



ANNUAL REPORT 2015

PYLON
PUBLIC COMPANY LIMITED

วิสัยทัศน์

(Vision)

“มุ่งมั่นจะเป็นผู้นำงานก่อสร้างฐานราก
ทั้งด้านคุณภาพ และประสิทธิภาพ”

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

เป้าหมาย

(Goal)

“ขยายฐานการให้บริการไปยังประเทศเพื่อนบ้านในภูมิภาคอาเซียนในธุรกิจที่เกี่ยวข้องกับงาน
ก่อสร้าง โดยเน้นการก่อสร้างฐานรากเป็นหลัก”

“The Company plans to expand the construction service to neighbouring countries in the ASEAN region primarily focusing on the foundation work”

รางวัลแห่งความภูมิใจ (Proud Award)

ปี 2557

Forbes Best Under A Billion



ข้อมูลสรุปทางการเงิน

(Financial Summary)

ข้อมูลทางการเงิน (พันบาท) Financial Data (Thousand Baht)	งบการเงินเฉพาะของบริษัท			งบการเงินรวม		
	Separate Financial Statement			Consolidated Financial Statement		
	2556 (2013)	2557 (2014)	2558 (2015)	2556 (2013)	2557 (2014)	2558 (2015)
สินทรัพย์รวม Total Assets	982,379	1,229,951	1,155,727	987,430	1,265,521	1,163,614
หนี้สินรวม Total Liabilities	358,087	357,035	233,059	360,491	381,581	252,575
ส่วนของผู้ถือหุ้นของบริษัท Equity of the Company's Shareholders	624,292	872,916	922,668	613,147	872,916	916,737
รายได้จากการรับจ้างงานก่อสร้าง Revenues from Construction	1,085,232	1,154,078	1,203,764	1,293,864	1,367,876	1,221,312
กำไรสำหรับปี(ส่วนที่เป็นของผู้ถือหุ้นบริษัท) Income for the year (Portion of the Company's shareholders)	155,060	184,388	208,151	159,067	195,552	201,914

อัตราส่วนทางการเงิน Financial Ratio	งบการเงินเฉพาะของบริษัท Separate Financial Statement			งบการเงินรวม Consolidated Financial Statement		
	2556	2557	2558	2556	2557	2558
	(2013)	(2014)	(2015)	(2013)	(2014)	(2015)
อัตรากำไรสุทธิ (%) Net Profit (%)	14.11%	15.78%	17.08%	12.55%	14.03%	14.95%
อัตราผลตอบแทนผู้ถือหุ้น (%) Return on Equity	29.53%	24.63%	23.18%	31.10%	26.32%	22.56%
อัตราผลตอบแทนจากสินทรัพย์ (%) Return on Assets (%)	16.84%	16.67%	17.45%	17.79%	17.12%	15.22%
กำไรสุทธิต่อหุ้น (บาท) Earning per share (Baht)	0.61	0.63	0.56	0.63	0.67	0.54
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt to Equity (Time)	0.57	0.41	0.25	0.58	0.43	0.28
อัตราการเติบโตของรายได้จากการรับจ้างงานก่อสร้าง (%) Revenues from Construction Growth (%)	6.43%	6.34%	4.31%	18.71%	5.72%	-10.71%
อัตราการเติบโตของกำไรสุทธิ (ส่วนที่เป็นของผู้ถือหุ้นบริษัท) (%) Net Profit (Portion of the Company's shareholders) Growth (%)	98.70%	18.91%	12.89%	146.20%	22.94%	3.25%

หมายเหตุ 1 รายได้จากการรับจ้าง หมายถึง รายได้จากงานฐานราก และงานก่อสร้าง

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

Content

1	Vision and Goal
2	Proud Award
3	Financial Summary
6	Chairman's Message to Shareholders of Pylon Public Company Limited
8	Company's Board of Directors
20	General Information
23	Type of Business
25	Industry Overview and Competition
26	Capital Structure
27	Management
47	Corporate Governance
63	Corporate Social Responsibility
67	Internal Control
69	Risk Factors
72	Management's Discussion and Analysis
76	Connected Transactions
77	Statement of the Board of Directors' Responsibilities
78	Statement of the Audit and CG Committee
82	Statement of the Nomination and Remuneration Committee
84	Report of the Independent Auditor
86	Financial Statements
126	Reference

Chairman's Message to Shareholders of Pylon Public Company Limited



To: Shareholders of

Pylon Public Company Limited

Thailand's foundation construction sector in 2015 in general slowed down, comparing to that in 2014. The downward trend was more obvious in the 2nd half of 2015. Factors contributing to this slowdown were the macroeconomic slowdown especially in the export sector, the reduction of households' purchasing power due to their increasing debt, collapsing agricultural prices, the slow disbursement problem of government expenditure and a delay in the launch of new government projects. Nevertheless, Pylon Pcl. (the Company) countered this slowdown by adopting its on-going strategies of customer base expansion and effective cost control. As a result of these strategies, the Company's performance in 2015 outweighed its performance in 2014.

The foundation construction in Thailand shows a positive trend in 2016 especially in its 2nd half due to the recent progress in government projects in the construction of the "Green Line" mass rapid transit (MRT) project and other public infrastructure projects. It is expected that the construction of these projects commence in 2016. In addition, one can see the increasing trend of the construction of private sector's condominium projects along the MRT routes.

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. Furthermore, the Company plans to seek new business opportunities by leveraging from its strong financial status in order to achieve its long-term potential.

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

The Positions of Company's Directors and Executives

Mr. Seri Chintanaseri

74 Years

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
- 2014 – Present Director/ Executive, Double A PLC.
- 2003 – 2014 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: 0.50%

Mr. Vongchai Sangarayakul**69 Years**

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 : 7.03%

Dr. Panja Senadisai**68 Years**

Independent Director

Chairman of the Audit and CG Committee

**Education :**

- Ph.D.Industrial Business Administration,Administration&Management College,King Mongkut's University of Technology,Ladkrabang
- 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 and CG 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 – 2014 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: -

Professor Emeritus Dr. Vinit Chovichien**70 Years**

Independent Director

Chairman of the Nomination & Remuneration Committee

Member of the Audit and CG 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 and CG 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 : -

Dr. Chanet Sangarayakul**42 Years**

Director

Chairman of the Executive and Risk Management 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 and Risk Management Committee, Pylon PLC.
- 2008 – Present Chairman, Excelon Co., Ltd.
- 2011 – 2015 Directors, Thai Listed Companies Association
- 2011 – 2015 Director, mai Listed Companies Association
- 2012 – 2005 Chairman/ President, Pylon Co., Ltd.

Percentage of Shareholding : 37.20%

Dr. Chaipat Sahasakul**62 Years**

Independent Director

Member of the Audit and CG 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 and CG 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, Electricity Generating PLC.

Percentage of Shareholding : 0.33% held by his spouse

Mr. Bordin Sangarayakul**41 Years**

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President-Finance & Management

**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 – 29/2/2016	Director/ Member of the Executive and Risk Management Committee/ Senior Executive Vice President–Finance & Management, Pylon PLC.
2008 – Present	Director, Excelon Co., Ltd.
2010 – 2012	Director, Aun Jung Co., Ltd.
2004 – 2005	Director/ DMD – Finance & Administration, Pylon Co., Ltd.

Percentage of Shareholding: 8.37%

Mr. Somsak Viriyapipat**57 Years**

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President – Equipment & Facilities

Acting Vice President-Equipment & Facilities

**Education :**

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

IOD Training :

- Directors Accreditation Program (44/2005)

Work Experience :

2005 – Present Director/ Member of the Executive and Risk Management Committee/

Senior Executive Vice President – Equipment & Facilities/ Acting Vice President-Equipment & Facilities, Pylon PLC.

2002 – 2005 Director/ DMD – Equipment & Facilities, Pylon Co., Ltd.

Percentage of Shareholding: 1.16%

Mr. Pisun Sirisulsakulchai**42 Years**

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President – Engineering & Marketing

**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 and Risk Management Committee/
Senior Executive Vice President-Engineering and Marketing, 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 : 1.97%

Dr.Siroj Tungkahotara**41 Years**

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 :

- 2012 – Present Executive Vice President – Engineering, Pylon PLC.
- 2008 – 2011 Structural Engineer, Tetra Tech INCA (USA)

Percentage of Shareholding: -

Mr. Chaiphapol Sutthamanuswong**42 Years**

Executive Vice President – Accounting and Finance

Education:

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

Work Experience:

- 2016 – Present Executive Vice President – Accounting and Finance, Pylon PLC.
- 2013 – 2016 Executive Vice President – Finance, Pylon PLC.
- 1996 – 2015 VP Relationship Manager Bangkok Bank PLC.

Percentage of Shareholding: -

Mr. Veeratas Chiradechvirot**36 Years**

Executive Vice President - Management

Education:

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

Work Experience:

- 2013 – 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**53 Years****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****42 Years****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. Ratthakorn Nakachai****45 Years****Vice President - Construction****Education:**

- Bachelor of Civil Engineering, Khonkan University
- Master of Infrastructure Engineering and Management, Kasetsart University

Work Experience:

- 2014 – Present Vice President – Construction, Pylon PLC.
- 2013 – 2008 Project Director
- 2008 – 2003 Senior Project Manager
- 2546 - 2551 Project Manager

Percentage of Shareholding: -

Miss Thitima Taiwprateep

37 Years

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.

At present, Pylon's registered capital is Baht 374,999,359 separated into 374,999,359 ordinary shares at Baht 1 par value per share and paid up capital is Baht 374,936,698.

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 ■ 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.
- Year 2003 ■ Performed the first soil cement columns with high-pressured jet grouting in His Majesty The King Bhumipol's Pak Pa Nang Diversion Dam Project in Nakornsri Thammarat Province as a subcontractor to Sino-Thai Engineering and Construction Plc (Sino-Thai). From the success in the Pakpanang project, the Company has developed a strong business relationship with Sino-Thai and, as a result, received bored piling works for several projects from Sino-Thai Sino-Thai Engineering and Construction Plc (Sino-Thai) Thai Engineering and Construction Plc (Sino-Thai) such as The 3rd Stage Expressway - Part S1 (Ajarnong-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.

- | | |
|-----------|---|
| Year 2004 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 60 million in January and Baht 95 million in December. ■ Cooperated with Soletanche Bachy from France, an International Foundation Specialist Company, to construct diaphragm walls for The Samlae Water Treatment Plant in Patumthani Province. |
| Year 2005 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 115 million in May. ■ 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. ■ Registered as the public company on July 20, 2005. ■ Registered on the Market for Alternative Investment (mai) Stock Market in December. The first trading day of the Company's shares was December 23, 2005. |
| Year 2006 | <ul style="list-style-type: none"> ■ Relocated the Company's maintenance yard from Saphansong District to Ladlumkaew, Patumthani Province in March. |
| Year 2008 | <ul style="list-style-type: none"> ■ 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 was Baht 30 million. Pylon held 51% of the total shares. |
| Year 2009 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 200 million in May to facilitate the stock dividends |
| Year 2012 | <ul style="list-style-type: none"> ■ Increased capital to Baht 300 million in May to facilitate the issuance of PYLON-W1 to existing shareholders. ■ Excelon increased registered capital to Baht 80 million in December whereas Pylon still held 51% of the total shares. |
| Year 2013 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 374.99 million in May to facilitate both the stock dividends and the adjusted exercise ratio of PYLON-W1 |
| Year 2014 | <ul style="list-style-type: none"> ■ Pylon, only a firm from mai, received Asia's 200 Best under a Billion Award from Forbes Asia in July. |
| Year 2015 | <ul style="list-style-type: none"> ■ SET moved PYLON from mai to SET main Board on August 6, 2015. |

Revenue by Products

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

The Company's Revenues

(Unit : Thousand Baht)

Products	2013		2014		2015	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Bored Piles	883,627	80.42	1,021,792	87.46	1,128,805	92.63
Ground Improvement	-	-	-	-	43,017	3.53
Diaphragm Wall	-	-	-	-	12,489	1.02
Total Revenue from Foundation	883,627	80.42	1,021,792	87.46	1,184,311	97.18
Revenues from Construction	201,605	18.35	132,286	11.32	19,452	1.60
Revenues from Other Services ¹	2,984	0.27	3,440	0.29	152	0.01
Other Revenues ²	10,528	0.96	10,778	0.92	14,758	1.21
Total Revenue	1,098,744	100.00	1,168,296	100.00	1,218,673	100.00

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

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

The Subsidiary's Revenue (the Subsidiary)

(Unit : Thousand Baht)

Products	2013		2014		2015	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Revenue from Construction	365,524	100.00	290,495	100.00	32,639	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.



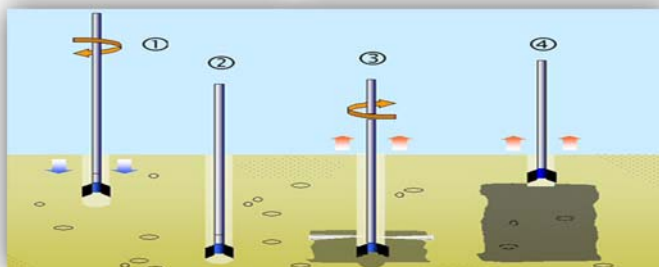
2. Ground Improvement by Jet Grouting

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.

However, Since late 2015, the company already ceased the general construction works.



Industry Overview and Competition

The foundation works business comprising piling, diaphragm wall construction, and ground improvement is essentially dependent on construction industry. Previously in 2015, although the Government has intended to boost the economy through the investments in MRT/BTS and other infrastructure projects, the delays in new projects launching and disbursement have resulted in the stagnation of the government's economic stimulus measures, dampening the confidence and the investment spirit of the private sector. Besides, the economy was affected by low household spending due to rising household debts and declines in agricultural product prices, resulting in the sluggish growth of Thailand's economy in the first 9 month of 2015, which defeated expectation. Nevertheless, in the fourth quarter of 2015, the country's economy improved slightly due to the acceleration in public disbursement through various stimulus measures at a more speedy and continuous pace. In 2016, the company expects that the Thai economy will gradually recover at the beginning of the year and will show clearer signs of improvement in the second half of the year.

