

44 We Build Foundation!!

- Bored Pile
- Barrette Pile
- Diaphragm Wall
- Jet Grouting

Annual Report
summary

2018

Performance Highlights

Revenue
฿1,436m 100% ↑

Net Income
฿217m 115% ↑

Net Profit Margin
15.07% 1.03% ↑

D/E
Ratio

0.44

Current
Ratio

2.14

PYLON
PUBLIC COMPANY LIMITED

รางวัลแห่งความภูมิใจ (Proud Award)

2019



The Company has been officially certified as a member of Thailand's
Private Sector Collective Action Coalition against Corruption (CAC)
Since November 5, 2018

2014

Forbes Best Under A Billion



c



วิสัยทัศน์

(Vision)

“มุ่งมั่นจะเป็นผู้นำงานก่อสร้างฐานราก
ทั้งด้านคุณภาพ และประสิทธิภาพ”

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

เป้าหมาย

(Goal)

“ขยายฐานการให้บริการไปยังประเทศเพื่อนบ้านในภูมิภาคอาเซียนในธุรกิจที่
เกี่ยวข้องกับงานก่อสร้าง โดยเน้นการก่อสร้างฐานรากเป็นหลัก เพื่อรองรับการเติบโต
ของประชาคมเศรษฐกิจอาเซียน”

“In order to serve the fast- growing ASEAN Economic Community, the
Company plans to expand the construction service to neighboring
countries in the ASEAN region primarily focusing on the foundation work”

ข้อมูลสรุปทางการเงิน (Financial Summary)

ข้อมูลทางการเงิน (พันบาท)	งบการเงินเฉพาะของบริษัท			งบการเงินรวม		
	Separate Financial Statement			Consolidated Financial Statement		
Financial Data (Thousand Baht)	2559 (2016)	2560 (2017)	2561 (2018)	2559 (2016)	2560 (2017)	2561 (2018)
สินทรัพย์รวม Total Assets	1,005,620	870,481	1,230,126	1,015,549	923,603	1,244,034
หนี้สินรวม Total Liabilities	215,166	152,181	375,076	224,715	166,089	377,459
ส่วนของผู้ถือหุ้นของบริษัท Equity of the Company's Shareholders	790,454	718,300	855,050	790,834	757,514	866,575
รายได้จากการให้บริการ Revenue from Services	1,027,212	573,783	1,396,422	1,063,015	715,759	1,436,910
กำไรสุทธิสำหรับปี(ส่วนที่เป็นของผู้ถือหุ้นบริษัท) Net Profit for the year (Portion of the Company's shareholders)	160,208	62,423	245,482	172,216	101,258	217,792



อัตราส่วนทางการเงิน Financial Ratio	งบการเงินเฉพาะของบริษัท Separate Financial Statement			งบการเงินรวม Consolidated Financial Statement		
	2559	2560	2561	2559	2560	2561
	(2016)	(2017)	(2018)	(2016)	(2017)	(2018)
อัตรากำไรสุทธิสำหรับปี(ส่วนที่เป็นของผู้ถือหุ้นของบริษัท) (%) Net Profit Margin for the year (Portion of the Company's shareholders) (%)	15.42%	10.76%	16.92%	15.98%	14.04%	15.07%
อัตราผลตอบแทนผู้ถือหุ้น (%) Return on Equity	18.70%	8.27%	31.21%	20.17%	13.08%	26.82%
อัตราผลตอบแทนจากสินทรัพย์ (%) Return on Assets (%)	17.76%	6.75%	27.93%	18.72%	10.54%	24.69%
กำไรต่อหุ้น (บาท) Profit per share (Baht)	0.21	0.08	0.33	0.23	0.14	0.29
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt to Equity (Time)	0.27	0.21	0.44	0.28	0.22	0.44
อัตราการเติบโตของรายได้จากการให้บริการ (%) Revenue from services Growth (%)	-14.68%	-44.14%	143.37%	-12.97%	-32.67%	100.75%
อัตราการเติบโตของกำไรสุทธิ (ส่วนที่เป็นของผู้ถือหุ้นบริษัท) (%) Net Profit Growth (Portion of the Company's shareholders) Growth (%)	-23.03%	-61.04%	293.26%	-6.86%	-41.20%	115.09%



Content

Page

Proud Award	1
Vision and Goal	3
Financial Summary	4
Chairman's Message to Shareholders of Pylon Public Company Limited	7
Company's Board of Directors	9
General Information	27
Type of Business	31
Industry Overview and Competition	36
Capital Structure	37
Management	38
Corporate Governance	60
Corporate Social Responsibility	81
Internal Control	86
Risk Factors	88
Management's Discussion and Analysis	91
Connected Transactions	94
Statement of the Board of Directors' Responsibilities	95
Statement of the Audit and CG Committee	96
Statement of the Nomination and Remuneration Committee	100
Report of the Independent Auditor	102
Financial Statements	107
Reference	149



Chairman's Message to Shareholders of Pylon Public Company Limited

To: Shareholders of

Pylon Public Company Limited

In 2018, Thailand's overall economy continued to expand from 2017 as a result of overall growth in all key economic sectors i.e. the growth in exports, private consumption and investment, and government spending and investment. Moreover, construction of several key government megaprojects such as the MRT Pink Line project (from Khae Rai to Min Buri), the MRT Yellow Line project (from Lat Phrao to Samrong) and the MRT Orange Line project (from Thailand Cultural Center to Min Buri) had already begun and these factors had a positive effect on the overall construction industry in 2018.

The overall construction industry is likely to see flat growth for 2019. Despite the election of a new government, the company expects that under the urgent action plan for investment in transportation and infrastructure megaprojects, the new government will continue to push through key infrastructure investment projects. This will result in private sector's confidence for new investment projects and be beneficial to the foundation construction industry as a whole in 2019.

Since the company's primary goal is to achieve long-term growth and sustainability, the company shall continue to adhere to its policy on customer base expansion and give more priority to customer screening processes, effective cost control, liquidity management, and continued human resources development. Furthermore, the company plans to seek new business opportunities by leveraging 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 support. 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 PLC's future development and ensuring its growth as well as ultimately achieving both its short and long-term goals.

A handwritten signature in black ink, appearing to read 'Seri Chintanaseri'.

(Mr. Seri Chintanaseri)

Chairman of the Board of Directors

Company's Board of Directors



1. Mr. Seri Chintanaseri
Chairman
Independent Director



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



3. Dr. Panja Senadisai
Independent Director
Chairman of the Audit and CG Committee



- 4. Professor Emeritus Dr. Vinit Chovichien
Independent Director
Chairman of the Nomination and Remuneration
Committee
Member of the Audit and CG Committee



- 5. Dr. Chanet Sangarayakul
Director
Chairman of the Executive and Risk Management
Committee



- 6. Dr. Chaipat Sahasakul
Independent Director
Member of the Audit and CG Committee
Member of the Nomination and Remuneration
Committee



7. Mr. Suchat Boonbanjersri
Director



8. Mr. Bordin Sangarayakul
Director
Member of the Executive and Risk Management
Committee
Senior Executive Vice President-Finance &
Management



9. Mr. Somsak Viriyapipat
Director
Member of the Executive and Risk Management
Committee
Senior Executive Vice President-Equipment &
Facilities
Acting Vice President-Equipment & Facilities



10. Mr. Pisun Sirisuksakulchai

Director

Member of the Executive and Risk Management
Committee

Senior Executive Vice President-Engineering &
Marketing



The Positions of Company's Directors and Executives

Mr. Seri Chintanaseri

77 Years

Chairman

Independent Director

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 22 April 2016

No. of years to be Director : 13 Years

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

Directorship training program :

- Directors Certification Program, Thai Institute of Directors Association (65/2005)

Current Position in PYLON :

2005 – Present Chairman/ Independent Director, Pylon PLC.

Current Position in Other :

- Position in other listed company None
- Position in other non listed company 2 being
 - 2014 – Present Director/ Executive Director, Double A (1991) PLC.
 - 1997 – Present Chairman, Seri Manop & Doyle Ltd

Work Experience :

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 (as of 27 August 2018) : 0.498



Mr. Vongchai Sangarayakul

72 Years

Founder Chairman

Director

Member of the Nomination and Remuneration Committee

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 22 April 2016

No. of years to be Director : 13 Years

Education :

- High School

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2005 – Present Director/ Member of the Nomination and Remuneration Committee, Pylon PLC.

Current position in Other :

- Position in other listed company None
- Position in other non listed company 1 being
1967 – Present Owner, Siam Pharmacy

Work Experience :

2004 - 2005 Director, Pylon Co., Ltd.

Percentage of Shareholding (as of 27 August 2018) : 6.668



Dr. Panja Senadisai

70 Years

Independent Director

Chairman of the Audit and CG Committee

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 22 April 2016

No. of years to be Director : 13 Years

Education :

- Ph.D.Industrial Business Administration,Administration&Management College,King Mongkut’s University of Technology,Ladkrabang
- Master of Business Administration (MBA), Suffolk University (USA)

Directorship training program :

- Directors Certification Program, Thai Institute of Directors Association (20/2002)
- Audit Committee Program, Thai Institute of Directors Association (2004)
- Certificate of Attendance Role of Compensation Committee Program (2/2007)
- Corporate Governance for Capital Market Intermediaries

Current Position in PYLON :

2005 – Present Chairman of the Audit and CG Committee/ Independent Director, Pylon PLC.

Current Position in Other :

- **Position in other listed company 3 being**

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.
- **Position in other non listed company 1 being**

2016 - Present	Audit Committee, Royal Bangkok Sports Club
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Work Experience :

- 2005 - 2016 Board of Governors, Rajpruek Club
- 2003 - 2014 Director & Audit Committee, Rasa Property Development PCL.
- 2004 - 2011 Chairman of the Board, Deva Development PCL.
- 2008 - 2009 Executive Director, Government Savings Bank
- 2006 - 2009 Director & Executive Director & Remuneration Committee, Government Savings Bank
- 2003 - 2008 Advisor, Technicolor (Thailand) Ltd.
- 1993 - 2007 Director & Remuneration Committee, SMC Motors PCL.
- 1999 - 2006 Director & Advisor & Remuneration Committee, CVD Entertainment PCL.
- 1994 - 1997 President, Raimon Co., Ltd.
- 1991 - 1994 Managing Director, H & Q (Thailand) Ltd.
- 1976 - 1991 Vice President, Bangkok Bank PCL.
- 1974 - 1976 Treasury Manager, Commercial Credit Corp. (Thailand)
- 1972 - 1974 Senior Sales Planning Analyst, Ford Motor Company (Thailand) Ltd.
- 1971 - 1972 Administrative Officer, Ministry of Commerce

Percentage of Shareholding (as of 27 August 2018) : -



Professor Emeritus Dr. Vinit Chovichien

73 Years

Independent Director

Chairman of the Nomination & Remuneration Committee

Member of the Audit and CG Committee

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 25 April 2017

No. of years to be Director : 13 Years

Education:

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

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2013 – Present Independent Director/ Member of the Audit and CG Committee/
Chairman of the Nomination and Remuneration Committee, Pylon PLC.

Current Position in Other :

- **Position in other listed company** None
- **Position in other non listed company** 2 being
 - 2015 – Present Board Member – Council of Engineers (Term6)
 - 2007 – Present Special Instructor, Faculty of Engineering, Chulalongkorn University

Work Experience :

2005 – 2013 Independent Director/ Member of the Audit and CG Committee/
Member of the Nomination & Remuneration Committee, Pylon PLC.

2012 – 2015 Board Member – Council of Engineers (Term5)

1972 – 2007 Lecturer, Faculty of Engineering, Chulalongkorn University

2000 – 2006 Board Member – Council of Engineers (Term1 and Term2)

Percentage of Shareholding (as of 27 August 2018) : -



Dr. Chanet Sangarayakul

45 Years

Director

Chairman of the Executive and Risk Management Committee

President

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 25 April 2017

No. of years to be Director : 13 Years

Education :

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

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2016 – Present Director/ Chairman of the Executive and Risk Management Committee/
President, Pylon PLC.

Current Position in Other :

- Position in other listed company None

- Position in other non listed company 1 being
2008 – Present Chairman, Excelon Co., Ltd.

Work Experience :

2005 – 2016 Director/ Chairman of the Executive Committee/ President, Pylon PLC.
2011 – 2015 Director, Thai Listed Companies Association
2011 – 2015 Director, mai Listed Companies Association
2002 – 2005 Chairman/ President, Pylon Co., Ltd.

Percentage of Shareholding (as of 27 August 2018) : 35.002



Dr. Chaipat Sahasakul

64 Years

Independent Director

Member of the Audit and CG Committee

Member of the Nomination and Remuneration Committee

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 28 April 2015

No. of years to be Director : 13 Years

Education :

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

Directorship training program :

- Directors Certification Program, Thai Institute of Directors Association (21/2002)
- Audit Committee Program, Thai Institute of Directors Association (33/2010)
- Accounting for Non-Accounting Audit Committee, The Stock Exchange of Thailand
- Managing Conflicts in the Boardroom, Thai Institute of Directors Association
- Corporate Disclosures : What are investors looking for beyond financial measures?, Thai Institute of Directors Association

Current Position in PYLON :

2013 – Present Member of the Nomination and Remuneration Committee, Pylon PLC.

2005 – Present Independent Director/ Member of the Audit and CG Committee, Pylon PLC.

Current Position in Other :

- **Position in other listed company** 2 being
 - 2016 – Present Director, East Water Group PLC.
 - 2010– Present Independent Director/Member of the Audit Committee, Thai Vegetable Oil PLC.
- **Position in other non listed company**
 - 2018 – Present Director, Nationality Housing Authority



Work Experience :

- 2014 – 2016 Chairman, The Agricultural Futures Exchange of Thailand
- 2013 – 2016 Director, Faculty of Economics, Thammasat University
- 2012 – 2016 Director, National Research Council of Thailand
- 2013 – 2015 Independent Director/ Member of the Audit Committee, Thai Capital Corporation PLC.
- 2002 – 2012 Independent Director/ Chairman of the Audit Committee, Electricity Generating PLC.
- 2001 – 2009 Secretary - General, Agriculture Futures Trading Commission
- 2005 – 2008 Member of Financial Institutions Policy Committee, Bank of Thailand
- 2006 - 2006 Executive Director and Chairman of Financial, Management Sub-committee, Neighboring Country Economic Development Cooperation Agency (Public Organization)
- 2005 – 2006 Director/ Member of the Audit Committee/ Chairman of Risk Management Committee, the Government Housing Bank

Percentage of Shareholding (as of 27 August 2018) : 0.333 held by his spouse



Mr. Suchat Boonbanjerd Sri

60 Years

Director

Date of appointment (First) : 22 April 2016

No. of years to be Director : 2 Years

Education :

- MBA Finance and Marketing Wharton School (Class of 1985), University of Pennsylvania, USA
- BA , Quantitative Economics, Chulalongkorn University

Directorship training program :

- Director Certification Program (DCP), Thai Institute of Directors Association
- Audit Committee Program (ACP), Thai Institute of Directors Association

Current Position in PYLON :

2016 – Present Director, Pylon PLC.

Current Position in Other :

- **Position in other listed company 3 being**
 - 2011 - Present Independent Director/ Chairman of the Corporate Governance Committee/
Member of the Audit Committee, Srithaisuperware PLC.
 - 2014 - Present Independent Director/ Chairman of the Audit Committee, Salee Printing PLC.
 - 2014 - Present Independent Director/ Chairman of the Audit Committee, SNC Former PLC.
- **Position in other non listed company 3 being**
 - 2001 - Present President, Practicum Engineering Co., Ltd.
 - 2001 - Present Chairman of the Executive Management Committee, Knight Club Capital AMC
 - 2011 - Present President, EDP Foundation

Work Experience :

2014 – 16/1/2019 Independent Director/ Chairman of the Audit Committee,
General Engineering PLC.

2011 – 2011 Chairman of the Board, T.O.T PLC.

