



DSG INTERNATIONAL (THAILAND) PLC

Position

For Future

GROWTH



ANNUAL REPORT 2013



Position for Future Growth

2013 is the year of consolidation for DSGT, continuous strategic investments in branding, capacity expansion, people and organization development will create long term value to our stakeholders.



Strong Geographic Presence in South East Asia



Building from strengths to strengths, DSGT works synergistically with local and international business partners to accelerate growth through product portfolio expansion and geographical expansion to penetrated emerging markets.



Thailand

Malaysia



Indonesia





Building Brand Power

DSGT continuously promotes brand equity of existing products and creates value-added consumer propositions through insightful innovations.



Breaking Sales Record

DSGT pursues its ambitious goals to expand market share and profitability through effective sales strategies and distribution channels.





Supply Chain Excellence

Supply chain management excellence is a key driver to enhance DSGT's productivity.



Reshape the Competitive Landscape



Malaysia

Completion of the integrated production and warehousing facilities will provide DSG Malaysia a competitive foundation for profitable growth.



Indonesia

PTDSG is building strategic initiatives to capture the opportunities in Indonesia.



Calendar of Events



New Launch of BabyLove DayPants

In March 2013, DSGT launched BabyLove DayPants in the economy segment. With fully breathable cover and good absorbency, Moms can now change frequently during the day.



Grand Opening for BabyLove PlayPants Size S

On March 15, 2013, DSGT launched BabyLove PlayPants Size S and introduced the launch through our Brand Ambassador, Ms. Paula and her daughter, Lyla at “Rakluk Festival” held at IMPACT Exhibition and Convention Center Muang Thong Thani. The launch was also supported by a TVC featuring Ms. Paula and Lyla.



BabyLove PlayPants highlights key feature Power Absorbent Gel

In July 2013, BabyLove PlayPants highlighted its key product feature - “Power Absorbent Gel” with new cute cartoon design. A thematic TVC featuring Ms. Paula and Lyla was also released.

Thailand



Donation to Ramathibodi Foundation

In March 2013, DSGT, collaborated with “The Star”, the famous group of singers, donated BabyLove baby diapers to Ramathibodi Foundation.



Certainty and Ramathibodi Foundation jointly launched campaign to raise funds for elderly patients

On June 12, 2013, DSGT collaborated with the Ramathibodi Foundation under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn in launching the “Feel Deeply Grateful with Certainty Adult Diaper” campaign, whereby DSG pledged to donate a portion of sales revenue to support elderly patients of the foundation. The campaign was supported by an online FaceBook campaign, extensive PR coverage and was featured on TV talk shows such as “Woody Talk”.



Donation to Phyathai Home Children Care

On June 27, 2013, DSGT, collaborated with “Sook_Arsa”, the charity group from Phyathai hospital, donated BabyLove baby diapers to Phyathai Babies’ Home.

Malaysia



Pet Pet 2013 EasyStart Program

The Pet Pet EasyStart Program is exclusively designed for post-natal mothers with babies 0–3 months and is available at most hospitals nationwide where participating mothers receive product samples and a worldwide insurance plan that offers RM100 hospital allowance per day for up to 90 days if the mother is confined in a hospital as a result of an accidental injury.



Introduction of Brand Ambassador

DSGM appointed Dynas Mokhtar as Pet Pet Brand Ambassador. She is a well-known local actress, TV host, model and entrepreneur in Malaysia, but above all she is also a devoted wife and mother to her lovely three-year old daughter and one-year old son.



Online Contest – Mom’s Photo Contest ~ Nine Months in Style

Targeted pregnant mothers, this photo contest not only engaged our audience with Dynas or EasyStart branding but it also helped to boost the women’s self-esteem. As most mothers think that their body images suffer a little during pregnancy and find it hard to associate “fashion” with pregnancy, Pet Pet can change that perception.



BabyLove GrowPants - Diaper Swap Programme

In 2013, BabyLove GrowPants conducted Diaper Swap Programme as a platform to induce switching from tape to pants diapers at more than 50 retail outlets. The Diaper Swap Programme allowed customers to exchange a pack of any diaper brands with a pack of BabyLove GrowPants at the participating outlets.

Indonesia



New Launch of Fitti DayPants

In September 2013, DSGI launched Fitti DayPants with a breathable cover to help baby skin keep dry and avoid skin irritation.



Fitti Independence Day CSR Program

On August 17, 2013, DSGI has collaborated with 3 Government Healthy Institution to celebrate the Indonesia Independence Day by giving appreciation to 17 special babies that were born on August 17, 2013.



Fitti Digital Campaign Motherhood Made Easy

In June 2013 Fitti launched digital campaign "Motherhood Made Easy." through www.fitti.co.id and Social Media (Facebook & Twitter).

Significant Changes and Development

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”.

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

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.



2012-2013

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. For the fraction of shares less than 2 shares, the Company paid such stock dividend in cash at Baht 0.50 per share instead. 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.

September 2012

- Operated a new warehouse and production facilities, located at Hemaraj Saraburi Industrial Land to support future growth.

April 2013

- DSGMSB relocated its production plant from Subang Jaya to its fully integrated warehouse and production facilities in Telok Panglima Garang Banting, Selangor.

17 September 2013

- Invested 99.99% shareholding of DSG Management Services (Thailand) Company Limited ("DMS") with the registered capital of Baht 10 million

2010-2011

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.

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.

December 2011

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

“ Ensuring Meaningful Repayment Moment

Certainty - a leading adult diaper
well-accepted in most hospitals
and families for its performance
and value-for-money, ensures
comfort and convenience in every
joyful moments of your loves ones. ”



Happiness in every moment of your life

Certainty Active is Disposable Adult Pants, giving
you comfort and activeness no matter where you go at
any time with

“Comfortable Waist Elastics”
that provides extra fits
and comfort for bodies, allowing the
pants to be easily pulled on and off,
just like real underwear.

The beauty of giving is created
by Certainty Active, disposable
adult pants.



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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