Looking solely at the foundation construction industry in 2015, the business was in stable condition since the first quarter and entered into deceleration in the third and the fourth quarters as a result of the delays in the Government's new projects launching and disbursement, which in return increased competition in the market. The private sector also affected by the said problems as the sign of the investment slowdown revealed itself in the third quarter. Nonetheless, the fact that the Government has expedited its disbursement and has provided clearer directions to its infrastructure construction plan, which will be started in 2016, rendered signs of recovery in the foundation construction industry in the fourth quarter.

As for the year 2016, the launching of constructions of the Green Line MRT project and other public infrastructure projects, together with the increase of private investment in condominiums along the new MRT and BTS lines, enable the company to predict that the overall economy and the foundation construction industry in 2016 will be improved, especially in the second half of the year onwards.

Major bored piling contractors are ItalThai Trevi Co.,Ltd., Pylon Plc., Seafco Plc., Siam Tone Co.,Ltd., Stand Pile Co.,Ltd., and Thai Bauer Co.,Ltd. The company should be the second ranking in terms of revenue and production capacities (no.of machines).

Capital Structure

Shareholders

The shareholders' list shown on Book of shareholders' registration as of the closing date of the register book on March 18, 2016 is as follows:

No	Name of Shareholders	No. of shares	Percentage
1	Sangarayakul Family*	197,565,073	52.69
2	Thai NVDR Co., Ltd.	21,290,819	5.68
3	Mr. Phadet Hongfah	9,560,600	2.55
4	HSBC (SINGAPORE) NOMINEES PTE LTD	9,207,200	2.46
5	Mr. Pisun Sirisuksakulchai	7,368,998	1.97
6	Mr. Suchart Boonbanjerd Sri	5,500,000	1.47
7	Mr. Vichit Chinvongworakul	4,856,200	1.30
8	Mr. Somsak Viriyapiphat	4,347,873	1.16
9	FWD Life Insurance PLC.	4,237,300	1.13
10	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	3,438,900	0.92
	Other Shareholders	107,563,735	28.69

Remark:

* Sangarayakul family consists of Mr. Chanet, Mr. Bordin, Mr. Vongchai and Mr. Anon Sangarayakul which held the shares in proportion of 37.20, 8.37, 7.03 and 0.09 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

As of March 23, 2016 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 and CG Committee, the Nomination and Remuneration Committee and the Executive and Risk Management Committee. Members of each committee and the scope of their authorities are as follows:

The Board of Directors

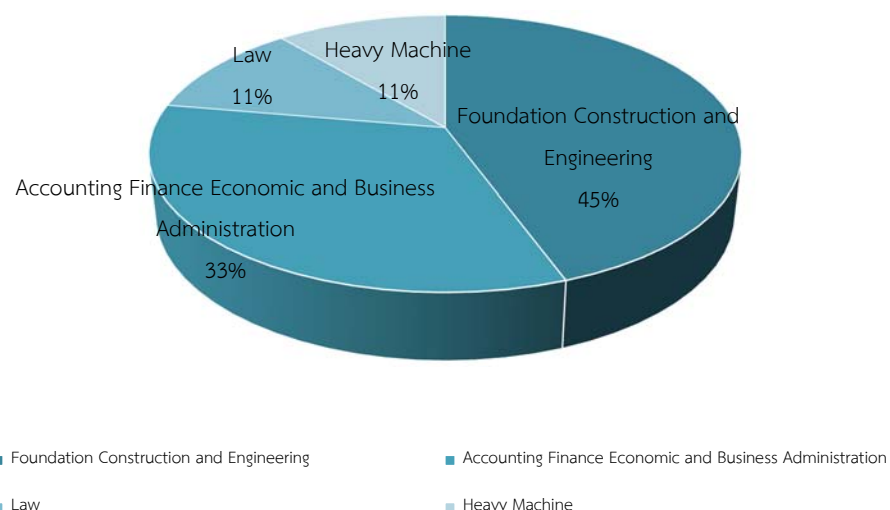
As of December 31, 2015, The company's Board of Directors comprises 9 member in which:

- 5 Non-executive directors, representing 55.56 percent of the Board of Directors consists of
 - 4 Independent Directors, representing 44.45 percent of the Board of Director who are independent of management and major shareholders.
 - 1 non – executive director, representing 11.11 percent of the Board of Directors
- 4 Executive Directors, representing 44.44 percent of the Board. Of Directors has Prof. Emeritus Dr. Vinit Chovichien, non-executive director/ independent director, expertise in

structural engineering which is directly related to its business

Expertise	No.	Percentage
● Foundation Construction and Engineering	4	44.45
● Accounting Finance Economic and Business Administration	3	33.33
● Law	1	11.11
● Heavy Machine	1	11.11
Total	9	100

The composition of the Board of Directors categorized by professional skill



Their names are as follows:

Name - Surname	Position
1. Mr. Seri Chintanaseri	Chairman / Independent Director
2. Dr. Panja Senadisai ¹	Independent Director Chairman The Audit and CG Committee
3. Professor Emeritus Dr. Vinit Chovichien	Independent Director/ Member of Audit and CG Committee/ Chairman The Nomination and Remuneration Committee
4. Dr. Chaipat Sahasakul ¹	Independent Director/ Member of Audit and CG Committee/ Member of The Nomination and Remuneration Committee
5. Mr. Vongchai Sangarayakul	Founder Chairman/ Director/ Member of The Nomination and Remuneration Committee
6. Dr.. Chanet Sangarayakul	Director/ Chairman of the Executive and Risk Management Committee
7. Mr. Bordin Sangarayakul	Director/ Member of the Executive and Risk Management Committee
8. Mr. Somsak Viriyapipat	Director/ Member of the Executive and Risk Management Committee
9. Mr. Pisun Sirisuksakulchai	Director/ Member of the Executive and Risk Management Committee

Remark 1. Having knowledge and experience in review of Financial Statements

2. Company Secretary is Ms. Thitima Tiawprateep

Change in Pylon shares held by the company's Directors and Executive and of December 31, 2015

Name		No. of shares				
		As of January 1, 2015		Increase/ Decrease (Jan1, 2015 - Dec 31, 2015)	As of December 31, 2015	
		ownership	Spouse/ Minor Child		ownership	Spouse/ Minor Child
1	Mr.Seri Chintanaseri Chairman of the Board of Directors Independent Director	1,986,623	-	-	1,986,623	-
2	Dr.Panja Senadisai Independent Director	-	-	-	-	-
3	Professor Emeritus Dr. Vinit Chovichien Independent Director	-	-	-	-	-
4	Dr.Chaipat Sahasakul Independent Director	-	1,249,998	-	-	1,249,998
5	Mr.Vongchai Sangarayakul Director	26,375,000	-	-	26,375,000	-
6	Dr.Chanet Sangarayakul Director President	139,495,066	-	-	139,495,066	-
7	Mr.Bordin Sangarayakul Director/ Senior Executive Vice President-Finance & Management	31,375,000	-	-	31,375,000	-
8	Mr.Pisun Sirisuksakulchai Director/ Senior Executive Vice President-Engineering&Marketing	7,368,998	-	-	7,368,998	-
9	Mr.Somsak Viriyapipat Director/ Senior Executive Vice President-Equipment & Facilities	4,347,873	-	-	4,347,873	-
10	Dr. Siroj Tungkahotara Executive Vice President-Engineering	-	-	-	-	-
11	Mr.Chaiyaphol Sutthamanusvong Executive Vice President-Accounting and Finance	-	-	-	-	-
12	Mr.Veeratas Chiradechvirod Executive Vice President-Management	-	-	-	-	-
13	Mrs.Sureerat Nakaphadungrat Vice President-Accounting	-	-	-	-	-
14	Mr.Korn Thongsri Vice President-Human Resource	-	-	-	-	-
15	Mr.Ratthakorn Nakachai Vice President-Construction	-	-	-	-	-

While the Board of Directors is appointed by shareholders, the company secretary is appointed by the Board of Directors with the duties to give advice and assistance for the Board of Directors to function in compliance with the laws and regulations, and to work on the Board of Directors's Meetings and the Shareholders' Meetings, as well as to support the good corporate governance.

At the Board of Directors's meeting, Chairman, President and the company secretary will consider and select the agendas together, making sure that every important issue has been incorporated. Each director has independency to propose meeting agendas.

The company secretary will disseminate the meeting's agendas to the Board of Directors at least 7 days prior to the meeting. Those documents will provide adequate information for the directors consideration. However, if there is confidential information that cannot be revealed in writing, or if the disclosure of such information would negatively affect the company, the Board of Directors can bring that issue up for discussion at the meeting.

During the meeting, the Chairman will allocate adequate time for the executives to present the agendas, and for the Board of Directors to discuss important issues thoroughly. The Chairman will also encourage the directors to use their discretion and pay full attention to every issue brought up to the meeting, especially on corporate governance. Moreover, at the Board of Directors's meeting, high-level executives from each division will be invited to join to present information, problems and details of the issues for the Board of Directors's consideration, which helps create relationship between the directors and the executives. The Board of Directors can also get more information by inquiring from the executives, or in the case of inadequacy, the Board of Directors can ask the corporate secretariat to provide more information.

Minutes of Board of Directors's meeting consist of key components such as date and time of the meeting (commencement and adjournment), name list of the directors present and absent, summary of the proposed agendas, summary of the discussions and observations, the meeting resolution and comments from those who disagreed. The company complies minutes of the meetings in hard copies for easy access but non-amendable. The directors attendance will be recorded and revealed. The Board of Directors's meetings are scheduled to be held quarterly, while the Executive and Risk Management Committee's meetings are held regularly. The results from the Executive and Risk Management Committee's meeting will be presented to the Board of Directors for information

Authority to sign on behalf of the Company as of December 31, 2015

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.

Roles and Responsibilities of Chairman

1. To chair the Board of Directors' and the shareholders' meetings to ensure successful conduct;
2. To guide the Board of Directors' meetings towards effective and productive results by encouraging every member to fully participate;
3. To cast the deciding vote in the case of a tie vote;
4. To hold responsibility as leader of the Board in monitoring, tracking and supervising the work of the Executive Committee and the subcommittees in order to achieve the objectives as planned.

In 2015, the Board was of the view that the Chairman had done excellent job in leading the meetings and encouraging the members to give their opinions extensively

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 and Risk Management Committee to perform any tasks in accordance with the extent of its prescribed authorities. The assigned authorities, however, must not give the Executive and Risk Management 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 and Risk Management Committee 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 and Risk Management Committee, President, 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 and CG Committee

Name - Surname	Position
1. Dr. Panja Senadisai	Chairman of the Audit and CG Committee / Independent Director
2. Dr. Chaipat Sahasakul	Member of the Audit and CG Committee / Independent Director
3. Professor Emeritus Dr. Vinit Chovichien	Member of the Audit and CG Committee / Independent Director

Remark Secretary to the Audit and CG Committee is Ms. Thitima Tiawprateep

Dr. Panja Senadisai and Dr. Chaipat Sahasakul are members of the Company's Audit and CG Committee. They are accounting experts with more than 20 years and 10 years of experiences in the revision of financial reports of the company for accuracy and adequacy.

Scope of Authorities of the Audit and CG 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 propose for an appointment, re-appointment, and termination of contract of external auditors, as well as offering their 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 and CG 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 and CG Committee;
9. To prepare, and to disclosed in the Company's annual report, the Audit and CG committee's report which must be signed by the Chairman of the Audit and CG 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 and CG Committee meetings and the attendance of such meetings by each committee member,

- (g) an opinion or overview comment received by the Audit and CG committee from its performance of duties in accordance with charter, and
 - (h) other transactions which, according to the Audit and CG 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 monitor and control company's compliance with good corporate governance principles.
 11. To report the results of the Audit and CG Committee's work to the Board of Directors regularly at least once every quarter.

The Nomination and Remuneration Committee

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

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 company's Board of Directors structure including additional committees commensurated with The nature and size of business and qualifications of each director in terms of knowledge, skill, experience, specific capabilities which are beneficial to the company's business.
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 and Risk Management Committee

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

Scope of Authorities of the Executive and Risk Management Committee

Duties and responsibilities of the Executive and Risk Management 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, risk management and power of management authorities, as well as the criteria in conducting the Company's business that complies with the economic environment. The Executive and Risk Management Committee shall investigate and monitor the Company's performance to ensure the compliance with the prescribed policies. Major duties and responsibilities of the Executive and Risk Management 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 manage potential risks in the company.
10. 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 and Risk Management Committee shall not include the approval of transactions that member of the Executive and Risk Management 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.

Management Team

Management Team are as follows:

	Name - Surname	Position
1.	Dr. Chanet Sangaranyakul	President
2.	Mr. Bordin Sangaranyakul	Senior Executive Vice President - Finance & Management
3.	Mr. Pisun Sirisuksakulchai	Senior Executive Vice President – Engineering & Marketing

	Name - Surname	Position
4.	Mr. Somsak Viriyapipat	Senior Executive Vice President - Equipments & Facilities
5.	Dr. Siroj Tungkahotara	Executive Vice President - Engineering
6.	Mr. Veeratas Chiradechviro	Executive Vice President - Management
7.	Mr. Chaiyaphol Sutthamanuswong	Executive Vice president - Accounting and Finance
8.	Mrs. Sureerat Nakaphadungrat	Vice President - Accounting
9.	Mr. Korn Thongsri	Vice President - Human Resource
10.	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 and CG 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 and CG 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

Nomination of Independent Directors

- **Composition and Criteria for the Nomination of Independent Directors**

The company has determined the composition of the Board of Directors in compliance with the criteria set by the Securities and Exchange Commission of Thailand, that is to have Independent Directors at least one-third of the directors and not less than three. The criteria of the nomination are in line with the definition of independent directors, which is stricter than the requirements of the Securities and Exchange Commission. This also complies with the announcement of the Capital Market Supervisory Board regarding the request for permission and the permission to offer newly issued shares. The criteria for the nomination are as follows:

Definition of 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.

