also, the Company conducts a campaign to promote economical consumption of resources and energy such as electricity, tap water, and especially fuel. According to the progress report, the Company's fuel consumption has been more efficient.

6. Participation in the development of communities and society:

The Company considers the needs of the communities and extends help to concerned parties in the communities around the workplaces. In addition, the Company promotes and supports its employees to volunteer to partake in social contribution activities with communities.



Internal Control

The Company places importance on the adoption of appropriate and adequate internal controls in business management in order to preserve the benefits of shareholders, employees and all other concerned parties. Internal controls based on the principles of good corporate governance and consideration of risks associated with business and operations contribute to the effective and efficient business in both financial and operational aspects and the achievement of the goals specified by the organization.

From June 2005 onwards, the Company has engaged Chayot Co., Ltd. to be the Company's internal auditor. The said firm provides services related to internal audits and accounting system establishment. The firm's services focus on internal audits, provision of recommendations and advice on the design of accounting system, and internal control system assessment. After due consideration of the qualifications of Chayot Co., Ltd., the Audit Committee opined that the firm was qualified for performing such duties as the firm has demonstrated independence and experiences in internal audits. Furthermore, the Company appointed Ms. ThitimaTaiwprateep to coordinate with such outsource auditor.

The duties and responsibilities of Chayot Co., Ltd. (the Company's internal auditor) are as follows:

- 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.

The results of the audit conducted by the internal auditor and the external auditor revealed no significant findings. The Audit Committee Meeting attended by the 3 members acknowledged and provided opinions on the findings and recommendations made by the internal auditor and the external auditor as well as the results of rectification made by the Company.

At the Board of Directors Meeting No. 5/2013 held on 11 November 2013, the Board of Directors assessed the adequacy of the internal control system based on the Audit Committee's report duly considered at the Meeting No. 5/2013 held on 11 November 2013. Based on due consideration of the internal auditor's report (*the report was prepared according to the assessment form revised and announced by the SEC in August 2013 according to the 2013 COSO internal control framework covering five internal control components, i.e. internal control within the organization, risk assessment, operational control, information technology system and communication, and monitoring system, which were divided into 17 sub-principles*) and the management report as well as management responses, the Board of Directors deemed that the internal control system of the Company in five areas were appropriate and 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 2013, 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, the slight growth of the global economy in 2013 has led to stable demand for rebar and little price movement during the year.

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 2013 the foundation industry has been expanding continuously from the beginning of the year. Despite having the political rally in the last quarter, it has a slight impact on the foundation industry because of ongoing projects invested by both public sector such as red and green line Mass Transit projects and private sector's development in condominium projects along the MRT routes. The industry outlook for 2013



showed that the number of projects in the market was close to the production capacity in the industry, hence benign price competition. However the prolongation of political dispute leading to postponement of public investment projects may increase price competition in the future.

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 upheaval 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 Discussion and Analysis



Overview of the Operations in 2013

In 2013, the government sector's large-scale construction projects have been launched in preparation for the upcoming ASEAN Economic Community (AEC) and BTS/MRT projects were continuously carried out. Also, with the fuel prices remaining at the high level, the condominium projects in high potential areas such as those near the BTS/MRT stations still gained high popularity and thus many of such projects were launched by large developers throughout the year. In addition, other forms of investments were made by the government sector for the country development such as Supreme Court Building project, the Thai National Assembly project, CAT Telecom PLC. (CAT)Head Office project. All these factors led to the ongoing demand for the bored-pile foundation construction works during the year and thus the mild market competition.

In 2013, the Company and its subsidiaries posted total construction income of Baht 1,293.86 million, of which 69.25% was from private sector's projects and 30.75% was from government sector's projects.

As regards the Company's costs, the Company continued to implement the policy on the purchase of main materials required for the bored-pile foundation construction works upon entering into the construction contracts in order to mitigate risks from fluctuations of prices of materials required for particular projects. However, since bored-pile foundation construction works do not require much time to finish, the impact of material price fluctuations on the works will be limited. Also, despite material price fluctuations, when acquiring new projects, the Company can always adjust prices to ensure alignment with changing costs applicable to such new projects. There were certain construction projects which required a considerable time to finish and thus were affected by the cost factor such as projects on improvements of water-distribution canals in transactions in which the Company entered into contracts with the government sector (The Company subcontracted construction works to its subsidiaries) and the Company could not adjusted prices relevant to the projects with the government sector. Those projects were impacted by the flood disaster in 2011 and the preparation for the prevention against floods as well as the



daily wage increase to Baht 300 in 2012. Also, certain construction sites experienced problems and obstacles such as trespassing by the public, thereby causing project construction delays. However, the subsidiaries already re-estimated the construction costs of those projects to be in line with the current environment and set aside a provision for losses from construction potentially arising from those projects.

Operating Results

In 2013, the Company and the Subsidiary had revenues from construction works in the total amount of Baht 1,293.86 million which increased by Baht 203.94 million or 18.71 % from the previous year. For the government sector, the important projects were the Supreme Court project, the Thai National Assembly project, the CAT Telecom project, the Improvement of Klong Lane Pane's Drainage System project, the Efficiency Improvement of Klong Kruay Pumping Station project, the Construction of Klong Song Kratum's Flood Protection project, the Construction of Klong Tar Sard's Flood Protection project and the Construction of Klong Wad Yarnnawa's Flood Protection project. For the private sector, the important projects were Central WestGate project, Langsuan Block 3 project, Show DC (Additional) project, Pruksa Real Estate's projects, Asian Property Development's projects, LPN's projects, etc.

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 2013 the Company and the Subsidiary had costs from construction works of Baht 1,026.36 million, increasing Baht 57.65 million or 5.95 % from the previous year. This translated into the percentage of cost to revenue from construction works at 79.33 %.

In 2013, the Company and the Subsidiary had the selling and administrative expenses amounted to Baht 71.23 million of which Baht 61.66 million was incurred by the Company, showing an increase of Baht 16.29 million or 35.90 % from the previous year. The other Baht 9.57 million was incurred by the Subsidiary.

In 2013, the Company and the Subsidiary reversed the allowance for doubtful debts totaling Baht 4.84 million.

In 2013, the Company's net profit was Baht 155.06 million, showing an increase of Baht 77.02 million or 98.70 % from the prior year. The earnings per share was Baht 0.61. The Company and the Subsidiary's net profit was Baht 162.92 million (portion of the Company's shareholders amounting to Baht 159.07 million and portion of the minority interest in the Subsidiary amounting to Baht 3.85 million).



Financial Position

As of December 31, 2013, the Company and the Subsidiary's total assets were Baht 987.43 million comprising current assets of Baht 697.34 million, increasing Baht 107.12 million from the prior year, and non – current assets of Baht 290.09 million, increasing Baht 35.73 million from the previous year. Such increase was mainly from cash and cash equivalents of Baht 57.28 million, from unbilled accrued income of Baht 113.82 million and from property, plant and equipment of Baht 25.97 million. Return on assets in 2013 was 17.79 %.

