

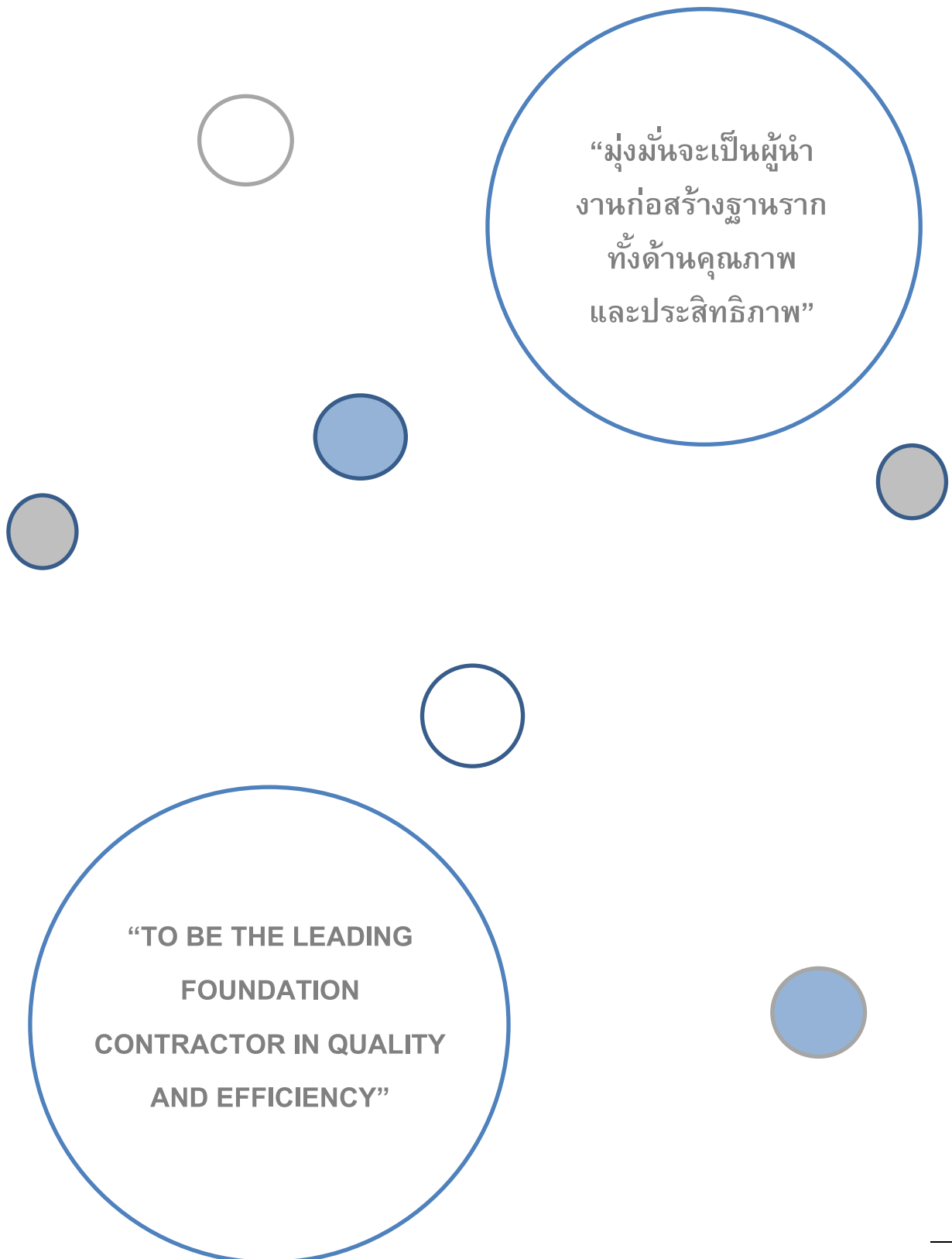


# ANNUAL REPORT 2014

**PYLON**  
PUBLIC COMPANY LIMITED

## วิสัยทัศน์

(Vision)



รางวัลแห่งความภูมิใจ  
(Proud Award)



## ข้อมูลสรุปทางการเงิน

### (Financial Summary)

ข้อมูลทางการเงิน (พันบาท) Financial Data (Thousand Baht)	งบการเงินเฉพาะของบริษัท Separate Financial Statement			งบการเงินรวม Consolidated Financial Statement		
	2555	2556	2557	2555	2556	2557
	(2012)	(2013)	(2014)	(2012)	(2013)	(2014)
สินทรัพย์รวม Total Assets	856,688	982,379	1,229,951	842,089	987,430	1,265,521
หนี้สินรวม Total Liabilities	433,261	358,087	357,035	423,873	360,491	381,581
ส่วนของผู้ถือหุ้น Shareholders' Equity	423,427	624,292	872,916	408,274	613,147	872,916
รายได้จากการรับจ้าง Revenue from Rendering of Service	1,019,673	1,085,232	1,154,077	1,089,926	1,293,864	1,367,876
กำไรสุทธิ Net Profit	78,037	155,060	184,387	64,609	159,067	195,552

อัตราส่วนทางการเงิน Financial Ratio	งบการเงินเฉพาะของบริษัท Separate Financial Statement			งบการเงินรวม Consolidated Financial Statement		
	2555	2556	2557	2555	2556	2557
	(2012)	(2013)	(2014)	(2012)	(2013)	(2014)
อัตรากำไรสุทธิ (%) Net Profit (%)	7.55%	14.11%	15.78%	3.38%	12.55%	14.03%
อัตราผลตอบแทนผู้ถือหุ้น (%) Return on Equity	19.18%	29.53%	24.63%	9.03%	31.10%	26.32%
อัตราผลตอบแทนจากสินทรัพย์ (%) Return on Assets (%)	10.01%	16.84%	16.67%	4.70%	17.79%	17.12%
กำไรสุทธิต่อหุ้น (บาท) Earning per share (Baht)	0.31	0.61	0.66	0.26	0.63	0.70
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt to Equity (Time)	1.02	0.57	0.41	1.01	0.58	0.43
อัตราการเติบโตของรายได้จากการรับจ้าง (%) Revenue from Rendering of Service Growth (%)	21.22%	6.43%	6.34%	15.36%	18.71%	5.72%
อัตราการเติบโตของกำไรสุทธิ (%) Net Profit Growth (%)	1.12%	98.70%	18.91%	-52.75%	340.23%	18.34%

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 Message to Shareholders of Pylon Public Company Limited



The foundation construction sector in 2014 experienced a continued growth trend from 2013, due to the on-going expanding construction in mass rapid transit (MRT) projects, expressways and large-scale buildings such as the Parliament House and the private sector's condominium projects along the MRT routes. This resulted in a high and steady demand growth for foundation construction. High demand for construction coupled with Pylon Pcl. (the Company)'s prudent operations and its adaptability to price competition were the major factors contributing to satisfactory performance of the Company's operations in 2014.

Although 2015 is expected to be the year that the construction sector in general will be negatively affected by the public sector's slow disbursement problem and a delay in investment in infrastructure mega projects, the foundation construction in the first half of 2015 will benefit from the continued construction of private sector's condominium projects along MRT routes. It is also expected that the foundation construction in the second half of 2015 improve even more when the construction of MRT Green Line commences.

Since the Company's primary goal is to achieve long-term growth and sustainability in the long run, the Company shall continue to adhere to its policy on customer base expansion and give the priority to customer screening process, cost control, liquidity management, and continued human resources 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 management and operations. Special thanks go to those who have provided to the Company their endless supports. I also would like to thank the Company's management team and all of its employees for their joint efforts in carrying out their duties with accountability and diligence. All these factors play an important part in laying solid grounds for Pylon Pcl's future development and ensuring its growth as well as ultimately achieving both its short and long-term goals.

(Mr. Seri Chintanaseri)

Chairman of the Board of Directors

## Company's Board of Directors



**Mr.Seri Chintanaseri**

Chairman

Independent Director



**Mr.Vongchai Sangarayakul**

Founder Chairman / Director /Member of  
the Nomination and Remuneration Committee





**Mr. Panja Senadisai**

Independent Director/  
Chairman of the Audit Committee



**Mr. Vinit Chovichien**

Independent Director/  
Chairman of the Nomination and Remuneration  
Committee/ Member of the Audit Committee



**Mr. Chanet Sangarayakul**

Director/  
Chairman of the Executive Committee



**Mr. Chaipat Sahasakul**

Independent Director/  
Member of the Audit Committee/  
Member of the Nomination and  
Remuneration Committee



**Mr. Bordin Sangarayakul**

Director/  
Member of the Executive Committee



**Mr. Somsak Viriyapiphat**

Director/  
Member of the Executive Committee



**Mr. Pisun Sirisuksakulchai**

Director/  
Member of the Executive Committee

## The Positions of Company's Directors and Executives

### Mr. Seri Chintanaseri

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: 0.55%

### Mr. Vongchai Sangarayakul

Founder Chairman

Director

Member of the Nomination and Remuneration Committee

#### Education :

- ▶ High School

#### IOD Training :

- ▶ Directors Accreditation Program (44/2005)

#### Work Experience :

2005 – Present	Director/ Member of the Nomination and Remuneration Committee, Pylon PLC.
1967 – Present	Owner, Siam Pharmacy
2004 - 2005	Director, Pylon Co., Ltd.

Percentage of Shareholding : 7.28%

**Mr. Panja Senadisai**

Independent Director

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

**Percentage of Shareholding:**

-

**Mr. Vinit Chovichien**

Independent Director

Chairman of the Nomination &amp; Remuneration Committee

Member of the Audit 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 :**

- 2013 – Present Chairman of the Nomination and Remuneration Committee, Pylon PLC.
- 2005 – Present Independent Director/ Member of the Audit Committee/ Member of the Nomination & Remuneration Committee, Pylon PLC.
- 2007 – Present Special Instructor, Faculty of Engineering, Chulalongkorn University
- 1972 – 2007 Lecturer, Faculty of Engineering, Chulalongkorn University

**Percentage of Shareholding :**

-

**Mr. Chanet Sangarayakul**

Director

Chairman of the Executive Committee

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 the Executive Committee, Pylon PLC.
2008 – Present	Chairman, Excelon Co., Ltd.
2011 – Present	Directors Thai Listed Companies Association
2011 – Present	Director mai Listed Companies Association
2012 – 2005	Chairman/ President, Pylon Co., Ltd.