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

Criteria for nomination, appointment and dismissal or termination of members of the Board

As for the nomination and appointment process, the Nomination and Remuneration Committee will scrutinize a person qualified to become a member of the Board, whether it is the one who represents shareholders or an independent. The name of the nominee will be presented to the company's Board of Directors based on the following qualifications:

1. Business knowledge and skills, ability and experiences necessary for and agreeable to the company strategies, in order to strengthen the Board in overseeing the company;
2. Qualifications as required by law and announcements of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand, as well as the company's regulations;
3. Transparent and ethical working history, with high morality, responsibility, maturity and professionalism;
4. No sexual bias

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 entitles to vote and at least one half of shares held by the attendant shareholders entitled to vote.

● Composition and Criteria for Selection of the Audit and CG Committee

The Company shall appoint the Audit and CG 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 and CG Committee. The Audit and CG 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 and CG 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 and Risk Management Committee**

The Board of Directors shall appoint a number of suitable persons to be members of the Executive and Risk Management Committee

Remuneration of Directors and Executives.

The company has issued a clear policy and criteria for remuneration on the basis of transparency, accountability and at appropriate and satisfying level, in order to attract the high-quality Board members and keep them on continuing their good services. The remuneration rates are compatible to the levels practiced in the business, in accordance with their experiences, positions, accountability and responsibilities, as well as the gains that the company will retrieve from each Board member. The remuneration can be divided into three parts, as follow:

1. Monthly remuneration that reflects the responsibilities as the Board member;
2. Meeting allowance that shows the importance and the time devoted to the company's meetings;

3. Annual bonus which is a special remuneration given to the Board members for their shareholder value added.

It is the job of the Nomination and Remuneration Committee to set up a preliminary level of remuneration to be presented to the Board of Directors, before submitting to it the Annual General Meeting of Shareholders.

the AGM to consider and approve the remuneration of the Company's directors for year 2015 as of April 28, 2015 as follows:

1. Monthly remuneration

	2015	2016
	(Baht per month)	(Baht per month)
- Chairman of the Board of Directors	50,000	50,000
- Chairman of the Audit and CG Committee	25,000	25,000
- Director	21,000	21,000
Remark: The directors who are executives of the Company shall not be entitled to receive this monthly remuneration.		

2. Meeting allowance

	2015	2016
	(Baht per meeting)	(Baht per meeting)
- Director	5,000	5,000
- Audit and CG Committee member	5,000	5,000
- Nomination and Remuneration Committee member	5,000	5,000

3. Bonus : not exceeding Baht 3,000,000, to be allocated by the Board of Directors.

In conclusion, non-executive committee remuneration structure includes (1), (2), and (3). However executive committee remuneration structure includes only (2) and (3)

Directors' Remunerations in 2015

Name - Surname	Year 2015 Remuneration					
	Monthly Remuneration	Meeting Fee				
		Board of Director	Audit and CG Committee	Nomination and Remuneration Committee	Bonus	Total
1. Mr. Seri Chintanaseri	600,000	30,000			553,846	1,183,846
2. Dr. Panja Senadisai	300,000	30,000	25,000		276,923	631,923
3. Dr. Chaipat Sahasakul	252,000	30,000	25,000	10,000	276,923	593,923
4. Professor Emeritus Dr. Vinit Chovichien	252,000	30,000	25,000	10,000	276,923	593,923
5. Mr. Vongchai Sangarayakul	252,000	30,000		10,000	276,923	568,923
6. Dr. Chanet Sangarayakul		30,000			276,923	306,923
7. Mr. Bordin Sangarayakul		30,000			276,923	306,923
8. Mr. Somsak Viriyapipat		30,000			276,923	306,923
9. Mr. Pisun Sirisuksakulchai		30,000			276,923	306,923
Total	1,656,000	270,000	75,000	30,000	2,769,230	4,800,230

Executives' Remuneration

Executives receive remuneration including salaries, bonuses and other benefits which are directly based on both corporate and personal KPI-based performance. In 2015 the total remuneration for executives are as follows :

Position	Year 2014			Year 2015		
	No. (Person)	Totaling Amount (Million Baht)	Details of Remuneration	No. (Person)	Totaling Amount (Million Baht)	Details of Remuneration
Executive Committee and Management	11	15.256	Salary, Bonus, Social Security Fund and Provident Fund Contributions	10	16.199	Salary, Bonus, Social Security Fund and Provident Fund Contributions

Other Remuneration

None

Number of Meeting Attendance

Name - Surname	Position in The Company's Board of Directors	Year 2014		
		Board of Directors	Audit and CG Committee	Nomination and Remuneration Committee
1. Mr. Seri Chintanaseri	Chairman of the Board of Director/ Independent Director	6/6		
2. Dr. Panja Senadisai	Independent Director/ Chairman of the Audit and CG Committee	6/6	5/5	
3. Professor Emeritus Dr. Vinit Chovichien	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit and CG Committee	5/6	5/5	2/2
4. Dr. Chaipat Sahasakul	Independent Director/ Member of the Audit and CG Committee/ Member of the Nomination and Remuneration Committee	6/6	5/5	2/2
5. Mr. Vongchai Sangarayakul	Director/ Member of the Nomination and Remuneration Committee	6/6		2/2
6. Dr. Chanet Sangarayakul	Director/ Chairman of the Executive and Risk Management Committee	6/6		
7. Mr. Bordin Sangarayakul	Director/ Member of the Executive Risk Management Committee	6/6		
8. Mr. Somsak Viriyapipat	Director/ Member of the Executive Risk Management Committee	6/6		
9. Mr. Pisun Sirisuksakulchai	Director/ Member of the Executive Risk Management Committee	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 2015, 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:

Employees

The company realizes that every employee is an important resource of the company and a key success factor to achieve the company's goals. The company, therefore, ensures that they all receive equitable treatment in respect of opportunity, compensation and development of their ability.

The company adheres to the following remunerations principles:

1. To treat the employees with respect for their honour, dignity and personal rights;

2. To maintain the working environment for the safety of lives and personal properties of the employees;
3. To promote, rotate, punish and give reward to employees with on the basis of their knowledge, performances and eligibility good faith;
4. To place importance to the development of employees' competency through various activities such as seminars, training, etc.;
5. To adhere to fair employee compensation and welfare policies which are consistent with the company's short-term performance, relating to market conditions, business competition, nature of work, employee performance and company's profitability etc. In the long term, it will include the performance measurement in accordance with Balance Scorecard, etc.;
6. To listen to employees' opinions and suggestions based on their knowledge and skills.

In 2015, there was no legal dispute between the company and employees.

Customers

The company stresses the importance of customer satisfaction and confidence. Thus, the company makes a policy to treat our customers as follows:

1. To provide high quality product and services at reasonable prices;
2. To give true and correct information to customers without exaggerations that may mislead about the quality, quantity or conditions of those services;
3. To maximize customers' benefits with integrity and honesty, including giving beneficial advice to the customers;
4. Not to claim or receive any benefits from the customers by abuse of the employee's position;
5. Not to use the customers' information for personal interests.

In 2015, there was no legal dispute between the company and customers.

Creditors

The Board of Directors has defined the policy about fair treatment and responsibilities towards the creditors, especially for the terms of, guarantee capital management guarantee and delinquency. For examples, as regards the capital management, it is the company policy to maintain high current ratio and appropriate debt to equity ratio. This means the company's ability to pay debts to its creditors and suppliers continuously and punctually. As for the terms of guarantee, the policy is not to let the guarantor become damaged and to be responsible should any problems arise. Regarding the delinquency, the company will find an expedient solution to the problems in order to pay off the debts to the creditors.

In 2015, the company fulfilled the creditors' term without any debt default incident.

Suppliers

The company treats its suppliers equally and fairly based on mutual benefits as suppliers are the major factor in the company's accomplishments. The company's principles are as follows:

1. The procurement of goods and services must be systematic and up to standards under the following rules:
 - A competition on equal information;
 - Having criterias for suppliers assessment and selection;
 - A preparation of appropriate and fair contract;
 - Having a monitoring system to ensure the full compliance with the contract conditions, and also to prevent fraud or misconduct in every step of procurement;
 - A punctual payment to suppliers in accordance with the mutually agreed terms and conditions.
2. Developing and maintaining a sustainable relationship with suppliers and contract counterparties through mutual trust without false advertising or misleading.

In 2015, there was no legal dispute between the company and suppliers.

Competitors

The company competes fairly with all business competitors under the justified framework as follow:

1. Not to seek confidential data of its competitors by dishonest or inappropriate methods;
2. Not to damage the reputation of its competitors by making false accusation;
3. Not to violate the intellectual property of any individual or competitors.

In 2015, there was no legal dispute or complaint between the company and its competitors.

Social and Public Responsibility

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 2015, Pylon Public Company Limited organized a project called "Books for children, Libraries for Schools" in the belief that a library is a significant part of educational development and a self-study and knowledge center for students.

Pylon management and employee recognize the importance of primary education which is the foundation of enhancing the potential of children who will become the mainspring of the country in the future. Having appropriate books for kids will help to cultivate a passion of reading in children to, boost their creativity and to enable them to self-study leading to knowledge which is a basis of research and innovation. It is also a volunteer activity that will strengthen the relationship between the employees and management of the company.

Apart from the above project, the company donated a sum of Baht 33,000 to the Division of Medicine, Chulalongkorn Hospital, for bone marrow transplant project and to Prostheses Foundation of H.R.H. Princess Mother, as well as another sum of Baht 59,000 to uphold and preserve Buddhism.

Respect for Human Rights

The Board of Directors has set up a policy to avoid human rights violation by providing guidelines on the respect of human rights for its directors, management and employees as follows:

- The company treats all employees with respect for their honour and dignity;
- The company provides the employees with communication channel to voice their suggestions and complaints about their work. Those suggestions and complaints will be seriously considered and solved for the benefits of all concerned parties and for the good relations in the organization;
- The company encourages the employees to exercise their civil rights in accordance with the Constitution and the law;
- Any biography, biodata, work history, etc. of each employee will be kept confidential. Employees' personal data cannot be disclosed or transferred to the public without the employee's permission. Violation of this rule is regarded as a disciplinary offense, except when acting in compliance with the law or the company's regulations;
- The company is against any conduction of human rights violation and corruption;
- All employees must not verbally or physically abuse other people on the basis of race, sex, religion, age and mental or physical disability.

In addition, the company has issued operating guidelines on the employment in compliance with the labor law for both the company's employees and its suppliers. This includes the employment of child labour or forced labour, as well as the installation of appropriate safety and sanitary system a workplace. So far, there is no report or complaint on human rights abuse.

Intellectual Property or Copyrights

The Board of Directors has set out a strict policy not to violate intellectual property or copyright and has laid down operating guidelines to check the work or information obtained, which was belong to others, prior to the use in the company. This was to prevent the violation of intellectual property or copyright of other

people. Should there be a case of violation, the company will expedite the solution to the problem along with compensation to those being abused.

Anti-Corruption and Corruption Control

The Board of Directors adheres to the importance of conducting business with honesty, fairness and transparency. Thus, in 2016, it was agreed by the Board of Directors that the company sign a Declaration of Intent to join the Collective Action Coalition (CAC) to fight against corruption in private sector with IOD, Thai Chamber of Commerce, Joint Foreign Chambers of Commerce and Thai Listed Companies Association. This project is supported by the Government and the Office of the National Anti-Corruption Commission.

The company has a corruption risk assessment process and an internal control system to control, prevent, monitor and evaluate whether the company has adequately and appropriately complied with its internal control policy, which is beneficial to the company's awareness about its internal frauds.

The employees were occasionally given trainings in business ethics, especially anti-corruption measures. On February 11, 2014, the executives, project managers, engineers and foremen of the company jointly declared their commitment towards fighting against frauds and inappropriate behaviors within the organization.

Environmental Responsibility and Sustainable Use of Resources

It is with the support of the Board of Directors to provide education and trainings to the employees regarding environmental protection. Thus a policy is implemented, and action plans are clearly announced. Every employee must strictly adhere to this operating guidelines as well as the law and other environmental standards as declared on Corporate Social Responsibility.

Policy Regarding Reports on Misconduct (Whistle-blowing)

It is the company's policy to allow stakeholders, both insiders and outsiders, to blow the whistle or file a complaint regarding illegal or unethical acts, inaccurate financial reporting or internal control system faults through the Member of the Audit and CG Committee or the company secretary, who will forward to the Audit and CG Committee for investigation and then submit the report to the Company's Board of Directors for consideration and further actions as deemed appropriate. (As revealed in 56-1, Section 3 on the Roles of the Stakeholders)

Operational Process upon Receiving Whistle-blowing Reports or Complaints

1. Gathering facts for the Audit and CG Committee.

After receiving whistle-blowing reports or complaints, the Audit and CG Committee or the company secretary will gather all relevant facts related to illegal or unethical acts, inaccurate financial reporting or internal control system faults. The recipients of such reports or complaints may address the matter by themselves or assign relevant people to proceed on their behalf.

2. The Audit and CG Committee organizes a meeting.

A meeting will be organized among the Audit and CG Committee to look into the whistle-blowing reports or complaints based on all facts gathered. The process can also include interrogation or request for information from the management, as the case may be, and then a report will be compiled for submission to the Board of Directors.

3. The Board of Directors considers the report from the Audit and CG Committee.

The Audit and CG Committee's report will be considered by the Board of Directors, and appropriate actions will be taken in due course.

4. Informing the results to the whistle-blowers or the complainants.

The Board of Directors will inform the whistle-blowers or the complainants about the results of the investigation, in case they reveal themselves.