Regarding liabilities as of December 31, 2013, the Company and the subsidiary had the total liabilities of Baht 360.49 million comprising current liabilities of Baht 334.87 million, lower than that of the previous year approximately Baht 71.12 million. This was mainly from a decrease of Baht 29.78 million in bank overdrafts and short-term loans, a decrease of Baht 93.51 million in trade accounts and note payable and an increase of Baht 52.17 million in other items. Non-current liabilities was Baht 25.62 million showing the increase of Baht 7.73 million from the previous year. Such increase was mainly from liabilities under hire-purchase agreements of Baht 8.97 million whereas other items decreased Baht 1.24 million.

In regard to shareholders' equity as of December 31, 2013, the consolidated financial statements showed shareholders' equity of Baht 626.94 million of which Baht 613.15 million belonged to the Company's shareholders, higher than that of the previous year which was Baht 420.71 million. During the year, the Company gave dividend payment of Baht 56 million. The total debt to equity ratio was 0.58 and the return on equity was 31.10 %.

Audit Fee

In 2013, the audit fee of Baht 890,000 was paid to the auditor of Grant Thornton Limited, comprising the audit fee for the Company of Baht 640,000 and for the Subsidiary of Baht 250,000. 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 2013.

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

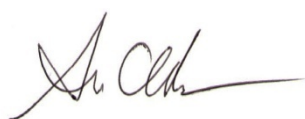
Under the Public Limited Companies Act B.E. 2535, the Accounting Act B.E. 2543, the Securities and Securities Exchange Act B.E. 2535, and the Notifications of the Securities and Securities Exchange Commission regarding the principles, conditions and methods for disclosure of financial statements and 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, 2013, 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 2013, 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 2013 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 2013 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 2013. 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 2013,



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 2014 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 quarter 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 Mrs Sumalee Chokdeeana, CPA License No. 3322 or Mr. Theerasak Chuasrikul, CPA License No. 6624 or Miss Sansanee Poonsawad, CPA License No. 6977 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 2013 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 2013 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 Sangaranyakul 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 2013, a total of two 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 2012 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 2012, 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 2013 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 2013 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 2013, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and 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 2013, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and 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 comply with ethical requirements, including planning and performing the audit to obtain reasonable assurance about 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 31 December 2013 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 2013 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

20 February 2014



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		CONSOLIDATED F/S			SEPARATE F/S		
		31 December 2013	31 December 2012	31 December 2011	31 December 2013	31 December 2012	31 December 2011
	Notes		(Restated)	(Restated)		(Restated)	(Restated)
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	6	111,355,117	54,079,026	33,305,920	105,731,214	53,671,212	26,981,178
Temporary investments	7	51,254,297	64,766,880	78,362,264	51,116,543	64,697,485	78,068,621
Trade accounts and notes receivable							
- general customers - net	8	50,320,938	96,394,582	37,254,189	39,835,937	87,093,748	33,590,853
- subsidiary company	5,8	-	-	-	54,375,706	22,671,613	3,307,052
Unbilled accrued income	9	294,705,831	180,890,923	150,692,895	247,196,217	164,879,608	136,583,377
Other receivables - subsidiary company	5	-	-	-	1,876,347	2,159,867	104,041
Short-term loans to subsidiary company	5	-	-	-	68,000,000	12,500,000	20,000,000
Contracted construction work in progress	9	31,947,426	18,780,851	23,219,752	2,573,125	6,971,149	12,777,564
Spare parts and supplies inventories		34,499,585	35,088,573	46,315,792	30,420,591	31,181,960	42,126,756
Retentions receivable - net	10	69,737,021	62,395,861	57,281,639	50,328,295	46,932,692	37,262,392
Advances for purchases of supplies		10,953,144	62,552,314	53,555,474	4,741,192	59,324,544	43,560,911
Advances for subcontract work - subsidiary company	5	-	-	-	23,412,689	49,783,818	25,473,963
Other current assets		42,567,597	15,274,538	7,788,988	38,757,940	12,129,647	6,090,373
Total current assets		697,340,956	590,223,548	487,776,913	718,365,796	613,997,343	465,927,081
NON - CURRENT ASSETS							
Restricted deposits with banks	11	41,441,424	35,621,414	29,220,480	22,061,680	23,948,680	17,516,680
Investment in subsidiary company - net	12	-	-	-	25,500,000	25,500,000	15,299,970
Property, plant and equipment - net	13	226,272,074	200,301,210	196,439,562	207,940,473	188,221,742	191,016,876
Deposits and guarantees		5,140,549	2,399,839	2,660,867	4,153,715	1,944,669	2,257,768
Refundable income tax deducted at sources	19	15,229,275	13,543,360	13,225,120	2,352,038	3,075,231	6,458,487
Deferred income tax asset - net	19	2,005,310	2,491,628	2,109,977	2,005,310	2,491,628	2,109,977
Total non - current assets		290,088,632	254,357,451	243,656,006	264,013,216	245,181,950	234,659,758
TOTAL ASSETS		987,429,588	844,580,999	731,432,919	982,379,012	859,179,293	700,586,839



**PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION**

(Unit : Baht)

		CONSOLIDATED F/S				SEPARATE F/S	
		31 December 2013	31 December 2012	31 December 2011	31 December 2013	31 December 2012	31 December 2011
	Notes		(Restated)	(Restated)		(Restated)	(Restated)
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		128,775,165	222,283,405	160,190,789	94,105,728	194,623,137	134,232,424
Trade accounts payable - subsidiary company	5	-	-	-	16,489	-	-
Current portion of ;							
- Long - term loans from bank	15	2,208,000	3,800,290	5,938,680	2,208,000	3,800,290	5,938,680
- Liabilities under hire - purchase agreements	16	9,484,247	6,047,342	6,720,157	8,813,759	5,587,166	6,403,489
Retentions payable		27,170,659	22,328,850	17,019,107	9,922,637	9,654,256	10,099,713
Retentions payable - subsidiary company	5	-	-	-	14,823,458	12,154,992	7,452,588
Accrued expenses		61,068,428	28,678,971	33,306,434	46,150,689	24,524,262	26,938,908
Accrued expenses - subsidiary company	5	-	-	-	84,619,166	77,535,193	32,820,564
Deposits from customers		72,271,113	58,048,601	68,536,545	58,336,514	56,672,907	62,705,284
Provision for loss on construction project		16,434,145	20,890,683	2,075,224	-	-	-
Accrued income tax	19	5,842,771	-	-	5,842,771	-	-
Other current liabilities		11,619,555	14,127,980	6,815,205	8,990,462	13,168,231	5,096,594
Total current liabilities		334,874,083	405,990,454	309,816,496	333,829,673	416,565,500	291,688,244
NON - CURRENT LIABILITIES							
Long - term loans from bank - net	15	1,432,000	3,640,000	7,440,290	1,432,000	3,640,000	7,440,290
Liabilities under hire - purchase agreements - net	16	18,013,830	9,042,801	10,025,269	17,145,672	8,209,084	9,365,437
Liabilities under employee benefits obligation	17	6,170,971	5,199,551	4,968,762	5,679,349	4,846,257	4,230,462
Total non - current liabilities		25,616,801	17,882,352	22,434,321	24,257,021	16,695,341	21,036,189
TOTAL LIABILITIES		360,490,884	423,872,806	332,250,817	358,086,694	433,260,841	312,724,433



**PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION**

(Unit : Baht)

		CONSOLIDATED F/S			SEPARATE F/S		
	Notes	31 December 2013	31 December 2012 (Restated)	31 December 2011 (Restated)	31 December 2013	31 December 2012 (Restated)	31 December 2011 (Restated)
SHAREHOLDERS' EQUITY							
Share capital – common share at Baht 1 par value	20						
- Authorized 374,999,359 shares							
(2012 : 300,000,000 shares and 2011 :							
200,000,000 shares)		374,999,359	300,000,000	200,000,000	374,999,359	300,000,000	200,000,000
- Issued and paid - up 256,339,375 shares							
(2012 : 200,008,000 shares and 2011 :							
200,000,000 shares)		278,029,122	200,008,000	200,000,000	278,029,122	200,008,000	200,000,000
Share premium	20	80,175,684	58,880,817	58,871,217	80,175,684	58,880,817	58,871,217
Retained earnings							
- Appropriated for legal reserve	18	24,913,500	17,172,500	13,288,500	24,913,500	17,172,500	13,288,500
- Unappropriated		230,028,700	134,704,942	113,978,731	241,174,012	149,857,135	115,702,689
Total equity of the Company's shareholders		613,147,006	410,766,259	386,138,448	624,292,318	425,918,452	387,862,406
Non-controlling interests in subsidiary		13,791,698	9,941,934	13,043,654	-	-	-
Total shareholders' equity		626,938,704	420,708,193	399,182,102	624,292,318	425,918,452	387,862,406
TOTAL LIABILITIES AND							
SHAREHOLDERS' EQUITY		987,429,588	844,580,999	731,432,919	982,379,012	859,179,293	700,586,839



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	2013	2012 (Restated)	2013	2012 (Restated)
Revenues from construction		1,293,864,206	1,089,926,005	1,085,231,970	1,019,672,753
Costs of construction	23	(1,026,359,159)	(968,709,393)	(844,987,833)	(864,905,456)
Gross profit		267,505,047	121,216,612	240,244,137	154,767,297
Other income	24	4,564,215	5,604,226	13,512,380	13,798,591
Income before expenses		272,069,262	126,820,838	253,756,517	168,565,888
Selling expenses		(1,838,492)	(2,189,871)	(1,551,335)	(1,816,466)
Administrative expenses		(69,388,878)	(50,041,962)	(60,105,030)	(43,553,710)
Reversal of allowance (allowance) for doubtful debts		4,841,006	(7,288,454)	3,634,730	(50,796)
Loss on impairment of investment in subsidiary		-	-	-	(15,299,970)
Total expenses	23	(66,386,364)	(59,520,287)	(58,021,635)	(60,720,942)
Income before financial cost and income tax		205,682,898	67,300,551	195,734,882	107,844,946
Financial cost		(2,240,399)	(2,384,182)	(1,881,569)	(1,898,622)
Income before income tax		203,442,499	64,916,369	193,853,313	105,946,324
Income tax	19	(40,525,737)	(27,908,878)	(38,793,196)	(27,908,878)
Income for the year		162,916,762	37,007,491	155,060,117	78,037,446
Other comprehensive income (loss) for the year		-	-	-	-
Total comprehensive income for the year		162,916,762	37,007,491	155,060,117	78,037,446
Attribution of comprehensive income (loss) to					
Portion of the Company's shareholders		159,066,998	64,609,211	155,060,117	78,037,446
Portion of non - controlling interest in subsidiary		3,849,764	(27,601,720)	-	-
TOTAL		162,916,762	37,007,491	155,060,117	78,037,446
EARNINGS PER SHARE					
Basic earnings per share					
Income (Baht per share)		0.63	0.26	0.61	0.31
Weighted average number of common shares (share)		253,549,841	250,002,087	253,549,841	250,002,087
Diluted earnings per share					
Income (Baht per share)		0.49	0.22	0.48	0.27
Weighted average number of common shares (share)		322,169,394	288,873,240	322,169,394	288,873,240



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

(Unit : Baht)

	Notes	Shareholders' equity of the Company				Total equity of the Company's shareholders	Non-controlling interests' equity	Total shareholders' equity
		Paid-up share capital	Share premium	Retained earnings Appropriated for legal reserve	Unappropriated (Restated)			
<u>CONSOLIDATED F/S</u>								
Balance as at 1 January 2012 - as previously reported		200,000,000	58,871,217	13,288,500	111,868,754	384,028,471	13,043,654	397,072,125
Cumulative effect adjustment from change in accounting policy for deferred income tax as at 31 December 2011	2	-	-	-	2,109,977	2,109,977	-	2,109,977
Balance as at 1 January 2012 - as restated		200,000,000	58,871,217	13,288,500	113,978,731	386,138,448	13,043,654	399,182,102
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 for the year - restated		-	-	-	64,609,211	64,609,211	(27,601,720)	37,007,491
Dividend payment	22	-	-	-	(39,999,000)	(39,999,000)	-	(39,999,000)
Appropriated for legal reserve		-	-	3,884,000	(3,884,000)	-	-	-
Balance as at 31 December 2012 - as restated		200,008,000	58,880,817	17,172,500	134,704,942	410,766,259	9,941,934	420,708,193
Balance as at 1 January 2013 - as previously reported		200,008,000	58,880,817	17,172,500	132,213,314	408,274,631	9,941,934	418,216,565
Cumulative effect adjustment from change in accounting policy for deferred income tax as at 31 December 2012 - net	2	-	-	-	2,491,628	2,491,628	-	2,491,628
Balance as at 1 January 2013 - as restated		200,008,000	58,880,817	17,172,500	134,704,942	410,766,259	9,941,934	420,708,193
Share increment during the year	20	78,021,122	21,294,867	-	-	99,315,989	-	99,315,989
Comprehensive income for the year		-	-	-	159,066,998	159,066,998	3,849,764	162,916,762
Dividend payment	22	-	-	-	(56,002,240)	(56,002,240)	-	(56,002,240)
Appropriated for legal reserve		-	-	7,741,000	(7,741,000)	-	-	-
Balance as at 31 December 2013		278,029,122	80,175,684	24,913,500	230,028,700	613,147,006	13,791,698	626,938,704