2011 - 2011 Director, Thailand Post Loan Co., Ltd.

2010 - 2011 Vice Chairman of the Board of Directors, Thailand Post Co., Ltd.

2000 - 2001 Director, Aeronautical Radio of Thailand Company Limited

Percentage of Shareholding (as of 27 August 2018) : 2.038



Mr. Bordin Sangarayakul

44 Years

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President-Finance & Management

Date of appointment (Latest) : 25 April 2017

No. of years to be Director : 1 Year

Education:

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

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

25/4/2017 - Present Director/ Member of the Executive and Risk Management Committee/
Senior Executive Vice President-Finance & Management, Pylon PLC.

Current Position in Other :

- **Position in other listed company** None
- **Position in other non listed company** 2 being
 - 2017 – Present Director, Innovy Co., Ltd.
 - 2008 – Present Director, Excelon Co., Ltd.

Work Experience:

29/2/2016 – 24/4/2017 Senior Executive Vice President – Finance & Management, Pylon PLC.
 2005 – 29/2/2016 Director/ Member of the Executive Committee/
Senior Executive Vice President-Finance & Management, Pylon PLC.
 2010 – 2012 Director, Aun Jung Co., Ltd.
 2004 – 2005 Director/ Deputy Managing Director – Finance & Administration, Pylon Co., Ltd.

Percentage of Shareholding (as of 27 August 2018) : 8.001



Mr. Somsak Viriyapipat

60 Years

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President – Equipment & Facilities

Acting Vice President-Equipment & Facilities

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 28 April 2015

No. of years to be Director : 13 Years

Education :

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

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2016 – Present Director / Member of the Executive and Risk Management Committee/ Senior Executive Vice President – Equipment & Facilities, Acting Vice President – Equipment, Pylon PLC.

Current Position in Other :

- Position in other listed company None
- Position in other non listed company None

Work Experience :

2005 – 2016 Director / Member of the Executive Committee/ Senior Executive Vice President – Equipment & Facilities, Acting Vice President – Equipment, Pylon PLC.

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

Percentage of Shareholding (as of 27 August 2018) : 1.160



Mr. Pisun Sirisulsakulchai

45 Years

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President – Engineering & Marketing

Date of appointment (First) : 17 April 2009

Date of appointment (Latest) : 28 April 2015

No. of years to be Director : 9 Years

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

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (79/2009)

Current Position in PYLON :

2016 – Present Director / Member of the Executive and Risk Management Committee/
Senior Executive Vice President – Engineer & Marketing, Pylon PLC.

Current Position in Other :

- **Position in other listed company** None
- **Position in other non listed company** 1 being
2008 – Present Director / Excelon Co.,Ltd.

Work Experience :

- 2009 – 2016 Director/ Member of the Executive Committee/ Senior Executive Vice President-Engineering and Marketing, Pylon PLC.
- 2008 – 2009 Executive Vice President – Engineering, Pylon PLC.
- 2008 – 2011 Director, Thaicar dot com Co., Ltd.
- 2006 – 2007 Project Manager, Pylon PLC.

Percentage of Shareholding (as of 27 August 2018) : 1.965



Mr. Chaiyaphol Sutthamanuswong

45 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 – 2015 Executive Vice President – Finance, Pylon PLC.
- 1996 – 2013 VP Relationship Manager Bangkok Bank PLC.

Percentage of Shareholding (as of 27 August 2018) : -

Mr. Veeratas Chiradechvirot

39 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 (as of 27 August 2018) : -

Mrs. Sureerat Nakaphadungrat

56 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 (as of 27 August 2018) : -



Mr. Korn Thongsri

45 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 (as of 27 August 2018) : -

Mr. Ratthakorn Nakachai

48 Years

Vice President - Construction

Education:

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

Work Experience:

- 2015 – Present Vice President – Construction, Pylon PLC.
- 2013 – 2015 Project Director, Pylon PLC.
- 2008 – 2013 Senior Project Manager, Pylon PLC.
- 2003 - 2008 Project Manager, Pylon Co., Ltd.

Percentage of Shareholding (as of 27 August 2018) : -

Miss Thitima Taiwprateep

40 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 (as of 27 August 2018) : -



General Information

Pylon Public Company Limited (Pylon) is a specialty foundation construction company.

Headquarters : 170/15 Soi Sammit (Sukhumvit Soi 16), Ratchadapisektadmai Road,
Klongtoey Subdistrict, Klongtoey District, Bangkok 10110

The maintenance yard : 22/4 Moo 11, Koobangluang Subdistrict, Ladlumkaew District,
Patumthani 12140.

Branch : 252 SPE Tower, 14th Floor, Phahon Yothin Rd., Sam Sen Nai Subdistrict,
Phayathai District, Bangkok 10400

Company registration number : 0107548000536

Website : www.pylon.co.th

Phone number : 0-2615-1259

Facsimile number : 0-2615-1258

Registered capital : Baht 374,936,698

Paid up capital : Baht 374,936,698

Ordinary share : 749,873,396 shares

Par value : Baht 0.50



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

The Company Name	:	Excelon Company Limited
Registered Capital	:	Baht 20 million
Percentage of Shareholding	:	100
Type of Business	:	Design, construction, consulting works for buildings and 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 Nakornsrithammarat Province as a subcontractor to Sino-Thai Engineering and Construction Plc (Sino-Thai). From the success in the Pakpanang project, the Company has developed a strong business relationship with Sino-Thai and, as a result, received bored piling works for several projects from Sino-Thai such as The 3rd Stage Expressway - Part S1 (Ajnarong-Bangna) Contract No. 2, the Bumrungrad 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
 - Increased registered capital to Baht 60 million in January and Baht 95 million in December.
 - Cooperated with Soletanche Bachy, an International Foundation Specialist Company from France, to construct diaphragm walls for the Samlae Water Treatment Plant in Patumthani Province.
- Year 2005
 - Increased registered capital to Baht 115 million in June.
 - 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
 - Relocated the Company's maintenance yard from Saphansoong District to Ladlumkaew, Patumthani Province in March.
- Year 2008
 - Set up the subsidiary company under the name of Excelon Company Limited. 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
 - Increased registered capital to Baht 200 million in April to facilitate the stock dividends.
- Year 2012
 - Increased registered capital to Baht 300 million in May to facilitate the issuance of PYLON-W1 to existing shareholders.
 - Excelon Company Limited. increased registered capital to Baht 80 million in December whereas Pylon still held 51% of the total shares.
- Year 2013
 - 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
 - Pylon, the only firm from mai, received Asia's 200 best under a Billion Award from Forbes Asia in July.
- Year 2015
 - SET moved PYLON from mai to SET main Board on August 6, 2015.
- Year 2016
 - In January, the Company bought remaining shares of Excelon from other shareholders. The proportion by Pylon increased from 51% to 100% of total shares.
- Year 2018
 - In July, Excelon Co., Ltd. decreased its registered capital from Baht 80 million to Baht 20 million.
 - In November, the Company was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).
 - In December, the Company's head office was relocated from Ocean Tower 1, Rajadapisek Road to SPE Tower, Phaholyothin Road.



Revenue by Products

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

The Group's Revenues

(Unit : Thousand Baht)

Products	2016		2017		2018	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Bored Piles	934,228	86.71	703,981	97.60	1,264,431	87.50
Ground Improvement	-		-		-	
Diaphragm Wall/ Barrette Pile	121,295	11.26	5,503	0.76	172,096	11.90
Total Revenue from Foundation	1,055,524	97.96	709,484	98.37	1,436,527	99.40
Revenues from Construction	7,189	0.67	6,111	0.85	-	
Other Revenues ¹	14,746	1.37	5,674	0.79	8,599	0.60
Total Revenue	1,077,459	100.00	721,269	100.00	1,445,126	100.00

Remark : ¹Other Revenues from Other Services are the revenues from rental of machines, equipment and tools such as cranes, casing including damage claims received from Subcontractors and others such as interest received, profit from sale of assets, etc.

Type of Business

1. Circular Bored Pile



Circular 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 80 meters depending on the design load and local soil properties.



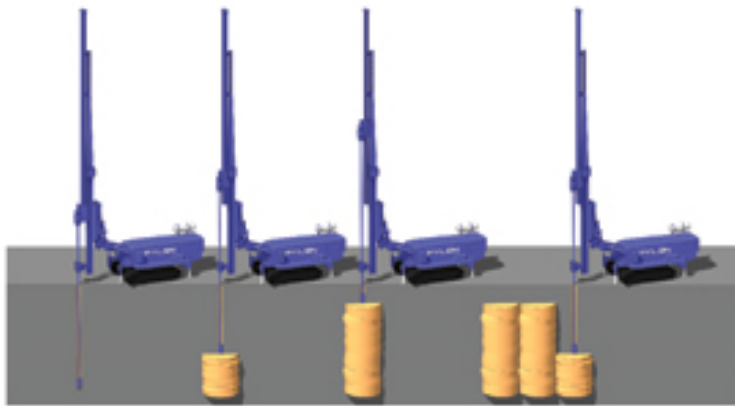
2. Ground Improvement by Jet Grouting



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 its 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/ Barrette Pile

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.



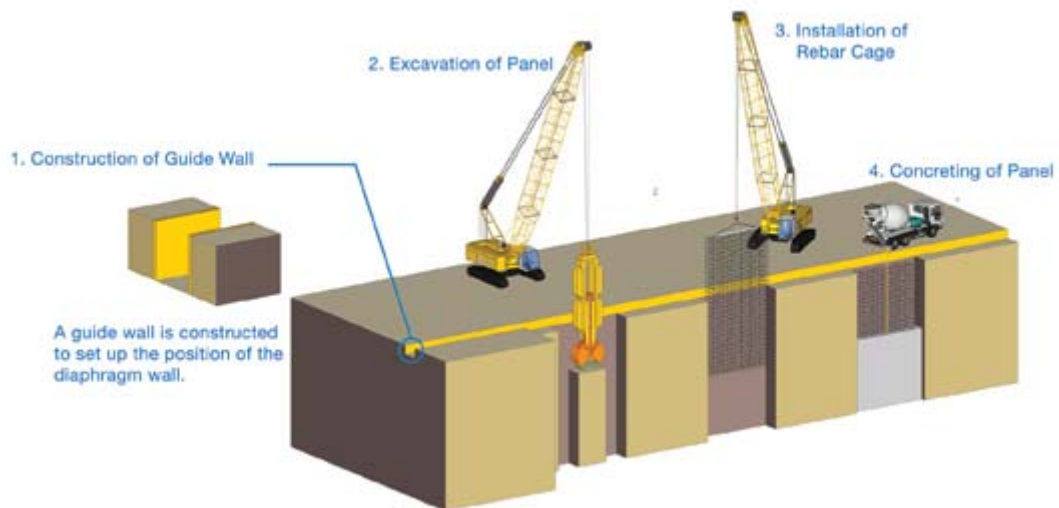
In designing a retaining wall, its thickness can be determined from 50 cm to 1.5 m. The construction process starts with excavating the ground according to the size and the alignment of the wall to be built. Then, a borehole stabilizing slurry (bentonite and polymer) is filled to protect the excavated trench against soil collapse.

After that, a steel cage is installed and a concrete is poured into the trench. After the concrete has set and reached the required strength, the underground excavation will be performed as well as the construction of underground structures.

A barrette pile is a cast-in-place reinforced concrete pile with a rectangular shape. It is a popular alternative when requiring a high bearing capacity of more than 2,000 tons per pile or for a limited construction area where a circular bored pile is not suitable. Its cross section size can be adjustable with a width ranging from 60 cm to 1.5 m, a length ranging from 2.5 m to 3.0 m, and a depth of more than 60 m. depending on the designed load bearing capacity and the soil layer composition of the construction area.



A barrette pile is constructed by excavating the soil in accordance with the required cross section size and depth. A stabilizing slurry (bentonite and polymer) is added to protect the borehole against soil collapse. After excavation, a steel cage is installed and a concrete is poured.





Industry Overview and Competition

In 2018, the overall Thai economy achieved 4.1% growth from that of 2017 (based on information from the Office of the National Economic and Social Development Board) as a result of overall growth in all key economic sectors i.e. the growth in exports, private consumption and investment, and government spending and investment. Moreover, construction of several key government megaprojects such as the MRT Pink Line project (from Khae Rai to Min Buri), the MRT Yellow Line project (from Lat Phrao to Samrong) and the MRT Orange Line project (from Thailand Cultural Center to Min Buri) had already begun and these factors had a positive effect on the overall construction industry in 2018. Despite delay in the site handover of MRT construction projects, it slightly affected the Company. Thus, the degree of market competition was not high.

The overall construction industry is likely to see flat growth for 2019. Despite the election of a new government, the company expects that under the urgent action plan for investment in transportation and infrastructure megaprojects, the new government will continue to push through key infrastructure investment projects. This will result in private sector's confidence for new investment projects and be beneficial to the foundation construction industry as a whole in 2019. Positive trends will be seen in the second half of 2019 after the start of the High-Speed Rail Linked 3 Airport project.

However, there are risk factors from political uncertainties after the election. This may affect the continuity of the government infrastructure construction projects and the government budgeting for 2020. In this regard, there could be some impacts on the outlook of the economy and the construction sector.

Major bored piling contractors are ItalThai Trevi Company Limited, Pylon Public Company Limited, Seafco Public Company Limited, The Crane Services Company Limited, Siam Tone Company Limited, Stand Pile Company Limited, and Thai Bauer Company Limited. The Company should be the second ranking in terms of revenue and production capacities (number of machines).



Capital Structure

Shareholders

The shareholders' list shown on Book of shareholders' registration as of the closing date of the register book on August 27, 2018 was as follows:

Item	Name of Shareholders	Number of shares	Percentage
1	Sangarayakul Family*	385,696,946	51.43
2	Thai NVDR Company Limited	32,973,456	4.40
3	Mr. Suchat Boonbanjerd Sri	15,286,000	2.04
4	Mr. Phadet Hongfah	15,736,300	2.10
5	Mr. Pisun Sirisuksakulchai	14,737,996	1.97
6	STATE STREET EUROPE LIMITED	13,351,800	1.78
7	THAI LIFE INSURANCE PUBLIC COMPANY LIMITED	9,600,000	1.28
8	Mr. Somsak Viriyapiphat	8,695,746	1.16
9	Krungsri Thai Small-Mid Cap Dividend	7,372,300	0.98
10	CIMB Principle Thai Dynamic Income Equity Fund	5,732,600	0.76
	Other Shareholders	240,690,252	32.10
	Total	749,873,396	100.00

Remark:

* Sangarayakul family consists of Mr. Chanet, Mr. Bordin, Mr. Vongchai and Mr. Anon Sangarayakul which held the shares in proportion of 35.005, 8.001, 6.668 and 1.761 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 December 31, 2018 The Company’s management structure is shown in the following organization chart



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



The Board of Directors

As of December 31, 2018, The Company's Board of Directors comprises 10 members in which:

- 6 Non-Executive Directors, representing 60 percent of the Board of Directors consists of
 - 4 Independent Directors, representing 40 percent of the Board of Director who are independent of management and major shareholders.
 - 2 Non – Executive director, representing 20 percent of the Board of Directors
- 4 Executive Directors, representing 40 percent of the Board of Directors

As of December 31, 2018 The Board of Directors were as follows:

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

Company Secretary was Ms.Thitima Tiawprateep

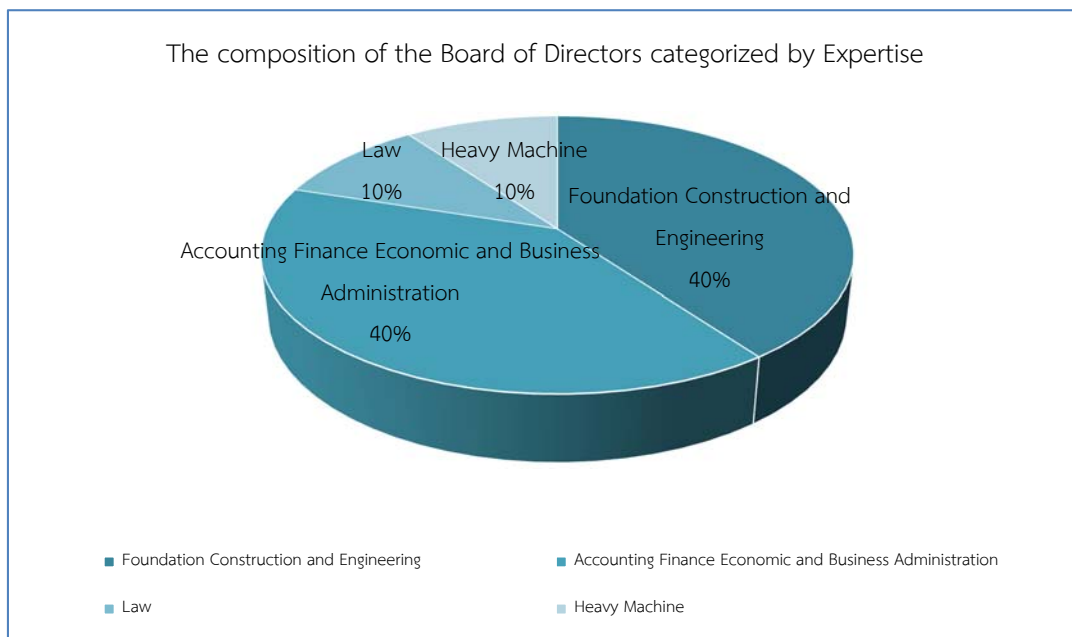
Remark 1. Having knowledge and experience in review of Financial Statements.



