

DSG International (Thailand) PLC

Building for Growth



ANNUAL REPORT 2012

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DSGT's Products

Through our continued focus on consumer understanding and product innovations, we strive to develop and offer a range of products that meet our consumer needs in both baby and adult categories and in both tape and pants formats.



DSGT's Customers and Consumers

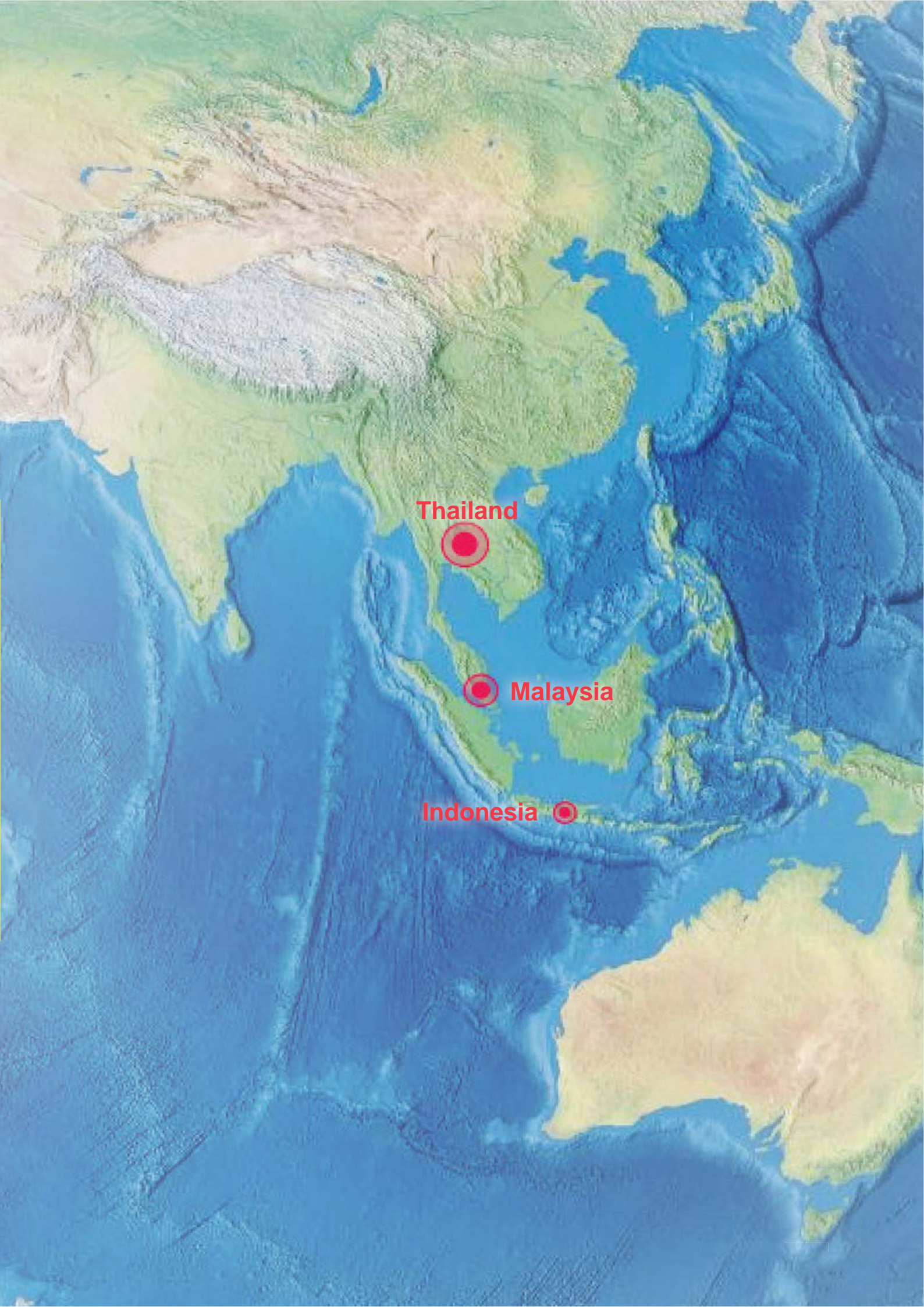
We strive to be consumer and customer centric in our approach and combine product innovations and operational excellence to deliver products and services that serve the needs of our consumers and customers. We believe that meeting evolving needs of our consumers and customers are critical to sustaining superior performance and in driving future growth.





DSGT's Production Bases

Through decades of dedication and experience in disposable diapers care, our operation base spans across SEA region with key operating plants in Thailand, Malaysia and Indonesia, enabling the Group to leverage technology development and economies of scale and efficiencies to tap current and future opportunities.



Thailand



Malaysia



Indonesia







DSGT's New Distribution Center in Thailand



Our second custom-built production and warehouse facility in Thailand was operational in August 2012 and reaffirms the Group's commitment to Thailand as well as the confidence that we see significant growth opportunities in Thailand. As the regional center for SEA, this facility will be critical to drive the product and technology innovations and economies of scale to support future growth in Thailand and also export markets.



New Factory and Distribution Center in Malaysia

Our first custom-built and fully-owned integrated production and distribution center facility in Malaysia will be operational early 2013. The integration of production and Raw Material and Finished Goods warehousing and logistics will enable economies of scale in addition to meeting future capacity demands as the business strives for market leadership.



Financial Highlights

Financial summary from the Audited Financial Statements



FOR THE YEAR ENDED 31 DECEMBER

STATEMENT OF INCOME (MILLION BAHT)	2012	2011	2010	2009	2008
Revenue from Sales	6,708.73	5,741.48	4,367.16	3,436.82	2,903.25
Total Revenue	6,768.12	5,774.80	4,420.38	3,468.72	2,911.08
Profit Before Interest & Tax	775.55	273.98	387.08	351.28	265.71
Net Profit attributable to owners of the parent	640.27	201.64	364.23	311.37	227.37
EPS (Baht)**	0.71	0.22	0.41	0.36	0.25
Number of Weighted Average Shares (million)**	899.99	898.99	879.04	869.69	894.36

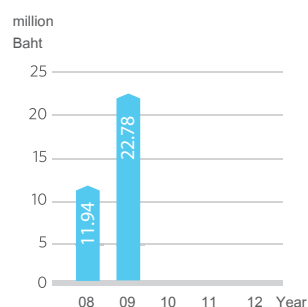
** EPS and number of weighted average shares for the year 2008 - 2011 has been restated for comparison purpose due to stock dividend distribution in the year 2012

Financial Highlights

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER



Non-Controlling Interest



STATEMENT OF FINANCIAL POSITION (MILLION BAHT)

AS AT 31 DECEMBER

	2012	2011	2010	2009	2008
Total Assets	5,614.52	4,308.46	3,043.23	2,241.89	1,828.78
Total Liabilities	3,543.28	2,722.82	1,553.87	985.98	753.39
Total Equity	2,071.23	1,585.64	1,489.36	1,233.13	1,063.45
Non-Controlling Interest	-	-	-	22.78	11.94



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

At DSGT, we will

- 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”

Chairman's Message



DEAR VALUED SHAREHOLDERS AND STAKEHOLDERS

I am pleased to report that DSG continued its track record of out-pacing industry growth in key markets in Financial Year 2012. Despite challenging external and competitive circumstances, both BabyLove and Pet Pet achieved record sales and market share in Thailand and Malaysia respectively, while Certainty continued to grow and maintained its market leadership position in the Thailand adult incontinence market despite new brand entries.

Total consolidated revenue for 2012 reached Baht 6,768.1 million, an increase of 17.2% over 2011. Double-digit sales growth was achieved in all 4 of our major markets of Thailand, Malaysia, Indonesia and Singapore.

2012 Net Profit increased by 217.6% to Baht 640.3 million. This included Baht 171.8 million of net insurance claims that were approved and paid back to DSG arising from the provisions made in 2011 for the flood-related damage and expenses. 2012 Normalized Net Profit without the flood impact is Baht 468.5 million, representing a 17.2% growth over 2011 Normalized Net profit of Baht 399.6 million.

The Company's focus in recent years to build a strong foundation is reflected in the past 3-years compounded annual growth rate of 25%, which is significantly higher than industry growth and which has led to successive market share records levels. The bedrock of this superior performance is built upon product, marketing and supply chain innovations in addition to productivity and quality improvements

As we prepare to address the opportunities in the future, we also invest in our infrastructure to increase capacity to support growth and to drive economies of scale efficiencies. Our second facility in Thailand was completed and operational in August, which gives us capacity to continue to expand warehousing and manufacturing space in coming years. Our first custom-built facility in Malaysia is nearing completion and is expected to be operational by March, which will support the drive for market leadership in coming years.

The Company is focused and committed to sustain our track record of delivering superior performance and to continue building for the future.

On behalf of the Board of Directors and management team, I would like to thank our shareholders for the strong and continued trust, and to thank our consumers, customers and business partners for their strong support.

A handwritten signature in black ink, appearing to be 'Brandon Shui Ling Wang'.

Brandon Shui Ling Wang

Chairman of the Board of Directors

CEO's Message



DEAR VALUED SHAREHOLDERS AND STAKEHOLDERS,

We are pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the financial year ended December 31, 2012.

EXTERNAL ENVIRONMENT

The year in review continued to pose significant challenges to businesses, both globally and locally.

Globally, the uncertainties surrounding the Eurozone and the US and slowing China growth continued to weigh significantly on business and consumer outlooks during the year. Although Asian economies were generally resilient, the economies of Thailand and Malaysia posted more modest gains compared to previous year.

Domestically, Thailand posted a gradual recovery from the devastating and historic floods of 2011. Our industry faced challenges in the early part of the year to resume normal business operations as the floods affected some parts of the supply chain, including the transport capabilities as well as the warehouses of some major retailers.

Inflationary pressures continued to be present for raw materials in 2012. The supply situation also faced some uncertainties in the latter parts of the year due to a fire affecting one of the major raw material suppliers in Japan while uncertainties surrounded supply from US as a result of Hurricane Sandy and the east coast port strike.

Currency rates also posed some challenges in 2012, particularly with regards to the Thai baht deterioration versus major currencies. Fortunately, the Malaysian Ringgit stayed relatively stable during the year.

Competition continues to be strong, and 2012 saw the entries and renewed initiatives of both old and new brands. Strong competition inevitably results in increased pricing pressures and promotional activities, and these were prevalent in 2012.

The Company continued to manage the external risks with prudent risk management measures and continued to focus on improving operational efficiencies to mitigate these risks and impact. As a consumer products business, we are mindful of the need to stay consumer centric and remain relevant in building strong brands to sustain long term value.

As we enter 2013, the Company is cautiously optimistic that the external environment will remain stable, particularly with regards to raw material supply and pricing and foreign currency trends.

*CEO's Message***A YEAR OF CONTINUING PROGRESS**

DSG continued to make progress on several fronts in 2012.

Although the Thailand diaper market growth was slower than 2011 due to the hot weather spell in the middle of the year as well as consumer forward purchasing of stocks in late 2011 in anticipation of the floods, DSG Thailand continued to register double-digit growth to outpace its top-tier competitors in achieving record market share in the baby diaper category. DSGT also continued to grow its business and maintained market leadership in the adult diaper category despite the entry of new brands.

The Malaysia baby diaper market continued its single-digit growth rate, but DSG Malaysia was able to outpace its top-tier competitors with double-digit growth and achieved record market share level in the category. The introduction of BabyLove brand provides growth and product portfolio management options for the longer term, with BabyLove Grow Pants achieving a solid market share in its first full year in the fast-growing baby pants segment.

As a result, DSG consolidated its position of being the 2nd largest diaper business in Thailand and Malaysia. In Malaysia, the business is within striking distance of achieving market leadership with continued progress.

To support future growth, DSG undertook 2 major expansion projects to build warehouse and production capacity in Thailand and Malaysia. We opened our 2nd warehouse and production facility in Saraburi Industrial Zone in August. Construction of the new Malaysia warehouse and factory in the Telok Panglima Garang area reached completion in end 2012, and is expected to be operational in late quarter 1, 2013. Both facilities will serve to provide capacity for continued future growth in addition to providing DSG with consolidated warehouse models and economies of scale efficiencies.

FINANCIAL PERFORMANCE

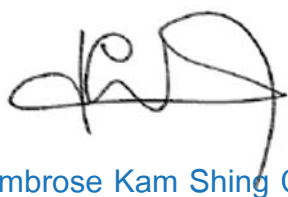
Total consolidated revenue for the fiscal year 2012 was Baht 6,768.1 million, an increase of 17.2% over 2011.

Net Profit grew by 217.6% to Baht 640.3 million. The faster-than-sales growth in Net Income is due to the positive impact of insurance claims recovery, stemming from provisions made in 2011 due to the impact of severe flooding at several of our satellite warehouses.

Normalized Net Profit (net of flood impact) nevertheless grew by 17.2% to Baht 468.5 million, reflecting gains in operating efficiencies.

Normalized Earnings Per Share in 2012 was Baht 0.52, which continued previous trends of improvement, in line with our aspirations of driving shareholder value.

The Company intends to leverage its core competencies of commercial and product innovations, technology and manufacturing capabilities as well as operating efficiencies afforded by our 2 new warehouse and production facilities to sustain robust sales and profit growth in coming years, and to deliver sustained shareholder value.



Ambrose Kam Shing Chan

Chief Executive Officer

Building for Growth



DSG strives to manage its business to realize current opportunities while preparing for the future. While both Thailand and Malaysia achieved faster-than-market growth and record market shares, we recognize the need to invest to prepare for the future to sustain superior performance.

The future opportunities will be presented by favorable regional economics and demographics. The Asian economies have been generally resilient as a result of stronger infrastructure and systems in addition to robust consumer confidence and consumption. Increasing urbanization and consumer affluence will continue to drive consumer consumption.

Demographically, Asia presents both short and long term opportunities. Birth rates continue to be healthy and provide the sustained consumer base for the baby diaper industry, particularly in the emerging markets. In the more developed economies, a slow but surely aging population will provide the longer-term growth in the adult diaper category.

Building for Growth

This combination of strong economic and demographic fundamentals present future opportunities which DSG must prepare to realize. Leveraging the scope and scale of our enterprise functions, namely procurement, manufacturing, supply chain and commercial operations, into higher levels of efficiency and innovation will be important to competing in the market to meet the challenge and opportunities of increasingly sophisticated consumer and retailer needs.

As a consumer business, the Company's focus is to produce quality products that consumers want at efficient prices, and to build stronger brands and affinity with consumers. We strive to be consumer-centric in our approach and our delivery.

It is with this in mind that we invest in infrastructure and brand building initiatives in 2012 to **Build for Growth**.

Board of Directors



MR. BRANDON SHUI LING WANG
Chairman of the Board of Directors



MR. AMBROSE KAM SHING CHAN
Director



MR. FOO ENG CHUAN
Director



MR. YEOH AIK CHEONG
Director



Board of Directors

MS. JUSTINE MAN SAN WANG
Director



MR. SUKPORN CHATCHAVALAPONG
Independent Director and Chairman of the Audit Committee



DR. VISSNU POOMMIPANIT
Independent Director and Member of the Audit Committee



MR. CHWAN-DER ALEX KING
Independent Director and Member of the Audit Committee



Management Team



MR. AMBROSE KAM SHING CHAN
Chief Executive Officer



MR. FOO ENG CHUAN
Chief Operating Officer



MR. YEOH AIK CHEONG
Chief Financial Officer

Management Team**MS. JUSTINE MAN SAN WANG***Director of Strategic Business Development***MS. CHACHANEE ANANTWATANAPONG***General Manager - Thailand***MR. SIMON WONG***Plant Director*

กลางวันพอล่ามันใจ
เบบี้เลิฟ เพลย์แพ้นส์
แห้งสบายมาก...กกก ให้ลูกสนุก
กับการเรียนรู้ตลอดวัน



กลางคืนพอล่าใจ
เบบี้เลิฟ ไนท์ แห้งสุดๆ
แผ่นเดียวเอาอยู่
ลูกหลับสนิทตลอดคืน



“พอล่าเลิฟ **BaBYLove** 99”

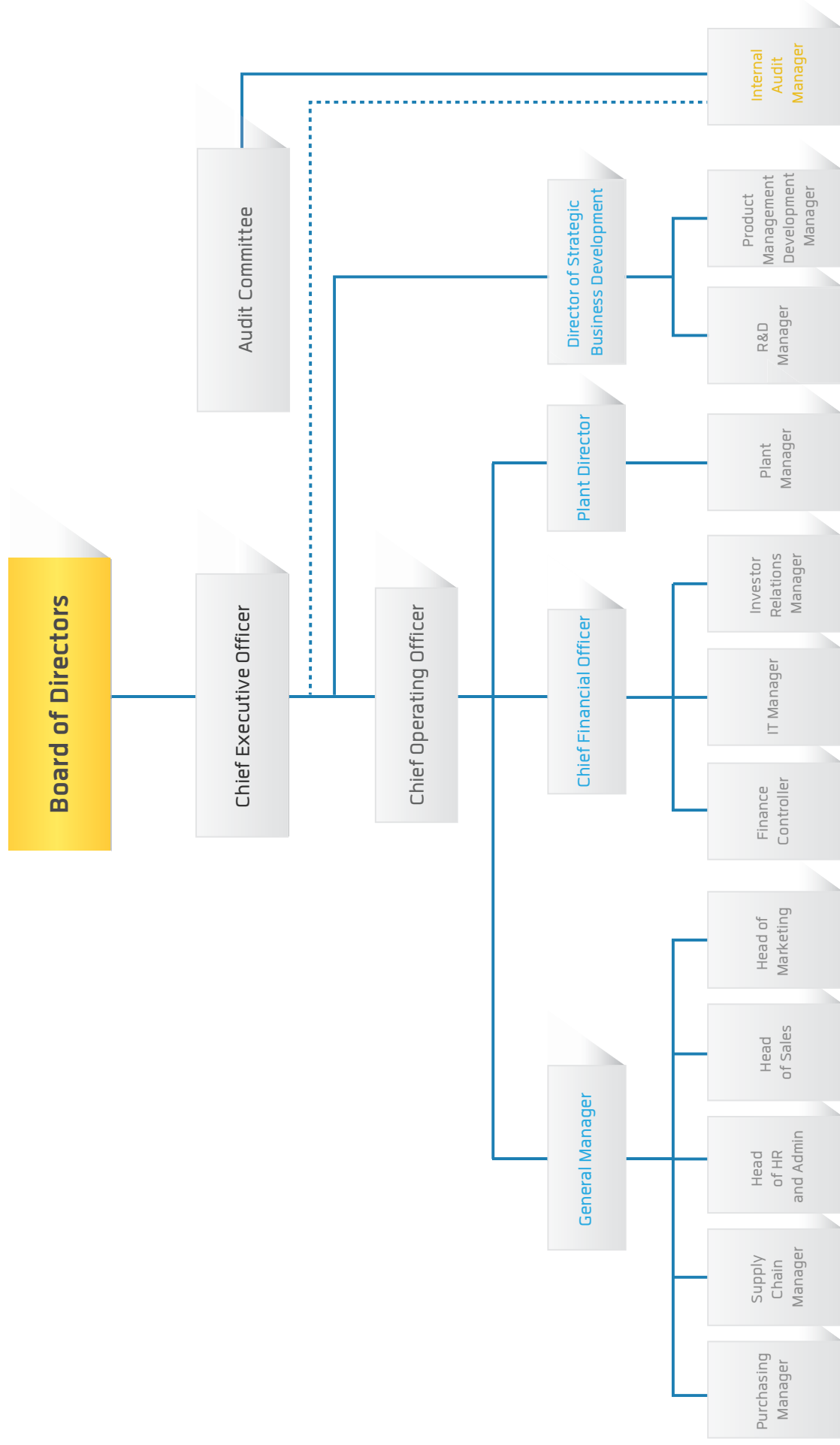
กางเกงผ้าอ้อม เบบี้เลิฟ เพลย์แพ้นส์
สวมง่าย แห้งสบาย มีอิสระกับการเรียนรู้ตลอดวัน

www.babylove.co.th

เบบี้เลิฟ ไนท์ มี Extra Night Guard ซึมซับดี แห้งสุดๆ
ลูกหลับสนิทตลอดคืน ตื่นมาพร้อมเรียนรู้สิ่งใหม่ๆ

babyloveclub

Organization Chart



Calendar of Events



1. DONATION TO PHYATHAI HOME CHILDREN CARE

On February 10, 2012, DSGT donated BabyLove baby diapers to Phyathai Home Children Care to support the children care operation.



2. DONATION TO PAKKRED HOME CHILDREN CARE

On July 6, 2012, DSGT donated BabyLove baby diapers to Pakkred Home Children Care to support the children care operation.



3. DSGT IN "RAKLUKE FESTIVAL 2012"

The Company participated in Rakluke Festival 2012 which was held from 16 to 18 March, 2012 at IMPACT Exhibition and Convention Center Muang Thong Thani.

Calendar of Events



4. HOSPITAL SEMINAR SPONSORSHIP : BABYLOVE

The Company participated in Hospital Seminar Activities for Bangpakok 9 International Hospital, B.Care Medical Center, Phyathai 2 Hospital, Seriruk Hospital, Bumrungrad Hospital, Bangna 2 Hospital, Paolo Hospital, and Chaophya Hospital. The program is to provide awareness on healthy lifestyle for new mothers.

