

DSG International (Thailand) PLC

Annual Report 2010

วิสัยทัศน์

เป็นผู้ผลิตผ้าอ้อม
สำเร็จรูปชั้นนำของ
เอเชียตะวันออกเฉียงใต้



Vision

To be the leading
disposable diaper
manufacturer in South
East Asia



Mission

To provide products and services of the best quality and value to our customers

Principles and Values

- Provide a healthy, safe, and positive work environment where everyone can feel valued, can learn, and is expected to consistently strive to achieve their personal best with the resources available
- Encourage a high trust organization where everyone acknowledges they have a shared responsibility for success or failure within all departments
- Manufacture a consistent, high quality product at the lowest possible manufactured cost that satisfies the needs of the consumer and the expectations of our trade customers
- Build our customer partnerships through a “collaborative approach”

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Financial Highlight

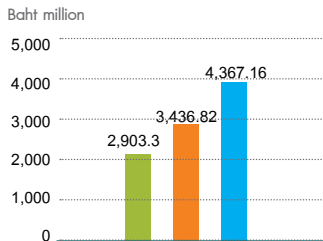
Financial summary from the Audited Financial Statements

Profit & Loss for the year (Baht million)	2010	2009	2008
Sales	4,367.16	3,436.82	2,903.3
Total Revenue	4,420.38	3,468.72	2,911.1
Profit Before Interest & Tax	387.08	351.28	265.7
Net Profit	358.09	322.21	227.4
EPS (Bt)	1.24	1.07	0.76
Weighted Shares (million)	293.02	289.9	298.1

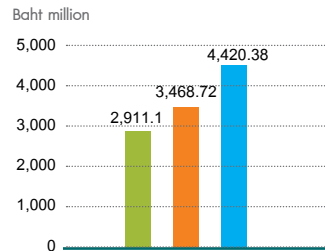
Balance Sheet as of 31 December	2010	2009	2008
Total Asset	3,043.2	2,241.8	1,828.8
Total Liability	1,553.9	985.9	753.4
Total Equity	1,489.4	1,255.9	1,075.4
Minority interest	-	22.8	11.9

Profit & Loss for the year (Baht million)

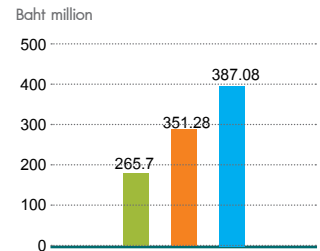
Sales



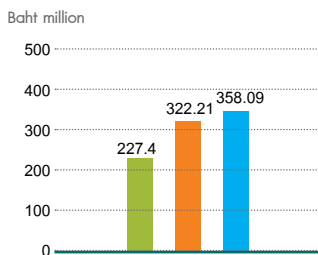
Total Revenue



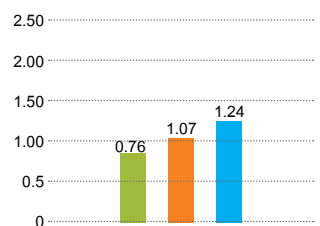
Profit Before Interest & Tax



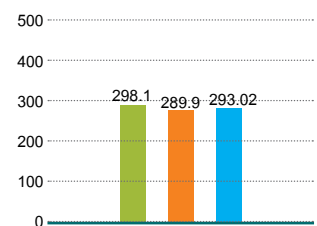
Net Profit



EPS (Bt)



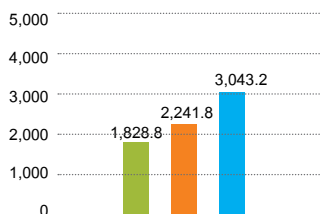
Weighted Shares (million)



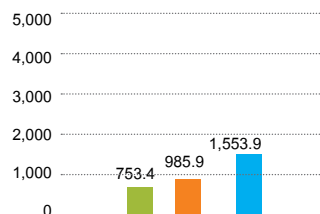
■ 2008 ■ 2009 ■ 2010

Balance Sheet as of 31 December

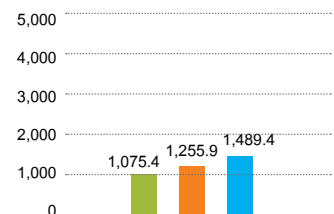
Total Asset



Total Liability



Total Equity



■ 2008 ■ 2009 ■ 2010

Unit : Baht million

Message from the Chairman



I am pleased to announce the financial results of DSG International (Thailand) Public Company Limited for the year ended December 31, 2010.

- The Company and its subsidiaries total revenue recorded 27% increase over prior year, reaching Bt. 4,367 million. The above industry growth rate was contributed by marketing, distribution and supply chain innovations in both Thailand and Malaysia.
- The consolidated gross profit increased by 24% which was the net effects of volume increase, higher raw material costs and favorable exchange rate of local currencies against USD. Higher selling and administration expenses were mainly due to increase in marketing expenses for new product introductions.
- The consolidated net income attributable to equity holders of the parent Company increased to Bt. 364 million which was 17% higher than prior year, translating into Bt. 1.24 EPS (1.07 in 2009).

During 2010, the Company accomplished the following strategic initiatives:

1. Introduction of Certainty Active adult pant diapers in Thailand and the re-launch of the improved BabyLove and PETPET tape baby diapers in Thailand and Malaysia respectively.
2. Upgrade of the trade marketing models to improve the weighted and numerical retail distribution in Thailand and Malaysia.
3. Appointment of a new distributor in Indonesia as well as in the process of completing the 100% equity ownership of PTDSG.

Although the Southeast Asian economies might continue to be impacted by the uncertain global and regional social, political and economic challenges, the Company is committed to invest behind brand innovations and exercise diligent cost control measures to achieve record sales and profits in the coming year.

On behalf of the Board of Directors, I thank our shareholders, business partners, customers and consumers for their support. Moreover, I want to reinforce my sincere gratitude to our employees for their past dedication and hard work. I am confident that they are committed to deliver consistently strong business results to enhance long-term shareholder value.

Brandon S. L. Wang
Chairman of the Board of Directors



The consolidated net income attributable to equity holders of the parent Company increased to Bt. 364 million which was 17% higher than prior year, translating into Bt. 1.24 EPS (1.07 in 2009).

DSGT's Board of Directors



Mr. Wang Shui Ling Brandon
Chairman of the Board of Directors

Mr. Wang Shui Ling Brandon is the founder, Group Chairman / CEO and majority shareholder of DSG International Limited ("DSGIL").

DSGIL, a holding Company with corporate headquarter in Hong Kong, has effective equity and management control of three distinct business entities with global consumer sales about USD 500 million in 2009. The East Asia Region, predominantly Hong Kong and China, is the birth place of the DSG Group Worldwide founded in 1973. DSG International (Thailand) PLC is the regional headquarters responsible for the DSG SEA and Export markets. The North American Region, known as Associated Hygienic Products LLC ("AHP"), is the premier disposable diaper supplier to major retail customers such as Wal-Mart and Kroger.

Before founding the DSG Group, Mr. Wang had had an impressive international career with leading airlines after graduating from St. Francis Xavier College in Hong Kong. He is married to Eileen with four children, Melissa, Justine, Davinia and Rayner.



Mr. Chan Kam Shing Ambrose
Director

Ambrose Chan joined DSG International (Thailand) PLC, as Chief Executive Officer, responsible for the S. E. Asian markets in May 2008 and has assumed the overall responsibility of Asia since December, 2009.

During 1998-2007, Ambrose was Chief Executive for the Asia Pacific Region and a Member of the Global Executive Board of: Novartis Consumer Health S.A., Associated British Foods & Beverages (ABF plc), both based in Singapore; and Vitasoy International Holdings Ltd. in Hong Kong.

Prior to his regional management assignments, Ambrose was General Manager of Special Projects and Strategic Planning & Investments Director with the Henderson Group focusing on the hotels and retail portfolio in Greater China.

Ambrose embarked upon his general management career in 1990 as General Manager of Nestle China Ltd. (HK and Macau) upon moving back from the UK where he served as Marketing and Business Development Director of DSG (UK) Limited. Prior to this, Ambrose acquired his international marketing expertise with Procter & Gamble AG, in Switzerland where he was Marketing Manager for the Far East & Middle East markets.

Since September, 2007, Ambrose has been appointed Adjunct Professor of the Department of Management (part-time MBA Program), the Chinese University of Hong Kong. He earned his MBA degree from University of Western Ontario in 1982 and BBA (Hons.) degree from CUHK in 1978.



Mr. Foo Eng Chuan

Director

Mr. Eng Chuan Foo joined DSG Malaysia in October 2009 as Chief Operating Officer for Malaysia, Singapore and Indonesia and assumed additional responsibility for overall South East Asia effective January, 2010.

Before joining DSG, Eng Chuan was with Bausch & Lomb from 1999 to 2009, during which he had various senior management roles, including that of Managing Director, Hong Kong and South-east Asia.

Prior to that, Eng Chuan had a number of marketing and general management roles in Energizer, Unilever, Glaxo Smithkline and UNZA Group.

Eng Chuan has a degree in Economics from University Malaya in Kuala Lumpur.



Mrs. Vichulada Klinthong

Director

Vichulada Klinthong is Chief Financial Officer of DSG International (Thailand) PLC with SEA regional responsibilities. She joined DSGT in October 2008 reporting to the Chief Executive Officer of DSGT. She was appointed as a Company's director on November 12, 2009.

Before joining DSGT, Vichulada Klinthong was the Finance Director of Goodyear (Thailand) PLC. Prior to the assignment, she was the Chief Accounting Officer at Thai Nam Thip Company Limited.

Vichulada Klinthong graduated with Master of Management Degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. She earned her Bachelor Degree majoring in Accounting and Law from the Curtin University of Technology, Bently Western, Australia.



Ms. Justine Wang

Director

Justine joined the DSG group in 2004, with her first assignment as Product Manager at DSG Malaysia based in Kuala Lumpur. In 2006, she was promoted to Business Development Manager, and in 2008, took on the role as Regional Marketing Manager for SEA markets. She is currently based in DSG Thailand headquarters in Bangkok, Thailand. Justine was appointed as the Company director in April 2009.

Prior to joining DSG, Justine was involved in a career with non-governmental organizations in the United Kingdom and the United States.

Justine is currently completing a Masters of Business Administration degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. She earned a Masters of Science in International Politics from School of Asian and African Studies at the University of London and a Bachelor of Arts majoring in Geography from Sussex University.



Mr. Sukporn Chatchavalapong

Independent Director and Chairman of the Audit Committee

Sukporn was appointed as the Chairman of the Audit Committee in January 2009. He started his career with Bangkok Insurance Public Co., Ltd. in the Foreign Department in 1979. He then moved to work with CP Intertrade Co., Ltd. in 1990 being responsible for risk management of joint venture companies in China. In 1992 he joined Inchcape Insurance Brokers (Thailand) Co., Ltd. as Broking Manager. He had worked for Royal and Sun Alliance Insurance (Thailand) Co., Ltd. as General Manager, Commercial Line, from 1998 to 2000. He then joined BT Insurance Co., Ltd. (a member of BankThai Group) as Deputy Managing Director and was promoted to Managing Director in January 2007. He left BT Insurance in August 2008 to join Kurnia Insurance (Thailand) Co., Ltd. as Chief Executive Officer. Then January 2010, he join Thai Star Surety Co., Ltd. as Deputy Managing Director. Currently, he is the General Manager Sales & Operations of Central Life Broker Company Limited and CG Broker Company Limited.

Sukporn graduated from Bangkok University with Bachelor Degree in Business Administration and MBA degree from Thammasat University.



Dr. Vissnu Poommipanit

Independent Director and member of the Audit Committee

Dr. Vissnu has been appointed as a member of the Board of Directors as Independent Director during 2008. He is also a member of the Audit Committee.

Besides serving as Assistant Professor in Accounting with Assumption University, Dr. Vissnu serves as a consultant of Energy Conserve Co., Ltd. and consultant to CEO-mining & transportation industry, Southern Group Co., Ltd. During 2000, Dr. Vissnu was appointed as a certified trainer for the Accountant Training program by the Department of Trade, Ministry of Commerce.

Dr. Vissnu studied Accounting degree in Assumption University and obtained his Master Degree in Finance and Controllershship and Doctor of Management at De La Salle University. Prior to that, he had extensive commercial experiences with the Mall Group Company, Union Asia Finance (public) Co., Ltd., Central Pattana (Public) Co., Ltd., NCC Management and Development Co., Ltd., and EDS (Thailand) Com., Ltd..



Mr. Chalit Limpanavech

Independent Director and member of the Audit Committee

Chalit started his career in a multinational Advertising Agency after graduated from Assumption University. He then joined ABAC as Department Chairperson of Advertising Management in the School of Management after spending 15 years in Advertising Business. He then transferred to be Dean of ABAC School of Communication Arts and just retired in 2009. He is now Dean of UTCC International College since 2010 and also a committee member of Thailand Management Association (TMA) for almost 10 years.

He attended DCP class 46 and fresh up with other IOD's courses. Apart from DSGT, he also serve as Independent Director of Tipco Foods Plc, Chuo Senko Advertising Plc. And TCC Plc.



DSGT's Management



Mr. Chan Kam Shing Ambrose

Chief Executive Officer - ASIA

DSG International Limited

Chief Executive Officer - SEA

DSG International (Thailand) PLC

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Prior to his regional management assignments, Ambrose was General Manager of Special Projects and Strategic Planning & Investments Director with the Henderson Group focusing on the hotels and retail portfolio in Greater China.

Ambrose embarked upon his general management career in 1990 as General Manager of Nestle China Ltd. (HK and Macau) upon moving back from the UK where he served as Marketing and Business Development Director of DSG (UK) Limited. Prior to this, Ambrose acquired his international marketing expertise with Procter & Gamble AG, in Switzerland where he was Marketing Manager for the Far East & Middle East markets.

Since September, 2007, Ambrose has been appointed Adjunct Professor of the Department of Management (part-time MBA Program), the Chinese University of Hong Kong. He earned his MBA degree from University of Western Ontario in 1982 and BBA (Hons.) degree from CUHK in 1978.



Mr. Foo Eng Chuan

Chief Operating Officer - SEA

Mr. Eng Chuan Foo joined DSG Malaysia in October 2009 as Chief Operating Officer for Malaysia, Singapore and Indonesia and assumed additional responsibility for overall South East Asia effective January, 2010.

Before joining DSG, Eng Chuan was with Bausch & Lomb from 1999 to 2009, during which he had various senior management roles, including that of Managing Director, Hong Kong and South-east Asia.

Prior to that, Eng Chuan had a number of marketing and general management roles in Energizer, Unilever, Glaxo Smithkline and UNZA Group.

Eng Chuan has a degree in Economics from University Malaya in Kuala Lumpur.



Mrs. Vichulada Klinthong

Chief Financial Officer - SEA

Vichulada Klinthong is Chief Financial Officer of DSG International (Thailand) PLC with SEA regional responsibilities. She joined DSGT in October 2008 reporting to the Chief Executive Officer of DSGT.

Before joining DSGT, Vichulada Klinthong was the Finance Director of Goodyear (Thailand) PLC. Prior to the assignment, She was the Chief Accounting Officer at Thai Nam Thip Company Limited.

Vichulada Klinthong graduated with Master of Management Degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. She earned her Bachelor Degree majoring in Accounting and Law from the Curtin University of Technology, Bentley Western Australia.



Ms. Justine Wang

Director of Strategic Business Development – Asia

Justine joined the DSG group in 2004, with her first assignment as Product Manager at DSG Malaysia based in Kuala Lumpur. In 2006, she was promoted to Business Development Manager, and in 2008, took on the role as Regional Marketing Manager for SEA markets. She is currently based in DSG Thailand headquarters in Bangkok, Thailand.

Prior to joining DSG, Justine was involved in a career with non-governmental organizations in the United Kingdom and the United States.

Justine is currently completing a Masters of Business Administration degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. She earned a Masters of Science in International Politics from School of Asian and African Studies at the University of London and a Bachelor of Arts majoring in Geography from Sussex University.

Justine earned her MSc in International Politics with the School of Oriental and African Studies at the University of London in 2001 and BA (Hons.) degree with Sussex University, UK in 1998.



Ms. Chachanee Anantwatanapong

Commercial Director

Chachanee Anantwatanapong joined DSG International (Thailand) PLC in June 2010, as Commercial Director for Thailand.

Prior to joining DSG, Chachanee was Commercial Director & Legal Entity Head of Bausch & Lomb (Thailand), a global eye care company. She was responsible for Thailand, Myanmar, Cambodia & Laos market. She has acquired over 15 years marketing and sales management experiences from multinational FMCG (Colgate Palmolive, SC Johnson and Reckitt Benckiser).

Chachanee earned a Masters of Business Administration (major in marketing) & a Bachelor of Accounting from Chulalongkorn University. She also received a certificate of Advertising from University of California Los Angeles.



Mr. Foo Yoke Mun

Commercial Director - Malaysia/Singapore

Yoke Mun joined DSG Malaysia in Nov 2009 as Head of Marketing. In June 2010 he was promoted to Commercial Director for Malaysia and Singapore market.

Before joining DSG, Yoke Mun was with Holista Colltech Ltd as General Manager of its Malaysian Consumer Healthcare subsidiary and before that Commercial Director for Bausch & Lomb Malaysia, Singapore and Indonesia market.

Yoke Mun also had various marketing roles in Colgate Palmolive, SmithKline Beecham, Energizer and Reckitt Benckiser after graduating from University of Strathclyde, Scotland with a BA (Hons) degree in Marketing.



Mr. Yeoh Aik Cheong

Finance Director - Malaysia/Singapore/Indonesia

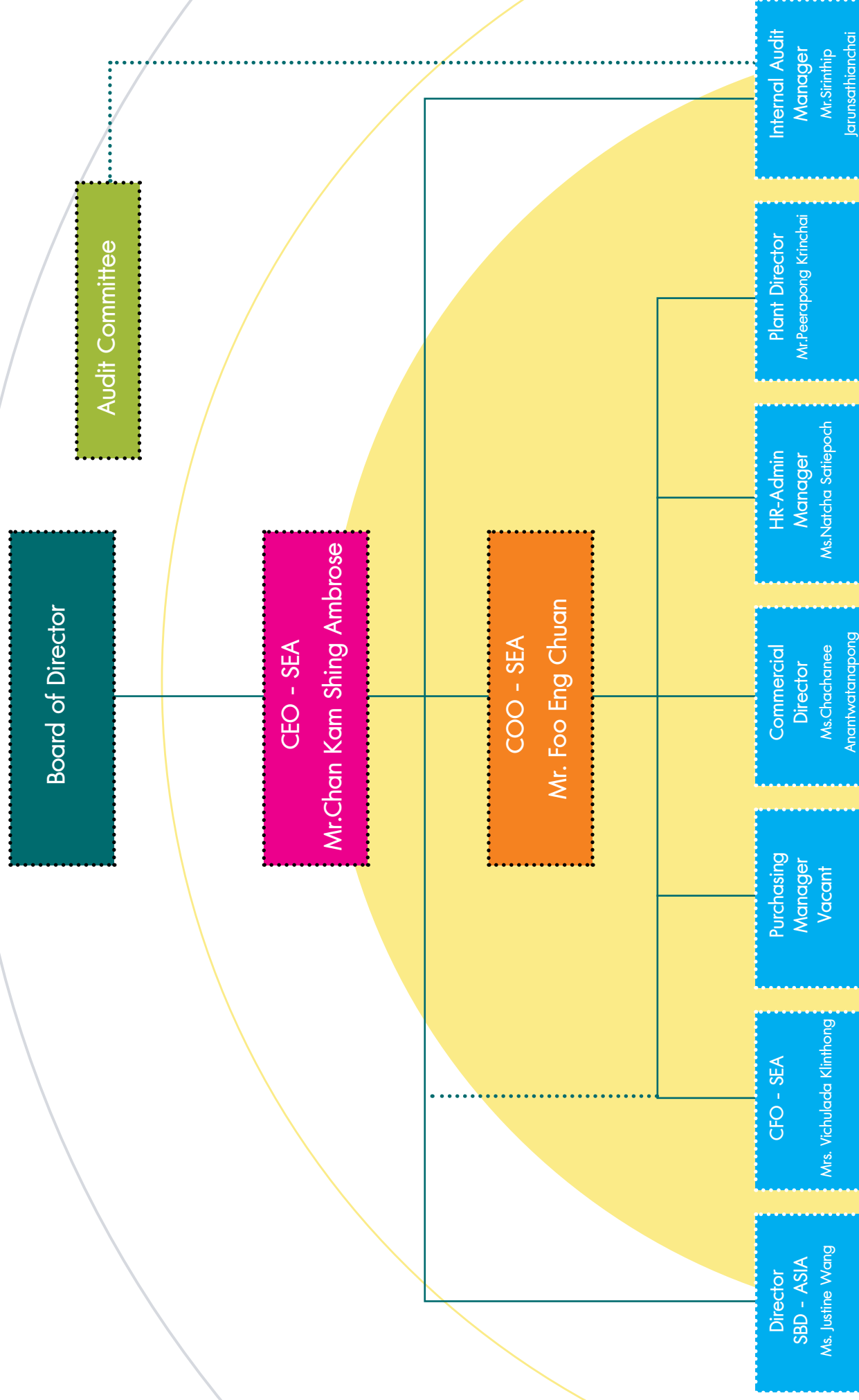
Aik Cheong joined DSG Malaysia in April 2010 as Finance Director for Malaysia, Singapore and Indonesia market.

Prior to joining DSG, Aik Cheong was Bausch & Lomb's Finance Director for SEA & Asia Finance Shared Service Centre. Before that he was the Southern Asia Finance Controller in Stryker Corporation, a global medical device corporation.

Aik Cheong started his career as an auditor with BDO Binder and is both a Certified Chartered Accountant and a Certified Public Accountant. He graduated from University of Malaya with a Bachelor of Accounting (Honours) degree.

Organization Chart

As at January 31, 2011



Report of Board of Directors' Responsibilities for Financial Statements

DSG International (Thailand) Public Company Limited financial statements have been prepared in compliance with the generally accepted accounting principles, by way of applying appropriate accounting policy consistently to reflect the Company's financial performance and position. More detailed information is also provided in the notes to financial statements.