Prof. Emeritus Dr. Vinit Chovichien, non-executive director/ independent director, is an expert in structural engineering which is directly related to the Company’s business.

The Board of Directors consists of members from various professional fields with extensive knowledge, capabilities and experience necessary and beneficial to the Company’s business as follows:

Expertise	No.	Percentage
● Foundation Construction and Engineering	4	40
● Accounting Finance Economic and Business Administration	4	40
● Law	1	10
● Heavy Machine	1	10
Total	10	100



The Board of Directors have the duty to manage and supervise the Company’s operations to ensure compliance with applicable laws, rules, and regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the Capital Market Supervisory Board, along with the



Company's objectives and articles of association. The Board of Directors shall perform duties with responsibility, integrity and prudence.

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, the Chairman, the 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 5 days working day 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 to 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 and 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, asking the Company secretary 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 compiles minutes of the meetings in hard copies for easy access but non-amendable. The directors attendance is recorded and revealed. The Board of Directors's meetings are scheduled to be held quarterly and at least 6 times per year, 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.



Authority to sign on behalf of the Company as of December 31, 2018

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.

Chairman

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 of Directors in monitoring, tracking and supervising the work of the Executive and Risk Management Committee and other committees in order to achieve the objectives as planned.

In 2018, the Board of Directors was of the view that the Chairman had done excellent job in leading the meetings and encouraging the members to give their opinions extensively.

In addition, each director must report the shareholding of him/herself and his/her spouse and minor child(ren) in Pylon Public Company Limited to the Board of Directors' meeting after he/she has been elected as the director. After that, if the director and his/her spouse and minor child(ren) have entered into any trading transactions of shares in Pylon Public Company Limited; they shall report such transactions to the Board of Directors at its next meeting. The shareholding details as at December 31 2018 were as follows



Name		Number of shares				
		As of January 1, 2018		Increase/ Decrease (Jan1, 2018-Dec 31, 2018)	As of December 31, 2018	
		ownership	Spouse/ Minor Child		ownership	Spouse/ Minor Child
1	Mr.Seri Chintanaseri Chairman of the Board of Directors Independent Director	1,866,623	-	Not change ¹	3,733,246	-
2	Dr.Panja Senadisai Independent Director	-	-	-	-	-
3	Professor Emeritus Dr. Vinit Chovichien Independent Director	-	-	-	-	-
4	Dr.Chaipat Sahasakul Independent Director	-	1,249,998	Not change ¹	-	2,499,996
5	Mr.Suchart Boonbanjerd Sri Director	7,643,000	-	Not change ¹	15,286,000	-
6	Mr.Vongchai Sangarayakul Director	25,000,000	-	Not change ¹	50,000,000	-
7	Dr.Chanet Sangarayakul Director	131,245,066	-	Not change ¹	262,490,132	-
8	Mr.Somsak Viriyapipat Director	4,347,873	-	Not change ¹	8,695,746	-
9	Mr.Pisun Sirisuksakulchai Director	7,368,998	-	Not change ¹	14,737,996	-
10	Mr. Bordin Sangarayakul Director	30,000,000	-	Not change ¹	60,000,000	-
11	Mr.Chaiyaphol Sutthamanuswong Executive Vice President-Accounting and Finance	-	-	-	-	-
12	Mr.Veeratas Chiradechvirot 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	-	-	-	-	-

Remark: 1. The increase was proportionated according to the change in the share value from Baht 1 per share to Baht 0.50 per share on 17 May 2018.



Scope of Authorities of the Company's Board of Directors

The Board of Directors shall have authority to approve corporate matters according to its scope of duties and responsibilities to supervise and ensure that the Company complies with applicable laws, objectives, and articles of association as well as legal resolutions of shareholders' meetings. Also, the Board of Directors shall determine, review and approve visions, goals (in alignment with missions), strategies, and directions of operations each year. The Board of Directors shall monitor corporate performance to meet specified plans based on the principles of integrity and prioritizing corporate interests. There shall be a clear segregation of duties between the Board of Directors and the management team. The Board of Director's approval authority, duties and responsibilities shall be determined as follow;

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 and at least 6 times per year.
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 more 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 Subsidiary 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 disposition of the asset, 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 Article of Association, 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 management structure 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 to continually comply 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 his/her 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

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.



As of December 31, 2018 the Audit and CG Committee were as follows:

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 was Ms. Thitima Tiawprateep

Dr. Panja Senadisai and Dr. Chaipat Sahasakul are members of the Company's Audit and CG Committee. They have more than 30 years and 20 years of experiences respectively in the revision of financial reports of the Company with 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 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 disclose 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 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

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.



As of December 31, 2018 the Nomination and Remuneration Committee were as follows:

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 was Mr. Korn Thongsri.

Scope of Authorities of the Nomination and Remuneration Committee

1. To consider the structure and composition of the Board of Directors and qualifications, as well as the appropriateness of knowledge and experience of the directors and the President.
2. To select and submit the names of the knowledgeable and experienced candidates who are suitable for the Company 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. 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

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

As of December 31, 2018 the Executive and Risk Management Committee are as follows:

Name - Surname	Position
1. Dr. Chanet Sangarayakul	Chairman of the Executive and Risk Management Committee
2. Mr. Somsak Viriyapipat	Member of the Executive and Risk Management Committee
3. Mr. Pisun Sirisuksakulchai	Member of the Executive and Risk Management Committee
4. Mr. Bordin Sangarayakul	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 project worth not exceeding Baht 300 million for private sector and Baht 400 - 500 million for public sector (Baht 400 million in case of sub contracting and Baht 500 million in case of main contracting) 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

As of December 31, 2018 Management Team were as follows:

	Name - Surname	Position
1.	Dr. Chanet Sangarayakul	President
2.	Mr. Pisun Sirisuksakulchai	Senior Executive Vice President – Engineering & Marketing
3.	Mr. Somsak Viriyapipat	Senior Executive Vice President - Equipments & Facilities
4.	Mr. Bordin Sangarayakul ¹	Senior Executive Vice President - Finance & Management
5.	Mr. Veeratas Chiradechvirot	Executive Vice President - Management



	Name - Surname	Position
6.	Mr. Chaiphapol Sutthamanuswong	Executive Vice president - Accounting and Finance
7.	Mrs. Sureerat Nakaphadungrat ²	Vice President - Accounting
8.	Mr. Korn Thongsri	Vice President - Human Resource
9.	Mr. Ratthakorn Nakachai	Vice President - Construction

Remark : 1. Position is The Chief Financial Officer

2. Position is The Chief Accountant

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 Risk Management 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 Risk Management Committee's meeting.
4. To approve procurement or hiring contracts for the office management tasks in the amount of not exceeding Baht 5 million per transaction.
5. To negotiate and sign contracts, agreements, and documents for any construction project worth not exceeding Baht 200 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 to 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 practices 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 company that 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.

The selection process is the same as that of the Company's New Directors and the Top Executive explained in the next part.

Composition and Criteria for Selection of the Company's New Directors and the Top Executive.

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

In selecting and appointing a new director including the president, the Nomination and Remuneration Committee shall consider any person meeting the qualifications to be a director, regardless of whether such director is a shareholder's representative or an independent director. In searching for a new director, a professional search firm or director pool may be utilized to find a candidate before submitting the nominee to the Board of Directors for consideration, endorsement and submission to the shareholders' meeting for approval. The criteria for selecting a new director are as follows:



1. Business knowledge and skills, ability and experiences necessary for and agreeable to the Company strategies, in order to strengthen the Board of Directors 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 more 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.

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 it to the Annual General Meeting of Shareholders.

the AGM considered and approved the remuneration of the Company’s directors for year 2018 as of April 26, 2018 as follows:

1. Monthly remuneration

	2017 (Baht per month)	2018 (Baht per month)
- Chairman of the Board of Directors	50,000	50,000
- Chairman of the Audit and CG Committee	35,000	35,000
- Audit and CG Committee each	31,000	31,000
- Director each	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

	2017 (Baht per meeting)	2018 (Baht per meeting)
- Director each	5,000	5,000
- Audit and CG Committee each	5,000	5,000
- Nomination and Remuneration Committee each	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' Remuneration in 2018

Name - Surname	Year 2018 Remuneration					
	Monthly Remuneration	Meeting Allowance			Bonus	Total
		Board of Director	Audit and CG Committee	Nomination and Remuneration Committee		
1. Mr. Seri Chintanaseri	600,000	30,000			562,500	1,192,500
2. Dr. Panja Senadisai	420,000	25,000	25,000		234,375	704,375
3. Dr. Chaipat Sahasakul	372,000	30,000	25,000	10,000	281,250	718,250
4. Professor Emeritus Dr. Vinit Chovichien	252,000	30,000	25,000	10,000	281,250	718,250
5. Mr. Vongchai Sangarayakul		25,000		10,000	234,375	521,375
6. Dr. Chanet Sangarayakul		30,000			281,250	311,250
7. Mr. Bordin Sangarayakul		30,000			281,250	311,250
8. Mr. Somsak Viriyapipat		30,000			281,250	311,250
9. Mr. Pisun Sirisuksakulchai		30,000			281,250	311,250
10. Mr. Suchart Boonbanjerd Sri	252,000	30,000			281,250	563,250
Total	2,268,000	290,000	75,000	30,000	3,000,000	5,663,000



Executives' Remuneration

Executives receive remuneration including salaries, bonuses and other benefits which are directly based on both corporate and personal KPI-based performance. In 2018 the total remuneration for executives was as follows :

Position	Year 2017			Year 2018		
	No. (Persons)	Total Amount (Million Baht)	Details of Remuneration	No. (Persons)	Total Amount (Million Baht)	Details of Remuneration
Executive Committee and Management	9	14.501	Salary, Bonus, Social Security Fund, Provident Fund Contributions and PYLON EJIP No.1 ¹	9	15.868	Salary, Bonus, Social Security Fund, Provident Fund Contributions and PYLON EJIP No.1 ¹ , PYLON EJIP No.2 ²

Remark 1. PYLON EJIP No.1 (1/10/2017-30/9/2018): The Board of Directors' Meeting No. 4/2017 held on 10 August 2017 unanimously resolved to approve the PYLON - Employee Joint Investment Program No. 1 (PYLON - EJIP No.1) which was subsequently endorsed by the Office of the Securities and Exchange Commission (SEC) on 29 September 2017. Details of the program are shown in the Stock Exchange of Thailand (SET)'s website "<https://www.set.or.th/set/newsdetails.do?newsId=15024079368811&language=th&country=TH>".

2. The Board of Directors' Meeting No. 4/2018 held on 9 August 2018 unanimously resolved to approve the PYLON – Employee Joint Investment Program No. 2 (PYLON - EJIP No. 2)(1/10/2018-30/9/2019). The program principles were in accordance with the requirements in Item 7 of the Notification of the Office of the SEC No. SorJor.38/2561 dated 16 July 2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive and Auditor, Plan Preparer and Plan Administrator. To comply with the Office of the SEC's Notification No. SorJor.38/2561 dated 16 July 2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive and Auditor, Plan Preparer and Plan Administrator, the Company had submitted a letter of certification to Office of the SEC on Monday 27 August 2018 containing details of the program as shown in the SET's website "<https://www.set.or.th/set/newsdetails.do?newsId=15356686276331&language=th&country=TH>".

Other Remuneration

None



Number of Meeting Attendance

Name - Surname	Position in The Company's Board of Directors	Year 2018		
		Board of Directors (6 Times)	Audit and CG Committee (5 Times)	Nomination and Remuneration Committee (2 Times)
1. Mr. Seri Chintanaseri	Chairman of the Board of Directors/ Independent Director	6/6		
2. Dr. Panja Senadisai	Independent Director/ Chairman of the Audit and CG Committee	5/6	5/5	
3. Professor Emeritus Dr. Vinit Chovichien	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit and CG Committee	6/6	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. Suchart Boonbunjersri	Director	6/6		
6. Mr. Vongchai Sangarayakul	Director/ Member of the Nomination and Remuneration Committee	5/6		2/2
7. Dr. Chanet Sangarayakul	Director/ Chairman of the Executive and Risk Management Committee	6/6		
8. Mr. Bordin Sangarayakul	Director/ Member of the Executive and Risk Management Committee	6/6		
9. Mr. Somsak Viriyapipat	Director/ Member of the Executive Risk and Management Committee	6/6		
10. Mr. Pisun Sirisuksakulchai	Director/ Member of the Executive Risk and Management Committee	6/6		



Corporate Governance

The Company always manages its business based on the principles of good corporate governance, taking into account the importance of and responsibility for its shareholders and other stakeholders. As such, the Company has consecutively achieved very good ratings from its corporate governance assessments. In 2018, the Company was assessed by supervisory bodies/agencies as follows:

- The quality of the Company's 2018 Annual General Meeting of Shareholders (AGM) was "Excellent" according to the Thai Investors Association (TIA).
- The Company achieved an "Excellent" rating according to the Corporate Governance Assessment of Thai Listed Companies conducted by the Thai Institute of Directors (IOD).

The Board of Directors has placed importance on the compliance with the principles of good corporate governance with a view to building confidence among shareholders, investors and all relevant parties. It is required to disclose the Company's corporate governance policy on the website for communication with external parties and employees for their acknowledgement of and compliance with the said policy.

In 2017, the Securities and Exchange Commission (SEC) launched the 2017 Corporate Governance Code (2017 CG Code) for Listed Companies which contains the following 8 principles for the Board of Directors:

1. To realize the roles and responsibilities of the Board of Directors as a leader to create long-term value for the organization.
2. To define key objectives and goals in support of business sustainability
3. To enhance effectiveness of the Board of Directors
4. To recruit and develop high-level executives and manage human resources
5. To promote innovation and operate as a responsible business
6. To ensure that appropriate risk management systems and internal controls are in place
7. To ensure reliability of financial information and disclosure
8. To support engagement and communication with the shareholders

The Company has adopted the said principles as guidelines for its Board of Directors in the supervision of business activities to ensure long-term satisfactory operating results, to gain trust from the stakeholders and to create sustainable business value. In this regard, the Board of Directors' Meeting considered and reviewed the Company's corporate governance policy based on the application of



the 2017 CG Code for Listed Companies to ensure appropriateness for its business context to the greatest extent possible. Also, it is required to revise the Company's corporate governance policy to ensure appropriateness with its current situation and the Board of Directors shall consider and review the appropriateness of the application of the said CG Code at least once per year

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 Company's other stakeholders. In 2018 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 26 November 2018 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 2018, one Board member did not attend the meeting and the meeting Chairman, 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 and not deprive of shareholders rights, (Any Shareholders who are late for the Meeting still have the rights to attend and vote on 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

3.1 Treatment of Stakeholders rights

The Company shall treat its stakeholders according to their rights as prescribed by laws and shall promote cooperation with its stakeholders in building business growth and sustainability.