5. HOSPITAL SEMINAR SPONSORSHIP : CERTAINTY

The Company also participated in the Diabetes Seminar with Phyathai 2 Hospital.

6. BABY LOVE AND CERTAINTY TELEVISION ADVERTISEMENT LAUNCH IN THAILAND

In July 2012, the Company launched a new BabyLove television advertisement. Celebrity Paula Taylor and her daughter, Lila were the brand ambassadors for BabyLove. In August, the Company also launched a new Certainty television advertisement with the theme of caring for parents. Both television advertisements received positive feedback from the consumers.

7. GRAND OPENING CEREMONY OF NEW FACILITY AT HEMARAJ SARABURI INDUSTRIAL LAND, THAILAND

On September 28, 2012, DSGT had a Grand Opening Ceremony for a new distribution center and production facility located at Hemaraj Saraburi Industrial Land. The new facility has an area of approximately 28,278 sq.m. and can be expanded up to 56,000 sq.m. to support future growth. The new facility will enable the Company to centralize its warehouse operations and operate in a more efficient manner.

Calendar of Events



8. PET PET 2012 EASYSTART PROGRAM GOES INTO HOSPITALS NATIONWIDE IN MALAYSIA

On May 15, 2012, DSGM Marketing Team visited a key Government Hospital in Ampang, Kuala Lumpur to share the new Pet Pet EasyStart Pack with new mothers. A total of 32,000 packs of new Pet Pet EasyStart Pack were distributed to various hospitals in Malaysia.

10. PET PET EASYSTART PROGRAM 2012 – NEW TV COMMERCIAL REACHES THE MALAYSIA HOUSEHOLDS

In May 2012, a new TV advertisement was aired to create awareness of the exclusive Pet Pet EasyStart Program, which provides guidance and assistance to pregnant and newly post-natal mothers with babies 0-3 months old.

9. PET PET MALAYSIA DAY CELEBRATION

On September 16, 2012, Pet Pet celebrated with all new mothers on the arrival of their newborns on this auspicious nationwide Malaysia Day celebration. A total of 1,500 exclusive 2012 Malaysia Day Pet Pet packs were distributed nationwide. Pet Pet's Malaysia Day celebration also went online with Pet Pet Facebook contest, engaging new mothers with the Pet Pet EasyStart Program.

11. BABYLOVE GOES ALL OUT TO "WOW" CONSUMERS AT EVENTS NATIONWIDE IN MALAYSIA

On 23rd-25th March 2012, BabyLove participated in the first Mom & Baby Expo, reaching out to new mothers.

Calendar of Events



12. BABYLOVE NIGHT SWAP PROGRAM

In quarter 3 of 2012, BabyLove Night started the BabyLove Night Swap Program. The program created buzz amongst consumers and retailers.



13. BABYLOVE NIGHT LAUNCHED A NEW ADVERTISEMENT CAMPAIGN IN MALAYSIA

In September 2012, BabyLove Night launched a new television commercial video to further strengthen the night proposition by featuring the diaper demo test to create greater awareness of BabyLove Night and its benefits.

14. CONSTRUCTION OF NEW WAREHOUSE AND PRODUCTION FACILITIES AT TELOK PANGLIMA GARANG, MALAYSIA

In 2012, DSGM started the construction of a new plant located in Telok Panglima Garang, Banting, Malaysia. The plant consists of a 2-storey office, a warehouse and manufacturing facilities with an area of approximately 47,954 sq.m. This new facility will enable the Company to consolidate both its warehouse and production in a single location.

Business Characteristics

SUMMARY OF DSGT BUSINESS OPERATIONS

DSG International (Thailand) PLC ("DSGT") was established on 20 May 1994. The Company is in the business of manufacturing and marketing of disposable baby and adult diapers. Baby disposable diapers are branded under the brand name of "BabyLove", "Pet Pet", and "Fitti", whilst adult disposable diapers are under the brand name of "Certainty" and "Certainty Active".

Background and Significant Changes and Development of the Company can be summarized as follows:

2004

2004

- > Increased its registered capital from Baht 25 million to Baht 200 million.
- > Restructured its holding structure to wholly own the shares of Disposable Soft Goods (Malaysia) Sdn Bhd ("DSGML"), DSG (Malaysia) Sdn Bhd ("DSGMSB"), Disposable Soft Goods (S) Pte Limited ("DSGS"), Advance Medical Supplier Co., Ltd. ("AMS") and to own 60% of shareholding in PT DSG Surya Mas Indonesia ("PTDSG"). The objective of the restructuring was to ensure that the distribution of the Company's and its subsidiaries' products cover the South East Asia market and to prevent any potential conflict of interest among the subsidiaries.
- > Converted from a private company to be a public company.
- > Relocated its production plant from Bangpoo Industrial Estate to Hemaraj Saraburi Industrial Zone in Saraburi Province. The Company has been granted various investment promotional incentives by the Board of Investment (BOI) for its production from this location.

2006–2008

June 2006

- > 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 with par value of Baht 1 per share.

9 August 2006

- > Listed in the Stock Exchange of Thailand. The Company issued 60 million new ordinary shares in the Initial Public Offering, resulting in a paid-up capital of Baht 300 million.

21 November 2008

- > Granted the SET Award 2008 in the category of Best Performance with market capitalization of less than Baht 2.5 billion.

2010–2011**2012****19 November 2010**

- > Nominated for the SET Award 2010 in the category of Best Performance with market capitalization of less than Baht 10 billion and Best CEO.

December 2010

- > Restructured the shareholding in PTDSG from 60% shareholding to 100% shareholding to facilitate future expansion plans in Indonesia.

29 April 2011

- > The Meeting of Shareholders approved the Company's capital increase from Baht 300 million to Baht 600 million by issuing 300 million new ordinary shares at a par value of Baht 1 per share to accommodate the Stock Dividend at the ratio of 1 existing share for 1 new share. The Company registered the change of paid-up capital to Baht 600 million on May 6, 2011. The new shares were traded in the SET on May 30, 2011.

20 September 2012

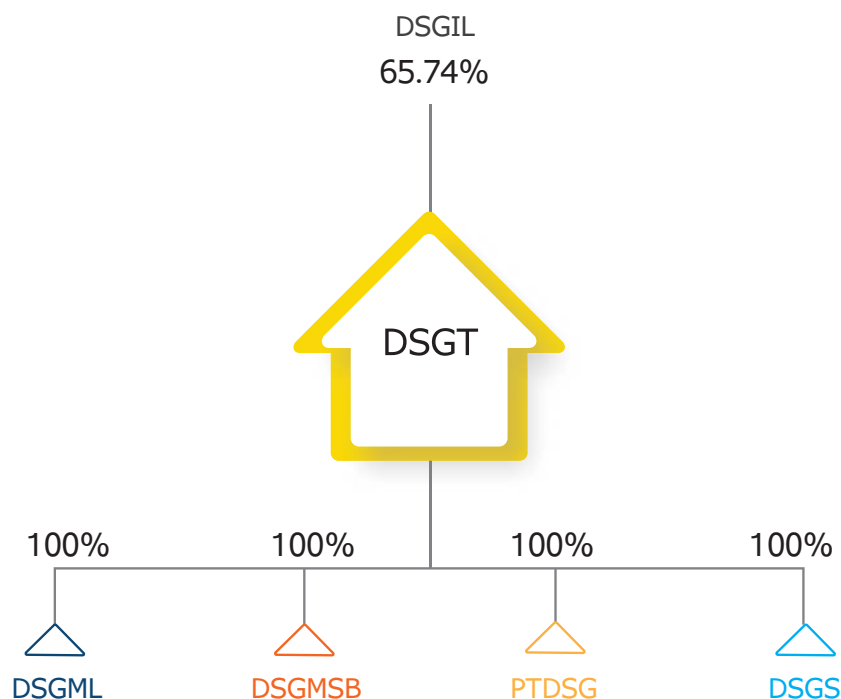
- > The Meeting of Shareholders approved the Company's capital increase from Baht 600 million to Baht 900 million by issuing 300 million new ordinary shares at a par value of Baht 1 per share to accommodate the Stock Dividend at the ratio of 2 existing shares for 1 new share. Total allotted shares were 299,999,991 shares. The Company registered the change of paid-up capital to Baht 899.99 million on October 12, 2012. The new shares were traded in the SET on October 17, 2012.

Business Characteristics

AN OVERVIEW OF THE BUSINESS OPERATION OF THE COMPANY

Corporate Structure of the Company and its Subsidiaries

31 December 2012



DSG International Limited ("DSGIL")

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

DSGIL has subsidiary companies that are in the business of manufacturing and marketing of baby and adult disposable diapers under the brand names of "BabyLove", "Pet Pet", "Fitti", "Dispo123", "Handy" and "Certainty" in United States of America, Hong Kong, 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) PCL was incorporated on 20 May 1994, with the objective of manufacturing and marketing of baby and adult disposable diapers. Its brand names include "BabyLove", "Pet Pet", "Certainty" and "Certainty Active" for both export and domestic markets.

DSGT holds 100% of share in DSGML, DSGMSB, DSGS and PTDSG.

SUBSIDIARIES**1. Disposable Soft Goods (Malaysia) SDN BHD ("DSGML")**

DSGML was founded on 16 October 1995 with authorised share capital of Ringgit 100,000 divided into 100,000 shares at par value of Ringgit 1 per share with the paid-up share capital of Ringgit 3. On 29 November 2004, the Company increased its authorised share capital to Ringgit 5 million divided into 5 million shares at par value of Ringgit 1 per share with paid-up share capital of Ringgit 3,000,003. DSGML operates the business of distributing and marketing of disposable baby and adult disposable diapers in Malaysia.

2. DSG (Malaysia) SDN BHD ("DSGMSB")

DSGMSB was founded on 2 December 1998 with authorised share capital of Ringgit 5 million divided into 5 million shares at par value of Ringgit 1 with paid-up share capital of Ringgit 2. On 8 April 1999, the Company increased its paid up share capital to Ringgit 3,400,002. Subsequently on 30 November 1999, the Company increased its authorised share capital to Ringgit 10 million with paid-up share capital of Ringgit 3,400,002. DSGMSB operates the business of manufacturing baby disposable diapers. DSGMSB's plant is located at Sungai Penaga Industrial Park, Malaysia.

3. 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 citizen, holding 40 percent with registered share capital of Rupiah 28,824 million divided into 12,000 ordinary shares at par value of Rupiah 2,402,000 and paid-up share capital of 7,200 shares at total value of Rupiah 17,294.40 million, with the objective to operate business of manufacturing disposable baby diapers and distributing 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, of which DSGT was allotted 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 share capital of 11,000 shares. Therefore, DSGT held approximately 60% with 6,599 shares while the local shareholder held approximately 40% with 4,400 shares. The PTDSG plant is located at Cikande-Serang, Indonesia.

In December 2010, DSGT acquired the remaining 40% of the paid-up share capital of PTDSG from Mr. Abdul Alek Soelystio, and PTDSG became a wholly owned subsidiary of DSGT.

4. Disposable Soft Goods (S) Pte Limited ("DSGS")

DSGS was founded on 12 August 1983 with authorised share capital of SGD 2 million, which is divided into 2 million shares at par value of SGD 1 and paid-up share capital of SGD 1.5 million, with the objective of distributing and marketing of baby and adult disposable diapers in Singapore.

On April 1, 2010, DSGS changed its business model to a distributor operation by appointing a sole distributor for all its products.

Revenue Structure

	2008 ¹		2009 ¹		2010 ¹		2011 ¹		2012 ¹	
	MM THB	%	MM THB	%	MM THB	%	MM THB	%	MM THB	%
Domestic sales ² :										
Baby diapers	1,983.22	68.31%	2,507.84	72.97%	3,358.03	76.89%	4,646.29	80.93%	5,394.82	80.41%
Related Parties ³	104.9	3.61%	111.41	3.24%	85.87	1.96%	-0.7	-0.01%	0.0	0.0%
Others	1,878.32	64.70%	2,396.43	69.73%	3,272.16	74.93%	4,646.99	80.94%	5,394.82	80.41%
Adult diapers	718.38	24.74%	779.43	22.68%	805.17	18.44%	910.19	15.85%	1,125.61	16.78%
Related Parties ³	48.62	1.67%	91.28	2.66%	77.74	1.78%	-2.59	-0.05%	0.0	0.0%
Others	669.76	23.07%	688.15	20.02%	727.43	16.66%	912.78	15.90%	1,125.61	16.78%
Export sales:										
Baby diapers	49.27	1.70%	51.13	1.49%	56.34	1.29%	97.92	1.71%	49.17	0.73%
Related Parties ⁴	0.0	0.00%	1.35	0.04%	0.47	0.01%	44.65	0.78%	0.04	0.00%
Others	49.27	1.70%	49.78	1.45%	55.87	1.28%	53.27	0.93%	49.13	0.73%
Adult diapers	70.04	2.41%	19.39	0.56%	60.53	1.39%	10.62	0.18%	40.02	0.60%
Related Parties ⁴	64.77	2.23%	15.81	0.46%	51.37	1.18%	9.56	0.16%	39.32	0.59%
Others	5.27	0.18%	3.58	0.10%	9.16	0.21%	1.06	0.02%	0.70	0.01%
Other sales: ⁵	82.34	2.84%	79.03	2.30%	87.09	1.99%	76.46	1.33%	99.11	1.48%
Total income	2,903.25	100.00%	3,436.82	100.00%	4,367.16	100.00%	5,741.48	100.00%	6,708.73	100.00%

Remarks:

Unit: Baht

	2008					2009					2010					2011					2012				
	Exchange rate																								
1 Malaysian Ringgit	10.0062					9.6861					10.1676					9.9665					10.0691				
1,000 Indonesian Rupiah	3.4686					3.5239					3.4808					3.4684					3.3207				
1 Singapore Dollar	23.5545					23.6898					23.2380					24.1667					24.8663				

² Domestic Sales means Sales in Thailand, Malaysia, Indonesia, and Singapore

³ Related Parties means PT Panca TalentaMas

⁴ Related Parties means DSGL, DSGZ and DSGIL

⁵ Other sales include sales from non-diaper products i.e. absorbent sheet, and Cool Refresh Towels

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 Company's shares price. However, this does not include other risk factors that are not known to the Company at the present time or which the Company deems 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 sheets, glues and Super Absorbent Polymer ("SAP"), whose total costs make up more than half of the total cost of production. These raw materials have the characteristics of being commodities, of which the prices are subject to global supply and demand and can fluctuate due to external factors, such as oil price, supplier production capacity, global demand etc. The fluctuation of raw material costs has a direct impact on production costs 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 manufacturing and distribution of baby and adult disposable 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 materials 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 of DSGIL.
3. **Operation/Management Assistance** : DSGIL provides management services to the Company and its subsidiaries. The Company and its subsidiaries pay 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 the royalty fee for the use of the said trademark at 1.5% while PTDSG pay 2.5%, the contract of which is renewable automatically every year for a further one year term.

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 Factors

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 manufacturing and marketing of baby and adult disposable 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, Hong Kong, and the People's Republic of China. 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, sales, 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 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.

RISK FROM MARKET COMPETITION

The market for disposable diapers has experienced continual growth, resulting in strong competition in terms of price, quality and marketing investments. The main competitors of the Company and its subsidiaries are: 1. Unicharm, 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, and the manufacturer of adult diapers under the brand name of Tena; 3. Kimberly-Clark, the manufacturer of baby diapers under the brand name of Huggies; 4. Procter & Gamble, 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 as well as technology innovation.

The Company and its subsidiaries with their management quality standard certification ISO 9001: 2008, have a process of production control to ensure the products meet established quality and standards 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 competitive.

RISK FROM FLUCTUATION OF EXCHANGE RATE

As most of the Company's and its subsidiaries' raw materials are imported, the Company and its subsidiaries may be impacted by exchange rate fluctuations, which will directly impact raw materials costs and the gross profit. Most of the imports as well as exports of the Company and its subsidiaries are in US dollar denomination.

Risk Factors

Besides the impact on raw material costs, the fluctuation of exchange rates 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, 2012, the Company and its subsidiaries did not have any long-term loans denominated in US currency. The Company and its subsidiaries mitigated foreign exchange exposure risks by entering into forward exchange contracts.

RISK FROM POLITICAL OR ECONOMIC SITUATIONS AND OTHER FACTORS FROM COUNTRIES IN SOUTHEAST ASIA

The Company has subsidiaries that produce and market 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 NATURAL DISASTERS

Thailand encountered its worst flood crisis in 70 years in 2011, due to heavy and widespread rainfall in major areas of the country during the rainy season influenced by monsoon storms. The worst floods were in October and November 2011, causing substantial hardship to Thailand's people and economy. As the Company's main facilities are located in Thailand, there is the possibility that recurrence of such acts of nature may again result in business disruption. The Company has employed various measures to protect its facilities as well as a contingency recovery plan in place in anticipation of future flooding.

Shareholders Structure

DSGT – MAJOR SHAREHOLDERS AS OF 31 DECEMBER 2012

Name of shareholder	No. of shares held	Shareholding (%)
1. Group of DSG International Limited	591,621,000	65.74
1.1 DSG International Limited	584,906,100	64.99
1.2 BOCI Securities Limited	6,714,900	0.75
2. Somers (U.K.) Limited	58,670,850	6.52
3. Anuwongnukroh Family	36,825,700	4.09
3.1 Mrs. Suwanna Anuwongnukroh	29,387,250	3.27
3.2 Mr. Pairat Anuwongnukroh	2,730,000	0.30
3.3 Mr. Niwat Anuwongnukroh	2,345,000	0.26
3.4 Mr. Praphan Anuwongnukroh	1,923,450	0.21
3.5 Mrs. Uraimanee Anuwongnukroh	440,000	0.05
4. Thai NVDR Co., Ltd.	23,599,557	2.62
5. Bank Julius Baer And Co., Ltd.	11,490,000	1.28
6. Ayudhya Alliance Life Insurance	6,771,750	0.75
7. CitiGroup Global Markets Limited -IPB Customer Collateral Account	6,046,250	0.67
8. RBC DEXIA Investor Services Trust	5,729,100	0.64
9. Ms. Siriluck Thanomkulrat	4,530,000	0.50
10. Mr. Surayuth Piriyawong	4,507,500	0.50
Other shareholders	150,208,284	16.69
Total	899,999,991	100.00

Remark : Total number of shareholders is 4,027.

Management Structure

1. DSGT BOARD OF DIRECTORS

As at 31 December 2012, the Company's Board of Directors comprised of 8 Directors as follows:

List of names	Positions
1. Mr. Brandon Shui Ling Wang	Chairman of the Board
2. Mr. Ambrose Kam Shing Chan	Director, and Chief Executive Officer
3. Mr. Foo Eng Chuan	Director, and Chief Operating Officer
4. Mr. Yeoh Aik Cheong	Director, and Chief Financial Officer
5. Ms. Justine Man San Wang	Director, and Director of Strategic Business Development
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. Chwan-Der Alex King*	Independent Director and Member of the Audit Committee

* Remark : Mr. Chwan-Der Alex King was appointed as Independent Director and Member of the Audit Committee in Board of Directors' Meeting No. 1/2012 held on 17 February 2012

The Company secretary is Ms. Maneeporn Korkittisunthorn

Scope of the Duties and Powers 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, 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, 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 an 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.

Management Structure

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 a 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, significant related parties 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 vote. One director shall be entitled to one vote, unless the director has an interest in any particular matter, in which case he or she shall not be entitled to vote on said 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. A director must inform the Company for information without delay of in case he or she has had an interest, whether direct or indirect, in any contract entered into by the Company or in the case of shares or debentures of the Company or its subsidiaries held by the director having increased or decreased.
8. A 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 limited company or another public company, which operates a 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. A director shall have the power to consider, approving the borrowing of money, the obtaining of credit line, of debt restructuring or of issuance debt instruments including the provision of collateral, or security against the loan or credit or the application for any credit facility by the Company.

2. DSGT EXECUTIVE COMMITTEE

As at 31 December 2012, the Executive's Committee comprised of 5 Members as follows:

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

Remarks : The attending members of the Executive Committee are to elect one of the participants to be the Chairman of the meeting.

Scope of the Duties and Powers of the Company's 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 funds for the normal operation of the Company's business.
5. To have power to set out policy in relation to the wage and salary structure of the Company.

Management Structure

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 and 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 funds, the obtaining of any credit line, the debt restructuring or the issue of debt instruments and the provision of security, the underwriting of loans or credit facilities 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 is not entitled to cast a vote on said matter. A resolution of the Executive Committee shall be adopted by a majority of votes and if the vote is equal, the Chairman shall cast the deciding vote to resolve the issue.

3. DSGT AUDIT COMMITTEE

As at 31 December 2012, the Audit Committee comprised of 3 Members as follows:

Name	Position
1. Mr. Sukporn Chatchavalapong	Chairman of the Audit Committee
2. Dr.Vissnu Poommitpanit	Member of the Audit Committee
3. Mr.Chwan-Der Alex King*	Member of the Audit Committee

***Remark :** Mr. Chwan-Der Alex King has adequate expertise and experience to review creditability of the financial reports.