The Board of Directors has appointed an Audit Committee comprising of independent directors with expertise to take charge of the quality of the Company's financial statements. The Audit Committee's opinion of the financial statements is given in this Annual Report.

Following a detailed review and discussions with the Company's auditors and Audit Committee, the Board of Directors is of the opinion that the audited financial statements as at 31 December 2010 presents a fair and accurate picture of the Company's financial position.



Mr. Wang Shui Ling Brandon
Chairman of the Board

Business Characteristics

Summary of DSGT Business Operations

DSG International (Thailand) Limited (“DSGT”) was established on 20 May 1994 to be in the business of producing and distributing disposable baby diapers.

In 2004, DSGT increased its registered capital from Baht 25 million to Baht 200 million. In the same year, DSGT restructured its holding structure so that it wholly owns the shares of Disposable Soft Goods (Malaysia) Sdn Bhd (“DSGML”), DSG (Malaysia) Sdn Bhd (“DSGMSB”), Disposable Soft Goods (S) Pte Limited (“DSGS”), Advance Medical Supplies Co., Ltd. (“AMS”) and had a 60% shareholding in PT DSG Surya Mas Indonesia (“PTDSG”). The objective of the restructuring was to ensure that the distribution of the Company’s and subsidiaries’ products would cover the whole of Southeast Asia and also to rule out any potential conflict of interest among the subsidiaries. The year also saw DSGT complete its conversion into a public company and relocated the production plant from Bangpoo Industrial Estate to SIL Industrial Zone in Saraburi Province. The Company has been granted with various investment promotional incentives by the Board of Investment (BOI) for its production from such location.

In June 2006, the Company increased its registered capital from Baht 200 million to Baht 300 million. Paid-up capital was increased to Baht 240 million, comprising of 240 million shares at Baht 1.00 par value.

DSGT was listed on the Stock Exchange of Thailand (“SET”) on 9 August 2006. The Company issued 60 million new shares in the initial public offering. DSGT has a paid-up capital of Baht 300 million.

On 19 September 2008, The Board of Director of the Company approved the share repurchase on the Stock Exchange of Thailand, due to financial management considerations.

On November 21, 2008, DSGT received the SET Award 2008 in the category of Best Performance with market capitalization less than Baht 2,500 million.

On November 19, 2010, DSGT was nominated for the SET Award 2010 in the categories of Best Performance with market capitalization of Baht 10 billion or less as well as the Best CEO.

On December 17, 2010, DSGT announced that it had entered into an agreement to acquire the remaining 40% equity of PT DSG Surya Mas Indonesia. Upon completion of this agreement, DSGT will have full equity and management control of PT DSG Surya Mas to facilitate expansion plans in Indonesia.

On March 10, 2011, DSGT announced that it has completely disposed all its repurchased shares.

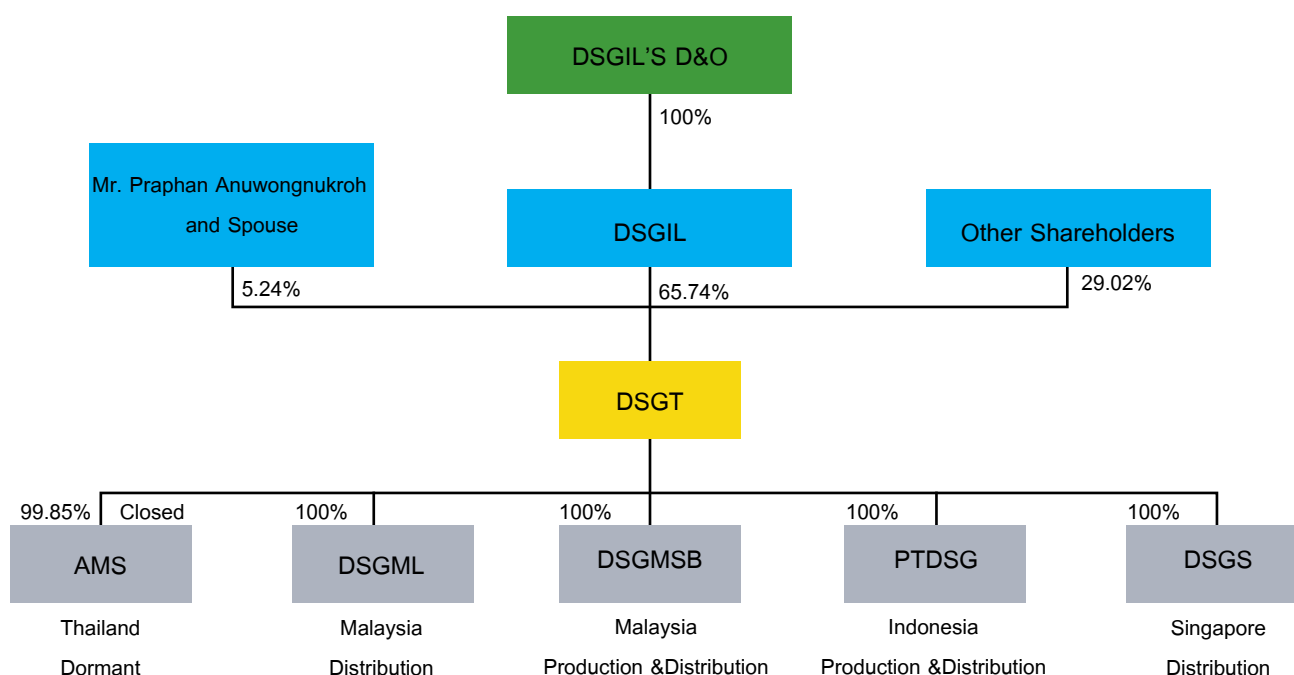
On March 17, 2011, the Company’s Board of Director announced to the public the capital increase of another 300 million shares.

Today, the Company is producing and distributing disposable baby diapers under the brand names of “Pet Pet”, “Baby Love”, “BabyLove Playpants” and “Fitti Basic”. Disposable adult diapers are branded under “Certainty” and “Certainty Active”.

As at 31 December 2010, DSGT has 401 employees.

An overview of the business operation of the Company

Corporate Structure of the Company and its Subsidiaries 31 January 2011



DSG International Limited ("DSGIL")

DSG International Limited ("DSGIL") was registered in British Virgin Island on 31 December 1991. DSGIL's principal office is based in Hong Kong.

DSGIL has subsidiary companies that operate businesses producing and distributing disposable diapers for babies and adults under the brand names of "Fitti" "Pet Pet" "Baby Love" "Baby joy" "Dispo123" "HandyTM" and "Certainty" in the United States of America, Hong Kong, The People's Republic of China, Thailand, Malaysia, Indonesia and Singapore.

DSGIL holds 65.74% of the total subscribed shares of the Company.

DSG International (Thailand) Public Company Limited ("DSGT")

DSG International (Thailand) Limited was incorporated on 20 May 1994 by two groups of shareholders, namely: DSG International Limited and the Anuwongnukroh Family with the objective to produce and distribute disposable baby diapers under the brand names of Babylove, and Babylove Playpants, and disposable adult diapers under the brand names of Certainty, and Certainty Active, both domestically and abroad.

Currently DSGT has the registered capital of Baht300 million divided into 300 million ordinary shares at par value of Baht 1.00. DSGT holds approximately 100% in DSGML, DSGMSB, DSGS and PTDSG.

As at 31 December 2010, DSGT has 401 employees.

On March 17, 2011, DSGT announced a capital increase of another 300 million shares. Upon approval at the Shareholder Meeting on April 29, 2011, DSGT will have a registered capital of Baht 600 million.

Subsidiaries

1) Advance Medical Supply Co., Ltd. (“AMS”)

AMS was founded on 29 October 1981 with registered capital of Baht 4,000,000 divided into 4,000 ordinary shares at par value of Baht 1,000 and was fully paid-up. In May 1994, the Company bought 49% of AMS' shares from the Anuwongnukroh Family and AMS was assigned to do the marketing and distribution of Company in Thailand. In November 2004, the extraordinary meeting of shareholders of DSGT No. 2/2004 held on 10 November 2004, adopted a resolution approving the purchase of the remaining 51 percent of AMS' shares from the Anuwongnukroh Family to become a wholly owned subsidiary of the company. In February 2005, the marketing and distribution business functions were transferred to DSGT. Currently, AMS is dormant since September 23, 2010.

2) Disposable Soft Goods (Malaysia) SDN BHD (“DSGML”)

DSGML was founded on 16 October 1995 with authorized capital of Ringgit 100,000 divided into 100,000 shares at par value of Ringgit 1 per share with the paid-up capital of Ringgit 3. Later on 29 November 2004, the Company increased its authorized capital to Ringgit 5 million divided into 5 million shares at par value of Ringgit 1 per share with paid-up capital of Ringgit 3,000,003. DSGML operates the business of distributing and marketing of disposable baby diapers and disposable adult diapers in Malaysia by selling disposable baby diapers that were manufactured by DSGT and DSG (Malaysia) SDN BHD (“DSGMSB”) and imported disposable adult diapers from the Company. DSGML distributes its goods by way of wholesalers and retailers as well as to retail chains such as Carrefour, Tesco, Stores, Mydin and various leading modern stores in Malaysia. As at 31 December 2010, DSGML has a total of 81 sales force and marketing personnel.

3) DSG (Malaysia) SDN BHD (“DSGMSB”)

DSGMSB was founded on 2 December 1998 with authorized capital of Ringgit 5 million divided into 5 million shares at par value of Ringgit 1 with paid-up capital of Ringgit 2. Later, on 8 April 1999, the Company increased its paid up capital to Ringgit 3,400,002 and on 30 November 1999, the Company increased its authorized capital to Ringgit 10 million with paid-up capital of Ringgit 3,400,002. DSGMSB operates the business of manufacturing disposable baby diapers which is licensed by Malaysian Industrial Development Authority- MIDA on 19 May 1999. Later, on 9 February 2002, DSGMSB was permitted to relocate its plant to a new plant location, which is situated at Sungai Penaga Industrial Park, Malaysia, having an area of 88,400 square feet (approximately 5 rai) with 3 machines for making disposable baby diapers and with a total production capacity of 312.87 million pieces per year. DSGMSB sells its products domestically via DSGML and exports them to Singapore, the Philippines, Vietnam, Brunei, India, Pakistan and the Middle East countries by way of its affiliates and other companies. As at 31 December 2010, DSGMSB has a total of 169 employees.

4) PT DSG Surya Mas Indonesia (“PTDSG”)

PTDSG was founded on 25 April 1997 by DSGIL holding approximately 60 percent and Mr. Abdul Alek Soelystio, an Indonesian partner holding 40 percent with registered capital of Rupiah 28,824 million divided into 12,000 ordinary shares at par value of Rupiah 2,402,000 and paid-up capital of 7,200 shares at total value of Rupiah 17,294.4 million, with the objective to operate a business of manufacturing disposable baby diapers and distribute the products through PT Panca TalentaMas in Indonesia. (PT Panca TalentaMas is 95% owned by such Indonesian partner). In December 2007, PTDSG issued 3,800 ordinary shares which DSGT was allotted with 2,280 shares and Mr. Abdul Alek Soelystio was allotted with 1,520 shares. As at December 31, 2008, the subscription was completed with paid-up capital of 11,000 shares. Therefore, DSGT held approximately 60% with 6,599 shares while the local shareholder held approximately 40% with 4,440 shares. The plant of PTDSG is located at Cikande-Serang, Indonesia on a total area of 25 rai. The plant has 1 machine to manufacture baby diapers with production capacity of 94.23 million pieces per year.

On November 24, 2010, DSGT entered into a share purchase agreement to acquire 4,400 shares from its Indonesian partner, which upon completion, would result in DSGT holding approximately 100% equity ownership in PTDSG.

As at 31 December 2010, PTDSG has a total of 65 employees.

5) Disposable Soft Goods (S) Pte Limited (“DSGS”)

DSGS was founded on 12 August 1983 with SGD2 million of authorized capital, which is divided into 2 million shares at par value of SGD1 and SGD1.5 million paid-up capital with the objective to sell and market disposable baby and adult diapers in Singapore. DSGS commenced operation in 1991. DSGS imports disposable baby diapers from DSGMSB and disposable adult diapers from the Company.

On April 1, 2010, DSGS changed its business model to a distributor model operation by appointing a sole distributor for all its products. As a result, DSGS has a total of 1 employee at December 31, 2010.

Risk Factors

The risk factors mentioned in this clause are risks of material significance that may have a negative impact on the Company and the value of the Company's share. However, this does not include other risk factors that are not known to the Company at the present time or which the Company deem to be risks of no material significance at the present time. Any forward-looking statements from the Company are also subject to certain risks and uncertainty. Caution should be taken not to place undue reliance on any such forward-looking statements.

Risk from the fluctuation of raw materials prices

Important raw materials used in the manufacture of disposable baby and adult diapers are wood pulp, non-woven moisture transfer/blockage sheets and Super Absorbent Polymer ("SAP"), whose total costs make up more than half of total cost of raw materials. These raw materials have the characteristics of being commodity and imported raw materials. Costs of said raw materials are based on global supply and demand and can fluctuate on the basis of numerous external factors, such as oil price, production capacity etc. The fluctuation of raw material costs has direct impact on production cost and gross profit of the Company and its subsidiaries.

As crude oil prices are increasing in volatility due to geo-political uncertainties, there exists the possibility that the disposable diaper industry could face greater volatility in raw material prices.

Risk from being dependent on DSGIL, the major shareholder of the Company

The Company is a subsidiary of DSG International Limited ("DSGIL"), which has various affiliates in the business of producing and distributing disposable baby and adult diapers. The Company and its subsidiaries are dependent on DSGIL in the following major primary areas:

1. **Procurement of Raw Materials:** DSGIL has entered into supplier purchasing arrangements with several suppliers/distributors. The said procurement of the raw materials under those arrangements also include the Company's and its subsidiaries' purchase of raw materials. The consolidation of raw material demand of DSGIL and its affiliates provides bargaining power with the suppliers. However, the price of raw material in each region might be different due to the demand and freight cost in each respective region.
2. **Research and Development:** The research and development of the Company and of its subsidiaries is conducted by DSGIL, which innovates and develops new materials and technologies for new products and product improvements. The Company and its subsidiaries have the option to choose to use or not to use and to apply or not to apply the new materials and technologies. Major product quality improvements and new product introductions are, therefore, dependent on the Research and Development accomplishment of DSGIL.
3. **Operation/Management Assistance:** DSGIL provides management services to the Company and its subsidiaries on finance, operation, public relations, company secretary and human resource development. The Company and its subsidiaries pay the management fees to DSGIL under the Management Agreement, based on the level of services provided by DSGIL. The said agreement will be automatically renewable unless either party decides to terminate the Agreement by way of giving a written notice to the other party at least 12 months before the expiration of the Agreement
4. **Trademark License:** The Company and its subsidiaries in Thailand and Malaysia pay a royalty fee of 1.5% for the use of the said trademark, while PTDSG in Indonesia pays 2.5%. These contracts are renewable automatically every year for a further one year term.
5. **Financial Support:** DSGIL provides financial support to the Company and its subsidiaries such as loans for working capital with no specific term of repayment.

The Company believes that DSGIL, in the capacity as a major shareholder, is committed to continue providing support for the operations for the Company and its subsidiaries.

Risk from related companies which are affiliates of DSGIL operating in the same business

DSGIL, the parent company, owns other affiliated companies other than the Company and its subsidiaries. Those affiliates are also in the same business of producing and distributing disposable baby diapers and adult diapers as that of the Company and its subsidiaries. In that sense, each of the affiliates of DSGIL is a potential competitor of the Company and its subsidiaries; and the

Company and its subsidiaries are potential competitors to each of these affiliated companies of DSGIL. Such affiliates are wholly owned by DSGIL and are located in the United States of America (2 companies), Hong Kong (1 company), and the People's Republic of China (1 company). Moreover, some of the directors/management of the Company and its subsidiaries are the directors/management of related companies.

DSGIL and its affiliates have covenanted not to compete against, nor to allow, permit or license the Trademark to any third person to compete against the Company and its subsidiaries in production, sale, and/or distribution of the disposable diapers or any related product manufactured with the Trademarks in the Licensed Territory (namely Thailand, Malaysia, Indonesia, and Singapore), unless the sales and distribution are made by means of the inter-company sales through the Company and its subsidiaries until the termination of Trademark License Agreement, which is automatically renewable for a period of one year.

Since the Company and its subsidiaries have production facilities in three countries in Southeast Asia, the Company and its subsidiaries can take full geographical advantage of managing more efficiently in the delivery cost for export than DSGIL and its affiliates. In addition, being located in the countries that are members of the ASEAN, the Company and its subsidiaries obtain benefits from the AFTA. The import duty of finished goods from the Company and its subsidiaries to ASEAN member countries is lower than those from non-ASEAN countries. Therefore, the Company and its subsidiaries have competitive advantage in competing in the Southeast Asian region.

Risk from market competition

The market for disposable diapers has experienced continual growth, resulting in strong competition in terms of price, quality and marketing strategies. The main competitors of the Company and its subsidiaries are 1) Unicharm ("UNCH"), the manufacturer of baby diapers under the brand name of Mamy Poko, and the manufacturer of adult diapers under the brand name of LiFree; 2) SCA, the manufacturer of baby diapers under the brand name of Drypers in Asia; 3) Kimberly Clark ("KMB"), the manufacturer of baby diapers under the brand name of Huggies; 4) Procter & Gamble ("P&G"), the manufacturer of baby diapers under the brand name of Pampers. All of them are companies of significant size and resources, with significant influence on pricing, consumer and trade promotional activities and sales.

The Company and its subsidiaries with their management quality standard certification ISO 9001:2000, have a process of production control to ensure the products meet the established quality and standard and receive acceptance from the consumers. Moreover, DSGIL, as the parent company, continuously makes efforts to study and search for better raw materials to ensure that the products are of superior quality to its competitors.

Risk from fluctuation of exchange rate

The Company and its subsidiaries may be impacted by fluctuations of the exchange rate, which will directly impact raw material costs and the gross profit. Most of the Company's and its subsidiaries' raw materials are imported. Most of the import and export value of the Company and its subsidiaries are in US dollar denomination.

Besides the impact on raw material costs, the fluctuation of exchange rate also has an impact on the presentation of the Company's financial statements as the Company must record and report its investments in various subsidiaries in its Financial Statements in Thai Baht.

As at December 31, 2010, the Company and its subsidiaries did not have any short term and long-term loans denominated in US currency. Also, the Company and its subsidiaries reduced such risk by offsetting assets and liabilities in foreign currencies with foreign affiliated companies, entering into forward exchange contracts.

Risk from political, economic situation and other factors from countries in Southeast Asia Region

The Company has subsidiaries that produce and distribute disposable baby and adult diapers in Malaysia, Indonesia and Singapore. Therefore any changes in the economic, political and trade policies, such as tariff rates and trade restrictions, of any of these countries may have an impact on the operation of the Company and its subsidiaries.

Risk from the major shareholder holding shares in excess of 50 percent

DSGIL holds 197.21 million shares or equivalent to 65.74 percent of the total subscribed shares in the Company. The Company's directors and the major shareholder will always consider the comments and opinions from the minority shareholders and all decisions will be taken with regard to the interests of all shareholders.