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 and disclosures a code of business ethics and best practices in work on



the company's website 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:

Shareholders Treatment Policy

To ensure that the Company observes the principles of equitable treatment of shareholders; the following guidelines were determined:

1. To operate business with honesty and integrity, prudent decision-making, and fair treatment of all shareholders for their maximum benefits.
2. To supervise operations to ensure a solid financial position with strong management to protect and add shareholders' benefits.
3. To be committed to building quality and stable growth to ensure that the shareholders receive good rates of return in line with economic and industry circumstances.
4. To respect the shareholders' rights to equally obtain necessary information to evaluate the Company as well as to disclose its operating results, financial position, and supporting information according to facts and requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
5. To treat all shareholders with equality at shareholders' meetings and in other cases.
6. To manage the organization by adhering to the principles of integrity and ethics. To promote integrity and ethics at all levels of the organization. To monitor, supervise, and manage possible conflicts of interest within Company.

In 2018, the Company had no disputes, lawsuits, or complaints with its shareholders.

Policy regarding best practice on 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 remuneration 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, reassign, take disciplinary action against and give reward to employees on the basis of their knowledge, performances, eligibility and good faith;



4. To place importance on 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 2018, there was no legal dispute or complaint between the Company and employees.

Policy regarding best practice on 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 exaggeration 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 2018, there was no legal dispute or complaint between the Company and customers.

Policy regarding best practice on 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 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 affected 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 2018, the Company fulfilled the creditors' terms and conditions without any debt default incident.

Policy regarding best practice on trading partners and contract parties

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.
3. The Company shall treat its trading partners and contract parties with equality and fairness and based on fair compensation for both parties. All contracts and provisions agreed upon by both parties shall be strictly complied with.
4. The Company aims to build and maintain long-lasting relationships with its trading partners and contract parties with clear objectives on the quality of goods and services which is worth the money, the quality of techniques, and mutual trust.

In 2018, there was no legal dispute or complaint between the Company and suppliers.

Policy regarding best practice on 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 2018, there was no legal dispute or complaint between the Company and its competitors.

Social and Public Responsibility

The Company places importance on taking responsibility for society and all groups of stakeholders as follows:

1. To comply with statues, laws, and regulations concerned.
2. To take into consideration environmental conservation and safety management aspects.

In 2018, 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 2018, the Company paid attention to the communities/society surrounding its construction sites and yard. As such, the Company implemented a number of measures to prevent any possible impacts on the communities/society such as setting up fences to ensure safety and reduce dust and noise, clearing trash and cleaning floors to ensure cleanliness, and spraying water in areas around the construction sites to reduce fine particular matter. All truck wheels were cleaned before the trucks left the construction sites to prevent a spill of soil, mud, sand and gravel materials during transportation. In transporting, all trucks were covered with specific materials. Also, all trucks must be checked to prevent black smoke emissions. Special machines were utilized for the construction sites that were situated next to other buildings. The employees were trained to understand work safety and responsibility for local communities and society. Visits to the communities nearby the construction sites were conducted to inquire about any possible impacts and any compensation for damage and to add any necessary measures etc.

3.2 Respect for Human Right

The Board of Directors has set up a policy to avoid human rights violations 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 honor 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 laws;
- Any biography, biodata, work history, etc. of each employee will be kept confidential. Employee's 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 laws or the Company's regulations;
- The Company is against any violation of human rights 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 labor or forced labor, as well as the installation of appropriate safety and sanitary system at workplace. In 2018, there is no report or complaint on human rights abuse.

3.3 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 belonged to others, prior to using in the Company. This is 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.

3.4 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 Thailand's Private Sector Collective Action Coalition Against Corruption (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 trained in business ethics, especially anti-corruption measures. On 11 February 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 and outside of the organization to prevent all forms of corruption, whether direct or indirect. Also, the anti-corruption policy and the anti-corruption measure handbook were developed for use as guidelines for the Company and its subsidiaries. Details of them were disclosed on the Company's website. On 2 March 2018, the Company submitted the documents to apply for membership with Thailand's Private Sector Collective Action Against Coalition Corruption (CAC). Now, the Company was certified to be a member of the Thailand Private Sector Collective Action Coalition Against Corruption on 5 November 2018.



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 guideline 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.

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 members 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
252 SPE Tower, 14th Floor Phahon Yothin Rd., Sam Sen Nai Subdistrict, Phayathai District,
Bangkok 10400
 - Tel : 02-615-1259 ext 108
 - Email: thitima@pylon.co.th

In 2018, the Audit and CG Committee did not receive any complaints.

Chapter 4 – Disclosure and Transparency

The Company discloses all of its important information, both financial and non-financial, via the Company's website. This includes information about the organization, corporate governance policy, shareholding structure, structure of the Board of Directors and its committees as well as news inside and outside the



organization, which is mostly available in both Thai and English. Shareholders and investors are also provided with an 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. It is required that no appointments or responses shall be made to answer questions regarding operating results in the near future to analysts and investors during the "Quiet Period" or which is one month before financial statements disclosure. In 2018, many activities were conducted as follows:

- 2 Road Shows
- 6 Analyst and Investor Meetings;
- 4 Opportunity Days on the Company's operating results and business direction;

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)
- Notification letter to the Annual General Meeting of Shareholders (downloadable)
- Minutes of the Annual General Meetings of Shareholders (downloadable)

In the past year, 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. 02-615-1259 ext. 108

Email : thitima@pylon.co.th



- | | | | |
|----|----------------|-----------------|--|
| 2. | Mr. Veeratas | Chiradeachwiroj | Telephone No. 02-615-1259 ext. 401
Email : veeratas@pylon.co.th |
| 3. | Mr. Chaiyaphol | Sutthamanuswong | Telephone No. 02-615-1259 ext. 301
Email : chaiyaphol@pylon.co.th |
| 4. | Mrs. Sureerat | Nakapadungrat | Telephone No. 02-615-1259 ext. 302
Email : sureerat@pylon.co.th |

Chapter 5 – Responsibilities of the Board of Directors

The Board of Directors is made up of 10 members, consisting of 4 independent directors, 4 executive directors, and 2 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 committees: the Audit and CG Committee, the Executive and Risk Management Committee, and the Nomination and Remuneration Committee. All these 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 Risk Management 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 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 Directors and President in other company's Board of Directors, that is to say our Directors and President are prohibited from doing business, being partner of an ordinary partnership, being partner with unlimited liabilities of a limited partnership, or being Director of a 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 Directors and President are not doing business, being partner of an ordinary partnership, being partner with unlimited liabilities of a limited partnership, or being Director of a private company or other companies which conduct business of the same nature and directly compete with the Company.

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 ten persons in the Board of Directors, four executive directors, two non-executive director, and four independent directors. Each director shall hold office for a term of three years.

Business ethics and best practice in work

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 and best practice in work as a manual for working achievement and given training to its directors, executives and employees in business ethics. In 2018, 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, executives 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 submit a copy 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 No.1/ 2019 Meeting on 25 February 2019, the Board of Directors evaluated the adequacy of the internal control system from the report of the Executive Committee previously reported to the Audit and CG Committee (at the No.1/2019 Meeting on 25 February 2019), 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, extended into 17 principles.). From the report and the responses of the executives, it can be concluded that after the evaluation in five components of the internal control system, the Board of Directors considered that there was appropriate and sufficient internal controls in the Company.

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. The Details of risk management are already disclosed in Risk Factors.



Meetings of the Board of Directors

The Board will schedule its meetings in advance every year, and will organize at least six times per 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 Board of Directors' meeting, the Company Secretary will set clear agendas, either for information or for consideration, and will circulate a complete set of meeting documents and agendas to the directors at least 5 working days prior to the meeting date, providing enough time for the directors to study the information. The Chairman of the Board of director'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 branch no.00003, on the 252 SPE Tower, 14th Floor, Phahon Yothin Rd., Sam Sen Nai Subdistrict, Phayathai District, Bangkok 10400.

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.

All directors shall have the duty to attend all Board of Directors' Meetings, except when otherwise excused. In 2018, the Board of Directors held 6 meetings. The meeting rate of attendance by directors was 95%.

Details of the meeting attendance of each director are disclosed in Item 8 "Management".

Self-Evaluation of the Board of Directors Committee and President

The Board of Directors will arrange for its annual collective evaluations once a year composing of 6 topics as follows:

1. Board structure and qualifications
2. Roles, duties and responsibilities of the Board
3. The Board meeting
4. Duties of directors
5. Relationship with management
6. Director's self improvement and management training

Evaluation Process is as follow:



The Company secretary 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. In 2018, the score of Self-Evaluation of the Board of Directors was excellent.

Individual performance evaluation of directors

Individual performance evaluation of directors covered the following 3 topics:

1. Composition and qualifications of the Board of Directors
2. Board of Directors' meetings
3. Roles, duties, and responsibilities of the Board of Directors

The performance evaluation process is as follows:

The Company secretary shall submit forms to individual directors for their evaluation and compile the completed forms to provide a summary to the meeting in December of every year.

It could be concluded that the Board of Directors had appropriate composition and the directors possessed required qualifications and performed duties with great accountability according to the desirable practices of directors. As a result, the Board of Directors' meetings were efficiently conducted.

Collective and individual performance evaluation of committee members

Collective and individual performance evaluation of committee members of the Company was conducted for the Audit and CG Committee and the Nomination and Remuneration Committee. Self-evaluation forms for such committees were used according to the sample forms provided by the Stock Exchange of Thailand. This was in line with the good corporate governance principles and the roles and responsibilities of each respective committee.

In 2018, collective and individual performance evaluation of committee members covered the following 3 topics:

1. Composition and qualifications of committees
2. Committees' meetings
3. Roles, duties, and responsibilities of committees

The performance evaluation process is as follows:

The Company secretary shall submit forms to individual directors for their evaluation and compile the completed forms to provide a summary to the meeting in December of every year.



It could be concluded that the Audit and CG Committee as well as the Nomination and Remuneration Committee had appropriate composition and the respective committee members performed all duties according to the charter stipulated by the Company.

The President's Performance Evaluation and Remuneration Policy

It is the Board of Director's policy to arrange an annual performance evaluation of the President, using goals and evaluation criteria that link to KPI in order to benchmark appropriate remuneration.

Not only that the remuneration policy for the President is based on the result of KPI, but it also depends on personal qualifications and capabilities, as well as the status of the Company and the level of remuneration in the industry. There are remunerations such as bonus and pay raise.

Remuneration for the Directors and the Executives

Remuneration of Directors

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-calibre directors and keep them on continuing their good performances. 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.

The Nomination and Remuneration Committee shall consider remuneration of directors and propose to the Board of Directors and then at the shareholders' meeting for approval.

Remuneration of Executives

The President shall consider appropriate rates of remuneration of executives and adjustments thereto each year. The executives shall receive remuneration in forms of salary and bonus linked to corporate and individual performance using the Key Performance Indicators (KPI) system.

Details of the remuneration of directors and executives are disclosed under the topic of "Remuneration of Directors and Executives" in Item 8 "Management".



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.

The Board of Director encourages at least a director to attend courses or seminars for enhancing their working performances in the past year.

In 2018, two of the Company's directors attended the training course as follow:

No.	Name-Surname	Position	Course and Institute
1.	Dr.Chaipat Sahasakul	Independent Director	Rising Above Disruptions : A Call For Actions, Thai Institute of Directors Association (IOD) "EVEREST" Entire Business Innovative Transformation : EBIT, Thai Listed Companies Association
2.	Mr.Bordin Sangarayakul	Director	"EVEREST" Entire Business Innovative Transformation : EBIT Thai Listed Companies Association

which was very useful for the directors' operations.

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.

In 2018, there was no new directors. In the event that there are new directors, they will receive an orientation training covered the nature of business, structure and composition of the Board of Directors and other committees, code of conduct, good corporate governance, etc.

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 executives is unable to perform their duties.



Committees

The Board of Directors has set up various committees 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 committees include the Audit and CG Committee, the Nomination and Remuneration Committee, and the Executive and Risk Management Committee.

Details of the structure and responsibility of three committees are disclosed under the topic in Item 8 “Management”.

Besides, at the No.2/2016 Board of Directors’ meeting on 23 March 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 Usage of Inside Information

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 usage of inside information and obligations to report their trading of Company’s and its subsidiaries’ stock including the trading executed by their spouses and minor child. They are also informed about the relevant penalties thereof according to the Securities and 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 shares, including those shares owned by their spouses or minor child , and submit to the Securities and Exchange Commission. The report should be as follows.
 - Report the first submission of securities holding (Form 59-1) within 30 days after closing date of offering or being appointed as director/ management.
 - Report the changes in securities holding (Form 59-2) from buying, selling, or transferring of shares within 3 working days after buying, selling, or transferring of those shares. On the day that they submit the report to the Securities and 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 share prices shall be acknowledged by the Company that they must stop buying or selling of the Company's shares one month prior to the disclosure of Company's operating results and twenty-four hours after disclosure of the Company's operating results (the Company will declare its operating results 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 and best practices in work handbook with details prohibiting directors, executives and staffs to use inside information for buying or selling the Company's shares or to give any inside information to other persons for buying or selling the Company's shares.

If the Company finds that any director, executive or employee who knows the significant inside information violates the Company's Code of Ethics and best practices in work relating to usage of inside information and causes damage to the Company or its image, the Company will undertake the proper actions including but not limited to cooperate with relevant supervisory agencies to undertake necessary legal actions.

The Board of Directors considered and reviewed the application of the majority of the principles in the CG Code for Listed Companies for 2017 according to its business context (for the principles that cannot be or have not yet been implemented, supporting reasons were provided as part of the Board of Directors' resolution) except for the following matters.

1. The Board of Directors stipulated a remuneration structure that encourages personnel's performance of duties to meet corporate key objectives and goals only for the position of President. As for personnel at lower levels, the President was assigned to determine their remuneration structure based on the principles of the remuneration structure of the President.
2. At present, the Company does not have any policy regarding the requirement for an independent director to serve a directorship for a maximum of 9 consecutive years from the date of first taking the position. This is because the Board of Directors deemed that each independent director's independence is not subject to the length of term of office and that the 4 independent directors of the Company are knowledgeable, reliable and accepted by members of the public. Their opinions provided at the previous Board of Directors' meetings were independent and comprehensive, covering all key issues and creating value for the Company and its shareholders to support sustainable growth.



3. The Board of director consists of directors with diverse qualifications, competency and experiences. Currently, the Board comprises four independent directors out of the total 10 directors, and a ratio is already considered for company's benefit and also its performance



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, suppliers, 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 and ethics

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 add value 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 and ethics 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 11 February 2014 at the Head Office.

In addition, it was agreed by the Board of Directors that the Company signed a Declaration of Intention to join the Collective Action Coalition against Corruption (CAC) to fight against corruption



in private sector with IOD on 4 March 2016. Also, the anti-corruption policy and the anti-corruption measure handbook were developed for use as guidelines for the Company and its subsidiaries. Details of them were disclosed on the Company's website. On 2 March 2018, the Company submitted the documents to apply for membership with The Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). Now, the Company was certified to be a member of the Thailand's Private Sector Collective Action Coalition Against Corruption on 5 November 2018.

3. Respect for human rights

The Company puts 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 fights against child 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 laws;
- 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 laws or the Company's regulations;
- The Company is against any violation of human rights 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 puts 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.

In addition, the Company's Board of Director approved the Employee Joint Investment Program of PYLON Public Company Limited – No.2 (PYLON – EJIP No.2) to motivate and retain the Company's executives and employees in the long run, foster the sense of ownership, and reinforce performance efficiency. The executive directors were not allowed to join this program.