Guidelines for the Protection of Whistle-blowers or Complainants

There are guidelines issued by the company in order to protect the whistle-blowers or complainants from being bullied or intimidated, and the evidence from being destroyed, including:

- The Company will provide protections for whistle-blowers by not disclosing their names;
- The information received will be treated as confidential and revealed only deemed necessary for the safety of the whistle-blowers, the complainants and those involved.
- In addition to the above-mentioned guidelines, if the whistle-blowers or complainants still feel unsafe or get victimized, they can make a request for protection measures from the company.

Channels for the Whistle-blowers or Complainants

The whistle-blowing reports or complaints can be forwarded to the company through the following channels:

1. All three member of the Audit and CG committee via Email:

- Dr. Panja Senadisai Chairman of the Audit and CG Committee panja.sena@gmail.com
- Professor Emeritus Dr. Vinit Chovichien Member of the Audit and CG Committee c_vinit@hotmail.com
- Dr. Chaipat Sahasakul Member of the Audit and CG Committee chaipats@icloud.com

2. The company secretary via post, telephone or Email:

- Address:

Ms.Thitima Taiwprateep

Company Secretary

Pylon Public Company Limited

170/16 Soi Sammit (Sukhumvit Soi 16),

Ratchadapisektadmai Road, Klongtoey Subdistrict,
Klongtoey District, Bangkok 10110

- Tel : 02 6618242 ext 110
- Email: thitima@pylon.co.th

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. In 2015, many activities were arranged for the executives to take part in providing information and meet with investors, contributing to a better understanding of the company's management, as follows:

- 23 Analyst and Investor Meetings;
- 4 Press Conferences on the company's turnover and business direction;
- 4 Exclusive Interviews with the Executives

The company's information on the website, both in Thai and English, has constantly been updated for completion and accuracy. The main topics are:

- Nature of the company's business
- Financial summary
- Press Release
- Capital structure
- Management structure
- Information on the Board of Directors and the executives
- Data about investors' relations
- Rules and regulations
- Annual report (downloadable)
- Invitation letter to the Annual General Meeting of Shareholders (downloadable)
- Reports on the Annual General Meetings of Shareholders (downloadable)

In the past years, the company has never been requested by the Securities and Exchange Commission of Thailand to amend its financial statements. Besides, our annual and quarterly financial summaries to shareholders and investors were released prior to the due date.

It is utterly important to the company to disclose correct, transparent and holistic information to investors. Thus, a team of investors' relations has been formed to coordinate with the shareholders and investors, keeping in constant communication through Email info@pylon.co.th or contact :

1.	Ms. Thitima	Taiwprateep	Telephone No. 02 661 8242 ext. 110 Email : thitima@pylon.co.th
2.	Mr. Veeratas	Chiradeachwiroj	Telephone No. 02 661 8242 ext. 103 Email : veeratas@pylon.co.th
3.	Mr. Chaiphaphol	Sutthamanuswong	Telephone No. 02 661 8242 ext. 104 Email : chaiphaphol@pylon.co.th
4.	Mrs. Sureerat	Nakapadungrat	Telephone No. 02 661 8242 ext. 301 Email : sureerat@pylon.co.th

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 and CG Committee, the Executive and Risk Management 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 of Directors on a quarterly basis. The Executive and CG Committee reports the Company's operating results to the Board of Directors on a quarterly basis.

Roles Duties and responsibilities of the Board of Directors

Duties of the Board of Directors

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 and Risk Management 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).

Vision, Mission and Strategy of the Company

The Board of Directors has set a vision and goals in accordance with the company's mission, and taken part in the consideration, review and approval of those visions, goals, strategies and operating direction annually, as well as in monitoring the implementation of its strategies.

Policies and Practices for those Who Become directors of Other Company's Board of Directors

The Board of Directors deems it important that all directors fulfill their duties effectively and dedicate their times fully to the corporate governance. A policy has therefore been formulated to limit the numbers of registered companies, for a maximum of five, in which our directors can become their directors. At present, the numbers do not exceed the rules set.

Furthermore, the Board of Directors has established a policy regarding the assumption of duty of our President in other company's Board of Directors, that is to say our President 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. Currently, our President is not a directors of other companies.

The Term of Office of the Board of Directors

The company has adopted the Public Limited Company Act to retire one-third of the Board of Directors, at the Annual General Meeting of Shareholders. The Board of Directors consists of a reasonable amount of knowledgeable and skillful persons suitable to the size of our business. There are currently nine persons in the Board of Directors, four executive directors, one non-executive director, and four independent directors. Each director shall hold office for a term of three years.

Business Ethics

The company has been operating business with ethics and focusing on the achievement according to the management objectives, based on ethical integrity and honesty which are the core values. It has also been

looking after different groups of stakeholders, obeying the law, and avoiding conflicts of interest. The company has prepared a document relating to business ethics as a manual for working achievement and given training to its employees in business ethics. In 2015, the directors executives and employees followed business ethics strictly. Relating information can be found on the website of the company.

Conflict of Interest Policy

The Board of Directors has set a policy on conflict of interest and guidelines for directors and employees to prevent such incidents in the company's code of ethics.

Furthermore, it is the policy for all directors to report every case involved in conflict of interest. The company secretary will distributed copies of the report to the Chairman of the Board of Directors.

Internal Control System and Risk Management

The Board of Directors has always recognized the importance of internal control system. At the 5th/2015 Meeting on November 11, 2015, the Board of Directors evaluated the adequacy of the internal control system from the report of the Audit and CG Committee (which was evaluated at the 5th/2015 Meeting on November 11, 2015), from the report of independent internal auditors (which was in full compliance with the evaluation form improved and adopted on August 2013 by the Securities and Exchange Commission of Thailand in accordance with the 2013 framework of internal control practices of COSO. The framework includes five components of internal control system, Control Environment, Risk Assessment, Control Activities, Information and communication, and Monitoring, extending into 17 principles.), and also from the report and the responses of the executives. It can be concluded that after the evaluation in five components internal control system, the Board of Directors considered that there was appropriate and sufficient internal controls in the company. Details on the internal control system can be found on Internal Control and Risk Management.

Moreover, the Board of Directors has proceeded to ensure the efficiency of the company's risk management policy and holistic management approach. The Executive and Risk Management Committee is therefore assigned to report on risk management to the Audit and CG Committee for their information and advice every quarter, and to provide effective management system covering the entire enterprise. The Audit and CG Committee must report further to the Board of Directors on any risk and the company's method for risk management in order to modify strategies, operating plans and management practices in a timely manner. Details on risk management can be found under the heading of Risk Factors.

Meetings of the Board of Directors

The Board will schedule its meetings in advance every year, and will organize at least six meetings a year including special meetings occasionally if need be. Moreover, there will be a meeting, at least once a year, among non-executive members to discuss various management issues without the presence of the executives. At every meeting, the Board of Directors will set clear agendas, either for information or for

consideration, and will circulate a complete set of meeting documents and the agenda to its directors at least 7 days prior to the meeting date, providing enough time for the directors to study the information. The Chairman of the Board of directors's meeting will allocate adequate time for each director to discuss and give opinions freely, and will summarize the points and resolutions from the meeting. The company secretary will report the results of the meeting in writing. After the report is approved by the Board of Directors, it will be kept in a file cabinet in the company's file room for important documents, at the headquarters, on the 7th Floor, Ocean Tower 1 Building, so that the directors and relevant people can check it later on. Details on meeting attendance of each director can be found on Management Structure.

The company has a policy regarding the minimum quorum of the Board of Directors before voting, which must be at least two-third of the total membership.

Every director must assume a duty to attend every Board of Directors meeting unless deemed necessary. In 2015, there were 6 Board of Directors meetings, all of which take not less than two hours, and the rate of attendance was 100%.

Self-Evaluation of the Board of Directors

The Board of Directors will arrange for its annual evaluation, using criteria and forms based on samples of self-evaluation forms issued by the Stock Exchange of Thailand. The procedures are as follows:

The secretary of the Board of Directors will send out a form to each director to fill in and return for compilation and submission to the Board of Directors's meeting held regularly on December each year. If the score on any topic is lower than the level "C", there will be improvement measures.

The President's Performance Evaluation and Remuneration Policy

It is the Board of Directors's policy to arrange for an annual performance evaluation of the President on a regular basis, using goals and evaluation criteria that link to KPI in order to benchmark appropriate remuneration and bonus.

Not only that the remuneration policy for the President is based on the result of KPI, but it also depends on personal qualifications and abilities, as well as the condition of the company and the level of remuneration in the industry. There are short-term and long-term remunerations such as bonus and pay raise.

Remuneration for the Directors and the Executives

The company has issued a clear policy and criteria for remuneration on the basis of transparency, accountability and at appropriate and satisfying level, in order to attract the high-quality directors and keep them on continuing their good services. The remuneration rates are compatible to the levels practiced in

the business, in accordance with their experiences, positions, accountability and responsibilities, as well as the gains that the company will retrieve from each director. The remuneration can be divided into three parts, as follow:

1. Monthly remuneration that reflects the responsibilities as the directors;
2. Meeting allowance that shows the importance and the time devoted to the company's meetings;
3. Annual bonus which is a special remuneration given to the directors for their shareholder value added.

It is the duty of the Nomination and Remuneration Committee to set up a preliminary level of remuneration to be presented to the Board of Directors, before submitting to the Annual General Meeting of Shareholders for approval.

Details on remuneration for the directors and the executives can be found on Management Structure.

Development of the Directors and the Executives and Succession Plan for the Executives

Development of Directors

It is the policy of the Company's Board of Directors to encourage our Directors to develop their knowledge on a regular basis through trainings and education on relevant subject matters to increase their capability and constantly improve their performance. For example, Directors will be encouraged to attend training courses or seminars to enhance their potential, knowledge and experiences.

In the previous year, the Board of Directors supported the idea of sending at least a Director to join a training course or a seminar that would help improve his/her working knowledge. In 2015, two Directors were sent to attend many training courses and seminars, such as the Bhumipalung Phandin Programme for High-Level Executives, Class 4, Chulalongkorn University, and the RE-CU Premium Programme in Modern Real Estate Business, Class 1.

In the case of new Directors, the company has prepared and arranged for an orientation to equip them with knowledge and understanding on the company's business and the relevant rules and regulations. It also provides an opportunity for the new Directors to meet with other executives to inquire about in-depth business information and to encourage them to attend IOD's training courses.

Development and Succession Plan for the Executives

The Board of Directors has entrusted the Executive and Risk Management Committee to create a succession plan, from CEO level down to Vice President, to ensure the continuity of suitable executives with ample knowledge and ability to run the company. This succession plan also includes the Executives' Capability

Development Plan and the specification of required education, capability and experiences of each position as a preparation in case any of the executive is unable to perform their duties..

Subcommittees

The Board of Directors has set up various subcommittees comprising knowledgeable and skillful members to enhance the Board of Directors' ability to study and carefully verify information on important issues, as well as to increase effective corporate governance. Those subcommittees include the Audit and CG Committee, the Nomination and Remuneration Committee, and the Executive and Risk Management Committee. The structures of the Committees and their responsibilities are stipulated on Management Structures.

Besides, at the 2nd Board of Directors' meeting on March 23, 2016, it was agreed that a CG Committee and Risk Management Committee be established, and that changes be made including:

1. An arrangement for the Audit Committee to also function as the CG Committee, and to change its name to 'the Audit and CG Committee';
2. An arrangement for the Executive Committee to also function as the Risk Management Committee, and to change its name to 'the Executive and Risk Management Committee.'

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, supplier, creditors, competitors, 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.

In addition, it was agreed by The Board of Directors that The Company signed a Declaration of Intent to join the Collective Action coalition (CAC) to fight against corruption in private sector with IOD on March 4, 2016.

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. The Board of Directors has set up a policy to avoid human rights violation by providing guidelines on the respect of human rights for its directors, management and employees as follows:

- The company treats all employees with respect for their honour and dignity;
- The company provides the employees with communication channel to voice their suggestions and complaints about their work. Those suggestions and complaints will be seriously considered and solved for the benefits of all concerned parties and for the good relations in the organization;
- The company encourages the employees to exercise their civil rights in accordance with the Constitution and the law;
- Any biography, biodata, work history, etc. of each employee will be kept confidential. Employees' personal data cannot be disclosed or transferred to the public without the employee's permission. Violation of this rule is regarded as a disciplinary offense, except when acting in compliance with the law or the company's regulations;
- The company is against any conduction of human rights violation and corruption;
- All employees must not verbally or physically abuse other people on the basis of race, sex, religion, age and mental or physical disability.

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.

Policies and practices of the Company also stress the importance of occupational health and safety by establishing the Occupational Health, Safety and Environment Committee for the maintenance yard 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 maintenance yard 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 2015, Pylon Public Company Limited organized a project called "Books for the children, Libraries for Schools" in the belief that a library is a significant part of educational development and a self-study and knowledge center for students.

Pylon management and employees recognize the importance of primary education which is the foundation of enhancing the potential of children who will become the mainspring of the country in the future. Having appropriate books for kids will help to cultivate a passion of reading in children to, boost their creativity and to enable them to self-study leading to knowledge which is a basis of research and innovation. It is also a volunteer activity that will strengthen the relationship between the employees and management of the company.

Apart from the above project, the company donated a sum of Baht 33,000 to the Division of Medicine, Chulalongkorn Hospital, for bone marrow transplant project and to Prostheses Foundation of H.R.H. Princess Mother, as well as another sum of Baht 59,000 to uphold and preserve Buddhism

Books for the Youngs, Libraries for Schools Project



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 and CG 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 and CG 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 and CG 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 and CG 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. 5/2015 held on November 11, 2015, the Board of Directors assessed the adequacy of the internal control system based on the Audit and CG Committee's report duly considered at the Meeting No. 5/2015 held on November 11, 2015. 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 2015 had been declining steadily since the beginning of the year in line with decreasing demand in construction industry affected by the delays in public sector's disbursement and new projects.