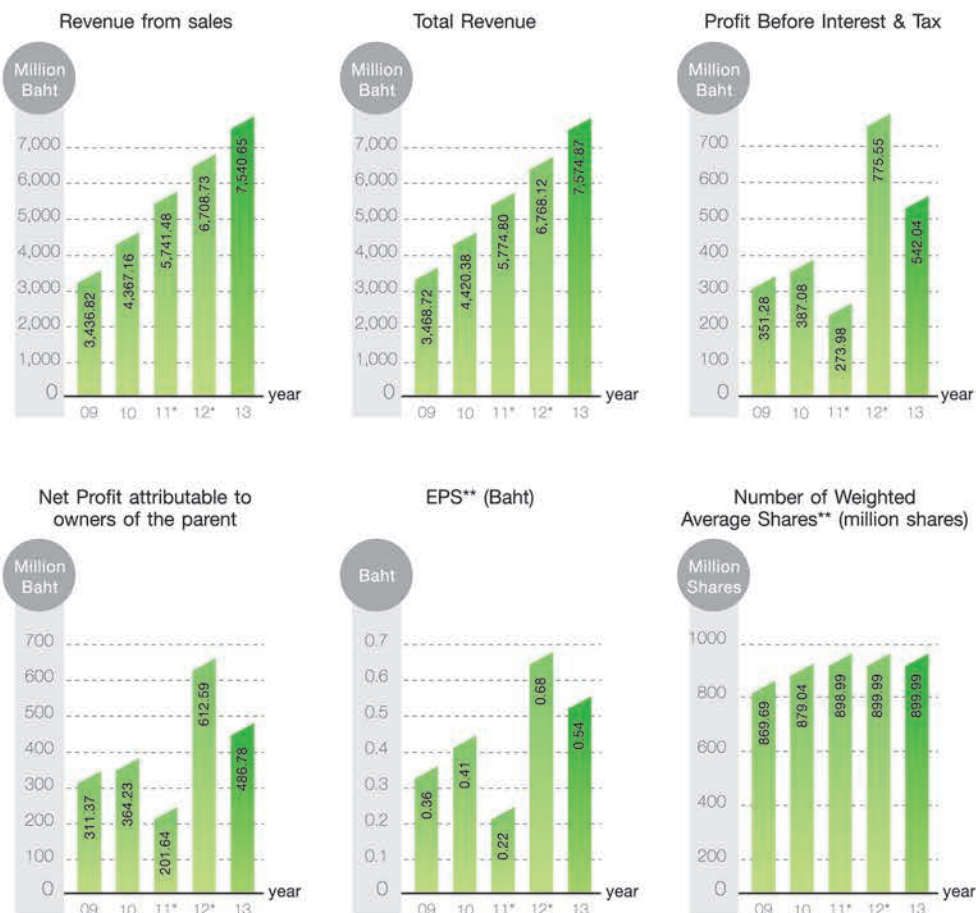
At DSGT, we will

- **P**rovide 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
- **E**ncourage a high trust organization where everyone acknowledges they have a shared responsibility for success or failure within all departments
- **M**anufacture 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
- **B**uild our customer partnerships through a “collaborative approach”

Financial Highlights

Financial summary from the Audited Consolidated Financial Statements

Statement of Comprehensive Income



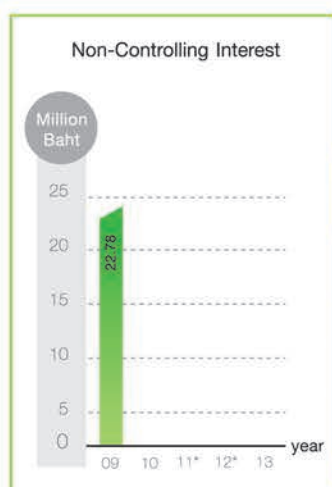
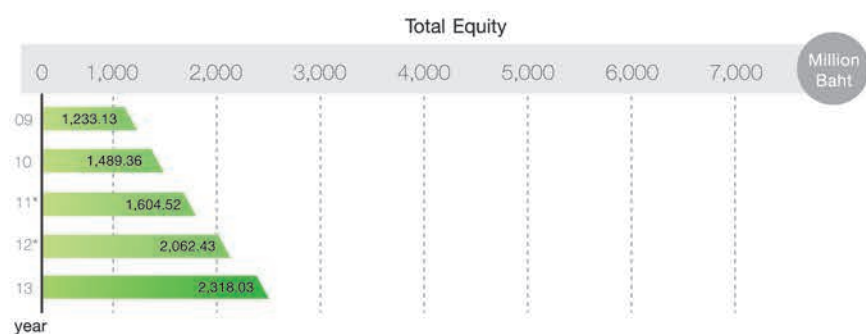
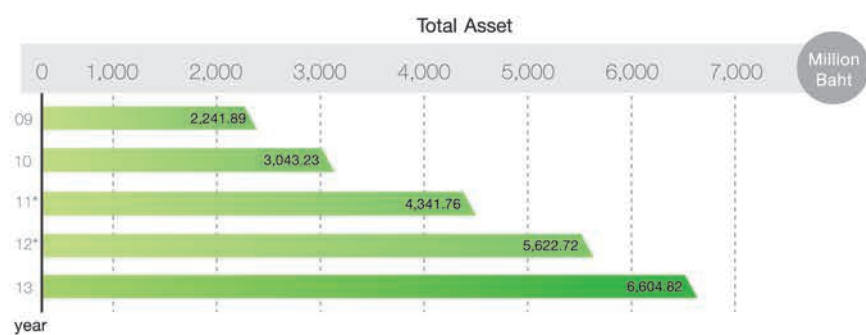
For the year ended 31 December

Statement of Comprehensive Income (Million Baht)	2013	2012*	2011*	2010	2009
• Revenue from sales	7,540.65	6,708.73	5,741.48	4,367.16	3,436.82
• Total Revenue	7,574.87	6,768.12	5,774.80	4,420.38	3,468.72
• Profit Before Interest & Tax	542.04	775.55	273.98	387.08	351.28
• Net Profit attributable to owners of the parent	486.78	612.59	201.64	364.23	311.37
• EPS** (Baht)	0.54	0.68	0.22	0.41	0.36
• Number of Weighted Average Shares** (million shares)	899.99	899.99	899.99	879.04	869.69

* The Company and its subsidiaries have adopted the Thai Accounting Standard No.12 "Income Taxes" for the first time in preparation of consolidated and separate financial statements. The comparative information comprising the consolidated and separate statements of financial position as at December 31, 2012 and 2011, and the consolidated and separate statement of comprehensive income for the year ended December 31, 2013 have been retrospectively restated to be in accordance with the new accounting policy, as if the Company and its subsidiaries had recognized deferred taxes continuously.

** Due to stock dividend distribution in the year 2012, EPS and number of weighted shares for the year 2009-2011 had been restated for comparison purpose.

Statement of Financial Position As at 31 December



	As at 31 December				
Statement of Financial Position (Million Baht)	2013	2012*	2011*	2010	2009
Total Asset	6,604.82	5,622.72	4,341.76	3,043.23	2,241.89
Total Liability	4,286.79	3,560.29	2,737.24	1,553.87	985.98
Total Equity	2,318.03	2,062.43	1,604.52	1,489.36	1,233.13
Non-Controlling Interest	-	-	-	-	22.78

Message from the Chairman



Mr. Brandon Shui Ling Wang

Chairman of the Board of Directors

Dear Shareholders,

2013 was both a very challenging and rewarding year for DSGT. Notably, the US scaling back of QE measures had imposed severe foreign exchange pressures on most SEA markets. In spite of the external challenges and competitive circumstances, our business in Thailand and Malaysia continued to outpace the market growth, resulting from our sustained investment in long-term brand building programs and improvement in operating efficiencies.

Total Group consolidated revenue from sales for the fiscal year 2013 was Baht 7,541 million representing an increase of 12.4% compared to 2012 (13.9% growth on local currency basis). Our key brands continued to sustain sales and market share growth due to favorable consumer responses to the BabyLove DayPants introduction and strong off-take of Certainty pants in the Thai lead market.

Net profit for the fiscal year 2013 of the Group was Baht 487 million, decreased by 20.5% compared to 2012. Excluding one-time flood insurance claim receipt (Baht 172 million on after-tax basis) in 2012 and negative foreign currency impact (Baht 47 million) in 2013, the normalized net profit for 2013 actually grew by 22.2% compared to prior year. The proactive implementation of risk management of FX exposure and procurement measures had significantly minimized the negative profit impact on the Group.

In view of the long term favorable demographic, socio-economic factors and sound fundamentals of the disposable diaper business potential in South East Asia, DSGT Group is committed to strive for sustainable growth through continuous investments in brand building initiatives, human resources development and capacity expansion in major markets. 2013 marked an important milestone of consolidation for the Group in building a sound foundation for the next phase of profitable growth.

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

A stylized black ink signature of Mr. Brandon S. L. Wang.

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

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	: 11th 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 Nongkhao, 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

Investor Relations

Tel : +662 651 8061 ext. 111
Email : ir@dsgap.com

Company Registrar

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand

Tel : +66 2 229 2800

Fax : +66 2 359 1259

Listing Market

The Stock Exchange of Thailand (SET)

Company's Stock Code

DSGT

Auditor

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

25th Floor, Rajanakarn Building
 183 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand

Tel : +66 2 676 5700

Fax : +66 2 676 5757-8

Legal Advisor

Vickery & Worachai Ltd.