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' health and safety. 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 possibly 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, water, and especially fuel. According to the survey report, the Company's fuel consumption has been used in more efficient rate.



7. Participation in the development of communities and society

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

In 2018, the Company paid attention to the communities/society surrounding its construction sites and yard. As such, the Company implemented a number of measures to prevent any possible impacts on the communities/society such as setting up fences to ensure safety and reduce dust and noise, clearing trash and cleaning floors to ensure cleanliness, and spraying water in areas around the construction sites to reduce fine particular matter. All truck wheels were cleaned before the trucks left the construction sites to prevent a spill of soil, mud, sand and aravels materials during transportation. In transporting, all trucks were covered with specific materials. Also, all trucks must be checked to prevent black smoke emissions. Special machines were utilized for the construction sites that were situated next to other buildings. The employees were trained to understand work safety and responsibility for local communities and society. Visits to the communities nearby the construction sites were conducted to inquire about any possible impacts and any compensation for damage and to add any necessary measures etc.







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 independent 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 Mr. Dhitiwat Supanpong's qualifications of Chayot Co., Ltd., in aspect of education, experience and training the Audit and CG Committee opined that the firm was qualified to perform such duties as the firm has demonstrated independence and experiences in internal audits. Furthermore, the Company appointed Ms. ThitimaTaiwprateep to coordinate with such independent internal auditor.

The duties and responsibilities of Chayot Co., Ltd. (the Company's independent 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.

Consideration and approval for appointment, removal, and transfer of Head of Internal Audit of the Company must be subject to prior approval (or endorsement) of the Audit and CG Committee.

As of 25 February 2019, the results of the audit conducted by the independent 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



independent internal auditor and the external auditor as well as the results of rectification made by the Company.

At the Board of Directors Meeting No.1/2019 held on 25 February 2019, the Board of Directors assessed the adequacy of the internal control system based on the report of the Executive Committee previously reported to the Audit and CG Committee duly considered at the Meeting No.1/2019 held on 25 February 2019. *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 Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, extended into 17 principles.* From the report and management responses, the Board of Directors deemed that the internal control system of the Company in five components were appropriate and adequate. Correspondingly, the Company has properly allocated enough manpower to achieve effective works, including tracking, monitoring and regulating the Subsidiary's duty to protect the Company and its Subsidiary's property from being unauthorizedly used by any director or executive.



Risk Factors

Price Volatility and Supply Availability of Raw Materials

The Company's main raw materials consist of concrete, steel, cement, diesel and borehole stabilizing slurry (bentonite and polymer). As for the 2018 outlook, the prices remained stable for the first half of the year and increased from the end of Q3 through the end of the year. Such price changes were according to the increasing demands of the construction industry. Diesel prices in 2018 went up and were volatile in some periods according to oil price in global markets. Like diesel prices, steel prices in 2018 increased and fluctuated. The aforesaid fluctuations in the prices of the main raw materials could affect the Company's performance.

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 fix the 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 impact because most main 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 may adjust the selling price to offset the rising costs 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 and at most 10-15 months for large-scale projects. Therefore, acquiring new projects to replace the nearly completed projects is necessary to maintain steady income and growth.

In 2018, the overall construction industry continued to expand from 2017 as a result of the expansion of private and government investment projects. In 2018, several government megaprojects had already begun such as the MRT Pink Line (from Khae Rai to Min Buri), the MRT Yellow Line (from Lat Phrao to Samrong)



and the MRT Orange Line (from Thailand Cultural Center to Min Buri) etc. As a result, the market competition was not high.

The overall construction industry is likely to see flat growth for 2019. Despite the election of a new government, the company expects that under the urgent action plan for investment in transportation and infrastructure megaprojects, the new government will continue to push through key infrastructure investment projects. This will result in private sector's confidence for new investment projects and be beneficial to the foundation construction industry as a whole in 2019. Positive trends will be seen in the second half of 2019 after the start of the High-Speed Rail Linked 3 Airport project.

However, there are risk factors from political uncertainties after the election. This may affect the continuity of the government infrastructure construction projects and the government budgeting for 2020. In this regard, there could be some impacts on the outlook of the economy and the construction sector.

The Company continues to adhere to its policy on customer base 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 skills in foundation works such as planning, construction techniques, client liaison, usage of machines and equipment, 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 owner 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 the owner and shall mobilize the machines and equipment to the job site only after the area is ready for construction.



On the other hand, the delay may cause by the Company 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 charge. 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, the Company has never been subjected to any lawsuits related to work quality because the Company has a high standard of quality control system to minimize chances 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

Some of the company's customers may face liquidity problem and affect their debt servicing ability. In order to reduce the risk from uncollectible accounts, 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 construction such as advance payment, a letter of bank guarantee, a domestic letters of credit (DLC) 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 2018

The foundation construction business of the Company consists of bored pile construction, diaphragm walling, and soil improvement. The performance of the Company is mainly relied upon the construction industry growth. The overall Thai economy in 2018 achieved 4.1% growth from that in 2017 (based on the information of the Office of the National Economic and Social Development Board). The key contributing factors to the economic growth were the growth in exports rises in exportation, private consumption and investment, and government spending and investment.

Moreover, construction of several key government megaprojects such as the MRT Pink Line project (from Khae Rai to Min Buri), the MRT Yellow Line project (from Lat Phrao to Samrong) and the MRT Orange Line project (from Thailand Cultural Center to Min Buri) had already begun and these factors had a positive effect on the overall construction industry in 2018.

Despite delay in the site handover of MRT construction projects, it slightly affected the Company. Thus, the degree of market competition was not high

In 2018, the Company and its subsidiary posted the total revenues from service of Baht 1,436.91 million, of which 86.86% was from private projects and 13.14% was from government projects.

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

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 2018, the Company and the Subsidiary had total revenues from services in the amount of Baht 1,436.91 million which increased by Baht 721.15 million or 100.75% from the previous year because of the expansion of the construction industry. For the government sector, the important projects were MRT Yellow Line Project. The important private projects were Vimutti Hospital Project, The Privacy Rama 9 Project (by Pruksa Holding Group), One 9 Five Project (by Tiancheng International Properties (Thailand) Company Limited), Lesso Mall (Bangna) Project (by Lesso mall (Bangna) Limited), Central Plaza Chonburi Project (by Central Pattana Group), Rasa Tower Phetchaburi Project (by Rasa venture Company Limited), L.P.N. Development Public Company Limited's Condominium Projects, AP (Thailand) Public Company Limited's Condominium Projects, Narai Property Company Limited's Condominium Projects.

The costs of services comprised of wages, construction materials, depreciation, consumables and other expenses required in production process. The price of main construction materials for foundation works such as concrete, cement, steel, diesel and borehole stabilizing slurry (bentonite and polymer) was subject to change in accordance with the market and economic situation.

In 2018, the Company and its Subsidiary had costs of services of Baht 1,098.29 million, increasing Baht 549.66 million or 100.19% from the previous year, in line with the revenue increase. This translated into the percentage of cost to revenue from services at 76.43% decreasing from 76.65% in the previous year.

The Company and its Subsidiary selling and administrative expenses consisted of staff, overhead, tax, fee and other expenses. In 2018 the Company and the Subsidiary had the selling and administrative expenses amounted to Baht 79.19 million of which Baht 75.11 million was incurred by the Company. The other Baht 4.08 million was incurred by the Subsidiary.

In 2018, the Company and its Subsidiary's net profit for the year was Baht 217.79 million showing the increase of Baht 116.53 million or 115.08% compared with the previous year. This translated into the percentage of net profit margin at 15.07 increasing from 14.04 for the previous year due to the expansion of industry. The basic earnings per share was Baht 0.29.

In 2018, the Company and its Subsidiary's Return on Equity was 26.82% increasing from 13.08% for the previous year.

Financial Position

As of 31 December 2018, the Company and its Subsidiary total assets were Baht 1,244.03 million comprising current assets of Baht 679.77 million, increasing Baht 250.36 million from the previous year, and non – current assets of Baht 564.26 million, increasing Baht 70.07 million from the previous year. Such increase was mainly from short term investments of Baht 57.07 million, account receivable of Baht 124.97 million,



unbilled accrued income of Baht 51.71 million, and property, plant and equipment of Baht 73.51 million. Return on assets in 2018 was 24.69% increasing from 10.54% in the previous year.

As of 31 December 2018, the Company and its subsidiaries had total liabilities of Baht 377.46 million. The current liabilities increased from the end of 2017 by approximately Baht 164.93 million. Such increase was mainly due to the increase in the trade accounts payable of approximately Baht 72.35 million, the increase in the advanced paid from customers of around Baht 36.82 million, and other increases of about Baht 55.76 million. The non-current liabilities were Baht 59.88 million increasing from the end of 2017 by approximately Baht 46.44 million. Such increase was from the increase in the liabilities under finance lease agreements (minus the current portion that will be due within 1 year) of approximately Baht 45.31 million, the increase in deferred tax of Baht 2.76 million and the decrease in the liabilities under post-employment benefits obligation (minus the current portion that will be due within 1 year) of approximately Baht 1.63 million.

In regard to shareholders' equity as of 31 December 2018, the consolidated financial statements showed total shareholders' equity of Baht 866.57 million, increasing from that of the previous year which was Baht 757.51 million. During the year, the Company gave dividend payment of Baht 108.73 million. The return on equity was 26.82%.

Audit Fee

In 2018, the audit fee of Baht 1,175,000 was paid to Grant Thornton Limited, comprising the audit fee for the Company of Baht 980,000 and for the Subsidiary of Baht 195,000. 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 audit firm employing the auditor and any person or any entity related to the auditor and such audit firm.



Connected Transactions

In 2018, the Company and its Subsidiary have no connected transactions with persons and/or juristic persons who may cause conflict of interest.

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 Shareholders' Meeting 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 Exchange Act B.E. 2535, and the Notifications of the Securities and 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 consisting of 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, 2018, 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 The 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 and CG Committee regularly reports the Committee's Minutes of Meeting to the Board of Directors

In 2018, a total of 5 Audit and CG Committee's meetings were held with all members present in every meeting. 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 2018 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 2018 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 2018. 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 2018, 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 EL Business Advisory Co., Ltd. to be an independent internal auditor for 2019 as well as approved the internal audit scope and plan for the year 2019 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 2018, 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 Mr. Teerasak Chuasrisakul, CPA license No. 6624 or Ms. Kanyanut Sriratchachawan, CPA license No. 6549 or Mr. Narin Churamongkol, CPA license 8593 of Grant Thornton Limited should be nominated as the auditor of the Company for the year 2019 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 independent internal auditor and opined that the management has in place appropriate and adequate risk management.

8. 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 Stock Exchange of Thailand.

9. 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.

A handwritten signature in blue ink that reads 'Panja S.'.

(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 the Chairman and Dr. Chaipat Sahasakul and Mr. Vongchai Sangaranyakul are the other members of the Nomination and Remuneration Committee. The term of office of the Nomination and Remuneration Committee is 3 years.

The Nomination and Remuneration Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Nomination and Remuneration Committee's Charter. In 2018, a total of 2 Nomination and Remuneration Committee's meetings were held with all members present in every meeting. The meetings were conducted to consider and proceed with the following matters:

1. To consider the structure and composition of the Board of Directors and qualifications, as well as the appropriateness of knowledge and experience of the directors and the President.
2. 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.
3. Considered, selected, and nominated a person equipped with the qualifications, knowledge and capability suitable to the Company's business for the director position and proposed to the Board of Directors for consideration and endorsement and then at the shareholders' meeting for consideration on appointment.
4. Considered the allocation of directors' remuneration for the year 2017 operating results within the amount limit as approved by the shareholders and in compliance with the specified allocation criteria.
5. Evaluated the president's performance for the year 2017, allocated his remuneration in accordance with the specified criteria, and proposed the results to the Board of Directors for endorsement.
6. Considered the budget of directors' remuneration, consisting of monthly remuneration, bonus, and meeting fees for the year 2018 by taking into account the average remuneration of the same industry, the average remuneration of the companies with similar size with the Company, workloads and the



scope of responsibilities of the Board of Directors, to be proposed to the Board of Directors and then at the shareholders' meeting for approval.

7. Considered the criteria for assessing the president's performance and setting his remuneration for the year 2018 and proposed that to the Board of Directors for endorsement.
8. 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 Nomination and Remuneration 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

Opinion

I have audited the consolidated financial statements of Pylon Public Company Limited and its subsidiary (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Pylon Public Company Limited (the “Company”), which comprise the separate statement of financial position as at 31 December 2018, the separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2018, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Revenue recognition for construction contracts</p> <p>The Group and the Company have revenues from construction services for the year ended 31 December 2018 of Baht 1,437 million and Baht 1,391 million, respectively.</p> <p>The Group’s and Company’s revenues are recognized based on the percentage of completion. Such revenues from construction services are material and have a significant impact to related accounting transactions including unbilled accrued income, contracted construction work in progress, and costs of construction. The percentage of completion requires management’s judgement and continuous review of estimated revenues and cost budget throughout the construction periods and the estimate needs to be adjusted as necessary.</p> <p>The Group and the Company disclosed accounting policies for revenue recognition for construction in Note 3.1 to financial statements.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> - Understanding and evaluating managements process for determining the percentage completion of contracts - Understanding of managements process to estimate the budgeted cost of construction by comparing the past estimations to actual costs, reviewing supporting evidences and recalculating the budgeted cost of construction of current period against actual costs after the end of period until the auditor’s report date - Sample reviewing the reasonableness of the percentage of completion by performing physical survey of construction in progress, recalculating percentage of completion and reviewing events after the end of period until the auditor’s report date - Sample reviewing the percentage of actual costs compared with the budgeted costs relative to the percentage of completion



Other Matter

The consolidated financial statements of Pylon Public Company Limited and its subsidiary and the separate financial statements of Pylon Public Company Limited for the year ended 31 December 2017, presented as comparative information, were audited by another auditor who issued her audit report dated 26 February 2018 with an unmodified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and revised a material misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern



and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Miss Kanyanat Sriratchatchaval

Certified Public Accountant

Registration No. 6549

Grant Thornton Limited

Bangkok

25 February 2019



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	147,027,174	110,835,503	130,743,265	40,241,143
Short term investments	6	60,000,003	2,925,621	60,000,000	2,922,571
Trade accounts receivable					
- general customers - net	7.1	222,016,790	97,047,872	222,016,790	96,747,872
- subsidiary company	4	-	-	-	1,602,370
Unbilled accrued income	7.2	109,726,047	58,017,575	109,303,889	49,612,356
Contracted construction work in progress		4,422,465	5,311,000	4,422,465	5,128,433
Spare parts and supplies		41,522,742	40,373,690	41,522,742	40,248,573
Retentions receivable - net		53,790,898	34,344,219	51,280,417	31,283,546
Advances for purchases of supplies		36,666,611	65,299,002	36,666,611	65,298,990
Other current assets		4,598,558	15,258,315	4,587,168	13,345,455
Total current assets		679,771,288	429,412,797	660,543,347	346,431,309
NON - CURRENT ASSETS					
Restricted deposits with banks	9	-	1,320,000	-	1,320,000
Other investment	10	1,800,000	1,800,000	1,800,000	1,800,000
Investment in subsidiary company - net	4, 11	-	-	10,199,981	40,799,970
Property, plant and equipment - net	12	529,026,747	455,512,245	529,026,415	452,658,492
Software computer under development		2,655,500	1,296,250	2,655,500	1,296,250
Refundable withholding tax deducted at sources		25,365,669	26,901,580	20,493,200	20,493,200
Deferred income tax asset - net	13	-	3,296,377	-	3,296,377
Other non - current assets		5,414,780	4,063,676	5,407,780	2,385,614
Total non - current assets		564,262,696	494,190,128	569,582,876	524,049,903
TOTAL ASSETS		1,244,033,984	923,602,925	1,230,126,223	870,481,212