For diesel, diesel prices in the first Quarter had declined from the end of 2014 and slightly increased in the second Quarter, and then continuously decreased in line with the world oil prices' change until the fourth Quarter. For steel, steel prices had been dramatically declining throughout 2015 in line with the decrease of world oil price and global economic slowdown

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 2015, the foundation construction industry was sluggish, resulting from the delay of budget disbursement and new government projects issuance. Thus, this risk has increased. However, due to the acceleration of the government in budget disbursements and a clearer investment plan on various infrastructure projects, the direction of the construction industry improved slightly in the fourth quarter. The company expects that the industry in 2016 will gradually recover and show clearer signs of improvement in the second half of the

year onwards, which will decrease the risk on this matter. The company continues to adhere to its policy on new customer expansion and existing customer retention to reduce the risk.

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 placing a bank guarantee or a company guarantee letter for a period of 1-2 years. In the past, there were no serious 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 2015

The foundation business, comprised of piling, diaphragm wall construction and ground improvement is essentially dependent on the construction industry. In 2015, although the government has intended to boost the economy through the investments in mass transit system and other infrastructure projects, the delays in new projects launching and budget disbursement have resulted in the stagnation of the government's economic stimulus measures, dampening the confidence of the private sector. Besides, the economy was affected by low household spending due to rising household debts and declines in agricultural product prices, resulting in the sluggish growth of Thailand's economy in the first 9 months of 2015. Nevertheless, in the fourth quarter, the country's economy improved slightly due to the acceleration in public disbursement through various stimulus measures at a more speedy and continuous pace. In 2016, the company expects that Thai economy will gradually recover from the beginning of the year and will show clearer signs of improvement in the second half of the year.

In term of the foundation construction industry in 2015, the stable workload appeared in the first quarter. After that, the industry entered into sluggish period in the third and the fourth quarters as a result of the delays in the government's new projects launching and budget disbursement, which inevitably increased competition in the market. The private sector was also affected by the abovementioned problems as the sign of the investment slowdown revealed itself in the third quarter. Nonetheless, the fact that the government has expedited its disbursement and has provided clearer directions to its infrastructure construction plan, which will be started in 2016, rendered signs of recovery in the foundation construction industry in the fourth quarter.

Turning towards 2016, the commencement of construction of the Green Line MRT project and other public infrastructure projects, together with the increase of private investment in condominiums along the new MRT and BTS lines, enables the company to predict that the overall economy and the foundation construction industry in 2016 will improve, especially in the second half of the year onwards.

In 2015, the Company and its subsidiaries posted total construction income of Baht 1,221.31 million, of which 80.19% was from private sector's projects and 19.81% was from government sector's projects.

As regards the Company's costs, the Company continued to implement the policy on the purchase of main materials required for the bored-pile foundation construction works upon entering into the construction contracts in order to mitigate risks from fluctuations of prices of materials required for particular projects. However, since bored-pile foundation construction works do not require much time to finish, the impact of

material price fluctuations on the works will be limited. Also, despite material price fluctuations, when acquiring new projects, the Company can always adjust prices to ensure alignment with changing costs applicable to such new projects. There were certain construction projects which required a considerable time to finish and thus were affected by the cost factor such as projects on improvements of water-distribution canals in 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. These projects have been completed in the year 2015. The Company also has a non-financial key performance indicators such as market share, the level of customer satisfaction and the rate of capacity utilization of machinery etc.

Operating Results

In 2015, the Company and the Subsidiary had revenues from construction works in the total amount of Baht 1,221.31 million which decreased by Baht 146.56 million or 10.71 % from the previous year. For the government sector, the important projects were the Car Park Building of EGAT project, the Head Quarter of EGAT project, H.M Queen Sirikit Building of Phramongkutliao Hospital project, the Royal Aide-De-Camp Department project, Taksin Underpass project , the Construction of Water Channel Structure for Flood Protection in Trad Province Project . For the private sector, the important projects were Landmark Waterfront project, Magnolia Waterfront Residence project, The Base Cloud Wongsawang project, The One Residence project, Shinawatra IV Building project, United Oversea Bank Operation Center project, Pruksa Real Estate's condominium projects, AP (THAILAND)'s condominium projects, LPN's condominium projects, Ananda Development's condominium projects, Areeya Property's condominium projects

In 2015, 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 2015 the Company and the Subsidiary had costs from construction works of Baht 914.39 million, decreasing Baht 148.29 million or 13.95 % from the previous year. This translated into the percentage of cost to revenue from construction works at 74.87

In 2015 the Company and the Subsidiary had the selling and administrative expenses amounted to Baht 78.70 million of which Baht 72.79 million was incurred by the Company. The other Baht 5.91 million was incurred by the Subsidiary.

In 2015, the company has provided for impairment investment in the subsidiary in the amount of Baht 11.47 million and set up allowance for doubtful debts in the amount of Baht 0.2 million. The Subsidiary set up the allowance for doubtful debts totaling Baht 1.5 million.

In 2015, the Company's net profit was Baht 208.15 million, showing an increase of Baht 23.76 million or 12.89 % from the prior year. This translated into the percentage of net profit to revenue at 17.08 increasing from 15.78 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 0.56. The Company and the Subsidiary's net profit was Baht 184.90 million (portion of the Company's shareholders amounting to Baht 201.91 million and portion of non - controlling interest in the Subsidiary amounting to Baht -17.01 million).

Financial Position

As of December 31, 2015, the Company and the Subsidiary's total assets were Baht 1,163.61 million comprising current assets of Baht 855.79 million, decreasing Baht 120.13 million from the prior year, and non – current assets of Baht 307.82 million, increasing Baht 18.23 million from the previous year. Such increase was mainly from temporary investments of Baht 185.93 million, property, plant and equipment of Baht 36.88 million. Some decrease was mainly from cash and cash equivalents of Baht 107.69 million, trade accounts and notes receivable of Baht 59.80 million, unbilled accrued income of Baht 80.06 million. Return on assets in 2015 was 15.22 %.

Regarding liabilities as of December 31, 2015, the Company and the subsidiary had the total liabilities of Baht 252.57 million comprising current liabilities of Baht 235.37 million, lower than that of the previous year approximately Baht 123.49 million. This was mainly from a decrease of Baht 87.96 million in trade accounts and notes payable, a decrease of Baht 17.49 million in retentions payable, a decrease of Baht 20 million in deposits from customers and an increase of Baht 1.96 million in other items. Non-current liabilities was Baht 17.21 million showing the decrease of Baht 5.52 million from the previous year. Such decrease was mainly from liabilities under hire-purchase agreements of Baht 6.15 million whereas other items increased Baht 0.63 million.

In regard to shareholders' equity as of December 31, 2015, the consolidated financial statements showed shareholders' equity of Baht 911.04 million, higher than that of the previous year which was Baht 883.94 million, which Baht 916.74 million belonged to the Company's shareholders, higher than that of the previous year which was Baht 872.92 million. During the year, the Company gave dividend payment of Baht 181.04

million. According to consolidated Financial Statements, the total debt to equity ratio was 0.28 and the return on equity was 22.56 %.

In 2015, the company had additionally paid – up share capital and share premium in the total amount of Baht 22.64 million.

Audit Fee

In 2015, the audit fee of Baht 975,000 was paid to the auditor of Grant Thornton Limited, comprising the audit fee for the Company of Baht 715,000 and for the Subsidiary of Baht 260,000. 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.

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.

Connected Transactions

In conducting, the Company has related-party transactions with its subsidiary Excelon Co., Ltd., 51% held by the company and the remaining 49% held by the others who are the person having no conflict of interest and having not been connected with the company. Information and details of the related-party transactions are disclosed in Note 5 of the Financial Statements for the Year Ended December 31, 2015.

The company has used normally market prices for all related transactions with the Subsidiary. There were no market prices for some transactions, however, the prices have been based on contractual Agreement.

Measures or Procedures on the Approval of the Connected Transactions

After the Company was listed on the Stock Exchange of Thailand (SET), 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 and CG 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 and CG 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 and CG 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 aforementioned measures.

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 and CG 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 and CG 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 and CG Committee's opinion is presented in the Statement of the Chairman of the Audit and CG 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, 2015, 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



(Dr. Chanet Sangarayakul)
President

Statement of the Audit and CG Committee

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

The Audit and CG Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Audit and CG Committee's Charter which is in compliance with those specified by The Stock Exchange of Thailand (SET): The Audit and CG 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 2015, a total of 5 Audit and CG Committee's meetings. The meetings were conducted to consider and proceed with the following matters:-

1. Review of financial reporting

The Audit and CG Committee has reviewed the quarterly and annual financial statements for the year 2015 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 and CG 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 Professions and the Office of Securities and Exchange Commission. In addition, in 2015 the Audit and CG 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 and CG Committee has reviewed the adequacy and appropriateness of the internal control system by considering the reports of the Independent Internal Auditor and the external auditor. The auditor has mutually agreed that no significant operational faults were identified in 2015. In addition, the Audit and CG 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 2015, 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 and CG 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 2016 whereas the internal auditor shall report the result directly to the Audit and CG 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 and CG 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 2015, 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 and CG Committee has reviewed the Company's disclosure of information in the case of any connected transactions or transactions which may involve a conflict of interest to ensure that the information is correctly and completely disclosed in the notes to the annual and quarterly financial statements and that the transactions incurred are reasonable, beneficial to the Company and are in compliance with the business conditions and requirements of the Securities and Exchange Commission.

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

The Audit and CG 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 Chokdeeanant, CPA license No. 3322 or Ms.Kanyanut Sriratchatchawan, CPA license No. 6549 or Mr.Teerasak Chuasrisakul, CPA license No. 6624 or Ms.Sansanee Poolsawat, CPA license No.6977 or Mr.Narin Churamongkol, CPA license 8593 of Grant Thornton Limited should be nominated as the auditor of the Company for the year 2016 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 and CG 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 and CG 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 and CG Committee or the company secretary for further submission to the Company's Board of Directors. In this regard, the Company will provide protections for whistle-blowers by not disclosing their names. In 2015 the Company has not received any complaints from interested parties.

9. Annual review and amendment of the Audit and CG Committee Charter

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

Based on the Audit and CG Committee's performance of duties as mentioned above, the Audit and CG 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



(Dr. Panja Senadisai)

Chairman of the Audit and CG 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). Professor Emeritus Dr. Vinit Chovichien is Chairman and Dr. 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 2015, a total of 2 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. To determine the company's Board of Directors structure including additional committees commensurate with The nature and size of business and qualifications of each director in terms of knowledge, skill, experience, specific capabilities which are beneficial to the company's business.
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 year 2014 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 2014, allocated 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 2015 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 2015 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.



(Professor Emeritus Dr.Vinit Chovichien)

Chairman of the 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 2015, the related consolidated statements of profit or loss and other 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 statements of Pylon Public Company Limited which comprise the separate statement of financial position as at 31 December 2015, the related statements of profit or loss and other 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 2015 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 2015 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.

Other matters

The consolidated financial statements of Pylon Public Company Limited and subsidiary and the separate financial statements of Pylon Public Company Limited for the year ended 31 December 2014, presented as comparative information, were audited by an auditor in the same office as mine, who issued his audit report dated 20 February 2015 expressed an unqualified opinion.

Miss Sansanee Poolsawat

Certified Public Accountant

Registration No. 6977

Bangkok, Thailand

23 February 2016

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	113,999,475	221,687,742	113,551,375	219,856,032
Temporary investments	7	427,799,092	241,865,206	427,797,092	241,408,819
Trade accounts and notes receivable					
- general customers - net	8	89,949,045	149,753,604	87,559,866	122,840,034
- subsidiary company	5, 8	-	-	32,197,353	47,899,131
Unbilled accrued income	9	120,896,864	200,960,769	115,210,057	188,071,600
Other receivables - subsidiary company	5	-	-	55,871	84,496
Short-term loans to subsidiary company	5	-	-	9,500,000	26,000,000
Contracted construction work in progress		755,319	17,170,651	755,319	3,636,623
Spare parts and supplies		32,817,745	39,860,699	32,713,879	36,763,222
Retentions receivable - net	10	46,315,739	62,107,697	42,950,261	52,514,099
Advances for purchases of supplies		7,368,488	8,982,213	7,368,488	8,858,171
Advances for subcontract work - subsidiary compan	5	-	-	-	3,458,539
Other current assets		15,892,767	33,540,659	13,590,492	30,390,148
Total current assets		855,794,534	975,929,240	883,250,053	981,780,914
NON - CURRENT ASSETS					
Restricted deposits with banks	11	21,565,000	38,281,506	11,565,000	21,090,560
Investment in subsidiary company - net	12	-	-	-	11,474,523
Property, plant and equipment - net	13	263,665,263	226,787,589	253,138,166	211,095,833
Deposits and guarantees		7,424,998	4,820,283	5,051,493	2,114,754
Refundable income tax deducted at sources		12,441,929	17,308,409	-	-
Deferred income tax asset - net	14	2,721,983	2,394,400	2,721,983	2,394,400
Total non - current assets		307,819,173	289,592,187	272,476,642	248,170,070
TOTAL ASSETS		1,163,613,707	1,265,521,427	1,155,726,695	1,229,950,984