16th Floor, GPF Withayu Tower A
 93/1 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

Tel : +66 2 256 6311-4

Fax : +66 2 256 6317-8

Business Overview

Business Goals

The Company vision is to be a leading provider of quality diaper care for babies and adults in South East Asia. It continues to provide the best in quality and value products to its customers and consumers. The Company has managed to consolidate its position in its key markets through effective commercial strategies and product innovation. The Company will continue to invest in marketing and supply chain innovation and productivity and quality improvement to build a solid foundation for sustainable long-term growth in the South East Asia.

Product Portfolio

1) Baby Diaper Categories

The Company has further strengthened its market position in South East Asia with the introduction of new product innovation such as BabyLove DayPants in the mass segment and product performance improvement in BabyLove PlayPants with "Power Absorbent Gel" in Q1 2013. The introduction of the new technology and product innovation also heralded the Company to fulfill its portfolio in various segments and remain as the leading company in disposable diaper industry.

2) Adult Diaper Categories




Certainty brand is the overall adult diaper market leader in Thailand and is a key player in the South East Asian markets. The introduction of Certainty Active pants since 2012 has complemented the existing adult diapers category for the Company.

Characteristics of Products




The Company's and its subsidiaries' products are divided into 2 categories as follows:

1) Disposable Baby Diapers

1.1 Disposable Baby Diaper Tape


Market	Mid-Range	Mid-Range/Mass	Mass
Brand	Baby Love Tape	Pet Pet	Fitti Basic
Package			
Key benefit	Easy Tape	Motherhood Made Easier	Good Quality, Smart choice

1.2 Disposable Baby Diaper Pants


Market	Premium	Mid-Range	Mass
Brand	BabyLove NightPants	BabyLove PlayPants	BabyLove DayPants
Package			
Key benefit	Extra Night Guard	Its Power Absorbent Gel	Affordable Day Time

2) Disposable Adult Diapers

2.1 Disposable Adult Diaper Tape

Market	Mid-Range
Brand	Certainty Tape
Package	
Key benefit	Superior Absorbency and Dryness

2.2 Disposable Adult Diaper Pants

Market	Mid-Range
Brand	Certainty Active Pants
Package	
Key benefit	Extra Fit and Comfort

Characteristics of Market and Competition

The Company has diversified their product portfolio and competes in various product segments, ranging from premium to mass segment. In addition, the Company has strategically focused on product innovation and productivity improvement to remain competitive in the market.

1) Industry Outlook for Disposable Baby Diapers:

Baby diaper growth generally continues to be healthy across Thailand, Malaysia, and Indonesia as a result of the country demographics. Strong population growth coupled with increasing affluence and urbanization represent the key growth drivers for the future, and present significant opportunities.

The key demographic of over 600 million populations in South East Asia, and robust birth rate in most of the countries, poses a dynamic market for the Company to sustain robust growth in the future.

2) Industry Outlook for Disposable Adult Diapers:

Demographics also indicate a strong future for the adult diaper market growth in South East Asia. The population will continue to age at varying rates per country, with Thailand and Singapore leading in terms of the percentage of elderly (65 and above), while Malaysia and Indonesia will form the basis of aging population in the longer term. This, coupled with increased life expectancy as well as increasing affluence, augurs well for the long-term growth of the adult diaper market.

Industry 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. 5) Elleair, the manufacturer of baby diapers under the brand name of Goo.n, 6) Kao the manufacturer of baby diapers under the brand name of Merries. 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.

Procurement of Raw Materials

Raw materials used in the manufacture of disposable baby and adult diapers are wood pulp, non-woven moisture transfer/blockage sheets, glues and Super Absorbent Polymer ("SAP"), whose total cost make up more than half of total cost of raw materials. DSGIL, which is the parent company of the Company, has entered into supplier purchasing arrangement with several key suppliers/distributors. The procurement of the raw materials under those arrangements also includes the Company and its subsidiaries' purchase of raw materials. The consolidation of demand of DSGIL and its affiliates provides bargaining power with the suppliers.

The raw materials used in the production of baby and adult diapers have the characteristics of being commodity and imported raw materials. The cost of the raw materials are subject to global supply and demand and can fluctuate on several factors such as crude oil price, production capacity etc.

Management Discussion and Analysis

Overview

DSGT Group is one of the leading disposable diaper manufacturers in South East Asia. We focus on delivering quality products at efficient costs to satisfy the needs of our customers and consumers. We have production facilities in Thailand, Malaysia, Indonesia and commercial presence in a number of countries in Asia, the Middle East and Africa.

The external environment continued to be very challenging as previous year. The currency risks associated with the US scaling back of QE measures imposed severe foreign exchange pressures on most SEA markets, particularly for Indonesian Rupiah in the second half of 2013. DSGT mitigated the external risks with prudent management measures and focused on improving operational efficiencies to control costs.

In view of the long term favorable demographic, socio-economic factors and sound fundamentals of the disposable diaper business potential in South East Asia, the Group, continue to invest in brand building, human resources development and capital expenditure in key markets. 2013 was an important milestone of consolidation for the Group in building a sound foundation for the next phase of growth.

Key Market Highlights

DSG Thailand continued to gain market share in both the baby and adult diaper categories, out-pacing the industry growth rates. BabyLove Daypants was launched in Q2 2013 and had captured a significant share of the economy pant segment. Certainty pant sales volume almost doubled, pushing the total brand market share to record high.

Malaysian consumption sentiment was dampened, partly due to public policies on reduction of sugar and fuel price subsidies as well as the planned introduction of GST in the country. Disposable diaper market value declined also due to heavy competitive discounting activities throughout 2013. DSGM completed the new plant relocation and re-commissioning in Q3 2013 and was on track to improve its operating cost efficiencies.

Indonesian economy was badly hit by the massive depreciation of the Rupiah against major currencies, resulting in significant increase of imported material costs in 2013. However, the baby pant category continued to grow strongly due to increasing affordability and availability. DSG Indonesia introduced Fitti Daypants in Q4 to capture the fast growing baby diaper segment.

Export Markets continued to grow with existing customers and gain new customers in Central Asia, the Middle East and Africa. Export marketing efforts also stepped up in Indo-China to capitalize on the AEC 2015 initiatives.

Financial Performance Highlights

In spite of the external challenges and competitive circumstances, our business in Thailand and Malaysia continued to outpace the market growth, resulting from our investment in brand building and improvement in operating efficiencies.

Total consolidated sale revenue for the fiscal year 2013 for the Group was Baht 7,541 million representing an increase of 12.4% compared to 2012 (13.9% growth on local currency basis). Our key brands continued to sustain sales and market share growth due to favorable consumer acceptance for BabyLove DayPants and Certainty pants.

Net profit for the fiscal year 2013 of the Group was Baht 487 million, decreased by 20.5% compared to 2012. Excluding one-time flood insurance claim received in 2012 (Baht 172 million on after-tax basis) and negative foreign currency impact (Baht 47 million), the normalized net profit actually grew by 22.2%. In view of the foreign currency exposure in SEA, proactive risk management of foreign currency exposure and procurement measures were implemented to minimize the profit impact on the Group.

Forward looking

Discussion of expectations of future performance is based on financial data and our business plan at the time of the statement. Time factor, FX volatility and high level of competitive activities might result in deviations; thus investors must recognize the uncertainty of events that could impact on expectations.

To address these factors we must respond to competitive factors including pricing, promotional activities, trade terms and competitive 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. Changes in the economic and political environment do affect consumer confidence. Thus our financial success will depend, in part, on our ability to address global, regional and local political and economic uncertainties. The Group is committed to strive for sustainable growth through continuous investments in brand building initiatives, human resources development and supply chain management.