The Secretary of the audit committee is Ms. Chulaluk Suwannikkakul

Scope of Duties and Powers of the Company's Audit Committee

1. To review the Company's financial reports process to ensure that they are accurate and adequate;
2. To review the internal controls and internal audit functions to ensure that they are suitable and efficient and consider the independence of party and to give the opinion on the appointment, transfer or stop hiring of the internal audit officer;
3. To review the Company's compliance with SEC's and SET's Laws and regulations and other law relevant to the Company business;
4. To consider, select and nominate the Company's external auditors and their remunerations and conduct a meeting with the auditor at least once per year without management present;
5. To consider transactions related to, or transactions that may cause conflicts of interest, to comply with the laws and the SET's regulation, and are reasonable and for the highest benefit of the Company;

Management Structure

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 regulations 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; and
 - 6.8 other matters which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board.
7. To perform any other duties as assigned by the Board of Directors.

4. MANAGEMENT

As at 31 December 2012, the 6 Executives of the Company were:

Name	Position
1. Mr. Ambrose Kam Shing Chan	Chief Executive Officer
2. Mr. Foo Eng Chuan	Chief Operating Officer
3. Mr. Yeoh Aik Cheong	Chief Financial Officer
4. Ms. Justine Man San Wang	Director of Strategic Business Development
5. Ms. Chachanee Anantwatanapong	General Manager, Thailand
6. Mr. Simon Wong Chun Wah	Plant Director

Scope of Duties and Powers 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 lines of work, department, section, or terminate employees from the Company; to determine the rate of wage, remuneration, or 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 the 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, which 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 interest 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 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.

Management Structure

Selection Process and Appointment of Directors and Executive 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 must 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. Should 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 cast a deciding 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 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. 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 Member of the Audit Committee must be an Independent Directors. The company has defined the meaning of "Independent Directors" as per the criteria set by the Capital Market Supervisory Board Tor.Chor.14/2551 as follows:

1. Holding shares not exceeding 1.0 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the appointment.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary.

Management Structure

4. Not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the appointment.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the appointment.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the appointment date.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

Monitoring the Usage of Internal Information

The Company has a policy to prohibit directors and executives from using 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 trading the Company's shares for at least a 1-month period before public disclosure of the financial statement.

The Company must notify the executives regarding the report of the shareholding and the change on shareholding of the Company's shares by the executives, their spouses and minor children to the Office of the Securities and Exchange Commission and of any potential penalties.

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

Board of Director and Management Biography



Mr. Brandon Shui Ling Wang

Chairman of the Board of Directors

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

DSGIL, a holding company with corporate headquarters in Hong Kong, has effective equity and management control of three distinct business entities. The East Asia Region, predominantly Hong Kong and China, is the birthplace of DSG Group Worldwide founded in 1973. DSG International (Thailand) PLC is the regional headquarters responsible for the South East Asia 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 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. Ambrose Kam Shing Chan

Director and Chief Executive Officer

Ambrose Chan joined DSG International (Thailand) PLC, as Chief Executive Officer, responsible for the South East Asian markets in May 2008 and has assumed the overall responsibility of Asia since December 2009. He was appointed to be Director of DSGT, DSGMSB, DSGML and DSGS, and also be Commissioner of PTDSG.

Ambrose started his regional management career in 1998. He was Chief Executive for the Asia Pacific Region and a Member of the Global Executive Board of Novartis Consumer Health S.A. from 1998 to 2002, and Associated British Foods & Beverages (ABF PLC) from 2003 to 2004, both based in Singapore. Prior to joining DSG, he was the Chief Executive Officer for Vitasoy International Holdings Ltd. from July 2004 to July 2007 in Hong Kong, and he was the Managing Director for Vasen Strategies Limited in August 2007.

Prior to his regional 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 Programme), the Chinese University of Hong Kong. He earned his MBA, General Management & Marketing, Ivey Business School, Canada in 1982 and a BBA (Hons.) degree from CUHK in 1978.

Board and Management Biography



Mr. Foo Eng Chuan

Director and Chief Operating Officer

Eng Chuan 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 February 2010.

Before joining DSG, Eng Chuan was with Bausch & Lomb from 1999 to 2009, during which he held 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 multinational FMCG companies such as Energizer, Unilever, Glaxo Smithkline and UNZA Group. His previous roles included that of Regional Marketing Manager for BP UNZA Asia, General Manager for Hazeline Skincare, Personal Care Business Group Head for Unilever and Marketing Director for Energizer.

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



Mr. Yeoh Aik Cheong

Director and Chief Financial Officer

Aik Cheong joined DSG Malaysia in April 2010 as Finance Director for Malaysia, Singapore and Indonesia markets. In May 2011, he was promoted as Chief Financial Officer - SEA and appointed as Director of DSGT, DSGMSB, DSGML and DSGS, and also be Commissioner of PTDSG.

Prior to joining DSG, Aik Cheong was Bausch & Lomb's Finance Director for SEA & Asia Finance Shared Service Centre from April 2007 to May 2010. Before that he was the Southern Asia Finance Controller in Stryker Corporation, a global medical device corporation from May 2006 to March 2007.

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 with a Bachelor Degree of Accounting (Honors) from University of Malaya in Kuala Lumpur, Malaysia.

Board and Management Biography



Ms. Justine Man San Wang

Director and

Director of Strategic Business Development

Justine joined the DSG group in 2004, where she assumed the role of Product Manager for DSG Malaysia. In 2010, she assumed the position of Director of Strategic Business Development for Asia. Justine was appointed as a Company director in April 2009.

Justine graduated with a Masters of Business Administration degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. Prior to this, she earned a Master of Science in International Politics from the School of Oriental and African Studies at the University of London, UK and a Bachelor of Arts majoring in Geography from Sussex University.



Mr. Sukporn Chatchavalapong

Independent Director and

Chairman of the Audit Committee

Sukporn has been appointed as an Independent Director of the Board of Directors since 2004 and also a Member of the Audit Committee. In 2009 he was appointed as Chairman of the Audit Committee.

Sukporn started his career with the Foreign Department of Bangkok Insurance Public Co., Ltd. in 1979. He moved to CP Intertrade Co., Ltd. where he was responsible for risk management of joint venture companies in China in 1990. He joined Inchcape Insurance Brokers (Thailand) Co., Ltd. as Broking Manager in 1992. In 1998, he was appointed General Manager - Commercial Line of Royal and Sun Alliance Insurance (Thailand). In 2002, he 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. At present he works with Asia Insurance 1950 Co., Ltd. as Assistant Managing Director responsible for Underwriting.

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



Dr. Vissnu Poommipanit

Independent Director and

Member of the Audit Committee

Dr. Vissnu has been appointed as an Independent Director of the Board of Directors since May 2008. He is also a Member of the Audit Committee.

Besides serving as Lecturer and Vice Chairman of Assumption University since 2003, Dr. Vissnu serves as a consultant of Energy Conserve Co., Ltd. and consultant to the CEO of Southern Group Co., Ltd. (a mining & transportation industry). In 2000, Dr. Vissnu was appointed as a certified trainer for the Accountant Training program by the Department of Trade, Ministry of Commerce.

Dr. Vissnu obtained his Accounting degree from Assumption University and his Master's 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) Co., Ltd.

Board and Management Biography



Mr. Chwan-Der Alex King

*Independent Director and
Member of the Audit Committee*

Alex King has been appointed as an Independent Director of the Board of Directors and a Member of the Audit Committee since February 2012.

Alex King serves as Chief Executive and Managing Director – Asia of Associated British Foods since 2009.

Alex King was Managing Director – North ASEAN Region from 2003 to 2007 and Managing Director – North Asia Region from 2008 to 2009 at Associated British Foods.

Alex King graduated from The Wharton School, University of Pennsylvania with MBA degree and MA degree from The School of Arts and Sciences, University of Pennsylvania.



**Ms. Chachanee
Anantwatanapong**

General Manager - Thailand

Chachanee Anantwatanapong joined DSG International (Thailand) PLC in June 2010, as Commercial Director for Thailand. In June 2012, she was promoted as General Manager – 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 and Laos markets. She has acquired over 15 years sales and marketing management experience from multinational FMCG (Colgate-Palmolive, SC Johnson and Reckitt Benckiser).

Chachanee earned a Master Degree of Business Administration (major in marketing) and a Bachelor of Accounting from Chulalongkorn University. She also received a Certificate of Advertising from the University of California, Los Angeles.



Mr. Simon Wong

Plant Director

Simon Wong joined DSG Hong Kong in July 1978 as Production Assistant. He became Production Supervisor in 1980 and was promoted to Production Manager in 1985.

In 1991, Simon assumed responsibility for the export manufacturing and new business development in Singapore, Zhongshan (China) and Indonesia. In 1999, he was transferred to Malaysia as Plant Manager to start-up and oversees local manufacturing operations. In May 2008, Simon assumed the Regional Plant Manager position, with responsibilities for manufacturing operation in Malaysia and Indonesia. In September, 2011, Simon was promoted to the position of Plant Director - SEA.

Prior to joining DSG, Simon worked at Tai Fung Knitting Company as Assistant Production Manager, leading a workforce of over 300 workers in Hong Kong.

Simon graduated from Chu Hoi College with Bachelor Degree of Civil Engineering.

Corporate Governance

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 including operating staff, executives and directors of the Company, which forms the important basis for improving operating efficiency and effectiveness of the Company for the long-term benefit of the shareholders, customers, investors and the general public. The Company has implemented its corporate governance practice as follows:

1. Right of Shareholders

The Company has recognized the importance of the shareholders' right. The Company's practices on Right of Shareholders which are in line with the good corporate governance are as follows:

- Propose directors' remuneration for shareholders' approval on yearly basis;
- Present important information for shareholders via company website – www.dsgap.com;
- Not to lessen that shareholders' right by not distributing significant information immediately on the meeting day, or not include additional agenda and allow the latecomer shareholders to attend the meeting;
- Shareholders will be able to make enquiries, express opinions and make recommendations;
- The minutes of the meetings are correctly recorded for the shareholders to inspect; and
- Provide a translator in case the shareholders' meeting is conducted in foreign language to ensure that the shareholders can completely understand the message of the meeting and can ask or express their opinions.

2. Equitable Treatment of Shareholders

The Company has treated every shareholder equally by having practices which are in line with the good corporate governance as follows:

- Deliver a meeting invitation letter together with supporting information relevant to meeting agenda to shareholders 14 days prior to the meeting date. The Company has appointed Thailand Security Depository Company Limited as the company registrar to distribute the invitation letter and other documents to shareholders. In 2012, the Company delivered the meeting

invitation letter to the shareholders on April 12, 2012 and made an announcement through the newspaper for 3 consecutive days from April 23-25, 2012 in order to inform the shareholders in advance;

- In order to facilitate the shareholders who cannot attend the meeting, the company sent the proxy form together with the invitation letter and listed the required documents for the meeting. Moreover, the Company has authorized Independent Directors/Member of Audit Committee, Dr.Vissanu Pumipanit or Mr.Chwan-Der Alex King as a proxy on behalf of the shareholders in the event the shareholders cannot attend the meeting;
- Post the meeting invitation letter and attachment via the Company website. In 2012, the Company posted the meeting invitation letter on the Company website on April 12, 2012;
- Set the venue and the appropriate time that is convenient for every shareholder to attend the meeting. In 2012, the Company held the Annual General Meeting of Shareholders No.1/2012 on April 27, 2012 at 10.00 am at Governor 1 2 3, Pacific Club, 28th Floor, Two Pacific Place Tower. The venue was convenient for travelling by public transportation;
- Inform the resolution of the meeting after the meeting has been completed and submit and publish the minutes of the meeting on the company website within 14 days after the meeting. In 2012, the Company had informed the resolution of the meeting on April 27, 2012 and published the minutes of the meeting on the company website on May 14, 2012;
- Record the meeting in video format and post on the company website; and
- Set the protection policy in order to prevent the use of internal information by directors and management for their personal use. The detail can be found under the Use of Internal Information section.

3. Role of Stakeholders

- The Company has placed high importance on the right of stakeholders including executives, staffs, competitors, creditors, state sector and other related organizations. The Company will comply with the relevant rules and regulations to ensure that the rights of these interested groups are properly attended to.

Corporate Governance

- The Company has always treated staff equally and fairly by providing suitable remuneration. The Company also provides proper staff welfare i.e provident fund, group health insurance and safety policies.
- The purchase of goods and services from trading partners has proceeded according to agreed terms as well as compliance with the contracts made with trading partners. In addition, the Company's code of conducts have defined the practice under framework of good competitive roles, not to seek information on competitors through dishonest improper means.
- In order to be a channel for stakeholders' participation, the Company has set up a channel to gather any complaints, suggestions or comments to contact with the Board of Directors via the company website or the stakeholders may send by mail or by hand to the Company.

4. Information Disclosure and Transparency

The Company discloses material information including Financial Reports and other information that are clear, concise, easy to understand, complete and adequate, reliable and timely in the Annual Registration Statement (Form 56-1), Annual Report, Company Website and via SET system. This is to ensure that all shareholders can access to the Company's information equally. The Company's practices on the Information Disclosure and Transparency which are in line with the good corporate governance as follows:

- Disclose a clear information of shareholding structure;
- Disclose the shareholding information of directors and management;
- Disclose the information on related transactions, names and relationships, transaction values including the board's opinion on the transactions;
- Quality of financial reports, the Company appointed Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., who has been certified by the Securities and Exchange Commission, as an independent auditor. The company's latest financial report was certified with unqualified opinion from the auditor;
- The Company established the Investor Relations Department to be a channel to disclose the information to the shareholders, analysts and general investors. The Investor Relations Department can be reached at 02-651-8061 ext. 202; and

- In order to provide the shareholders and investors access to the Company's information, through various channels such as Annual Report, website and analyst meetings. In 2012, the Company has conducted various presentation through company visits, conference calls, Opportunity Day (in March and August) and Thailand Focus Conference.

5. Board Responsibility

5.1 Board Structure

- The Company's Board of Directors comprises of 8 persons (as at December 31, 2012)
 - > 5 directors are executive directors
 - > 3 directors are non-executive directors and also Independent Directors/Member of the Audit Committee
- One-third of the Company's directors are independent directors. Should that director have any interest in any matters, he or she will not have the right to vote on the said matters.
- The Company separates the position of Chairman of the Board of Directors and Chief Executive Officer (CEO) into 2 positions to be held by different persons in order to segregate the duty of setting up policy and business supervision from routine management. Duty and authority of the Board of Directors, Executive Board and the Audit Committee are clearly separated as detailed in Management Structure section.
- The Company has an established term of office for directors in the Articles of Association that at each Annual General Meeting of Shareholders, one-third of the directors-or if their number is not a multiple three, the number nearest to one-third must retire from office. Therefore, the term of each director is set at 3 years.

5.2 Sub-committee

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

Corporate Governance

- The Audit Committee consists of 3 independent directors with a 3-year tenure. Details of the authority and duty of the Audit Committee are provided in Management Structure section.
- The person to be appointed as a member of Audit Committee must be an independent director. The Company has defined the meaning of Independent Directors as per the criteria set by the Capital Market Supervisory Board Tor.Chor.14/2551 which is provided in Management Structure section.
- The Company does not have a Remuneration Determination Sub-committee. However, the wage and salary structure has been carefully considered by the Executive Committee by having an appropriate process and benchmarking with the referenced industry of similar size, including taking into consideration the Company financial performance.
- The Board of Directors considers, defines and separates clear and distinctive roles and responsibilities within itself, the Executive Committee, the Audit Committee and the Chief Executive Officer.
- The Board of Directors has appointed Ms. Maneeporn Korkittisunthorn as the Company Secretary to be responsible for and to undertake the tasks of the Company Secretary in order to comply with Section 89/15 of the Securities and Exchange B.E. 2535 (including its amendments).
- The Company has established a Report of the Board of Directors Responsibilities for Financial Statements presented together with the Financial Statement in the Annual Report.

5.3 Roles and Responsibilities of the Board of Directors

- The Company's Board of Directors comprises 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, objective, 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 with in the framework of the law, objectives, Articles of Association of the Company and the resolutions of the shareholders' meeting responsibly, honestly and carefully in compliance with the good corporate governance principle. This is to maximize shareholders' value.
- The Company places great importance on the internal control system, internal audit and risk management including check and balance system to ensure that the operation of the Company is carried out in accordance with the laws. There is also a good control system to ensure maximum efficiency and effective internal control system for the Company.

5.4 Board Meeting

- The Company delivers the notice of Board of Directors' meeting together with supporting documents to directors for consideration before the meeting date at least 7 days in advance. This is in accordance with the minimum timeframe required by law. At least one Board of Directors' meeting is held in each quarter with additional meeting to be called if required.
- In 2012, there were totally 9 Board of Directors meetings. Minutes of the meetings are accurately and completely recorded in writing by Company Secretary. Minutes of the meetings, certified by the Board of Directors, will be retained for further examination by the Board of Directors and other related parties. The Company discloses the meeting attendance of each directors under Management Structure section.
- The Company has set up the meeting of the Audit Committee and the external auditor without the presence of executive directors and management in order to enhance good corporate governance and transparency to the Company financial statement. The meeting is set quarterly prior to the approval of quarterly financial statements.

Corporate Governance

- In 2012, The meeting attendance is as follows:

Name	Meeting Attendance (times / total)	
	Board of Directors	Audit Committee
1. Mr. Brandon Shui Ling Wang	0/9	N.A.
2. Mr. Ambrose Kam Shing Chan	9/9	N.A.
3. Mr. Foo Eng Chuan	8/9	N.A.
4. Mr. Yeoh Aik Cheong	9/9	N.A.
5. Ms. Justine Man San Wang	2/9	N.A.
6. Mr. Sukporn Chatchavalapong	9/9	4/4
7. Dr. Vissnu Poommipanit	9/9	4/4
8. Mr. Chwan-Der Alex King*	8/8	3/4

* Remark : Mr.Chwan-Der Alex King was appointed as Independent Director and Member of the Audit Committee in Board of Directors' Meeting No. 1/2012 held on 17 February 2012

5.5 Remuneration

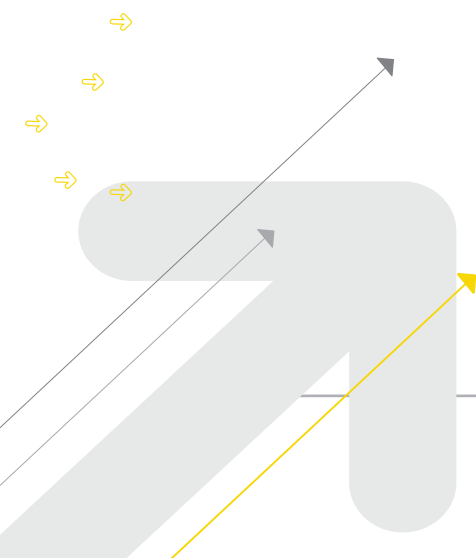
- The Company has set up a clear policy for remunerating directors and executives. The directors remuneration shall be approved by shareholders' meeting, while executive remuneration shall be approved by the Board of Directors. The remuneration for directors and executives are provided at the same level as industry practices and sufficient to attract and retain capable and qualified directors and executives.
- The Annual General Meeting of Shareholders No.1/2012 held on April 27, 2012 approved the directors remuneration for year 2012 by approving the remuneration for the three Independent Directors and Member of the Audit Committee at Baht 400,000 each. Other directors are not entitled to receive the remuneration.

Dividend Policy

The Company has a 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 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.



Related Transactions

Details of related transactions of the Company and its subsidiaries with persons who may have conflict of interest:

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 11	Audited 31 December 12	
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 to DSGIL.	Management Fee 80.902	Management Fee 100.050	The said transaction was reasonable 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.
	DSGML and DSGMSB also paid License Royalty fee to DSGIL.	Royalty Fee 36.903	Royalty Fee 42.540	Rate of management fees that the Company has 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, DSGML, DSGMSB, PTDSG, and DSGS due to the unpaid management fees and license royalty fee to DSGIL (The said fees were paid monthly without credit term) and reimbursement expenses.	11.308 Aging Current : 11.067 ≤ 3 mos: 0.241	13.479 Aging Current : 12.941 ≤ 3 mos: 0.345 3-6 mos: 0.193	The said transaction was reasonable and considered as a normal transaction. Since it is interest free transaction, it would consider as the financial assistant from DSGIL, the parent company.
	1.3 The Company sold baby diapers and packing material to DSGIL.	-	5.606	The said transaction was 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

Related Transactions

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 11	Audited 31 December 12	
	1.4 DSGIL is trade debtor of the Company, arose from diapers sale transactions.	-	5.317 Aging Current : 4.595 ≤ 3 mos : 0.722	The said transaction was reasonable and considered as a normal transaction
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 baby and adult diapers to DSGL.	22.817	16.936	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 DSGL is trade debtor of the Company, arose from diapers sale transactions.	16.789 Aging Current: 16.789	8.081 Aging Current: 8.081	The said transaction was reasonable and considered as a normal transaction
	2.3 DSGL is other debtor of the Company, arose from other expenses charge back from the Company.	0.006 Aging Current: 0.006	0.003 Aging Current: 0.003	The said transaction was considered as a normal transaction
	2.4 DSGL is other creditor of the DSGMSB, arose from other expenses charge back from DSGL.	0.019 Aging 3-6 mos: 0.019	0.019 Aging Over 1 yr: 0.019	The said transaction was considered as a normal transaction

Related Transactions

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 11	Audited 31 December 12	
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.	3.068	3.088	The said transaction was reasonable 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).	0.909 Aging Current : 0.302 ≤ 3 mos : 0.607	1.732 Aging Current : 0.370 ≤ 3 mos : 0.580 3-6 mos : 0.782	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.