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



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts payable and notes payable		143,527,149	71,175,816	143,328,742	70,099,044
Other payables		4,435,206	8,665,288	3,108,386	5,700,656
Current portion of ;					
- Liabilities under finance lease agreements	15	15,493,904	2,885,942	15,493,904	2,885,942
- Liabilities under post-employment benefits obligation	4, 16	4,129,612	3,728,129	4,129,612	3,728,129
Accrued expenses		69,807,735	36,598,443	69,491,587	31,883,308
Advances paid from customers		55,807,453	18,988,368	55,807,453	14,925,012
Accrued income tax		3,385,810	-	2,890,882	-
Other current liabilities		20,991,492	10,610,623	20,944,105	9,833,145
Total current liabilities		317,578,361	152,652,609	315,194,671	139,055,236
NON - CURRENT LIABILITIES					
Liabilities under finance lease agreements - net	15	46,295,254	983,171	46,295,254	983,171
Liabilities under post-employment benefits obligation - net	4, 16	10,822,740	12,452,692	10,822,740	12,143,242
Deferred income tax liabilities - net		2,763,473	-	2,763,473	-
Total non - current liabilities		59,881,467	13,435,863	59,881,467	13,126,413
TOTAL LIABILITIES		377,459,828	166,088,472	375,076,138	152,181,649

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



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Note	CONSOLIDATED F/S		SEPARATE F/S			
	31 December 2018	31 December 2017	31 December 2018	31 December 2017		
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)						
SHAREHOLDERS' EQUITY						
Share capital – common share at Baht 0.5 par value (2017: Baht 1 par value)						
	- Authorized 749,873,396 shares (2017 : 374,936,698 shares)	18	374,936,698	374,936,698	374,936,698	374,936,698
	- Issued and paid - up 749,873,396 shares (2017 : 374,936,698 shares)		374,936,698	374,936,698	374,936,698	374,936,698
	Share premium		153,825,441	153,825,441	153,825,441	153,825,441
	Retained earnings					
	- Appropriated for legal reserve		37,979,500	37,979,500	37,979,500	37,979,500
	- Unappropriated		305,530,203	196,470,500	288,308,446	151,557,924
	Other components of equity		(5,697,686)	(5,697,686)	-	-
	Total equity of the Company's shareholders		866,574,156	757,514,453	855,050,085	718,299,563
	Non-controlling interests in subsidiary		-	-	-	-
	Total shareholders' equity		866,574,156	757,514,453	855,050,085	718,299,563
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,244,033,984	923,602,925	1,230,126,223	870,481,212

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



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

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2018	2017	2018	2017
Revenues from construction	22	1,436,527,316	715,595,250	1,391,315,547	558,873,868
Revenues from rental	4	382,717	163,560	5,106,120	14,909,030
Total revenue from services		1,436,910,033	715,758,810	1,396,421,667	573,782,898
Costs of services	4	(1,098,290,208)	(548,633,770)	(1,081,997,663)	(470,682,495)
Gross profit		338,619,825	167,125,040	314,424,004	103,100,403
Dividend income	4	-	-	17,999,973	-
Interest income		2,553,756	2,871,939	1,915,915	2,592,279
Gain from capital decrement of the subsidiary	4	-	-	29,400,011	-
Other income	4, 19	5,662,185	2,638,475	4,724,418	3,508,726
Profit before expenses		346,835,766	172,635,454	368,464,321	109,201,408
Selling expenses	20	(2,707,042)	(2,246,747)	(2,443,815)	(2,246,747)
Administrative expenses	20	(76,483,123)	(68,232,423)	(72,667,755)	(66,816,401)
Reversal loss on impairment of investment in subsidiary	4, 20	-	-	-	23,183,134
Finance cost		(881,494)	(895,323)	(881,494)	(895,323)
Total expenses		(80,071,659)	(71,374,493)	(75,993,064)	(46,775,337)
Profit before income tax		266,764,107	101,260,961	292,471,257	62,426,071
Income tax	13	(48,972,772)	(2,929)	(46,989,103)	(2,929)
Net profit for the year		217,791,335	101,258,032	245,482,154	62,423,142
OTHER COMPREHENSIVE LOSS					
Item that will not be reclassified subsequently to profit or loss					
Actuarial loss - net of tax	13	-	(3,350,014)	-	(3,350,014)
Other comprehensive loss for the year - net of tax		-	(3,350,014)	-	(3,350,014)
Total comprehensive income for the year		217,791,335	97,908,018	245,482,154	59,073,128

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



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

(Unit : Baht)

Note	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Attribution of net profit for the year				
Portion of the Company's shareholders	217,791,335	101,258,032	245,482,154	62,423,142
Portion of non - controlling interest in subsidiary	-	-	-	-
	<u>217,791,335</u>	<u>101,258,032</u>	<u>245,482,154</u>	<u>62,423,142</u>
Attribution of total comprehensive income for the year				
Portion of the Company's shareholders	217,791,335	97,908,018	245,482,154	59,073,128
Portion of non - controlling interest in subsidiary	-	-	-	-
	<u>217,791,335</u>	<u>97,908,018</u>	<u>245,482,154</u>	<u>59,073,128</u>
EARNINGS PER SHARE				
Basic earnings per share	21			
Profit (Baht per share)	0.29	0.14	0.33	0.08
Weighted average number of common shares (share)	<u>749,873,396</u>	<u>749,873,396</u>	<u>749,873,396</u>	<u>749,873,396</u>

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



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

(Unit : Baht)

Shareholders' equity of the Company

Notes	Paid-up		Retained earnings		Other component of equity	Total equity of the Company's shareholders	Non-controlling interests in subsidiary	Total shareholders' equity
	share capital	Share premium	Appropriated for		Discount from change in holding portion in subsidiary			
			legal reserve	Unappropriated				
CONSOLIDATED F/S								
Balance as at 1 January 2017	374,936,698	153,825,441	37,979,500	229,790,326	(5,697,686)	790,834,279	-	790,834,279
Paid dividends	18	-	-	(131,227,844)	-	(131,227,844)	-	(131,227,844)
Transactions with owners	374,936,698	153,825,441	37,979,500	98,562,482	(5,697,686)	659,606,435	-	659,606,435
Net profit for the year	-	-	-	101,258,032	-	101,258,032	-	101,258,032
Other comprehensive loss for the year	13	-	-	(3,350,014)	-	(3,350,014)	-	(3,350,014)
Total comprehensive income for the year	-	-	-	97,908,018	-	97,908,018	-	97,908,018
Balance as at 31 December 2017	374,936,698	153,825,441	37,979,500	196,470,500	(5,697,686)	757,514,453	-	757,514,453
Balance as at 1 January 2018	374,936,698	153,825,441	37,979,500	196,470,500	(5,697,686)	757,514,453	-	757,514,453
Paid dividends	18	-	-	(108,731,632)	-	(108,731,632)	-	(108,731,632)
Transactions with owners	374,936,698	153,825,441	37,979,500	87,738,868	(5,697,686)	648,782,821	-	648,782,821
Net profit for the year	-	-	-	217,791,335	-	217,791,335	-	217,791,335
Total comprehensive income for the year	-	-	-	217,791,335	-	217,791,335	-	217,791,335
Balance as at 31 December 2018	374,936,698	153,825,441	37,979,500	305,530,203	(5,697,686)	866,574,156	-	866,574,156

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



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

(Unit : Baht)

Notes	Paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated for legal reserve	Unappropriated	
SEPARATE F/S					
Balance as at 1 January 2017	374,936,698	153,825,441	37,979,500	223,712,640	790,454,279
Paid dividends	18	-	-	(131,227,844)	(131,227,844)
Transactions with owners	374,936,698	153,825,441	37,979,500	92,484,796	659,226,435
Net profit for the year	-	-	-	62,423,142	62,423,142
Other comprehensive loss for the year	13	-	-	(3,350,014)	(3,350,014)
Total comprehensive income for the year	-	-	-	59,073,128	59,073,128
Balance as at 31 December 2017	374,936,698	153,825,441	37,979,500	151,557,924	718,299,563
Balance as at 1 January 2018	374,936,698	153,825,441	37,979,500	151,557,924	718,299,563
Paid dividends	18	-	-	(108,731,632)	(108,731,632)
Transactions with owners	374,936,698	153,825,441	37,979,500	42,826,292	609,567,931
Net profit for the year	-	-	-	245,482,154	245,482,154
Total comprehensive income for the year	-	-	-	245,482,154	245,482,154
Balance as at 31 December 2018	374,936,698	153,825,441	37,979,500	288,308,446	855,050,085

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



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

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax	266,764,107	101,260,961	292,471,257	62,426,071
Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities				
Depreciation	71,530,743	57,825,217	71,159,729	56,172,590
Post-employment benefits expense	1,360,967	1,977,763	1,360,967	1,977,763
Reversal of allowance for doubtful accounts	(3,148,492)	-	(3,883,863)	-
Gain on disposal of fixed assets	(1,847,424)	(1,830,359)	(3,539,177)	(1,830,359)
Dividend income	-	-	(17,999,973)	-
Gain from capital decrement of the subsidiary	-	-	(29,400,011)	-
Reversal of allowance for impairment of investment in subsidiary	-	-	-	(23,183,134)
Interest income	(2,553,756)	(2,871,939)	(1,915,915)	(2,592,279)
Interest expense	881,494	895,323	881,494	895,323
Cash provided from operations before changes in operating assets and liabilities	332,987,639	157,256,966	309,134,508	93,865,975
Decrease (Increase) in operating assets				
Trade accounts receivable	(121,067,558)	64,525,433	(119,782,685)	58,306,009
Unbilled accrued income	(51,708,472)	38,190,794	(59,691,533)	45,810,628
Contracted construction work in progress	888,535	(3,820,273)	705,968	(3,729,751)
Spare parts and supplies	(1,149,052)	(7,328,628)	(1,274,169)	(7,486,879)
Retentions receivable	(19,446,679)	13,894,692	(19,996,871)	16,202,594
Advances for purchases of supplies	28,632,391	(59,700,450)	28,632,379	(59,700,438)
Other current assets	10,543,475	(8,859,395)	9,133,933	(8,940,618)
Other non-current assets	(1,612,044)	416,252	(3,022,166)	262,777
Increase (decrease) in operating liabilities				
Trade accounts payable and notes payable	72,351,333	(44,004,634)	73,229,698	(41,219,636)
Other payable	(4,230,082)	(712,201)	(2,592,270)	203,804
Accrued expenses	33,209,291	(1,059,780)	37,608,279	(7,050,819)
Advances paid from customers	36,819,085	(5,415,001)	40,882,441	(7,552,136)
Other current liabilities	10,380,869	(5,172,797)	11,110,960	(5,103,790)
Paid post-employment benefits obligation	(2,964,660)	(724,990)	(2,655,210)	(724,990)
Cash provided from operations	323,634,071	137,485,988	301,423,262	73,142,730
Interest received	2,178,110	3,021,152	1,540,269	2,741,492
Interest payment	(506,270)	(375,524)	(506,270)	(375,524)
Refundable withholding tax deducted at sources of previous period	1,535,911	2,725,571	-	-
Income tax payment	(39,527,111)	(27,557,295)	(38,038,371)	(22,683,889)
Net cash provided from operating activities	287,314,711	115,299,892	264,418,890	52,824,809

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



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

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Cash flows from investing activities				
Decrease in restricted deposits with banks	1,320,000	3,200,000	1,320,000	3,200,000
Decrease (increase) in short-term investments	(57,074,382)	175,588,920	(57,077,429)	175,588,953
Acquisition of other investment	-	(1,800,000)	-	(1,800,000)
Proceeds from capital decrement of the subsidiary	-	-	60,000,000	-
Proceeds from dividend income	-	-	17,999,973	-
Proceeds from disposal of fixed assets	5,232,708	2,483,479	4,442,054	2,483,479
Acquisition of fixed assets	(84,837,632)	(156,144,299)	(84,837,632)	(156,144,299)
Cash paid for software computer under development	(1,359,250)	(1,032,500)	(1,359,250)	(1,032,500)
Net cash provided from (used in) investing activities	(136,718,556)	22,295,600	(59,512,284)	22,295,633
Cash flows from financing activities				
Repayment of liabilities under finance lease agreements	(5,672,852)	(6,393,032)	(5,672,852)	(6,393,032)
Cash paid for dividend	(108,731,632)	(131,227,844)	(108,731,632)	(131,227,844)
Net cash used in financing activities	(114,404,484)	(137,620,876)	(114,404,484)	(137,620,876)
Net increase (decrease) in cash and cash equivalents	36,191,671	(25,384)	90,502,122	(62,500,434)
Cash and cash equivalents at beginning of year	110,835,503	110,860,887	40,241,143	102,741,577
Cash and cash equivalents at end of year	147,027,174	110,835,503	130,743,265	40,241,143
Supplemental disclosures for cash flows information				
Non - cash item :				
- The Company purchased fixed assets under finance lease agreements	63,592,897	-	63,592,897	-
- Recognised actuarial loss - net tax in other comprehensive loss	-	3,350,014	-	3,350,014

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



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. NATURE OF OPERATIONS

Pylon Public Company Limited is a public limited company listed on the Stock Exchange of Thailand which was incorporated and is domiciled in Thailand. The address of its head office is 170/15 Soi Sammit (Sukhumvit 16), Rachadapisektdmai Rd., Klongtoey Sub-district, Klongtoey District, Bangkok 10110 and its branch is 252 SPE Tower 14th Floor, Phahonyothin Rd., Samsen Nai Sub-district, Phaya Thai District, Bangkok 10400.

The principal activity of Pylon Public Company Limited and its subsidiary (“The Group”) is the provision of foundation services including bored piles, ground improvement and diaphragm walls.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of compliance

The accompanying consolidated and separate financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) 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. These financial statements are officially prepared in the Thai language. The translation of these consolidated and separate financial statements to other languages must be in compliance with the official report in Thai.

2.2 Basis of measurement

The consolidated and separate financial statements have been prepared on accrual basis and under the historical cost convention except for the liabilities under employee benefits obligation which used present value of the defined benefit obligation, as explained in Note 16. Monetary amounts are expressed in Baht currency.

2.3 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary as of 31 December 2018. Its subsidiary has a reporting date of 31 December.



The consolidated financial statements include the financial statements of Pylon Public Company Limited and subsidiary where Pylon Public Company Limited has investments, as follows:

Name of subsidiary	Percentage of holding		Nature of business
	2018	2017	
Excelon Co., Ltd.	100	100	Provides foundation services including bored piles, ground improvement and diaphragm walls, and other construction services

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable (if any).

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2.4 New and revised financial reporting standards, interpretations and guidance

2.4.1 Amendments and interpretations to existing Standards that are effective from 1 January 2018

The Federation of Accounting Professions has issued revised Thai Financial Reporting Standards (TFRS), interpretations and guidance, that are effective for annual accounting periods beginning on or after 1 January 2018. The changes were to align with the



corresponding International Financial Reporting Standards where most of the changes are relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards.

The adoption of these revised TRFS has not had a material impact on the consolidated and separate financial statements except for the addition disclosures required under TAS 7 (see Note 17).

2.4.2 New Standards that are effective from 1 January 2019

During the year, the Federation of Accounting Professions issued Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” (TFRS 15). TFRS 15 is effective for annual accounting periods beginning on or after 1 January 2019, and presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue”, Thai Accounting Standard No.1 1 “Construction Contracts”, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

The Group’s management has assessed that the impact on the financial statements is immaterial on revenue and others related accounts when new standard is initial applied.

2.4.3 New Standards that are effective from 1 January 2020

During the year, the Federation of Accounting Professions issued Thai Financial issue several TFRSs for financial instruments, which consists of TFRS 9 “Financial instruments”, TAS 32 “Financial instruments: Presentation”, TFRS 7 “Financial instruments: Disclosure”, TFRIC 16 “Hedges of a Net Investment in a Foreign Operation” and TFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, which are effective for annual accounting periods beginning on or after 1 January 2020. The new TFRS establish new requirements relating to the definition, recognition, classification, measurement, impairment of financial assets and liabilities, as well as providing guidance on hedge accounting.