Revenue structure

The Company's revenue structure and that of its subsidiaries are as shown in tables below:

Value of Sales of the Products of the Company's and its Subsidiaries (After Elimination of Inter-company Transactions)

	2008 ¹		2009 ¹		2010 ¹	
	THB mm	%	THB mm	%	THB mm	%
Domestic sales²:						
Baby diapers	2,044.59	69.20%	2,507.84	72.97%	2,566.25	58.76%
Related Parties ³	104.90	3.55%	111.41	3.24%	31.53	0.72%
Others	1,939.69	65.65%	2,396.43	69.73%	2,534.72	58.04%
Adult diapers	719.67	24.36%	779.43	22.68%	1,529.91	35.03%
Related Parties ³	48.62	1.64%	91.28	2.66%	-	-
Others	671.05	22.71%	688.15	20.02%	1,529.91	35.03%
Export sales:						
Baby diapers	49.27	1.67%	51.13	1.49%	62.52	1.43%
Related Parties ⁴	-	-	1.35	0.04%	7.51	0.17%
Others	49.27	1.67%	49.78	1.45%	55.01	1.26%
Adult diapers	70.04	2.37%	19.39	0.56%	198.38	4.54%
Related Parties ⁴	64.77	2.19%	15.81	0.46%	180.97	4.14%
Others	5.27	0.18%	3.58	0.10%	17.41	0.40%
Other sales ⁵	70.88	2.40%	79.03	2.30%	10.10	0.23%
Total income	2,954.46	100%	3,436.82	100%	4,367.16	100%

Remarks:

- 1 Exchange Rate

Unit : Baht

Exchange rate	2008	2009	2010
1 Malaysian Ringgit	10.0062	9.6861	10.1676
1,000 Indonesian Rupiah	3.4686	3.5239	3.4808
1 Singapore dollar	23.5545	23.6898	23.2380

- 2 Domestic Sales mean Sales in Thailand, Malaysia, Indonesia, and Singapore
3 Related Parties means PT Panca
4 Related Parties means DSGL and DSGZ
5 Other sales include sales from non-diaper products i.e. absorbent sheet, and Cool Refresh Towels

Value of Sales of the Products of the Company's and its Subsidiaries
(After Elimination of Inter-company Transactions)

Unit: million Baht

1 year period ended 31 December 2008 ¹	DSGT	AMS	DSGML	DSGMSB	PTDSG	DSGS	TOTAL	Ratio
Domestic sales:								
Baby diapers	726.25	-	1,122.29	-	105.92	90.13	2,044.59	69.20%
Related Parties ²	-	-	-	-	104.90	-	104.90	3.55%
Others	726.25	-	1,122.29	-	1.02	90.13	1,939.69	65.65%
Adult diapers	600.23	-	57.31	-	48.63	13.51	719.67	24.36%
Related Parties ²	-	-	-	-	48.63	-	48.62	1.64%
Others	600.23	-	57.31	-	-	13.51	671.05	22.71%
Export sales:								
Baby diapers	4.49	-	-	42.76	2.02	-	49.27	1.67%
Related Parties ³	-	-	-	-	-	-	-	-
Others	4.49	-	-	42.76	2.02	-	49.27	1.67%
Adult diapers	69.75	-	-	0.29	-	-	70.04	2.37%
Related Parties ³	64.77	-	-	-	-	-	64.77	2.19%
Others	4.98	-	-	0.29	-	-	5.27	0.18%
Other sales ⁴	70.88	-	-	-	-	-	70.88	2.40%
Total income	1,471.60	-	1,179.60	43.05	156.57	103.64	2,954.46	100%
Ratio	49.81%	-	39.92%	1.46%	5.30%	3.51%	100%	

Remarks:

- 1 - Data based on the Consolidated Financial Statements for the year ended 31 December 2008 audited by the auditor
- Currency exchange rate applied to the Consolidated Financial Statements for one year period ended 31 December 2008 is 1 Malaysian Ringgit is equal to Baht 10.0062; 1,000 Indonesian Rupiah is equal to Baht 3.4686 and 1 Singapore dollar is equal to Baht 23.5545 (Source: the Company)
- 2 Related Parties means PT Panca TalentaMas
- 3 Related Parties means PT Panca TalentaMas, DSGL and DSGZ
- 4 Other sales include sales from non-diaper products i.e. absorbent sheet, and Cool Refresh Towels

Value of Sales of the Products of the Company's and its Subsidiaries
(After Elimination of Inter-company Transactions)

Unit: million Baht

1 year period ended 31 December 2009 ¹	DSGT	AMS	DSGML	DSGMSB	PTDSG	DSGS	TOTAL	Ratio
Domestic sales:								
Baby diapers	1,103.38	-	1,202.82	-	111.74	93.49	2,507.84	72.97%
Related Parties ²	-	-	-	-	111.47	-	111.41	3.24%
Others	1,099.78	-	1,202.82	-	0.38	93.49	2,396.43	69.73%
Adult diapers	632.28	-	42.82	-	91.28	13.05	779.43	22.68%
Related Parties ²		-	-	-	91.28	-	91.28	2.66%
Others	632.28	-	42.82	-	-	13.05	688.15	20.02%
Export sales:								
Baby diapers	3.60	-	-	45.63	1.91	-	51.13	1.49%
Related Parties ³	1.35	-	-	-	-	-	1.35	0.04%
Others	2.25	-	-	45.63	1.91	-	49.78	1.45%
Adult diapers	19.04	-	-	0.36	-	-	19.39	0.56%
Related Parties ³	15.81	-	-	-	-	-	15.81	0.46%
Others	3.23	-	-	0.36	-	-	3.58	0.10%
Other sales ⁴	79.03	-	-	-	-	-	79.03	2.30%
Total income	1,833.73	-	1,245.64	45.99	204.9	106..5	3,436.82	100%
Ratio	53.36%	-	36.24%	1.34%	5.96%	3.10%	100%	

Remarks:

- 1 - Data based on the Consolidated Financial Statements for the year ended 31 December 2009 audited by the auditor
- Currency exchange rate applied to the Consolidated Financial Statements for one year period ended 31 December 2009 is 1 Malaysian Ringgit is equal to Baht 9.6861 ; 1,000 Indonesian Rupiah is equal to Baht 3.5239 and 1 Singapore dollar is equal to Baht 23.6898 (Source: the Company)
- 2 Related Parties means PT Panca TalentaMas
- 3 Related Parties means PT Panca TalentaMas, DSGML and DSGZ
- 4 Other sales include sales from non-diaper products i.e. absorbent sheet, and Cool Refresh Towels

Value of Sales of the Products of the Company's and its Subsidiaries
(After Elimination of Inter-company Transactions)

Unit: million Baht

1 year period ended 31 December 2010 ¹	DSGT	AMS	DSGML	DSGMSB	PTDSG	DSGS	TOTAL	Ratio
Domestic sales:								
Baby diapers	780.05	-	1,641.68	31.53	94.07	18.92	2,566.25	58.76%
Related Parties ²	-	-	-	31.53	-	-	31.53	0.72%
Others	780.05	-	1,641.68	-	94.07	18.92	2,534.72	58.04%
Adult diapers	1,526.76	-	3.15	-	-	-	1,529.91	35.03%
Related Parties ²		-	-	-	-	-	-	-
Others	1,526.76	-	3.15	-	-	-	1,529.91	35.03%
Export sales:								
Baby diapers	21.99	-	-	40.53	-	-	62.52	1.43%
Related Parties ³	7.51	-	-	-	-	-	7.51	0.17%
Others	14.48	-	-	40.53	-	-	55.01	1.26%
Adult diapers	198.38	-	-	-	-	-	198.38	4.54%
Related Parties ³	180.97	-	-	-	-	-	180.97	4.14%
Others	17.41	-	-	-	-	-	17.41	0.40%
Other sales ⁴	10.10	-	-	-	-	-	10.10	0.23%
Total income	2,537.28	-	1,644.83	72.06	94.07	18.92	4,367.16	100%
Ratio	58.10%	-	37.67%	1.65%	2.15%	0.43%	100%	

Remarks:

- 1 - Data based on the Consolidated Financial Statements for the year ended 31 December 2010 audited by the auditor
- Currency exchange rate applied to the Consolidated Financial Statements for one year period ended 31 December 2010 is 1 Malaysian Ringgit is equal to Baht 10.1676 ; 1,000 Indonesian Rupiah is equal to Baht 3.4808 and 1 Singapore dollar is equal to Baht 23.2380 (Source: the Company)
- 2 Related Parties means PT Panca TalentaMas
- 3 Related Parties means PT Panca TalentaMas, DSGM and DSGZ
- 4 Other sales include sales from non-diaper products i.e. absorbent sheet, and Cool Refresh Towels

Shareholding Structure and Management

DSGT - Major Shareholders as of 31 January 2011

Name of shareholders	No. of shares held	Shareholding (%)
1. DSG International Limited	197,207,000	65.74
2. Somers (U.K.) Limited	23,000,000	7.67
3. Thai NVDR Co., Ltd.	14,737,300	4.91
4. Mrs.Suwanna Anuwongnukroh	10,000,000	3.33
5. Mr.Praphan Anuwongnukroh	5,728,700	1.91
6. J.P Morgan Markets Limited-Customer Reg.Account	5,666,100	1.89
7. Bank Julius Baer and Co., Ltd	3,830,000	1.28
8. DSG International (Thailand) PLC	2,542,900	0.85
9. Mr.Pairat Anuwongnukroh	1,278,300	0.43
10. Mr.Surayuth Piriyawong	1,270,000	0.42
Other shareholders	34,739,700	11.57
Total	300,000,000	100.00

Remark: As at March 10, 2011, DSG International (Thailand) PLC has completely disposed all its repurchased shares.

1) DSGT Board of Directors

As at 31 December 2010, the Company's Board of Directors was comprised of 8 directors as follows:

List of names	Positions
1. Mr. Wang Shui Ling Brandon	Chairman of the Board
2. Mr. Chan Kam Shing Ambrose	Director and Chief Executive Officer - SEA
3. Mr. Foo Eng Chuan	Director, and Chief Operating Officer - SEA
4. Mrs.Vichulada Klinthong	Director, and Chief Financial Officer-SEA
5. Ms. Justine Man San Wang	Director, and Director of Strategic Business Development - Asia
6. Mr. Sukporn Chatchavalapong	Independent Director and Chairman of the Audit Committee
7. Dr.Vissnu Poommipanit	Independent Director and Member of the Audit Committee
8. Mr. Chalit Limpanavech	Independent Director and Member of the Audit Committee

Scope of the Duty and Power of the Company's Board of Directors

1. The Company's Board of Directors may appoint another person to run the operation of the Company under the supervision of the Board of Directors or grant the said person the power within the time-frame as the Board of Directors shall see fit. The Company's Board of directors may cancel, revoke or change or amend such power. For this purpose, the Board of Directors grants power to the Executive Committee to have the duty and power to perform various works with the details of authorization within the jurisdiction of the Executive Committee. The said granting of power shall not be characterized by the granting or sub-granting of power that enables the Executive Committee or the authorized person of the Executive Committee to approve a transaction that the authorized person himself or the person who may have a conflict of interest or may have conflicts of other interests (as prescribed in the Notification by the Securities and Exchange Commission) with the Company or its subsidiaries except the approval of the normal business course transaction pursuant to criteria approved by the Board of Directors of the Company.
2. The Company's Board of Directors shall have power to determine and revise and change the name of the Company's authorized directors who have the power to sign binding on the Company.
3. The Company's Board of Directors may pay Interim Dividend to the shareholders from time to time when it deems that the Company has had reasonable operating profit to do so and to report to the next meeting of the shareholders for acknowledgement.
4. The Company's Board of Directors must discharge its duty in accordance with the law, objectives and the Articles of Association of the Company as well as the resolutions of the meeting of the shareholders unless it is the matter that must be approved by the Meeting of the Shareholders before the discharge of such duty. For instance, the matters, which require the approval of the Meeting of the Shareholders, the doing of related transactions and the trading in important assets according to the Regulations of the Stock Exchange of Thailand or as determined by other governmental organizations.
5. The Company's Board of Directors must call a meeting at least once every three months at which not less than half of total directors attend. A resolution of the meeting of the Board of Directors must have a majority of vote. One director shall be entitled to one vote unless the director who has interest in any particular matter, he or she shall not be entitled to vote on such matter. And if the vote is equal, the Chairman of the meeting shall have a casting vote.
6. The Company's Board of Directors must arrange for the Ordinary Meeting of the Shareholders to be held within 4 months of the end of the Company's accounting period.
7. The director must inform the Company for information without delay of the case that a director has had the interest, whether direct or indirect, in any contract entered into by the Company or in the case the number of shares or debenture of the Company or its subsidiaries held by the director has increased or decreased.
8. The director must not engage in a business of similar conditions to or in competition with the Company's business or enter into being an ordinary partner or an unlimited partner in a limited partnership or be a director of a company limited or another public company, which operates the same business of similar condition to and in competition with the Company's business, irrespective of whether or not for the director's own interest or other persons' interest unless a notice thereof has been given to the meeting of the shareholders for acknowledgement before adopting a resolution appointing such director.
9. The director shall have power to consider, approve the borrowing of money, the obtaining of credit line, the debt restructuring or the issue of debt instruments including the provision of collateral, security against the loan or credit or the application for any credit facility by the Company.

2) DSGT Executive Committee

As at 31 December 2010, the Executive's Committee was comprised of 5 members as follows:

Name	Position
1. Mr. Wang Shui Ling Brandon	Executive Director
2. Mr. Chan Kam Shing Ambrose	Executive Director
3. Mr. Foo Eng Chuan	Executive Director
4. Mrs. Vichulada Klinthong	Executive Director
5. Ms. Justine Man San Wang	Executive Director

Scope of the Duty and Power of the Executive Committee

1. To operate and manage the business of the Company in every respect according to the objectives, regulations, policies, procedures, requirements, orders and resolutions of the Meeting of the Board of Directors and/or of the Meeting of the Shareholders of the Company.
2. To consider setting forth the policy, direction and strategy of the operation of the business of the Company; to determine the financial plan and budget to be presented to the meeting of the Board of Directors and to supervise and direct the performance of the Working Committee to ensure the achievement of the established target.
3. To consider the allocation of annual budget as proposed by the Management prior to being further proposed to the Meeting of the Board of Directors of the Company for consideration and approval.
4. To have power to consider and approve the fund for normal operation of the Company's business.
5. To have power to set out policy in relation to wage and salary structure of the Company.
6. To approve significant capital investments as determined in the annual budget as may be assigned by the Company's Board of Directors or according to the resolution of the Company's Board of Directors giving approval in principle.
7. To have power to consider, approve the granting of any loan or credit by the Company to the Company's subsidiaries in the proportion of shareholding and subject to the Company's approval power criteria.
8. To have power to consider and approve the borrowing of any fund, the obtaining of any credit line, the debt restructuring or the issue of debt instruments and the provision of security, the underwriting of loan or credit facility of the Company for proposal to the meeting of the Company's Board of Directors.
9. To serve on the Management Advisory Board in relation to financial policy, marketing, personnel administration and other operational measures.
10. To perform other activities as may be assigned by the Company's Board of Directors from time to time.

The undertaking of power as well as the granting of power to other persons as deemed appropriate shall exclude the power and/or the granting of power to approve any items in which a member of the Executive Committee or a person may have an interest or a benefit of other description that is in conflict with the Company or its subsidiaries. The approval of items of the said characteristic must be proposed to the meeting of the Company's Board of Directors and/or the meeting of the shareholders to consider approving the said items subject to the Articles of Association of the Company or the relevant law.

At the meeting of the Executive Committee, not less than two-thirds of the total number of the members of the Executive Committee must be present. However, the Executive Committee can authorize another committee member, who is not an independent director to attend the meeting in lieu. The attending members of the Executive Committee are to elect one of the participants to be the chairman of the meeting. One attending member shall have one vote in casting the vote unless the member who may have had interest in any matter shall not be entitled to cast the vote on such matter. A resolution of the Executive Committee shall be adopted by a majority of votes and if the vote is equal, the Chairman shall have the casting vote to finalize the issue.

3) DSGT Audit Committee

As at 31 December 2010, the Audit Committee was comprised of 3 members as follows:

Name	Position
1. Mr. Sukporn Chatchavalapong	Chairman of the Audit Committee
2. Dr. Vissnua Poommitpanit	Member of the Audit Committee
3. Mr. Chalit Limpanavech	Member of the Audit Committee

Scope of Duty and Power of the Audit Committee

1. To review the Company's financial statement;
2. To review the internal controls and internal audit functions, to consider the independence of party and to give the opinion on the appointment/ transfer/stop hiring the internal audit officer;
3. To review the Company's compliance with laws and regulations of SET and other business laws;
4. To consider, select and nominate the Company's external auditors and their remunerations. To consider the independence and have a meeting with the auditor at least 1 time/year without the management;
5. To consider the transaction related or transactions that may cause conflicts of interest to comply with the SET's regulation;

6. To prepare an audit committee report by setting the minimum detail:
 - 6.1 accurateness, completeness and credibility of the company's financial report
 - 6.2 adequacy of the firm's internal control system
 - 6.3 compliance with SEC's and SET's laws and regulation and other laws relevant to the company's business
 - 6.4 suitability of the external auditor
 - 6.5 transactions that may cause conflicts of interest
 - 6.6 the number of committee meetings and attendance of each member
 - 6.7 other concerns that have arisen as the audit committee performed its duties as defined in the committee's charter
 - 6.8 anything else which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board.
7. To perform other duties as assigned by the Board of Directors.

4) DSGT Management

As at 31 December 2010, the 5 executives of the Company were:

Name	Position
1. Mr. Chan Kam Shing Ambrose	Chief Executive Officer-SEA
2. Mr. Foo Eng Chuan	Chief Operating Officer-SEA
3. Mrs. Vichulada Klinthong	Chief Financial Officer-SEA
4. Ms Justine Man San Wang	Director of Strategic Business Development - Asia
5. Ms.Chachanee Anantwatanapong	Commercial Director

Scope of Duty and Power of the Chief Executive Officer

- 1 To define the missions, objectives, guidelines, goals and company's policies to be presented to the meeting of the Executive Committee and to implement the said missions, objectives, guidelines, goals, including the Company's policies and to issue instructions and to supervise the implementation collectively; to have the power to recruit employees and appoint them in positions and to have power to issue an order for the transfer of employees across line of work, department, section or terminate employees from being an employee of the Company; to determine the rate of wage, remuneration, bonus payment including fringe benefits in relation to all members of the staff of the Company.
- 2 To have the power to issue orders, regulations, rules, notifications, notices to ensure the proper implementation of the Company's policy and interest and to ensure proper working regulations, and disciplines within the organization.
- 3 To carry out activities in relation to general management of the Company.
- 4 To have the power to grant substitution of power and/or grant power to other persons to perform specific tasks by means of substitution of power and/or the said granting of power shall be subjected to the scope of granting of power under the letter of attorney and/or in accordance with the regulations, requirements or orders as defined by the Company's Board of Directors and/or by the Company.

For this purpose, the power including the granting of power to other persons as deemed appropriate shall exclude the powers and/or the granting of powers to approve any items or transactions in respect of which the Chief Executive Officer or other persons may have conflicts or interests of other characteristics that are in conflict with the Company or its subsidiaries according to the rules of the Stock Exchange of Thailand. The approval of the items or transactions of the said characteristics must be proposed to the Meeting of the Board of the Directors of the Company and/or the meeting of the shareholders for consideration and approval according to the Articles of Association of the Company or of its subsidiaries or the relevant laws.

- 5 To take other actions as may be assigned by the Company's Board of Directors from time to time.

Selection Process and Appointment of Independent Directors

As the Company does not have an ad-hoc Recruitment Committee, persons who will be elected and appointed as a director or an executive of the Company must possess the qualifications of the Public Company Act B.E. 2551 and the Articles of Association of the Company and does not possess prohibitive characteristics pursuant to the Notification of the Securities and Exchange Commission of Shares.

Composition and Appointment of the Company's Board of Directors

The Company's Board of Directors must be comprised of not less than 5 directors and not more than 10 directors who shall be elected by the shareholders' meeting. Not less than half of the number of directors shall reside in Thailand. The Articles of Association of the Company provides for the shareholders' meeting to elect directors according to the rules and method as follows:

1. Each shareholder shall have one (1) vote per share;
2. Each shareholder shall exercise all votes that he/she has under (1) to elect one (1) or several persons as director or directors. In the case that the shareholders elect several directors, no shareholder can divide his/her vote for any persons or group to any extent at all.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman shall have a casting vote.

At every annual general ordinary meeting, one-third of the directors shall vacate the office at such time. If the number of directors cannot be divided into a multiple of 3, the number nearest to one-third of the directors shall then vacate the office. The directors who vacate the office may be re-elected.

Composition and the appointment of the Executive Committee

The Company's Board of Directors shall appoint the Executive Committee from among a number of directors of the Company.

Composition and appointment of the Audit Committee

The Company's Board of Directors shall appoint the Audit Committee to be elected from among at least 3 persons possessing full qualifications according to the Notification of the Stock Exchange of Thailand and the member of the Audit Committee shall be in office for a 3-year term.

Qualifications and Criteria for recruitment of the Audit Committee

The persons who will be appointed as the Company' member of Audit Committee must:

1. Holding shares not more than 1 percent of paid-up capital of the Company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
2. Being a director who does not take part in the management of the Company, affiliated company, associated company or related company, or majority shareholder of the Company, and is not an employee, staff member of advisor who receives a regular salary from the Company, affiliated company, associated company or related company, or majority shareholder of the Company.
3. Being a director who has no direct or indirect benefit or interest in finance and management of the or majority shareholder of the Company, affiliated company, associated company or related company, or majority shareholder of the Company, including the benefit or interest of the said nature during a period of 1 year before his appointment as a member of the audit committee except where the board of directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
4. Being a director who is not a related person or close relative of any management member or majority shareholder of the Company

5. Being a director whom is not appointed as a representative to safeguard interests of the Company's directors, majority shareholders or shareholders who are related to the Company's majority shareholders.
6. Being capable of performing duties, giving opinions or reporting then result of performance of work according to the duties delegated by the board of directors free and clear of the control of the management or the majority shareholders of the Company including related persons or close relatives of the said persons.
7. Being a director who has adequate knowledge, capabilities and expertise
8. At least 1 of the members of Audit Committee must has knowledge and experience on Financial and accounting and the changing in financial reports
9. Being a director who is able to dedicate sufficient time to work according to the Audit Committee duties

Monitoring the Usage of Internal Information

The Company has a policy to prohibit directors and executives from using the internal information, which is not yet publicly disclosed, for personal interest. This unauthorized use includes the buying/selling of the Company's securities by directors, executives and employees who can receive the inside information. Efforts should be made to avoid or not to trade the company's shares during 1-month period before the public disclosure of the financial statement.

The Company has notified the executives regarding the report of the shareholding and the change on shareholding of the Company's share by the executives and their spouses and minor children to the Office of the Securities and Exchange Commission and the penalty.

If the directors, the executives and employees violate or fail to comply with the Company's policy on the trading in securities by using the inside information, the Company will take disciplinary action against such directors, the executives, or employees by firstly giving a written warning, a cut of pay, temporary suspension of work without pay or ultimately dismissal from employment depending on the gravity of such offence.

Dividend Policy

The Company has the policy to pay dividends not less than 40% of net profit after legal reserve and every category of reserves determined by the Company. However, the payment of the said dividends depends on the investment policy, the necessity and other requirements in the future. To be noted, the shareholders shall be exempted from bringing the dividends earned from the BOI promoted business, which is granted corporate income tax exemption, to be included in the calculation for personal income tax throughout the period of such tax exemption.

The subsidiaries have the policy to pay dividends not less than 40% of net profit after legal reserve and every category of reserves determined by the subsidiaries. However, the payment of the said dividends depends on the investment policy, the necessity and other suitability in the future.

The dividend of the subsidiaries in Malaysia and Singapore will be fully remitted to the Company without any withholding taxes, whereas the dividend of the subsidiaries in Indonesia will be subject to withholding taxes.

The dividend in 2010 was based on the profit generated from January to December 2010.

1) Industry Outlook For Disposable Baby Diapers:

Industry Outlook for Disposable Baby Diapers in Thailand

Disposable baby diaper industry in Thailand has demonstrated consistent growth of up to 10 percent per year. Current total market value is in excess of Baht 9 billion or more than 1 billion pieces a year. The Company projects that the market for baby diapers will continue to grow with the increasing disposable diaper penetration and rising standard of living in Thailand in the coming years.

Industry Outlook for Disposable Baby Diapers in Malaysia

The disposable baby diapers market in Malaysia is highly price-competitive with majority of the companies competing on the mid-price segment. Currently, the total market value is estimated to in excess of Baht 12 billion a year or equivalent to approximately 1.4 billion pieces in volume

Industry Outlook for Disposable Baby Diapers in Indonesia

The disposable baby diapers market in Indonesia has the highest potential due to its big population and low penetration rate. Currently, the total Indonesian disposable baby diapers market is estimated at Baht 9 billion a year or equivalent to approximately 1.5 billion pieces in volume

Industry Outlook for Disposable Baby Diapers in Singapore

Currently, the total Singapore disposable baby diapers market is estimated at Baht 0.85 billion a year or equivalent to approximately 100 million pieces in volume. The market in Singapore is matured due to its low birth rate and the high percentage of babies using disposable diapers.