**Percentage of Shareholding :** 38.53%

**Mr. Chaipat Sahasakul**

Independent Director

Member of the Audit Committee

Member of the 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 :**

2013 – Present	Member of the Nomination and Remuneration Committee, Pylon PLC.
2005 – Present	Independent Director/ Member of the Audit Committee, Pylon PLC.
2014 – Present	Chairman , The Agricultural Futures Exchange of Thailand
2013 – Present	Independent Director/ Member of the Audit Committee, Thai Capital Corporation PLC.
2013 – Present	Director, Faculty of Economics, Thammasat University
2012 – Present	Director, National Research Council of Thailand
2010 – Present	Independent Director/Member of the Audit Committee, Thai Vegetable Oil PLC.
2002 – 2012	Independent Director/ Chairman of the Audit Committee, The Electricity Generating PLC.

**Percentage of Shareholding :** 0.35% held by his spouse

**Mr. Bordin Sangarayakul**

Director

Member of the Executive Committee

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 the Executive Committee/ Senior Executive Vice President–Finance & Management, Pylon PLC.
- 2008 – Present Director, Excelon Co., Ltd.
- 2008 – 2010 Director, Aun Jung Co., Ltd.
- 2004 – 2005 Director/ DMD – Finance & Administration, Pylon Co., Ltd.

**Percentage of Shareholding:** 8.67%**Mr. Somsak Viriyapipat**

Director

Member of the Executive Committee

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 the Executive Committee/ Senior Executive Vice President – Equipment & Facilities/ Acting Vice President, Pylon PLC.
- 2002 – 2005 Director/ DMD – Equipment & Facilities, Pylon Co., Ltd.

**Percentage of Shareholding:** 1.20%

**Mr. Pisun Sirisulsakulchai**

Director

Member of the Executive Committee

Senior Executive Vice President

**Education :**

- ▶ Master of Art in Business 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 Committee/ Senior Executive Vice President-Engineering, Pylon PLC.
- 2008 – Present    Director, Excelon Co., Ltd.
- 2008 – 2011       Executive Vice President – Engineering, Pylon PLC.
- 2008 – 2011       Director, Thaicar dot com Co., Ltd.
- 2006 – 2007       Project Manager, Pylon PLC.

**Percentage of Shareholding :** 2.04%

**Mr. Siroj Tungkahotara**

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, Pylon PLC.
- ▶ 2008 – 2011 Structure Engineer, Tetra Tech INCA (USA)

**Percentage of Shareholding:** -

**Mr. Chaiphaphol Sutthamanuswong**

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:** -

**Mr. Veeratas Chiradechvirod**

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.
- ▶ 2008 – 2012 Vice President – Purchasing, Pylon PLC.
- ▶ 2006 – 2007 Operating System Manager, Pylon PLC.

**Percentage of Shareholding:** -

**Mrs. Sureerat Nakaphadungrat**

Vice President - Accounting

**Education:**

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

**Work Experience :**

- ▶ 2005 – Present Vice President – Accounting, Pylon PLC.
- ▶ 2000 – 2004 Accounting Manager, Cinecolor Lab Co., Ltd.

**Percentage of Shareholding:** -



**Mr. Korn Thongsri**

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**

Vice President – Purchasing

**Education:**

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

**Work Experience :**

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

**Percentage of Shareholding :** -

**Miss Thitima Taiwprateep**

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 Officer, Pylon PLC.
- ▶ 2002 – 2005 Accounting Officer, Pylon Co., Ltd.

**Percentage of Shareholding :** -

## General Information

Pylon Public Company Limited (Pylon) is a specialty foundation construction company. The Company headquarters is located at 170/16 Soi Sammit (Sukhumvit Soi 16), 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](http://www.pylon.co.th).

At present, Pylon's registered capital is Baht 374.99 million separated into 374.99 million ordinary shares at Baht 1 par value per share and paid up capital is Baht 362.07 million.

### Details of Companies in which Pylon holds 10 % or more of shares

The Company Name	:	Excelon Company Limited
Registered Capital	:	Baht 80 million
Percentage of Shareholding	:	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	<ul style="list-style-type: none"> <li>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 from economic crisis.</li> </ul>
Year 2003	<ul style="list-style-type: none"> <li>Performed the first soil cement columns with high-pressured jet grouting in His Majesty The King Bhumipol's Pak Pa Nang Diversion Dam Project in Nakornsrithammarat Province as a subcontractor to Sino-Thai Engineering and Construction Plc (Sino-Thai). From the success in the Pakpanang project, the Company has developed a strong business relationship with Sino-Thai and, as a result, received bored piling works for several projects from Sino-Thai such as The 3<sup>rd</sup> Stage Expressway - Part S1 (Ajnarong-Bangna) Contract No. 2, The Bumrungrat Hospital Parking Building, 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.</li> </ul>
Year 2004	<ul style="list-style-type: none"> <li>Increased registered capital to Baht 60 million in January and Baht 95 million in December.</li> <li>Cooperated with Soletanche Bachy from France, an International Foundation Specialist Company, to construct diaphragm walls for The Samlae Water Treatment Plant in Patumthani Province.</li> </ul>

Year 2005	<ul style="list-style-type: none"> <li>▶ Increased registered capital to Baht 115 million in May.</li> <li>▶ In June, the Company increased its registered 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.</li> <li>▶ Registered as the public company on July 20, 2005.</li> <li>▶ 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.</li> </ul>
Year 2006	<ul style="list-style-type: none"> <li>▶ Relocated the Company's maintenance yard from Bangkok to Ladlumkaew, Patumthani Province in March.</li> </ul>
Year 2008	<ul style="list-style-type: none"> <li>▶ 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 Baht 30 million. Pylon held 51% of the total shares.</li> </ul>
Year 2009	<ul style="list-style-type: none"> <li>▶ Increased registered capital to Baht 200 million in May.</li> </ul>
Year 2012	<ul style="list-style-type: none"> <li>▶ Increased capital to Baht 300 million in May to facilitate the issuance of PYLON-W1 to existing shareholders.</li> <li>▶ Excelon increased registered capital to Baht 80 million in December whereas Pylon still held 51% of the total shares.</li> </ul>
Year 2013	<ul style="list-style-type: none"> <li>▶ Increased registered capital to Baht 374.99 million in May to facilitate both the stock dividends and the adjusted exercise ratio for PYLON-W1</li> </ul>

## Revenue by Products

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

## The Company's Revenues

Products	2012		2013		2014	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Bored Piles	780,544	75.53	883,627	80.42	1,021,792	87.46
Ground Improvement	5,350	0.52	-	-	-	-
Diaphragm Wall	-	-	-	-	-	-
<b>Total Revenue from Foundation</b>	<b>785,894</b>	<b>76.04</b>	<b>883,627</b>	<b>80.42</b>	<b>1,021,792</b>	<b>87.46</b>
Revenues from Construction	233,779	22.62	201,605	18.35	132,286	11.32
Revenues from Other Services <sup>1</sup>	3,298	0.32	2,984	0.27	3,440	0.29
Other Revenues <sup>2</sup>	10,500	1.02	10,528	0.96	10,778	0.92
<b>Total Revenue</b>	<b>1,033,471</b>	<b>100.00</b>	<b>1,098,744</b>	<b>100.00</b>	<b>1,168,296</b>	<b>100.00</b>

Remark : <sup>1</sup> Revenues from Other Services are the revenues from rental of machines, equipments and tools such as cranes, casing including damage claims received from Subcontractors.

<sup>2</sup> Other Revenues are the revenues from interest income, profit from sale of assets, etc.

## The Subsidiary's Revenue

Products	(Unit : Thousand Baht)					
	2012		2013		2014	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Revenue from Construction	204,383	100.00	365,524	100.00	290,495	100.00

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

## Type of Business

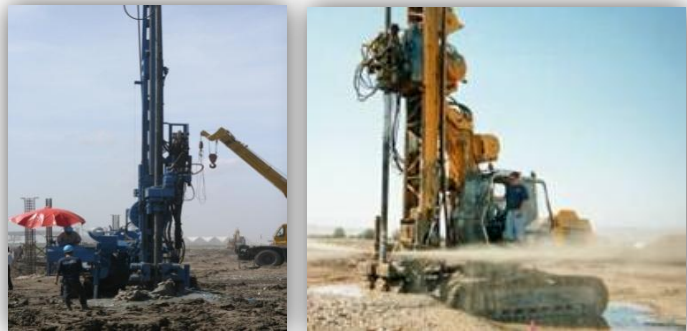
### 1. Bored Pile

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.



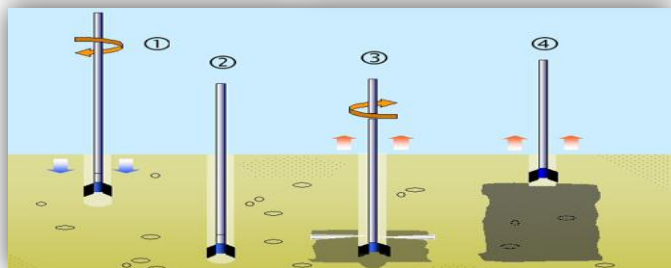
### 2. Ground Improvement by Jet Grouting

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 capacity. Diaphragm wall is generally used as the structure of underground car park, subway station, underpass, etc.



## 4. General Construction

The Company provides services 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 are less than 8 stories. Our Team consists of experienced and professional architects and engineers with various kinds of tools and equipments to carry out the works.



## Industry Overview and Competition

Foundation works business comprising piling, diaphragm wall construction, and ground improvement is essentially dependent on construction industry. The impact during the period of political demonstrations from late 2013 to the coup d'état in May 2014 caused Thailand's overall economic slowdown in 2014. After the appointment of the prime minister and the government, Thailand has witnessed more political stability and it was predicted that the economic stimulus measures through mass transit system and infrastructure projects would be progressing more continuously. However, due to the delays in new projects launching and disbursement, the results of the government's economic stimulus package were not as good as expected. Even though Thailand has demonstrated signs of economic recovery, the progress has been slow and the overall Thai economic growth in 2014 was lower than initially expected.

In terms of the piling industry throughout the year 2014, the steady workload in the piling industry was commensurate with the production capacity of the industry on account of the public sector's mass transit construction projects, which already commenced and were proceeding as planned, as well as the private sector's steady stream of projects along the railways. As a result, competition in the market was not aggressive. Despite the coup d'état in May 2014 that impeded approval for the environmental impact assessment (EIA) reports of numerous condominium projects during the period, the short disruption did not have any significant impact on the industrial landscape. Therefore, the overview of 2014 saw an expanding piling industry.