Looking ahead, given the long term favorable demographic and socio-economic factors in South East Asia, DSGT Group remains cautiously optimistic about the future potential of the disposable diaper business, despite the abovementioned short-term uncertainties. 2013 marked an important milestone of consolidation for the Group in building a sound foundation for the next phase of growth.

Financial Condition

At the end of 2013, DSGT reported Total Consolidated Assets of Baht 6,605 million, an increase of Baht 982 million or 17.5% from Baht 5,623 million at end of 2012. The strong financial position of the Group is expected to continue with the sales growth momentum of our key brands, supported by the continuous improvement in the operation efficiency.

The Group net increase in cash and cash equivalents was Baht 234 million resulted from the prudent working capital management to support the capital investment to gain revenue growth. Net cash used in investing activities was Baht 824 million was mainly used to support business expansion plan in key markets. The capital investments were partly financed by the net cash from operating activities and external borrowings.

Income Tax

DSGT received investment promotion privilege from the Board of Investment by receiving the exemption for corporate income tax on profit derived from the promoted business which is under certain conditions contained in the promotion certificates. During the year 2013, DSGT had the excess profit from the promotion privilege, which was subjected to corporate income tax.

However, at Group level, the financial statement reflected tax payment of its subsidiaries. DSGM has been granted the tax incentive for its investment in Malaysia under the Reinvestment Allowance tax incentive scheme.

Other Information

Our financial statement was prepared in accordance with Thai Accounting Standard (TAS), Thai Financial Reporting Standard (TFRS), Thai Accounting Standard Interpretation (TSI) and Thai Financial Reporting Interpretations (TFRI) 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, 2013 onwards, in the preparation and presentation of these financial statements.

Risk Management and Risk Factors

The Company implements Risk Management policies to mitigate all foreseeable potential risks and govern the mitigation plan in achieving its goal.

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.

Mitigation Approach: The Company mitigates the supply and foreign exchange risks for raw material purchases with local source supply and also cooperates with group central purchasing for global sourcing to ensure cost competitiveness.

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.

Mitigation Approach: 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 as a result of DSGT Group's performance as a flagship in South East Asia (SEA) as well as the regional hub to under-penetrated emerging markets in Asean Economic Community (AEC).

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 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.

Mitigation Approach: Through Licensed Territory, the Company and its subsidiaries is capable to conduct its business through geographic expansion in South East Asia or any countries currently not being penetrated by DSGIL and its affiliates except by means of inter-company sales.

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. 5) Elleair, the manufacturer of baby diapers under the brand name of Goo.n. 6) Kao, the manufacturer of baby diapers under the brand name of Merries. 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.

Mitigation Approach: Owing to high competition in disposable diaper market, the Company and its subsidiaries have made relentless effort to create the value through innovation in many aspects and deliver the best results to its customers and consumers.

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.

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.

Mitigation Approach: The Company and its subsidiaries have continuously attempted to reduce such 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.

The recent political instability in Thailand has less impact to the operation of the Company. Accordingly, the Company and its business partners have a consistent business continuity plan learned from past political situations.

Mitigation Approach: Although the Company's products are related to the human necessity, the Company has incorporated the external factors in its business planning and risk management.

Risk from natural disasters

After the worst flood crisis in 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.

Mitigation Approach: In 2013, the Company has moved its stocks to a single integrated warehouse facility in Saraburi. In addition, the Company has employed various measures to protect its facilities by following Hemaraj Saraburi Industrial zone for a contingency plan in anticipation of future flooding and daily report during flood situation.

Internal Control

Internal Control is an integral part of company besides normal operation to protect the shareholders' value

The Internal Control is an integral part of the Company's priority in which the Board of Directors ("Board") of DSG International (Thailand) Public Company Limited has continually emphasized its existence, adequacy and appropriation on the business operations in order to maintain the efficiency and effectiveness of resources utilization and assets security aspects.

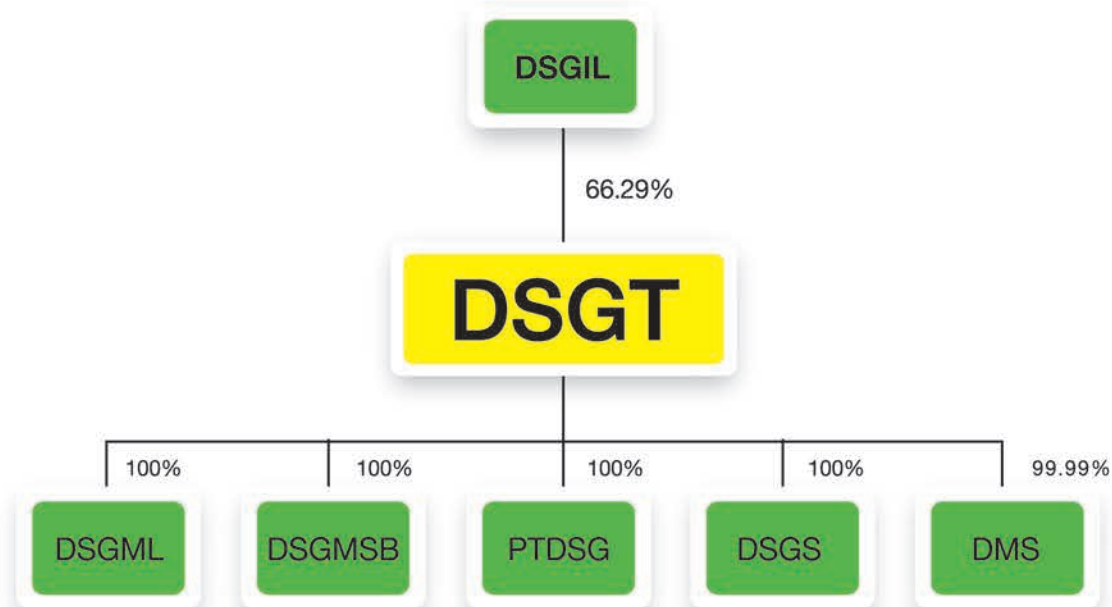
The Board reviews annual internal control assessment as part of the Audit Committee's accountability and reports its result in the Board's meeting number 1/2014 on February 27, 2014.

The Audit Committee conducted review of five (5) elements of internal control system; 1) Organization Control and the Environment, 2) Risk Management, 3) Management Control Activities, 4) Information and Communication, 5) Monitoring System. Together with the management, the Audit Committee expressed its opinion that the Company's internal control is adequate and appropriate for effective business operation and securing the assets. There is no major concern regarding to the internal control system of the Company noted during its review.

Shareholding in Subsidiaries and Affiliates

DSGT is held by the major shareholder, DSGIL for 66.29%. Currently, DSGT has fully owned five subsidiaries with operational offices and facilities in Thailand, Malaysia, Indonesia and Singapore. The corporate structure is shown as follows:

**Corporate Structure of the Company and its Subsidiaries
31 December 2013**



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.

Formerly, DSGIL has subsidiaries 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.

In 2013, DSGIL sold Associated Hygienic Products (AHP), a U.S. maker of store-brand infant diapers in United States of America to Domtar Corporation. DSGIL has remained the business in Hong Kong, China and through DSGT in South East Asia region.

DSGIL holds 66.29% 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 approximately 100% in DSGML, DSGMSB, DSGS, PTDSG and 99.99% in DMS.

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.

In 2013, the office was relocated to the new location in Wisma Consplant, Subang Jaya Selangor.

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.

In 2013, the factory was relocated to the new location in Telok Panglima Garang, Banting, Selangor.

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 a 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 of the 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.

5) DSG Management Services (Thailand) Company Limited (“DMS”)

DMS was founded on 17 September 2013 with authorised share capital of Baht 10 million, with the objective of providing management services to the Company's subsidiaries or affiliates both in and outside of Thailand.