Related Transactions

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 11	Audited 31 December 12	
4. Shanghai DSG MegaThin Co., Ltd. ("SDSGM"). - 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.	4.1 The Company purchase raw materials from SDSGM.	25.405	33.789	This transaction is a normal trade transaction. The raw material is a proprietary product of DSG.
	4.2 SDSGM is trade payable of the Company.	Nil	Nil	There is no outstanding balance of Trade Payable of SDSGM since FY 2011 because of changing payment term to paying in advance.
	4.3 DSGM is other creditor of the Company, arose from other expense reimbursement.	0.214 Aging Current : 0.100 3-6 mos : 0.114	0.150 Aging Current : 0.124 3-6 mos : 0.026	The said transaction was considered as a normal transaction.

Related Transactions

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 11	Audited 31 December 12	
5. 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.	5.1 The Company sold baby diapers to DSGZ.	36.895	17.016	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.
	5.2 DSGZ is the trade debtor of the Company, arose from the sale of finished goods to DSGZ.	30.973 Aging Current : 22.239 ≤ 3 mos : 8.734	Nil	The said transaction was reasonable and considered as a normal transaction.
	5.3 DSGZ is other debtor of the Company and DSGMSB, arose from other expenses reimbursement.	0.176 Current 3-6 mos : 0.176	0.259 Aging Current : 0.089 Over 1 yr : 0.170	The said transaction was considered as a normal transaction.
	5.4 The Company purchase raw material for machinery test run.	0.408	0.012	This transaction is a normal trade transaction.
	5.5 DSGZ is the trade creditor of the Company, arose from the purchase of material from DSGZ for machinery test run.	0.420 Aging Current : 0.388 ≤ 3 mos : 0.032	0.017 Aging 6-12 mos : 0.017	The said transaction is a normal trade transaction.

Related Transactions

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (million Baht)		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 11	Audited 31 December 12	
6. Nina Industries Co., Ltd., ("NINA") - Manufacturing and Distributing absorbent sheet products, cold refreshing towels and sanitary napkins - DSGT is the sole distributor for NINA - Registered in Thailand - Head Office in Thailand * Such company was related through the Company's advisor director who is shareholder of such related company. Subsequently, such advisor director resigned from the Company; therefore, such company has no longer been the related company.	6.1 The Company bought absorbent sheet products, cold refreshing towels and sanitary napkins from NINA. The Company is distributors for NINA's products.	81.074	-*	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. (NINA gives 45 days credit term)	0.913 Aging Current : 0.913	-*	The said transaction was reasonable and was beneficial to the business operation of the Company.
	6.3 NINA is the non-trade Debtor of the Company on purchase discount returned.	4.055 Aging Current : 1.432 > 3 mos : 2.623	-*	The said transaction was a normal trade transaction.
7. DSG Technology Holding Limited ("DSG TEC") - Holding company - Registered in Hong Kong - Head Office in Hong Kong. - DSGIL, which is the major shareholder of the Company, holds 100 percent share in DSG TEC.	7.1 The Company, DSGMSB and DSGMAL pay licenses fee to DSG TEC.	Technology Transfer and License Fee 31.697 Trademark License Fee 45.002	Technology Transfer and License Fee 35.460 Trademark License Fee 55.330	The said transaction was reasonable and was beneficial to the business operation of the Company and its 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
	7.2 DSG TEC is the creditor of the company, DSGMSB and DSGMAL from the unpaid royalty fees mentioned above.	7.028 Aging Current : 7.028	8.858 Aging Current : 8.858	The said transaction was reasonable and considered as a normal transaction.

Management Discussion and Analysis

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

We believe in doing what is right; as pertaining to our financial reporting, this means high-quality financial reporting with accuracy and transparency. Management is responsible for maintaining an effective system of internal controls and excellent operations. The Board of Directors through its Audit Committee provides oversight and has also engaged Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., to audit our financial statements, on which they have issued unqualified opinion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's discussion and analysis was to provide more insight and understanding of the financial results of the DSGT Group.

OVERVIEW

DSGT Group is a leading disposable diapers company in South East Asia. We focus on delivering quality products at efficient costs to satisfy the needs of our customers and consumers. We have facilities in three major locations in South East Asia, i.e. Thailand, Malaysia and Indonesia, with a sales presence in over eight countries from South East Asia to the Middle East and Africa. We are in a highly competitive industry amidst global, regional and local competitors.

FINANCIAL HIGHLIGHTS

Total consolidated revenue for the fiscal year 2012 for the Group was Baht 6,768.1 million representing an increase of 17.2% compared to 2011. The key growth drivers are mainly attributed to the good sales momentum for the Group key brands such as BabyLove and Pet Pet baby disposable diapers category and Certainty adult disposable diapers category. DSG Group continued to out-pace industry growth in key markets in 2012 despite challenging external and competitive circumstances, with both BabyLove and Pet Pet achieving record sales and market share in Thailand and Malaysia respectively, while Certainty continued to grow and maintained its market leadership position in Thailand adult incontinence market despite new brand entries.

Net profit grew to Baht 640.3 million in 2012, representing an increase of 217.6% growth compared to 2011. The faster-than-sales growth in net profit is due to the positive impact of net insurance claims recovering amounting to Baht 171.8 million. Normalized net profit (net of flood impact) nevertheless grew by 17.2% Baht 468.5 million. The improvement of the operating efficiencies enabled the Group to maintain a 6.9% returns of sales, offsetting higher financing costs and income tax.

Management Discussion and Analysis

FORWARD LOOKING

We discuss expectations of future performance. All such statements are based on financial data and our business plans which were 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 impact on 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 are imported. Therefore our success will be dependent upon our ability to manage these fluctuations and currency exposure. Furthermore, changes in the economic and political environment do affect consumer confidence; thus our success will depend, in part, in our ability to address global, regional and local political and /or economic uncertainties as well.

FINANCIAL CONDITION

We believe that our strong financial condition will continue with the healthy sales growth and momentum of our key brands. The strong financial condition will ensure that we will continue to expand our business. Operating cash flow primarily provides the funds for operational needs and required capital expenditure. Our 2012 cash flow from operations was utilized in increasing business capability to support high revenue growth. Cash flow from investing activities was mainly to support business expansion relating to production capacity and innovation improvements in both Thailand and Malaysia. Our cash flow from financing activities was to fund the business expansion plans, loan settlement and payment of dividend.

INCOME TAX

DSGT, at Company level, is exempted from income tax for the net profit under the BOI privilege. However, during the year 2012, there was an expired BOI Certificate in 2012 which may cause income tax payment for the year. At Group level, the financial statement reflects tax payment of the Company and its subsidiaries.

OTHER INFORMATION

Our financial statements were prepared using Thai GAAP and IFRS as the basis of our accounting policies. Our Group has adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2012 onwards, in the preparation and presentation of these financial statements.

Report of Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the separate financial statements and consolidated financial statements of the Company and its subsidiaries, including the financial information disclosed in the Company's Annual Report. The financial statements are prepared in accordance with Thailand Accounting Standards and in compliance with Thailand law and regulations and include general accepted accounting principles in Thailand. The Company and its subsidiaries have consistently applied appropriate accounting policy and adequately disclosed in the Notes to the financial statements to ensure that the financial statements are reliable and provide sufficient information to the shareholders and investors.

The Board of Directors has established and maintained an internal control system in order to provide a reasonable assurance that the accounting records are accurate, complete and adequate in protecting the assets of the Company, and in preventing fraud and materially irregular transactions.

The Board of Directors has appointed an Audit Committee which comprises of Independent Directors to review the quality of the financial reporting and the effectiveness of internal control system. The Audit Committee reports the review results to the Board.

The Board of Directors is of the opinion that the audited separate financial statement of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2012 are reliable and provide a true and fair view of the financial position of the Company.



Brandon Shui Ling Wang

Chairman of the Board of Directors

Report from the Audit Committee

In 2012, the Audit Committee ("Committee") of DSG International (Thailand) Public Company Limited ("Company") consists of three independent directors who are knowledgeable and experienced in finance and organization management, chaired by Mr. Sukporn Chatchavalapong, with Dr. Vissnu Poommipanit and Mr. Chwan-Der Alex King as members.

The Committee held four (4) meetings during the year 2012 for reviewing and considering the following businesses:

1. Review of the Company's financial statements and the Group consolidated finances -- The Committee reviewed the Company 2012 financial statements, Group 2012 consolidated finances and the results of the audit with the Chief Financial Officer and the independent auditors from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The review of the financial statements of the Company and Group consolidated finances were conducted on quarterly and annual basis.

The meetings were to review the correctness, completeness, and compliance of the Company's financial statements and Group consolidated finances with Thai General Accepted Accounting Principles and applicable laws and regulations, the independent auditor's qualification, opinion and independence were inclusive.

2. Review of the related party transactions and balances -- The Committee reviewed the related party transactions with the management of the Company in order to ensure no conflict of interest and non-compliance with Stock Exchange of Thailand rules and regulations pertaining to the related party transactions and balances.
3. Oversight of internal audit function -- The Committee reviewed and approved the annual audit plan, and conducted an oversight review of internal audit works, its results and the relevant management actions.

In conclusion, the Committee has reviewed and acknowledged that the audited financial statements ended December 31, 2012 are fairly presented in accordance with the applicable general accepted accounting principles and in compliance with applicable laws and regulations. The related party transactions are reasonable as part of normal business operation. The internal control is in place and adequate.



MR. SUKPORN CHATCHAVALAPONG

Chairman of the Audit Committee

DSG International (Thailand) Public Company Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
AND REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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 financial statements of DSG International (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of DSG International (Thailand) Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2012, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Choopong Surachutikarn

BANGKOK

February 22, 2013

Certified Public Accountant (Thailand) Registration No. 4325
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Financial Statements

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012 AND 2011

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	83,631,918	235,459,652	39,789,804	171,313,710
Trade and other receivables					
Trade accounts receivables	5 and 22	1,864,453,640	1,331,855,832	1,486,345,945	1,041,613,559
Other receivables	22	33,219,256	15,948,986	26,808,827	15,206,699
Short-term loan to a subsidiary	22	-	-	-	46,809,542
Inventories	6	788,777,872	1,172,176,113	427,138,380	720,549,800
Tax refundable		32,282,591	20,936,219	14,280	115,108
Other current assets		54,640,459	29,728,467	18,151,547	15,095,411
Total Current Assets		<u>2,857,005,736</u>	<u>2,806,105,269</u>	<u>1,998,248,783</u>	<u>2,010,703,829</u>
NON-CURRENT ASSETS					
Investments in subsidiaries	7 and 22	-	-	240,821,039	240,821,039
Long-term loan to a subsidiary	22	-	-	133,785,244	31,550,500
Leasehold rights	8	216,705,390	219,346,998	72,743,745	75,326,363
Advance payments for purchases of fixed assets		68,119,719	163,326,596	63,267,867	143,692,620
Property, plant and equipment	9	2,391,620,740	1,039,710,101	1,427,896,746	859,803,904
Intangible assets	10	22,614,300	21,917,190	12,982,617	14,458,652
Other non-current assets					
- Deposit for lease of warehouse	29.2	45,881,686	45,881,686	45,881,686	45,881,686
- Other deposits		12,568,058	12,175,692	6,526,978	7,055,646
Total Non-current Assets		<u>2,757,509,893</u>	<u>1,502,358,263</u>	<u>2,003,905,922</u>	<u>1,418,590,410</u>
TOTAL ASSETS		<u><u>5,614,515,629</u></u>	<u><u>4,308,463,532</u></u>	<u><u>4,002,154,705</u></u>	<u><u>3,429,294,239</u></u>

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF FINANCIAL POSITION (CONTINUED)
 AS AT DECEMBER 31, 2012 AND 2011

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	11	1,076,585,762	1,161,336,459	972,133,304	1,056,813,144
Trade and other payables	12 and 22	1,378,011,319	1,061,148,305	803,372,231	673,028,716
Current portion of obligation under					
finance lease agreements	13	200,830	1,387,905	200,830	1,369,250
Current portion of long-term borrowings	14	150,616,686	168,202,000	149,052,000	168,202,000
Current portion of other non-current liabilities	16	-	20,113,144	-	-
Income tax payable		66,577,662	-	25,031,497	-
Other current liabilities		19,094,125	12,963,467	17,092,392	9,044,955
Total Current Liabilities		<u>2,691,086,384</u>	<u>2,425,151,280</u>	<u>1,966,882,254</u>	<u>1,908,458,065</u>
NON-CURRENT LIABILITIES					
Obligation under finance lease agreements	13	-	200,830	-	200,830
Long-term borrowings	14	812,848,207	279,930,109	216,531,874	154,903,874
Employee benefit obligations	15	19,085,206	14,407,361	14,834,034	10,388,245
Other non-current liabilities	16	20,261,910	3,135,000	3,135,000	3,135,000
Total Non-current Liabilities		<u>852,195,323</u>	<u>297,673,300</u>	<u>234,500,908</u>	<u>168,627,949</u>
TOTAL LIABILITIES		<u>3,543,281,707</u>	<u>2,722,824,580</u>	<u>2,201,383,162</u>	<u>2,077,086,014</u>

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF FINANCIAL POSITION (CONTINUED)
 AS AT DECEMBER 31, 2012 AND 2011

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	18				
Authorized share capital					
900,000,000 ordinary shares of					
Baht 1 each		<u>900,000,000</u>		<u>900,000,000</u>	
600,000,000 ordinary shares of					
Baht 1 each			<u>600,000,000</u>		<u>600,000,000</u>
Issued and paid-up share capital					
899,999,991 ordinary shares of					
Baht 1 each		899,999,991		899,999,991	
600,000,000 ordinary shares of					
Baht 1 each			600,000,000		600,000,000
PREMIUM ON ORDINARY SHARES		173,974,474	173,974,474	173,974,474	173,974,474
PREMIUM ON TREASURY SHARES	17	71,594,089	71,594,089	71,594,089	71,594,089
RETAINED EARNINGS					
Appropriated					
Legal reserve	19	90,000,000	50,842,090	90,000,000	50,842,090
Unappropriated		903,683,609	755,568,065	565,202,989	455,797,572
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translation					
of the financial statements of					
foreign subsidiaries		(11,047,160)	(9,368,685)	-	-
Difference between the					
book value of investments					
and costs of acquisition	7	<u>(56,971,081)</u>	<u>(56,971,081)</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,071,233,922</u>	<u>1,585,638,952</u>	<u>1,800,771,543</u>	<u>1,352,208,225</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>5,614,515,629</u>	<u>4,308,463,532</u>	<u>4,002,154,705</u>	<u>3,429,294,239</u>

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
Revenue from sales		6,708,726,699	5,741,483,054	4,043,410,744	3,346,807,343
Cost of sales		(4,427,797,026)	(3,850,887,522)	(2,613,636,506)	(2,165,321,445)
Gross profit		2,280,929,673	1,890,595,532	1,429,774,238	1,181,485,898
Insurance claims	6	182,177,565	-	182,177,565	-
Dividend income	21 and 22	-	-	54,321,720	46,329,728
Other income	22 and 23	37,686,411	33,319,108	76,384,985	26,525,916
Selling expenses		(1,403,758,415)	(1,205,740,777)	(871,328,688)	(755,039,525)
Administrative expenses	22	(343,185,625)	(289,174,230)	(215,845,150)	(182,046,095)
Loss on flood	6	-	(147,066,809)	-	(147,066,809)
Gain (loss) on exchange rate		21,702,350	(7,956,293)	23,264,943	(13,415,697)
Finance costs		(54,553,960)	(32,646,477)	(52,074,915)	(29,960,659)
Profit before income tax expenses		720,997,999	241,330,054	626,674,698	126,812,757
Income tax expenses	28	(80,724,545)	(39,689,383)	(25,111,371)	-
PROFIT FOR THE YEAR		640,273,454	201,640,671	601,563,327	126,812,757
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of financial statements of foreign subsidiaries		(1,678,475)	12,137,249	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		638,594,979	213,777,920	601,563,327	126,812,757
PROFIT ATTRIBUTABLE TO					
Owners of the parent		640,273,454	201,640,671	601,563,327	126,812,757
		640,273,454	201,640,671	601,563,327	126,812,757
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of the parent		638,594,979	213,777,920	601,563,327	126,812,757
		638,594,979	213,777,920	601,563,327	126,812,757

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011 "Restated"	2012	2011 "Restated"
BASIC EARNINGS PER SHARE	18	0.71	0.22	0.67	0.14

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
CONSOLIDATED FINANCIAL STATEMENTS

	Notes	Equity attributable to shareholders of the Parent							BAHT	
		Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings			Treasury shares	Total attribution to shareholders of the Parent	Total shareholders' equity
					Appropriated	Treasury share reserve	Unappropriated			
					Legal reserve					
Beginning balances as at January 1, 2011		300,000,000	173,974,474	57,339,008	36,691,530	7,522,661	992,555,293	(56,971,081)	1,482,083,290	1,482,083,290
Ordinary share dividend	21	300,000,000	-	-	-	-	(300,000,000)	-	-	-
Dividends paid	21	-	-	-	-	-	(132,000,000)	-	(132,000,000)	(132,000,000)
Legal reserve	19	-	-	-	14,150,560	-	(14,150,560)	-	-	-
Total comprehensive income for the year		-	-	-	-	-	201,640,671	12,137,249	213,777,920	213,777,920
Sales of treasury shares	17	-	-	14,255,081	-	-	-	7,522,661	21,777,742	21,777,742
Treasury share reserve	17	-	-	-	-	(7,522,661)	7,522,661	-	-	-
Ending balances as at December 31, 2011		600,000,000	173,974,474	71,594,089	50,842,090	-	755,568,065	(56,971,081)	1,585,638,952	1,585,638,952
Beginning balances as at January 1, 2012		600,000,000	173,974,474	71,594,089	50,842,090	-	755,568,065	(56,971,081)	1,585,638,952	1,585,638,952
Ordinary share dividend	21	299,999,991	-	-	-	-	(299,999,991)	-	-	-
Dividends paid	21	-	-	-	-	-	(153,000,009)	-	(153,000,009)	(153,000,009)
Legal reserve	19	-	-	-	39,157,910	-	(39,157,910)	-	-	-
Total comprehensive income for the year		-	-	-	-	-	640,273,454	(1,678,475)	638,594,979	638,594,979
Ending balances as at December 31, 2012		899,999,991	173,974,474	71,594,089	90,000,000	-	903,683,609	(56,971,081)	2,071,233,922	2,071,233,922

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
SEPARATE FINANCIAL STATEMENTS

BAHT									
Notes	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings		Treasury shares	Total shareholders' equity		
				Appropriated					
				Legal reserve	Treasury share reserve				
Beginning balances as at January 1, 2011									
Ordinary share dividend	300,000,000	173,974,474	57,339,008	36,691,530	7,522,661	767,612,714	(7,522,661)	1,335,617,726	
Dividends paid	300,000,000	-	-	-	-	(300,000,000)	-	-	
Legal reserve	-	-	-	-	-	(132,000,000)	-	(132,000,000)	
Total comprehensive income for the year	-	-	-	14,150,560	-	(14,150,560)	-	-	
Sales of treasury shares	-	-	-	-	-	126,812,757	-	126,812,757	
Treasury share reserve	-	-	-	14,255,081	-	-	7,522,661	21,777,742	
Ending balances as at December 31, 2011	600,000,000	173,974,474	71,594,089	50,842,090	(7,522,661)	7,522,661	-	1,352,208,225	
Beginning balances as at January 1, 2012									
Ordinary share dividend	600,000,000	173,974,474	71,594,089	50,842,090	-	455,797,572	-	1,352,208,225	
Dividends paid	299,999,991	-	-	-	-	(299,999,991)	-	-	
Legal reserve	-	-	-	-	-	(153,000,009)	-	(153,000,009)	
Total comprehensive income for the year	-	-	-	39,157,910	-	(39,157,910)	-	-	
Ending balances as at December 31, 2012	899,999,991	173,974,474	71,594,089	90,000,000	-	601,563,327	-	601,563,327	
					-	565,202,989	-	1,800,771,543	