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

						(Unit : Baht)
	Notes	Paid-up share capital	Share premium	Retained earnings Appropriated for legal reserve	Unappropriated (Restated)	Total shareholders' equity
SEPARATE F/S						
Balance as at 1 January 2012 - as previously reported		200,000,000	58,871,217	13,288,500	113,592,712	385,752,429
Cumulative effect adjustment from change in accounting policy for deferred income tax as at 31 December 2011	2	-	-	-	2,109,977	2,109,977
Balance as at 1 January 2012 - as restated		200,000,000	58,871,217	13,288,500	115,702,689	387,862,406
Share increment during the year	20	8,000	9,600	-	-	17,600
Comprehensive income for the year - restated		-	-	-	78,037,446	78,037,446
Dividend payment	22	-	-	-	(39,999,000)	(39,999,000)
Appropriated for legal reserve		-	-	3,884,000	(3,884,000)	-
Balance as at 31 December 2012 - as restated		200,008,000	58,880,817	17,172,500	149,857,135	425,918,452
Balance as at 1 January 2013 - as previously reported		200,008,000	58,880,817	17,172,500	147,365,507	423,426,824
Cumulative effect adjustment from change in accounting policy for deferred income tax as at 31 December 2012 - net	2	-	-	-	2,491,628	2,491,628
Balance as at 1 January 2013 - as restated		200,008,000	58,880,817	17,172,500	149,857,135	425,918,452
Share increment during the year	20	78,021,122	21,294,867	-	-	99,315,989
Comprehensive income for the year		-	-	-	155,060,117	155,060,117
Dividend payment	22	-	-	-	(56,002,240)	(56,002,240)
Appropriated for legal reserve		-	-	7,741,000	(7,741,000)	-
Balance as at 31 December 2013		278,029,122	80,175,684	24,913,500	241,174,012	624,292,318



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

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Cash flows from operating activities				
Income before income tax	203,442,499	64,916,369	193,853,313	105,946,324
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities				
Depreciation	36,485,800	32,035,811	32,513,560	30,057,122
Employee benefits expense	740,185	821,611	628,197	709,619
Provision (reversal of provision) for loss on construction project	(4,456,538)	18,815,459	-	-
Allowance (reversal of allowance) for doubtful accounts	(4,236,068)	7,058,462	(3,564,589)	(179,195)
Loss (gain) on disposal of fixed assets	(250,819)	5,240	(154,240)	5,240
Provision for impairment of investment in subsidiary	-	-	-	15,299,970
Interest expense	2,240,399	2,384,182	1,881,569	1,898,622
Cash provided from operations before changes in operating assets and liabilities	233,965,458	126,037,134	225,157,810	153,737,702
Decrease (Increase) in operating assets				
Trade accounts and notes receivable	50,309,712	(59,632,676)	19,118,307	(72,688,261)
Unbilled accrued income	(113,814,908)	(30,198,028)	(82,316,609)	(28,296,231)
Other receivables - subsidiary company	-	-	283,520	(2,055,826)
Contracted construction work in progress	(13,166,575)	4,438,901	4,398,024	5,806,415
Spare parts and supplies inventory	588,988	11,227,219	761,369	10,944,796
Retentions receivable	(7,341,160)	(11,680,401)	(3,395,603)	(9,670,300)
Advances for purchases of supplies	51,599,170	(8,996,840)	54,583,352	(15,763,633)
Advances for subcontract work - subsidiary company	-	-	26,371,129	(24,309,855)
Other current assets	(27,293,059)	(7,485,551)	(26,628,293)	(6,039,274)
Deposits and guarantees	(2,740,710)	261,028	(2,209,046)	313,099
Refundable withholding tax deducted at sources	5,906,136	7,318,983	723,193	5,735,293
Increase (decrease) in operating liabilities				
Trade accounts and notes payable	(93,508,240)	62,092,616	(100,517,409)	60,390,713
Trade accounts payable - subsidiary company	-	-	16,489	-
Retentions payable	4,841,809	5,309,743	268,381	(445,457)
Retentions payable - subsidiary company	-	-	2,668,466	4,702,404
Accrued expenses	32,397,305	(4,673,861)	21,634,275	(2,397,008)
Accrued expenses - subsidiary company	-	-	7,083,973	44,714,629
Deposits from customers	14,222,512	(10,487,944)	1,663,607	(6,032,378)
Other current liabilities	(2,508,425)	7,312,778	(4,177,769)	8,071,637
Employee benefits paid	-	(821,948)	-	(298,612)
Cash provided from operations	133,458,013	90,021,153	145,487,166	126,419,853
Interest payment	(2,017,012)	(2,106,660)	(1,684,522)	(1,711,472)
Income tax payment	(41,788,699)	(35,927,752)	(32,464,107)	(30,642,566)
Net cash provided from operating activities	89,652,302	51,986,741	111,338,537	94,065,815



**PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUE)
FOR THE YEARS ENDED 31 DECEMBER**

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Cash flows from investing activities				
Decrease (increase) in restricted deposits with banks	(5,820,010)	(6,400,934)	1,887,000	(6,432,000)
Increase in investment in subsidiary	-	-	-	(25,500,000)
Decrease in temporary investments	13,512,583	13,595,384	13,580,942	13,371,136
Decrease (Increase) in short - term loans to subsidiary	-	-	(55,500,000)	7,500,000
Proceeds from disposal of fixed assets	350,000	-	-	-
Acquisition of fixed assets	(42,358,699)	(29,984,709)	(32,642,905)	(21,983,298)
Net cash used in investing activities	(34,316,126)	(22,790,259)	(72,674,963)	(33,044,162)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans	(29,784,332)	20,569,977	(18,845,066)	18,845,066
Proceeds from share increment	49,313,989	17,600	49,313,989	17,600
Proceeds from share increment of subsidiary	-	24,500,000	-	-
Repayment of long - term loans	(3,800,290)	(5,938,680)	(3,800,290)	(5,938,680)
Repayment of liabilities under hire - purchase agreements	(7,789,212)	(7,573,273)	(7,271,965)	(7,256,605)
Dividend payment	(6,000,240)	(39,999,000)	(6,000,240)	(39,999,000)
Net cash provided from (used in) financing activities	1,939,915	(8,423,376)	13,396,428	(34,331,619)
Net increase in cash and cash equivalents	57,276,091	20,773,106	52,060,002	26,690,034
Cash and cash equivalents at beginning of year	54,079,026	33,305,920	53,671,212	26,981,178
Cash and cash equivalents at end of year	111,355,117	54,079,026	105,731,214	53,671,212

Supplemental disclosures for cash flows information

Non - cash item :

For the year ended 31 December 2013

The Company paid dividend for the year 2012 by stock dividend of Baht 50,002,000 (50,002,000 common shares, at Baht 1 par value)

The Company acquired machinaries and vehicles totaling Baht 20.50 million of which Baht 18.53 million was under hire - purchase agreements.

The subsidiary acquired vehicles totaling Baht 1.02 million of which Baht 0.76 million was under hire - purchase agreements.

- 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 agreements.