Turning towards 2015, although the construction industry in general has been continuously affected by the public sector's disbursement issues and delayed projects, the piling industry was beneficial from enjoyed the private sector's series of constructions along the railways. Overall, the Company did not encounter any severe repercussions. The Company expects that for the first half of 2015, the piling industry should have a stable trend. Nonetheless, for the second half of the year, provided that the various MRT projects start as scheduled, the growth of the piling industry should experience an upward trend.



## Capital Structure

### Shareholders

The shareholders' list shown on Book of shareholders' registration as of the closing date of the register book on March 20, 2015 is as follows:

No	Name of shareholders	No. of shares	Percentage
1	Sangarayakul Family *	208,778,173	57.66
2	Thai NVDR Co., Ltd.	18,508,497	5.11
3	Mr. Phadet Hongfah	10,312,500	2.85
4	Mr. Pisun Sirisuksakulchai	7,368,998	2.04
5	Mr. Suchat Boonbancherd Sri	7,745,100	2.14
6	Mr. Vichit Chinvongworakul	5,486,500	1.52
7	Mr. Somsak Viriyapiphat	4,347,873	1.20
8	Mr. Pradya Teiwcharoen	2,700,000	0.75
9	Mr. Atthaphol Sirisuksakulchai	2,040,650	0.56
10	CITIBANK NOMINEE SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT	2,001,900	0.55
	Other Shareholder	92,784,152	25.63
	Total	362,074,343	100.00

Remark:

\* Sangarayakul family consists of Mr. Chanet, Mr. Bordin, Mr. Vongchai and Mr. Anon Sangarayakul which held the shares in proportion of 38.53, 8.67, 7.28 and 3.19 respectively.

### DIVIDEND POLICY

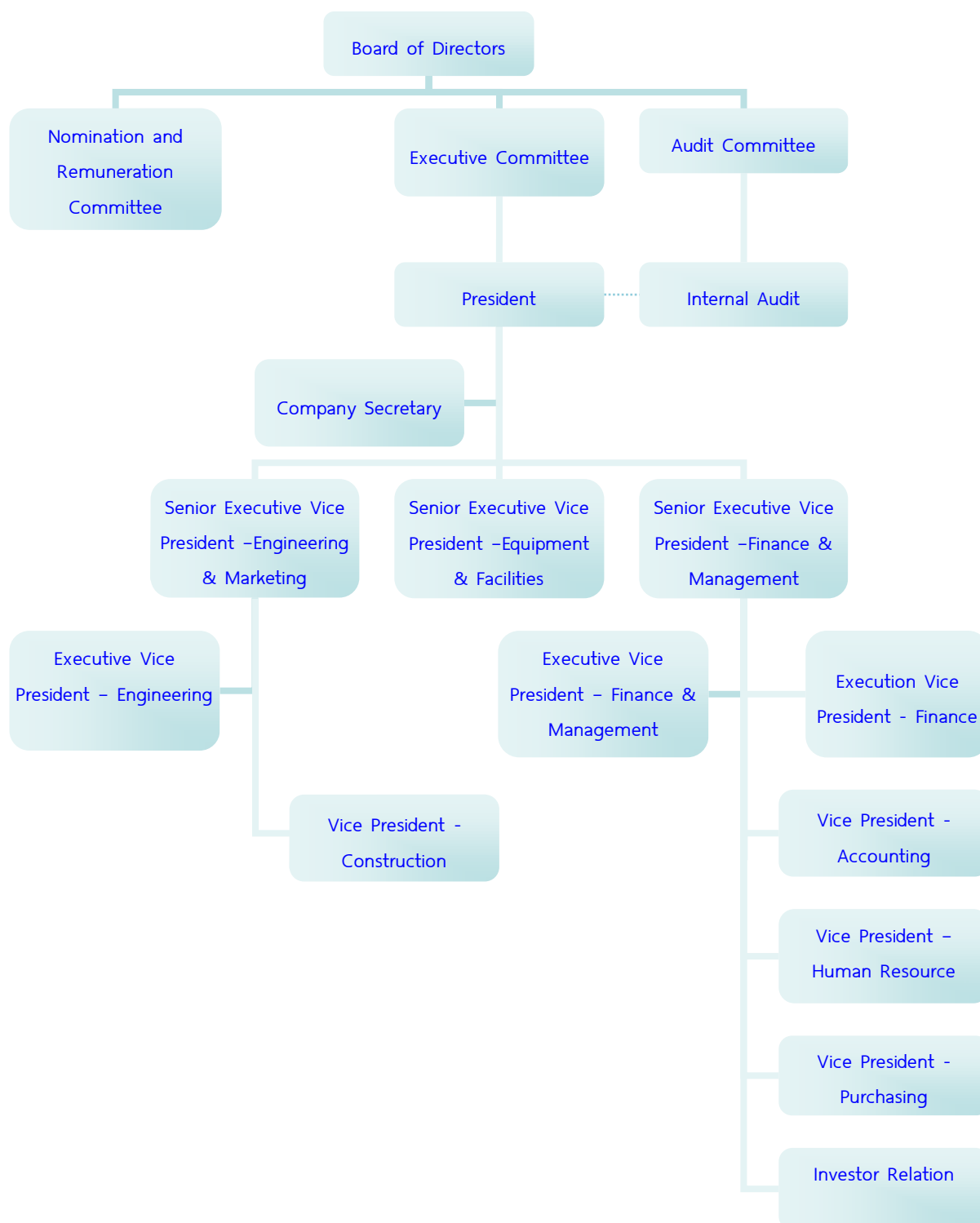
The Company has a policy to pay a dividend at a rate of not less than 40% of net earnings after income tax. However, the Company may pay less than the specified rate if the Company has to use the earnings to expand the operation, to invest, or to other objectives according to the approval of the Company's 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 Committee. 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 quarter.
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 Committee to perform any tasks in accordance with the extent of its prescribed authorities. The assigned authorities, however, must not give the Executive Committee 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, President 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 the Audit Committee / Independent Director
2. Mr. Chaipat Sahasakul **	Member of the Audit Committee / Independent Director
3. Mr. Vinit Chovichien	Member of the Audit Committee / Independent Director

Remark \*The Director who has knowledge and experience in reviewing the financial reports of Listed companies for more than 20 years.

\*\* The Director who has knowledge and experience in reviewing the financial reports of Listed companies for more than 10 years.

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 Chairman of the Audit Committee 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 the Nomination and Remuneration Committee / Independent Director
2. Mr. Vongchai Sangarayakul	Member of the Nomination and Remuneration Committee
3. Mr. Chaipat Sahasakul	Member of the 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 suitable remuneration structure of the directors and the president such as monthly remuneration, gratuity, bonus, welfare, meeting allowance 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 Committee

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

## Scope of Authorities of the Executive Committee

Duties and responsibilities of the Executive Committee 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 Committee shall investigate and monitor the Company's performance to ensure the compliance with the prescribed policies. Major duties and responsibilities of the Executive Committee 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 any 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 Committee shall not include the approval of transactions that member of the Executive Committee 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 Executive Management Team

Members of the management executive are as follows:

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

## 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 Committee.
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 Committee'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 any construction project worth not exceeding Baht 100 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, dismissal 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 entitled 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 Committee**

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 2013				Year 2014			
	Remuneration (Baht)				Remuneration (Baht)			
	Monthly Remuneration	Meeting Allowances	Bonus	Total	Monthly Remuneration	Meeting Allowances	Bonus	Total
1. Mr. Seri Chintanaseri	600,000	30,000	545,455	1,175,455	600,000	30,000	545,455	1,175,455
2. Mr. Panja Senadisai	300,000	55,000	272,727	627,727	300,000	55,000	272,727	627,727
3. Mr. Chaipat Sahasakul	252,000	60,000	272,727	584,727	252,000	70,000	272,727	594,727
4. Mr. Vinit Chovichien	252,000	65,000	272,727	589,727	252,000	60,000	272,727	584,727
5. Mr. Vongchai Sangarayakul	252,000	40,000	272,727	564,727	252,000	45,000	272,727	569,727
6. Mr. Chanet Sangarayakul		30,000	272,727	302,727		30,000	272,727	302,727
7. Mr. Bordin Sangarayakul		30,000	272,727	302,727		30,000	272,727	302,727
8. Mr. Somsak Viriyapipat		30,000	272,727	302,727		30,000	272,727	302,727
9. Mr. Pisun Sirisuksakulchai		30,000	272,727	302,727		30,000	272,727	302,727
<b>Total</b>	<b>1,656,000</b>	<b>370,000</b>	<b>2,727,273</b>	<b>4,753,273</b>	<b>1,656,000</b>	<b>380,000</b>	<b>2,727,271</b>	<b>4,763,271</b>

### Executives' Remunerations

Position	Year 2013			Year 2014		
	No. (Person)	Amount (Million Baht)	Remunerations	No. (Person)	Amount (Million Baht)	Remunerations
Executive	10	12.609	Salary, Bonus, Social Security Fund and Provident Fund	11	15.256	Salary, Bonus, Social Security Fund and Provident Fund

## Number of Meeting Attendance

Name - Surname	Year 2014		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
1. Mr. Seri Chintanaseri	6/6		
2. Mr. Vongchai Sangarayakul	6/6		3/3
3. Mr. Panja Senadisai	6/6	5/5	
4. Mr. Chaipat Sahasakul	6/6	5/5	3/3
5. Mr. Vinit Chovichien	5/6	4/5	3/3
6. Mr. Chanet Sangarayakul	6/6		
7. Mr. Bordin Sangarayakul	6/6		
8. Mr. Somsak Viriyapipat	6/6		
9. Mr. Pisun Sirisuksakulchai	6/6		

## 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 beginning of December 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 2014, 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.

Additionally, the Company will not immediately disseminate additional important documents during The Annual General Meeting of Shareholders, not add any agendas or change the important information without notifying the shareholders in advance, not deprive of shareholders rights who are late for the meeting (Any Shareholders who are late are still have the rights to attend and vote for the next agendas)

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 2014, Pylon Public Company Limited organized a project called "Helping Hands for Thai Veterans." On Dec 20, 2014 at Veterans General Hospital

Pylon management and employees recognize the bravery and sacrifice of the large number of veterans who were wounded from protecting the country and are now recovering at the Veterans General Hospital, both those who are capable of tending themselves and those who are incapable. Some were critically injured and must spend the rest of their lives at this hospital. Therefore, Pylon management and employees would like to express our gratitude to all the heroic veterans who have guarded the land of Thailand by donating Baht 87,043.25 to support the hospital's operations.