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

1

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank overdrafts	15	8,689,582	12,228,915	-	-
Trade accounts and notes payable	8	89,903,113	177,868,053	88,129,381	155,118,454
Payable of fixed assets		23,010,605	-	23,010,605	-
Current portion of ;					
- Liabilities under finance lease agreements	16	9,622,572	10,732,202	9,268,752	10,248,548
- Liabilities under employee benefits obligation	5, 17	1,097,875	802,698	1,097,875	564,751
Retentions payable	10	9,783,520	27,278,081	2,634,117	9,771,176
Retentions payable - subsidiary company	5	-	-	-	10,353,829
Accrued expenses		38,639,454	41,361,077	31,947,166	29,969,010
Accrued expenses - subsidiary company	5	-	-	6,115,529	37,813,219
Deposits from customers		41,462,215	61,394,617	41,462,215	61,035,230
Provision for loss on construction project		-	1,668,886	-	26,911
Accrued income tax		2,722,495	7,629,094	2,722,495	7,629,094
Other current liabilities		10,437,814	17,895,106	9,899,736	12,788,776
Total current liabilities		235,369,245	358,858,729	216,287,871	335,318,998
NON - CURRENT LIABILITIES					
Liabilities under finance lease agreements - net	16	9,082,368	15,235,456	8,958,260	14,789,794
Liabilities under employee benefits obligation - net	5, 17	8,122,839	7,486,742	7,813,389	6,926,162
Total non - current liabilities		17,205,207	22,722,198	16,771,649	21,715,956
TOTAL LIABILITIES		252,574,452	381,580,927	233,059,520	357,034,954

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

2

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)					
SHAREHOLDERS' EQUITY					
Share capital – common share at Baht 1 par value					
- Authorized 374,999,359 shares		374,999,359	374,999,359	374,999,359	374,999,359
- Issued and paid - up 374,936,698 shares	18				
(2014 : 362,074,343 shares)		374,936,698	362,074,343	374,936,698	362,074,343
Share premium	18	153,825,441	144,050,051	153,825,441	144,050,051
Retained earnings					
- Appropriated for legal reserve	19	37,979,500	34,801,500	37,979,500	34,801,500
- Unappropriated	20	349,995,302	331,990,136	355,925,536	331,990,136
Total equity of the Company's shareholders		916,736,941	872,916,030	922,667,175	872,916,030
Non-controlling interests in subsidiary	21	(5,697,686)	11,024,470	-	-
Total shareholders' equity		911,039,255	883,940,500	922,667,175	872,916,030
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		1,163,613,707	1,265,521,427	1,155,726,695	1,229,950,984

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

3

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)					
		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	2015	2014	2015	2014
Revenues from construction	9, 26	1,221,311,910	1,367,875,516	1,203,763,457	1,154,077,475
Costs of construction	5	(914,391,562)	(1,062,678,007)	(869,907,327)	(859,385,834)
Gross profit		306,920,348	305,197,509	333,856,130	294,691,641
Other income	5, 22	15,224,897	5,921,799	14,910,229	14,218,142
Income before expenses		322,145,245	311,119,308	348,766,359	308,909,783
Selling expenses		(1,944,537)	(1,746,052)	(1,934,537)	(1,734,437)
Administrative expenses		(76,753,041)	(70,318,642)	(70,855,781)	(56,733,642)
Loss on impairment of investment in subsidiary	12	-	-	(11,474,523)	(14,025,477)
Reversal of allowance (Allowance) for doubtful debts	8, 10	(1,695,789)	5,919,705	(195,354)	(111,677)
Total expenses	5, 23	(80,393,367)	(66,144,989)	(84,460,195)	(72,605,233)
Income before finance cost and income tax		241,751,878	244,974,319	264,306,164	236,304,550
Finance cost		(2,308,561)	(2,147,765)	(1,610,486)	(1,893,199)
Income before income tax		239,443,317	242,826,554	262,695,678	234,411,351
Income tax	14	(54,545,156)	(50,023,862)	(54,545,156)	(50,023,862)
Income for the year		184,898,161	192,802,692	208,150,522	184,387,489
Other comprehensive income (loss) for the year					
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain (losses) - net of tax	14	599,971	(311,777)	-	(274,658)
Total comprehensive income for the year		185,498,132	192,490,915	208,150,522	184,112,831
Attribution of income (loss) for the year					
Portion of the Company's shareholders		201,914,303	195,551,732	208,150,522	184,387,489
Portion of non - controlling interest in subsidiary	21	(17,016,142)	(2,749,040)	-	-
		184,898,161	192,802,692	208,150,522	184,387,489
Attribution of comprehensive income (loss) for the year					
Portion of the Company's shareholders		202,220,288	195,258,143	208,150,522	184,112,831
Portion of non - controlling interest in subsidiary	21	(16,722,156)	(2,767,228)	-	-
		185,498,132	192,490,915	208,150,522	184,112,831
EARNINGS PER SHARE					
Basic earnings per share	25				
Income (Baht per share)		0.54	0.67	0.56	0.63
Weighted average number of common shares (share)		370,954,654	291,720,074	370,954,654	291,720,074

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

4

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

(Unit : Baht)

	Notes	Shareholders' equity of the Company				Total equity of the Company's shareholders	Non-controlling interests in subsidiary	Total shareholders' equity
		Paid-up share capital	Share premium	Retained earnings				
				Appropriated for legal reserve	Unappropriated			
<u>CONSOLIDATED F/S</u>								
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	18	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	20	-	-	-	(83,408,707)	(83,408,707)	-	(83,408,707)
Appropriated for legal reserve	19	-	-	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
Balance as at 1 January 2015		362,074,343	144,050,051	34,801,500	331,990,136	872,916,030	11,024,470	883,940,500
Share increment during the year	18	12,862,355	9,775,390	-	-	22,637,745	-	22,637,745
Comprehensive income (loss) for the year		-	-	-	202,220,288	202,220,288	(16,722,156)	185,498,132
Dividend payment	20	-	-	-	(181,037,122)	(181,037,122)	-	(181,037,122)
Appropriated for legal reserve	19	-	-	3,178,000	(3,178,000)	-	-	-
Balance as at 31 December 2015		374,936,698	153,825,441	37,979,500	349,995,302	916,736,941	(5,697,686)	911,039,255

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

5

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 2014		278,029,122	80,175,684	24,913,500	241,174,012	624,292,318
Share increment during the year	18	84,045,221	63,874,367	-	-	147,919,588
Comprehensive income for the year		-	-	-	184,112,831	184,112,831
Dividend payment	20	-	-	-	(83,408,707)	(83,408,707)
Appropriated for legal reserve	19	-	-	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
Balance as at 1 January 2015		362,074,343	144,050,051	34,801,500	331,990,136	872,916,030
Share increment during the year	18	12,862,355	9,775,390	-	-	22,637,745
Comprehensive income for the year		-	-	-	208,150,522	208,150,522
Dividend payment	20	-	-	-	(181,037,122)	(181,037,122)
Appropriated for legal reserve	19	-	-	3,178,000	(3,178,000)	-
Balance as at 31 December 2015		374,936,698	153,825,441	37,979,500	355,925,536	922,667,175

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

6

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Cash flows from operating activities				
Income before income tax	239,443,317	242,826,554	262,695,678	234,411,351
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities				
Depreciation	44,162,295	40,372,235	39,427,363	35,666,231
Employee benefits expense	1,141,834	1,376,390	1,057,223	1,142,237
Provision (reversal of provision) for loss on construction project	(1,668,886)	(21,389,114)	(26,911)	1,278,268
Allowance (reversal of allowance) for doubtful accounts	1,695,789	(5,919,705)	195,354	111,677
Loss (gain) on disposal of fixed assets	(388,818)	(53,456)	(300,426)	94
Allowance for impairment of investment in subsidiary	-	-	11,474,523	14,025,477
Interest income	(9,063,144)	(4,299,412)	(9,792,352)	(7,447,306)
Interest expense	2,308,561	2,147,765	1,610,486	1,893,199
Cash provided from operations before changes in operating assets and liabilities	277,630,948	255,061,257	306,340,939	281,081,228
Decrease (Increase) in operating assets				
Trade accounts and notes receivable	48,636,361	(99,544,343)	41,314,183	(76,639,199)
Unbilled accrued income	80,063,905	93,745,062	72,861,543	59,124,617
Other receivables - subsidiary company	-	-	28,625	1,791,851
Contracted construction work in progress	16,415,332	21,400,630	2,881,304	(2,314,855)
Spare parts and supplies	7,042,954	(5,361,114)	4,049,343	(6,342,631)
Retentions receivable	7,749,601	13,660,706	1,521,481	(2,185,804)
Advances for purchases of supplies	1,613,725	1,970,931	1,489,683	(4,116,979)
Advances for subcontract work - subsidiary company	-	-	3,458,539	19,954,150
Other current assets	18,304,664	8,783,419	17,528,200	8,126,012
Deposits and guarantees	(2,604,715)	320,266	(2,936,739)	2,038,961
Refundable withholding tax deducted at sources	7,592,051	7,637,224	-	2,352,038
Increase (decrease) in operating liabilities				
Trade accounts and notes payable	(78,492,531)	49,092,888	(57,516,664)	61,012,726
Trade accounts payable - subsidiary company	-	-	-	(16,489)
Retentions payable	(9,452,204)	107,422	905,298	(151,461)
Retentions payable - subsidiary company	-	-	(10,353,829)	(4,469,629)
Accrued expenses	(2,721,623)	(19,702,552)	1,978,156	(16,176,880)
Accrued expenses - subsidiary company	-	-	(31,697,690)	(46,805,947)
Deposits from customers	(19,932,402)	(10,876,496)	(19,573,015)	2,698,716
Other current liabilities	(7,457,292)	6,275,551	(2,889,040)	3,798,314
Cash provided from operations	344,388,774	322,570,851	329,390,316	282,758,739
Interest received	8,406,372	4,542,931	9,063,808	7,689,086
Interest payment	(1,919,150)	(1,790,927)	(1,247,358)	(1,571,994)
Income tax payment	(62,504,909)	(58,274,322)	(59,779,337)	(48,557,964)
Net cash provided from operating activities	288,371,087	267,048,533	277,427,428	240,317,867

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

7

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	
	2015	2014	2015	2014
Cash flows from investing activities				
Decrease in restricted deposits with banks	16,716,506	3,159,918	9,525,560	971,120
Increase in temporary investments	(185,933,886)	(190,610,909)	(186,388,273)	(190,292,276)
Refund cash from short - term loans to subsidiary	-	-	16,500,000	42,000,000
Proceeds from disposal of fixed assets	3,629,726	121,495	2,437,850	-
Acquisition of fixed assets	(57,743,169)	(33,455,789)	(57,069,412)	(31,321,685)
Net cash used in investing activities	(223,330,823)	(220,785,285)	(214,994,275)	(178,642,841)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts	(3,539,333)	12,228,915	-	-
Proceeds from share increment	22,637,745	147,919,588	22,637,745	147,919,588
Repayment of long - term loans	-	(3,640,000)	-	(3,640,000)
Repayment of liabilities under finance lease agreements	(10,789,821)	(9,030,419)	(10,338,433)	(8,421,089)
Dividend payment	(181,037,122)	(83,408,707)	(181,037,122)	(83,408,707)
Net cash provided from (used in) financing activities	(172,728,531)	64,069,377	(168,737,810)	52,449,792
Net increase (decrease) in cash and cash equivalents	(107,688,267)	110,332,625	(106,304,657)	114,124,818
Cash and cash equivalents at beginning of year	221,687,742	111,355,117	219,856,032	105,731,214
Cash and cash equivalents at end of year	113,999,475	221,687,742	113,551,375	219,856,032
Supplemental disclosures for cash flows information				
Non - cash item :				
- The Company purchased fixed assets				
under finance lease agreements	3,527,103	7,500,000	3,527,103	7,500,000
- Purchase of fixed assets not to due	23,010,605	-	23,010,605	-
- Appropriated for legel reserve	3,178,000	9,888,000	3,178,000	9,888,000
- Offset trade accounts receivable with trade accounts payable	9,472,409	-	9,472,409	-
- Offset trade retentions receivable with retentions payable	8,042,357	-	8,042,357	-

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

8

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015

1. GENERAL INFORMATION

Pylon Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 170/16 Soi Sammit (Sukhumvit Soi 16) Rachadapisektdmai Rd., Klongtoey Sub-district, Klongtoey Distict, Bangkok 10110.

The Company was approved from the Stock Exchange of Thailand to move its listed securities from the Market for Alternative Investment (MAI) to trade in the Stock Exchange of Thailand (SET) commencing from 6 August 2015.

The principal activities of the Group are providing services on foundation works with pre-stressed concrete piles, bored piles and other foundation work, and construction business.

Details of the Company’s subsidiaries as at 31 December 2015 and 2014 are given in notes 2.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION

(a) *Statement of compliance*

The accompanying financial statements have been officially prepared in Thai in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The translation of these financial statements to other language must be in compliance with the official report in Thai.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The application of these new and revised TFRS have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Some of

those new and revised TFRS are not relevant to the Group's operations. However, those new and revised TFRS are relevant to the operations. The Company does not plan to adopt these TFRS early.

TFRS	Topic
Framework for financial reporting (revised 2015)	
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 27 (revised 2015)	Separate Financial Statements
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 25 (revised 2015)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment

TFRS

Topic

TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date

Items

Liabilities under employee benefits obligation

Measurement bases

Present value of the defined benefit obligation, limited as explained in Note 17

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 9	Revenue from contracted construction
Note 14	Deferred income tax asset and liability
Note 17	Liabilities under employee benefits obligation

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
	2015	2014	
Excelon Co., Ltd.	51	51	Provide the design, construction, consulting and architectural service for building/structures

Subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

The consolidated financial statements have been prepared with the same accounting policy for the same accounting transactions or accounting events as used for the preparation of separate financial statements. And also, the company and subsidiary has the same accounting period.

These financial statements were authorized by the Company's authorized director on 23 February 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all fiscal periods presented in these financial statements.

Revenues, costs and expenses recognition

Revenues

Revenues from construction are recognised on a completion of physical proportion of the contract work. 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.

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 plan)

The Company and its employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company. The fund’s assets are held in a separate trusted fund from the Company’s assets. The Company’s contribution to the fund is recognised as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company and subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under the labour law. The Company accounts for this obligation in its accounts for each accounting period.

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

Actuarial gains or losses for the computation of post-employee benefits is recognized in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) 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 cost.