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



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 AND 2012

1. GENERAL INFORMATION

Pylon Public Company Limited was incorporated on 13 August 2002. The Company is engaged in providing services on 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 have been listed for trading in “MAI” under the Stock Exchange of Thailand (SET) since 23 December 2005. The Company’s registered address is at 170/16 Soi Sammit (Sukhumvit Soi 16) Rachadapisektdamai Rd., Klongtoey Sub-district, Klongtoey District, Bangkok 10110.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION

2.1 Basis of financial statement preparation

The accompanying financial statements have been prepared in accordance with 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 translation of these financial statements to other language must be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

During the year 2013, the Federation of Accounting Professions has announced the application of accounting standards, the financial reporting standards that were amended in 2012, and the interpretation of accounting standards and reporting standards, to be effective for fiscal years beginning on or after 1 January 2014. The Company’s management has considered the impact of those financial reporting standards when they are initially applied.

These financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended 31 December 2012, except for adoption of TAS 12: “ Income tax”; as follow:



TAS 12 Income tax

This accounting standard requires the Company and subsidiary to identify temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and related tax bases in order to recognize the income tax effects as deferred income tax asset or liability subjecting to certain recognition criteria. Effective 1 January 2013, the Company and subsidiary have changed this accounting policy and restated the prior year financial statements, presented as comparative information, as if the Company and subsidiary had initially recognized the income tax effects as deferred income tax assets or liabilities in the previous years.

Cumulative effect of the change in accounting policy from the adoption of new accounting standard

Effective 1 January 2013, the Company and subsidiary initially adopted TAS 12: "Income Taxes". The cumulative effect of the change in the accounting policy is separately adjusted in the statement of changes in shareholders' equity. The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarized below.

	(Unit : Baht)		
	CONSOLIDATED F/S AND SEPARATE F/S		
	31 December	31 December	
	2013	2012	1 January 2012
Statement of financial position			
Increase in deferred income tax asset	2,168,469	2,728,797	2,655,940
Increase in deferred income tax liability	163,159	237,169	545,963
Increase in unappropriated retained earnings - net	2,005,310	2,491,628	2,109,977

	Unit : Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	For the years ended 31 December	
	2013	2012
Statement of comprehensive income		
Increase (decrease) in income tax expense	486,318	(381,651)
Increase (decrease) in basic earnings per share (Baht per share)	(0.002)	0.002

Cumulative effect to the financial statement of change in accounting policy for deferred income tax are as follows :



	(Unit : Baht)
	CONSOLIDATED F/S AND SEPARATE F/S
Retroactive adjustment to retained earnings as at 31 December 2011	2,109,977
Effect to the operations for the year 2012 - net	381,651
Retroactive adjustment to retained earnings as at 31 December 2012 - net	2,491,628

2.2 Basis of consolidation

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
	2013	2012	
Excelon Co., Ltd.	51	51	Provide the design, construction, consulting and architectural service for building/ structures

As at 31 December 2013 and 2012, the total assets of subsidiary represent 18.37 percent and 11.56 percent of the total assets in the consolidated financial statements, respectively, total revenues of subsidiary for the years ended 31 December 2013 and 2012, represent 16.12 percent and 9.91 percent, respectively.

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

Costs

Costs of construction are recognized 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 recognized 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 asset 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 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 values of the underlying lease payments whichever are 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 estimated 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

At the closing date of the fiscal year, 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 statements of comprehensive income. An asset recoverable amount is the higher of fair value less costs to sell or value in use.

Income tax

The income tax expense for the period comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax

Current income tax is the expected tax payable or claimable, under the income tax prevailing, on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purpose. Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they are intended to be settled on a net basis or when income tax assets and liabilities will be realized simultaneously.



A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In accordance with Royal Decree No. 530 dated 21 December 2011, the income tax rate will be reduced from 30 percent to 23 percent in 2012, and will be further reduced to 20 percent in 2013 and 2014.

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 who directly or indirectly own a voting right 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 are 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 contributory provident funds, whereby monthly contributions are made by employees and by the Company and subsidiary. The funds' assets are held in a separate trusted funds. 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 Labour 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 will not significantly impact 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 or 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 revenues may be higher or lower than estimated at the financial statements date, which would affect the revenues 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 to recognize the estimated collection losses that may incur in the collection of receivable. The estimated losses are based on historical collection experiences couple with a review of outstanding receivable status 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. Provision for losses on construction project

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 significant accounting transactions with related parties. 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 2013 and 2012 are as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Balance with Excelon Co., Ltd.				
(Subsidiary company)				
Trade accounts receivable	-	-	54,375,706	22,671,613
Other receivables	-	-	1,876,347	2,159,867
Short-term loan to subsidiary company	-	-	68,000,000	12,500,000
Advances for subcontract work	-	-	23,412,689	49,783,818
Retentions payable	-	-	14,823,458	12,154,992
Trade accounts payable	-	-	16,489	-
Accrued expenses	-	-	84,619,166	77,535,193
Liabilities under employee benefits obligation				
Key management personnel	1,517,714	1,297,702	1,454,379	1,246,155

As at 31 December 2013 and 2012, short-term loans to subsidiary bear interest at MLR – 1.0 percent per annum and MLR + 0.5 percent per annum of a domestic bank, respectively. The loans are collateralized by the personal guarantees of a subsidiary's director and are payable during the period from 2 January 2014 to 12 June 2014.



Significant transactions with related parties for the years ended 31 December 2013 and 2012 are as follow:

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		For the years ended 31 December			
	Pricing policy	2013	2012	2013	2012
Material supplies margin income	Agreed rate	-	-	519,854	299,971
Management fee	Contract price	-	-	600,000	800,000
Other income	Agreed price	-	-	9,074,654	7,678,352
Materials procurement margin expense	Agreed rate	-	-	303	25,163
Project management fee	Agreed price	-	-	247,597	61,927
Administrative charge for project delay	Agreed price	-	-	-	1,533,677
Subcontract work	Agreed price	-	-	156,644,334	135,596,152
Other fee	Agreed price	-	-	21,517	2,604,557
<u>Key directors and management personnel compensation</u>					
Short - term benefits for directors and management		16,253,030	13,555,932	14,922,230	12,225,132
Post-employment benefits		220,012	205,071	208,224	193,283
Total		16,473,042	13,761,003	15,130,454	12,418,415

6. CASH AND CASH EQUIVALENTS

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		2013	2012	2013	2012
Cash on hand		2,071,978	1,142,079	1,021,978	762,079
Cash at bank - Current account		4,583,630	103,262	79,061	102,262
Cash at bank - Savings account		104,699,509	52,833,685	104,630,175	52,806,871
Total		111,355,117	54,079,026	105,731,214	53,671,212

During the year 2013, savings deposit with banks bear interest at 0.75 – 2.00 percent per annum.