In addition, the company has donated in the total amount of Baht 141,000 by some for Supporting Buddhism and some for Supporting sports including National Sport Game No.43 and National Sport Game for the disabled No.33

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 stricter 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 quarterly 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 persons 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. Fighting against corruption:

The Company has announced its intention to fight against corruption and misconduct in the organization based on the perspective that corruption and frauds have occurred widely and continue to increase in Thai society in both the government and private sectors. Such improper behaviors also exist even in companies and organizations. Therefore, management and supervisors operating in the job site including engineers and foremen together with the executives jointly confirmed their commitment towards fighting against frauds and inappropriate behaviors within the organization on Tuesday 11 February 2014 at the Head Office.

### 3. 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.

### 4. 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.

## 5. 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.

## 6. 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.

## 7. 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.

In 2014, Pylon Public Company Limited organized a project called "Helping Hands for Thai Veterans." It is commonly known that the Veterans General Hospital, a government hospital under the Ministry of Defense, was established for the purpose of serving injured war veterans.

During the Second World War, Thailand deployed troops in the Greater East Asia War. When the war ended, the abrupt discharge of the soldiers affected the living of the soldiers and their family. In response to this problem, the Government at that time, led by Prime Minister Rear Admiral Thawan Thamrongnawasawat, assigned the Ministry of Defense to consider relief measures. However, as the scope of support increased, it was deemed that operation in the form of a committee was inappropriate and too lenient so the Ministry of Defense proposed an Act to establish the War Veterans Organization of Thailand (WVO) as a permanent agency that specifically aids war veterans. The WVO is a government and charitable organization. The third of February each year is determined as the date of establishment of the WVO as well as Veterans Day in memory of veterans' service to the country as the force that protected the sovereignty of Thailand.

The Veterans General Hospital, founded by His Majesty the King, is an agency under the WVO with a mission to give medical assistance as well as physical and mental rehabilitation to war veterans. Aside from helping war veterans, the hospital also provides medical support to the general public. The key objectives of the hospital are as follows:

- To provide total hospital or medical services that are more effective and efficient.
- To serve as an assembly point for permanently disabled veterans who require lifelong support so that they are gathered at a single location, facilitating proper medical treatment.
- To help lessen the number of recovering veterans at military hospitals where new patient intakes are unable to provide long-term treatment and have to refer recovering veterans to the Veterans General Hospital instead for further care.
- To promote the rehabilitation and vocational training of the disabled, which has to be performed in tandem with medical services.
- To procure and create prosthetics for all types of war veterans who are handicapped or disabled.
- To save time, transportation expenses, and expenses of transferring veteran patients to other hospitals.
- To give moral support to war veterans.

Pylon management and employees recognize the bravery and sacrifice of the large number of veterans who were wounded from protecting the country and are now recovering at the Veterans General Hospital, both those who are capable of tending themselves and those who are incapable. Some were critically injured and must spend the rest of their lives at this hospital. Therefore, Pylon management and employees would like to express our gratitude to all the heroic veterans who have guarded the land of Thailand by donating Baht 87,043.25 to support the hospital's operations.

In addition, the company has donated in the total amount of Baht 141,000 by some for Supporting Buddhism and some for Supporting sports including National Sport Game No.43 and National Sport Game for the disabled No.33



## 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., from education, experience and training 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. 5/2014 held on 12 November 2014, 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. 5/2014 held on 12 November 2014. 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

The Company's raw materials primarily consist of concrete, steel, cement, diesel oil and borehole stabilizing fluid (bentonite and polymer). Overall concrete prices in 2014 had been rising steadily since the beginning of the year in line with increasing demand in construction industry. However, the ongoing effect from the coup d'état to the delays in public sector's disbursement and new projects led to the inferior performance of the government's economic stimulus package. As a result, concrete demand of construction industry as a whole fell in the fourth quarter of 2014, which subsequently brought down the selling prices.

Despite some volatility on certain circumstances in different periods in the previous year, overall diesel prices are maintained throughout the year with a downward direction during the year end following the decline in global oil prices. The prices of steel bar in 2014 were stable with a decline in the last quarter according to a downward trend of oil prices in the world market and a result of the tepid global economy.

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 2014, although the construction industry as a whole has been affected by the delay of the public sector's economic stimulus package, the foundation construction segment has outperformed since construction mass transit system railway projects that already started were carried out as plan and the private sector's construction projects along the rail lines have been underway incessantly all year round. As a result, foundation construction business continued to expand in overall where the demand in the market was at the level close to the capacity of the industry. The price competition was therefore not too intense. However, if the public sector is not able to accelerate the disbursement and commencement of new infrastructure projects, the foundation construction industry may be affected in general and price competition will become more intensive 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

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 2014

Foundation works business comprising piling, diaphragm wall construction, and ground improvement is essentially dependent on construction industry. The impact during the period of political demonstrations from late 2013 to the coup d'état in May 2014 caused Thailand's overall economic slowdown in 2014. After the appointment of the prime minister and the government, Thailand has witnessed more political stability and it was predicted that the economic stimulus measures through mass transit system railway and infrastructure projects would be progressing more continuously. However, due to the delays in new projects and disbursement, the results of the government's economic stimulus package were not as good as expected. Even though Thailand has demonstrated signs of economic recovery, the progress has been slow and the overall Thai economic growth in 2014 was lower than initially expected.

In terms of the piling industry throughout the year 2014, the steady workload in the piling industry was commensurate with the production capacity of the industry on account of the public sector's mass transit construction projects, which already commenced and were proceeding as planned, as well as the private sector's steady stream of projects along the railways. As a result, competition in the market was not aggressive. Despite the coup d'état in May 2014 that impeded approval for the environmental impact assessment (EIA) reports of numerous condominium projects during the period, the short disruption did not have any significant impact on the industrial landscape. Therefore, the overview of 2014 saw an expanding piling industry.

In 2014, the Company and its subsidiaries posted total construction income of Baht 1,367.68 million, of which 77.71% was from private sector's projects and 22.29% 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. Furthermore, 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 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 2014, the Company and the Subsidiary had revenues from construction works in the total amount of Baht 1,367.88 million which increased by Baht 74.01 million or 5.72 % from the previous year. For the government sector, the important projects were the MRT – Red Line project, the Thai National Assembly project, the Construction of Water Channel Structure for Flood Protection in Trad Province Project, the Improvement of Klong Lane Pane's Drainage System project, the Construction of Klong Song Kratium's Flood Protection project, and the Construction of Klong Tar Sard's Flood Protection project. For the private sector, the important projects were Landmark Waterfront project, Canapaya Residence project, Niche Mono project, Land and house Real Estate's projects, 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. 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 2014 the Company and the Subsidiary had costs from construction works of Baht 1,062.68 million, increasing Baht 36.32 million or 3.54 % from the previous year. This translated into the percentage of cost to revenue from construction works at 77.69

In 2014, the Company and the Subsidiary had the selling and administrative expenses amounted to Baht 72.06 million of which Baht 58.47 million was incurred by the Company. The other Baht 13.59 million was incurred by the Subsidiary.

In 2014, the company has provided for impairment investment in the subsidiary in the amount of Baht 14.03 million and set up allowance for doubtful debts in the amount of Baht 0.11 million. The Subsidiary reversed the allowance for doubtful debts totaling Baht 6.03 million because of having received such amount.

In 2014, the Company's net profit was Baht 184.39 million, showing an increase of Baht 29.33 million or 18.91 % from the prior year. This translated into the percentage of net profit to revenue at 15.78 increasing from 14.11 for the prior year. This arised from higher revenue, lower in major construction materials cost and more efficient cost control. The earnings per share was Baht 0.66. The Company and the Subsidiary's net profit was Baht 192.80 million (portion of the Company's shareholders amounting to Baht 195.55 million and portion of the minority interest in the Subsidiary amounting to Baht -2.75 million).

## Financial Position

As of December 31, 2014, the Company and the Subsidiary's total assets were Baht 1,265.52 million comprising current assets of Baht 975.93 million, increasing Baht 278.59 million from the prior year, and non – current assets of Baht 289.59 million, decreasing Baht 0.50 million from the previous year. Such increase was mainly from cash and cash equivalents of Baht 110.33 million, temporary investments of Baht 190.61 million, trade accounts and notes receivable of Baht 99.43 million. Some decrease was mainly from unbilled accrued income of Baht 93.75 million. Return on assets in 2014 was 17.12 %.

Regarding liabilities as of December 31, 2014, the Company and the subsidiary had the total liabilities of Baht 381.58 million comprising current liabilities of Baht 358.86 million, higher than that of the previous year approximately Baht 23.98 million. This was mainly from an increase of Baht 12.23 million in bank overdrafts and short-term loans, an increase of Baht 49.09 million in



trade accounts and note payable and an decrease of Baht 37.34 million in other items. Non-current liabilities was Baht 22.72 million showing the decrease of Baht 2.89 million from the previous year. Such decrease was mainly from long term loans from bank and liabilities under hire-purchase agreements of Baht 4.21 million whereas other items increased Baht 1.32 million.

In regard to shareholders' equity as of December 31, 2014, the consolidated financial statements showed shareholders' equity of Baht 883.94 million of which Baht 872.92 million belonged to the Company's shareholders, higher than that of the previous year which was Baht 624.29 million. During the year, the Company gave dividend payment of Baht 83.41 million. The total debt to equity ratio was 0.43 and the return on equity was 26.32 %.

In 2014, the company had additionally paid – up share capital and share premium in the total amount of Baht 147.92 million.

### Audit Fee

In 2014, the audit fee of Baht 930,000 was paid to the auditor of Grant Thornton Limited, comprising the audit fee for the Company of Baht 680,000 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 31<sup>st</sup> December 2014.

### 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, 2014, 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 2014, a total of 5 Audit Committee's meetings. 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 2014 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 2014 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 2014. 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 2014, 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 2015 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

In 2014, the company had no connected transaction or transaction which may involve a conflict of interest prescribed by the Stock Exchange of Thailand regulations regarding the connected transactions and/or the acquisition or disposition of the company's asset.

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 2015 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](mailto:info@pylon.co.th). In this regard, the Company will provide protections for whistle-blowers by not disclosing their names. In 2014 the Company has not received any complaints from interested parties.