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax expenses		720,997,999	241,330,054	626,674,698	126,812,757
Adjustments					
Depreciation and amortization		134,750,660	110,687,506	103,868,723	81,102,008
Loss (gain) on sales of fixed assets		294,550	(5,663,096)	(41,576,390)	(1,358,986)
Doubtful debts (reversal)		(5,901,732)	1,551,689	(6,415,446)	2,591,770
Employment benefits obligation expense		5,079,329	2,472,322	4,445,789	3,109,028
Loss on decline in value of inventories (reversal)		3,646,708	(1,127,571)	3,646,708	(1,127,571)
Loss on flood		-	147,066,809	-	147,066,809
Unrealized (gain) loss on exchange rate		(3,552,343)	7,375,381	(3,858,414)	1,053,357
Dividend income from subsidiaries		-	-	(54,321,720)	(46,329,728)
Interest income		(2,770,934)	(1,559,833)	(6,307,880)	(4,783,876)
Interest expenses		54,553,960	32,646,477	52,074,915	29,960,659
		907,098,197	534,779,738	678,230,983	338,096,227
Increase in trade accounts receivables		(531,469,543)	(145,430,101)	(445,153,512)	(144,862,151)
(Increase) decrease in other receivables		(17,276,320)	2,037,663	(9,691,061)	45,076,252
Decrease (increase) in inventories		379,751,533	(571,890,464)	289,764,712	(455,380,635)
(Increase) decrease in tax refundable		(11,346,372)	(821,513)	-	2,535,873
Increase in other current assets		(25,012,820)	(8,729,542)	(3,120,077)	(1,437,530)
Increase in deposit for lease of warehouse	29.2	-	(45,881,686)	-	(45,881,686)
(Increase) decrease in other deposits		(392,366)	(1,687,525)	528,669	(1,731,299)
Increase in trade accounts payables		143,574,045	88,962,731	48,618,712	58,246,553
(Decrease) increase in other payables		(12,942,200)	23,158,772	(3,577,028)	22,622,734
Increase (decrease) in accrued expenses		40,589,406	157,101,001	(14,695,876)	139,003,082
Increase (decrease) in other current liabilities		9,570,641	7,364,346	8,047,438	(38,182,562)
Cash received (paid) from operations		882,144,201	38,963,420	548,952,960	(81,895,142)
Interest received		2,770,934	1,559,833	4,406,019	3,353,143
Cash paid for interest		(60,195,631)	(31,548,176)	(52,024,998)	(28,862,358)
Cash paid for income tax		(17,586,866)	(45,277,093)	(79,874)	(181,503)
Net cash provided by (used in)					
operating activities		807,132,638	(36,302,016)	501,254,107	(107,585,860)

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF CASH FLOWS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received from subsidiaries		-	-	54,321,720	46,329,728
Cash payment for purchase of a subsidiary's ordinary shares	7	-	(45,195,000)	-	-
Cash payments for long-term loan to subsidiaries		-	-	(4,439,838)	(30,385,000)
Cash payment for purchases of fixed assets and intangible assets	4.2	(1,186,456,006)	(260,515,740)	(430,522,685)	(194,621,773)
Cash payments in advance for purchases of fixed assets		(67,418,666)	(163,326,596)	(63,267,867)	(143,692,620)
Cash payments for purchase of leasehold right		-	(219,693,573)	-	(75,972,017)
Proceeds from sales of fixed assets		1,331,584	6,451,447	1,264,977	1,705,327
Net cash used in investing activities		(1,252,543,088)	(682,279,462)	(442,643,693)	(396,636,355)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in bank overdrafts and short-term borrowings from financial institutions		(78,242,770)	686,485,700	(78,171,911)	596,140,387
Repayments of finance lease obligation		(1,459,055)	(2,712,113)	(1,440,400)	(2,689,200)
Repayments of long-term borrowings from financial institutions		(177,852,000)	(107,790,000)	(177,852,000)	(107,790,000)
Proceeds from long-term borrowings from financial institutions		693,184,785	354,494,835	220,330,000	229,468,600
Proceeds from sales of treasury shares		-	21,777,741	-	21,777,741
Dividends paid		(153,000,009)	(132,000,000)	(153,000,009)	(132,000,000)
Net cash provided by (used in) financing activities		282,630,951	820,256,163	(190,134,320)	604,907,528
Exchange differences on translation of the financial statements of foreign subsidiaries		10,951,765	6,452,526	-	-
Net increase (decrease) in cash and cash equivalents		(151,827,734)	108,127,211	(131,523,906)	100,685,313
Cash and cash equivalents as at January 1,		235,459,652	127,332,441	171,313,710	70,628,397
Cash and cash equivalents as at December 31,	4.1	83,631,918	235,459,652	39,789,804	171,313,710

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. THE COMPANY'S OPERATIONS AND 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. The Company converted the Company's status to public company limited on December 16, 2004 and 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 Thai Baht and are prepared in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554" 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 B.E. 2554, and in accordance with Thai Financial Reporting 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, 2012 and 2011 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 As at December 31, 2012 and 2011	Percentage of shareholding As at December 31, 2012 and 2011
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	3,000,003	100
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	3,400,002	100
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	11,000	100
Disposable Soft Goods (S) Pte Ltd.	Sell disposable baby diapers and adult incontinent products	Singapore	1,500,000	100

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, 2012 and 2011 have included the subsidiaries' financial statements for the years ended December 31, 2012 and 2011, which were audited.

2.2 The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Financial Reporting Standards ("TFRS"), as follows:

- 1) The following Thai Accounting Standards, Thai Financial Reporting Standard, Thai Accounting Standards Interpretation and Guideline on Accounting which are effective on January 1, 2013:

Thai Accounting Standards (TAS)

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

Thai Financial Reporting Standard (TFRS)

TFRS 8	Operating Segments
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Thai Accounting Standards Interpretation (TSI)

TSI 10	Government Assistance - No Specific Relation to Operating Activities
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Guideline on Accounting

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets

- 2) The following TSI and TFRI which are effective on January 1, 2014:

<u>TSI</u>	
TSI 29	Service Concession Arrangements : Disclosures
<u>TFRI</u>	
TFRI 4	Determining Whether an Arrangement Contains a Lease
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes

The Company's management will adopt the above TAS, TFRS, TSI, TFRI and Guideline on Accounting 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 TAS, TFRS, TSI, TFRI and Guideline on Accounting 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 12 "Income Taxes" for which the management is still evaluating the first-year impact on the Company's and its subsidiaries' 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 on hand and all deposits at financial institutions with the original maturities of three months or less from the date of acquisition, excluding deposit at financial institutions used as collateral.

3.2 Trade and other receivables

Trade and other receivables are stated at cost net of allowance for doubtful accounts.

Allowance for doubtful accounts is provided at the estimated collection losses on receivables. Such estimate is based on the Company's collection experiences and a review of the current status of each receivable.

3.3 Inventories

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

Net realizable value is the estimate of the selling price in the ordinary course of business, less the estimated costs necessary to make sale. Allowance is made, where necessary, for obsolete and slow-moving inventories (if any).

3.4 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 comprehensive income.

3.5 Leasehold right

Leasehold right of the Company is stated at cost less accumulated amortization.

Leasehold right amortization of the Company is calculated on straight-line method over the period of agreement (approximately 29 years and 5 months).

Leasehold right amortization of DSG (Malaysia) Sdn Bhd is calculated on straight-line method over the period of agreement (approximately 83 years).

3.6 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated on the straight-line method, based on the estimated useful lives of the assets as follows:

Building	20 years
Building improvements	5 - 20 years
Machinery and equipment	3 - 15 years
Furniture and fixture	4 - 10 years
Motor vehicles	4 - 8 years

Dismantling, moving and renovating assets location cost which the Company obligates when receiving such asset. The Company recognizes them at the cost of assets and depreciates them.

3.7 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 on the straight-line method, based on the estimated useful lives or period of agreement of the assets as follows:

License fees for technology transfer	5 years	(period of agreement)
Computer software	3 - 5 years	

3.8 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 date of the statements of financial position 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 the rate of settlements or translations are recognized as income or expense in the statement of comprehensive income.

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

- a. Assets and liabilities are translated at the rate prevailing at the date of the statements of financial position.
- b. Shareholders' equity is translated at the rate prevailing on the transaction dates.
- c. Revenues and expenses are translated at the average rate for the year.

Exchange difference on translation of financial statements in foreign currencies is shown under others comprehensive income and included under other components of shareholders' equity in the statements of financial position.

3.9 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 14, 31 and 32.

Income and expense from interest rate swap agreement are recognized as interest income or expense in the statements of comprehensive 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 statements of financial position. The premium (discount) on forward foreign exchange contracts is deferred by presenting as other current assets or other current liabilities on the statements of financial position and to be amortised over the period of the forward foreign exchange contracts.

3.10 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 as an expense to the statement of comprehensive income on the straight-line basis over lease term.

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 finance cost is recognized by effective interest rate method over the term of contracts and charged to the statements of comprehensive income. The equipment acquired under finance leasing contracts is depreciated over the estimated useful lives of the equipment using the straight-line method.

3.11 Employee benefits

3.11.1 Post-employment benefit upon retirement

Employee benefit obligations are the provision for benefit obligations for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act. The obligations are assessed by an independent actuary and based on actuarial assumptions using Projected Unit Credit Method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in calculation of the post-employment benefits obligation is referred from the yield curve of government bond. Gains or losses from changes in estimate are recognized in the statements of comprehensive income for the period they incur. Expenses related to employee benefits are recognized in the statements of comprehensive income in order to allocate such costs throughout the service period.

3.11.2 Provident fund

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

3.12 Difference between the book value of investments and costs of acquisition

This represents the difference between the 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 consolidated statements of financial position.

3.13 Recognition of revenues and expenses

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 is recognized as income when dividend is declared.

Other incomes are recognized on an accrual basis.

Expenses are recognized on an accrual basis.

3.14 Income tax expense

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

3.15 Basic earnings per share

Basic earnings per share are calculated by dividing net profit for the year by weighted average ordinary shares issued and paid-up during the year net of treasury shares. The Company does not have any common share equivalents to dilute the earnings per share.

In case of ordinary share dividend issued during the year, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

3.16 Use of management's judgement

The preparation of financial statements in conformity with Thai Financial Reporting standards also requires the Company's management to exercise judgements 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 DISCLOSURE OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents

Cash and cash equivalents as at December 31, 2012 and 2011 consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Cash on hand	189,133	258,388	20,000	20,000
Cash at banks - current and savings accounts	83,442,785	235,201,264	39,769,804	171,293,710
	<u>83,631,918</u>	<u>235,459,652</u>	<u>39,789,804</u>	<u>171,313,710</u>

4.2 Liabilities incurred from acquisition of fixed and intangible assets

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Liabilities incurred from acquisition of fixed and intangible assets as at January 1,	39,135,289	46,288,338	16,878,056	1,345,504
Add Purchases of fixed and intangible assets	1,499,374,658	280,397,992	679,636,290	237,189,626
Less Cash payments	(1,186,456,006)	(260,515,740)	(430,522,685)	(194,621,773)
Cash payments for interest paid which is capitalized as fixed assets	(6,789,890)	-	-	-
Advance payments for purchases of machine paid in the prior period	(162,625,543)	(27,035,301)	(143,692,620)	(27,035,301)
Liabilities incurred from acquisition of fixed and intangible assets as at December 31,	<u>182,638,508</u>	<u>39,135,289</u>	<u>122,299,041</u>	<u>16,878,056</u>
Liabilities incurred from acquisition of fixed and intangible assets as at December 31, are included in accounts as follows:				
- Fixed assets payables and intangible assets	165,511,598	19,022,145	122,299,041	16,878,056
- Other non-current liability	17,126,910	20,113,144	-	-
Total liabilities incurred from acquisition of fixed and intangible assets	<u>182,638,508</u>	<u>39,135,289</u>	<u>122,299,041</u>	<u>16,878,056</u>

- 4.3 As at December 31, 2012 and 2011, the unused bank overdrafts, short-term and long-term loan facilities from financial institutions and credit line of bank guarantee are consist of:

Unit: Million

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012	2011	2012	2011
The unused bank overdrafts and short-term loan facilities from financial institutions				
- Baht currency	1,737.87	993.19	1,737.87	993.19
- Malaysian Ringgit currency ⁽¹⁾	19.12	3.08	-	-
- US Dollar currency ⁽²⁾	0.32	0.20	-	-
The unused long-term loan facilities from financial institution				
- Malaysian Ringgit currency ⁽¹⁾	20.36	45	-	-
The unused credit facility of bank guarantee				
- Baht currency	3.50	3.90	3.50	3.90

⁽¹⁾ As at March 31, 2011, the Company and Disposable Soft Goods (Malaysia) Sdn Bhd issued the letters of guarantee as collateral for credit facilities of DSG (Malaysia) Sdn Bhd, a subsidiary, in the amount of USD 20.76 million and 68.51 million Malaysian Ringgit, respectively.

⁽²⁾ As at August 16, 2011, the Company issued the letter of guarantee as collateral for credit facility of PT DSG Surya Mas Indonesia, a subsidiary, in the amount of USD 3 million. PT DSG Surya Mas Indonesia has pledged its certain land, buildings, machine and inventories as collateral in the amount of 35,360 million Indonesian Rupiah.

5. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable aged by the number of months are summarized as follows:

CONSOLIDATED FINANCIAL STATEMENTS	As at December 31, 2012			As at December 31, 2011		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	12,675,506	1,411,303,899	1,423,979,405	39,027,948	1,084,190,794	1,123,218,742
Overdue						
Less than or up to 3 months	722,462	439,899,260	440,621,722	8,734,406	198,082,862	206,817,268
Over 3 months up to 6 months	-	1,712,225	1,712,225	-	436,350	436,350
Over 6 months up to 12 months	-	558,956	558,956	-	384,298	384,298
Over 12 months	-	13,323,495	13,323,495	-	22,643,069	22,643,069
Total	13,397,968	1,866,797,835	1,880,195,803	47,762,354	1,305,737,373	1,353,499,727
Less Allowance for doubtful accounts	-	(15,742,163)	(15,742,163)	-	(21,643,895)	(21,643,895)
Trade accounts receivable	13,397,968	1,851,055,672	1,864,453,640	47,762,354	1,284,093,478	1,331,855,832

SEPARATE FINANCIAL STATEMENTS	As at December 31, 2012			As at December 31, 2011		
	Related	Others	Total	Related	Others	Total
	companies			companies		
	Baht	Baht	Baht	Baht	Baht	Baht
Current	65,645,379	977,932,484	1,043,577,863	80,793,386	731,565,676	812,359,062
Overdue						
Less than or up to 3 months	10,446,889	383,658,879	394,105,768	50,141,288	140,178,881	190,320,169
Over 3 months up to 6 months	7,947,610	1,071	7,948,681	9,003,666	436,350	9,440,016
Over 6 months up to 12 months	16,818,940	558,956	17,377,896	26,156,296	384,298	26,540,594
Over 12 months	23,288,737	13,320,905	36,609,642	-	22,643,069	22,643,069
Total	124,147,555	1,375,472,295	1,499,619,850	166,094,636	895,208,274	1,061,302,910
Less: Allowance for doubtful accounts	-	(13,273,905)	(13,273,905)	-	(19,689,351)	(19,689,351)
Trade accounts receivable	<u>124,147,555</u>	<u>1,362,198,390</u>	<u>1,486,345,945</u>	<u>166,094,636</u>	<u>875,518,923</u>	<u>1,041,613,559</u>

6. INVENTORIES

Inventories consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Raw materials	240,496,827	512,669,241	133,119,697	349,686,583
Finished goods	285,729,079	486,907,973	130,022,097	290,641,216
Spare parts and supplies	<u>70,090,840</u>	<u>59,449,841</u>	<u>37,944,731</u>	<u>28,430,716</u>
	596,316,746	1,059,027,055	301,086,525	668,758,515
Less: Allowance for loss on decline in value of inventories	(3,913,193)	(266,485)	(3,913,193)	(266,485)
Allowance for loss from flood	<u>-</u>	<u>(147,066,809)</u>	<u>-</u>	<u>(147,066,809)</u>
	592,403,553	911,693,761	297,173,332	521,425,221
Add: Goods in transit	<u>196,374,319</u>	<u>260,482,352</u>	<u>129,965,048</u>	<u>199,124,579</u>
Inventories	<u>788,777,872</u>	<u>1,172,176,113</u>	<u>427,138,380</u>	<u>720,549,800</u>

In October 2011, the Company's leased warehouses, which are located in Ayutthaya province, were affected from flooding. Raw materials and finished goods stored at such warehouses amounting to Baht 97.20 million and Baht 49.87 million, respectively, have been damaged by the flood. The Company recognized allowance for loss from flood of Baht 147.07 million as at December 31, 2011 and recognized loss in the statement of comprehensive income for the year ended December 31, 2011 with the same amount.

In 2012, the Company destructed such raw materials and finished goods and reversed allowance for loss from flood. The Company received partial insurance claims from its insurance companies in 2012 in the amount of Baht 172.43 million and the insurance companies has confirmed the additional insurance claim in the amount of Baht 9.75 million which the Company anticipated to receive in 2013. The Company, therefore, recognized insurance claim in the amount of Baht 182.18 million in the statements of comprehensive income for the year ended December 31, 2012.

Costs of inventories of the Company and its subsidiaries recognized as expenses in the consolidated financial statements for the years ended December 31, 2012 and 2011 are Baht 4,424.15 million and Baht 3,852.01 million, respectively.

Costs of inventories of the Company recognized as expenses in the separate financial statements for the years ended December 31, 2012 and 2011 are Baht 2,609.99 million and Baht 2,166.45 million, respectively.

For the year ended December 31, 2012, costs of inventories of the Company and its subsidiaries recognized as expenses in the consolidated financial statements include allowance for loss on decline in value of inventories of Baht 3.65 million. For the year ended December 31, 2011, costs 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 1.13 million.

For the year ended December 31, 2012, costs of inventories of the Company recognized as expenses in the separate financial statements include allowance for loss on decline in value of inventories of Baht 3.65 million. For the year ended December 31, 2011, costs of inventories of the Company recognized as expenses in the separate financial statements includes reversal of allowance for loss on decline in value of inventories of Baht 1.13 million.

7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Company's name	Major business	Country of incorporation	% of shareholding	Difference between the book value of investments and costs of acquisition	Separate financial statements At cost As at December 31, 2012 and 2011
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	100	9,287,656	4,826,517
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	100	1,638,489	73,968,141
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	100	(62,549,931)	148,006,122
Disposable Soft Goods (S) Pte Ltd.	Sell disposable baby diapers and adult incontinent products	Singapore	100	(5,347,295)	14,020,259
Total				<u>(56,971,081)</u>	<u>240,821,039</u>

Difference between the book value of investments and costs of acquisition represents the difference between the 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 PT DSG Surga Mas Indonesia's shares in December 2010 and is presented under the shareholders' equity heading in the consolidated statement of financial position.

PT DSG Surya Mas Indonesia

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 ("the Seller") at the price of USD 2.5 million. Under the share purchase agreement, on December 2, 2010, the Company made a payment of USD 1 million or equivalent to Baht 30,350,000 to the Seller. Additionally, the Company made another payment of USD 1.5 million when the Seller completes the conditions as stated in the agreement, for instances, fully payments of outstanding receivable of PT Panca Talenta Mas to PT DSG Surya Mas Indonesia and the share transfer registration. In December 2010, the Company transferred USD 1.5 million to PT DSG Surya Mas Indonesia in order to have such subsidiary to make the payment on behalf when the Seller completes the remaining conditions. In April 2011, the Seller completed those remaining conditions, therefore, such subsidiary made the payment of USD 1.5 million (equivalent to Baht 45,195,000) to the Seller on April 25, 2011.

PT DSG Surya Mas Indonesia has retained deficit as at December 31, 2012 and 2011 of Baht 104.58 million and Baht 69.25 million, respectively. This is an indicator of impairment of investment in such subsidiary. However, in 2011, the management of the Company restructured the operation of subsidiary. After the restructuring, the operation of such subsidiary is in line with the anticipated business plan which such subsidiary's revenue has significantly increased (see Note 25) and there will be a new product launched in 2013 that is estimated to increase sales continuously. Therefore, no allowance for impairment has been provided for investment in such subsidiary.

Disposable Soft Goods (S) Pte. Ltd.

Disposable Soft Goods (S) Pte Ltd. has retained deficit as at December 31, 2012 and 2011 of Baht 21.89 million and Baht 27.97 million, respectively. This is an indicator of impairment of investment in such subsidiary. However, the management of the Company has changed the operation structure in 2010. After restructuring the operation, such subsidiary starts generating the profit. For the years ended December 31, 2012 and 2011, such subsidiary has the profit of Baht 6.08 million and Baht 5.76 million, respectively. Therefore, no allowance for impairment has been provided for investment in such subsidiary.