7. TEMPORARY INVESTMENTS

			(Unit : Baht)			
			CONSOLIDATED F/S		SEPARATE F/S	
	Interest rate	Period	2013	2012	2013	2012
	per annum					
	Fixed rates of					
Fixed deposits	1.45 – 2.85	3 - 6	11,254,297	734,341	11,116,543	664,946
	percent	months				
Bills of exchange	Fixed rates of	7 - 30	40,000,000	64,032,539	40,000,000	64,032,539
	2.25 – 2.75	days				
	percent					
Total			51,254,297	64,766,880	51,116,543	64,697,485

 8. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

As at 31 December 2013 and 2012, the aged trade accounts and notes receivable are as follows:

(Unit : Baht)				
		CONSOLIDATED F/S		SEPARATE F/S
		2013	2012	2013
				2012
<u>Trade accounts and notes receivable</u>				
<u>- general customers</u>				
Not yet due		8,394,501	46,354,677	8,394,501
Overdue 1 - 30 days		19,649,667	27,890,120	19,489,781
Overdue 31 - 60 days		422,123	84,035	-
Overdue 61 - 90 days		1,185,971	1,660,747	1,088,047
Overdue 91 - 180 days		8,193,034	4,626,675	230,553
Overdue 181 - 360 days		847,398	4,382,302	51,983
Overdue more than 360 days		15,951,686	19,955,536	14,904,514
Total		54,644,380	104,954,092	44,159,379
<u>Less</u> Provision for doubtful debts		(4,323,442)	(8,559,510)	(4,323,442)
Net		50,320,938	96,394,582	39,835,937
<u>Trade accounts receivable</u>				
<u>- subsidiary company</u>				
Not yet due		-	-	5,005,138
Overdue 1 - 30 days		-	-	3,007,287
Overdue 31 - 60 days		-	-	3,885,428
Overdue 61 - 90 days		-	-	7,211,017
Overdue 91 - 180 days		-	-	9,945,714
Overdue 181 - 360 days		-	-	15,301,942
Overdue more than 360 days		-	-	10,019,180
Total		-	-	54,375,706



As at 31 December 2013 and 2012, the Company has trade accounts receivable overdue more than 360 days totalling Baht 10.58 million and Baht 9.55 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 1.11 million and Baht 0.08 million, respectively, with no allowance, since the management believes that the Company is able to collect all such receivables.

As at 31 December 2013, the Company has trade accounts receivable - subsidiary which has been overdue for payment for more than 360 days of Baht 10.02 million. Management believes that the Company is able to collect all outstanding balance because the subsidiary begin to have operating profit for the year ended 31 December 2013 and also has unbilled accrued income from the Company for sub-contracted work amounted to Baht 84.61 million. Should the subsidiary render construction service and collect money from the Company, it will be able to repay the outstanding balance to the Company in full amount. The Company therefore, does not set up allowance for doubtful collection of said overdue amount.

9. UNBILLED ACCRUED INCOME AND CONTRACTED CONSTRUCTION WORKS IN PROGRESS

The Company's and subsidiary's construction works in progress are as follow :

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Aggregate costs of work in progress plus margin on the percentage of completion determined by engineers	1,782,851,017	1,275,271,548	1,262,867,484	971,921,907
<u>Add</u> Accrued cost of work in progress	12,768,811	8,298,252	7,215,699	4,956,425
<u>Less</u> Progress billings to date based on contracts	(1,468,966,571)	(1,083,898,026)	(1,020,313,841)	(805,027,575)
Balance of recognized income and work in progress	326,653,257	199,671,774	249,769,342	171,850,757
<u>Less</u> work in progress - at cost	(31,947,426)	(18,780,851)	(2,573,125)	(6,971,149)
Unbilled accrued income	294,705,831	180,890,923	247,196,217	164,879,608



10. RETENTIONS RECEIVABLE – NET

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Retentions receivable	76,607,957	69,871,734	51,167,849	47,842,387
<u>Less</u> Allowance for non collection	(6,870,936)	(7,475,873)	(839,554)	(909,695)
Net	69,737,021	62,395,861	50,328,295	46,932,692

These 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 2013 and 2012, the Company and subsidiary had fixed deposits with banks totalling Baht 41.44 million and Baht 35.62 million, respectively, which have been pledged with banks as collaterals for the bank guarantees for the Company's performance bond as well as the bank overdraft.

12. INVESTMENT IN SUBSIDIARY COMPANY – NET

		(Unit : Baht)					
	Type of business	Paid-up Capital (Baht)		Percentage of Shareholding (percent)		SEPARATE F/S Cost Method	
		2013	2012	2013	2012	2013	2012
<u>Subsidiary</u>							
Exelon Co., Ltd.	Service for design, construction, consulting, and decoration for building	80,000,000	80,000,000	51	51	40,799,970	40,799,970
<u>Less</u>	Provision for impairment					(15,299,970)	(15,299,970)
Investment in the subsidiary – net						25,500,000	25,500,000



13. PROPERTY, PLANT AND EQUIPMENT – NET

					(Unit : Baht)
	CONSOLIDATED F/S				
	2012	Increase	Decrease	Transfer In (Out)	2013
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	210,082,163	34,137,175	(330,000)	-	243,889,338
Tools and equipment	96,951,044	19,770,678	(7,100)	5,312,216	122,026,838
Furniture, fixtures and office equipment	8,023,127	1,019,211	-	-	9,042,338
Vehicles	32,950,914	3,959,210	-	-	36,910,124
Machinery under installation	2,907,075	3,829,217	-	(5,312,216)	1,424,076
Total	429,248,731	62,715,491	(337,100)	-	491,627,122
Accumulated depreciation					
Building - factory	12,550,606	1,850,323	-	-	14,400,929
Building - office and improvement	7,469,316	486,933	-	-	7,956,249
Machinery	116,557,009	18,416,460	(76,578)	-	134,896,891
Tools and equipment	63,822,563	10,864,317	(1,695)	-	74,685,185
Furniture, fixtures and office equipment	5,980,462	998,933	-	-	6,979,395
Vehicles	22,567,565	3,868,834	-	-	26,436,399
Total	228,947,521	36,485,800	(78,273)	-	265,355,048
Net Book Value	200,301,210				226,272,074
Depreciation allocation:					
Costs of service	29,683,553				33,171,653
Selling and administrative expenses	2,352,258				3,314,147
Total	32,035,811				36,485,800

As at 31 December 2013 and 2012, the fully depreciated equipments of the Company and subsidiary that are still in use costed Baht 54.30 million and Baht 51.18 million, respectively.