With improved economic situations in South East Asia, the number of babies converting from traditional cloth-diapers to disposable diapers has been increasing rapidly. In addition, daily consumption of disposable diapers has the potential to increase with increased disposable income. The Company foresees a sustainable growth potential of this industry in the South East Asia region.

2) Industry Outlook For Disposable Adult Diapers:

Industry Outlook for Disposable Adult Diapers in Thailand

The industry for disposable adult diapers has been expanding. Consumers are not restricted to the elderly or patients with incontinence problems, they also include the elderly and patients that are bed bound. Disposable adult diapers will therefore play an increasing role in their daily lives as they offer more convenience and hygiene for the elderly or patients. With the improvement in economic condition and the increase in the aging population, the Company foresees a sustainable growth potential. Current market size is in excess of Baht 1 billion or approximately 45 million pieces per year

Industry Outlook for Disposable Adult Diapers in Malaysia

Similar to the situation in Thailand, the disposable adult diapers market has been growing at about 10% per year and the Company foresees such growth trends to continue. Currently, the total market value is estimated to be more than Baht 350 million a year or more than 28 million pieces

Industry Outlook for Disposable Adult Diapers in Indonesia

The improvement in Indonesian economy will encourage more consumption of disposable adult diapers as the product offers convenience and personal hygiene of the elderly.

Currently, the total market value is estimated to be more than Baht 350 million a year or 25 million pieces in volume.

Industry Outlook for Disposable Adult Diapers in Singapore

Disposable adult diapers is an important part of elderly care in Singapore due to the aging population and the high disposable income.

Currently, the total market value is estimated to be approximately Baht 300 million a year or equivalent to approximately 20 million pieces in volume

Related Transactions

Details of Related transactions of the Company and its subsidiaries with persons who may have had conflict of interest.

Company / Nature of Business / Relationship		Characteristics of transactions		Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
				From Consolidated Financial Statement		
				Audited 31 Dec 09	Audited 31 Dec 10	
1	DSG International Ltd., ("DSGIL") - Holding Company - Registered in BVI - Head Office in HK	1.1	The Company, DSGML, DSGMSB, PTDSG, and DSGS paid the Management Fee & License Royalty Fee to DSGIL	43.772	53.279	The said transaction had its reasonableness and was beneficial to the business operation of the Company and its subsidiaries because the said fee was paid to DSGIL for the services provided under the Management Agreement. In addition, the terms and conditions of the Management Agreements are fair and equitable when compare to the Management Agreements of DSGIL with other affiliated companies. Rate of management fees that the Company have to pay to DSGIL is higher than those of the other subsidiaries. The management support to the Company is more intense as compare to the Company's subsidiaries.
		1.2	DSGIL is the creditor of the Company, AMS, DSGML, DSGMSB, PTDSG, and DSGS due to the unpaid management fees to DSGIL (The said fees were paid monthly without credit term) and reimbursement expenses.	4.888 Aging Current: 4.888	7.933 Aging Current: 7.683	The said transaction was reason- able and considered as a normal transaction. Since it's interest free transaction, it would consider as the financial assistant from DSGIL, the parent company.

Company / Nature of Business / Relationship		Characteristics of transactions		Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
				From Consolidated Financial Statement		
				Audited 31 Dec 09	Audited 31 Dec 10	
2.	Disposable Soft Goods Ltd. ("DSGL") - Manufacturing and distributing diaper products in HK. - Registered in HK - Head Office in HK - DSGIL who is a major shareholder of the Company holds 100 percent of shares in DSGL	2.1	The company sold adult diapers to DSGL.	17.250	51.765	The said transaction is a normal trade transaction with the pricing policy by the method of cost plus marginal profit; the net prices were comparable to prices otherwise obtainable from third parties.
		2.2	The Company and DSGMSB purchased raw materials from DSGL	19.703	5.551	This transaction occurred when there were shortage of raw material or change in specification or product design.
3.	Disposable Soft Goods (UK) Plc ("DSGUK"). - Manufacturing and distributing diaper products domestic and export to Europe. - Registered in UK - Head Office in UK - DSGIL who is a major shareholder of the Company holds 100 percent share in DSGUK.	3.1	PTDSG pays the trademark Royalty Fees to DSGUK	5.028	4.685	The said transaction had its reasonableness and was beneficial to the business operation of PTDSG since the fees was paid to DSGUK, the beneficiary of DSGIL to collect the Royalty fees, for the right to use the trademark under the Trademark License/ Royalty Fees Agreement. The fees are reasonable and are at the same rate that DSGIL charges to other companies.
		3.2	DSGUK is the creditor of PTDSG from the unpaid royalty fees mentioned above. (The said fees were paid quarterly with 20 days credit term)	3.684 Aging Current: 1.171 3 mos: 0.731 3-6 mos: 0.748 6-12 mos: 0.626	1.807 Aging Current: 1.12 3 mos: 0.687	The said transaction was reasonable and considered as a normal transaction. The outstanding balance (interest free) can be considered as a financial support from DSGIL who transfer the right to collect the royalty fee to DSGUK.
4	Disposable Soft Goods (Zhongshan) Ltd. ("DSGZ"). - Manufacturing and distributing diaper products in China - Registered in China - Head Office in China - DSGIL, which is the major shareholder of the Company, holds 100 percent of share in DSGMgt; and DSGMgt holds 100 percent of share in DSGZ.	4.1	The company and DSGMSB purchased fixed assets from DSGZ.	1.140	-	The said transaction occurred when the company need special design machine. It was beneficial to the operation of the company and the price was comparable.

Company / Nature of Business / Relationship		Characteristics of transactions		Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
				From Consolidated Financial Statement		
				Audited 31 Dec 09	Audited 31 Dec 10	
5.	Shanghai DSG MegaThin Co. Ltd. (“SDSGM”). <ul style="list-style-type: none">- Manufacturing and distributing raw material.- Registered in China- Head Office in China- DSGIL, which is the major shareholder of the Company, holds 75 percent of share in Shui Ling Holding Co. Ltd; and Shui Ling Holding Co. Ltd. holds 100 percent of share in SDSGM.	5.1	SDSGM is creditor of the company	0.100 Aging Current: 0.100	0.468 Aging 3 mos: 0.468	The said transaction arose from the purchase of raw materials from SDSGM, which is a normal trade transaction.
6	Nina Industries Co., Ltd., (“NINA”) <ul style="list-style-type: none">- Manufacturing and Distributing absorbent sheet products, cold refreshing towels and sanitary napkins- DSGT and AMS are the sole distributor for NINA Registered in Thailand- Head Office in Thailand	6.1	The Company, and DSGS bought absorbent sheet products, cold refreshing towels and sanitary napkins from NINA. The Company and DSGS are distributors for NINA’s products	55.827	72.412	The said transaction was a normal trading transaction with the pricing policy based on net retail price less distributor margin.
		6.2	NINA is the trade account payable of The Company and DSGS (NINA gives 45 days credit term to The Company)	8.505 Aging Current: 8.505	7.318 Aging Current: 7.318	The said transaction was reasonable and was beneficial to the business operation of the Company.
		6.3	NINA is the non trade account receivable of The Company on purchase discount returned.	1.628 Aging Current: 1.628	4.663 Aging Current: 4.663	The said transaction was a normal trade transaction
7.	PT Panca Talenta Mas (“PT Panca”) <ul style="list-style-type: none">- Distributing consumer products PT Panca is the sole distributor of the Company and PTDSG in Indonesia- Registered in Indonesia- Head Office in Indonesia	7.1	The Company and PTDSG sold the diaper products goods to PT Panca, which is the distributors of The company and PTDSG in Indonesia	220.580	168.243	The said transaction was a normal trading transaction. The pricing policy is based on net Retail price from the re-sale profit, which was similar pricing policy for the third parties.
		7.2	PT Panca is the trade account receivable of the Company, DSGMSB and PTDSG. the Company, DSGMSB and PTDSG give 120 days credit term to PT Panca.	93.358 Aging Current: 51.294 3 mos: 42.064	35.695 Aging Current: 35.695	The said transaction was a normal business transaction.
		7.3	PT Panca is payable of the Company and PTDSG because PT Panca paid advertising and promotion expenses in advance for the Company and PTDSG. The Company and PTDSG will pay back PT Panca later.	6.123 Aging Current: 6.123	2.523 Aging Current: 2.523	The said transaction was a normal business transaction.

Company / Nature of Business / Relationship		Characteristics of transactions		Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
				From Consolidated Financial Statement		
				Audited 31 Dec 09	Audited 31 Dec 10	
8	DSG Technology Holding Limited ("DSG TEC") Holding company - Registered in Hongkong - Head Office in Hongkong	8.1	The company, DSGMSB, DSG- MAL and PTDSG pay licenses fee to DSG TEC	0.627	16.412	The said transaction had its reasonableness and was beneficial to the business operation of the Company and it's subsidiaries, the beneficiary of DSG TEC to collect the licenses fees, for the right to manufacture under the license fees agreement. The fees are reasonable and are at the same rate that DSG TEC charges to other companies
		8.2	DSG TEC is the creditor of the company, DSGMSB, DSGMAL and PTDSG from the unpaid royalty fees mentioned above.	0.038 Aging Current: 0.038	4.721 Aging Current: 4.721	The said transaction was reasonable and considered as a normal transaction.
9	Khun Suwanna Anuwongnukroh & Suwanna & Sons Group	9.1	The Company paid the rental payment for lease of the Of- fice and warehouse to Khun Suwanna Anuwongsukroh and Suwanna and Sons Group	2.657	-	The Company has appraised the fair value for the rental fees in that areas 10 years ago, and considered that the rental fees at that time was reasonable. The rental fees increase from Baht120K to 140K because of the increase of the property tax from District Office. The increase were included the rental of car park & forth floor of the office. The rental fee presently is lower than market price, which was beneficial to the business operation of the Company and AMS. -The rental agreement expired 30 Nov'09

Details of Related transactions within the period of the Company and its subsidiaries with persons who may have had conflict of interest.

Company / Nature of Business / Relationship		Characteristic of Transactions	Related transactions		Comments of Audit Committee/Necessity and Reasonableness
			during 2009	during 2010	
1	PT DSG Surya Mas Indonesia (“PTDSG”) - Manufacturing and distributing diaper products.	DSGT grants loan to PTDSG. The said loan bears the interest of 5.5% per annum and is to be repaid within Aug 2010.	Beginning : 49.810 Repaying : 3.000 Ending : 46.810	Beginning : 46.810 Repaying : - Ending : 46.810	This transaction was reasonable since it was the financial assistant from DSGT as the parent company to its subsidiary. The loan was beneficial to PTDSG since it was used as working capital. The said loan was made during the group restructuring process when DSGT held 100 percent in PTDG. However, after the group restructuring, DSGT holds only 60 percent in PTDSG. The offering loan to PTDSG is not in the proportion of shareholding. Therefore, DSGT requested the other shareholder of PTDSG to pledge his PTDSG shares to DSGT. Moreover, the provision of loans among the Company and its subsidiaries in the future will be done in the proportion of shareholding.
		- PTDSG paid interest to DSGT	2.736	2.575	

Management Responsibility for Financial Reporting

We believe in doing what is right; translating into our financial reporting, it means high-quality financial reporting with accuracy and transparency. Management is responsible for maintaining an effective system of internal control and excellent operation. The Board of Directors through its Audit committee provides oversight. We have engaged Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., to audit our Consolidated Financial Statements on which they have issued unqualified opinion.

Management's Discussion and Analysis

The purpose of the discussion was to provide an understanding of DSGT financial result. The management's discussion and analysis (MD&A) comprised of the following sessions:

- overview
- Summary of 2010 results
- Forward-looking
- Financial Conditions
- Income tax
- Other information

Overview

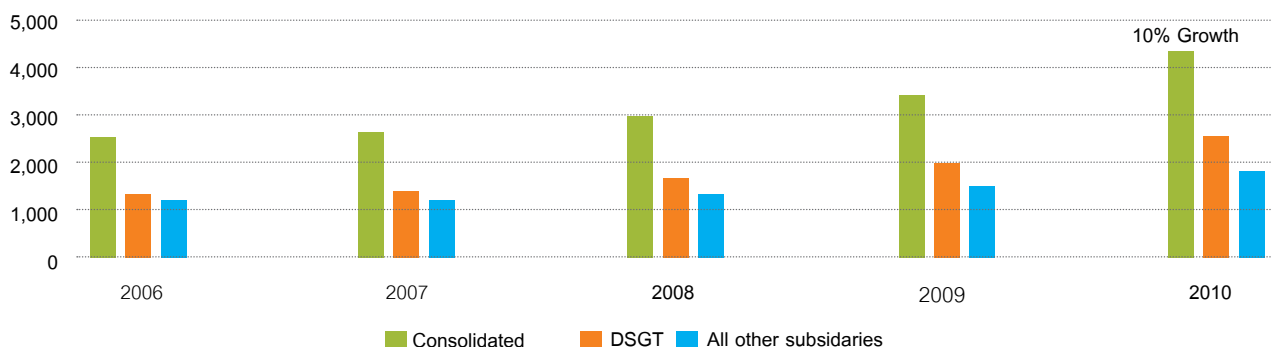
At DSGT we focus on providing high quality products at the lowest possible manufactured costs to satisfy the needs of the consumers. Our products are mainly sold in South East Asia region with export to other Asian, Middle East and EU markets. Our industry is highly competitive, with global, regional and local competitors. We compete in every segment of the markets across SEA with the objective of holding either No. 1 or No. 2 market share positions.

Summary of 2010 results

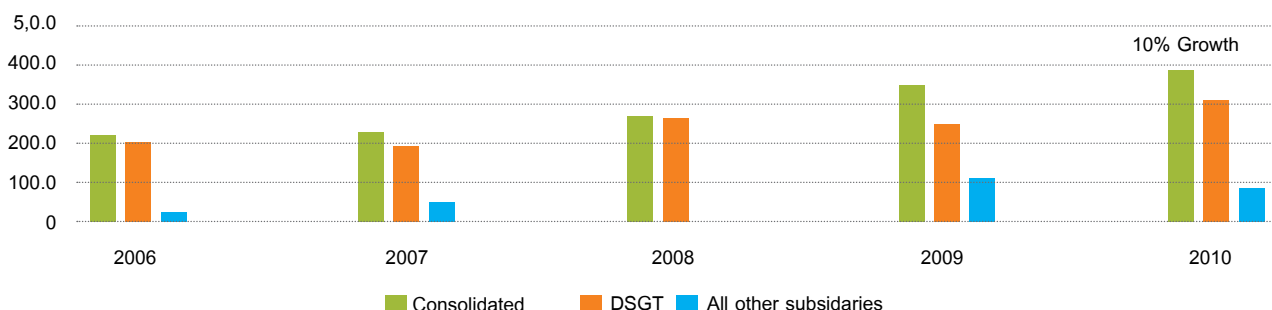
Consolidated total revenue from sales in 2010 were Baht 4,367.1 million, increased of Baht 930 million or 27% from the previous year. Consolidated profit before finance costs and income tax expenses increased from last year by 10%. The relatively higher income growth was due lower Selling and Administration expenses resulting from higher sales growth. While separated profit before finance costs and income taxes expense increased from last year by 24%. The net profit attributable to the equity holder of the parent company for 2010 were Baht 364.2 million, an increase from previous year by Baht 52.8 million, equivalent to 17% growth

Illustration by Charts:

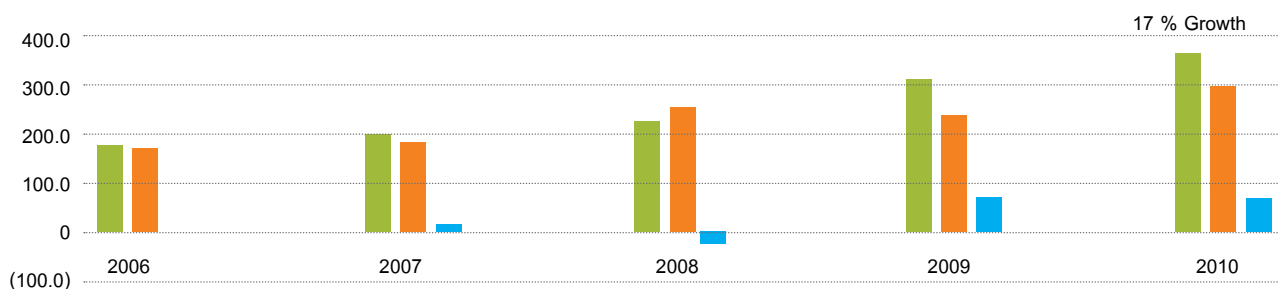
Revenue from Sales in Million of Baht



Profit before finance cost and income tax in Million of Baht



Net Income (attributable to the parent company) in Million of Baht



Forward looking

We discuss expectation of future performance. All such statements are based on financial data and our business plan which was available at the time of the statements. Time factor and high level of competitive activities might result in deviations, thus investors must recognize the uncertainty and events that could be different from our expectations. To address these factors we must respond to competitive factors including pricing, promotional activities, trade terms and product initiatives. Our costs are subject to fluctuations due to changes in raw material prices and exchange rates, as most of our raw materials were imported. Therefore our success was dependent upon our ability to manage these fluctuations and currency exposure. Economy changes and political environment do affect the consumer confidence. Our success will depend, in part, in our ability to manage the global, regional and local political and / or economic uncertainty.

Financial Condition

We believe our strong financial condition will continue to support the expansion of our business. Operating cash flow our income primarily provides the funds for operation needs and capital expenditure. Our 2010 cash flow from operation was utilized in increasing business capability to support revenue growth. Our investing activities were capital expenditure of business expansion relating to production capacity, innovations and business acquisition of subsidiaries to a fully owned status. Our financing activities were on dividend payment and loan settlement.

Dividend payment during year 2010 as reflected in the Balance sheet as per the audited statement at the time was Bt. 126.6 million; comprised of (a) the final dividend paid for the year 2009 of 12 satang per share at Baht 34.8 million and (b) the interim dividend for the year 2010 of 31 satang per share was paid at Baht 91.8 million.

Dividend Pay Out



Liquidity and Treasury purchases

The company generated funds from operation as primary source of funding of share repurchased which was done during the period of 8 October 2008 to 7 April 2009. Total treasury Stock hold by the company is 10,254,000 shares at book value of Baht 30.3 million. We do not have guarantees or any off balance sheet financing agreements which it may have an impact on financial condition or liquidity.

On 10 March 2010, the Board of Director approved the sales of 10,254,000 treasury shares in the period of 31 March 2010 to 7 April 2012. During the year 2010, the Company sold treasury shares of 7,711,100 shares in the total amount of Baht 80.15 million and had premium on treasury shares in the amount of Baht 57.34 million.

During February to March 2011, the Company has sold the rest of treasury stock. As at 10 March 2011, there was no treasury stock held by the Company.

Other information

In preparation of our financial statements we use Thai GAAP as basis of our accounting policies. Significant one is revenue recognition and fair value of financial instruments. DSGT, as a separate financial statement, does not pay income tax due to promotional certificates received from the BOI however the consolidated statement does reflects tax payments of our subsidiaries.

The Company has set up the policy in relation to supervision of the business for transparency in the operation of the Company at all levels, i.e., operating members of the staff, executives and the directors of the Company, which forms the important basis for improving operating efficiency and effectiveness of the Company for long-term benefit of the shareholders, customers, investors and the general public. The Company has implemented its corporate governance practice in compliance with the principles prescribed by the Stock Exchange of Thailand (the Principles Good Corporate Governance for the Listed Companies in 2006).

Article 1 Right of Shareholders

The Company has the policy to treat the shareholders equally and to whom the Company has delivered the notice of the shareholders meeting together with the information supporting various agenda of the meeting for advance information to the shareholders. In addition, the shareholders will be able to make enquiries, express of opinion and various recommendations. The minutes of the meetings will be correctly and completely recorded to enable the shareholders to inspect. The Company intends to send to the shareholders a notice of the meeting together with support documents at least 7 days in advance in agreement with the minimum timeframe required by law and has the policy to provide more options to the shareholders. For this purpose, the Audit Committee is appointed as a proxy of the shareholders in the event that the shareholder will not be able to attend the meeting.

For the shareholders' mutual understanding, there will be a Thai translator in case that the shareholders' meeting is conducted by a foreigner.

Article 2 Equitable Treatment of Shareholders

The Company has the policy of treating every shareholder equally. The shareholders can freely exercise the right to vote in electing the Company's Board of Directors, in relation to adoption of resolutions, expression of opinion and posing of any questions in the meeting according to the agenda and proceeding of the meeting and the proposed matters. Every shareholder has the right and the equality of being informed of correct, update, open and complete information and the shareholders will be able to inspect various information.

Article 3 Role of Stakeholders

The Company has placed an importance on the right of groups with various interests, whether they are internal groups with interest, namely, executives and members of the staff of the Company or the external groups with interests such as relevant competitors, creditors, State sector and other organizations. For this purpose, the Company will comply with the provisions of the laws and various relevant rules and regulations to ensure that the rights of these groups with interest are properly attended to. In the past operation, the Company had treated members of the staff equally and fairly by providing suitable remuneration. The purchase of goods and services from trading partners has proceeded according to agreed terms as well as the compliance with the contracts made with trading partners. The Company has paid attention to and been accountable to the customers, to keep the secrets of the customers confidential. In addition, the Company's corporate ethics has defined the code of practice under framework of good competitive rules, not to seek bad competition nor information, which is the secrets of the competitors by dishonest and improper means.

Article 4 Disclosure and Transparency

The Company discloses information on material matters regarding the Company, such as financial reports and other information, that are clear, concise, easy to understand, complete, adequate, reliable and timely. Governance policies and structure are also reported in the annual registration statement (Form 56-1), annual report (Form 59-2), and at the Company's website to ensure shareholders have equitable access. We further report on the responsibility of the Board of Director for the financial statements which appear together with audited report of the certified public accountant in the annual report.