8. LEASEHOLD RIGHTS

Leasehold rights consists of:

As at December 31, 2012

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at December 31, 2011	Additions	Disposals	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2012
	Baht	Baht	Baht	Baht	Baht
Cost:					
Leasehold right - Land	144,020,635	-	-	(58,990)	143,961,645
Leasehold right - Residence unit	<u>75,972,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,972,017</u>
Total cost	<u>219,992,652</u>	<u>-</u>	<u>-</u>	<u>(58,990)</u>	<u>219,933,662</u>
Accumulated amortization:					
Leasehold right - Residence unit	<u>(645,654)</u>	<u>(2,582,618)</u>	<u>-</u>	<u>-</u>	<u>(3,228,272)</u>
Total accumulated amortization	<u>(645,654)</u>	<u>(2,582,618)</u>	<u>-</u>	<u>-</u>	<u>(3,228,272)</u>
Leasehold rights	<u>219,346,998</u>				<u>216,705,390</u>

As at December 31, 2011

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at December 31, 2010	Additions	Disposals	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2011
	Baht	Baht	Baht	Baht	Baht
Cost:					
Leasehold right - Land	-	143,721,556	-	299,079	144,020,635
Leasehold right - Residence unit	<u>-</u>	<u>75,972,017</u>	<u>-</u>	<u>-</u>	<u>75,972,017</u>
Total cost	<u>-</u>	<u>219,693,573</u>	<u>-</u>	<u>299,079</u>	<u>219,992,652</u>
Accumulated amortization:					
Leasehold right - Residence unit	<u>-</u>	<u>(645,654)</u>	<u>-</u>	<u>-</u>	<u>(645,654)</u>
Total accumulated amortization	<u>-</u>	<u>(645,654)</u>	<u>-</u>	<u>-</u>	<u>(645,654)</u>
Leasehold rights	<u>-</u>				<u>219,346,998</u>
Amortization for the years					
2012				Baht	<u>2,582,618</u>
2011				Baht	<u>645,654</u>

As at December 31, 2012

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at	Additions	Disposals	Balance as at
	December 31,			December 31,
	2011			2012
	Baht	Baht	Baht	Baht
Cost:				
Leasehold right - Residence unit	75,972,017	-	-	75,972,017
Total cost	75,972,017	-	-	75,972,017
Accumulated amortization:				
Leasehold rights - Residence unit	(645,654)	(2,582,618)	-	(3,228,272)
Total accumulated amortization	(645,654)	(2,582,618)	-	(3,228,272)
Leasehold rights	75,326,363			72,743,745

As at December 31, 2011

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at	Additions	Disposals	Balance as at
	December 31,			December 31,
	2010			2011
	Baht	Baht	Baht	Baht
Cost:				
Leasehold right - Residence unit	-	75,972,017	-	75,972,017
Total cost	-	75,972,017	-	75,972,017
Accumulated amortization:				
Leasehold right - Residence unit	-	(645,654)	-	(645,654)
Total accumulated amortization	-	(645,654)	-	(645,654)
Leasehold rights	-			75,326,363
Amortization for the years				
2012			Baht	2,582,618
2011			Baht	645,654

On July 20, 2011, the Company entered into the sub-lease agreement of the Residence unit for the corporate use purposes with a company. The total price of such residence is Baht 83.03 million which consists of Baht 75.97 million for the lease and Baht 7.06 million for the furnished decoration and equipment. The lease term lasts until February 28, 2041. Under the sub-lease agreement, the Company has to pay the maintenance fee of Baht 39,005 per month. The Company has pledged leasehold right as collateral for the loan from bank (see Note 14).

DSG (Malaysia) Sdn Bhd

In September 2011, DSG (Malaysia) Sdn Bhd entered into the long-term lease agreement of the land for the new plant. The total price of such land is 14,410,560 Malaysian Ringgit (equivalent to Baht 143,721,556). The lease term is 83 years until April 9, 2094. DSG (Malaysia) Sdn Bhd will amortize the leasehold right when land is ready to be used for the period of 83 years. DSG (Malaysia) Sdn Bhd has pledged leasehold land as collateral for the loan from bank (see Note 14).

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

As at December 31, 2012

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at December 31, 2011	Additions	Disposals	Transfer in/ (out)	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2012
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	38,124,698	-	-	-	(811,603)	37,313,095
Building	191,134,786	748,000	-	90,008	(1,747,835)	190,224,959
Building improvements	21,420,074	18,141,054	(668,000)	3,771,581	(122,201)	42,542,508
Machinery and equipment	1,391,614,660	58,757,909	(6,317,293)	669,261,401	(6,641,210)	2,106,675,467
Furniture and fixture	55,263,031	1,958,064	(448,245)	213,944	(553,833)	56,432,961
Motor vehicles	19,378,977	-	(7,623,287)	-	(203,477)	11,552,213
Total cost	<u>1,716,936,226</u>	<u>79,605,027</u>	<u>(15,056,825)</u>	<u>673,336,934</u>	<u>(10,080,159)</u>	<u>2,444,741,203</u>
Accumulated depreciation:						
Building	(73,050,950)	(9,593,879)	-	-	1,170,809	(81,474,020)
Building improvements	(2,472,021)	(2,844,307)	63,409	-	12,841	(5,240,078)
Machinery and equipment	(654,085,290)	(102,783,734)	5,805,733	-	5,729,893	(745,333,398)
Furniture and fixture	(32,320,610)	(6,007,715)	430,685	-	560,845	(37,336,795)
Motor vehicles	(15,284,298)	(1,494,637)	7,130,864	-	188,852	(9,459,219)
Total accumulated depreciation	<u>(777,213,169)</u>	<u>(122,724,272)</u>	<u>13,430,691</u>	<u>-</u>	<u>7,663,240</u>	<u>(878,843,510)</u>
Building under construction and machine and equipment under installation	<u>99,987,044</u>	<u>1,409,575,634</u>	<u>-</u>	<u>(673,336,934)</u>	<u>(10,502,697)</u>	<u>825,723,047</u>
Property, plant and equipment	<u>1,039,710,101</u>					<u>2,391,620,740</u>

As at December 31, 2011

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at December 31, 2010	Additions	Disposals	Transfer in/ (out)	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2011
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	37,688,711	-	-	-	435,987	38,124,698
Building	191,406,843	-	(1,268,482)	-	996,425	191,134,786
Building improvements	15,173,978	6,239,157	-	-	6,939	21,420,074
Machinery and equipment	1,219,345,510	45,246,699	(973,809)	114,766,008	13,230,252	1,391,614,660
Furniture and fixture	42,860,657	11,715,222	(86,511)	-	773,663	55,263,031
Motor vehicles	27,768,985	1,815,150	(10,492,096)	-	286,938	19,378,977
Total cost	<u>1,534,244,684</u>	<u>65,016,228</u>	<u>(12,820,898)</u>	<u>114,766,008</u>	<u>15,730,204</u>	<u>1,716,936,226</u>
Accumulated depreciation:						
Building	(63,705,246)	(9,601,534)	859,307	-	(603,477)	(73,050,950)
Building improvements	(1,603,662)	(866,876)	-	-	(1,483)	(2,472,021)
Machinery and equipment	(562,114,024)	(83,834,596)	917,267	-	(9,053,937)	(654,085,290)
Furniture and fixture	(26,857,448)	(4,942,051)	86,317	-	(607,428)	(32,320,610)
Motor vehicles	(23,242,478)	(1,948,519)	10,169,657	-	(262,958)	(15,284,298)
Total accumulated depreciation	<u>(677,522,858)</u>	<u>(101,193,576)</u>	<u>12,032,548</u>	<u>-</u>	<u>(10,529,283)</u>	<u>(777,213,169)</u>
Machine in transit and under test-run process	14,245,520	200,331,508	-	(114,766,008)	176,024	99,987,044
Property, plant and equipment	<u>870,967,346</u>					<u>1,039,710,101</u>
Depreciation for the years						
2012					Baht	<u>122,724,272</u>
2011					Baht	<u>101,193,576</u>

As at December 31, 2012

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at December 31, 2011	Additions	Disposals	Transfer in/ (out)	Balance as at December 31, 2012
	Baht	Baht	Baht	Baht	Baht
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	173,682,311	748,000	-	-	174,430,311
Building improvements	21,254,044	17,843,360	(668,000)	3,861,589	42,290,993
Machinery and equipment	946,743,268	53,130,575	(108,388,760)	658,143,023	1,549,628,106
Furniture and fixture	32,254,800	353,218	(384,943)	213,944	32,437,019
Motor vehicles	15,530,570	-	(7,623,287)	-	7,907,283
Total cost	<u>1,219,464,993</u>	<u>72,075,153</u>	<u>(117,064,990)</u>	<u>662,218,556</u>	<u>1,836,693,712</u>
Accumulated depreciation:					
Building	(61,716,711)	(8,730,213)	-	-	(70,446,924)
Building improvements	(2,420,768)	(1,932,662)	63,409	-	(4,290,021)
Machinery and equipment	(336,698,303)	(79,198,057)	97,754,385	-	(318,141,975)
Furniture and fixture	(13,926,867)	(5,487,903)	382,954	-	(19,031,816)
Motor vehicles	(13,076,177)	(913,523)	7,130,864	-	(6,858,836)
Total accumulated depreciation	<u>(427,838,826)</u>	<u>(96,262,358)</u>	<u>105,331,612</u>	<u>-</u>	<u>(418,769,572)</u>
Building under construction and machine and equipment under installation	<u>68,177,737</u>	<u>604,013,425</u>	<u>-</u>	<u>(662,218,556)</u>	<u>9,972,606</u>
Property, plant and equipment	<u>859,803,904</u>				<u>1,427,896,746</u>

As at December 31, 2011

SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2010 Baht	Additions Baht	Disposals Baht	Transfer in/ (out) Baht	Balance as at December 31, 2011 Baht
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	173,682,311	-	-	-	173,682,311
Building improvements	15,014,887	6,239,157	-	-	21,254,044
Machinery and equipment	794,053,335	38,667,474	(125,107)	114,147,566	946,743,268
Furniture and fixture	20,723,639	11,531,161	-	-	32,254,800
Motor vehicles	19,758,839	-	(4,228,269)	-	15,530,570
Total cost	<u>1,053,233,011</u>	<u>56,437,792</u>	<u>(4,353,376)</u>	<u>114,147,566</u>	<u>1,219,464,993</u>
Accumulated depreciation:					
Building	(53,038,560)	(8,678,151)	-	-	(61,716,711)
Building improvements	(1,568,755)	(852,013)	-	-	(2,420,768)
Machinery and equipment	(276,467,778)	(60,331,729)	101,204	-	(336,698,303)
Furniture and fixture	(10,288,951)	(3,637,916)	-	-	(13,926,867)
Motor vehicles	(15,623,206)	(1,358,801)	3,905,830	-	(13,076,177)
Total accumulated depreciation	<u>(356,987,250)</u>	<u>(74,858,610)</u>	<u>4,007,034</u>	<u>-</u>	<u>(427,838,826)</u>
Machine in transit and under test-run process	9,749,886	172,575,417	-	(114,147,566)	68,177,737
Property, plant and equipment	<u>705,995,647</u>				<u>859,803,904</u>
Depreciation for the years					
2012				Baht	<u>96,262,358</u>
2011				Baht	<u>74,858,610</u>

In 2012, the borrowing costs of DSG (Malaysia) Sdn Bhd of Baht 6.79 million, are capitalized as costs of construction in progress in the consolidated financial statements.

Costs of fixed assets which are fully depreciated and still in use of the Company and its subsidiaries as at December 31, 2012 and 2011 are approximately Baht 355.15 million and Baht 391.64 million, respectively (the Company : Baht 140.45 million and Baht 187.98 million, respectively).

In October and November 2012, the Company sold 2 machines which their carrying amounts are Baht 5.49 million and Baht 4.71 million, respectively to DSG (Malaysia) Sdn Bhd and PT DSG Surya Mas Indonesia, subsidiaries of the Company, in the amount of Baht 28.08 million and Baht 28.87 million, respectively. Such selling prices are appraised by the independent appraiser. Both subsidiaries shall make payments by 2014 and 2017, respectively.

Building under construction of DSG (Malaysia) Sdn Bhd has been pledged to secure credit facilities obtained from financial institution (see Note 14).

As at December 31, 2012 and 2011, the fixed assets under a finance lease agreement presented above consist of office equipment as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Costs of leased assets under finance lease agreement	2,237,800	7,062,166	2,237,800	6,937,800
<u>Less</u> Accumulated depreciation	<u>(1,258,551)</u>	<u>(3,427,397)</u>	<u>(1,258,551)</u>	<u>(3,319,613)</u>
Net carrying value	<u>979,249</u>	<u>3,634,769</u>	<u>979,249</u>	<u>3,618,187</u>

10. INTANGIBLE ASSETS

Intangible assets consist of:

As at December 31, 2012

	CONSOLIDATED FINANCIAL STATEMENTS					Balance as at December 31, 2012 Baht
	Balance as at December 31, 2011 Baht	Additions	Disposals	Transfer in/ (out)	Effect from translation of foreign subsidiaries	
	Baht	Baht	Baht	Baht	Baht	
Cost:						
Computer software	33,427,492	4,787,929	-	4,063,120	(81,227)	42,197,314
License fees for technology transfer	7,271,711	-	-	-	(2,980)	7,268,731
Total cost	<u>40,699,203</u>	<u>4,787,929</u>	<u>-</u>	<u>4,063,120</u>	<u>(84,207)</u>	<u>49,466,045</u>
Accumulated amortization:						
Computer software	(13,353,814)	(7,978,312)	-	-	26,363	(21,305,763)
License fees for technology transfer	(5,817,369)	(1,465,458)	-	-	14,096	(7,268,731)
Total accumulated amortization	<u>(19,171,183)</u>	<u>(9,443,770)</u>	<u>-</u>	<u>-</u>	<u>40,459</u>	<u>(28,574,494)</u>
Computer software under installation	389,170	5,406,068	-	(4,063,120)	(9,369)	1,722,749
Intangible assets	<u>21,917,190</u>					<u>22,614,300</u>

As at December 31, 2011

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at December 31, 2010	Additions	Disposals	Transfer in/(out)	Effect from translation of foreign subsidiaries	Balance as at December 31, 2011
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	9,449,367	7,549,508	-	16,304,986	123,631	33,427,492
License fees for technology transfer	7,084,713	-	-	-	186,998	7,271,711
Total cost	16,534,080	7,549,508	-	16,304,986	310,629	40,699,203
Accumulated amortization:						
Computer software	(5,868,825)	(7,396,955)	-	-	(88,034)	(13,353,814)
License fees for technology transfer	(4,250,829)	(1,451,321)	-	-	(115,219)	(5,817,369)
Total accumulated amortization	(10,119,654)	(8,848,276)	-	-	(203,253)	(19,171,183)
Computer software under installation	9,192,600	7,500,748	-	(16,304,986)	808	389,170
Intangible assets	15,607,026					21,917,190
Amortization for the years						
2012					Baht	9,443,770
2011					Baht	8,848,276

As at December 31, 2012

SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2011	Additions	Disposals	Transfer in/(out)	Balance as at December 31, 2012
	Baht	Baht	Baht	Baht	Baht
cost:					
Computer software	22,754,937	601,100	-	2,755,970	26,112,007
Total cost	22,754,937	601,100	-	2,755,970	26,112,007
Accumulated amortization:					
Computer software	(8,296,285)	(5,023,747)	-	-	(13,320,032)
Total accumulated amortization	(8,296,285)	(5,023,747)	-	-	(13,320,032)
Computer software under installation	-	2,946,612	-	(2,755,970)	190,642
Intangible assets	14,458,652				12,982,617

As at December 31, 2011

SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2010 Baht	Additions Baht	Disposals Baht	Transfer in/(out) Baht	Balance as at December 31, 2011 Baht
Cost:					
Computer software	5,385,920	6,518,417	-	10,850,600	22,754,937
Total cost	5,385,920	6,518,417	-	10,850,600	22,754,937
Accumulated amortization:					
Computer software	(2,698,541)	(5,597,744)	-	-	(8,296,285)
Total accumulated amortization	(2,698,541)	(5,597,744)	-	-	(8,296,285)
Computer software under installation	9,192,600	1,658,000	-	(10,850,600)	-
Intangible assets	11,879,979				14,458,652
Amortization for the years					
2012				Baht	5,023,747
2011				Baht	5,597,744

Costs of intangible assets which are fully amortized and still in use of the Company and its subsidiaries as at December 31, 2012 and 2011 are approximately Baht 5.02 million and Baht 1.76 million, respectively (the Company: Baht 4.61 million and Baht 1.74 million, respectively).

11. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term borrowings from financial institutions consist of:

CONSOLIDATED FINANCIAL STATEMENTS	Interest rate p.a. (%)		Unit : Million Baht	
	2012	2011	Balance as at December 31, 2012	2011
Bank overdraft ⁽¹⁾	BLR + 1	BLR + 1	4.64	6.90
Bank overdraft	BLR + 0.5	BLR + 0.5	3.64	40.04
Bank overdraft ⁽²⁾	BLR - 5	-	3.01	-
Bank overdraft	Quoted by bank	-	6.82	-
Short-term loans from financial institutions				
- promissory note	Market rate	Market rate	250.00	100.00
- promissory note	Market rate	Market rate	600.00	570.00
- promissory note	Quoted by bank	Quoted by bank	-	8.82
- packing credit	Quoted by bank	Quoted by bank	122.13	386.81
- packing credit ⁽²⁾	BLR - 5.75	BLR - 5.75	35.83	10.35
- packing credit ⁽²⁾	BLR - 6	-	31.87	-
- foreign currency loans ⁽¹⁾	Cost of Funds of Currency + 1	Cost of Funds of Currency + 1	18.65	38.42
			1,076.59	1,161.34

SEPARATE FINANCIAL STATEMENTS	Interest rate		Unit : Million Baht	
	p.a. (%)		Balance as at	
	2012	2011	2012	2011
Short-term loans from financial institutions				
- promissory note	Market rate	Market rate	250.00	100.00
- promissory note	Market rate	Market rate	600.00	570.00
- packing credit	Quoted by bank	Quoted by bank	122.13	386.81
			<u>972.13</u>	<u>1,056.81</u>

BLR - Base Lending Rate

⁽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.

⁽²⁾ On June 26, 2012, PT DSG Surya Mas Indonesia entered into the banking facility agreement for the business operation, consisting of bank overdraft and forward foreign exchange contract facilities, in the total amount of USD 4.5 million by pledging land, building, machineries, equipment, inventories and receivables of the total amount of IDR 45,360,000 of PT DSG Surya Mas Indonesia and the Company secured such facilities in the liability limit of USD 3 million.

12. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2012 and 2011 consist of:

	Consolidated		Unit : Baht	
	financial statements		The Separate	
	2012	2011	2012	2011
Trade accounts payable	679,188,056	540,031,598	369,120,388	325,767,799
Other payables	57,307,445	67,655,989	53,868,473	57,480,596
Fixed asset payables	165,511,598	19,022,145	122,299,041	16,878,056
Accrued expenses	476,004,220	434,438,573	258,084,329	272,902,265
	<u>1,378,011,319</u>	<u>1,061,148,305</u>	<u>803,372,231</u>	<u>673,028,716</u>

13. OBLIGATION UNDER FINANCE LEASE AGREEMENTS

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

CONSOLIDATED FINANCIAL STATEMENTS

	Minimum future lease payments		Present value of minimum future lease payments	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Within 1 year	218,280	1,559,883	200,830	1,387,905
1 - 5 years	-	218,280	-	200,830
	218,280	1,778,163	200,830	1,588,735
<u>Less</u> Future finance charges	(17,450)	(189,428)	-	-
	<u>200,830</u>	<u>1,588,735</u>	<u>200,830</u>	<u>1,588,735</u>

SEPARATE FINANCIAL STATEMENTS

	Minimum future lease payments		Present value of minimum future lease payments	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Within 1 year	218,280	1,541,228	200,830	1,369,250
1 - 5 years	-	218,280	-	200,830
	218,280	1,759,508	200,830	1,570,080
<u>Less</u> Future finance charges	(17,450)	(189,428)	-	-
	<u>200,830</u>	<u>1,570,080</u>	<u>200,830</u>	<u>1,570,080</u>

14. LONG-TERM BORROWINGS

Long-term borrowings consist of:

	Credit limit	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			Balances		Balances	
			As at December 31,		As at December 31,	
			2012 Baht	2011 Baht	2012 Baht	2011 Baht
Long-term borrowings from financial institutions						
- repayable from Sep 2010 - Dec 2012 on monthly basis of Baht 1.70 million	Baht 30 million	MLR-2	-	19,800,000	-	19,800,000
- repayable from Sep 2010 - Oct 2014 on monthly basis of Baht 1.88 million	Baht 90 million	MLR-2	41,100,274	63,660,274	41,100,274	63,660,274
- repayable from Oct 2010 - Sep 2012 on monthly basis of Baht 3.40 million ⁽¹⁾	Baht 80 million	THBFIX+1.55	-	29,000,000	-	29,000,000
- repayable from Aug 2011 - July 2016 on monthly basis of Baht 3.35 million	Baht 200 million	Six-month Fixed deposit Interest Rate + 2.35	116,698,600	59,068,600	116,698,600	59,068,600
- repayable from Oct 2011 - Sep 2018 on monthly basis of Baht 0.69 million ⁽²⁾	Baht 58 million	Six-month Fixed deposit Interest Rate + 2.55	47,635,000	55,927,000	47,635,000	55,927,000
- repayable from Jan 2012 - Dec. 2016 on monthly basis of Baht 2.50 million	Baht 150 million	MLR-2	41,650,000	24,350,000	41,650,000	24,350,000
- repayable from Jun 2012 - Dec 2016 on monthly basis of Baht 4 million	Baht 215 million	Six-month Fixed deposit Interest Rate + 2.35	118,500,000	71,300,000	118,500,000	71,300,000
- repayable from Oct 2013 - Sep 2018 on monthly basis of 0.12 million Malaysian Ringgit and from Oct 2018 - Sep 2021 on monthly basis of 0.21 million Malaysian Ringgit ⁽³⁾	12.51 million Malaysian Ringgit	BLR - 2.3	124,975,025	125,026,235	-	-
- repayable from Jan 2014 - Dec 2018 on monthly basis of 0.32 million Malaysian Ringgit and from Jan 2019 - Dec 2021 on monthly basis of 1.03 million Malaysian Ringgit ⁽³⁾	45 million Malaysian Ringgit	BLR - 2.3	449,550,449	-	-	-
- repayable from Jun 2014 - Dec 2018 on monthly basis of 0.16 million Malaysian Ringgit and from Jan 2019 - Dec 2021 on monthly basis of 0.21 million Malaysian Ringgit ⁽³⁾	22.70 million Malaysian Ringgit	BLR - 2.0	23,355,545	-	-	-
			963,464,893	448,132,109	365,583,874	323,105,874
Repayment terms						
Within 1 year			150,616,686	168,202,000	149,052,000	168,202,000
1 - 5 years			812,848,207	279,930,109	216,531,874	154,903,874
Total			963,464,893	448,132,109	365,583,874	323,105,874

⁽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 was terminated on September 30, 2012. As at December 31, 2011, the interest rate swap contract has fair value asset of Baht 27,710.