Revenue structure

	2009 ¹		2010 ¹		2011 ¹		2012 ¹		2013 ¹	
	MM THB	%	MM THB	%	MM THB	%	MM THB	%	MM THB	%
Domestic sales: ²										
Baby diapers	2,507.84	72.97%	3,358.03	76.89%	4,646.29	80.93%	5,394.82	80.41%	6,000.89	79.58%
Related Parties ³	111.41	3.24%	85.87	1.96%	-0.7	-0.01%	0.0	0.0%	0.00	0.00%
Others	2,396.43	69.73%	3,272.16	74.93%	4,646.99	80.94%	5,394.82	80.41%	6,000.89	79.58%
Adult diapers	779.43	22.68%	805.17	18.44%	910.19	15.85%	1,125.61	16.78%	1,251.72	16.60%
Related Parties ³	91.28	2.66%	77.74	1.78%	-2.59	-0.05%	-	0.0%	0.00	0.00%
Others	688.15	20.02%	727.43	16.66%	912.78	15.90%	1,125.61	16.78%	1,251.72	16.60%
Export sales:										
Baby diapers	51.13	1.49%	56.34	1.29%	97.92	1.71%	49.17	0.73%	135.49	1.80%
Related Parties ⁴	1.35	0.04%	0.47	0.01%	44.65	0.78%	0.04	0.00%	88.74	1.18%
Others	49.78	1.45%	55.87	1.28%	53.27	0.93%	49.13	0.73%	46.75	0.62%
Adult diapers	19.39	0.56%	60.53	1.39%	10.62	0.18%	40.02	0.60%	14.58	0.19%
Related Parties ⁴	15.81	0.46%	51.37	1.18%	9.56	0.16%	39.32	0.59%	13.09	0.17%
Others	3.58	0.10%	9.16	0.21%	1.06	0.02%	0.70	0.01%	1.49	0.02%
Other sales ⁵	79.03	2.30%	87.09	1.99%	76.46	1.33%	99.11	1.48%	137.96	1.83%
Total income	3,436.82	100.00%	4,367.16	100.00%	5,741.48	100.00%	6,708.73	100.00%	7,540.64	100.00%

Remarks:

1

Unit: Baht

Exchange rate	2009	2010	2011	2012	2013
1 Malaysian Ringgit	9.6861	10.1676	9.9665	10.0691	9.7561
1,000 Indonesian Rupiah	3.5239	3.4808	3.4808	3.3207	2.9353
1 Singapore dollar	23.6898	23.2380	24.1667	24.8663	24.5700

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

³ Related Parties means PT Panca TalentaMas

⁴ Related Parties means DSSL, DSGZ and DSGIL

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

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) From Consolidated Financial Statement		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 2012	Audited 31 December 2013	
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 100.050	Management Fee 111.345	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. 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.
	DSGML and DSGMSB also paid License Royalty fee to DSGIL.	Royalty Fee 42.540	Royalty Fee 41.398	
	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.	13.479 Aging Current: 12.941 ≤ 3 mos: 0.345 3-6 mos: 0.193	13.619 Aging Current: 13.198 ≤ 3 mos: 0.393 3-6 mos: 0.028	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 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.
	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.

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (Million Baht) From Consolidated Financial Statement		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 2012	Audited 31 December 2013	
	1.5 DSGIL is other debtor of the Company, arose from expenses reimbursement.	-	0.017 Aging Current: 0.017	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.	16.936	18.937	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.	8.081 Aging Current: 8.081	8.939 Aging Current: 8.939	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.	0.003 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 Over 1 yr. 0.019	0.022 Aging Current: 0.022	The said transaction was considered as a normal transaction.
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.	3.088	2.957	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.

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (Million Baht) From Consolidated Financial Statement		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 2012	Audited 31 December 2013	
	<p>3.2 DSGUK is the creditor of PTDSG from the unpaid royalty fees mentioned above.</p> <p>(The said fees were paid quarterly with 20 days credit term)</p>	<p>1.732</p> <p>Aging Current: 0.370 ≤ 3 mos: 0.580 3-6 mos: 0.782</p>	<p>1.749</p> <p>Aging Current: 0.942 ≤ 3 mos: 0.807</p>	<p>The said transaction was reasonable and considered as a normal transaction.</p> <p>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.</p>
<p>4. Shanghai DSG Mega Thin Co. Ltd. ("SDSGM").</p> <ul style="list-style-type: none"> - Manufacturing and distributing raw material. - Registered in China - Head Office in China - DSGIL, which is the major shareholder of the Company, holds 75 percent of share in Shui Ling Holding Co. Ltd; and Shui Ling Holding Co. Ltd. holds 100 percent of share in SDSGM. 	<p>4.1 The Company purchased raw materials from SDSGM.</p>	<p>33.789</p>	<p>48.817</p>	<p>This transaction is a normal trade transaction. The raw material is a proprietary product of DSG.</p>
	<p>4.2 SDSGM is other creditor of the Company, arose from other expense reimbursement.</p>	<p>0.150</p> <p>Aging Current: 0.124 3-6 mos: 0.026</p>	<p>-</p>	<p>The said transaction was considered as a normal transaction.</p>
<p>5. Disposable Soft Goods (Zhongshan) Ltd. ("DSGZ").</p> <ul style="list-style-type: none"> - 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. 	<p>5.1 The Company sold baby diapers to DSGZ.</p>	<p>17.016</p>	<p>83.887</p>	<p>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.</p>
	<p>5.2 DSGZ is the trade debtor of the Company, arose from the sale of finished goods to DSGZ.</p>	<p>-</p>	<p>44.848</p> <p>Aging Current: 12.827 ≤ 3 mos: 24.810 3-6 mos: 7.211</p>	<p>The said transaction was reasonable and considered as a normal transaction.</p>

Company / Nature of Business / Relationship	Characteristics of transactions	Value of transactions (Million Baht) From Consolidated Financial Statement		Opinion of the Audit Committee/ Necessity and reasonableness
		Audited 31 December 2012	Audited 31 December 2013	
	5.3 DSGZ is other debtor of the Company and DSGMSB, arose from other expenses reimbursement.	0.259 Aging Current: 0.089 Over 1 yr. 0.170	0.181 Aging Over 1 yr. 0.181	The said transaction was considered as a normal transaction.
	5.4 The Company purchase raw material for machinery test run.	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.	0.107 Aging 6-12 mos: 0.107	0.115 Aging Over 1 yr. 0.115	The said transaction is a normal trade transaction.
	5.6 DSGZ is the other creditor of the Company, DSGMSB and PT DSG, arose from other expenses reimbursement.	-	5.298 Aging Current: 3.039 ≤ 3 mos: 1.922 3-6 mos: 0.335 6-12 mos: 0.002	The said transaction is a normal transaction, expenses were reimbursed at cost.
6. 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.	6.1 The Company, DSGMSB and DSGMAL pay licenses fee to DSG TEC.	Technology Transfer and License Fee 35.460 Trademark License Fee 55.330	Technology Transfer and License Fee 34.898 Trademark License Fee 67.842	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.
	6.2 DSG TEC is the creditor of the company, DSGMSB and DSGMAL from the unpaid royalty fees mentioned above.	8.858 Aging Current: 8.858	8.945 Aging Current: 8.945	The said transaction was reasonable and considered as a normal transaction.

Shareholding Structure

DSGT - Major Shareholders as of 31 December 2013

Name of shareholder	No. of shares held	Shareholding (%)
1. DSG INTERNATIONAL LIMITED	596,637,500	66.29
2. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	75,379,150	8.38
3. Thai NVDR Co., Ltd.	26,266,375	2.92
4. Mrs. Suwanna Anuwongnukroh	23,352,300	2.60
5. CHASE NOMINEES LIMITED 4	17,120,200	1.90
6. BANK JULIUS BAER AND CO.LTD	11,490,000	1.28
7. STATE STREET BANK AND TRUST COMPANY	7,450,700	0.83
8. RBC Investor Services Trust	5,318,100	0.59
9. Mr. Sophon Mitpanpanich	4,963,450	0.52
10. Ayudhya Aliance Life Insurance PLC.	4,703,750	0.52
Other shareholders	127,318,466	14.17
Total	899,999,991	100.00

Remark: Total number of shareholders is 2,012.