9. Annual review and amendment of the Audit Committee Charter

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

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

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



(Mr. Panja Senadisai)

Chairman of the Audit Committee

## Statement of the Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Nomination and Remuneration Committee's Charter. In 2014, a total of 3 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 2013 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 2013, 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 2014 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 2014 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 which comprise the consolidated statement of financial position as at 31 December 2014, 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 statement of financial statement of Pylon Public Company Limited which comprise the separate statement of financial position as at 31 December 2014, 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 for the financial statements

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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall 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 2014 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 2014 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 2015

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

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	221,687,742	111,355,117	219,856,032	105,731,214
Temporary investments	7	241,865,206	51,254,297	241,408,819	51,116,543
Trade accounts and notes receivable					
- general customers - net	8	149,753,604	50,320,938	122,840,034	39,835,937
- subsidiary company	5, 8	-	-	47,899,131	54,375,706
Unbilled accrued income	9	200,960,769	294,705,831	188,071,600	247,196,217
Other receivables - subsidiary company	5	-	-	84,496	1,876,347
Short-term loans to subsidiary company	5	-	-	26,000,000	68,000,000
Contracted construction work in progress	9	17,170,651	31,947,426	3,636,623	2,573,125
Spare parts and supplies inventories		39,860,699	34,499,585	36,763,222	30,420,591
Retentions receivable - net	10	62,107,697	69,737,021	52,514,099	50,328,295
Advances for purchases of supplies		8,982,213	10,953,144	8,858,171	4,741,192
Advances for subcontract work - subsidiary comp	5	-	-	3,458,539	23,412,689
Other current assets		33,540,659	42,567,597	30,390,148	38,757,940
<b>Total current assets</b>		<b>975,929,240</b>	<b>697,340,956</b>	<b>981,780,914</b>	<b>718,365,796</b>
<b>NON - CURRENT ASSETS</b>					
Restricted deposits with banks	11	38,281,506	41,441,424	21,090,560	22,061,680
Investment in subsidiary company - net	12	-	-	11,474,523	25,500,000
Property, plant and equipment - net	13	226,787,589	226,272,074	211,095,833	207,940,473
Deposits and guarantees		4,820,283	5,140,549	2,114,754	4,153,715
Refundable income tax deducted at sources	19	17,308,409	15,229,275	-	2,352,038
Deferred income tax asset - net	19	2,394,400	2,005,310	2,394,400	2,005,310
<b>Total non - current assets</b>		<b>289,592,187</b>	<b>290,088,632</b>	<b>248,170,070</b>	<b>264,013,216</b>
<b>TOTAL ASSETS</b>		<b>1,265,521,427</b>	<b>987,429,588</b>	<b>1,229,950,984</b>	<b>982,379,012</b>

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

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

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts	14	12,228,915	-	-	-
Trade accounts and notes payable		177,868,053	128,775,165	155,118,454	94,105,728
Trade accounts payable - subsidiary company	5	-	-	-	16,489
Current portion of ;					
- Long - term loans from bank	15	-	2,208,000	-	2,208,000
- Liabilities under hire - purchase agreements	16	10,732,202	9,484,247	10,248,548	8,813,759
- Liabilities under employee benefits obligation	17	802,698	-	564,751	-
Retentions payable		27,278,081	27,170,659	9,771,176	9,922,637
Retentions payable - subsidiary company	5	-	-	10,353,829	14,823,458
Accrued expenses		41,361,077	61,068,428	29,969,010	46,150,689
Accrued expenses - subsidiary company	5	-	-	37,813,219	84,619,166
Deposits from customers		61,394,617	72,271,113	61,035,230	58,336,514
Provision for loss on construction project		1,668,886	16,434,145	26,911	-
Accrued income tax	19	7,629,094	5,842,771	7,629,094	5,842,771
Other current liabilities		17,895,106	11,619,555	12,788,776	8,990,462
<b>Total current liabilities</b>		<b>358,858,729</b>	<b>334,874,083</b>	<b>335,318,998</b>	<b>333,829,673</b>
<b>NON - CURRENT LIABILITIES</b>					
Long - term loans from bank - net	15	-	1,432,000	-	1,432,000
Liabilities under hire - purchase agreements - net	16	15,235,456	18,013,830	14,789,794	17,145,672
Liabilities under employee benefits obligation	17	7,486,742	6,170,971	6,926,162	5,679,349
<b>Total non - current liabilities</b>		<b>22,722,198</b>	<b>25,616,801</b>	<b>21,715,956</b>	<b>24,257,021</b>
<b>TOTAL LIABILITIES</b>		<b>381,580,927</b>	<b>360,490,884</b>	<b>357,034,954</b>	<b>358,086,694</b>

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

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

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital – common share at Baht 1 par value					
- Authorized 374,999,359 shares	20	374,999,359	374,999,359	374,999,359	374,999,359
- Issued and paid - up 362,074,343 shares (2013 : 278,029,122 shares)		362,074,343	278,029,122	362,074,343	278,029,122
Share premium	20	144,050,051	80,175,684	144,050,051	80,175,684
Retained earnings					
- Appropriated for legal reserve	18	34,801,500	24,913,500	34,801,500	24,913,500
- Unappropriated		331,990,136	230,028,700	331,990,136	241,174,012
<b>Total equity of the Company's shareholders</b>		872,916,030	613,147,006	872,916,030	624,292,318
Non-controlling interests in subsidiary		11,024,470	13,791,698	-	-
<b>Total shareholders' equity</b>		883,940,500	626,938,704	872,916,030	624,292,318
<b>TOTAL LIABILITIES AND</b>					
<b>SHAREHOLDERS' EQUITY</b>		1,265,521,427	987,429,588	1,229,950,984	982,379,012

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

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

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2014	2013	2014	2013
Revenues from construction	25	1,367,875,516	1,293,864,206	1,154,077,475	1,085,231,970
Costs of construction	5, 23, 25	(1,062,678,007)	(1,026,359,159)	(859,385,834)	(844,987,833)
<b>Gross profit</b>		<b>305,197,509</b>	<b>267,505,047</b>	<b>294,691,641</b>	<b>240,244,137</b>
Other income	5, 24	5,921,799	4,564,215	14,218,142	13,512,380
<b>Income before expenses</b>		<b>311,119,308</b>	<b>272,069,262</b>	<b>308,909,783</b>	<b>253,756,517</b>
Selling expenses		(1,746,052)	(1,838,492)	(1,734,437)	(1,551,335)
Administrative expenses		(70,318,642)	(69,388,878)	(56,733,642)	(60,105,030)
Loss on impairment of investment in subsidiary		-	-	(14,025,477)	-
Reversal of allowance (Allowance) for doubtful debts		5,919,705	4,841,006	(111,677)	3,634,730
<b>Total expenses</b>	5, 23	<b>(66,144,989)</b>	<b>(66,386,364)</b>	<b>(72,605,233)</b>	<b>(58,021,635)</b>
<b>Income before financial cost and income tax</b>		<b>244,974,319</b>	<b>205,682,898</b>	<b>236,304,550</b>	<b>195,734,882</b>
Financial cost		(2,147,765)	(2,240,399)	(1,893,199)	(1,881,569)
<b>Income before income tax</b>		<b>242,826,554</b>	<b>203,442,499</b>	<b>234,411,351</b>	<b>193,853,313</b>
Income tax	19	(50,023,862)	(40,525,737)	(50,023,862)	(38,793,196)
<b>Income for the year</b>		<b>192,802,692</b>	<b>162,916,762</b>	<b>184,387,489</b>	<b>155,060,117</b>
<b>Other comprehensive income (loss) for the year</b>					
Actuarial losses - net of tax	19	(311,777)	-	(274,658)	-
<b>Total comprehensive income for the year</b>		<b>192,490,915</b>	<b>162,916,762</b>	<b>184,112,831</b>	<b>155,060,117</b>
<b>Attribution of income (loss) for the year</b>					
Portion of the Company's shareholders		195,551,732	159,066,998	184,387,489	155,060,117
Portion of non - controlling interest in subsidiary		(2,749,040)	3,849,764	-	-
		<b>192,802,692</b>	<b>162,916,762</b>	<b>184,387,489</b>	<b>155,060,117</b>
<b>Attribution of comprehensive income (loss) for the year</b>					
Portion of the Company's shareholders		195,258,143	159,066,998	184,112,831	155,060,117
Portion of non - controlling interest in subsidiary		(2,767,228)	3,849,764	-	-
		<b>192,490,915</b>	<b>162,916,762</b>	<b>184,112,831</b>	<b>155,060,117</b>
<b>EARNINGS PER SHARE</b>	21				
<b>Basic earnings per share</b>					
Income (Baht per share)		0.70	0.63	0.66	0.61
Weighted average number of common shares (share)		281,280,981	253,549,841	281,280,981	253,549,841
<b>Diluted earnings per share</b>					
Income (Baht per share)		0.67	0.49	0.63	0.48
Weighted average number of common shares (share)		291,720,074	322,169,394	291,720,074	322,169,394

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

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

(Unit : Baht)

	Notes	Shareholders' equity of the Company						
		Paid-up share capital	Share premium	Retained earnings		Total equity of the Company's shareholders	Non-controlling interests' equity	Total shareholders' equity
				Appropriated for legal reserve	Unappropriated			
<u>CONSOLIDATED F/S</u>								
Balance as at 1 January 2013		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 (loss) 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	18	-	-	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
Balance as at 1 January 2014		278,029,122	80,175,684	24,913,500	230,028,700	613,147,006	13,791,698	626,938,704
Share increment during the year	20	84,045,221	63,874,367	-	-	147,919,588	-	147,919,588
Comprehensive income (loss) for the year		-	-	-	195,258,143	195,258,143	(2,767,228)	192,490,915
Dividend payment	22	-	-	-	(83,408,707)	(83,408,707)	-	(83,408,707)
Appropriated for legal reserve	18	-	-	9,888,000	(9,888,000)	-	-	-
Balance as at 31 December 2014		362,074,343	144,050,051	34,801,500	331,990,136	872,916,030	11,024,470	883,940,500