⁽²⁾ On September 21, 2011, the Company entered into a long-term loan agreement with a financial institution to purchase leasehold right of the Residence unit by pledging leasehold right as collateral for the loan from bank (see Note 8).

⁽³⁾ DSG (Malaysia) Sdn Bhd, a subsidiary of the Company, entered into a long-term loan agreement with a financial institution to lease the land and construct a new plant. Such loan is guaranteed by the Company and Disposable Soft Goods (Malaysia) Sdn Bhd in the liability limit of USD 29.56 million and 96.21 million Malaysian Ringgit, respectively. DSG (Malaysia) Sdn Bhd has pledged leasehold land and building as collateral for the loan from bank (see Notes 8 and 9).

The loan agreements contain covenants related to various matters, such as the maintenance of debt to shareholder's equity ratio and the maintenance of debt service coverage ratio.

15. EMPLOYEE BENEFIT OBLIGATIONS

The Company estimated employee benefit obligations which consist of post-employment benefits upon retirement under the Thai Labor Protection Act by using Projected Unit Credit Method based on actuarial assumptions.

Amounts recognized in the statement of comprehensive income in respect of post-employment benefit obligations for the years ended December 31, 2012 and 2011 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
Current service cost	4,552,747	2,405,387	4,066,528	2,781,463
Interest cost	526,582	66,935	379,561	327,565

Movements in the present value of post-employment benefit obligations for the years ended December 31, 2012 and 2011 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
Beginning balance of present value of post-employment benefit obligations	14,407,361	11,835,553	10,388,245	7,279,217
Current service cost	4,552,747	2,405,387	4,066,528	2,781,463
Interest cost	526,582	66,935	379,261	327,565
Effect from exchange on translation of the financial statements of a foreign subsidiary	(401,484)	99,486	-	-
Ending balance of present value of post-employment benefit obligations	<u>19,085,206</u>	<u>14,407,361</u>	<u>14,834,034</u>	<u>10,388,245</u>

For the year ended December 31, 2012, the actuarial loss is recognized in the consolidated and separate statements of comprehensive income in the amount of Baht 1.75 million and Baht 0.34 million, respectively. Such actuarial loss mainly resulted from the change in discount rate and mortality rate of the financial assumption.

The principle actuarial assumptions used to calculate post-employment benefit obligations as at December 31, 2012 and 2011 are as follows:

As at December 31, 2012	Discount rate	Expected rate of salary increase	Turnover rate	Retirement age
DSG International (Thailand) Public Company Limited	4.04%	6%	0 - 36%	60 years
PT DSG Surya Mas Indonesia	7%	5.25%	0 - 1%	55 years
As at December 31, 2011	Discount rate	Expected rate of salary increase	Turnover rate	Retirement age
DSG International (Thailand) Public Company Limited	4.5%	5%	0 - 37%	60 years
PT DSG Surya Mas Indonesia	9%	9%	0 - 1%	55 years

The subsidiaries in Malaysia and Singapore did not estimate post-employment benefit obligations since there is no regulation regarding such obligation in Malaysia and there is one staff in Singapore.

16. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of provision for dismantling, moving and renovating assets location cost and payable from the acquisition of machine in 2012 and 2009 of DSG (Malaysia) Sdn Bhd at the price of Baht 108.03 million (Yen 286.76 million) and Baht 102.09 million (Yen 277.28 million), respectively. Other non-current liabilities as at December 31, 2012 and 2011 are summarized as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Balances		Balances	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Provision for dismantling, moving and renovating assets location cost	3,135,000	3,135,000	3,135,000	3,135,000
Liability from the acquisition of machine (see Note 4.2)	17,126,910	20,113,144	-	-
	20,261,910	23,248,144	3,135,000	3,135,000
<u>Less</u> Current portion of other non-current liability	-	(20,113,144)	-	-
	20,261,910	3,135,000	3,135,000	3,135,000

Unit: Baht

17. 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.

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.

In 2008 and 2009, the Company had the treasury shares of 10,254,000 shares, which equal to 3.42% of total issued and paid-up share capital with the value approximately Baht 30.33 million and the Company had set aside the treasury share reserve of Baht 30.33 million in 2009.

Subsequently, during the year 2010, the Company sold treasury shares of 7,711,100 shares, totalling Baht 80.15 million which had premium on treasury shares in the amount of Baht 57.34 million. The Company had reversed treasury share reserve in the amount of Baht 22.81 million.

Subsequently, during the year 2011, the Company sold the remaining treasury shares of 2,542,900 shares, totalling Baht 21.78 million, which had premium on treasury shares in the amount of Baht 14.26 million and reversed remaining treasury share reserve in the amount of Baht 7.52 million. The Company had premium on sales of treasury shares in the amount of Baht 71.59 million.

18. SHARE CAPITAL AND BASIC EARNINGS PER SHARE

On April 29, 2011, the General Annual Shareholders' Meeting approved the distribution of the ordinary shares dividends by issuing new ordinary shares at the ratio of 1 existing share for 1 new share at Baht 1 per share (see Note 21) which causes the number of shares of the registered share capital to increase from 300 million ordinary shares to 600 million ordinary shares. On May 6, 2011, the Company registered the additional ordinary shares with the Ministry of Commerce.

Subsequently, on September 20, 2012, the Extraordinary General Shareholders' Meeting approved the distribution of interim dividends from the net profit for the six-month period ended June 30, 2012 by distributing cash dividends of Baht 0.10 per share, of 600 million ordinary shares, totalling Baht 60 million, and approved the ordinary shares dividends of Baht 300 million by issuing new ordinary shares at the ratio of 2 existing shares for 1 new share at Baht 1 per share. In case where there is fraction of share less than 2 shares, the Company will pay such stock dividend in cash at Baht 0.50 per share instead. The Extraordinary General Shareholders' Meeting also approved the registration of additional ordinary shares. Therefore, the ordinary shares of authorized share capital increase from 600 million shares to 900 million shares. On September 24, 2012, the Company had registered such additional ordinary shares with the Ministry of Commerce. On October 12, 2012, the Company has distributed the dividend by cash of Baht 60,000,009 and issued 299,999,991 ordinary shares dividend. As at December 31, 2012, the Company has 899,999,991 ordinary shares.

The ordinary shares dividends in 2012 resulted in the decrease in the basic earnings per share of the consolidated and separate financial statements for the year ended December 31, 2011 as follows:

	Unit: Baht per share			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previously presented	Restated	Previously presented	Restated
Basic earnings per share	0.34	0.22	0.21	0.14

Weighted average number of ordinary shares after the share dividends is calculated as follows:

	Consolidated and separate financial statements	
	For the years ended	
	December 31,	
	2012	2011
		"Restated"
	Shares	Shares
Number of ordinary shares as at January 1,	899,999,991	892,371,291
Add Weighted average number of treasury shares sold during the year	-	6,625,710
Weighted average number of ordinary shares	<u>899,999,991</u>	<u>898,997,001</u>

19. LEGAL RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of net profit after deducting accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered shares capital and the reserve is not available for distribution as dividends.

20. 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.

21. DIVIDENDS

DSG International (Thailand) Public Company Limited

On April 29, 2011, the General Annual Shareholders' Meeting approved the distribution of dividends from the net profit for the year ended December 31, 2010 by distributing cash dividends of Baht 0.12 per share, for 300 million ordinary shares, totalling Baht 36 million, and approved the ordinary share dividends of Baht 300 million by issuing new ordinary shares at the ratio of 1 existing share for 1 new share at Baht 1 per share. Such cash dividends and ordinary share dividends were distributed on May 20, 2011. The Company registered the capital increase with the Ministry of Commerce on May 6, 2011.

On August 11, 2011, the Board of Directors' Meeting of the Company approved the distribution of interim dividend of Baht 0.09 per share, for 600 million ordinary shares, totalling Baht 54 million which was paid on September 9, 2011.

On November 11, 2011, Board of Director's Meeting of the Company approved the distribution of interim dividend of Baht 0.07 per share, for 600 million ordinary shares, totalling Baht 42 million which was paid on December 9, 2011.

On April 27, 2012, the General Annual Shareholders' Meeting approved the distribution of dividends from the net profit for the year ended December 31, 2011 of Baht 0.08 per share, of 600 million ordinary shares, totalling Baht 48 million which was paid on May 25, 2012.

On September 20, 2012, the Extraordinary General Shareholders' Meeting approved the distribution of interim dividends from the net profit for the six-month period ended June 30, 2012 by distributing cash dividends of Baht 0.10 per share, for 600 million ordinary shares, totalling Baht 60 million, and approved the ordinary share dividends of Baht 300 million by issuing new ordinary shares at the ratio of 2 existing shares for 1 new share at Baht 1 per share. In case where there is fraction of share less than 2 shares, the Company will pay such share dividend in cash at Baht 0.50 per share instead. As such, cash dividends of Baht 60,000,009 and 299,999,991 ordinary shares were distributed to shareholders on October 12, 2012.

On November 12, 2012, the Board of Director's Meeting of the Company approved the distribution of interim dividend from the net profit for the period of July to September 2012 of Baht 0.05 per share, for 900 million ordinary shares, totalling Baht 45 million which was paid on December 11, 2012.

Subsidiaries

The Board of Directors' Meetings of the subsidiaries passed resolutions to distribute interim dividends to ordinary shareholders as follows:

For the year ended December 31, 2012

Company's name	Board of Directors' meeting date	Dividend (Baht per share)	Amount Baht	Dividend payment date
DSG (Malaysia) Sdn Bhd	September 3, 2012	9.26	31,484,267	September 26, 2012
Disposable Soft Goods (Malaysia) Sdn Bhd	September 3, 2012	7.61	22,837,453	September 26, 2012
			<u>54,321,720</u>	

For the year ended December 31, 2011

Company's name	Board of Directors' meeting date	Dividend (Baht per share)	Amount Baht	Dividend payment date
DSG (Malaysia) Sdn Bhd	September 5, 2011	9.04	30,719,297	September 7, 2011
Disposable Soft Goods (Malaysia) Sdn Bhd	September 5, 2011	5.20	15,610,431	September 7, 2011
			<u>46,329,728</u>	

22. 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.

22.1 Significant balances with the related companies are as follows:

		Unit : Baht			
	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		Balance			
		As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Trade accounts receivables - related companies					
DSG International Limited	Major shareholder	5,317,386	-	5,317,386	-
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	8,080,582	16,788,971	8,080,582	16,788,971
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	-	30,973,383	-	30,973,383
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	52,815,536	64,442,830
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	427,221	10,064,610
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	1,887,217	4,477,499
PT DSG Surya Mas Indonesia	Subsidiary	-	-	55,619,613	39,347,343
		<u>13,397,968</u>	<u>47,762,354</u>	<u>124,147,555</u>	<u>166,094,636</u>
Other receivables - related companies (presented as other receivables)					
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	3,131	5,972	3,131	5,972
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	258,918	175,847	89,248	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	5,535,443	401,564
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	980,393	935,795
PT DSG Surya Mas Indonesia	Subsidiary	-	-	3,808,607	1,440,537
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	294,814	-
Nina Manufacture Co., Ltd. ⁽⁵⁾	Related company	-	4,054,667	-	4,054,667
		<u>262,049</u>	<u>4,236,486</u>	<u>10,711,636</u>	<u>6,838,535</u>

		Unit : Baht			
	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		Balance		Balance	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2012	2011	2012	2011
Loan to related companies					
PT DSG Surya Mas Indonesia	Subsidiary				
- Baht 46,809,542 at interest rate of 5.5% p.a., repayable within August 31, 2012 and in August 2012 the Company extended the repayment term to August 31, 2014		-	-	46,809,542	46,809,542
- USD 1 million at interest rate of 5.5% p.a., repayable within December 31, 2015		-	-	30,485,700	31,550,500
- USD 0.935 million at interest rate of 5.5% p.a., repayable within December 25, 2017		-	-	28,504,129	-
DSG (Malaysia) Sdn Bhd.	Subsidiary				
- USD 0.918 million at interest rate of 5.5% p.a., repayable within December 25, 2014		-	-	27,985,873	-
		-	-	133,785,244	78,360,042
Presented as short-term loan to a subsidiary		-	-	-	(46,809,542)
Long-term loan to subsidiaries		-	-	133,785,244	31,550,500
Investments in subsidiaries					
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	4,826,517	4,826,517
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	73,968,141	73,968,141
PT DSG Surya Mas Indonesia	Subsidiary	-	-	148,006,122	148,006,122
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	14,020,259	14,020,259
		-	-	240,821,039	240,821,039

		Unit : Baht			
	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		Balance		Balance	
		As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Trade accounts payables - related company					
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	107,489	419,897	107,489	419,897
Nina Manufacture Co., Ltd. ⁽⁵⁾	Related company	-	913,336	-	913,336
		<u>107,489</u>	<u>1,333,233</u>	<u>107,489</u>	<u>1,333,233</u>
Other payables - related companies					
DSG International Limited	Major shareholder	13,478,632	11,307,667	5,767,676	4,670,912
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	18,636	18,947	-	-
DSG Technology Holdings Limited	Subsidiary of major shareholder	8,857,702	7,028,170	6,816,305	5,153,197
Disposable Soft Goods (UK) Plc	Subsidiary of major shareholder	1,731,694	908,978	-	-
Shanghai DSG Megathin Co., Ltd.	Subsidiary of major shareholder	149,917	214,431	149,917	196,625
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	173,194	143,599
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	2,959,129	1,580,325
PT DSG Surya Mas Indonesia	Subsidiary	-	-	4,909,319	-
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	22,070	-
		<u>24,236,581</u>	<u>19,478,193</u>	<u>20,797,610</u>	<u>11,744,658</u>

Other receivable and payable - related companies are non-interest bearing with repayment term around 90 - 180 days.

On August 11, 2011, the Board of Directors' meeting approved to extend the repayment term of the loan to PT DSG Surya Mas Indonesia in the amount of Baht 46,809,540 to August 31, 2012. Subsequently, on August 10, 2012, the Board of Directors' meeting approved to extend the repayment term of such loan to August 31, 2014.

The movements in transactions with related companies incurred during the years 2012 and 2011 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012	Balance as at December 31, 2011	Additions	Repayment/ Receipt	Effect from translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2012
	Baht	Baht	Baht	Baht	Baht
Other receivables - related companies					
DSG International Limited	-	3,300	(3,300)	-	-
Disposable Soft Goods Ltd.	5,972	6,422	(9,172)	(91)	3,131
Disposable Soft Goods (Zhong Shan) Ltd.	175,847	599,610	(510,341)	(6,198)	258,918
	<u>181,819</u>	<u>609,332</u>	<u>(522,813)</u>	<u>(6,289)</u>	<u>262,049</u>
Other payables - related companies					
DSG International Limited	11,307,667	142,589,904	(140,617,088)	198,149	13,478,632
Disposable Soft Goods Ltd.	18,947	223,990	(224,475)	174	18,636
Disposable Soft Goods (Zhong Shan) Ltd.	-	190,855	(190,855)	-	-
DSG Technology Holdings Limited	7,028,170	90,790,319	(88,978,745)	17,958	8,857,702
Disposable Soft Goods (UK) Plc	908,978	3,087,635	(2,543,865)	278,946	1,731,694
Shuiling Holding Co., Ltd.	214,431	1,738,910	(1,798,137)	(5,287)	149,917
	<u>19,478,193</u>	<u>238,621,613</u>	<u>(234,353,165)</u>	<u>489,940</u>	<u>24,236,581</u>

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

	Balance as at December 31, 2010	Additions	Repayment/ Receipt	Effect from translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2011
	Baht	Baht	Baht	Baht	Baht
Other receivables - related companies					
Disposable Soft Goods Ltd.	-	5,972	-	-	5,972
Disposable Soft Goods (Zhong Shan) Ltd.	-	197,843	(33,212)	11,216	175,847
Shanghai DSG Megathin Co., Ltd.	-	471,566	(471,566)	-	-
Associated Hygienic Products, LLC	-	345,900	(345,900)	-	-
Nina Manufacture Co., Ltd. ⁽⁶⁾	4,662,809	5,820,077	(6,428,219)	-	4,054,667
	<u>4,662,809</u>	<u>6,841,358</u>	<u>(7,278,897)</u>	<u>11,216</u>	<u>4,236,486</u>
Other payables - related companies					
DSG International Limited	7,933,359	117,805,142	(114,701,168)	270,334	11,307,667
Disposable Soft Goods Ltd.	6,679,036	524,071	(7,199,284)	15,124	18,947
DSG Technology Holdings Limited	4,721,359	76,783,937	(74,544,046)	66,920	7,028,170
Disposable Soft Goods (UK) Plc	1,807,000	3,068,257	(4,080,149)	113,870	908,978
Shanghai DSG Megathin Co., Ltd.	468,151	377,396	(635,622)	4,506	214,431
Shuiling Holding Co., Ltd.	624,836	-	(624,836)	-	-
PT Panca Talenta Mas ⁽¹⁾	2,522,819	-	(2,522,819)	-	-
	<u>24,756,560</u>	<u>198,558,803</u>	<u>(204,307,924)</u>	<u>470,754</u>	<u>19,478,193</u>

SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2012

	Balance as at December 31, 2011 Baht	Additions Baht	Repayment/ Receipt Baht	Gain/loss on exchange rate Baht	Balance as at December 31, 2012 Baht
Other receivables - related companies					
DSG International Limited	-	3,300	(3,300)	-	-
Disposable Soft Goods Ltd.	5,972	6,422	(9,172)	(91)	3,131
Disposable Soft Goods (Zhong Shan) Ltd.	-	599,609	(510,341)	(20)	89,248
Disposable Soft Goods (Malaysia) Sdn Bhd	401,564	5,542,437	(405,456)	(3,102)	5,535,443
DSG (Malaysia) Sdn Bhd	935,795	30,952,826	(30,897,811)	(10,417)	980,393
PT DSG Surya Mas Indonesia	1,440,537	33,424,061	(31,020,466)	(35,525)	3,808,607
Disposable Soft Goods (S) Pte Ltd	-	296,407	-	(1,593)	294,814
	<u>2,783,868</u>	<u>70,825,062</u>	<u>(62,846,546)</u>	<u>(50,748)</u>	<u>10,711,636</u>
Loans to subsidiaries					
PT DSG Surya Mas Indonesia	78,360,042	28,501,418	-	(1,062,089)	105,799,371
DSG (Malaysia) Sdn Bhd	-	27,983,210	-	2,663	27,985,873
	<u>78,360,042</u>	<u>56,484,628</u>	<u>-</u>	<u>(1,059,426)</u>	<u>133,785,244</u>
Other payables - related companies					
DSG International Limited	4,670,912	55,834,494	(54,737,730)	-	5,767,676
DSG Technology Holdings Limited	5,153,197	65,431,050	(63,767,942)	-	6,816,305
Disposable Soft Goods (Zhong Shan) Ltd.	-	188,346	(188,346)	-	-
Shanghai DSG Megathin Co., Ltd.	196,625	1,738,909	(1,780,772)	(4,845)	149,917
Disposable Soft Goods (Malaysia) Sdn Bhd	143,599	419,300	(386,620)	(3,085)	173,194
DSG (Malaysia) Sdn Bhd	1,580,325	8,278,669	(6,871,246)	(28,619)	2,959,129
PT DSG Surya Mas Indonesia	-	4,907,309	-	2,010	4,909,319
Disposable Soft Goods (S) Pte Ltd	-	22,627	-	(557)	22,070
	<u>11,744,658</u>	<u>136,820,704</u>	<u>(127,732,656)</u>	<u>(35,096)</u>	<u>20,797,610</u>

SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2011

	Balance as at December 31, 2010 Baht	Additions Baht	Repayment/ Receipt Baht	Gain/loss on exchange rate Baht	Balance as at December 31, 2011 Baht
Other receivables - related companies					
Disposable Soft Goods Ltd.	-	5,972	-	-	5,972
Disposable Soft Goods (Zhong Shan) Ltd.	-	33,212	(33,212)	-	-
Shanghai DSG Megathin Co., Ltd.	-	471,566	(471,566)	-	-
Associated Hygienic Products, LLC	-	345,900	(345,900)	-	-
Disposable Soft Goods (Malaysia) Sdn Bhd	124,235	3,972,048	(3,695,033)	314	401,564
DSG (Malaysia) Sdn Bhd	216,806	4,212,647	(3,501,523)	7,865	935,795
PT DSG Surya Mas Indonesia	45,625,263	4,861,121	(49,055,651)	9,804	1,440,537
Nina Manufacture Co., Ltd.	4,662,809	5,820,077	(6,428,219)	-	4,054,667
	<u>50,629,113</u>	<u>19,722,543</u>	<u>(63,531,104)</u>	<u>17,983</u>	<u>6,838,535</u>
Loans to a subsidiary					
PT DSG Surya Mas Indonesia	<u>46,809,542</u>	<u>30,385,000</u>	<u>-</u>	<u>1,165,500</u>	<u>78,360,042</u>
Other payables - related companies					
DSG International Limited	3,366,538	46,285,005	(44,980,631)	-	4,670,912
Disposable Soft Goods Ltd.	6,365,500	332,819	(6,698,319)	-	-
DSG Technology Holdings Limited	3,281,639	54,348,403	(52,476,845)	-	5,153,197
Shanghai DSG Megathin Co., Ltd.	468,151	270,850	(546,259)	3,883	196,625
Shuiling Holding Co., Ltd.	624,836	-	(624,836)	-	-
Disposable Soft Goods (Malaysia) Sdn Bhd	56,863	766,312	(681,925)	2,349	143,599
DSG (Malaysia) Sdn Bhd	929,113	2,263,319	(1,634,322)	22,215	1,580,325
	<u>15,092,640</u>	<u>104,266,708</u>	<u>(107,643,137)</u>	<u>28,447</u>	<u>11,744,658</u>

22.2 Significant transactions with related companies for the years ended December 31, 2012 and 2011 consist of the following:

						Unit : Baht
	Relationship	Pricing policies	CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			2012	2011	2012	2011
			Baht	Baht	Baht	Baht
Revenue from sales						
DSG International Limited	Major shareholder	Cost plus margin	5,606,177	-	5,606,177	-
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	Cost plus margin	16,936,164	22,817,010	16,936,164	22,817,010
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	Cost plus margin	17,015,589	36,894,656	17,015,589	36,894,656
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	159,076,284	134,809,969
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	11,374,192	9,831,886
Disposable Soft Goods (S) Pte Ltd	Subsidiary	Cost plus margin	-	-	7,901,990	9,538,797
PT DSG Surya Mas Indonesia	Subsidiary	Cost plus margin	-	-	30,233,887	13,330,835
			<u>39,557,930</u>	<u>59,711,666</u>	<u>248,144,283</u>	<u>227,223,153</u>
Purchases of raw materials and finished goods						
Nina Manufacture Co., Ltd. ⁽⁵⁾	Related company	Retail price less distributor's margin	-	81,073,722	-	81,073,722
Shanghai DSG Megathin Co., Ltd.	Subsidiary of major shareholder	Cost plus margin	33,788,723	25,404,953	33,788,723	25,404,953
Shuiling Holding Co., Ltd.	Subsidiary of major shareholder	Cost plus margin	-	52,414	-	52,414
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	Cost plus margin	12,379	407,937	12,379	407,937
			<u>33,801,102</u>	<u>106,939,026</u>	<u>33,801,102</u>	<u>106,939,026</u>
Cost of sales						
- Technology transfer and license fees DSG Technology Holdings Limited ⁽²⁾	Subsidiary of major shareholder	1% of net sales to third parties	35,460,485	31,697,385	10,101,216	9,345,776
- Trademark license fees DSG International Limited ⁽³⁾	Major shareholder	1.5% of net sales to third parties	42,540,387	36,902,976	-	-
DSG Technology Holdings Limited ⁽³⁾	Subsidiary of major shareholder	1.5% of net sales to third parties	55,329,834	45,002,627	55,329,834	45,002,627
Disposable Soft Goods (UK) Plc ⁽³⁾	Subsidiary of major Shareholder	1.5 - 2.5% of net sales to third parties	3,087,635	3,068,257	-	-
			<u>136,418,341</u>	<u>116,671,245</u>	<u>65,431,050</u>	<u>54,348,403</u>
Administrative expenses						
- Management fee DSG International Limited ⁽⁴⁾	Major shareholder	1 - 1.5% of net sales to third parties	100,049,517	80,902,166	55,329,834	45,002,627

						Unit : Baht
	Relationship	Pricing policies	CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			2012	2011	2012	2011
			Baht	Baht	Baht	Baht
Interest income						
DSG (Malaysia) Sdn Bhd	Subsidiary	5.5% p.a.	-	-	29,516	-
PT DSG Surya Mas Indonesia	Subsidiary	5.5% p.a.	-	-	4,317,341	4,099,857
			-	-	4,346,857	4,099,857
Gain on disposal of fixed assets (see Note 9)						
DSG (Malaysia) Sdn Bhd	Subsidiary					
(selling price of Baht 28.08 million)			-	-	22,585,372	-
PT DSG Surya Mas Indonesia						
(selling price of Baht 28.87 million)	Subsidiary		-	-	19,257,907	-
			-	-	41,843,279	-
Other income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	2,601,674	2,601,672
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary		-	-	1,516,584	-
			-	-	4,118,258	2,601,672
Dividend income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	31,484,267	30,719,297
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary		-	-	22,837,453	15,610,431
			-	-	54,321,720	46,329,728
Dividend payments						
DSG International Limited	Major shareholder		95,645,395	86,771,080	95,645,395	86,771,080
Share Dividend payments						
DSG International Limited	Major shareholder		197,207,000	197,207,000	197,207,000	197,207,000
Management benefit expenses						
	Management		38,284,762	35,206,106	26,930,000	24,181,240

⁽¹⁾ Such company was related through a company of the director who held 40% of subsidiary's share. Consequently, the Company purchased the 40% shares of such subsidiary and such director resigned on December 2, 2010, therefore, the Company was no longer been the related company.

⁽²⁾ The Company and its subsidiary entered into a technology transfer and license agreement for the periods of 20 years since October 1, 2008. 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.

⁽³⁾ 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 1.5% of net sales to third parties since January 1, 2010, 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 until the period is subject to change.

⁽⁴⁾ 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.

⁽⁵⁾ Such company was related through the advisor of the Company's board of director who is shareholder of such related company. Subsequently, such advisor to the Board of director resigned from the Company; therefore, such company was no longer been the related company.

23. OTHER INCOME

Other income for the years ended December 31, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Interest income	2,770,934	1,566,797	6,307,880	4,783,876
Net gain on disposal of fixed assets ⁽¹⁾	-	5,669,608	41,576,390	1,358,986
Others	34,915,477	26,082,703	28,500,715	20,383,054
	<u>37,686,411</u>	<u>33,319,108</u>	<u>76,384,985</u>	<u>26,525,916</u>

⁽¹⁾ In 2012, the Company has gain on disposal of 2 machines to DSG (Malaysia) Sdn Bhd and PT DSG Surya Mas Indonesia which are subsidiaries amounting to Baht 22.6 million and Baht 19.3 million, respectively, (after selling cost of Baht 4.85 million) by recognizing as profit from disposal of fixed assets in the statements of comprehensive income for the year ended December 31, 2012 amounting to Baht 41.9 million (see Note 9).

24. EXPENSES BY NATURE

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Changes of finished goods	201,178,894	(245,191,083)	160,413,310	(196,694,340)
Raw materials used	3,350,304,442	3,364,487,923	1,917,649,401	1,972,440,617
Employee benefits expenses	417,848,363	346,670,402	204,434,623	155,686,216
Depreciation and amortization	134,750,660	110,687,506	103,868,723	81,102,008
Loss on decline in value of inventories (reversal)	3,646,708	(1,127,571)	3,646,708	(1,127,571)
Loss on flood	-	147,066,809	-	147,066,809
Selling expense*	1,232,970,142	1,060,931,739	816,125,445	700,916,466
Management remuneration	38,284,762	35,206,106	26,930,000	24,181,240

* Exclude employee benefit expenses

25. SEGMENT INFORMATION

The Company and its subsidiaries have been engaged to manufacture, sell and export disposable baby diapers and adult incontinent 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, 2012 and 2011 and total assets as at December 31, 2012 and 2011, are as follows:

						Unit: Baht
	Thailand	Malaysia ⁽¹⁾	Indonesia	Singapore	Elimination	Total
For the year ended December 31, 2012						
Revenues from sales	4,043,410,744	2,720,393,969	269,164,142	99,267,896	(423,510,052)	6,708,726,699
Net profit (loss)	601,563,327	160,198,894	(35,653,890)	6,076,601	(91,911,478)	640,273,454
For the year ended December 31, 2011						
Revenues from sales	3,346,807,343	2,358,851,381	196,351,494	86,027,885	(246,555,049)	5,741,483,054
Net profit (loss)	126,812,757	132,535,406	(15,941,641)	5,761,790	(47,527,641)	201,640,671
Consolidated total assets						
As at December 31, 2012	4,002,154,705	1,827,552,332	354,566,410	28,141,208	(597,899,026)	5,614,515,629
As at December 31, 2011	3,429,294,239	1,158,302,503	187,021,841	24,274,279	(490,429,330)	4,308,463,532

⁽¹⁾ Transactions and balances between DSG (Malaysia) Sdn Bhd and Disposable Soft Goods (Malaysia) Sdn Bhd were eliminated.

26. 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 (approximately Baht 184 million) for the period of 7 years from the date income is first derived from the promoted business (on August 28, 2004). In 2011, such investment promotion certificate is expired for exemption of corporate income tax.

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 (approximately Baht 95.81 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, 2011, the Company fully utilised the income tax exemption in the amount of Baht 95.81 million. During the year 2012, this investment promotion certificate was terminated.

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 (approximately 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, 2011, the Company utilised the income tax exemption in the amount of Baht 71.41 million.

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 (approximately Baht 211 million) for the period of 7 years from the date income is first derived from the promoted businesses (on October 21, 2010). From the date that the Company commenced the promoted business to December 31, 2011, the Company utilised the income tax exemption in the amount of Baht 32.78 million.

On August 8, 2011, the Company received another investment promotion certificate No. 1942(2)/2554 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 (approximately Baht 393 million) for the period of 7 years from the date income is first derived from the promoted businesses (on May 30, 2011).

On April 20, 2012, the Company received another investment promotion certificate No. 1497(2)/2555 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 (approximately Baht 249.10 million) for the period of 7 years from the date income is first derived from the promoted businesses (on April 26, 2012).

Subsequently on November 30, 2012, the Company received another investment promotion certificate No. 2767(2)/2555 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 (approximately Baht 295.88 million) for the period of 7 years from the date income is first derived from the promoted businesses (on November 11, 2012).

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.

27. REVENUE REPORTING OF A PROMOTED INDUSTRY

Based on the Announcement of Board of the Investment No. Por. 14/2541 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, 2012 and 2011 as follows:

SEPARATE FINANCIAL STATEMENTS	Promoted Business		Non- promoted Business		Total	
	2012	2011	2012	2011	2012	2011
	Baht	Baht	Baht	Baht	Baht	Baht
Revenues						
Revenue from export sales	167,610,271	230,190,428	90,645,528	491,753	258,255,799	230,682,181
Revenue from domestic sales	<u>3,093,032,081</u>	<u>2,977,797,787</u>	<u>692,122,864</u>	<u>138,327,375</u>	<u>3,785,154,945</u>	<u>3,116,125,162</u>
Total revenues from sales	<u><u>3,260,642,352</u></u>	<u><u>3,207,988,215</u></u>	<u><u>782,768,392</u></u>	<u><u>138,819,128</u></u>	<u><u>4,043,410,744</u></u>	<u><u>3,346,807,343</u></u>

28. INCOME TAX EXPENSES

For the year ended December 31, 2011, the separate statement of comprehensive income presented net profit but no corporate income tax expense was estimated because the Company received the corporate income tax exemption for promoted business. For the non-promoted business or the promoted-business that the corporate income tax exemption was expired, the Company had tax losses brought forward from prior years which were used as taxable expenses in the income tax calculation.

For the year ended December 31, 2012, the separate statement of comprehensive income presented income tax expense because corporate income tax exemption for promoted business of certain certificates had been expired and tax losses brought forward were already fully utilized.

Royal Decree Issued under Revenue Code Governing Reduction of Rates and Exemption of Taxes and Duties (No. 530) B.E. 2554 (2011) dated December 14, 2011, announced to reduction of corporate income tax rate of net profit for the company and juristic partnership for 3 years; from 30% to 23% for the first accounting period begins on or after January 1, 2012, and 20% for the following two accounting periods which begins on or after January 1, 2013. The Company has been granted the reduction of corporate income tax rate until December 31, 2014.

29. COMMITMENT AND LETTERS OF GUARANTEE

- 29.1 As at December 31, 2012 and 2011, the Company has letters of guarantee issued by a bank of Baht 6.50 million and Baht 6.10 million, respectively.
- 29.2 As at December 31, 2012 and 2011, the Company and its subsidiaries have leased building and warehouse under operating lease and service agreements. The future lease payments are summarized as follows:

Period of payments	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Baht	Baht	Baht	Baht
Within 1 year	23,991,898	36,055,479	16,898,991	23,462,850
1 - 5 years	12,550,529	18,300,199	10,827,300	17,250,813
Total	36,542,427	54,355,678	27,726,291	40,713,663

On December 20, 2011, the Company entered into another warehouse lease agreement and service agreement with a company and the Company moved into such warehouse in September, 2012. The lease period is 10 years commencing on the date of registration of lease of the leased property. Under the lease agreement, the Company shall have the option to purchase the leased warehouse after the end of the fifth year or after the end of the lease term at the higher of either the price of such warehouse which is offered by the person interested in purchasing such warehouse or the average price determined by the two independent appraisers who shall be on the list approved by the Stock Exchange of Thailand.

On December 22, 2011, the Company had paid deposit for the leased warehouse amounting to Baht 45.88 million. The future lease and service payments are summarized as follows:

Period of payments	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Baht	Baht	Baht	Baht
Within 1 year	45,881,685	13,382,158	45,881,685	13,382,158
1 - 5 years	191,563,356	188,119,093	191,563,356	188,119,093
More than 5 years	248,963,257	298,289,205	248,963,257	298,289,205
Total	486,408,298	499,790,456	486,408,298	499,790,456

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Acquisitions of :				
- Plant construction	77.40	-	-	-
- Machine	408.20	502.02	267.04	406.38
- Computer software	1.42	4.14	-	-

30. 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, 2012 and 2011, the contribution made by the Company was recorded as expenses amounting to Baht 4.62 million and Baht 4.29 million, respectively.

31. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company presents and discloses financial instruments as follows:

31.1 Accounting Policies

Details of significant accounting policies are disclosed in Note 3.

31.2 Credit Risk

Credit risk arises 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 have dealt with creditworthy counterparty in determining risk reduction from defaults. The carrying amounts of the financial assets in the statement of financial position represents the maximum exposure to credit risk.

31.3 Interest Rate Risk

Interest rate risk arises from the potential for a change in interest rate that might 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.

31.4 Foreign Exchange Risk

Foreign exchange risk arises from the potential fluctuation of foreign exchange rate which might 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 reduce 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.

31.5 Estimated Fair Value of Financial Instruments

Cash and cash equivalents, trade and other receivables, bank overdrafts and short-term borrowings from financial institutions, trade and other payables, current portion of other non-current liabilities; the carrying amounts approximate their fair values due to the relatively short period to maturity.

Loans to subsidiaries: fair value of such long-term loans as at December 31, 2012 and 2011 is approximately Baht 127.28 million and Baht 74.57 million, respectively.

Liabilities under finance lease: the carrying amount approximates its fair value as the maturity will be in 2013.

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

As at December 31, 2011, the interest rate swap contract has fair value-asset of Baht 27,710. Such contract was expired on September 30, 2012.

As at December 31, 2012 and 2011, fair value of the forward foreign exchange contracts shown in Note 32.

32. FORWARD EXCHANGE CONTRACTS

The Company and the subsidiary entered into forward exchange contracts to reduce foreign exchange exposure. As at December 31, 2012 and 2011, the outstanding forward exchange contracts are summarized as follows:

Contractor	Notional amount (USD)	Contractual exchange rate	Deliverable period	Deliverable amount	Net fair value Gain (Loss)
As at December 31, 2012					
The Company	401,241	30.657 - 30.690 Baht per 1 USD	January 2013	Baht 12,308,440	Baht 1,133
Subsidiary	2,096,360	3.0539 - 3.1010 Malaysian Ringgit per 1 USD	January 2013	6,451,027 Malaysian Ringgit	(127,060 Malaysian Ringgit) (equivalent to Baht 1,269,330)
As at December 31, 2011					
Subsidiary	2,752,098	3.1345 - 3.1773 Malaysian Ringgit per 1 USD	January - February 2012	8,715,369 Malaysian Ringgit	16,541 Malaysian Ringgit (equivalent to Baht 165,312)

33. EMPLOYEE JOINT INVESTMENT PROGRAM

On August 28, 2012, the Board of Directors' meeting has unanimously resolved to approve the Employee Joint Investment Program of the Company ("EJIP") which will be starting from January 1, 2013 to December 31, 2015, totaling 3 years. This program will be implemented for management level of the Company and its subsidiaries, who has service year and performance criteria as set forth in the Company's EJIP. Under this program, the eligible participants and the Company will contribute an agreed percentage of participants' salary for the EJIP on a monthly basis until the completion of the program. The securities company is appointed as the program operator who will invest in the Company's shares in the Stock Exchange of Thailand on the specific date every month as specified in the program. The program participants have the right to sell their shares under the EJIP program each year at the specific percentage of the accumulated shares.

34. EVENT AFTER REPORTING PERIOD

On January 7, 2013, the Company has entered into new loan agreement with PT DSG Surya Mas Indonesia, a subsidiary, by amending the currency of the existing loan from Baht (see Note 22.1) to USD currency, extending the loan repayment term of the existing loans to 2018 to 2021 and offering additional loan of USD 5 million which gives total loan of USD 8.5 million. The additional of USD 500,000 has been drawdown on February 5, 2013.

35. RECLASSIFICATION

A reclassification has been made in the consolidated statement of financial position as at December 31, 2011, to conform to the classification used in the consolidated statement of financial position as at December 31, 2012 as follows:

Item	Previous classification	Current classification	Baht
Leasehold land - DSG (Malaysia) Sdn Bhd	Property, plant and equipment	Leasehold right	144,202,635

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are approved for issuing by the Board of Directors of the Company on February 22, 2013.

General Information

Corporate Information

Company	: DSG International (Thailand) Public Company Limited
Nature of business	: Manufacturing and marketing of disposable baby and adult diapers
Address of the principal office	: 11 th Floor, Regent House Building, 183 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330 Thailand
Company's registration number	: 0107547001067
Website	: www.dsgap.com
Telephone	: +66 2 651 8061
Facsimile	: +66 2 651 8068
Location of the Factory	: 39 Moo 1, Hemaraj Saraburi Industrial Zone, Tambon Bualoy, Amphur Nongkhae, Saraburi Province, 18140 Thailand
Telephone	: +66 3 637 3633-9
Facsimile	: +66 3 637 3753-4
Registered Capital	: Baht 900 Million
Issued and Paid-up Capital	: Baht 899.99 Million
No. of Ordinary Shares	: 899.99 Million shares
Par Value	: Baht 1

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

Listing Market

The Stock Exchange of Thailand (SET)

Company's Stock Code

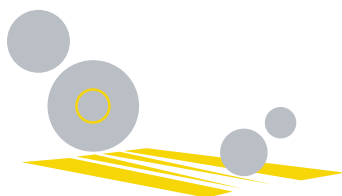
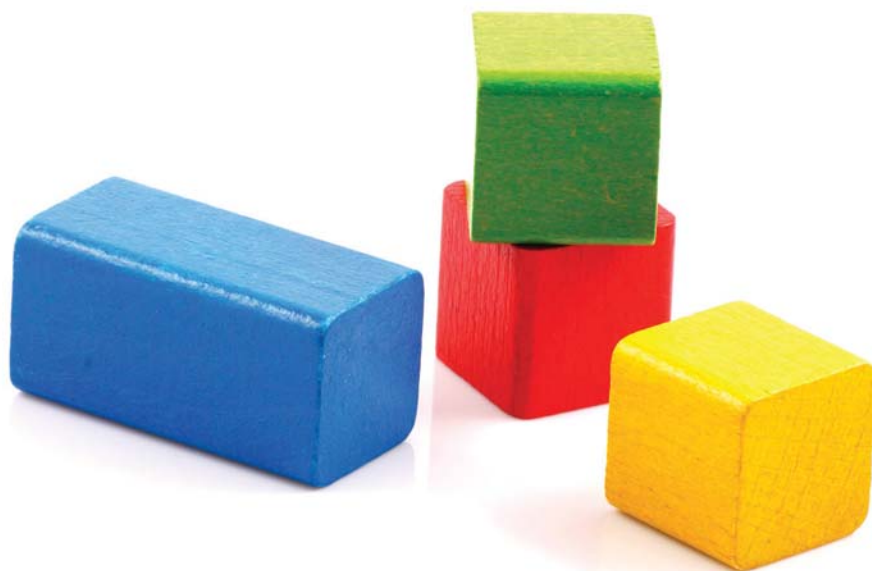
DSGT

Auditor

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