					(Unit : Baht)
SEPARATE F/S					
	2012	Increase	Decrease	Transfer In (Out)	2013
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	208,222,163	32,607,175	-	-	240,829,338
Tools and equipment	86,985,900	12,154,992	(7,100)	5,312,216	104,446,008
Furniture, fixtures and office equipment	7,458,123	770,910	-	-	8,229,033
Vehicles	30,326,399	2,949,943	-	-	33,276,342
Machinery under installation	2,907,075	3,754,676	-	(5,312,216)	1,349,535
Total	414,234,068	52,237,696	(7,100)	-	466,464,664
Accumulated depreciation					
Building – factory	12,550,606	1,850,323	-	-	14,400,929
Building - office and improvement	7,469,316	486,933	-	-	7,956,249
Machinery	116,487,022	18,095,929	-	-	134,582,951
Tools and equipment	61,861,667	8,064,677	(1,695)	-	69,924,649
Furniture, fixtures and office equipment	5,740,577	805,660	-	-	6,546,237
Vehicles	21,903,138	3,210,038	-	-	25,113,176
Total	226,012,326	32,513,560	(1,695)	-	258,524,191
Net Book Value	188,221,742				207,940,473
Depreciation allocation:					
Costs of service	28,281,784				30,051,480
Selling and administrative expenses	1,775,338				2,462,080
Total	30,057,122				32,513,560

As at 31 December 2013 and 2012, 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 2013 and 2012, the fully depreciated equipments of the Company that are still in use costed Baht 53.83 million and Baht 51.18 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 totalling Baht 18.85 million.

As at 31 December 2013 and 2012, the Company has bank overdraft facilities with 3 banks totalling Baht 32 million. 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, the subsidiary has bank overdrafts of Baht 10.94 million.

As at 31 December 2013 and 2012, the subsidiary has unused bank overdrafts and other credit facilities totalling Baht 97.97 million and Baht 27.58 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 19.38 million.

15. LONG - TERM LOANS FROM BANK

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Long - term loans from bank	3,640,000	7,440,290	3,640,000	7,440,290
<u>Less</u> Current portion due within one year	(2,208,000)	(3,800,290)	(2,208,000)	(3,800,290)
Long - term loans from bank - net	<u>1,432,000</u>	<u>3,640,000</u>	<u>1,432,000</u>	<u>3,640,000</u>

As at 31 December 2013 and 2012, the Company has long - term loans from a bank of Baht 3.64 million and Baht 7.44 million, respectively, which bear interest at the MLR - 0.50 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	
	2013	2012	2013	2012
Liabilities under hire - purchase agreements	30,598,669	16,580,130	28,948,849	15,171,174
<u>Less</u> Deferred financing charges	<u>(3,100,592)</u>	<u>(1,489,987)</u>	<u>(2,989,418)</u>	<u>(1,374,924)</u>
	27,498,077	15,090,143	25,959,431	13,796,250
<u>Less</u> Current portion due within one year	<u>(9,484,247)</u>	<u>(6,047,342)</u>	<u>(8,813,759)</u>	<u>(5,587,166)</u>
Liabilities under hire - purchase agreements - net	18,013,830	9,042,801	17,145,672	8,209,084

17. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

During the years ended 31 December 2013 and 2012, movements in employee benefits obligation are as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Balance as at 1 January	5,199,551	4,968,762	4,846,257	4,230,462
Provision expense for the period in statement of comprehensive income	971,420	1,052,737	833,092	914,407
Paid out during the year	-	(821,948)	-	(298,612)
Balance as at 31 December	6,170,971	5,199,551	5,679,349	4,846,257

The employee benefit expenses were recorded in the statement of comprehensive income for the years ended 31 December 2013 and 2012 as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Current service cost	740,185	821,611	628,196	709,619
Interest cost	231,235	231,126	204,896	204,788



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 percent of its annual net income, after deduction of the deficit (if any), as statutory reserve until the reserve reaches not less than 10 percent 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 appropriate at least 5 percent of its net earnings at each dividend declaration until the reserve reaches not less than 10 percent of the registered share capital. This reserve is not available for dividend distribution.

19. DEFERRED INCOME TAX ASSET/LIABILITY AND INCOME TAX EXPENSE

	CONSOLIDATED F/S		SEPARATE F/S	
	2012	2011	2012	2011
Income before income tax	203,442,499	64,916,369	193,853,313	105,946,324
<u>Add</u> Transactions added back under the provision of the Revenue Code	18,907,411	2,463,753	1,716,215	17,763,723
Less Additional expense deductions	(6,591,065)	(707,746)	(4,035,132)	(707,746)
Loss carried forward not over 5 years	(15,561,745)	-	-	-
Net loss of subsidiary which included in consolidated F/S	-	56,329,925	-	-
Taxable income	200,197,100	123,002,301	191,534,396	123,002,301
Income tax in compliance with the Revenue Code				
- at the rate of 20% (2012 : rate of 23%)	40,039,419	28,290,529	38,306,878	28,290,529



Current income tax expense under the Revenue				
Code	40,039,419	28,290,529	38,306,878	28,290,529
The amount of deferred income tax expense relating to the initial and reversal of temporary differences				
	486,318	(381,651)	486,318	(381,651)
Income tax	<u>40,525,737</u>	<u>27,908,878</u>	<u>38,793,196</u>	<u>27,908,878</u>
Accrued (prepaid) income tax at the beginning of the year				
	(13,543,360)	(13,225,120)	(3,075,231)	(6,458,487)
<u>Add</u> Tax withheld at sources during the year	(41,788,699)	(35,927,752)	(32,464,107)	(30,642,566)
<u>Less</u> Income tax for the year	40,039,419	28,290,529	38,306,878	28,290,529
Refunded income tax deducted at sources	<u>5,906,136</u>	<u>7,318,983</u>	<u>723,193</u>	<u>5,735,293</u>
Accrued (prepaid) income tax at the ending of the year	<u>(9,386,504)</u>	<u>(13,543,360)</u>	<u>3,490,733</u>	<u>(3,075,231)</u>
Accrued income tax	5,842,771	-	5,842,771	-
Refundable income tax deducted at sources	<u>(15,229,275)</u>	<u>(13,543,360)</u>	<u>(2,352,038)</u>	<u>(3,075,231)</u>
	<u>(9,386,504)</u>	<u>(13,543,360)</u>	<u>3,490,733</u>	<u>(3,075,231)</u>

Deferred income tax asset/liability as at 31 December 2013 and 2012, which were resulted from taxable temporary difference between those asset/liability for income tax purpose and asset/liability for accounting purpose are summarized as follow:

	(Unit : Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	2013	2012
<u>Deferred income tax assets</u>		
From provision for doubtful debts	1,032,599	1,759,545
From provision for employee benefits obligation	1,135,870	969,252
Total	<u>2,168,469</u>	<u>2,728,797</u>
<u>Deferred income tax liability</u>		
From difference in accumulated depreciation for equipment	<u>163,159</u>	<u>237,169</u>
Net	<u>2,005,310</u>	<u>2,491,628</u>



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 by issuing 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).