The Group will adopt these new standards when they become effective, and management is in the process to assess the impact on the financial statements in the period of initial application.



3. SUMMARY OF ACCOUNTING POLICIES

4.1 Revenues and expenses

Construction contracts

Construction contracts specify an initial amount agreed in the contract plus may include variation in contract work.

When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Contract revenue is measured at the fair value of consideration received or receivable.

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

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable and recognized construction cost have been incurred during the year in expenses.

In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

The gross amount due from customers for contract work is presented within trade and other receivables as unbilled accrued income for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented within other current liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

When contract cost incurred exceed estimated costs by the stage of completion, the Group recognizes the exceed amount as “Contracted construction work in progress” under current assets. In the order hand, when estimated costs by the stage of completion exceed contract cost incurred, the Group recognizes the exceed amount as “Accrued construction cost” under current liabilities.

Rental income



Rental income is recognized on a straight – line basis over the period of the lease agreement.

Service income

Service income is recognised when the service has been rendered.

Interest income

Interest income is recognized over time – period on an accrued basis.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

4.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of use) that are readily convertible to cash with insignificant risk of change in value.

Restricted deposits with banks are presented under non - current assets in the statements of financial position.

4.3 Short - term investments

Short - term investments consist of fixed deposit and fixed deposit receipt due within 1 year. The investments are stated at cost, which is equivalent to fair value.

4.4 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.

4.5 Spare parts and supplies

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.



4.6 Other investment

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

4.7 Investment in subsidiary company

Investment in subsidiary in the separate statement of financial position is accounted for by the cost method. The Company recognized a gain or loss on sale of investment in the statement of profit or loss in the year the investment is sold. In the case of impairment, the Company will recognize a loss from impairment as an expense in the statement of profit or loss. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

4.8 Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.

4.9 Property, plant and equipment

Land

Land is carried at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings and other equipment

Buildings and other equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Other equipment also includes machinery and vehicles held under a finance lease (see Note 15). Buildings and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses (if any).



Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings and other equipment. The following useful lives are applied:

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

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.11 Lease assets

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

See Note 3.9 for the depreciation methods and useful lives for assets held under finance leases.



Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.12 Impairment testing of assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.13 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.14 Equity

Share capital represents the nominal (par) value of shares that have been issued.



Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include a discount from the increase in the shareholding in the subsidiary which arose from the book value of the subsidiary lower than the cash paid for investment. This discount will reverse if the Company disposes or decreases its shareholding in the subsidiary.

Retained earnings includes all current and prior period retained profits

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting or Board of Directors of the Company prior to the reporting date.

4.15 Short-term employee benefits and post-employment benefits

Short-term employee benefits

Short-term employee benefits, including salaries, wages, bonuses and contribution to the social security are expensed when incurred.

Post-employment benefit plans

The Group provides post-employment benefits through a defined contribution and a defined benefit plan.

Defined contribution plans

The Group has set up a registered provident fund and Employee Joint Investment Program (“the Project”) that is contributed to by employees and by the Group for which assets are held in a separate trusteed fund and the Project and managed by an authorised fund and the Project manager. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.



Defined benefit plans

The Group has a legal obligation to pay retirement benefits by reference to the employee's length of service and final salary. The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of salary growth rate, staff turnovers and mortality. Discount factors are determined close to each year-end by reference to Thai government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains or losses for the computation of post-employee benefits is recognized in other comprehensive income and directly transferred to retained earnings.

4.16 Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although TAS 12 'Income Taxes' specifies limited exemptions.

4.17 Basic earnings per share

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



4.18 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.



Recognition of construction contract revenues

Recognising construction contract revenue requires significant judgment in determining actual work performed and the estimated costs to complete the work (see Note 3.1).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized (see Note 3.16).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Account receivables

The Group provides allowances for doubtful accounts to reflect impairment of trade accounts receivable to estimated losses resulting from the inability of customers to make required payments. The allowances are based on consideration of historical collection experiences coupled with a review of outstanding receivables at the end of year. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Impairment of assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of mortality, discount rate and anticipation of future salary increases. Variation in



these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management’s best estimate of each contract’s outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty (see Note 3.1).

4. RELATED PARTY TRANSACTIONS

The Group has transactions with related parties that are related through common shareholding and/or directorship. Thus, the consolidated and separate financial statements reflect the effects of those transactions on the basis agreed upon between the Group and its related parties, which might be different from the basis used for transactions with unrelated parties.

Nature of relationship

Name of entities	Country of incorporation/ nationality	Nature of relationship
<i>Subsidiary company</i>		
Excelon Co., Ltd.	Thailand	Direct shareholders
<i>Key management</i>		
	Thai	Directors and management

Significant balances with related parties as at 31 December 2018 and 2017 are as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Balance with Excelon Co., Ltd.				
(Subsidiary company)				
Trade accounts receivable	-	-	-	1,602,370
Liabilities under employee benefits obligation				
Key management personnel	2,089,501	2,961,917	2,089,501	2,961,917



Significant transactions with related parties for the years ended 31 December 2018 and 2017 are as follow:

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		For the years ended 31 December			
Pricing policy		2018	2017	2018	2017
Revenues from rental	Agreed price	-	-	4,723,403	14,745,470
	As minute of meeting			17,999,973	
Dividend income		-	-		-
Gain from capital decrement of the subsidiary	Par value	-	-	29,400,011	-
Other income					
Material supplies margin income	Agreed rate	-	-	84,602	324,238
Other income	Agreed price	-	-	8,000	606,133
Costs of services					
Transactions net of cost of construction	Cost plus margin	-	-	5,939,915	
	Book value which is equivalent to fair value	-	-		20,413,360
Reversal of allowance for impairment of investment in subsidiary		-	-	-	(23,183,134)
<u>Key directors and management personnel compensation</u>					
Current benefits for directors and management		19,689,847	18,746,469	19,489,847	18,246,469
Post-employment benefits		249,644	340,132	249,644	340,132
Total		<u>19,939,491</u>	<u>19,086,601</u>	<u>19,739,491</u>	<u>18,586,601</u>

5. CASH AND CASH EQUIVALENTS

		(Unit : Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		2018	2017	2018	2017
Cash on hand		1,022,575	1,283,090	1,002,575	928,575
Cash at bank - Current account		11,119,349	15,353,242	10,894,933	15,010,751
Cash at bank - Savings account		134,885,250	94,199,171	118,845,757	24,301,817
Total		<u>147,027,174</u>	<u>110,835,503</u>	<u>130,743,265</u>	<u>40,241,143</u>



During the year 2018, savings deposits with banks bear interest at 0.37 – 1.40 percent per annum (special interest rate that bank offers at that time).

6. SHORT - TERM INVESTMENTS

(Unit : Baht)

	Interest rate per annum	Period	CONSOLIDATED F/S		SEPARATE F/S	
			2018	2017	2018	2017
Fixed deposits	Fixed rates of 0.85 – 1.45 percent	3 - 6 months	60,000,003	2,925,621	60,000,000	2,922,571

7. TRADE AND OTHER ACCOUNTS RECEIVABLE - NET

9.1 Trade accounts receivable - net

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Trade accounts receivable				
- general customers	224,452,209	103,384,651	222,723,338	101,338,283
- subsidiary	-	-	-	1,602,370
Total	224,452,209	103,384,651	222,723,338	102,940,653
<u>Less</u> allowance for doubtful accounts	(2,435,419)	(6,336,779)	(706,548)	(4,590,411)
Trade accounts receivable - net	222,016,790	97,047,872	222,016,790	98,350,242

As at 31 December 2018 and 2017, the aged trade accounts receivable are as follows:

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
<u>Trade accounts and notes receivable</u>				
- <u>general customers</u>				
Not yet due	143,737,783	58,302,072	143,737,783	58,302,072
Overdue 1 - 30 days	77,991,420	38,467,298	77,991,420	38,167,298
Overdue 31 - 60 days	7,609	26,001	7,609	26,001



(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Overdue 61 - 90 days	-	74,488	-	74,488
Overdue 91 - 180 days	256,740	-	256,740	-
Overdue 181 - 360 days	-	154,774	-	154,774
Overdue more than 360 days	2,458,657	6,360,018	729,786	4,613,650
Total	224,452,209	103,384,651	222,723,338	101,338,283
<u>Less Provision for doubtful debts</u>	<u>(2,435,419)</u>	<u>(6,336,779)</u>	<u>(706,548)</u>	<u>(4,590,411)</u>
Net	222,016,790	97,047,872	222,016,790	96,747,872
<u>Trade accounts receivable</u>				
<u>- subsidiary company</u>				
Not yet due	-	-	-	1,602,370
Total	-	-	-	1,602,370

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

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Beginning Balance	6,336,779	6,336,779	4,590,411	4,590,411
Decrease	(3,901,360)	-	(3,883,863)	-
Ending Balance	2,435,419	6,336,779	706,548	4,590,411

9.2 Unbilled accrued income

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Completed construction	32,097,263	6,547,231	31,675,105	3,530,514
Construction in progress (Note 8)	77,628,784	51,470,344	77,628,784	46,081,842
Unbilled accrued income	109,726,047	58,017,575	109,303,889	49,612,356



8. CONSTRUCTION CONTRACTS IN PROGRESS

The amounts recognised in the statement of financial position relating to construction contracts in progress are calculated as the net amounts of costs incurred plus recognised profits, less recognised losses and progress billings. The carrying amounts of assets and liabilities are analysed as follows:

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	For the year ended 31 December			
	2018	2017	2018	2017
Aggregate amount of cost incurred and recognized profits and losses for all contracts in progress	383,485,939	98,435,190	383,485,939	93,046,688
<u>Less</u> Progress billings	<u>(305,857,155)</u>	<u>(46,964,846)</u>	<u>(305,857,155)</u>	<u>(46,964,846)</u>
Due from customers for construction contract work, recognised in unbilled accrued income	<u>77,628,784</u>	<u>51,470,344</u>	<u>77,628,784</u>	<u>46,081,842</u>

9. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2017, fixed deposits with banks totaling Baht 1.32 million in the consolidated and separate financial statements have been pledged with banks as collaterals for the bank guarantees for the Group’s performance as well as for the bank overdraft. During the year 2018, the project has been finished so the Company cancelled the collateral.

10. OTHER INVESTMENT

	Percentage of Shareholding (percent)		Baht	
	2018	2017	2018	2017
	Lumpini Project Management Service Co., Ltd.	2.00	2.00	1,800,000

On 18 May 2017, the Company entered into a share transfer agreement with L.P.N. Development Public Company Limited (L.P.N.) to invest in Lumpini Project Management Services Co., Ltd. (“LPS”) which is subsidiary of L.P.N. LPS is a real estate development service provider. The Company invested in 2% of the total number of common shares amounting to Baht 1.8 million.



11. INVESTMENT IN SUBSIDIARY COMPANY – NET

(Unit : Baht)

Subsidiary	Incorporated	Paid-up Capital (Baht)		Percentage of Shareholding (percent)		SEPARATE F/S Cost Method	
		2018	2017	2018	2017	2018	2017
		Excelon Co., Ltd.	Thailand	20,000,000	80,000,000	100	100

At an Extraordinary Meeting of the subsidiary No. 1/2018 held on 31 May 2018, the shareholders passed a resolution to decrease registered capital from Baht 80 million to Baht 20 million by decreasing the number of shares from 8 million shares to 2 million shares at Baht 10 per share. The subsidiary registered the capital decrease with the Ministry of Commerce on 13 July 2018 which will result in a gain from capital decrement of the subsidiary amounting to Baht 29.40 million in the separate statement of profit or loss for the year ended 31 December 2018.

12. 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 2017	31,729,641	54,390,333	578,908,606	11,425,132	39,476,738	2,183,893	718,114,343
Acquisitions	-	1,965,000	130,625,826	1,705,842	7,785,514	14,062,117	156,144,299
Disposals	-	-	(1,855,941)	(208,099)	(7,601,179)	-	(9,665,219)
Transfer in / (out)	-	-	7,319,340	-	-	(7,319,340)	-
31 December 2017	31,729,641	56,355,333	714,997,831	12,922,875	39,661,073	8,926,670	864,593,423
Acquisitions	-	6,930,008	111,898,034	3,548,225	9,256,346	16,797,916	148,430,529
Disposals	-	-	(18,437,113)	(676,532)	(1,604,608)	(31,275)	(20,749,528)
Transfer in / (out)	-	601,062	20,567,347	-	-	(21,168,409)	-
31 December 2018	31,729,641	63,886,403	829,026,099	15,794,568	47,312,811	4,524,902	992,274,424



Accumulated depreciation

1 January 2017	-	28,850,496	295,891,681	8,981,036	26,544,847	-	360,268,060
Depreciation for the year	-	2,451,209	50,595,235	1,158,965	3,619,808	-	57,825,217
Depreciation for disposals	-	-	(1,810,707)	(200,655)	(7,000,737)	-	(9,012,099)
31 December 2017	-	31,301,705	344,676,209	9,939,346	23,163,918	-	409,081,178
Depreciation for the year	-	2,793,236	62,157,612	1,287,191	5,292,704	-	71,530,743
Depreciation for disposals	-	-	(15,101,920)	(658,354)	(1,603,970)	-	(17,364,244)
31 December 2018	-	34,094,941	391,731,901	10,568,183	26,852,652	-	463,247,677

Net book value

31 December 2017	31,729,641	25,053,628	370,321,622	2,983,529	16,497,155	8,926,670	455,512,245
31 December 2018	31,729,641	29,791,462	437,294,198	5,226,385	20,460,159	4,524,902	529,026,747

Depreciation for the year 2017

Costs of services							55,488,958
Selling and administrative expenses							2,336,259
Total							57,825,217

Depreciation for the year 2018

Costs of services							68,751,844
Selling and administrative expenses							2,778,899
Total							71,530,743



(Unit : Baht)

SEPARATE F/S

	Land	Building and construction	Machinery, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under constructions	Total
Cost							
1 January 2017	31,729,641	54,390,333	565,788,476	10,723,424	39,441,738	2,183,893	704,257,505
Acquisitions	-	1,965,000	130,625,826	1,705,842	7,785,514	14,062,117	156,144,299
Disposals	-	-	(1,855,941)	(208,099)	(7,601,179)	-	(9,665,219)
Transfer in / (out)	-	-	7,319,340	-	-	(7,319,340)	-
31 December 2017	31,729,641	56,355,333	701,877,701	12,221,167	39,626,073	8,926,670	850,736,585
Acquisitions	-	6,930,008	111,898,034	3,548,225	9,256,346	16,797,916	148,430,529
Disposals	-	-	(10,036,298)	(40,800)	(1,587,608)	(31,275)	(11,695,981)
Transfer in / (out)	-	601,062	20,567,347	-	-	(21,168,409)	-
31 December 2018	31,729,641	63,886,403	824,306,784	15,728,592	47,294,811	4,524,902	987,471,133
Accumulated depreciation							
1 January 2017	-	28,850,496	287,235,850	8,309,474	26,521,782	-	350,917,602
Depreciation for the year	-	2,451,209	48,971,499	1,137,073	3,612,809	-	56,172,590
Depreciation for disposals	-	-	(1,810,707)	(200,655)	(7,000,737)	-	(9,012,099)
31 December 2017	-	31,301,705	334,396,642	9,245,892	23,133,854	-	398,078,093
Depreciation for the year	-	2,793,236	61,795,808	1,282,282	5,288,403	-	71,159,729
Depreciation for disposals	-	-	(9,179,546)	(25,954)	(1,587,604)	-	(10,793,104)
31 December 2018	-	34,094,941	387,012,904	10,502,220	26,834,653	-	458,444,718
Net book value							
31 December 2017	31,729,641	25,053,628	367,481,059	2,975,275	16,492,219	8,926,670	452,658,492
31 December 2018	31,729,641	29,791,462	437,293,880	5,226,372	20,460,158	4,524,902	529,026,415
Depreciation for the year 2017							
Costs of services							53,865,223
Selling and administrative expenses							2,307,367
Total							56,172,590



Depreciation for the year 2018

Costs of services	68,390,040
Selling and administrative expenses	2,769,689
Total	<u>71,159,729</u>

As of 31 December 2018, some fully depreciated assets are still in use with a total costs of Baht 238.60 million (2017 : Baht 215.63 million) in consolidated financial statements and with a total costs of Baht 233.79 million (2017 : Baht 210.12 million) in the separate financial statements.