The Company adheres to doing the right thing as its operating guidelines. Every director, executive and every employee and the Company has a joint mission to perform his/her respective duty honestly within the framework of the law.

And under the scope of its own responsibility including exercising a judicious decision to enter into trading and in the treatment of other persons; to refrain from doing any act that will cause risk of damage to the Company and the public collectively even though it is seemingly that such act would be favorable to the business of the Company. In addition, the Company also sets forth the regulations governing work performance for compliance by all personnel as guidelines for the performance of duty with honesty. The said regulations also provide for penalty clause in case of violation of the regulations.

The Company appointed Ms.Kanitta Ariya (Tel. No. +66 2651 8061) to be responsible for establishing and maintaining public relations with investors with regards to the disclosure of correct and complete, transparent and thorough information including the financial data, general information and information of material importance to the price of the Company's securities. These are done by means of dissemination of the Company's information to the shareholders, investors and the public through various channels.

Article 5 Board Responsibilities

5.1 Board Structure

The Company's Board of Directors is comprised of 8 persons:

- 4 directors are foreigners, one of whom are based in DSGT as Director of Strategic Business Development - Asia
- 1 director are Thai national
- 3 directors are independent directors

Remark: Hence, there are 4 foreign directors in the Board.

One third of the Company's directors are independent directors. In any case that a director has interest on the matter, he or she will not have the right to vote on that matter.

5.2 Sub-committee

The Company's Board of Directors has appointed the sub-committee to assist with the supervision of the business of the Company as follows:

- The Audit Committee shall be in office for a 3-year term comprising 3 members. Every member is an independent member.
- The Company does not have the Remuneration Determination Sub-committee. However, the Company grants power to the Executive Committee to set out a policy to determine the rate of wage and salary structure. There is a suitable process of considering preliminary remuneration based on the data of the same industrial companies and of nearest size combined including the operating result to support the consideration.

5.3 Responsibilities of the Board of Directors

The Company's Board of Directors is comprised of persons knowledgeable in, capable of and experienced in the operation of the business. The Board of Directors shall have the responsibility to set out the policy, vision, strategy, aim, mission, business plan and budget of the Company. In addition, the Board of Directors shall be responsible for the supervision of the administration and management of the operation in accordance with the established policy efficiently and effectively within the framework of the law, objectives, Articles of Association of the Company and the resolutions of the meeting of the shareholders responsibly, honestly, carefully based on the principles of good corporate governance. This is to add maximum economic value to the business of the Company and maximum security to the shareholders. Furthermore, the Company has placed an importance on the internal control system, internal audit and appropriate management of risk including the cross-examination to ensure that the operation of the Company is carried out in accordance with the law. There is a good control system to ensure maximum efficient and effective internal control system for the Company. In addition, the Board of Directors is the one who considers, defines and separates clear and distinctive roles and responsibilities among the Company's Board of Directors and the Executive Committee, the Audit Committee and the Chief Executive Officer.

5.4 Board Meetings

The Company has a policy of delivering the notice of the meeting together with supporting documents to directors for consideration before date of meeting at least 7 days in advance. This is in accordance with the minimum timeframe required by law. In 2010, the Board of Directors convened a total of 8 meetings and the minutes of the meetings were properly recorded

in writing. The minutes of past meetings of the Board of Directors certified by the Company's Board of Directors have been properly kept for inspection by the directors or relevant persons.

For every Board of Director's meeting, the number of directors physically attending the meeting had always been sufficient to constitute a quorum.

5.5 Remuneration

The Company has set up a clear policy for remunerating directors and executive directors. The consideration of the remuneration for directors shall be within the powers of the shareholders' meeting to approve. As for the remuneration of the executives, it shall be within the power of the Board of Directors to approve. The consideration for approval of the remuneration for the said directors and executives shall be at the same level as that of the industry, which is adequately high enough to attract and to retain the directors and executives who possess the qualification required by the Company.

The cash remuneration that the Company paid to the directors for 1 year period ended 31 December 2010 is as follows:

Unit : Million Baht

Name	Meeting Attendance (time/total)	BOD	Audit Com	Exe Com	Total
1. Mr. Wang Shui Ling Brandon ¹	0/8	-	-	-	-
2. Mr. Chan Kam Shing Ambrose ²	6/8	-	-	-	-
3. Mr. Foo Eng Chuan ³	4/8	-	-	-	-
4. Mr. Pairat Anuwongnukroh ⁴	2/8	-	-	-	-
5. Mrs.Vichulada Klinthong	7/8	-	-	-	-
6. Miss Justine Man San Wang	6/8	-	-	-	-
7. Mr.Sukporn Chatchavalapong	8/8	-	0.380	-	0.380
8. Dr.Vissnu Pommipanit	7/8	-	0.380	-	0.380
9. Mr.Nitiphong Tejavaniya ⁵	2/8	-	0.190	-	0.190
10. Mr.Chalit Limpanavech ⁶	3/8	-	0.095	-	0.095

Remark:

1. Mr. Wang Shui Ling Brandon, Chairman of the BOD, was appointed as the Company's director on March 10, 2010.
2. Mr. Chan Kam Shing Ambrose, CEO-SEA was appointed as the Company's director on March 10, 2010.
3. Mr.Foo Eng Chuan COO-SEA was appointed as the Company's director on April 27, 2010.
4. Mr.Pairat Anuwongnukroh, Director-General Affairs & Company Secretary, resigned as the Company's director on March 10, 2010.
5. Mr.Nitiphong Tejavaniya, Independent director and member of the Audit Committee, resigned as the Company's director on July 7, 2010.
6. Mr.Chalit Limpanavech, Independent director and member of the Audit Committee, was appointed as the Company's director on October 1, 2010.

In 2010 the Company paid remuneration to directors (Independent directors) and executives totaling Baht 1.05 million and Baht 16.62 million , respectively in the form of salary and bonus payment.

The Company and its subsidiaries paid cash remuneration to directors and executives totaling Baht 32.59 million in 2010.

The Company and its subsidiaries did not pay non-cash remuneration to directors in 2010. The Company paid non-cash remuneration to its executives totaling Baht 5.73 million in the form of fringe benefits such as accommodation expenses, etc.

The Company and its subsidiaries paid non-cash remuneration to executives totaling Baht 6.03 million in 2010.

Report of the Audit Committee

The Audit Committee of the Board of Directors is comprised of 3 directors, namely:

Mr. Sukporn Chatchavalapong	Chairman of the Audit Committee
Dr. Vissnu Poommipanit	Member of the Audit Committee
Mr. Chalit Limpanavech	Member of the Audit Committee

Each member of the Audit Committee is an independent director who meets the independence, experience and other qualifications of the Stock Exchange of Thailand and the Securities & Exchange Commission.

The Audit Committee has reviewed the Company's audited financial statements for the year ending 31 December 2010 and has the opinion that the financial statements have been prepared and fairly presented in accordance with generally accepted accounting principles. The Audit Committee has also reviewed and expressed an opinion on the audit plan, as well as considered results of the audit from the Company's internal audit division to ensure that the internal control system is adequate and appropriate.



Mr. Sukporn Chatchavalapong
Chairman of the Audit Committee

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Report Of The Independent Certified Public Accountants

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED

We have audited the consolidated balance sheets of DSG International (Thailand) Public Company Limited and its subsidiaries and the balance sheets of DSG International (Thailand) Public Company Limited as at December 31, 2010 and 2009, and the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of DSG International (Thailand) Public Company Limited and its subsidiaries and of DSG International (Thailand) Public Company Limited as at December 31, 2010 and 2009, the results of operations and cash flows for the years then ended in conformity with generally accepted accounting principles.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
February 24, 2011

BALANCE SHEETS

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2010 AND 2009

Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2010	2009	2010	2009
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		127,332,441	138,274,689	70,628,397	68,175,332
Trade accounts receivable - net					
Related companies	5 and 19	59,733,741	103,563,016	92,414,143	61,423,770
Others	5	1,126,730,326	806,092,416	800,342,007	578,137,713
Amounts due from related companies	19	4,662,809	8,961,548	50,629,113	9,147,407
Loan to a related company	19	-	-	46,809,542	46,809,542
Inventories - net	6	746,224,887	359,976,297	411,108,403	177,872,962
Tax refundable		20,114,706	11,776,080	2,650,981	407,704
Other current assets		34,329,505	32,726,579	21,869,743	23,884,712
Total Current Assets		2,119,128,415	1,461,370,625	1,496,452,329	965,859,142
NON-CURRENT ASSETS					
Advance payments for purchases of fixed assets		27,035,301	79,425,880	27,035,301	79,425,880
Investments in subsidiaries	7	-	-	241,190,875	164,381,520
Property, plant and equipment - net	8	870,967,346	676,578,080	705,995,647	491,301,834
Intangible assets - net	9	15,607,026	14,623,735	11,879,979	9,217,327
Other non-current assets		10,488,167	9,894,844	5,324,347	3,907,900
Total Non-Current Assets		924,097,840	780,522,539	991,426,149	748,234,461
TOTAL ASSETS		3,043,226,255	2,241,893,164	2,487,878,478	1,714,093,603

Notes to the financial statements form an integral part of these statements

BALANCE SHEETS (CONTINUED)

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2010 AND 2009

Baht

		Notes	Consolidated Financial Statements		Separate Financial Statements	
			2010	2009	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Bank overdraft and short-term loans						
from financial institutions	10	469,944,609	230,024,765	455,766,607	230,024,765	
Trade accounts payable						
Related company	19	7,318,035	8,505,315	7,318,035	8,505,315	
Others		439,772,133	308,980,673	256,313,941	173,020,771	
Amounts due to related companies	19	24,756,560	14,879,248	15,092,640	3,402,617	
Current portion of obligation						
under finance lease agreements	11	2,524,864	1,721,962	2,501,111	1,697,791	
Current portion of long-term loans	12	88,967,000	35,004,000	88,967,000	35,004,000	
Accrued expenses		301,630,682	284,441,180	153,635,957	139,397,336	
Current portion of other						
non-current liability	13	24,581,175	23,902,917	-	-	
Other current liabilities		61,884,640	18,882,951	51,355,890	13,448,992	
Total Current Liabilities		1,421,379,698	926,343,011	1,030,951,181	604,501,587	
NON-CURRENT LIABILITIES						
Obligation under finance lease agreements	11	1,587,895	2,445,487	1,570,080	2,405,203	
Long-term loans	12	112,460,274	15,407,000	112,460,274	15,407,000	
Other non-current liability	13	18,435,881	41,780,879	-	-	
Total Non-Current Liabilities		132,484,050	59,633,366	114,030,354	17,812,203	
TOTAL LIABILITIES		1,553,863,748	985,976,377	1,144,981,535	622,313,790	

BALANCE SHEETS (CONTINUED)

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2010 AND 2009

Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2010	2009	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
300,000,000 Ordinary shares of					
Baht 1 each					
		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up share capital					
300,000,000 Ordinary shares of					
Baht 1 each, fully paid					
		300,000,000	300,000,000	300,000,000	300,000,000
PREMIUM ON ORDINARY SHARES					
		173,974,474	173,974,474	173,974,474	173,974,474
PREMIUM ON TREASURY SHARES 14					
		57,339,008	-	57,339,008	-
EXCHANGE DIFFERENCES ON TRANSLATION OF THE					
FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES					
		(21,505,934)	(19,146,880)	-	-
DIFFERENCE BETWEEN THE NET BOOK VALUE OF					
INVESTMENTS AND COSTS OF ACQUISITION 3.10 and 7					
		(56,971,081)	5,993,137	-	-
RETAINED EARNINGS					
Appropriated					
Legal reserve 16					
		36,691,530	36,691,530	36,691,530	36,691,530
Treasury share reserve 14					
		7,522,661	30,334,084	7,522,661	30,334,084
Unappropriated					
		999,834,510	735,621,138	774,891,931	581,113,809
TOTAL EQUITY ATTRIBUTABLE TO EQUITY					
HOLDERS OF THE PARENT					
		1,496,885,168	1,263,467,483	1,350,419,604	1,122,113,897
TREASURY SHARES 14					
		(7,522,661)	(30,334,084)	(7,522,661)	(30,334,084)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY					
HOLDERS OF THE PARENT- NET					
		1,489,362,507	1,233,133,399	1,342,896,943	1,091,779,813
MINORITY INTEREST					
		-	22,783,388	-	-
TOTAL SHAREHOLDERS' EQUITY					
		1,489,362,507	1,255,916,787	1,342,896,943	1,091,779,813
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		3,043,226,255	2,241,893,164	2,487,878,478	1,714,093,603

Notes to the financial statements form an integral part of these statements

STATEMENTS OF INCOME

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2010	2009	2010	2009
Revenue from sales	19	4,367,163,143	3,436,816,361	2,537,281,688	1,961,050,827
Cost of sales	19	(2,820,419,343)	(2,187,325,781)	(1,587,067,394)	(1,169,069,022)
Gross profit		1,546,743,800	1,249,490,580	950,214,294	791,981,805
Gain on exchange rate		31,723,222	25,338,882	5,766,155	2,089,519
Dividend income	19	-	-	38,471,014	28,970,022
Other income		21,504,437	6,560,232	17,351,486	4,008,547
Profit before expenses		1,599,971,459	1,281,389,694	1,011,802,949	827,049,893
Selling expenses		(965,124,247)	(719,355,983)	(550,432,004)	(449,227,724)
Administrative expenses	19	(209,141,098)	(172,363,554)	(129,008,239)	(111,068,802)
Management benefit expenses		(38,627,781)	(38,391,121)	(23,420,229)	(18,391,899)
Total expenses		(1,212,893,126)	(930,110,658)	(702,860,472)	(578,688,425)
Profit before finance costs and income tax expenses		387,078,333	351,279,036	308,942,477	248,361,468
Finance costs		(12,036,342)	(11,207,426)	(11,317,115)	(10,082,453)
Profit before income tax		375,041,991	340,071,610	297,625,362	238,279,015
Income tax expenses	24	(16,950,641)	(17,863,300)	-	-
NET PROFIT		358,091,350	322,208,310	297,625,362	238,279,015
PROFIT (LOSS) ATTRIBUTABLE TO:					
Equity holders of the parent			311,369,097	297,625,362	238,279,015
Minority interest		(6,134,481)	10,839,213	-	-
		358,091,350	322,208,310	297,625,362	238,279,015
BASIC EARNINGS OF EQUITY					
HOLDERS OF THE PARENT PER SHARE	Baht	1.24	1.07	1.02	0.82
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	15 Shares	293,015,610	289,896,680	293,015,610	289,896,680

Notes to the financial statements form an integral part of these statements

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

CONSOLIDATED FINANCIAL STATEMENTS													
	Notes	Equity attributable to equity holders of the parent									Minority interest	Total	
		Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Exchange differences on translation of the financial statements offoreign subsidiaries	Difference between the net book value of investments and costs of acquisition	Retained earnings		Treasury shares	Total			
							Appropriated	Unappropriated					
													Legal reserve
Beginning balances as at January 1, 2009		300,000,000	173,974,474	-	(16,199,342)	5,993,137	36,691,530	27,905,418	562,986,105	(27,905,418)	1,063,445,904	11,944,175	1,075,390,079
Dividend paid	18	-	-	-	-	-	-	-	(136,305,398)	-	(136,305,398)	-	(136,305,398)
Exchange differences on translation of the financial statements of foreign subsidiaries		-	-	-	(2,947,538)	-	-	-	-	-	(2,947,538)	-	(2,947,538)
Net profit for the year		-	-	-	-	-	-	-	311,369,097	-	311,369,097	10,839,213	322,208,310
Treasury shares	14	-	-	-	-	-	-	-	-	(2,428,666)	(2,428,666)	-	(2,428,666)
Treasury share reserve	14	-	-	-	-	-	-	2,428,666	(2,428,666)	-	-	-	-
Ending balances as at December 31, 2009		300,000,000	173,974,474	-	(19,146,880)	5,993,137	36,691,530	30,334,084	735,621,138	(30,334,084)	1,233,133,399	22,783,388	1,255,916,787
Beginning balances as at January 1, 2010		300,000,000	173,974,474	-	(19,146,880)	5,993,137	36,691,530	30,334,084	735,621,138	(30,334,084)	1,233,133,399	22,783,388	1,255,916,787
Dividend paid	18	-	-	-	-	-	-	-	(126,658,663)	-	(126,658,663)	-	(126,658,663)
Exchange differences on translation of the financial statements of foreign subsidiaries		-	-	-	(2,359,054)	-	-	-	-	-	(2,359,054)	-	(2,359,054)
Difference between the net book value of investments and cost of acquisition	6	-	-	-	-	(3,834,781)	-	-	3,834,781	-	-	-	-
Net profit for the year		-	-	-	-	-	-	-	364,225,831	-	364,225,831	(6,134,481)	358,091,350
Sales of treasury shares	14	-	-	57,339,008	-	-	-	-	-	22,811,423	80,150,431	-	80,150,431
Treasury share reserve	14	-	-	-	-	-	-	(22,811,423)	22,811,423	-	-	-	-
Increase in shareholding in a subsidiary company		-	-	-	-	(59,129,437)	-	-	-	-	(59,129,437)	(16,648,907)	(75,778,344)
Ending balances as at December 31, 2010		300,000,000	173,974,474	57,339,008	(21,505,934)	(56,971,081)	36,691,530	7,522,661	999,834,510	(7,522,661)	1,489,362,507	-	1,489,362,507

Notes to the financial statements form an integral part of these statements

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	SEPARATE FINANCIAL STATEMENTS								
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings			Treasury shares	Total
					Appropriated		Unappropriated		
					Legal reserve	Treasury share reserve			
Beginning balances as at January 1, 2009									
Dividend paid	18	-	173,974,474	-	36,691,530	27,905,418	481,568,858	(27,905,418)	992,234,862
Net profit for the year		-	-	-	-	-	(136,305,398)	-	(136,305,398)
Treasury shares	14	-	-	-	-	-	238,279,015	-	238,279,015
Treasury share reserve	14	-	-	-	-	-	-	(2,428,666)	(2,428,666)
Ending balances as at December 31, 2009									
		300,000,000	173,974,474	-	36,691,530	30,334,084	581,113,809	(30,334,084)	1,091,779,813
Beginning balances as at January 1, 2010									
Dividend paid	18	-	173,974,474	-	36,691,530	30,334,084	581,113,809	(30,334,084)	1,091,779,813
Net profit for the year		-	-	-	-	-	(126,658,663)	-	(126,658,663)
Sales of treasury shares	14	-	-	-	-	-	297,625,362	-	297,625,362
Treasury share reserve	14	-	-	57,339,008	-	-	-	22,811,423	80,150,431
		-	-	-	-	(22,811,423)	22,811,423	-	-
Ending balances as at December 31, 2010									
		300,000,000	173,974,474	57,339,008	36,691,530	7,522,661	774,891,931	(7,522,661)	1,342,896,943

Notes to the financial statements form an integral part of these statements

STATEMENTS OF CASH FLOWS

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	375,041,991	340,071,610	297,625,362	238,279,015
Adjustments				
Depreciation and amortization	106,898,167	82,818,612	70,390,253	60,756,943
(Gain) Loss on sales of fixed assets and computer software	(1,544,231)	367,985	(696,540)	20,743
Doubtful debts	4,419,196	4,455,016	8,511,711	4,906,347
Loss on write off technology transfer and license fees	4,222,800	-	4,222,800	-
Loss on decline in value of inventories (reversal)	(9,936,768)	11,070,034	(9,936,768)	11,109,111
Loss on impairment of investment	-	-	-	4,112,005
Interest expenses	9,178,800	8,766,747	9,116,975	8,765,152
Adjustments for effect of subsidiary's dissolution	(416,685)	-	-	-
Dividend income from investments in subsidiaries	-	-	(38,471,014)	(28,970,022)
	487,863,270	447,550,004	340,762,779	298,979,294
(Increase) decrease in trade accounts receivable - related companies	43,829,275	(37,580,520)	(30,990,373)	6,428,209
Increase in trade accounts receivable - others	(325,057,106)	(255,478,388)	(230,716,005)	(218,771,246)
(Increase) decrease in amounts due from related companies	4,298,739	(8,119,633)	(41,481,706)	(8,021,932)
(Increase) decrease in inventories	(376,311,822)	64,898,471	(223,298,673)	38,659,605
Increase in tax refundable	(8,338,626)	(4,467,588)	(2,243,277)	(50,045)
(Increase) decrease in other current assets	(1,556,415)	(8,150,696)	2,061,480	(9,542,673)
Increase in other non-current assets	(593,323)	(6,961,512)	(1,416,447)	(6,250,613)
Increase (decrease) in trade accounts payable - related companies	(1,187,280)	1,727,550	(1,187,280)	1,725,431
Increase (decrease) in trade accounts payable - others	130,791,460	(19,662,853)	83,293,170	(9,935,482)
Increase (decrease) in amounts due to related companies	9,877,312	257,054	11,690,023	(7,274,838)
Increase in accrued expenses	15,715,096	130,338,845	12,764,217	85,216,245
Increase (decrease) in other current liabilities	(9,528,444)	9,968,479	(4,240,665)	7,449,474
Cash paid for interest	(9,178,800)	(9,190,257)	(9,116,975)	(9,188,662)
Cash paid for income tax	(6,880,030)	(23,403,682)	(60,042)	(71,211)
Net cash (used in) provided by operating activities	(46,256,694)	281,725,274	(94,179,774)	169,351,556

Notes to the financial statements form an integral part of these statements

STATEMENTS OF CASH FLOWS (CONTINUED)

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2010	2009	2010	2009
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from loan to a related company	-	-	-	3,000,000
Dividend received from in subsidiaries	-	-	38,471,014	28,970,022
Cash received from a subsidiary after liquidation	-	-	210,050	-
Cash payment for purchase of a subsidiary's ordinary shares	(30,350,000)	-	(30,350,000)	-
Cash payment for purchases of fixed assets and intangible assets	(252,262,256)	(78,957,916)	(213,276,608)	(22,868,685)
Advance payments for purchases of fixed assets	(27,035,301)	(79,425,880)	(27,035,301)	(79,425,880)
Proceeds from sales of fixed assets	3,326,031	376,108	1,005,100	268,939
Net cash used in investing activities	(306,321,526)	(158,007,688)	(230,975,745)	(70,055,604)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in bank overdraft and short-term loan from financial institutions	239,919,844	80,024,765	225,741,842	80,024,765
Repayments of finance lease obligation	(2,664,187)	(1,148,607)	(2,641,300)	(1,092,700)
Repayments of long-term loans from financial institutions	(48,983,726)	(35,004,000)	(48,983,726)	(35,004,000)
Proceeds from long-term loans from a financial institution	200,000,000	-	200,000,000	-
Treasury shares	-	(2,428,666)	-	(2,428,666)
Cash received from sales of treasury shares	80,150,431	-	80,150,431	-
Dividend paid	(126,658,663)	(136,305,398)	(126,658,663)	(136,305,398)
Net cash provided by (used in) financing activities	341,763,699	(94,861,906)	327,608,584	(94,805,999)
Exchange differences on translation of the financial statements of foreign subsidiaries	(127,727)	(2,947,537)	-	-
Net (decrease) increase in cash and cash equivalents	(10,942,248)	25,908,143	2,453,065	4,489,953
Cash and cash equivalents as at January 1,	138,274,689	112,366,546	68,175,332	63,685,379
Cash and cash equivalents as at December 31,	127,332,441	138,274,689	70,628,397	68,175,332

Notes to the financial statements form an integral part of these statements

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. GENERAL INFORMATION

DSG International (Thailand) Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws on May 20, 1994. The Company’s main businesses are to manufacture, sell and export disposable baby diapers and adult incontinent products. The registered head office is located at 11th Floor, Regent House Building, 183 Rajdamri Road, Lumpini, Pathumwan, Bangkok and the factory is located at 39 Moo 1 SIL Industrial Zone, Tumbol Bualoy, Amphur Nong Khae, Saraburi Province. The major shareholder is DSG International Limited which was registered in British Virgin Island. Subsequently, the Company converted the Company’s status to public company limited on December 16, 2004. On August 9, 2006, the Stock Exchange of Thailand registered the Company’s ordinary shares as a listed security.