Dividend Payment Policy

The Company
has a policy to
pay dividends
not less than

40%

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.

Board of Directors



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 remained effective equity and management control of two 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. DSGIL divested his business in the North America Region, known as Associated Hygienic Products LLC ("AHP") in early 2013.

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

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 as Director of DSGT, DSGMSB, DSGML, DSGS, PTDSG and DMS.

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.



Mr. Yeoh Aik Cheong

Director

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. He was appointed as Director of DSGT, DSGMSB, DSGML, DSGS, PTDSG and DMS.

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.



Ms. Justine Man San Wang

Director

Justine joined the DSG group in 2004, where she assumed the role of Product Manager at DSG Malaysia. In 2010, she assumed the position of Director of Strategic Business Development for Asia. Justine was appointed as Director of DSGT, DSGMSB, DSGML, PTDSG and DMS.

Justine graduated with a Master of Business Administration degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. Previous 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.



Ms. Chachanee Anantwatanapong

Director

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. Chachanee was appointed as Director of DMS in September and DSGT in December 2013.

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 marketing and sales 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. 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 Bank Thai 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.



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 currently serves as a Director of Associated British Foods Asia Pacific Holding Company. Prior to joining DSGT, Alex King was the Chief Executive and Managing Director of its international beverage business in Asia since 2009 and was Managing Director – ASEAN and North Asia Region from 2003 to 2009 at Associated British Foods Plc. Alex has extensive experience in FMCG industry and has previously worked for Kraft, Kellogg and Novartis in a number of senior management assignments in the US, Australia, Hong Kong, Singapore and Thailand.

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. He is a Certified Public Accountant (CPA) and a member of AICPA.



Mr. Dicky Peter Yip

Independent Director and Member of the Audit Committee

Dicky Yip has been appointed as an Independent Director of the Board of Directors and also a Member of the Audit Committee since April 2013.

Dicky is the Chief Representative of IIF (Institute of International Finance) for Asia Pacific since July, 2012. In addition, he is an Independent Non-Executive Director of a number of listed companies, including Sun Hung Kai Properties, Ping An Insurance (Group) Company of China Ltd and South China (China) Ltd.

He joined HSBC in 1965 with working experience in Hong Kong, United Kingdom, USA and China. He was appointed Chief Executive China Business based in Shanghai from 2003 to 2005, later a General Manager of HSBC and Executive Vice President of Bank of Communications from 2005 till June, 2012 when he retired from the HSBC Group after 47 years of service.

Dicky was born in Shanghai and was educated in Hong Kong, graduated with an MBA from the University of Hong Kong. He is an elected associate member of the Chartered Institute of Bankers, London. He also holds a number of financial services certificates and licenses in Hong Kong, including the CFP issued by the Institute of Financial Planners. Dicky received the Ten Outstanding Young Persons Award for his contribution to the banking industry and the community. He was awarded the MBE (Military) by the British Government in 1984 and the Bronze Bauhinia Star by the Hong Kong SAR Government in 2000.

Management



Mr. Ambrose Kam Shing Chan

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 as Director of DSGT, DSGMSB, DSGML, DSGS, PTDSG and DMS.

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.



Mr. Yeoh Aik Cheong

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. He was appointed as Director of DSGT, DSGMSB, DSGML, DSGS, PTDSG and DMS.

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.



Ms. Justine Man San Wang

Director of Strategic Business Development

Justine joined the DSG group in 2004, where she assumed the role of Product Manager at DSG Malaysia. In 2010, she assumed the position of Director of Strategic Business Development for Asia. Justine was appointed as Director of DSGT, DSGMSB, DSGML, PTDSG and DMS.

Justine graduated with a Master of Business Administration degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. Previous 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.



Ms. Chachanee Anantwatanapong

General Manager

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. Chachanee was appointed as Director of DMS in September and DSGT in December 2013.

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 marketing and sales 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. Raymond Deng Hongbiao

Plant Director

Raymond Deng joined DSG (Zhongshan) Ltd. (China) in May 2011 as Plant Director. He was promoted to Plant Director to be in charge of both DSG (Thailand) and DSG (Zhongshan) plants in March 2013.

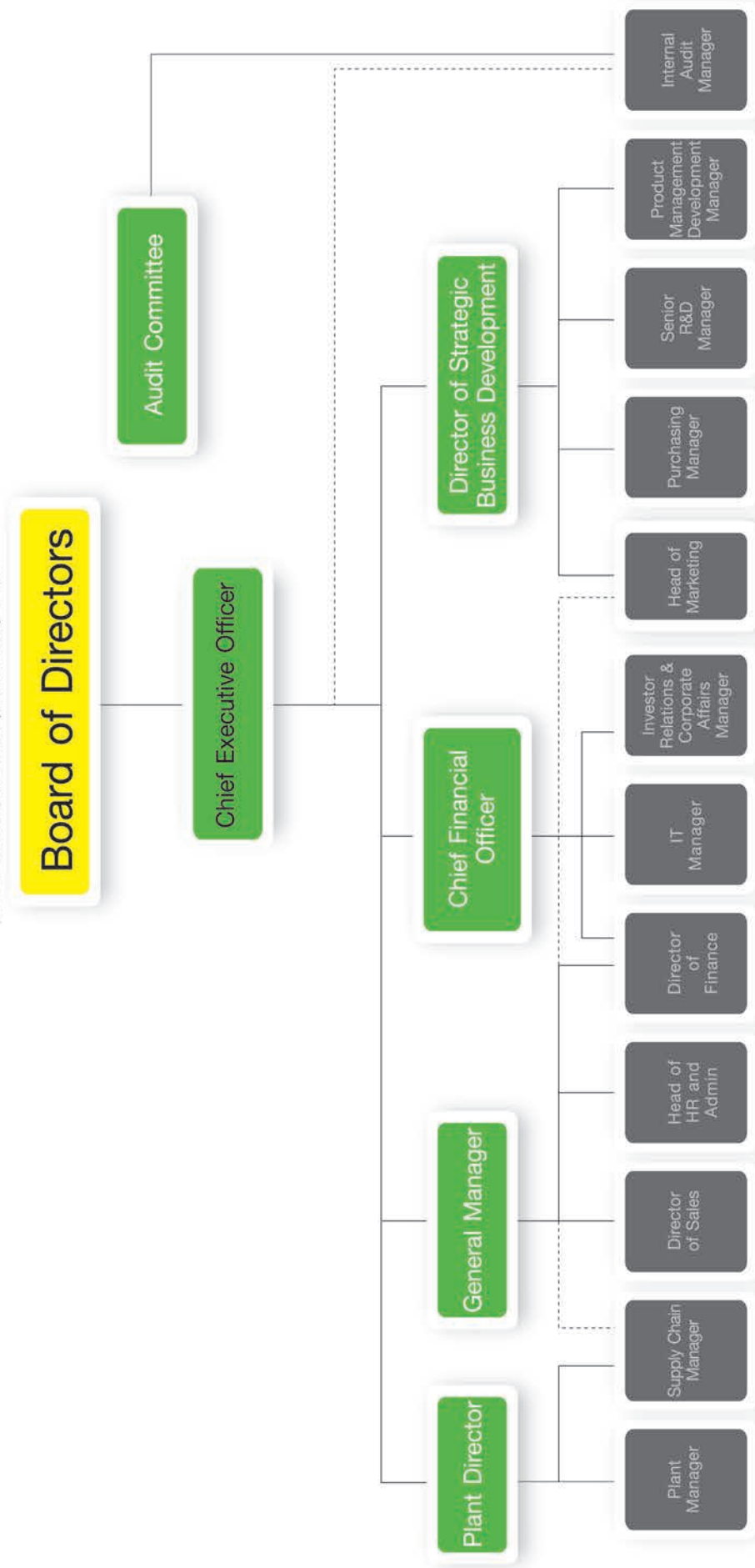
Prior to joining DSG, Raymond had managed two plants in Guangzhou and Beijing, China as Operations Leader for American Standard, a leading global sanitary ware company. Before to that, he was General Manager of American Standard (Guangzhou) Enamelware Co., Ltd. Raymond had acquired over 25 years plant management experience before joining DSG.