At the Annual General Meeting of the Company shareholders No. 1/2013 held on 25 April 2013, the shareholders pass a resolution to approve the increase of the Company's authorized share capital from Baht 300,000,000 to Baht 374,999,359 by issuing new 74,999,359 common shares at Baht 1 par value, to support stock dividend payment for 50,002,000 common shares to existing shareholders of the Company at the rate of 1 new ordinary share per 4 existing ordinary shares, remaining shares from the allotment of the stock dividend is to be offered to Mr. Chanet Sangaranyakul, Chairman of the Executive Board, at the market rate, calculated from the weighted average closing prices of the Company's shares traded in the MAI for 7 trading days before the date of the 2013 Annual General Meeting, which was 6.47 Baht per share. This generated the share premium of Baht 334. The remaining share is to support warrant exercising of new 24,997,359 common shares.

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 for offering 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.



At the annual general meeting of the Company shareholders No. 1/2013 held on 25 April 2013, the shareholders passed a resolution to approve the increase of the Company's authorized share capital from Baht 300,000,000 to Baht 374,999,359 by issuing 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 shares, and the exercise price is adjusted from Baht 2.20 per share to Baht 1.76 per share.

On 28 June 2013, the warrant holders exercised 5,063,500 warrants to 6,329,375 common shares with exercise price of Baht 1.76 per share. The Company has additionally paid-up share capital and share premium of Baht 6,329,375 and Baht 4,810,325, respectively.

On 27 December 2013, the warrant holders exercised 17,351,799 warrants to 21,689,747 common shares with exercise price of Baht 1.76 per share. The Company has additionally paid-up share capital and share premium of Baht 21,689,747 and Baht 16,484,207, respectively. As at 31 December 2013, the Company has 77,574,136 units of outstanding unexercised warrant.

21 EARNINGS PER SHARE

Basic earnings per share are 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 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.

As discussed in Note 20.1, the Company issues stock dividend to existing shareholder of the Company at the rate of 1 new ordinary share per 4 existing ordinary shares, the Company adjusted number of common shares as if they were issued at the beginning of the earliest period reported. Consequently, the Company's basic earnings per share for the year ended 31 December 2012 changed



from Baht 0.39 per share (calculated from 200,000,087 common shares) to Baht 0.31 per share (calculated from 250,002,087 common shares).

22 DIVIDEND PAYMENT

At the annual general meeting of the Company shareholders No. 1/2013 held on 25 April 2013, the shareholders passed a resolution to approve the payment of annual dividend for the year 2012 from its profit from operations to the shareholders totalling 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 61 common shares from the allotment of the stock dividend is offered to Mr. Chanet Sangarayakul, Chairman of the Executive Board, at the market rate, calculated from the weighted average closing price of the Company's shares traded in the MAI for 7 trading days before the date of the 2013 Annual General Meeting at 6.47 Baht per share which bring the share premium for Baht 334.

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.

23 EXPENSES BY NATURE

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Raw materials and consumable supplies used	568,298,679	609,252,460	377,683,787	496,883,540
Changes in contracted construction work in progress	(8,696,016)	4,438,901	6,657,299	5,806,415
Salaries, wages and other employee benefits	178,652,481	133,325,937	144,253,962	110,318,693
Subcontractor expenses	141,998,355	102,279,757	194,761,150	162,935,171
Depreciation	36,485,800	32,035,810	32,513,560	30,057,121
Rental expenses	42,002,686	20,141,576	33,347,489	16,857,237



Repair and maintenance expenses	41,504,868	33,537,212	40,059,088	32,902,756
Transportation	17,619,766	15,028,172	16,616,850	13,415,775
Allowance for loss on construction project	15,628,775	20,890,683	-	-
Allowance for loss on investment in subsidiary	-	-	-	15,299,970

24 OTHER INCOME

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2013	2012	2013	2012
Interest income	3,262,324	2,478,606	5,861,302	5,325,310
Rental income for machinery and equipments	47,395	346,611	2,983,897	3,299,224
Management fee income	-	-	600,000	800,000
Revenue from sales of construction materials and scraps	78,534	316,125	556,631	344,286
Other service income	750,000	965,476	-	965,476
Others	425,962	1,497,408	3,510,550	3,064,295
Total	4,564,215	5,604,226	13,512,380	13,798,591

25 SEGMENT REPORTING

The Company and subsidiary are engaged only in one segment of construction business. Details of core revenues for the years ended 31 December 2013 and 2012 are as follows :



	(Unit : Baht)							
	CONSOLIDATED F/S							
	For the years ended 31 December							
	2013				2012			
	Foundation work	Construction work	Eliminated	Total	Foundation work	Construction work	Eliminated	Total
Revenues from services	883,627,314	567,128,824	(156,891,932)	1,293,864,206	785,893,965	438,161,623	(134,129,583)	1,089,926,005
Costs of services				(1,026,359,159)				(968,709,393)
Gross profit				267,505,047				121,216,612
Interest income				3,262,324				2,478,606
Interest expenses				(2,240,399)				(2,384,182)
Depreciation				(36,485,800)				(32,035,811)
Reversal of provision (provision) for loss on construction project				4,456,538				(18,815,459)
Income before income tax				203,442,499				64,916,369
Trade accounts and notes receivable - net				50,320,938				96,394,582
Unbilled accrued income				294,705,831				180,890,923
Retentions receivable - net				69,737,021				62,395,861
Property, plant and equipments - net				226,272,074				200,301,210
Other assets				346,393,724				304,598,423
Total Assets				<u>987,429,588</u>				<u>844,580,999</u>



Major customer

For the years ended 31 December 2013 and 2012, the Company's and subsidiary's revenue came from major customers, Government enterprises and private companies, amounted to Baht 466 million and Baht 497 million, respectively.

(Unit : Baht)						
	SEPARATE F/S					
	For the years ended 31 December					
	2013			2012		
	Foundation work	Construction work	Total	Foundation work	Constructio n work	Total
Revenues from services	883,627,314	201,604,656	1,085,231,970	785,893,965	233,778,788	1,019,672,753
Costs of services			(844,987,833)			(864,905,456)
Gross profit			<u>240,244,137</u>			<u>154,767,297</u>
Interest income			5,861,302			5,325,309
Interest expenses			(1,881,569)			(1,898,622)
Depreciation			(32,513,560)			(30,057,122)
Provision for impairment of investment in subsidiary			-			(15,299,970)
Income before income tax			193,853,313			105,946,324
Trade accounts and notes receivable - net			94,211,643			109,765,361
Unbilled accrued income			247,196,217			164,879,608
Retentions receivable - net			50,328,295			46,932,692
Property, plant and equipments - net			207,940,473			188,221,742
Other assets			<u>382,702,384</u>			<u>349,379,890</u>
Total Assets			<u>982,379,012</u>			<u>859,179,293</u>

Major customer

For the years ended 31 December 2013 and 2012, the Company's revenue came from major customers, Government enterprises and a private company, amounted to Baht 338 million and Baht 438 million, respectively.



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 loans, 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 counter party will default 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 low, 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 2013, 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 310.02 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 business.



28 EVENTS AFTER THE REPORTING PERIOD

At the meeting on 20 February 2014, the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.30 per share to the common shareholders, from operating result for the year 31 December 2013. The 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 20 February



References

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