The Company and its subsidiaries have extensive transactions and relationships with affiliated companies. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred had the Company and its subsidiaries operated without such affiliations.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The consolidated and the separate financial statements are prepared in compliance with the Notification of the Department of Business Development dated January 30, 2009 regarding “The Brief Particulars in the Financial Statements B.E. 2552” and in accordance with the Regulation of The Stock Exchange of Thailand dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies, and in accordance with accounting standards and practices generally accepted in Thailand.

For the convenience of readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements which are issued for domestic financial reporting purposes.

2.1 Basis for preparation of the consolidated financial statements

The consolidated financial statements for the years ended December 31, 2010 and 2009 include the financial statements of the Company and its subsidiaries in which the Company has control or invested over 50% of their voting rights. These subsidiaries are detailed as follows:

Company's name	Major business	Country of incorporation	Number of shares		Percentage of shareholding	
			As at December 31,		As at December 31,	
			2010	2009	2010	2009
Advance Medical Supply Company Limited ⁽¹⁾	Dissolution	Thailand	-	3,994	-	99.85
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	3,000,003	3,000,003	100.00	100.00
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	3,400,002	3,400,002	100.00	100.00
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	10,999	6,599	99.99	59.99
Disposable Soft Goods (S) Pte Ltd.	Sell disposable baby diapers and adult incontinent products	Singapore	1,500,000	1,500,000	100.00	100.00

- (1) The subsidiary registered for dissolution with the Ministry of Commerce on July 21, 2010, and liquidated on September 23, 2010.

Significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The consolidated financial statements for the years ended December 31, 2010 and 2009 have included the subsidiaries' financial statements for the years ended December 31, 2010 and 2009, which were audited.

On December 2, 2010, the Company acquired 4,400 shares of PT DSG Surya Mas Indonesia from another shareholder, resulting to 99.99% of shareholding in such subsidiary (see Note 7).

2.2 Accounting standards and Financial Reporting Standards announced but not effective in 2010

The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI), which are not yet effective for the current period as follows:

2.2.1 TAS, TFRS and TFRI which are effective on January 1, 2011:

TAS

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Venture
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property

TFRS

TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

TFRI

TFRI 15	Agreements for the Construction of Real Estate
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2.2.2 TAS which are effective on January 1, 2013:

TAS

TAS 12 Income Taxes

TAS 20 (Revised 2009) Accounting for Government Grants and Disclosure of
Government Assistance

TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rate

The Company's management will adopt the above TAS, TFRS and TFRI relevant to the Company and its subsidiaries in the preparation of the Company's and its subsidiaries' financial statements when they become effective. The Company's management has assessed the effects of these standards and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied. This excludes TAS 16 "Property, Plant and Equipment" and TAS 12 "Income Taxes" for which the management is still evaluating the first-year impact to the financial statements, and has yet to reach a conclusion.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the accounting policies are as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits at bank and fixed deposits at financial institutions with the original maturities of three months or less excluding cash at banks used as collateral.

3.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by weighted average method.

3.3 Investments in subsidiaries

Investments in subsidiaries are recorded using cost method in the separate financial statements. In case an impairment in value of investment has occurred, the resulting loss from impairment of investment is recognized in the statement of income.

3.4 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by reference to their costs on the straight-line method, based on the estimated useful lives of the assets as follows:

Building	20 years
Building improvements	7 and 20 years
Machinery and equipment	3 - 10 years
Furniture and fixture	4 - 10 years
Motor vehicles	4 - 8 years

3.5 Intangible assets

Intangible assets consist of computer software and license fees.

Computer software and license fees are presented at cost less accumulated amortization.

Amortization is calculated by reference to their costs on the straight-line method, based on the estimated useful lives of the assets as follows:

Technology transfer and license fees	5 years	(period of agreement)
Computer software	3 - 5 years	

3.6 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the reference rates of the Bank of Thailand on that date. Gains and losses on exchange arising from settlements or translations are recognized as income or expense when incurred.

The translation of foreign financial statements of subsidiaries for the purpose of preparing the consolidated financial statements is determined using the following rates;

- Assets and liabilities are translated at the rate prevailing at the end of year.
- Shareholders' equity is translated at the rates prevailing on the transaction dates.
- Revenues and expenses are translated at the average rate for the year.

Gain (loss) on translation of financial statements in foreign currencies is shown under shareholders' equity.

3.7 Financial instruments

The Company and its subsidiaries entered into interest rate swap agreement and forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in interest and foreign exchange rates. Further details of financial instruments are disclosed in Notes 12 and 28.

Income and expense from interest rate swap agreement used to manage interest rate exposures are recognized as adjustments to interest income or expense in the statements of income.

The Company records forward foreign exchange contracts, according to the forward rate at which a foreign currency asset and liability will be settled, as contracts receivable and payable on the balance sheet. The premium (discount) on forward foreign exchange contracts is deferred by presenting as other current assets or other current liabilities on the balance sheets and to be amortised over the period of the forward foreign exchange contracts.

3.8 Lease

Operating lease

Leases in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statements of income.

Finance lease

Leases for equipment which substantially transfer all the risks and rewards of ownership to the lessee are classified as finance lease. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased equipment or the present value of the minimum lease payments. The related interest is recognized by effective interest rate method over the term of contracts and charged to the statement of income. The equipment acquired under finance leasing contracts is depreciated over the estimated useful lives of the equipment using the straight-line method.

3.9 Provident fund

The contribution for employees under provident fund scheme is recorded as expenses when incurred.

3.10 Difference between the net book value of investments and costs of acquisition

This represents the difference between the net book value of investments acquired and the costs of acquisition arising from restructuring of the shareholding structure of DSG group and arising from additional acquisition of a subsidiary's share and is presented under the shareholders' equity heading in the balance sheets.

3.11 Revenue recognition

Sales are recognized upon delivery of goods to customers for domestic sales and to a common carrier for export sales, and deducting discounts, purchase volume discount and goods returned.

Dividend income from investments are recognized as income when dividend is declared.

Other income is recognized on an accrual basis.

3.12 Income tax

Income tax expense is based on tax paid and accrued for the current year.

3.13 Basic earnings per share

Basic earnings per share are calculated by dividing net profit for the year by weighted average numbers of ordinary shares issued and paid-up during the year net of treasury shares. The Company did not have any common share equivalents outstanding which would have a dilutive effect on earnings per share.

3.14 Use of management judgement

The preparation of financial statements in conformity with generally accepted accounting principles also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. SUPPLEMENTARY CASH FLOW INFORMATION

4.1 Liabilities incurred from acquisition of fixed assets and intangible assets

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Liabilities incurred from acquisition of fixed assets as at January 1,	71,366,170	5,843,258	4,008,517	4,321,382
<u>Add</u> Purchases of fixed assets and intangible assets	308,848,904	149,180,828	292,278,075	27,255,820
<u>Less</u> Cash payments	(252,262,256)	(78,957,916)	(213,276,608)	(22,868,685)
Being recorded as obligation under finance lease agreements	(2,238,600)	(4,700,000)	(2,238,600)	(4,700,000)
Advance payments for purchases of machine paid in the prior period	(79,425,880)	-	(79,425,880)	-
Liabilities incurred from acquisition of fixed assets as at December 31,	46,288,338	71,366,170	1,345,504	4,008,517
Liabilities incurred from acquisition of fixed assets as at December 31, are included in accounts as follows:				
- Other current liabilities	3,271,282	5,682,374	1,345,504	4,008,517
- Other non-current liability (Note 13)	43,017,056	65,683,796	-	-
Total liabilities incurred from acquisition of fixed assets	46,288,338	71,366,170	1,345,504	4,008,517

4.2 Additional acquisition of investment in a subsidiary

The Company made a payment for the additional acquisition of the subsidiary's shares in 2010 (see Note 7) as follows:

Consolidated and separate financial statements

	Baht
Cost of share acquisition	77,019,406
<u>Less</u> Cash payment	(30,350,000)
Cost of share acquisition payable	46,669,406

Liabilities incurred from acquisition of investment in a subsidiary as at December 31, 2010, are included in accounts as follows:

	Baht
- Accrued expense	1,474,406
- Other current liabilities	45,195,000
Total	46,669,406

4.3 As at December 31, 2010 and 2009, the unused bank overdraft, short-term loan facilities from financial institutions and credit line of bank guarantee are as follows:

Unit: Million

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
The unused bank overdraft and short-term loan facilities from financial institutions				
- Baht currency	164.23	389.98	164.23	389.98
- Malaysian Ringit currency	4.04	-	-	-
The unused credit facility of bank guarantee				
- Baht currency	1.93	6.65	1.93	6.65

5. TRADE ACCOUNTS RECEIVABLE - NET

The Company and its subsidiaries had outstanding balances of trade accounts receivable aged by the number of months as follows:

CONSOLIDATED FINANCIAL STATEMENTS	As at December 31, 2010			As at December 31, 2009		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	59,733,741	949,846,961	1,009,580,702	56,746,802	667,792,380	724,539,182
Overdue						
Less than or up to 3 months	-	174,027,443	174,027,443	46,816,214	133,921,227	180,737,441
Over 3 months up to 6 months	-	7,341,282	7,341,282	-	18,438,112	18,438,112
Over 6 months up to 12 months	-	4,240,721	4,240,721	-	1,163,563	1,163,563
Over 12 months	-	11,366,125	11,366,125	-	450,144	450,144
Total	59,733,741	1,146,822,532	1,206,556,273	103,563,016	821,765,426	925,328,442
Less Allowance for doubtful accounts	-	(20,092,206)	(20,092,206)	-	(15,673,010)	(15,673,010)
Trade accounts receivable - net	59,733,741	1,126,730,326	1,186,464,067	103,563,016	806,092,416	909,655,432

SEPARATE FINANCIAL STATEMENTS	As at December 31, 2010			As at December 31, 2009		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	67,861,994	654,852,164	722,714,158	36,297,151	460,410,731	496,707,882
Overdue						
Less than or up to 3 months	11,839,260	139,640,701	151,479,961	15,429,367	106,800,607	122,229,974
Over 3 months up to 6 months	12,712,889	7,339,877	20,052,766	9,697,252	18,118,945	27,816,197
Over 6 months up to 12 months	-	4,240,721	4,240,721	-	1,163,563	1,163,563
Over 12 months	-	11,366,125	11,366,125	-	229,737	229,737
Total	92,414,143	817,439,588	909,853,731	61,423,770	586,723,583	648,147,353
Less Allowance for doubtful accounts	-	(17,097,581)	(17,097,581)	-	(8,585,870)	(8,585,870)
Trade accounts receivable - net	92,414,143	800,342,007	892,756,150	61,423,770	578,137,713	639,561,483

6. INVENTORIES - NET

Inventories - net consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Raw materials	316,095,434	166,102,705	205,090,557	96,595,131
Finished goods	241,716,890	114,297,482	93,946,876	49,430,328
Spare parts and supplies	24,377,036	15,754,806	5,162,196	-
	582,189,360	296,154,993	304,199,629	146,025,459
<u>Less</u> Allowance for loss on decline in value of inventories	(1,394,056)	(11,330,824)	(1,394,056)	(11,330,824)
	580,795,304	284,824,169	302,805,573	134,694,635
<u>Add</u> Goods in transit	165,429,583	75,152,128	108,302,830	43,178,327
Inventories - net	746,224,887	359,976,297	411,108,403	177,872,962

Costs of inventories recognized as expenses in the consolidated financial statements for the years ended December 31, 2010 and 2009 are Baht 2,830.36 million and Baht 2,176.26 million, respectively.

Costs of inventories recognized as expenses in the separate financial statements for the years ended December 31, 2010 and 2009 are Baht 1,597.01 million and Baht 1,157.97 million, respectively.

For the year ended December 31, 2010, cost of inventories of the Company and its subsidiaries recognized as expenses in the consolidated financial statements includes reversal of allowance for loss on decline in value of inventories of Baht 9.94 million. For the year ended December 31, 2009, cost of inventories of the Company and its subsidiaries recognized as expenses in the consolidated financial statements includes loss on decline in value of inventories of Baht 11.07 million.

For the year ended December 31, 2010, cost of inventories of the Company recognized as expense in the separate financial statements includes reversal of allowance for loss on decline in value of inventories of Baht 9.94 million. For the year ended December 31, 2009, cost of inventories of the Company recognized as expense in the separate financial statements includes loss on decline in value of inventories of Baht 11.10 million.

7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Company's name	Major business	Country of incorporation	% of shareholding		Difference between the net book value of investments and costs of acquisition		Separate financial statements At cost	
			As at December 31		As at December 31		As at December 31	
			2010	2009	2010	2009	2010	2009
					Baht	Baht	Baht	Baht
Advance Medical Supply Co., Ltd.	Dissolution	Thailand	-	99.85	-	3,834,781	-	7,556,568
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	100.00	100.00	9,287,656	9,287,656	4,826,517	4,826,517
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	100.00	100.00	1,638,489	1,638,489	73,968,141	73,968,141
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	99.99	59.99	(62,549,931)	(3,420,494)	148,375,958	71,356,553
Disposable Soft Goods (S) Pte Ltd	Sell disposable baby diapers and adult incontinent products	Singapore	100.00	100.00	(5,347,295)	(5,347,295)	14,020,259	14,020,259
Total					(56,971,081)	5,993,137	241,190,875	171,728,038
Less Allowance for impairment of investment in Advance Medical Supply Co., Ltd.					-	-	-	(7,346,518)
					(56,971,081)	5,993,137	241,190,875	164,381,520

Difference between the net book value of investments and costs of acquisition represents the difference between the net book value of investments acquired and the costs of acquisition arising from restructuring of the shareholding structure of DSG group in December 2004 and arising from additional acquisition of a subsidiary's share in December 2010 and is presented under equity heading in the consolidated balance sheet.

Advance Medical Supply Co., Ltd. registered for dissolution with the Ministry of Commerce on July 21, 2010, and liquidated the Company on September 23, 2010. The Company received cash of Baht 210,050 after liquidation.

Disposable Soft Goods (S) Pte Ltd. has retained deficit as at December 31, 2010 and 2009 of Baht 33.73 million and Baht 35.23 million, respectively. This is an indicator of impairment of investment in such subsidiary. However, the management of the Company has changed the operation structure by appointing a company which was registered in Singapore as a distributor for its products, commencing on April 1, 2010 for 24 months and renewable on annual basis. For the year ended of 2010, such subsidiary starts generating the profit of Baht 1.5 million. Therefore, no allowance for impairment has been provided for investment in such subsidiary.

Additional acquisition of a subsidiary's share

On November 24, 2010, the Company entered into the share purchase agreement to purchase 4,400 shares of PT DSG Surya Mas Indonesia from another shareholder at the price of USD 2.5 million. Under share purchase agreement, the Company shall make payments as follows:

- The payment of USD 1 million shall be paid by the Company when the seller completes certain conditions stated in the agreement, for instance, the seller's resignation as the director of PT DSG Surya Mas Indonesia, termination of the distribution contract with PT Panca Talenta Mas, etc. On December 2, 2010, the Company already made payment amounting to USD 1 million or Baht 30,350,000 to the seller.
- The payment of USD 1.5 million shall be paid by the Company after the seller completes the remaining conditions stated in the agreement, for instance, fully payments of outstanding receivable of PT Panca Talenta Mas to PT DSG Surya Mas Indonesia by the seller, etc, within 360 days from the date of the agreement. According to the agreement, the Company shall transfer money of USD 1.5 million to PT DSG Surya Mas Indonesia in order for the later to pay the seller for shares acquisition on behalf of the Company whenever the seller completes the remaining conditions. On December 31, 2010, the seller is ongoing to complete the conditions stated upon the agreement.

Difference between the net book value of investment and cost of acquisition of PT DSG Surya Mas Indonesia are as follows:

Unit : Baht

Book value in proportion of the additional shares acquired as at December 2, 2010	
Total assets	87,881,291
Total liabilities	69,991,323
Net assets	17,889,968
Cost of share acquisition	(77,019,405)
Difference between the net book value of investment and cost of acquisition - additional shares acquired	(59,129,437)

Unit : Baht

Difference between the net book value of investment and cost of acquisition	
Balance as at December 31, 2009	(3,420,494)
Difference from additional share acquisition	(59,129,437)
Balance as at December 31, 2010	(62,549,931)

As this acquisition is to purchase the additional shares after having control interest, the transactions in statements of income for the year ended December 31, 2010 were included in the consolidated financial statements. However, net loss of PT DSG Surya Mas Indonesia from January 1, 2010 to December 2, 2010 amounting to Baht 12.11 million is allocated to minority shareholders before the acquisition.

8. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment - net consist of:

	CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at December 31, 2009	Additions	Disposals	Transfer in/(out)	Adjustment for translation of the financial statements of foreign subsidiaries	Adjustment for effect of subsidiary's dissolution	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Cost:							
Land	38,135,319	-	-	-	(446,608)	-	37,688,711
Building	192,436,394	-	-	-	(1,029,551)	-	191,406,843
Building improvements	8,214,187	6,964,694	-	-	(4,903)	-	15,173,978
Machinery and equipment	945,987,367	50,475,444	(8,449,207)	240,413,092	(1,838,017)	(7,243,169)	1,219,345,510
Furniture and fixture	40,555,976	7,346,855	(2,975,860)	-	(331,634)	(1,734,680)	42,860,657
Motor vehicles	38,485,573	1,266,500	(11,791,064)	-	(192,024)	-	27,768,985
Total cost	1,263,814,816	66,053,493	(23,216,131)	240,413,092	(3,842,737)	(8,977,849)	1,534,244,684
Accumulated depreciation:							
Building	(54,717,437)	(9,593,589)	-	-	605,780	-	(63,705,246)
Building improvements	(1,070,409)	(534,229)	-	-	976	-	(1,603,662)
Machinery and equipment	(490,829,432)	(88,017,111)	6,941,903	-	1,914,758	7,875,858	(562,114,024)
Furniture and fixture	(28,011,524)	(3,589,212)	2,903,475	-	321,137	1,518,676	(26,857,448)
Motor vehicles	(32,494,956)	(2,397,509)	11,482,803	-	167,184	-	(23,242,478)
Total accumulated depreciation	(607,123,758)	(104,131,650)	21,328,181	-	3,009,835	9,394,534	(677,522,858)
Machine in transit and under test-run process	19,887,022	234,735,912	-	(240,413,092)	35,678	-	14,245,520
Property, plant and equipment - net	676,578,080						870,967,346

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at December 31, 2008	Additions	Disposals	Transfer in/ (out)	Adjustment for translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	37,326,369	-	-	-	808,950	38,135,319
Building	190,571,547	-	-	-	1,864,847	192,436,394
Building improvements	7,358,659	846,265	-	-	9,263	8,214,187
Machinery and equipment	555,755,915	18,067,873	(1,407,025)	376,008,429	(2,437,825)	945,987,367
Furniture and fixture	32,166,403	7,888,085	(2,591,113)	3,019,200	73,401	40,555,976
Motor vehicles	38,482,286	-	-	-	3,287	38,485,573
Total cost	861,661,179	26,802,223	(3,998,138)	379,027,629	321,923	1,263,814,816
Accumulated depreciation:						
Building	(44,187,871)	(9,542,380)	-	-	(987,186)	(54,717,437)
Building improvements	(658,075)	(411,274)	-	-	(1,060)	(1,070,409)
Machinery and equipment	(432,823,017)	(62,158,361)	1,333,570	-	2,818,376	(490,829,432)
Furniture and fixture	(27,816,488)	(2,432,491)	2,374,908	-	(137,453)	(28,011,524)
Motor vehicles	(28,128,202)	(4,423,597)	-	-	56,843	(32,494,956)
Total accumulated depreciation	(533,613,653)	(78,968,103)	3,708,478	-	1,749,520	(607,123,758)
Machine in transit and under test-run process	277,365,421	122,378,605	(454,433)	(379,027,629)	(374,942)	19,887,022
Property, plant and equipment - net	605,412,947					676,578,080
Depreciation for the years						
2010					Baht	104,131,650
2009					Baht	78,968,103

	Separate Financial Statements				
	Balance as at December 31, 2009	Additions	Disposals	Transfer in/ (out)	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	173,682,311	-	-	-	173,682,311
Building improvements	8,050,193	6,964,694	-	-	15,014,887
Machinery and equipment	516,648,293	40,145,446	(1,356,296)	238,615,892	794,053,335
Furniture and fixture	15,046,954	5,676,685	-	-	20,723,639
Motor vehicles	25,033,532	1,266,500	(6,541,193)	-	19,758,839
Total cost	768,461,283	54,053,325	(7,897,489)	238,615,892	1,053,233,011
Accumulated depreciation:					
Building	(44,411,634)	(8,626,926)	-	-	(53,038,560)
Building improvements	(1,049,702)	(519,053)	-	-	(1,568,755)
Machinery and equipment	(222,235,838)	(55,587,892)	1,355,952	-	(276,467,778)
Furniture and fixture	(7,745,173)	(2,543,778)	-	-	(10,288,951)
Motor vehicles	(19,630,982)	(2,225,204)	6,232,980	-	(15,623,206)
Total accumulated depreciation	(295,073,329)	(69,502,853)	7,588,932	-	(356,987,250)
Machine in transit and under test-run process	17,913,880	230,451,898	-	(238,615,892)	9,749,886
Property, plant and equipment - net	491,301,834				705,995,647

	Separate Financial Statements				
	Balance as at December 31, 2008	Additions	Disposals	Transfer in/ (out)	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht	Baht
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	173,682,311	-	-	-	173,682,311
Building improvements	7,272,943	777,250	-	-	8,050,193
Machinery and equipment	250,088,771	13,579,879	(344,089)	253,323,732	516,648,293
Furniture and fixture	10,483,422	7,154,644	(2,591,112)	-	15,046,954
Motor vehicles	25,033,532	-	-	-	25,033,532
Total cost	496,560,979	21,511,773	(2,935,201)	253,323,732	768,461,283
Accumulated depreciation:					
Building	(35,751,311)	(8,660,323)	-	-	(44,411,634)
Building improvements	(650,679)	(399,023)	-	-	(1,049,702)
Machinery and equipment	(178,683,323)	(43,823,148)	270,633	-	(222,235,838)
Furniture and fixture	(8,308,803)	(1,811,256)	2,374,886	-	(7,745,173)
Motor vehicles	(15,527,975)	(4,103,007)	-	-	(19,630,982)
Total accumulated depreciation	(238,922,091)	(58,796,757)	2,645,519	-	(295,073,329)
Machine in transit and under test-run process	265,493,565	5,744,047	-	(253,323,732)	17,913,880
Property, plant and equipment - net	523,132,453				491,301,834
Depreciation for the years					
2010				Baht	69,502,853
2009				Baht	58,796,757

Costs of fixed assets which are fully depreciated and still in use of the Company and its subsidiaries as at December 31, 2010 and 2009 are approximately Baht 363.18 million and Baht 332.11 million, respectively (the Company : Baht 142.94 million and Baht 115.78 million, respectively).