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 profit or loss.

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 and construction	5 - 20
Machinery ,tools and equipment	5 - 10
Furniture, fixtures and office equipment	3 - 5
Vehicles	5

No depreciation is computed for land and assets under construction.

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 finance lease agreements. The interest expense is charged to statements of profit or loss 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 profit or loss 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 profit or loss. 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.

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.

Foreign currency transactions

Foreign currency transactions are translated into Thai Baht for bookkeeping purposes at the exchange rates prevailing at the date of transactions. The balances of monetary assets and liabilities, denominated in foreign currencies, at the date of the end of year are translated into Baht at the rates of exchange prevailing at that date. Gains and losses resulting from the settlements of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognised in the statement of profit or loss.

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.

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

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 JUDGEMENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

4.1.1 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 statements of financial position date, which would affect the revenues and profit recognised in future years, are adjusted to the cumulative costs recorded to date.

4.1.2 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 reporting date.

4.1.3 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.

4.1.4 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 profit or loss when it is probable that total contract cost will exceed total contract revenue as determined by the management.

4.1.5 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 2015 and 2014 are as follow:

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Balance with Excelon Co., Ltd.				
(Subsidiary company)				
Trade accounts receivable	-	-	32,197,353	47,899,131
Other receivables	-	-	55,871	84,496
Short-term loan to subsidiary company	-	-	9,500,000	26,000,000
Advances for subcontract work	-	-	-	3,458,539
Retentions payable	-	-	-	10,353,829
Accrued expenses	-	-	6,115,529	37,813,219
Liabilities under employee benefits				
obligation				
Key management personnel	1,863,543	1,618,290	1,863,543	1,588,586

As at 31 December 2015 and 2014, 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 12 June 2016 to 30 June 2016.

Significant transactions with related parties for the years ended 31 December 2015 and 2014 are as follow:

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
		For the years ended 31 December			
		Pricing policy	2015	2014	2015
Material supplies margin income	Agreed rate	-	-	45,266	97,394
Management fee	Contract price	-	-	150,000	600,000
Other income	Agreed price	-	-	1,251,974	7,955,252
Project management fee	Agreed price	-	-	1,200,000	1,680,000
Administrative charge for project delay	Agreed price	-	-	-	2,621,003
Subcontract work	Agreed price	-	-	7,714,353	76,697,073
Other fee	Agreed price	-	-	2,357,646	2,153,899

Key directors and management personnel compensation

Current benefits for directors and management	19,301,677	19,312,382	18,531,677	17,981,581
Post-employment benefits	274,957	261,589	274,957	254,590
Total	<u>19,576,634</u>	<u>19,573,971</u>	<u>18,806,634</u>	<u>18,236,171</u>

6. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Cash on hand	1,201,375	1,730,590	846,860	1,034,075
Cash at bank - Current account	8,076,132	1,119,813	8,045,216	1,088,813
Cash at bank - Savings account	104,721,968	218,837,339	104,659,299	217,733,144
Total	<u>113,999,475</u>	<u>221,687,742</u>	<u>113,551,375</u>	<u>219,856,032</u>

Savings deposits with banks bear interest at 0.37 - 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	
			2015	2014	2015	2014
Fixed deposits	Fixed rates of 0.85 – 1.25 percent	3 - 6 months	2,799,092	1,865,206	2,797,092	1,408,819
Fixed deposit receipt	Fixed rates of 1.80 – 2.00 percent	7 - 90 days	425,000,000	240,000,000	425,000,000	240,000,000
Total			<u>427,799,092</u>	<u>241,865,206</u>	<u>427,797,092</u>	<u>241,408,819</u>

8. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Related parties	96,079,953	154,188,723	92,190,339	127,275,153
Other parties	-	-	32,197,353	47,899,131
Total	96,079,953	154,188,723	124,387,692	175,174,284
<u>Less</u> allowance for doubtful accounts	(6,130,908)	(4,435,119)	(4,630,473)	(4,435,119)
Net	89,949,045	149,753,604	119,757,219	170,739,165

As at 31 December 2015 and 2014, the aged trade accounts and notes receivable are as follows:

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
<u>Trade accounts and notes receivable</u>				
<u>- general customers</u>				
Not yet due	38,101,094	75,599,089	38,101,094	59,726,933
Overdue 1 - 30 days	37,976,793	39,434,796	37,419,483	31,979,610
Overdue 31 - 60 days	10,932,627	20,190,202	10,805,295	20,165,863
Overdue 61 - 90 days	1,148,500	1,480,845	1,123,500	1,261,434
Overdue 91 - 180 days	8,249	741,683	8,718	138,347
Overdue 181 - 360 days	280,114	473,421	46,400	-
Overdue more than 360 days**	7,632,576	16,268,687	4,685,849	14,002,966
Total	96,079,953	154,188,723	92,190,339	127,275,153
<u>Less</u> Provision for doubtful debts	(6,130,908)	(4,435,119)	(4,630,473)	(4,435,119)
Net	89,949,045	149,753,604	87,559,866	122,840,034

Trade accounts receivable- subsidiary company

Not yet due	-	-	-	1,840,038
Overdue 1 - 30 days	-	-	-	588,538
Overdue 31 - 60 days	-	-	13,453	2,083,557
Overdue 61 - 90 days	-	-	25,348	1,167,461
Overdue 91 - 180 days	-	-	491,274	6,826,750

Overdue 181 - 360 days	-	-	7,690,584	14,803,371
Overdue more than 360 days***	-	-	23,976,694	20,589,416
Total	-	-	32,197,353	47,899,131

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

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Beginning Balance	4,435,119	4,323,442	4,435,119	4,323,442
Increase	1,695,789	111,677	195,354	111,677
Ending Balance	6,130,908	4,435,119	4,630,473	4,435,119

** During the year 2015, the Company offset trade accounts receivable with relevant trade accounts payable which has been overdue for payment for more than 360 days of Baht 9.47 million as per offsetting memorandum.

*** As at 31 December 2015 and 2014, the Company has trade accounts receivable - subsidiary which has been overdue for payment for more than 360 days of Baht 23.98 million and Baht 20.59 million, respectively. Management believes that the Company is able to collect all outstanding balance. The Company therefore, does not set up allowance for doubtful collection of said overdue amount.

9. UNBILLED ACCRUED INCOME

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

[illegible]

10. RETENTIONS RECEIVABLE – NET

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Retentions receivable	47,155,293	62,947,251	43,789,815	53,353,653
<u>Less</u> Allowance for doubtful accounts	(839,554)	(839,554)	(839,554)	(839,554)
Net	<u>46,315,739</u>	<u>62,107,697</u>	<u>42,950,261</u>	<u>52,514,099</u>

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	
	2015	2014	2015	2014
Beginning Balance	839,554	6,870,936	839,554	839,554
Decrease	-	(6,031,382)	-	-
Ending Balance	<u>839,554</u>	<u>839,554</u>	<u>839,554</u>	<u>839,554</u>

During the year 2015, the Company offset retention receivable with relevant retention payable which has been overdue for payment for more than 360 days of Baht 8.04 million as per offsetting memorandum.

11. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2015 and 2014, the Company and subsidiary had fixed deposits with banks totaling Baht 21.57 million and Baht 38.28 million, respectively, in the consolidated financial statements and Baht 11.57 million and Baht 21.09 million, respectively, in the separate financial statements 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)					
Subsidiary	Type of business	Paid-up Capital (Baht)		Percentage of Shareholding (percent)		SEPARATE F/S Cost Method	
		2015	2014	2015	2014	2015	2014
		80,000,000	80,000,000	51	51	40,799,970	40,799,970
Excelon Co., Ltd.	Design, construction, consulting, and building decoration						
<u>Less</u>	Provision for impairment					(40,799,970)	(29,325,447)
Investment in the subsidiary – net						<u>-</u>	<u>11,474,523</u>

During the year ended 31 December 2015, the Company recognized loss from impairment on investment of Baht 11.47 million. This was the result of the investment as at 31 December 2015 as zero. The reason is the subsidiary has loss from operations excess its capital.

13. PROPERTY, PLANT AND EQUIPMENT – NET

	(Unit : Baht)						
	Consolidated F/S						
	Land	Building and construction	Machinery, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under constructions	Total
Cost							
1 January 2014	31,729,641	46,604,767	365,916,176	9,042,338	36,910,124	1,424,076	491,627,122
Acquisitions	-	-	35,272,647	1,456,831	1,323,974	2,902,337	40,955,789
Disposals	-	-	(642,403)	(135,406)	(24,600)	-	(802,409)
Transfer in / (out)	-	-	3,168,849	-	-	(3,168,849)	-
31 December 2014	31,729,641	46,604,767	403,715,269	10,363,763	38,209,498	1,157,564	531,780,502
Acquisitions	-	6,678,468	63,238,289	1,496,916	4,857,130	8,010,074	84,280,877
Disposals	-	-	(12,104,381)	(47,034)	(3,565,877)	-	(15,717,292)
Transfer in / (out)	-	-	6,113,347	-	-	(6,113,347)	-
31 December 2015	31,729,641	53,283,235	460,962,524	11,813,645	39,500,751	3,054,291	600,344,087
Accumulated depreciation							
1 January 2014	-	22,357,178	209,582,076	6,979,395	26,436,399	-	265,355,048
Depreciation for the year	-	2,048,559	33,097,846	1,203,166	4,022,664	-	40,372,235

Depreciation for disposals	-	-	(574,398)	(135,372)	(24,600)	-	(734,370)
31 December 2014	-	24,405,737	242,105,524	8,047,189	30,434,463	-	304,992,913
Depreciation for the year	-	2,034,079	37,248,963	1,242,063	3,637,190	-	44,162,295
Depreciation for disposals	-	-	(9,561,456)	(43,163)	(2,871,765)	-	(12,476,384)
31 December 2015	-	26,439,816	269,793,031	9,246,089	31,199,888	-	336,678,824

Net book value

31 December 2014	31,729,641	22,199,030	161,609,745	2,316,574	7,775,035	1,157,564	226,787,589
31 December 2015	31,729,641	26,843,419	191,169,493	2,567,556	8,300,863	3,054,291	263,665,263

Depreciation for the year 2014

Costs of service							37,339,757
Selling and administrative expenses							3,032,478
Total							40,372,235

Depreciation for the year 2015

Costs of service							41,163,737
Selling and administrative expenses							2,998,558
Total							44,162,295

(Unit : Baht)

	SEPARATE F/S						Total
	Land	Building and construction	Machinery, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under constructions	
Cost							
1 January 2014	31,729,641	46,604,767	345,275,346	8,229,033	33,276,342	1,349,535	466,464,664
Acquisitions	-	-	33,151,815	1,443,559	1,323,974	2,902,337	38,821,685
Disposals	-	-	(482,403)	(135,406)	(24,600)	-	(642,409)
Transfer in / (out)	-	-	3,168,849	-	-	(3,168,849)	-
31 December 2014	31,729,641	46,604,767	381,113,607	9,537,186	34,575,716	1,083,023	504,643,940
Acquisitions	-	6,678,468	62,564,532	1,496,916	4,857,130	8,010,074	83,607,120
Disposals	-	-	(11,052,209)	(47,034)	(1,429,472)	-	(12,528,715)
Transfer in / (out)	-	-	6,038,806	-	-	(6,038,806)	-
31 December 2015	31,729,641	53,283,235	438,664,736	10,987,068	38,003,374	3,054,291	575,722,345

Accumulated depreciation							
1 January 2014	-	22,357,178	204,507,600	6,546,237	25,113,176	-	258,524,191
Depreciation for the year	-	2,048,559	29,291,845	1,029,917	3,295,910	-	35,666,231
Depreciation for disposals	-	-	(482,345)	(135,371)	(24,599)	-	(642,315)
31 December 2014	-	24,405,737	233,317,100	7,440,783	28,384,487	-	293,548,107
Depreciation for the year	-	2,034,079	33,331,658	1,118,059	2,943,567	-	39,427,363
Depreciation for disposals	-	-	(9,027,216)	(43,163)	(1,320,912)	-	(10,391,291)
31 December 2015	-	26,439,816	257,621,542	8,515,679	30,007,142	-	322,584,179

Net book value

31 December 2014	31,729,641	22,199,030	147,796,507	2,096,403	6,191,229	1,083,023	211,095,833
31 December 2015	31,729,641	26,843,419	181,043,194	2,471,389	7,996,232	3,054,291	253,138,166

Depreciation for the year 2014

Costs of service							33,533,755
Selling and administrative expenses							2,132,476
Total							35,666,231

Depreciation for the year 2015

Costs of service							37,246,432
Selling and administrative expenses							2,180,931
Total							39,427,363

As of 31 December 2015, the Company and subsidiary had some fully depreciated assets but still in use with total costs of Baht 165 million (2014 : Baht 119 million) in consolidated financial statements and with total costs of Baht 164 million (2014 : Baht 118 million) in the separate financial statements.

As at 31 December 2015, machinery and vehicles with net book value amounting to Baht 35.09 million, were acquired under finance lease agreements (2014 : Baht 38.55 million) in consolidated financial statements and with total costs of Baht 34.87 million (2014 : Baht 37.14 million)

As at 31 December 2015 and 2014, the Company's land and building have been mortgaged as collaterals for the bank overdrafts and credit line (Note 15).