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

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

						(Unit : Baht)
	Notes	Paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
<u>SEPARATE F/S</u>						
Balance as at 1 January 2013		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 (loss) for the year		-	-	-	155,060,117	155,060,117
Dividend payment	22	-	-	-	(56,002,240)	(56,002,240)
Appropriated for legal reserve	18	-	-	7,741,000	(7,741,000)	-
Balance as at 31 December 2013		<u>278,029,122</u>	<u>80,175,684</u>	<u>24,913,500</u>	<u>241,174,012</u>	<u>624,292,318</u>
Balance as at 1 January 2014		278,029,122	80,175,684	24,913,500	241,174,012	624,292,318
Share increment during the year	20	84,045,221	63,874,367	-	-	147,919,588
Comprehensive income (loss) for the year		-	-	-	184,112,831	184,112,831
Dividend payment	22	-	-	-	(83,408,707)	(83,408,707)
Appropriated for legal reserve	18	-	-	9,888,000	(9,888,000)	-
Balance as at 31 December 2014		<u>362,074,343</u>	<u>144,050,051</u>	<u>34,801,500</u>	<u>331,990,136</u>	<u>872,916,030</u>

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



## PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY

## STATEMENTS OF CASH FLOWS

## FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Income before income tax	242,826,554	203,442,499	234,411,351	193,853,313
<b>Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities</b>				
Depreciation	40,372,235	36,485,800	35,666,231	32,513,560
Employee benefits expense	1,376,390	740,185	1,142,237	628,197
Provision (reversal of provision) for loss on construction project	(21,389,114)	15,628,775	1,278,268	-
Allowance (reversal of allowance) for doubtful accounts	(5,919,705)	(4,841,006)	111,677	(3,634,730)
Loss (gain) on disposal of fixed assets	(53,456)	(250,819)	94	(154,240)
Allowance for impairment of investment in subsidiary	-	-	14,025,477	-
Interest income	(4,299,412)	(3,262,324)	(7,447,306)	(5,861,302)
Interest expense	2,147,765	2,240,399	1,893,199	1,881,569
<b>Cash provided from operations before changes in operating assets and liabilities</b>	255,061,257	250,183,509	281,081,228	219,226,367
<b>Decrease (Increase) in operating assets</b>				
Trade accounts and notes receivable	(99,544,343)	50,309,712	(76,639,199)	19,118,307
Unbilled accrued income	93,745,062	(113,814,908)	59,124,617	(82,316,609)
Other receivables - subsidiary company	-	-	1,791,851	283,520
Contracted construction work in progress	21,400,630	(33,251,888)	(2,314,855)	4,398,024
Spare parts and supplies inventory	(5,361,114)	588,988	(6,342,631)	761,369
Retentions receivable	13,660,706	(6,736,222)	(2,185,804)	(3,325,462)
Advances for purchases of supplies	1,970,931	51,599,170	(4,116,979)	54,583,352
Advances for subcontract work - subsidiary company	-	-	19,954,150	26,371,129
Other current assets	8,783,419	(26,737,141)	8,126,012	(27,196,674)
Deposits and guarantees	320,266	(2,740,710)	2,038,961	(2,209,046)
Refundable withholding tax deducted at sources	7,637,224	5,906,136	2,352,038	723,193
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts and notes payable	49,092,888	(93,508,240)	61,012,726	(100,517,409)
Trade accounts payable - subsidiary company	-	-	(16,489)	16,489
Retentions payable	107,422	4,841,809	(151,461)	268,381
Retentions payable - subsidiary company	-	-	(4,469,629)	2,668,466
Accrued expenses	(19,702,552)	32,397,305	(16,176,880)	21,634,275
Accrued expenses - subsidiary company	-	-	(46,805,947)	7,083,973
Deposits from customers	(10,876,496)	14,222,512	2,698,716	1,663,607
Other current liabilities	6,275,551	(2,508,425)	3,798,314	(4,177,769)
<b>Cash provided from operations</b>	322,570,851	130,751,607	282,758,739	139,057,483
Interest received	4,542,931	2,706,406	7,689,086	6,429,683
Interest payment	(1,790,927)	(2,017,012)	(1,571,994)	(1,684,522)
Income tax payment	(58,274,322)	(41,788,699)	(48,557,964)	(32,464,107)
<b>Net cash provided from operating activities</b>	267,048,533	89,652,302	240,317,867	111,338,537

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

**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	
	2014	2013	2014	2013
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted deposits with banks	3,159,918	(5,820,010)	971,120	1,887,000
Decrease (increase) in temporary investments	(190,610,909)	13,512,583	(190,292,276)	13,580,942
Decrease (increase) in short - term loans to subsidiary	-	-	42,000,000	(55,500,000)
Proceeds from disposal of fixed assets	121,495	350,000	-	-
Acquisition of fixed assets	(33,455,789)	(42,358,699)	(31,321,685)	(32,642,905)
<b>Net cash used in investing activities</b>	<b>(220,785,285)</b>	<b>(34,316,126)</b>	<b>(178,642,841)</b>	<b>(72,674,963)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts	12,228,915	(29,784,332)	-	(18,845,066)
Proceeds from share increment	147,919,588	49,313,989	147,919,588	49,313,989
Repayment of long - term loans	(3,640,000)	(3,800,290)	(3,640,000)	(3,800,290)
Repayment of liabilities under hire - purchase agreements	(9,030,419)	(7,789,212)	(8,421,089)	(7,271,965)
Dividend payment	(83,408,707)	(6,000,240)	(83,408,707)	(6,000,240)
<b>Net cash provided from financing activities</b>	<b>64,069,377</b>	<b>1,939,915</b>	<b>52,449,792</b>	<b>13,396,428</b>
<b>Net increase in cash and cash equivalents</b>	<b>110,332,625</b>	<b>57,276,091</b>	<b>114,124,818</b>	<b>52,060,002</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>111,355,117</b>	<b>54,079,026</b>	<b>105,731,214</b>	<b>53,671,212</b>
<b>Cash and cash equivalents at end of year</b>	<b>221,687,742</b>	<b>111,355,117</b>	<b>219,856,032</b>	<b>105,731,214</b>

**Supplemental disclosures for cash flows information**

Non - cash item :

For the year ended 31 December 2014

The Company acquired machinaries totaling Baht 11.21 million of which Baht 7.50 million was under hire - purchase agreements.

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

**PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT 31 DECEMBER 2014**

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 conform to the official report in Thai.

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

2.2 New Accounting Standards

Accounting standards that became effective in the current accounting year and those that will become effective in the future are as follow:

Accounting standards that became effective in the current accounting year are as follow:

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting

TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

## Financial Reporting Standards:

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

## Accounting Standard Interpretations:

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

## Financial Reporting Standard Interpretations:

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

## Accounting Treatment Guidance for Stock Dividend

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

Accounting standards that will become effective in the future are as follow:

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. However, some of these accounting standards involve changes to key principles which are relevance to the Company, as discussed below:

TAS 19 (revised 2014) Employee Benefits

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

TFRS 10 Consolidated Financial Statements

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

TFRS 13 Fair Value Measurement

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

Based on the preliminary analysis, the management believes that these standards will not have any significant impact on the financial statements.

### 2.3 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
	2014	2013	
Excelon Co., Ltd.	51	51	Provide the design, construction, consulting and architectural service for building/ structures

As at 31 December 2014 and 2013, the total assets of subsidiary represent 9.84 percent and 18.37 percent of the total assets in the consolidated financial statements, respectively, total revenues of subsidiary for the years ended 31 December 2014 and 2013, represent 15.63 percent and 16.12 percent, respectively.

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

2.5 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 completion of work done 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 fixed deposit receipt 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 computed 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 on the taxable income, 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 current income tax rate is 20 percent on net income.

### 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 weighting based on 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 account for the obligation for the post-employment benefits by actuary the actuarial method, using the projected unit credit method as computed by the actuary.

Actuarial gains or losses occurred from the change in the salaries and wages and others for the computation of post-employee benefits are presented under shareholders' equity.

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.

Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Use of accounting estimates

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

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 2014 and 2013 are as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
<b>Balance with Excelon Co., Ltd.</b>				
<b>(Subsidiary company)</b>				
Trade accounts receivable	-	-	47,899,131	54,375,706
Other receivables	-	-	84,496	1,876,347
Short-term loan to subsidiary company	-	-	26,000,000	68,000,000
Advances for subcontract work	-	-	3,458,539	23,412,689
Retentions payable	-	-	10,353,829	14,823,458
Trade accounts payable	-	-	-	16,489
Accrued expenses	-	-	37,813,219	84,619,166
<b>Liabilities under employee benefits obligation</b>				
Key management personnel	1,618,290	1,517,714	1,588,586	1,454,379

As at 31 December 2014 and 2013, short - term loans to subsidiary bear interest at MLR - 1.0 percent per annum of a domestic bank. The loans are collateralized by the personal guarantees of a subsidiary's director and are payable during the period from 20 February 2015 to 12 June 2015.

Significant transactions with related parties for the years ended 31 December 2014 and 2013 are as follow:

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		For the years ended 31 December			
	Pricing policy	2014	2013	2014	2013
Material supplies margin income	Agreed rate	-	-	97,394	519,854
Management fee	Contract price	-	-	600,000	600,000
Other income	Agreed price	-	-	7,955,252	9,074,654
Materials procurement margin expense	Agreed rate	-	-	-	303
Project management fee	Agreed price	-	-	1,680,000	247,597
Administrative charge for project delay	Agreed price	-	-	2,621,003	-
Subcontract work	Agreed price	-	-	76,697,073	156,644,334
Other fee	Agreed price	-	-	2,153,899	21,517
<u>Key directors and management personnel compensation</u>					
Current benefits for directors and management		19,312,382	16,253,030	17,981,581	14,922,230
Post-employment benefits		261,589	220,012	254,590	208,224
Total		19,573,971	16,473,042	18,236,171	15,130,454

#### 6. CASH AND CASH EQUIVALENTS

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		2014	2013	2014	2013
Cash on hand		1,730,590	2,071,978	1,034,075	1,021,978
Cash at bank - Current account		1,119,813	4,583,630	1,088,813	79,061
Cash at bank - Savings account		218,837,339	104,699,509	217,733,144	104,630,175
<b>Total</b>		<b>221,687,742</b>	<b>111,355,117</b>	<b>219,856,032</b>	<b>105,731,214</b>

Savings deposits with banks bear interest at 0.75 - 2.00 percent per annum (special interest rate that bank offers at that time).