9. INTANGIBLE ASSETS - NET

Intangible assets - net consist of:

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at December 31, 2009	Additions	Disposals	Adjustment for translation of foreign subsidiaries	Transfer in/(out)	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	8,509,057	1,926,949	(960,142)	(26,497)	-	9,449,367
Technology transfer and license fees	14,077,582	-	(7,038,000)	45,131	-	7,084,713
Total cost	22,586,639	1,926,949	(7,998,142)	18,634	-	16,534,080
Accumulated amortization:						
Computer software	(5,369,502)	(1,353,940)	853,991	626	-	(5,868,825)
Technology transfer and license fees	(5,653,452)	(1,412,577)	2,815,200	-	-	(4,250,829)
Total accumulated amortization	(11,022,954)	(2,766,517)	3,669,191	626	-	(10,119,654)
Computer software under installation	3,060,050	6,132,550	-	-	-	9,192,600
Intangible assets - net	14,623,735					15,607,026

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at December 31, 2008	Additions	Disposals	Adjustment for translation of foreign subsidiaries	Transfer in/(out)	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	6,264,179	987,137	(15,234)	(119,025)	1,392,000	8,509,057
Technology transfer and license fees	14,299,967	-	-	(222,385)	-	14,077,582
Total cost	20,564,146	987,137	(15,234)	(341,410)	1,392,000	22,586,639
Accumulated amortization:						
Computer software	(4,438,855)	(1,028,310)	2,274	95,389	-	(5,369,502)
Technology transfer and license fees	(2,831,253)	(2,822,199)	-	-	-	(5,653,452)
Total accumulated amortization	(7,270,108)	(3,850,509)	2,274	95,389	-	(11,022,954)
Computer software under installation	-	4,452,050	-	-	(1,392,000)	3,060,050
Intangible assets - net	13,294,038					14,623,735
Amortization for the years						
2010						2,766,517
2009						3,850,509

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at December 31, 2009	Additions	Disposals	Transfer in/(out)	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht
Cost:					
Computer software	3,745,618	1,640,302	-	-	5,385,920
Technology transfer and license fees	7,038,000	-	(7,038,000)	-	-
Total cost	10,783,618	1,640,302	(7,038,000)	-	5,385,920
Accumulated amortization:					
Computer software	(1,811,141)	(887,400)	-	-	(2,698,541)
Technology transfer and license fees	(2,815,200)	-	2,815,200	-	-
Total accumulated amortization	(4,626,341)	(887,400)	2,815,200	-	(2,698,541)
Computer software under installation	3,060,050	6,132,550	-	-	9,192,600
Intangible assets - net	9,217,327				11,879,979

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at December 31, 2008	Additions	Disposals	Transfer in/(out)	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht	Baht
Cost:					
Computer software	2,263,737	89,881	-	1,392,000	3,745,618
Technology transfer and license fees	7,038,000	-	-	-	7,038,000
Total cost	9,301,737	89,881	-	1,392,000	10,783,618
Accumulated amortization:					
Computer software	(1,258,555)	(552,586)	-	-	(1,811,141)
Technology transfer and license fees	(1,407,600)	(1,407,600)	-	-	(2,815,200)
Total accumulated amortization	(2,666,155)	(1,960,186)	-	-	(4,626,341)
Computer software under installation	-	4,452,050	-	(1,392,000)	3,060,050
Intangible assets - net	6,635,582				9,217,327
Amortization for the years					
2010				Baht	887,400
2009				Baht	1,960,186

10. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdraft and short-term loans from financial institutions consist of:

Unit : Million Baht

consolidated Financial statements	Interest rate p.a. (%)		Balance as at December 31,	
	2010	2009	2010	2009
Bank overdraft	MOR	MOR	11.95	5.02
Short-term loans from financial institutions				
- promissory note	Base rate + 2	Base rate + 2	40.00	-
- promissory note	Market rate	Market rate	100.00	100.00
- promissory note	Market rate	Market rate	150.00	95.00
- promissory note ⁽¹⁾	Quoted by bank	-	4.42	-
- packing credit	Quoted by bank	Quoted by bank	153.82	30.00
- foreign currency loans ⁽¹⁾	Quoted by bank	-	9.75	-
			469.94	230.02

Unit : Million Baht

Separate Financial Statements	Interest rate p.a. (%)		Balance as at December 31,	
	2010	2009	2010	2009
Bank overdraft	MOR	MOR	11.95	5.02
Short-term loans from financial institutions				
- promissory note	Base rate + 2	Base rate + 2	40.00	-
- promissory note	Market rate	Market rate	100.00	100.00
- promissory note	Market rate	Market rate	150.00	95.00
- packing credit	Quoted by bank	Quoted by bank	153.82	30.00
			455.77	230.02

- ⁽¹⁾ On October 7, 2010, DSG (Malaysia) Sdn Bhd entered into the banking facility agreement for the business operation, consisting of bank overdraft, importing credit and forward foreign exchange contract facilities, in the total amount of 30.5 million Malaysian Ringgit and the Company secured such facilities in the liability limit of 10.5 million Malaysian Ringgit.

Bank overdraft and short-term loans from financial institutions of the Company are unsecured. In addition, the loan agreements of promissory note stipulates certain covenants such as maintenance of a net debt to equity ratio. As at December 31, 2010 and 2009, the Company is able to comply with conditions in the agreement.

11. OBLIGATION UNDER FINANCE LEASE AGREEMENTS

Obligation under finance lease agreements for office equipment consists of the following:

CONSOLIDATED FINANCIAL STATEMENTS	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Within 1 year	2,901,197	2,028,495	2,524,864	1,721,962
1 - 5 years	1,777,323	2,879,743	1,587,895	2,445,487
	4,678,520	4,908,238	4,112,759	4,167,449
Less Deferred interest	(565,761)	(740,789)	-	-
	4,112,759	4,167,449	4,112,759	4,167,449

SEPARATE FINANCIAL STATEMENTS	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Within 1 year	2,877,444	2,004,324	2,501,111	1,697,791
1 - 5 years	1,759,508	2,839,459	1,570,080	2,405,203
	4,636,952	4,843,783	4,071,191	4,102,994
Less Deferred interest	(565,761)	(740,789)	-	-
	4,071,191	4,102,994	4,071,191	4,102,994

12. LONG-TERM LOANS

Long-term loans consist of:

	Credit limit	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			Balances		Balances	
			As at December 31,	As at December 31,	As at December 31,	As at December 31,
	Million Baht		2010 Baht	2009 Baht	2010 Baht	2009 Baht
Long term loans from financial institutions						
- repayable from Aug 2008 - Jul 2013 on monthly basis of Baht 2.92 million	175	MLR-1	15,407,000	50,411,000	15,407,000	50,411,000
- repayable from Sep 2010 - Dec 2012 on monthly basis of Baht 1.70 million	30	MLR-2	30,000,000	-	30,000,000	-
- repayable from Sep 2010 - Oct 2014 on monthly basis of Baht 1.88 million	90	MLR-2	86,220,274	-	86,220,274	-
- repayable from Oct 2010 - Sep 2012 on monthly basis of Baht 3.40 million ⁽¹⁾	80	THB-FIX+1.55	69,800,000	-	69,800,000	-
			201,427,274	50,411,000	201,427,274	50,411,000
Repayment terms						
Within 1 year			88,967,000	35,004,000	88,967,000	35,004,000
1 - 5 years			112,460,274	15,407,000	112,460,274	15,407,000
Total			201,427,274	50,411,000	201,427,274	50,411,000

⁽¹⁾ On September 10, 2010, the Company entered into an interest rate swap agreement with a financial institution to swap interest at floating rate to fixed rate at 4.1% per annum. The term of the agreement is from September 30, 2010 to September 30, 2012.

The loan agreements contain normal covenants related to various matters, such as the maintenance of debt to equity ratio and the maintenance of interest coverage ratio.

13. OTHER NON-CURRENT LIABILITY

Other non-current liability represents payable from the acquisition of machine in 2009 of DSG (Malaysia) Sdn Bhd at the price of Baht 102.09 million (Yen 277.28 million). As at December 31, 2010 and 2009, the future payments of other non-current liability are summarized as follows:

Repayment period	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2010		As at December 31, 2009	
	Yen	Baht	Yen	Baht
Within 1 year	64,965,900	24,581,175	64,965,900	23,902,917
1 - 2 years	49,984,425	18,435,881	114,950,325	41,780,879
		43,017,056		65,683,796

14. TREASURY SHARES AND TREASURY SHARE RESERVE

At the Board of Directors' meeting No. 5/2008 held on September 19, 2008, the Board of Directors' meeting passed a resolution to approve the 15 million treasury shares of the Company's ordinary shares or equals to 5% of the total issued and paid-up ordinary share capital with the maximum amount of Baht 62 million. The buy-back period is to be started from October 8, 2008 to April 7, 2009. The objective of the treasury share is to manage the financial and surplus liquidity.

As of December 31, 2010 and 2009, the Company had the treasury shares of 2,542,900 shares and 10,254,000 shares, which equal to 0.85% and 3.42% of the total issued and paid-up share capital with the value of approximately Baht 7.52 million and Baht 30.33 million, respectively.

The Notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the Notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2548, have a guideline for the public companies who buy back their own shares that the Company must have the outstanding balance of treasury shares not exceeding the retained earnings and are required to appropriate their retained earnings to the treasury share reserve equal to the amounts paid to acquire the shares. Therefore, as at December 31, 2010 and 2009, the Company had set aside the treasury share reserve of Baht 7.52 million and Baht 30.33 million, respectively.

On March 10, 2010, the Board of Directors' meeting of the Company approved the sales of 10,254,000 treasury shares. The period of sales of treasury shares will be within three years from April 7, 2009. During the year 2010, the Company sold treasury shares of 7,711,100 shares in the total amount of Baht 80.15 million and had premium on treasury shares in the amount of Baht 57.34 million. The Company has reversed treasury share reserve in the amount of Baht 22.81 million for the year ended December 31, 2010.

15. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

Weighted average number of ordinary shares is calculated as follows:

	For the years ended December 31,	
	2010	2009
	Shares	Shares
Number of ordinary shares as at January 1,	289,746,000	290,559,900
Less Weighted average number of treasury shares during the year	-	(663,220)
Add Weighted average number of treasury shares sold during the year	3,269,610	-
Weighted average numbers of ordinary shares	293,015,610	289,896,680

16. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of net profit after deducting accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- To provide an adequate return to shareholders by pricing products in order to provide an appropriate benefit to the Company and according to the market situation.

The management sets strategies to support the Company's business operations to be more efficiency, and better performances and stronger financial status, including setting dividend and capital management policies to maintain the optimal capital structure and cost of capital.

18. DIVIDEND PAID

On January 29, 2009, the Board of Directors' Meeting of the Company approved the distribution of interim dividend of Baht 0.14 per share of 290.44 million ordinary shares, totaling Baht 40.66 million which was paid on February 23, 2009.

On April 10, 2009, the Annual General Meeting of Shareholders has ratified the interim dividend approved by the Board of Directors on August 13, 2008 and January 29, 2009 and passed the resolution approving the additional distribution of dividend of Baht 0.05 per share of 290.31 million ordinary shares, totaling Baht 14.52 million which was paid on April 24, 2009.

On August 13, 2009, the Board of Directors' Meeting approved the distribution of interim dividend of Baht 0.14 per share of 289.75 million ordinary shares, totaling Baht 40.57 million which was paid on September 11, 2009.

On November 12, 2009, the Board of Directors' Meeting of the Company approved the distribution of interim dividend of Baht 0.14 per share of 289.75 million ordinary shares, totaling Baht 40.56 million which was paid on December 11, 2009.

On March 10, 2010, the Board of Directors' Meeting of the Company also approved the final distribution of dividend from the net profit for the year ended December 31, 2009 of Baht 0.12 per share, of 289.75 million ordinary shares, totaling Baht 34.77 million which was paid on May 19, 2010 and was approved by the Annual General Shareholders' Meeting on April 27, 2010.

In addition, the Board of Directors' Meeting of the Company dated March 10, 2010 also approved the change of the dividend policy of the Company. The Company has the policy to pay dividends not less than 40% of net profit after legal reserve and other reserves determined by the Company. The change of dividend payment policy is that the dividend shall be calculated and distributed from the net profit of the separate financial statements of the Company (previously, the dividend was calculated from the net profit of the consolidated financial statements).

On August 11, 2010, the Board of Directors' Meeting of the Company approved the distribution of interim dividend of Baht 0.17 per share of 295.56 million ordinary shares, totaling Baht 50.25 million which was paid on September 10, 2010.

On November 11, 2010, the Board of Directors' Meeting of the Company approved the distribution of interim dividend of Baht 0.14 per share of 297.46 million ordinary shares, totaling Baht 41.64 million which was paid on December 3, 2010.

The Board of Directors' Meetings of the subsidiaries passed a resolution to distribute interim dividends to ordinary shareholders for the years 2010 and 2009 as follows:

2010

Company's name	Board of Directors' meeting date	Dividend (Baht per share)	Amount	Dividend payment date
DSG (Malaysia) Sdn Bhd	September 22, 2010	8.63	29,331,211	September 28, 2010
Disposable Soft Goods (Malaysia) Sdn Bhd	September 22, 2010	3.05	9,139,803	September 28, 2010
			38,471,014	

2009

Company's name	Board of Directors' meeting date	Dividend (Baht per share)	Amount	Dividend payment date
DSG (Malaysia) Sdn Bhd	September 8, 2009	1.12	3,799,741	September 28, 2009
Disposable Soft Goods (Malaysia) Sdn Bhd	September 8, 2009	8.39	25,170,281	September 28, 2009
			28,970,022	

19. TRANSACTIONS WITH RELATED COMPANIES

The Company and its subsidiaries' businesses include transactions with its related companies. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. Therefore, the financial statements reflect the effects of these transactions on the basis determined by the companies concerned and are in the ordinary course of business which the selling prices quoted for related parties have, generally, lower margin than margin for the third parties as the products will be resold to customers. Term of credit is varied among the related parties around 90 - 180 days which is approximately longer than that of the others.

19.1 Significant balances with the related companies are as follows:

	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
		Baht	Baht	Baht	Baht
Trade accounts receivable - related companies					
Disposable Soft Goods Ltd.	Subsidiary of ultimate parent of the group	23,859,103	10,204,893	23,859,103	10,204,892
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of ultimate parent of the group	179,275	-	179,275	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	14,569,212	7,547,029
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	-	644,414
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	1,635,731	2,252,058
PT DSG Surya Mas Indonesia	Subsidiary	-	-	52,170,822	40,775,377
PT Panca Talenta Mas	Subsidiary of minority shareholder	35,695,363	93,358,123	-	-
		59,733,741	103,563,016	92,414,143	61,423,770

	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
		Baht	Baht	Baht	Baht
Amounts due from related companies					
Shuiling Holding Co., Ltd.	Subsidiary of ultimate parent of the group	-	7,319,541	-	7,319,541
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of ultimate parent of the group	-	13,316	-	13,316
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	124,235	-
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	216,806	-
PT DSG Surya Mas Indonesia	Subsidiary	-	-	45,625,263	185,859
Nina Manufacture Co., Ltd.	Subsidiary of minority shareholder	4,662,809	1,628,691	4,662,809	1,628,691
		4,662,809	8,961,548	50,629,113	9,147,407
Loan to a related company					
PT DSG Surya Mas Indonesia: (Interest rate 5.5% per annum, repayable within August 2011)	Subsidiary	-	-	-	46,809,542
Trade accounts payable - related company					
Nina Manufacture Co., Ltd.	Subsidiary of minority shareholder	7,318,035	8,505,315	7,318,035	8,505,315
Amounts due to related companies					
DSG International Limited	Ultimate parent of the group	7,933,359	4,888,406	3,366,538	3,207,897
Disposable Soft Goods Ltd.	Subsidiary of ultimate parent of the group	6,679,036	45,951	6,365,500	-
DSG Technology Holdings Limited	Subsidiary of ultimate parent of the group	4,721,359	38,281	3,281,639	-
Disposable Soft Goods (UK) Plc	Subsidiary of ultimate parent of the group	1,807,000	3,684,227	-	-
Shanghai DSG Megathin Co., Ltd.	Subsidiary of ultimate parent of the group	468,151	99,563	468,151	99,563
Shuiling Holding Co., Ltd.	Subsidiary of ultimate parent of the group	624,836	-	624,836	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	56,863	95,157
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	929,113	-
PT Panca Talenta Mas	Subsidiary of minority shareholder	2,522,819	6,122,820	-	-
		24,756,560	14,879,248	15,092,640	3,402,617

Amounts due from and to related companies are non-interest bearing with repayment term around 90 - 180 days.

On December 15, 2010, the Company transferred cash in the amount of USD 1.5 million or Baht 45,195,000 to PT DSG Surya Mas Indonesia in order that such subsidiary pays the share purchase price on the behalf of the Company whenever the conditions stated in the share purchase agreement are completed. As at December 31, 2010, such subsidiary has not yet made the payment to the seller and the Company recorded it under the amounts due from related companies account in the separate financial statements.

In 2010, the Company extended the repayment term of the loan to PT DSG Surya Mas Indonesia in the amount of Baht 46,809,540 from August 31, 2010 to August 31, 2011.

On December 17, 2010, the Company entered into the additional long-term loan agreement with PT DSG Surya Mas Indonesia amounting of USD 1 million, which such subsidiary drewdown the first amount on January 13, 2011 (see Note 29.1).