Raymond graduated from Guangzhou Management Functionary College (China) and also received the certificate of EMBA from Zhongshan University (China).

Management Structure

The Organization Structure as of 31 December 2013

DSG International (Thailand) PLC



1) DSGT Board of Directors

As at 31 December 2013, the Company's Board of Directors comprised of 8 Directors as follows:

NAME	POSITION
1. Mr. Brandon Shui Ling Wang	Chairman of the Board
2. Mr. Ambrose Kam Shing Chan	Director and Chief Executive Officer
3. Mr. Yeoh Aik Cheong	Director and Chief Financial Officer
4. Ms. Justine Man San Wang	Director and Director of Strategic Business Development
5. Ms. Chachanee Anantwatanapong*	Director and General Manager Thailand
6. Mr. Sukporn Chatchavalapong	Independent Director and Chairman of the Audit Committee
7. Mr. Chwan-Der Alex King	Independent Director and Member of the Audit Committee
8. Mr. Dicky Peter Yip*	Independent Director and Member of the Audit Committee

*Remark: 1. Ms. Chachanee Anantwatanapong was appointed as Director in Board of Directors' Meeting No. 6/2013 held on 12 November 2013, replacing Mr. Foo Eng Chuan
 2. Mr. Dicky Peter Yip was appointed as Independent Director and Member of the Audit Committee in Annual General Meeting of Shareholders No.1/2013 held on 24 April 2013, replacing Mr. Vissnu Poommipanit

The Company secretary is Mr. Yeoh Aik Cheong

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.
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 2013, 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. Yeoh Aik Cheong	Executive Director
4. Ms. Justine Man San Wang	Executive Director
5. Ms. Chachanee Anantwatanapong	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 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.
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 2013, the Audit Committee comprised of 3 Members as follows:

NAME	POSITION
1. Mr. Sukporn Chatchavalapong	Chairman of the Audit Committee
2. Mr. Chwan-Der Alex King	Member of the Audit Committee
3. Mr. Dicky Peter Yip	Member of the Audit Committee

Remark : Both Mr. Chwan-Der Alex King and Mr. Dicky Peter Yip have adequate expertises and experiences to review creditability of the financial reports.

The Secretary to 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. To 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 laws on Securities and Exchange and regulations of SET and other business laws;
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;
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
 - 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 2013, the 5 Executives of the Company were:

NAME	POSITION
1. Mr. Ambrose Kam Shing Chan	Chief Executive Officer
2. Mr. Yeoh Aik Cheong	Chief Financial Officer
3. Ms. Justine Man San Wang	Director of Strategic Business Development
4. Ms. Chachanee Anantwatanapong	General Manager-Thailand
5. Mr. Raymond Deng Hongbiao	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.

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.
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.

Sustainable Development

The Company has set up the practices in relation to corporate social responsibility 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 social responsibility practice as follows:

Internal perspectives

Recognizing the need for responsible green practices, the Company has pledged to bolster its efforts to procure sustainably produced materials for the manufacturing process, as well as to incorporate the best practices in relevant environmental aspects such as in new building and site construction, training and health and safety issues.

Moreover, the Company applied Good Manufacturing Practice (GMP) regulations in our manufacturing process, which strictly comply with the highest standard of quality assurance. Also, its manufacturing process is in the closed system, starting from raw materials through packing system, parallel with quality online inspection program to ensure our high quality & hygienic disposable diapers. All products are made under the strictest ISO 9001:2008 accreditation.

External perspectives

The Company runs various Corporate Social Responsibility (CSR) programs in various markets. Its current outreach initiatives revolve around baby and senior citizen care, underprivileged mothers and disaster relief. The Company regularly conducts activities and product donations with senior citizen clubs for its Certainty brand. In addition, PetPet brand has recently partnered with Association of Women's Initiative for Research & Development of Selangor and Kuala Lumpur in Malaysia to offer underprivileged mothers with insurance protection for their newborns.

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 put 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 2013, the Company delivered the meeting invitation letter to the shareholders on April 9, 2013 and made an announcement through the newspaper for 3 consecutive days 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, Mr. Sukporn Chatchavalapong 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 2013, the Company posted the meeting invitation letter on the Company website on April 9, 2013;
- Set the venue and the appropriate time that is convenient for every shareholder to attend the meeting. In 2013, the Company held the Annual General Meeting of Shareholders No.1/2013 on April 24, 2013 at 10.00 am at Crowne Plaza Bangkok Lumpini Park Hotel;
- 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 2013, the Company had informed the resolution of the meeting on April 24, 2013 and published the minutes of the meeting on the company website on May 8, 2013;
- 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.
- The Company has always treated staff equally and fairly by providing suitable remuneration. The Company also provides proper 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 with an emphasis of matters 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. 111 or ir@dsgap.com; 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 2013, 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, 2013)
 - 5 directors are executive directors
 - 3 directors are Independent Directors and 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:

- 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.

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 within 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.
- 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 Mr.Yeoh Aik Cheong 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.

5.4 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 2013, there were totally 7 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 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.
- In 2013, The meeting attendance is as follows:

Name	Position	Meeting Attendance (times/total)	
		Board of Directors	Audit Committee
1. Mr. Brandon Shui Ling Wang	Chairman of the Board	0/7	N.A.
2. Mr. Ambrose Kam Shing Chan	Executive Director and Chief Executive Officer	7/7	N.A.
3. Mr. Yeoh Aik Cheong	Executive Director and Chief Financial Officer	7/7	N.A.
4. Ms. Justine Man San Wang	Executive Director and Director of Strategic Business Development	3/7	N.A.
5. Ms. Chachanee Anantwatanapong*	Executive Director and General Manager	1/1	N.A.
6. Mr. Sukporn Chatchavalapong	Independent Director and Chairman of the Audit Committee	7/7	4/4
7. Mr. Chwan-Der Alex King	Independent Director and Member of the Audit Committee	6/7	3/4
8. Mr. Dicky Peter Yip*	Independent Director and Member of the Audit Committee	3/3	2/3

*Remarks : 1. Ms. Chachanee Anantwatanapong was appointed as Director in Board of Directors' Meeting No. 6/2013 held on 12 November 2013, replacing Mr. Foo Eng Chuan (5/6)
2. Mr. Dicky Peter Yip was appointed as Independent Director and Member of the Audit Committee in Annual General Meeting of Shareholders No. 1/2013 held on 24 April 2013, replacing Mr. Vissnu Poommipanit (1/1)

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.1/2013 held on April 24, 2013 approved the directors remuneration for year 2013 by approving the remuneration for the three Independent Directors and Member of the Audit Committee and one non-executive Director at Baht 450,000 each. Other directors are not entitled to receive the remuneration.

Report of the Audit Committee

In 2013, 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 Mr. Dicky Peter Yip and Mr. Chwan-Der Alex King as members.