14. DEFERRED INCOME TAX ASSET/LIABILITY AND INCOME TAX EXPENSES

Deferred income tax asset and liability

The movements in deferred income tax assets/liabilities are as follows:

	Consolidated F/S and Separate F/S			(Unit : Baht)
		Recognised as income (expense)		
	1 January 2015	Statement of profit or loss	Shareholders' equity	31 December 2015
Deferred income tax asset:				
From provision for doubtful debts	1,054,935	39,070	-	1,094,005
From provision for employee benefits obligation	1,498,182	284,071	-	1,782,253
Total	2,553,117	323,141	-	2,876,258
Deferred income tax liability:				
From difference in accumulated depreciation for equipment	(158,717)	4,442	-	(154,275)
Deferred income tax asset - net	2,394,400	327,583	-	2,721,983

	Consolidated F/S and Separate F/S			(Unit : Baht)
		Recognised as income (expense)		
	1 January 2014	Statement of profit or loss	Shareholders' equity	31 December 2014
Deferred income tax asset:				
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
Deferred income tax liability:				
From difference in accumulated depreciation for equipment	(163,159)	4,442	-	(158,717)
Deferred tax assets - net	2,005,310	320,425	68,665	2,394,400

Income tax recognised in profit or loss

Reconciliation of income tax expenses are as follows:

	Consolidated F/S		Separate F/S	
	2015	2014	2015	2014
Profit before income tax expense	239,443,317	242,826,554	262,695,678	234,411,351
Tax rate	20	20	20	20
Expected tax expense	47,888,663	48,565,310	52,539,136	46,882,270
Adjustment for				
- Tax-exempt income	(7,796,135)	(5,938,491)	(255,654)	-
- Addition taxable	(222,021)	(30,074)	(222,021)	(30,074)
- Non-deductible expenses	554,394	967,984	2,811,278	3,492,091
Unrecognised deferred income tax assets	14,447,838	6,779,558	-	-
Actual tax expenses	54,872,739	50,344,287	54,872,739	50,344,287
Tax expense comprises:				
Current tax expense	54,872,739	50,344,287	54,872,739	50,344,287
Deferred income tax expense:				
Temporary differences	(327,583)	(320,425)	(327,583)	(320,425)
Net tax expenses	54,545,156	50,023,862	54,545,156	50,023,862

Income tax recognised in other comprehensive income

(Unit : Baht)

Consolidated F/S						
	2015			2014		
	Tax			Tax		
	Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax
		benefit			benefit	
Defined benefit plan actuarial gains (losses)	599,971	-	599,971	(380,442)	68,665	(311,777)
(Unit : Baht)						
Separate F/S						
	2015			2014		
	Tax			Tax		
	Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax
		benefit			benefit	
Defined benefit plan actuarial gains (losses)	-	-	-	(343,323)	68,665	(274,658)

As at 31 December 2015, the Company has deductible temporary differences and unused tax losses and deferred income tax assets have not been recognized as follows:

- The subsidiary's loss carrying forward of Baht 104.46 million (2014 : Baht 33.93 million) as the Company believes that future taxable profits may not be sufficient to allow utilization of the temporary differences and unused tax able losses
- Allowance for impairment on investment in subsidiary of Baht 40.80 million (2014 : Baht 29.32 million) as the Company has no plan to reverse such impairment in the near future.

15. BANK OVERDRAFTS

As at 31 December 2015, the Company has bank overdraft facilities totaling Baht 67 million (2014 : 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 (2014 : Baht 2.50 million).

As at 31 December 2015, the subsidiary used bank overdrafts of Baht 8.69 million (2014 : 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 267 million (2014 : Baht 359 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 10 million (2014 : Baht 17.19 million).

16. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Liabilities under finance lease agreements	19,953,988	28,233,032	19,458,310	27,253,700
<u>Less</u> Deferred financing charges	(1,249,048)	(2,265,374)	(1,231,298)	(2,215,358)
	18,704,940	25,967,658	18,227,012	25,038,342
<u>Less</u> Current portion due within one year	(9,622,572)	(10,732,202)	(9,268,752)	(10,248,548)
Liabilities under finance lease agreements - i	9,082,368	15,235,456	8,958,260	14,789,794

(Unit : Baht)

	CONSOLIDATED F/S					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	10,463,888	(841,316)	9,622,572	12,027,948	(1,295,746)	10,732,202
After one year but within five years	9,490,100	(407,732)	9,082,368	16,205,084	(969,628)	15,235,456
Total	19,953,988	(1,249,048)	18,704,940	28,233,032	(2,265,374)	25,967,658

(Unit : Baht)

	Separate F/S					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	10,095,780	(827,028)	9,268,752	11,513,084	(1,264,536)	10,248,548
After one year but within five years	9,362,530	(404,270)	8,958,260	15,740,616	(950,822)	14,789,794
Total	19,458,310	(1,231,298)	18,227,012	27,253,700	(2,215,358)	25,038,342

The Company entered into hire-purchase and lease agreements for machines and vehicles. The terms of agreements are 48-60 months. Finance lease agreements are secured by the related assets held under finance leases.

17. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

During the years ended 31 December 2015 and 2014, movements in employee benefits obligation are as follow:

	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Balance as at 1 January	8,289,440	6,170,971	7,490,913	5,679,349
Provision expense for the period in statements of profit or loss	1,141,834	1,376,390	1,057,223	1,142,237
Interest expense for period in statements of profit or loss	389,411	361,637	363,128	326,004
Gain from actuarial estimated in other comprehensive income	(599,971)	380,442	-	343,323
Balance as at 31 December	9,220,714	8,289,440	8,911,264	7,490,913
<u>Less</u> Current portion	<u>(1,097,875)</u>	<u>(802,698)</u>	<u>(1,097,875)</u>	<u>(564,751)</u>
Net balance as at 31 December	<u>8,122,839</u>	<u>7,486,742</u>	<u>7,813,389</u>	<u>6,926,162</u>

Principal actuarial assumptions as at 31 December 2015 and 2014 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	1 persons (2014 : 115 persons)

Actuarial gains or losses occurred from the change in the number of the subsidiary's employees for the computation of post-employee benefits.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(Unit : Baht)
	Consolidated and Separate F/S
	Increase (decrease) in the defined benefit obligation
Discount rate (0.5% increment)	(247,184)
Discount rate (0.5% decrement)	265,613
Future salary growth (0.5% increment)	261,125
Future salary growth (0.5% decrement)	(245,421)
Employee turnover (1.0% increment)	(396,102)
Employee turnover (1.0% decrement)	449,074

18. SHARE CAPITAL AND SHARE PREMIUM

	2015			2014		
	Number of shares (Shares)	Common (Thousand Baht)	Share premium (Thousand Baht)	Number of shares (Shares)	Common (Thousand Baht)	Share premium (Thousand Baht)
Balance as at 1 January	362,074	362,074	144,050	278,029	278,029	80,176
Increase from						
exercised warrants	12,862	12,862	9,775	84,045	84,045	63,874
Balance as at 31 December	374,936	374,936	153,825	362,074	362,074	144,050

19. 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.

During the year 2015, the Company appropriated for legal reserve from the retained earnings amount of Baht 3.18 million (2014 : Baht 9.88 million) to be the reserve which is not less than 10 percent of the registered share capital. This reserve is not available for dividend distribution.

20. DIVIDEND PAYMENT

At the Annual General Meeting of the Company shareholders for the year 2015 held on 28 April 2015, the shareholders passed a resolution to approve the payment of dividend from operating results for the year 2014 at Baht 0.50 per share, to the shareholders of 362,074,343 shares, totaling Baht 181.04 million. The Company has paid dividend on 22 May 2015.

At the Annual General Meeting of the Company shareholders for the year 2014 held on 24 April 2014, the shareholders passed a resolution to approve the payment of dividend from operating results for the year 2013 at Baht 0.30 per share to the shareholders of 278,029,122 shares, totaling Baht 83.41 million. The Company has paid dividend in the year 2014.

21. NON – CONTROLLING INTERESTS IN SUBSIDIARY

The following table summarizes the information relating to the Company's subsidiary as at 31 December 2015 and for the year ended 31 December 2015.

	(Unit : Baht)
	Financial statements of subsidiary
	As at
	31 December 2015
Non-controlling interest percentage	49%
Current assets	20,413,234
Non-current assets	35,342,531
Current liabilities	(66,950,127)
Non-current liabilities	(433,558)
Net assets	(11,627,920)
Carrying amount of non-controlling interest	(5,697,686)
	For the year ended

	31 December 2015
Income	32,638,896
Loss for the year	(34,726,885)
Other comprehensive income	599,971
Total comprehensive income	(34,126,914)
Loss allocated to non-controlling interest	(17,016,142)
Comprehensive income allocated to non-controlling interest	293,986
Other comprehensive income allocated to non-controlling interest	(16,722,156)
Net cash provided from operating activities	18,754,249
Net cash provided from investing activities	352,861
Net cash used in financing activities	(20,490,721)
Net decrease in cash and cash equivalents	(1,383,611)

No dividends were paid to the non-controlling interest during the year 2015 and 2014.

22. OTHER INCOME

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Interest income	9,063,144	4,299,412	9,792,352	7,447,306
Rental income for machinery and equipment	108,667	61,560	151,722	3,439,512
Management fee income	-	-	150,000	600,000
Revenue from sales of construction materials and scraps	2,902,634	172,532	2,448,249	334,926
Others	3,150,452	1,388,295	2,367,906	2,396,398
Total	15,224,897	5,921,799	14,910,229	14,218,142

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2015 and 2014 are as follows :

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Raw materials and consumable supplies used	578,772,645	632,474,112	554,223,900	480,560,164
Changes in contracted construction work in progress	16,415,332	4,838,069	2,881,304	(5,948,723)
Salaries, wages and other employee benefits	174,401,459	190,424,420	157,272,022	151,972,294
Subcontractor expenses	55,069,054	125,813,915	52,038,328	114,293,962
Depreciation	44,162,295	40,372,235	39,427,363	35,666,231
Rental expenses	28,431,605	40,638,630	27,173,472	33,693,632
Repair and maintenance expenses	33,166,166	35,132,555	32,726,545	34,678,696
Transportation	15,074,281	20,032,139	14,734,313	18,008,030
Allowance (reversal of allowance) for loss on construction project	(1,668,886)	(21,389,114)	(26,911)	1,278,268
Allowance for loss on investment in subsidiary	-	-	11,474,523	14,025,477

24. PROVIDENT FUND

The Company and staff have established a contributory Provident Fund. This Provident Fund has already been registered under the Provident Fund Act, B.E. 2530. Under the Fund plan, staff has to contribute to the fund at the specific rate and will be entitled to receive the fund when staff is no longer member in accordance with regulation of the fund. The Company's contribution to the Fund for the years 2015, amounted to Baht 0.89 million (2014 : Baht 0.74 million).

25. BASIC EARNINGS PER SHARE

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Numbers of common shares as at 1 January	362,074,343	278,029,122	362,074,343	278,029,122
Increase in numbers of common shares during the year	8,880,311	13,690,952	8,880,311	13,690,952
Basic numbers of common shares as at 31 December	370,954,654	291,720,074	370,954,654	291,720,074
Net profit of the Company (Baht)	201,914,303	195,551,732	208,150,522	184,387,489
Basic earnings per shares (Baht per share)	0.54	0.67	0.56	0.63

26. SEGMENT REPORTING

The Company and subsidiary are engaged only in the construction business. Details of core revenues for the years ended 31 December 2015 and 2014 are as follows :

(Unit : Baht)

	For the periods ended 31 December			
	CONSOLIDATED F/S		SEPARATE F/S	
	2015	2014	2015	2014
Foundation work	1,183,918,762	1,021,792,063	1,183,918,762	1,021,792,063
Construction work	37,393,148	346,083,453	19,844,695	132,285,412
Total	1,221,311,910	1,367,875,516	1,203,763,457	1,154,077,475

Major customer

For the years ended 31 December 2015 and 2014, the Company's and its subsidiary's revenues derived from Government enterprises and a private company, amounted to Baht 1,006 million and Baht 1,174 million, respectively (The Company's portion : Baht 993 million and Baht 964 million, respectively).

27. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash at banks, restricted deposits with banks, trade accounts and notes receivable, unbilled accrued income, trade accounts and overdraft and liabilities under finance lease agreements. 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 and subsidiary. Since the major part of trade accounts receivable are well-known and there is no collection problem, management believes that the Company has no significant credit risk. Customers with credit risk are fully covered with allowance for doubtful account.

Interest rate risk

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

Exchange risk

The Company has minimum exchange risk because most of its financial assets and liabilities have been executed in Baht except payable of fixed assets of Baht 23.01 million, USD 641,500. The Company has already hedged such payable by forward foreign currency contract.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

Fair value measurement of financial instrument

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

As at 31 December 2015 and 31 December 2014, the Company has forward exchange contract with a commercial bank to hedge receipt and payment of liabilities in foreign currencies. The Company has not recorded financial assets and liabilities in the financial statements. The maturity dates of open forward exchange contract not over 1 year are detailed as follow:

Contract Value		Contract Value	
USD currency		BAHT currency	
Consolidated and Separate F/S		Consolidated and Separate F/S	
31 December 2015	31 December 2014	31 December 2015	31 December 2014
641,500	-	23,010,605	-

The fair value which is fair value at level 2 of derivatives balance with open status on the gain as follow:

(Unit : Baht)

	Consolidated and Separate F/S	
	31 December 2015	31 December 2014
Fair value of forward foreign currency contract	294,104	-

28. COMMITMENT

As at 31 December 2015, the Company has commitments as follow:

- 28.1 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.
- 28.2 The Company has letter of guarantees of approximately Baht 199 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.
- 28.3 The Company has commitments for service agreements which services has not been rendered of approximately Baht 368 million.

29. EVENTS AFTER THE REPORTING PERIOD

- 29.1 At the Board of Directors Meeting of the Company held on 23 February 2016, the directors passed a resolution to approve the payment of dividend from operating results for the year ended 31 December 2015 at Baht 0.53 per share, to the common shareholders of 374,936,698 shares, totaling Baht 198.72 million. The dividend has to be approved from the Annual General Meeting.
- 29.2 On 16 January 2016, the Non-controlling interests in Excelon Co., Ltd. (subsidiary) transferred the remained common shares of 3,920,000 shares, at 49% of total common shares to the Company at zero value. The result is the Company has holding portion in the subsidiary from 51% to 100% at that date.

References

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