The movements in transactions with related companies incurred during the year are as follows:

CONSOLIDATED FINANCIAL STATEMENTS	Balance as at December 31, 2009	Additions	Repayment/ Receipt	Adjustment for translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht
Amounts due from related companies					
Shuiling Holding Co., Ltd.	7,319,541	-	(7,319,541)	-	-
Disposable Soft Goods (Zhong Shan) Ltd.	13,316	-	(13,316)	-	-
Nina Manufacture Co., Ltd.	1,628,691	12,269,584	(9,235,466)	-	4,662,809
	8,961,548	12,269,584	(16,568,323)	-	4,662,809
Amounts due to related companies					
DSG International Limited	4,888,406	79,883,324	(76,623,146)	(215,225)	7,933,359
Disposable Soft Goods Ltd.	45,951	7,028,779	(385,173)	(10,521)	6,679,036
DSG Technology Holdings Limited	38,281	54,244,361	(49,512,336)	(48,947)	4,721,359
Disposable Soft Goods (UK) Plc	3,684,227	4,685,847	(6,348,402)	(214,672)	1,807,000
Shanghai DSG Megathin Co., Ltd.	99,563	468,365	(99,777)	-	468,151
Shuiling Holding Co., Ltd.	-	624,836	-	-	624,836
PT Panca Talenta Mas	6,122,820	55,262,324	(58,673,557)	(188,768)	2,522,819
	14,879,248	202,197,836	(191,642,391)	(678,133)	24,756,560

CONSOLIDATED FINANCIAL STATEMENTS	Balance as at December 31, 2008	Additions	Repayment/ Receipt	Adjustment for translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht	Baht
Amounts due from related companies					
Disposable Soft Goods Ltd.	-	278,922	(278,922)	-	-
Shuiling Holding Co., Ltd.	-	7,319,541	-	-	7,319,541
Disposable Soft Goods (Zhong Shan) Ltd.	13,951	-	-	(635)	13,316
Nina Manufacture Co., Ltd.	827,964	9,479,774	(8,679,047)	-	1,628,691
	841,915	17,078,237	(8,957,969)	(635)	8,961,548
Amounts due to related companies					
DSG International Limited	5,255,279	45,328,812	(45,681,656)	(14,029)	4,888,406
Disposable Soft Goods Ltd.	-	838,425	(793,651)	1,177	45,951
Disposable Soft Goods (Zhong Shan) Ltd.	-	1,140,492	(1,140,492)	-	-
DSG Technology Holdings Limited	303,114	627,551	(894,965)	2,581	38,281
Disposable Soft Goods (UK) Plc	2,076,262	5,028,294	(3,592,193)	171,864	3,684,227
Shanghai DSG Megathin Co., Ltd.	-	105,852	-	(6,289)	99,563
PT Panca Talenta Mas	6,987,539	28,829,207	(30,368,348)	674,422	6,122,820
	14,622,194	81,898,633	(82,471,305)	829,726	14,879,248

SEPARATE FINANCIAL STATEMENTS	Balance as at December 31, 2009	Additions	Repayment/ Receipt	Gain/loss on exchange rate	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht
Amounts due from related companies					
Shuiling Holding Co., Ltd.	7,319,541	-	(7,319,541)	-	-
Disposable Soft Goods (Zhong Shan) Ltd.	13,316	-	(13,316)	-	-
Disposable Soft Goods (Malaysia) Sdn Bhd	-	29,476,724	(29,353,325)	836	124,235
DSG (Malaysia) Sdn Bhd	-	10,223,823	(10,007,017)	-	216,806
PT DSG Surya Mas Indonesia	185,859	47,769,525	(2,330,121)	-	45,625,263
Nina Manufacture Co., Ltd.	1,628,691	12,269,584	(9,235,466)	-	4,662,809
	9,147,407	99,739,656	(58,258,786)	836	50,629,113
Loans to a related company					
PT DSG Surya Mas Indonesia	46,809,542	-	-	-	46,809,542
Amounts due to related companies					
DSG International Limited	3,207,897	33,391,770	(33,233,129)	-	3,366,538
Disposable Soft Goods Ltd.	-	6,704,426	(338,926)	-	6,365,500
DSG Technology Holdings Limited	-	33,306,871	(30,025,232)	-	3,281,639
Shanghai DSG Megathin Co., Ltd.	99,563	468,365	(99,777)	-	468,151
Shuiling Holding Co., Ltd.	-	624,836	-	-	624,836
Disposable Soft Goods (Malaysia) Sdn Bhd	95,157	446,009	(484,378)	75	56,863
DSG (Malaysia) Sdn Bhd	-	1,249,736	(319,737)	(886)	929,113
	3,402,617	76,192,013	(64,501,179)	(811)	15,092,640

SEPARATE FINANCIAL STATEMENTS	Balance as at December 31, 2008	Additions	Repayment/ Receipt	Gain/loss on exchange rate	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht	Baht
Amounts due from related companies					
Disposable Soft Goods Ltd.	-	250,380	(250,380)	-	-
Shuiling Holding Co., Ltd.	-	7,319,541	-	-	7,319,541
Disposable Soft Goods (Zhong Shan) Ltd.	13,951	-	-	(635)	13,316
Disposable Soft Goods (Malaysia) Sdn Bhd	85,789	181,152	(266,941)	-	-
DSG (Malaysia) Sdn Bhd	-	26,001	(25,160)	(841)	-
PT DSG Surya Mas Indonesia	197,771	2,092,675	(2,104,587)	-	185,859
Nina Manufacture Co., Ltd.	827,964	9,479,774	(8,679,047)	-	1,628,691
	1,125,475	19,349,523	(11,326,115)	(1,476)	9,147,407
Loans to a related company					
PT DSG Surya Mas Indonesia	49,809,542	-	(3,000,000)	-	46,809,542
Amounts due to related companies					
DSG International Limited	2,897,206	28,747,432	(28,436,741)	-	3,207,897
Disposable Soft Goods Ltd.	-	658,895	(659,820)	925	-
Shanghai DSG Megathin Co., Ltd.	-	105,852	-	(6,289)	99,563
DSG Technology Holdings Limited	44,965	21,416	(66,381)	-	-
Disposable Soft Goods (Malaysia) Sdn Bhd	7,672,003	6,522,515	(14,148,997)	49,636	95,157
DSG (Malaysia) Sdn Bhd	4,237	31,803	(32,576)	(3,464)	-
PT DSG Surya Mas Indonesia	59,044	117,502	(174,172)	(2,374)	-
	10,677,455	36,205,415	(43,518,687)	38,434	3,402,617

19.2 Significant transactions with related parties for the years ended December 31, 2010 and 2009 consist of the following:

	Relationship	Pricing policies	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			For the years ended December 31,		For the years ended December 31,	
			2010	2009	2010	2009
			Baht	Baht	Baht	Baht
Revenue from sales						
Disposable Soft Goods Ltd.	Subsidiary of ultimate parent of the group	Cost plus margin	51,847,340	17,250,074	51,847,340	17,250,074
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	47,420,690	29,900,028
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	2,570,659	335,523
Disposable Soft Goods (S) Pte Ltd	Subsidiary	Cost plus margin	-	-	6,044,314	8,163,117
PT DSG Surya Mas Indonesia	Subsidiary	Cost plus margin	-	-	79,211,696	75,177,968
PT Panca Talenta Mas	Subsidiary of minority shareholder	Retail price less distributor's margin	168,242,960	200,579,784	-	-
			220,090,300	217,829,858	187,094,699	130,826,710
Purchases of raw materials and finished goods						
Disposable Soft Goods Ltd.	Subsidiary of ultimate parent of the group	Cost plus margin	5,551,164	19,702,919	5,551,164	25,498
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	-	1,112,804
Nina Manufacture Co., Ltd.	Subsidiary of minority shareholder	Retail price less distributor's margin	72,412,371	55,827,407	72,412,371	55,827,407
			77,963,535	75,530,326	77,963,535	56,965,709
Purchase of fixed assets						
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of ultimate parent of the group	Cost plus margin	-	1,140,492	-	-
Cost of sales						
- Technology transfer and license fees DSG Technology Holdings Limited ⁽¹⁾	Subsidiary of ultimate parent company	1 % of net sales to third parties	16,411,651	627,556	-	20,345
- Trademark license fees DSG International Limited ⁽²⁾	Ultimate parent of the group	1.5% of net sales to third parties	25,726,480	-	-	-
DSG Technology Holdings Limited ⁽²⁾	Subsidiary of ultimate parent of the group	1.5% of net sales to third parties	33,306,871	-	33,306,871	-
Disposable Soft Goods (UK) Plc ⁽²⁾	Subsidiary of ultimate parent of the group	1.5 - 2.5% of net sales to third parties	4,685,040	5,027,875	-	-
			80,130,042	5,655,431	33,306,871	20,345

	Relationship	Pricing policies	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			For the years ended December 31,		For the years ended December 31,	
			2010	2009	2010	2009
			Baht	Baht	Baht	Baht
Administrative expenses						
- Management fee DSG International Limited ⁽³⁾	Ultimate parent company	1 - 1.5% of net sales to third parties	53,279,257	43,772,649	33,306,871	27,186,472
- Rental expense Mrs. Suwanna Anuwongnukroh	Minority shareholder	Market price	-	2,657,600	-	2,657,600
			53,279,257	46,430,249	33,306,871	29,844,072
Interest income						
PT DSG Surya Mas Indonesia	Subsidiary	5.5% p.a.	-	-	2,574,525	2,735,600
Dividend income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	29,331,211	3,799,741
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary		-	-	9,139,803	25,170,281
			-	-	38,471,014	28,970,022
Dividend payments						
DSG International Limited	Ultimate parent company		84,799,010	92,687,290	84,799,010	92,687,290
Other shareholders			41,859,653	43,618,108	41,859,653	43,618,108
			126,658,663	136,305,398	126,658,663	136,305,398

- (1) The Company and its subsidiary entered into a technology transfer and license agreement for the periods of 20 years. Under the agreement, the Company and its subsidiary have to pay fees to DSG Technology Holdings Limited which was calculated at 1% of net sales price to third parties.
- (2) The Company and its subsidiaries entered into trademark license agreements with DSG Technology Holdings Limited, Disposable Soft Goods (UK) Plc and DSG International Limited. The Company and its subsidiaries paid license fee which was calculated at 3.5% of net sales to third parties. Subsequently, such license fee had been waived for five years since January 1, 2005 to December 31, 2009 except PT DSG Surya Mas Indonesia who still has to pay the fee which was calculated at 3.5% of net sales to third parties and reduced to 2.5% of net sales to third parties since April 2007. The Company and its subsidiaries have renewed the trademark license agreements that license fee is calculated at 1.5% of net sales to third parties since January 1, 2010.
- (3) The Company and its subsidiaries have entered into management agreements with DSG International Limited. The Company and its subsidiaries have to pay management fee which was calculated at 1% - 1.5% of net sales to third parties.

20. EXPENSES BY NATURE

Expenses by nature for the years ended December 31, consist of the following significant items as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Changes in finished goods	(127,419,408)	(6,040,726)	(44,516,548)	14,487,969
Raw materials and consumables used	2,354,550,753	1,806,222,629	1,311,940,798	975,467,778
Employee benefits expense	251,732,697	284,866,533	164,113,408	158,439,027
Depreciation and amortization	106,898,167	82,818,612	70,390,253	60,756,943
Loss on decline in value of inventories (reversal)	(9,936,768)	11,070,034	(9,936,768)	11,109,111
Selling expense*	655,882,028	367,070,839	486,459,024	282,964,267

* Exclude employee benefits expense

21. SEGMENT INFORMATION

The Company and its subsidiaries have been engaged to manufacture, sell and export disposable baby diapers and adult incontinence products. All business activities of the Company and its subsidiaries shall be classified by segments of the Company and its subsidiaries, based on revenues and results of operations, for the years ended December 31, 2010 and 2009 and total assets as at December 31, 2010 and 2009, are as follows:

Unit: Baht

	Thailand	Malaysia	Indonesia	Singapore	Elimination	Total
For the year ended December 31, 2010						
Revenues from sales	2,537,281,688	2,817,035,215	187,166,423	94,069,458	(1,268,389,641)	4,367,163,143
Net profit (loss)	297,579,222	112,683,935	(14,062,677)	1,505,918	(33,480,567)	364,225,831

Unit: Baht

	Thailand	Malaysia	Indonesia	Singapore	Elimination	Total
For the year ended December 31, 2009						
Revenues from sales	1,961,050,827	2,119,646,194	283,142,246	106,470,100	(1,033,493,006)	3,436,816,361
Net profit (loss)	234,160,840	95,807,104	21,174,206	(3,404,437)	(36,368,616)	311,369,097

Unit: Baht

	Thailand	Malaysia	Indonesia	Singapore	Elimination	Total
Consolidated total assets						
As at December 31, 2010	2,487,878,478	947,811,976	234,078,955	14,403,005	(640,946,159)	3,043,226,255
As at December 31, 2009	1,717,707,350	720,034,126	183,092,599	25,891,652	(404,832,563)	2,241,893,164

22. THE INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

On May 2, 2003, the Company received the investment promotion certificate No. 7003(2)/2546, which the Board of Investment approved the promotion for manufacturing of diapers by receiving the exemption from corporate income tax on profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital or Baht 184 million for the period of 7 years from the date income is first derived from the promoted business (on August 28, 2004). From the date that the Company commenced the promoted business to December 31, 2009, the Company utilised the income tax exemption in the amount of Baht 145.45 million.

On November 25, 2004, the Company received another investment promotion certificate No. 1041(2)/2548 which the Board of Investment approved the promotion for manufacturing of diapers by receiving the exemption from corporate income tax on profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital or Baht 107 million for the period of 7 years from the date income is first derived from the promoted businesses (on February 3, 2005). From the date that the Company commenced the promoted business to December 31, 2009, the Company utilised the income tax exemption in the amount of Baht 66.27 million.

On July 16, 2008, the Company received another investment promotion certificate No. 1718(2)/2551 which the Board of Investment approved the promotion for manufacturing of diapers by receiving the exemption for corporate income tax on profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital or Baht 253 million for the period of 7 years from the date income is first derived from the promoted businesses (on March 25, 2009). From the date that the Company commenced the promoted business to December 31, 2009, the Company utilised the income tax exemption in the amount of Baht 13.70 million.

Subsequently, on December 22, 2010, the Company received another investment promotion certificate No. 2411(2)/2553 which the Board of Investment approved the promotion for manufacturing of diapers by receiving the exemption for corporate income tax on profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital or Baht 211 million for the period of 7 years from the date income is first derived from the promoted businesses (on October 21, 2010). The Company is requesting for the exemption of custom duties for import machinery.

Shareholders of the Company will receive exemption from tax on dividends received during the period in which the Company is granted exemption from corporate income tax.

The Company has to comply with certain conditions contained in the promotion certificates.

23. REVENUE REPORTING OF A PROMOTED INDUSTRY

Based on the Announcement of Board of the Investment No. Por. 14/1998 dated December 30, 1998 regarding revenue reporting of a promoted industry, the Company is required to report the revenue from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors for the years ended December 31, 2010 and 2009 as follows:

SEPARATE FINANCIAL STATEMENTS	Promoted Business		Non- Promoted Business		Total	
	2010	2009	2010	2009	2010	2009
	Baht	Baht	Baht	Baht	Baht	Baht
Revenues						
Revenue from export sales	225,543,615	152,813,678	3,371,997	2,691,797	228,915,612	155,505,475
Revenue from domestic sales	2,190,947,189	1,724,060,165	117,418,887	81,485,187	2,308,366,076	1,805,545,352
Total revenue from sales	2,416,490,804	1,876,873,843	120,790,884	84,176,984	2,537,281,688	1,961,050,827

24. INCOME TAX

For the years ended December 31, 2010 and 2009, the separate statements of income present net profit but no corporate income tax expense is estimated because the Company receives tax exemption for promoted business. For the non-promoted business, the Company has tax losses brought forward from prior years which used as taxable expenses in the income tax calculation.

25. COMMITMENT AND LETTERS OF GUARANTEE

25.1 As at December 31, 2010 and 2009, the Company has letters of guarantee issued by a bank of Baht 3.07 million and Baht 4.06 million, respectively.

25.2 As at December 31, 2010 and 2009, the Company and its subsidiaries have leased building and warehouse under operating lease contracts and service agreements. The future lease payments are summarized as follows:

Unit: Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31,	As at December 31,	As at December 31,	As at December 31,
	2010	2009	2010	2009
Within 1 year	38,671,594	29,480,901	26,402,850	15,758,850
1 - 5 years	34,032,058	62,020,613	33,009,663	48,768,513
Total	72,703,652	91,501,514	59,412,513	64,527,363

25.3 The Company and its subsidiaries have commitments from entering into purchase agreements for machinery, software and office equipment as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31,	As at December 31,	As at December 31,	As at December 31,
	2010	2009	2010	2009
Acquisition of :				
- Machine	73.04	117.44	73.04	117.44
- Computer software	3.94	3.65	2.70	3.65
- Office equipment	-	5.02	-	5.02

25.4 On November 1, 2010, DSG (Malaysia) Sdn Bhd, a subsidiary of the Company, signed the letter of offer and acceptance for land purchase at the price of 13.94 million Malaysian Ringgit to construct a new plant and paid a deposit for such land purchase in the amount of 50,000 Malaysian Ringgit.

26. PROVIDENT FUND

The Company has set up a provident fund which is contributory by employees and the Company. The fund is registered as the provident fund in accordance with the Provident Fund Act B.E. 2530 (1987) in January 2004.

For the years ended December 31, 2010 and 2009, the contribution made by the Company was recorded as expenses amounting to Baht 3.63 million and Baht 3.60 million, respectively.

27. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company presents and discloses financial instruments as follows:

27.1 Accounting Policies

Details of significant accounting policies are disclosed in Note 3.

27.2 Credit Risk

Credit risk arise when customers do not comply with trading terms and conditions or credit agreements, causing financial losses to the Company and its subsidiaries. As a consequence, the Company and its subsidiaries has dealt with creditworthy counterparty in determining risk reduction from defaults. The carrying amounts of the financial assets in the balance sheet represent the maximum exposure to credit risk

27.3 Interest Rate Risk

Interest rate risk arises from the potential for a change in interest rate to have an adverse effect on the Company and its subsidiaries in the current reporting period and in future years. In case the interest rate is higher, it may have an impact to the Company's and its subsidiaries' operations since most of the Company's loans are bearing the floating interest rates.

27.4 Foreign Exchange Risk

Foreign exchange risk arises from the potential fluctuation of foreign exchange rate which can result in an adverse effect on the Company and its subsidiaries in the current reporting period and in future years. The Company and its subsidiaries may have material incremental effect on its financial assets or liabilities denominated in foreign currencies as the Company and its subsidiaries have part of business transactions in foreign currencies. However, the Company and its subsidiaries reduced such risk by offsetting assets and liabilities in foreign currencies with foreign affiliated companies, entering into forward exchange contracts or to receive and settle them with the foreign currency deposit accounts.

27.5 Estimated Fair Value of Financial Instruments

Cash and cash equivalents, trade accounts receivable, amounts due from related companies, loans to related companies, bank overdrafts and short-term loans from financial institutions, trade accounts payable, amounts due to related companies and other payables; the carrying values approximate their fair values due to the relatively short period to maturity.

Long-term loans with floating interest rate: the carrying value approximates its fair value as interest rate of the loan is floating interest rate.

Non-current liabilities: fair values of non-current liabilities as at December 31, 2010 and 2009 are approximately Baht 43 million and Baht 67 million, respectively

As at December 31, 2010, the interest rate swap contract (see Note 12) and the forward foreign exchange contracts (see Note 28) have fair value liabilities of Baht 533,671 and Baht 305,350, respectively.

28. FORWARD FOREIGN EXCHANGE CONTRACTS

The Company entered into the forward foreign exchange contracts to hedge against exchange rate fluctuation. As at December 31, 2010, the outstanding balance of the forward foreign exchange contracts with a financial institution to pay USD 996,651 and to receive Baht 29,774,323, and the contracts mature during January 14, 2011 to April 29, 2011.

29. EVENTS AFTER BALANCE SHEET DATE

29.1 On January 13, 2011, PT DSG Surya Mas Indonesia drewdown a loan from the Company in the amount of USD 700,000 (see Note 19.1).

29.2 From January 1, 2011 to February 24, 2011, the Company sold the treasury shares of 1,996,300 shares in the total amount of Baht 16.98 million.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are approved for issuing by the Company's authorized directors on February 24, 2011.

General Information

Corporate Information

Company	: DSG International (Thailand) Public Company Limited
Nature of business	: Production and distribution of disposable diapers for babies and adults
Address of the principal office	: 11th Floor, Regent House Building, 183 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330 Thailand.
Company's registration number	: 0107547001067
Website	: www.dsgil.com
Email	: kanitta@dsgap.com
Telephone	: +66 2 651 8061
Facsimile	: +66 2 651 8068
Location of the Factory	: 39 Moo 1, S I L Industrial Zone, Tambon Bualoy, Amphur Nongkhae, Saraburi Province, 18140
Telephone	: +66 3 637 3633-9
Fax	: +66 3 637 3753-4
Registered Capital	: Baht 300 Million
Issued and Paid-up Capital	: Baht 300 Million
No. of Ordinary Shares	: Baht 300 Million
Par Value	: Baht 1

Company Contact

DSG International (Thailand) Public Company Limited
11th Floor, Regent House Building, 183 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330 Thailand.
Tel: +66 2 651 8061
Fax: +66 2 651 8068
Email: kanitta@dsgap.com

Company Registrar

Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand
Tel: +66 2 229 2800
Fax: +66 2 359 1259

Share Listing

The Stock Exchange of Thailand (SET)

Company's Stock Code

DSGT

Auditor

Deloitte Touche Tohmatsu Jaiyos Audit Co, Ltd.

25th Floor, Rajanakarn Building

183 South Sathorn Road, Yannawa,

Sathorn, Bangkok 10120, Thailand

Tel: +66 2 676 5700

Fax: +66 2 676 5757-8

Legal Advisor

Vickery & Worachai Ltd.

16th Floor, GPF Witthaya Tower A

93/1 Wireless Road,

Bangkok 10330, Thailand

Tel: +66 2 256 6311-4

Fax: +66 2 256 6317-8

Recognition

On November 19, 2010 DSGT was nominated for the SET Awards 2010 in the category of “BEST PERFORMANCE AWARD”: SET market capitalization of Baht 10 billion or less of the 2nd group.



On November 19, 2010, Mr.Kam Shing Ambrose Chan was nominated for the SET Awards 2010 in the category of “BEST CEO AWARD”: CEO of Company listed on SET.



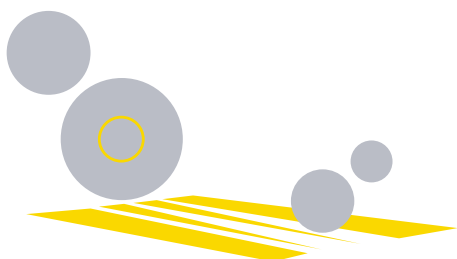

PLAY Pants
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* ทางทองผ้าอ้อม เบบีเลิฟ เพลย์แพนส์ ใส่ง่ายถอดไว
 ไม่ขัดจังหวะการเล่นกับโลกกว้าง หลากหลาย...เจ๋งสุดๆ



* **“โลกนอกบ้าน”**
 เริ่มต้นไปด้วยของเล่นใหม่



DSG International (Thailand) Public Company Limited
บริษัท ดีเอสจี อินเตอร์เนชั่นแนล (ประเทศไทย) จำกัด (มหาชน)

ชั้น 11 อาคารรีเจนต์ เฮ้าส์ เลขที่ 183 ถนนราชดำริ แขวงลุมพินี เขตปทุมวัน 10330 ประเทศไทย

11th Floor, Regent House Building, 183 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330 Thailand

Telephone : +66 (0) 2651 8061 Fax : +66 (0) 2651 8068 • website : www.dsgil.com