7. TEMPORARY INVESTMENTS

			(Unit : Baht)			
	Interest rate per annum	Period	CONSOLIDATED F/S		SEPARATE F/S	
			2014	2013	2014	2013
Fixed deposits	Fixed rates of 1.10 – 1.375 percent	3 - 6 months	1,865,206	11,254,297	1,408,819	11,116,543
Fixed deposit receipt	Fixed rates of 2.03 – 2.50 percent	7 - 90 days	240,000,000	40,000,000	240,000,000	40,000,000
Total			241,865,206	51,254,297	241,408,819	51,116,543

8. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

As at 31 December 2014 and 2013, the aged trade accounts and notes receivable are as follows:

(Unit : Baht)				
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
<u>Trade accounts and notes receivable</u>				
<u>- general customers</u>				
Not yet due	75,599,089	8,394,501	59,726,933	8,394,501
Overdue 1 - 30 days	39,434,796	19,649,667	31,979,610	19,489,781
Overdue 31 - 60 days	20,190,202	422,123	20,165,863	-
Overdue 61 - 90 days	1,480,845	1,185,971	1,261,434	1,088,047
Overdue 91 - 180 days	741,683	8,193,034	138,347	230,553
Overdue 181 - 360 days	473,421	847,398	-	51,983
Overdue more than 360 days**	16,268,687	15,951,686	14,002,966	14,904,514
Total	154,188,723	54,644,380	127,275,153	44,159,379
<u>Less</u> Provision for doubtful debts	(4,435,119)	(4,323,442)	(4,435,119)	(4,323,442)
Net	149,753,604	50,320,938	122,840,034	39,835,937
<u>Trade accounts receivable</u>				
<u>- subsidiary company</u>				
Not yet due	-	-	1,840,038	5,005,138
Overdue 1 - 30 days	-	-	588,538	3,007,287
Overdue 31 - 60 days	-	-	2,083,557	3,885,428
Overdue 61 - 90 days	-	-	1,167,461	7,211,017
Overdue 91 - 180 days	-	-	6,826,750	9,945,714
Overdue 181 - 360 days	-	-	14,803,371	15,301,942
Overdue more than 360 days***	-	-	20,589,416	10,019,180
Total	-	-	47,899,131	54,375,706

During the year, the movements in allowance for doubtful accounts are as follows:

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Beginning balance	4,323,442	8,559,510	4,323,442	7,888,031
Increase	111,677	-	111,677	-
Decrease	-	(4,236,068)	-	(3,564,589)
Ending balance	4,435,119	4,323,442	4,435,119	4,323,442

\*\* As at 31 December 2014 and 2013, the Company has trade accounts receivable overdue more than 360 days totalling Baht 9.57 million and Baht 10.58 million, respectively. The Company had agreed to off-set this receivable with relevant trade account payable for Baht 9.47 million. The Company has outstanding balance of Baht 0.10 million and Baht 1.11 million, respectively, with no allowance, since the management believes that the Company is able to collect all such receivables.

\*\*\* As at 31 December 2014 and 2013, the Company has trade accounts receivable - subsidiary which has been overdue for payment for more than 360 days of Baht 20.59 million and Baht 10.02 million, respectively. Management believes that the Company is able to collect all outstanding balance and also has unbilled accrued income from the Company for sub-contracted work amounted to Baht 37.81 million. Should the subsidiary render construction service and collect money, 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	
	2014	2013	2014	2013
Aggregate costs of work in progress plus margin on the percentage of completion determined by engineers	2,101,750,283	1,782,851,017	1,242,316,525	1,262,867,484
<u>Add</u> Accrued cost of work in progress	2,830,105	12,768,811	2,330,474	7,215,699
<u>Less</u> Progress billings to date based on contracts	(1,886,448,968)	(1,468,966,571)	(1,052,938,776)	(1,020,313,841)
Balance of recognized income and work in progress	218,131,420	326,653,257	191,708,223	249,769,342
<u>Less</u> work in progress - at cost	(17,170,651)	(31,947,426)	(3,636,623)	(2,573,125)
Unbilled accrued income	200,960,769	294,705,831	188,071,600	247,196,217

10. RETENTIONS RECEIVABLE – NET

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Retentions receivable	62,947,251	76,607,957	53,353,653	51,167,849
<u>Less</u> Allowance for non collection	(839,554)	(6,870,936)	(839,554)	(839,554)
Net	62,107,697	69,737,021	52,514,099	50,328,295

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.

During the year, the movements in allowance for doubtful accounts are as follows:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Beginning balance	6,870,936	7,475,874	839,554	909,695
Decrease	(6,031,382)	(604,938)	-	(70,141)
balance Ending	839,554	6,870,936	839,554	839,554

11. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2014 and 2013, the Company and subsidiary had fixed deposits with banks totaling Baht 38.28 million and Baht 41.44 million, respectively, which have been pledged with banks as collaterals for the bank guarantees for the Company's performance as well as for 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	
		2014	2013	2014	2013	2014	2013
<u>Subsidiary</u>							
Excelon Co., Ltd.	Design, construction, consulting, and building decoration	80,000,000	80,000,000	51	51	40,799,970	40,799,970
<u>Less</u>	Provision for impairment					(29,325,447)	(15,299,970)
Investment in the subsidiary – net						11,474,523	25,500,000

13. PROPERTY, PLANT AND EQUIPMENT – NET

					(Unit : Baht)
CONSOLIDATED F/S					
	2013	Increase	Decrease	Transfer In (Out)	2014
<b>Cost</b>					
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	243,889,338	26,462,844	-	-	270,352,182
Tools and equipment	122,026,838	8,809,803	642,403	3,168,849	133,363,087
Furniture, fixtures and office equipment	9,042,338	1,456,831	135,406	-	10,363,763
Vehicles	36,910,124	1,323,974	24,600	-	38,209,498
Machinery under installation	1,424,076	2,902,337	-	(3,168,849)	1,157,564
<b>Total</b>	<b>491,627,122</b>	<b>40,955,789</b>	<b>805,409</b>	<b>-</b>	<b>531,780,502</b>
<b>Accumulated depreciation</b>					
Building - factory	14,400,929	1,561,626	-	-	15,962,555
Building - office and improvement	7,956,249	486,933	-	-	8,443,182
Machinery	134,896,891	18,907,679	-	-	153,804,570
Tools and equipment	74,685,185	14,190,167	574,398	-	88,300,954
Furniture, fixtures and office equipment	6,979,395	1,203,166	135,372	-	8,047,189
Vehicles	26,436,399	4,022,664	24,600	-	30,434,463
<b>Total</b>	<b>265,355,048</b>	<b>40,372,235</b>	<b>734,370</b>	<b>-</b>	<b>304,992,913</b>
<b>Net Book Value</b>	<b>226,272,074</b>				<b>226,787,589</b>
<b>Depreciation allocation:</b>					
Costs of service	33,171,653				37,339,757
Selling and administrative expenses	3,314,147				3,032,478
<b>Total</b>	<b>36,485,800</b>				<b>40,372,235</b>

As of 31 December 2014, the Company and subsidiary had some fully depreciated assets but still in use with total costs of Baht 119.15 million (2013: Baht 110.35 million).

As at 31 December 2014, machinery and vehicles with net book value amounting to Baht 38.55 million, were acquired under finance lease agreements (2013: Baht 33.67 million).



					(Unit : Baht)
SEPARATE F/S					
	2013	Increase	Decrease	Transfer In (Out)	2014
<b>Cost</b>					
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	240,829,338	25,162,844	-	-	265,992,182
Tools and equipment	104,446,008	7,988,971	482,403	3,168,849	115,121,425
Furniture, fixtures and office equipment	8,229,033	1,443,559	135,406	-	9,537,186
Vehicles	33,276,342	1,323,974	24,600	-	34,575,716
Machinery under installation	1,349,535	2,902,337	-	(3,168,849)	1,083,023
<b>Total</b>	<b>466,464,664</b>	<b>38,821,685</b>	<b>642,409</b>	<b>-</b>	<b>504,643,940</b>
<b>Accumulated depreciation</b>					
Building – factory	14,400,929	1,561,626	-	-	15,962,555
Building - office and improvement	7,956,249	486,933	-	-	8,443,182
Machinery	134,582,951	18,568,556	-	-	153,151,507
Tools and equipment	69,924,649	10,723,289	482,345	-	80,165,593
Furniture, fixtures and office equipment	6,546,237	1,029,917	135,371	-	7,440,783
Vehicles	25,113,176	3,295,910	24,599	-	28,384,487
<b>Total</b>	<b>258,524,191</b>	<b>35,666,231</b>	<b>642,315</b>	<b>-</b>	<b>293,548,107</b>
<b>Net Book Value</b>	<b>207,940,473</b>				<b>211,095,833</b>
<b>Depreciation allocation:</b>					
Costs of service	30,051,480				33,533,755
Selling and administrative expenses	2,462,080				2,132,476
<b>Total</b>	<b>32,513,560</b>				<b>35,666,231</b>

As at 31 December 2014 and 2013, the Company's land and building have been mortgaged as collaterals for the bank overdrafts and long - term loans from bank (Note 14 and 15).

As of 31 December 2014, the Company had some fully depreciated assets but still in use with total costs of Baht 118.11 million (2013: Baht 109.83 million).

As at 31 December 2014, machinery and vehicles with net book value amounting to Baht 37.14 million, were acquired under finance lease agreements (2013: Baht 31.62 million).

14. BANK OVERDRAFTS

As at 31 December 2014, the Company has bank overdraft facilities totaling Baht 47 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 (2013: Baht 32 million).

As at 31 December 2014, the subsidiary used bank overdrafts of Baht 12.23 million with interest at MOR – 0.5 percent per annum. The subsidiary has unused bank overdrafts and other credit facilities totaling Baht 358.60 million. Those credit facilities are partially collateralized by the Company and the personal guarantees of certain subsidiary's directors and the pledge of the fixed deposits totaling Baht 17.19 million (2013: unused bank overdrafts and other credit facilities totaling Baht 97.97 million).