As at 31 December 2018, machinery and vehicles had been acquired under finance lease agreements (Note 15), with a net book value in consolidated and separate financial statements amounting to Baht 63.22 million (2017: Baht 18.61 million).

As at 31 December 2018 and 2017, the Company's land and building have been mortgaged as collaterals for the bank overdrafts and credit line (Note 14).

13. 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:

	(Unit : Baht)			
	CONSOLIDATED AND SEPARATE F/S			
	Recognised as income (expense)			
	1 January 2018	Statement of profit or loss	Shareholders' equity	31 December 2018
Deferred income tax asset:				
From provision for doubtful debts	267,496	-	-	267,496
From provision for employee benefits obligation	3,174,274	(183,803)	-	2,990,471
Total	<u>3,441,770</u>	<u>(183,803)</u>	-	<u>3,257,967</u>
Deferred income tax liability:				
From gain from capital decrement of the subsidiary	-	(5,877,030)	-	(5,877,030)
From difference in accumulated depreciation for equipment	(145,393)	983	-	(144,410)
	<u>(145,393)</u>	<u>(5,876,047)</u>	-	<u>(6,021,440)</u>
Deferred income tax asset (liability) - net	<u>3,296,377</u>	<u>(6,059,850)</u>	-	<u>(2,763,473)</u>



(Unit : Baht)

	CONSOLIDATED AND SEPARATE F/S			
	1 January 2017	Recognised as income (expense)		31 December 2017
		Statement of profit or loss	Shareholders' equity	
Deferred income tax asset:				
From provision for doubtful debts	267,496	-	-	267,496
From provision for employee benefits obligation	1,982,256	354,514	837,504	3,174,274
Total	2,249,752	354,514	837,504	3,441,770
Deferred income tax liability:				
From difference in accumulated depreciation for equipment	(149,834)	4,441	-	(145,393)
Deferred income tax asset - net	2,099,918	358,955	837,504	3,296,377

Income tax recognised in profit or loss

Reconciliation of income tax expenses are as follows:

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Profit before income tax expense	266,764,107	101,260,961	292,471,257	62,426,071
Tax rate percent	20	20	20	20
Expected tax expense	53,352,821	20,252,192	58,494,251	12,485,214
Adjustment for				
- Non-taxable income	(7,689,876)	(7,671,337)	(11,271,331)	(12,307,964)
- Addition taxable expenses	(753,843)	(427,179)	(691,953)	(427,179)
- Non-deductible expenses	699,565	253,611	458,136	252,858
Unrecognised deferred income tax assets	3,364,105	(12,404,358)	-	-
Actual tax expenses	48,972,772	2,929	46,989,103	2,929
Tax expense comprises:				
Current tax expense	42,912,922	361,884	40,929,253	361,884
Deferred income tax expense:				
Temporary differences	6,059,850	(358,955)	6,059,850	(358,955)
Net tax expenses	48,972,772	2,929	46,989,103	2,929



Income tax recognised in other comprehensive income

(Unit : Baht)

	CONSOLIDATED AND SEPARATE F/S					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	(4,187,518)	837,504	(3,350,014)

14. BANK OVERDRAFTS

As at 31 December 2018, the Company has unused bank overdraft facilities totaling Baht 62 million (2017 : Baht 62 million). Bank overdrafts facilities are collateralized by the mortgages of the Company's land and buildings.

As at 31 December 2018, the subsidiary has unused bank overdraft facilities totaling Baht 10 million (2017 : Baht 15 million).

15. LIABILITIES UNDER FINANCE LEASE AGREEMENTS – NET

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Liabilities under finance lease agreements	66,225,327	3,951,640	66,225,327	3,951,640
<u>Less</u> Deferred financing charges	(4,436,169)	(82,527)	(4,436,169)	(82,527)
Present value of finance lease	61,789,158	3,869,113	61,789,158	3,869,113
<u>Less</u> Current portion due within one year	(15,493,904)	(2,885,942)	(15,493,904)	(2,885,942)
Liabilities under finance lease agreements - net	46,295,254	983,171	46,295,254	983,171



(Unit : Baht)

	CONSOLIDATED AND SEPARATE F/S					
	2018			2017		
	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	17,420,294	(1,926,390)	15,493,904	2,956,339	(70,397)	2,885,942
After one year but within five years	48,805,033	(2,509,779)	46,295,254	995,301	(12,130)	983,171
Total	66,225,327	(4,436,169)	61,789,158	3,951,640	(82,527)	3,869,113

The Group 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 the finance leases.

16. POST - EMPLOYMENT BENEFIT PLANS

17.1 Defined benefit plans

During the years ended 31 December 2018 and 2017, movements in employee benefits obligation are as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Balance as at 1 January	16,180,821	10,220,731	15,871,371	9,911,281
Service cost for the period in statements of profit or loss	1,388,967	1,977,763	1,360,967	1,977,763
Interest cost for period in statements of profit or loss	375,224	519,799	375,224	519,799
Benefits paid	(2,992,660)	(724,990)	(2,655,210)	(724,990)
Loss from actuarial estimate in other comprehensive income	-	4,187,518	-	4,187,518
Balance as at 31 December	14,952,352	16,180,821	14,952,352	15,871,371
<u>Less Current portion</u>	<u>(4,129,612)</u>	<u>(3,728,129)</u>	<u>(4,129,612)</u>	<u>(3,728,129)</u>



Net balance as at 31 December	10,822,740	12,452,692	10,822,740	12,143,242
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Principal actuarial assumptions as at 31 December 2018 and 2017 are as follows:

	Consolidated and Separate F/S	
	2018	2017
Discount rate for salary	3.30 percent per annum	3.30 percent per annum
Discount rate for wage	2.20 percent per annum	2.20 percent per annum
Mortality rate	The Mortality Table 2017	The Mortality Table 2017
Future salary expense increment rate	5.57 percent per annum	5.57 percent per annum
Future wage expense increment rate	0.54 percent per annum	0.54 percent per annum
Normal retirement age	55 years and 60 years	55 years and 60 years
Number of employees	559 - 560 persons	559 - 560 persons

Actuarial loss recognised in other comprehensive income for the year ended 31 December 2017 arising from:

	(Unit : Baht)
	Consolidated and Separate F/S
Demographic assumptions	(966,999)
Financial assumptions	1,106,293
Experience adjustment	4,048,224
Total	4,187,518

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

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.



17.2 Defined contribution plan

16.2.1 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 benefits when they are no longer a member of the plan in accordance with regulation of the fund. The Company's contribution to the Fund for the year 2018, amounted to Baht 1.12 million (2017 : Baht 0.96 million).

16.2.2 At the Board of Directors' Meeting No.4/2018, held on 9 August 2018, a resolution was passed to approve the Employee Joint Investment Program of PYLON Public Company Limited – No.2 (“PYLON – EJIP No.2”). The Project has the objective of serving as another method of compensation to the Company's executives and employees to motivate and retain them in long run whilst fostering a sense of ownership. In this regard, the Company and its employees will contribute to the Project for one year starting from 1 October 2018 to 30 September 2019. The Project will purchase stocks of PYLON Public Company Limited which participants are entitled to sell up to 50% of the accumulated shares when the program reaches 3 years on 30 September 2021, and the remaining accumulated shares when the program reaches 4 years on 30 September 2022. The Project has been approved by the Office of the Securities and Exchange Commission. The Company's contribution to the Project for the year 2018, amounted to Baht 1.47 million.

At the Board of Directors' Meeting No.4/2017, held on 10 August 2017, a resolution was passed to approve the Employee Joint Investment Program of PYLON Public Company Limited – No.1 (“PYLON – EJIP No.1”). The Project has the objective of serving as another method of compensation to the Company's executives and employees to motivate and retain them in long run whilst fostering a sense of ownership. In this regard, the Company and its employees will contribute to the Project for one year starting from 1 October 2017 to 30 September 2018. The Project will purchase stocks of PYLON Public Company Limited which participants are entitled to sell up to 50% of the accumulated shares when the program reaches 3 years on 30 September 2020, and the remaining accumulated shares when the program reaches 4 years on 30 September 2021. The Project has been approved by the Office of the Securities and Exchange Commission. The Company's contribution to the Project for the year 2017, amounted to Baht 0.35 million.



17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendment to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

	Consolidated and Separate F/S Thousand Baht
	Liabilities under finance lease agreements
1 January 2018	3,869
Cash-flows:	
Repayment	(5,673)
Non-cash:	
Acquisition	63,593
31 December 2018	61,789
	Consolidated and Separate F/S Thousand Baht
	Liabilities under finance lease agreements
1 January 2017	10,262
Cash-flows:	
Repayment	(6,393)
Non-cash:	
Acquisition	-
31 December 2017	3,869

18. SHARE CAPITAL AND DIVIDEND PAYMENT

At the Annual General Shareholders Meeting held on 26 April 2018, the shareholders passed the following resolutions:



- To approve the amendment to the Company's par value and number of registered capital from 374,999,359 shares to 749,873,396 shares by changing the current par value at Baht 1 per share to the new par value at Baht 0.50 per share.
- To approve the payment of a dividend from operating results for the year ended 31 December 2017 of Baht 0.20 per share, to the shareholders of 374,936,698 shares, totalling Baht 74.99 million. The Company paid an interim dividend during the year 2017 amounting to Baht 0.15 per share of Baht 56.24 million and the remaining dividend payment amounting to Baht 0.05 per share, totalling Baht 18.75 million. The dividend was paid on 4 May 2018.

At the Board of directors No. 4/2018 held on 9 August 2018, the directors passed a resolution to approve the payment of an interim dividend from operating results for the six-month period ended 30 June 2018 of Baht 0.12 per share, to the shareholders of 749,873,396 shares, totalling Baht 89.98 million. The Company paid the dividend on 7 September 2018.

At the subsidiary's Board of directors No.1/2018 held on 20 August 2018, the directors passed a resolution to approve the payment of an interim dividend from operating results for the six-month period ended 30 June 2018 of Baht 9.00 per share, to the shareholders of 2,000,000 shares, totalling Baht 18.00 million. The subsidiary paid the dividend on 28 August 2018.

At the Annual General Shareholders Meeting held on 25 April 2017, the shareholders passed the following resolutions:

- To approve the payment of a dividend from operating results for the year ended 31 December 2016 of Baht 0.45 per share, to the shareholders of 374,936,698 shares, totalling Baht 168.72 million. The Company paid an interim dividend during the year 2016 amounting to Baht 0.25 per share of Baht 93.73 million and the remaining dividend payment amounting to Baht 0.20 per share is Baht 74.99 million. The dividend was paid on 23 May 2017.
- To approve the reduction in the Company's registered capital by Baht 62,661 reducing the current registered share capital of Baht 374,999,359 to the new registered capital of Baht 374,936,698 by cancelling 62,661 authorized but unissued common shares at Baht 1 par value per share.

At the Board of directors No. 4/2017 held on 10 August 2017, the directors passed a resolution to approve the payment of an interim dividend from operating results for the six-month period ended 30 June 2017 of Baht 0.15 per share, to the shareholders of 374,936,698 shares, totalling Baht 56.24 million. The Company paid the dividend on 8 September 2017.



19. OTHER INCOME

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Revenue from sales of construction materials and scraps	38,734	58,424	110,030	322,542
Gain on disposal of fixed assets	3,570,452	1,830,363	3,570,452	1,830,363
Others	2,052,999	749,688	1,043,936	1,355,821
Total	5,662,185	2,638,475	4,724,418	3,508,726

20. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2018 and 2017 are as follows :

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Raw materials and consumable supplies used	631,557,556	233,062,374	626,408,273	199,152,917
Changes in contracted construction work in progress	(888,535)	(3,820,273)	(705,968)	(3,729,751)
Salaries, wages and other employee benefits	223,772,931	171,714,834	217,035,400	149,688,957
Subcontractor expenses	44,455,116	27,396,630	43,457,852	19,406,758
Depreciation	71,530,743	57,825,217	71,159,729	56,172,590
Rental expenses	58,742,656	20,984,545	56,886,571	17,722,658
Repair and maintenance expenses	40,321,474	31,262,011	39,939,743	29,486,107
Transportation	20,597,888	12,687,000	20,042,838	8,589,550
Reversal of allowance for loss on investment in subsidiary	-	-	-	(23,183,134)

21. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income for the period by the weighted average number of common shares outstanding during the period, after adjusting the number of common shares as per par value change from Baht 1 to Baht 0.50 as discussed in Note 18 to the financial statements. The number of common shares is adjusted as if the share split had occurred at the beginning of the earliest year reported. The results are as below.



	CONSOLIDATED F/S		SEPARATE F/S	
	Previous	Revised	Previous	Revised
For the year ended 31 December 2017				
Numbers of shares (Thousand shares)	374,937	749,873	374,937	749,873
Earnings per share (Baht)	0.27	0.14	0.17	0.08

22. SEGMENT REPORTING

The Company and subsidiary are engaged only in the construction business, and operate in one geographical area in Thailand. Therefore, these financial statements do not present the financial information by segment.

Major customer

For the years ended 31 December 2018 and 2017, the Group’s revenues derived from Government enterprises and a private company, amounted to Baht 1,371 million and Baht 652 million, respectively (Company’s portion : Baht 1,326 million and Baht 505 million, respectively).

23. 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 and other accounts receivable, trade and other accounts payable, 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 Group. Since the major part of trade accounts receivable are well-known and there is no collection problem, management believes that the Group 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 Group. Management believes that the interest rate risk is minimum; hence, the Group has no hedging agreement to protect against such risk.



Exchange risk

The Group has minimum exchange risk because most of its financial assets and liabilities have been executed in Baht. Where the Group does enter into foreign currency transactions, they will utilise forward foreign exchange contracts to hedge exchange risk.

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 Group's financial assets and liabilities 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.

24. COMMITMENT

As at 31 December 2018, the Company has commitments as follow:

24.1 The Company has a lease and service agreement for its office for a period of 3 years commencing from 1 September 2018 to 31 August 2021 as follows:

	Thousand Baht
<u>Commitments of operating lease agreements</u>	
Due within 1 year	5,351
Due after 1 year but within 3 years	8,918
Total	<u>14,269</u>

24.2 The Company has letters of guarantees of approximately Baht 218 million issued by financial institutions on behalf of the Group in respect of certain performance requirements in the normal course of business.

24.3 The Group has commitments for construction contracts which services has not been rendered of approximately Baht 496 million.



24.4 The Company has commitments for purchases of software of approximately Baht 4.78 million.

24.5 The Group has unused loan facilities as follow:

(Unit : Million Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2018	2017	2018	2017
Bank overdraft	72	77	62	62

The above bank overdraft facilities are collateralized by the mortgages of the Company's land and buildings.

25. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives in the management of capital is to safeguard its ability 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 Group may adjust the dividend payment policy or issue new shares or new debentures to finance debts, or sell assets to reduce debts.

26. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors Meeting of the Company held on 25 February 2019, the directors passed a resolution to approve the payment of dividend from operating results for the year ended 31 December 2018 at Baht 0.22 per share, to the common shareholders of 749,873,396 shares, totaling Baht 164.97 million. The Company has paid interim dividend during the year 2018 amounting to Baht 0.12 per share as Baht 89.98 million which the Company has the remained dividend payment amounting to Baht 0.10 per share as Baht 74.99 million. The dividend payment has to be approved from the Annual General Meeting.

27. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated and separate financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 25 February 2019.



References

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