15. LONG – TERM LOANS FROM BANK

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Long - term loans from bank	-	3,640,000	-	3,640,000
<u>Less</u> Current portion due within one year	-	(2,208,000)	-	(2,208,000)
Long - term loans from bank – net	-	1,432,000	-	1,432,000

The above 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	
	2014	2013	2014	2013
Liabilities under hire - purchase agreements	28,233,032	30,598,669	27,253,700	28,948,849
<u>Less</u> Deferred financing charges	(2,265,374)	(3,100,592)	(2,215,358)	(2,989,418)
	25,967,658	27,498,077	25,038,342	25,959,431
<u>Less</u> Current portion due within one year	(10,732,202)	(9,484,247)	(10,248,548)	(8,813,759)
Liabilities under hire - purchase agreements - net	15,235,456	18,013,830	14,789,794	17,145,672

17. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

During the years ended 31 December 2014 and 2013, movements in employee benefits obligation are as follow:

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Balance as at 1 January	6,170,971	5,199,551	5,679,349	4,846,257
Provision expense for the period in statement of comprehensive income	1,738,027	971,420	1,468,241	833,092
Actuarial losses	380,442	-	343,323	-
<u>Less</u> Current portion due within one year	(802,698)	-	(564,751)	-
Balance as at 31 December	7,486,742	6,170,971	6,926,162	5,679,349

The employee benefit expenses were recorded in the statement of comprehensive income for the years ended 31 December 2014 and 2013 as follow:

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Current service cost	1,376,390	740,185	1,142,237	628,197
Interest cost	361,637	231,235	326,004	204,895

Principal actuarial assumptions are as follows:

	Pylon Public Company Limited	Excelon Company Limited
Discount rate for salary	4.54 percent per annum	4.66 percent per annum
Discount rate for wage	4.75 percent per annum	4.75 percent per annum
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008
Future salary expense increment rate	5.26 percent per annum	1.53 percent per annum
Future wage expense increment rate	2.51 percent per annum	4.06 percent per annum
Normal retirement age	55 years and 60 years	55 years and 60 years
Number of employees	474 persons	115 persons

Actuarial gains or losses occurred from the change in the salaries and wages and other factors for the computation of post-employee benefits are presented under shareholders' equity.

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

Income tax for the year end as at 31 December 2014 and 2013 as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Income	242,826,554	203,442,499	234,411,351	193,853,313
<u>Add</u> Transactions added back under the provision of the Revenue Code	3,778,300	21,339,001	17,803,777	4,147,805
<u>Less</u> The initial and reversal of temporary differences	(1,982,569)	-	(1,945,450)	-
Additional expense deductions	(150,369)	(6,591,065)	(150,369)	(4,035,132)
Loss carried forward not over 5 years	-	(15,561,745)	-	-
Net loss of subsidiary which included in consolidated F/S	5,647,393	-	-	-
Taxable income	250,119,309	202,628,690	250,119,309	193,965,986
Income tax expense				
- at the rate of 20%	50,023,862	40,525,737	50,023,862	38,793,196
Actual income tax rate (percent)	21	20	21	20
Current income tax expense under the Revenue Code	50,344,287	40,039,419	50,344,287	38,306,878
The amount of deferred income tax expense relating to the initial and reversal of temporary differences	(320,425)	486,318	(320,425)	486,318
Income tax expense	50,023,862	40,525,737	50,023,862	38,793,196

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Income tax recognized in other comprehensive income	68,665	-	68,665	-
From actuarial losses	(380,442)	-	(343,323)	-
Total	(311,777)	-	(274,658)	-
Accrued (prepaid) income tax at the beginning of the year	(9,386,504)	(13,543,360)	3,490,733	(3,075,231)
<u>Add</u> Tax withheld at sources during the year	(41,165,946)	(41,788,699)	(31,449,588)	(32,464,107)
<u>Add</u> Income tax payment	(17,108,376)	-	(17,108,376)	-
<u>Less</u> Income tax for the year	50,344,287	40,039,419	50,344,287	38,306,878
Refunded income tax deducted at sources	7,637,224	5,906,136	2,352,038	723,193
Accrued (prepaid) income tax at the ending of the year	(9,679,315)	(9,386,504)	7,629,094	3,490,733
Accrued income tax	7,629,094	5,842,771	7,629,094	5,842,771
Refundable income tax deducted at sources	(17,308,409)	(15,229,275)	-	(2,352,038)
	(9,679,315)	(9,386,504)	7,629,094	3,490,733

Deferred income tax asset/liability as at 31 December 2014 and 2013, 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			
	Recognised as income (expense)			
	1 January 2014	Statement of income	Shareholders' equity	31 December 2014
<b>Deferred income tax asset:</b>				
From provision for doubtful debts	1,032,599	22,336	-	1,054,935
From provision for employee benefits obligation	1,135,870	293,647	68,665	1,498,182
Total	2,168,469	315,983	68,665	2,553,117
<b>Deferred income tax liability:</b>				
From difference in accumulated depreciation for equipment	163,159	4,442	-	158,717

				(Unit : Baht)
Consolidated F/S and Separate F/S				
	1 January 2013	Recognised as income (expense)		31 December 2013
		Statement of income	Shareholders' equity	
<b>Deferred income tax asset:</b>				
From provision for doubtful debts	1,759,545	(762,946)	-	1,032,599
From provision for employee benefits obligation	969,252	166,618	-	1,135,870
<b>Total</b>	<b>2,728,797</b>	<b>(596,328)</b>	<b>-</b>	<b>2,168,469</b>
<b>Deferred income tax liability:</b>				
From difference in accumulated depreciation for equipment	237,169	(74,010)	-	163,159

## 20. SHARE CAPITAL AND WARRANTS

### 20.1 Authorized share capital

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 Sangararakul, 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 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.

During the year, the warrant holders exercised 67,236,179 warrants to buy 84,045,221 common shares with exercise price of Baht 1.76 per share. The Company received additional paid-up share capital and share premium of Baht 84,045,221 and Baht 63,874,368, respectively. As at 31 December 2014, the Company has 10,337,957 units of outstanding unexercised warrant and the last exercise date will be 25 April 2015.

## 21. EARNINGS PER SHARE

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

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding warrants 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.

## 22. DIVIDEND PAYMENT

By the resolution at the annual general meeting of the Company shareholders No. 1/2014 held on 24 April 2014, the Company paid dividend from operating results for the year ended 31 December 2013 for common share 278,029,122 shares at Baht 0.30 per share to the common shareholders, totaling Baht 83,408,736.

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, totalling 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.

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2014 and 2013 are as follows :

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Raw materials and consumable supplies used	632,474,112	568,298,679	480,560,164	377,683,787
Changes in contracted construction work in progress	4,838,069	(8,696,016)	(5,948,723)	6,657,298
Salaries, wages and other employee benefits	190,424,420	178,652,481	151,972,294	144,253,962
Subcontractor expenses	125,813,915	141,998,355	114,293,962	194,761,150
Depreciation	40,372,235	36,485,800	35,666,231	32,513,560
Rental expenses	40,638,630	42,002,686	33,693,632	33,347,489
Repair and maintenance expenses	35,132,555	41,504,868	34,678,696	40,059,088
Transportation	20,032,139	17,619,766	18,008,030	16,616,850
Allowance (reversal of allowance) for loss on construction project	(21,389,114)	15,628,775	1,278,268	-
Allowance for loss on investment in subsidiary	-	-	14,025,477	-

24. OTHER INCOME

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2014	2013	2014	2013
Interest income	4,299,412	3,262,324	7,447,306	5,861,302
Rental income for machinery and equipment	61,560	47,395	3,439,512	2,983,897
Management fee income	-	-	600,000	600,000
Revenue from sales of construction materials and scraps	172,532	78,534	334,926	556,631
Other service income	-	750,000	-	-
Others	1,388,295	425,962	2,396,398	3,510,550
Total	5,921,799	4,564,215	14,218,142	13,512,380



25. SEGMENT REPORTING

The Company and subsidiary are engaged only in the construction business. Details of core revenues for the years ended 31 December 2014 and 2013 are as follows :

								(Unit : Baht)
CONSOLIDATED F/S								
For the years ended 31 December								
2014				2013				
Foundation work	Construction work	Eliminated	Total	Foundation work	Construction work	Eliminated	Total	
Revenues from								
services	1,021,792,063	422,780,526	(76,697,073)	1,367,875,516	883,627,314	567,128,824	(156,891,932)	1,293,864,206
Costs of services			(1,062,678,007)					(1,026,359,159)
<b>Gross profit</b>			305,197,509					267,505,047
			4,299,412					
Interest income			(2,147,765)					3,262,324
Interest expenses			(40,372,235)					(2,240,399)
Depreciation			5,919,704					(36,485,800)
Reversal of provision (provision) for loss on construction project			(21,389,114)					15,628,775
Income before income tax			242,826,554					203,442,499
Trade accounts and notes receivable – net			149,753,604					50,320,938
Unbilled accrued income			200,960,769					294,705,831
Retentions receivable – net			62,107,697					69,737,021
Property, plant and equipments – net			226,787,589					226,272,074
Other assets			625,911,768					346,393,724
<b>Total Assets</b>			1,265,521,427					987,429,588

(Unit : Baht)

	SEPARATE F/S					
	For the years ended 31 December					
	2014			2013		
	Foundation work	Construction work	Total	Foundation work	Construction work	Total
Revenues from services	1,021,792,063	132,285,412	1,154,077,475	383,627,314	201,604,656	1,085,231,970
Costs of services			(859,385,834)			(844,987,833)
<b>Gross profit</b>			<b>294,691,641</b>			<b>240,244,137</b>
Interest income			7,447,306			5,861,302
Interest expenses			(1,893,199)			(1,881,569)
Depreciation			(35,666,231)			(32,513,560)
Provision for impairment of investment in subsidiary			(14,025,477)			-
Income before income tax			234,411,351			193,853,313
Trade accounts and notes receivable – net			170,739,165			94,211,643
Unbilled accrued income			188,071,600			247,196,217
Retentions receivable - net			52,514,099			50,328,295
Property, plant and equipments – net			211,095,833			207,940,473
Other assets			607,530,287			382,702,384
<b>Total Assets</b>			<b>1,229,950,984</b>			<b>982,379,012</b>

Major customer

For the years ended 31 December 2014 and 2013, the Company's and its subsidiary's revenues derived from Government enterprises and a private company, amounted to Baht 1,174 million and Baht 1,060 million, respectively. (The Company's portion : Baht 964 million and Baht 859 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, 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 2014, 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 239 million issued by financial institutions on behalf of the Company and its subsidiary in respect of certain performance required in the normal course of business.
- 27.3 The Company and subsidiary have commitments for service agreements which services have not been rendered of approximately Baht 452 million and Baht 19 million, respectively.
- 27.4 The Company and subsidiary have entered into hire - purchase agreements in respect of the hire - purchase of machine and vehicle. The Company and subsidiary have commitments for hire - purchase payment as follows:

	(Unit : Million Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
Within 1 year	11	10
2 -5 years	15	15
Total	26	25

28. EVENTS AFTER THE REPORTING PERIOD

At the meeting on 20 February 2015, the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.50 per share to the common shareholders, from operating result for the year 31 December 2014. 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 2015.

## References

### SHARE REGISTRAR

Thailand Securities Depository Company Limited  
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