The Committee held four (4) meetings during the year in order to review and consider the following businesses:

1. Review of the Company's financial statements and the Group consolidated finances -The Committee reviewed the Company 2013 financial statements, Group 2013 consolidated finances and the results of the audit with the Chief Finance 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, 2013 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

Report of the Board of Directors' Accountability to 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 2013 are reliable and provide a true and fair view of the financial position of the Company.



Mr. Brandon Shui Ling Wang
Chairman of the Board

DSG International (Thailand) Public Company Limited

Report of Independent Certified Public Accountants
Financial Statements for The Year Ended 31 December 2013
Notes to the Financial Statements

Report of Independent Certified Public Accountants

To The Shareholders and 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, 2013, 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, 2013, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to the Note 4 to the financial statements, DSG International (Thailand) Public Company Limited and its subsidiaries have adopted Thai Accounting Standard No.12 "Income Taxes" for the first time. The corresponding figures thus have been retrospectively restated to be in accordance with the new accounting policy.



Choopong Surachutikarn
Certified Public Accountant (Thailand)
Registration No. 4325

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
February 25, 2014

Financial Statements

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"	As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	5.1	317,185,201	83,631,918	235,459,652	234,750,633	39,789,804	171,313,710
Trade and other receivables							
Trade receivables	6 and 24	1,656,021,866	1,864,453,640	1,331,855,832	1,435,599,925	1,486,345,945	1,041,613,559
Other receivables	24	75,300,965	33,219,256	15,948,986	73,192,672	26,808,827	15,206,699
Short-term loan to subsidiaries	24	-	-	-	29,998,220	-	46,809,542
Inventories	7	1,013,757,072	788,777,872	1,172,176,113	528,107,162	427,138,380	720,549,800
Tax refundable		30,835,742	32,282,591	20,936,219	-	14,280	115,108
Other current assets		69,736,731	54,640,459	29,728,467	24,474,509	18,151,547	15,095,411
Total Current Assets		<u>3,162,837,577</u>	<u>2,857,005,736</u>	<u>2,806,105,269</u>	<u>2,326,123,121</u>	<u>1,998,248,783</u>	<u>2,010,703,829</u>
NON-CURRENT ASSETS							
Investments in subsidiaries	8 and 24	-	-	-	250,821,024	240,821,039	240,821,039
Long-term loan to subsidiaries	24	-	-	-	244,418,012	133,785,244	31,550,500
Leasehold rights	9	217,613,788	216,705,390	219,346,998	70,161,127	72,743,745	75,326,363
Advance payments for purchases of fixed assets		6,114,293	68,119,719	163,326,596	1,438,620	63,267,867	143,692,620
Property, plant and equipment	10	3,064,570,408	2,391,620,740	1,039,710,101	1,819,843,563	1,427,896,746	859,803,904
Intangible assets	11	30,814,428	22,614,300	21,917,190	8,029,400	12,982,617	14,458,652
Deferred tax assets	4 and 12	29,586,073	8,204,176	33,297,753	997,329	1,970,169	30,504,296
Other non-current assets							
- Deposit for lease of warehouse	30.2	88,922,702	45,881,686	45,881,686	88,922,702	45,881,686	45,881,686
- Other deposits		4,364,216	12,568,058	12,175,692	1,817,450	6,526,978	7,055,646
Total Non-current Assets		<u>3,441,985,908</u>	<u>2,765,714,069</u>	<u>1,535,656,016</u>	<u>2,486,449,227</u>	<u>2,005,876,091</u>	<u>1,449,094,706</u>
TOTAL ASSETS		<u>6,604,823,485</u>	<u>5,622,719,805</u>	<u>4,341,761,285</u>	<u>4,812,572,348</u>	<u>4,004,124,874</u>	<u>3,459,798,535</u>

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2013

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"	As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Bank overdrafts and short-term borrowings							
from financial institutions	13	1,480,090,350	1,076,585,762	1,161,336,459	1,259,709,006	972,133,304	1,056,813,144
Trade and other payables	14 and 24	1,464,134,229	1,378,011,319	1,061,148,305	920,868,851	803,372,231	673,028,716
Current portion of obligation under finance lease agreement	15	-	200,830	1,387,905	-	200,830	1,369,250
Current portion of long-term borrowings	16	251,251,810	150,616,686	168,202,000	131,800,000	149,052,000	168,202,000
Current portion of other non-current liabilities		-	-	20,113,144	-	-	-
Income tax payable		4,842,859	66,577,662	-	4,813,557	25,031,497	-
Other current liabilities		21,233,518	19,094,125	12,963,467	16,942,480	17,092,392	9,044,955
Total Current liabilities		3,221,552,766	2,691,086,384	2,425,151,280	2,334,133,894	1,966,882,254	1,908,458,065
NON-CURRENT LIABILITIES							
Obligation under finance lease agreement	15	-	-	200,830	-	-	200,830
Long-term borrowings	16	995,275,108	812,848,207	279,930,109	227,278,600	216,531,874	154,903,874
Employee benefit obligations	17.1	26,537,984	19,085,206	14,407,361	21,793,078	14,834,034	10,388,245
Deferred tax liabilities	4 and 12	-	17,009,950	14,417,696	-	-	-
Other non-current liabilities	18	43,423,179	20,261,910	3,135,000	43,423,179	3,135,000	3,135,000
Total Non-current liabilities		1,065,236,271	869,205,273	312,090,996	292,494,857	234,500,908	168,627,949
TOTAL LIABILITIES		4,286,789,037	3,560,291,657	2,737,242,276	2,626,628,751	2,201,383,162	2,077,086,014

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2013

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"	As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)							
SHAREHOLDERS' EQUITY							
SHARE CAPITAL	20						
Authorized share capital							
900,000,000 ordinary shares of Baht 1 each		<u>900,000,000</u>	<u>900,000,000</u>		<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		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	173,974,474	173,974,474
PREMIUM ON TREASURY SHARES	19	71,594,089	71,594,089	71,594,089	71,594,089	71,594,089	71,594,089
RETAINED EARNINGS							
Appropriated							
Legal reserve	21	90,000,000	90,000,000	50,842,090	90,000,000	90,000,000	50,842,090
Unappropriated	4	1,139,043,579	894,877,835	774,448,122	950,375,043	567,173,158	486,301,868
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY							
Exchange differences on translation of the financial statements of foreign subsidiaries		393,382	-11,047,160	-9,368,685	-	-	-
Differences between the carrying amounts of investments and costs of acquisition	8	-56,971,081	-56,971,081	-56,971,081	-	-	-
Equity attributable to shareholders of parent		2,318,034,434	2,062,428,148	1,604,519,009	2,185,943,597	1,802,741,712	1,382,712,521
Non-controlling interests	14	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY		<u>2,318,034,448</u>	<u>2,062,428,148</u>	<u>1,604,519,009</u>	<u>2,185,943,597</u>	<u>1,802,741,712</u>	<u>1,382,712,521</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,604,823,485</u>	<u>5,622,719,805</u>	<u>4,341,761,285</u>	<u>4,812,572,348</u>	<u>4,004,124,874</u>	<u>3,459,798,535</u>

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

UNIT : BAHT

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013
CONSOLIDATED FINANCIAL STATEMENTS

UNIT : BAHT										
	Notes	Equity attributable to shareholders of the Parent						Non-controlling interests	Total shareholders' equity	
		Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings		Other components of shareholders' equity			
					Appropriated	Unappropriated	Total attribution to shareholders of the Parent			
							Legal reserve			
BEGINNING BALANCES AS AT JANUARY 1, 2012 - AS PREVIOUSLY REPORTED										
	4	600,000,000	173,974,474	71,594,089	50,842,090	755,568,065	-9,368,685	-56,971,081	1,585,638,952	
		-	-	-	-	18,880,057	-	-	18,880,057	
Cumulative effects of change in accounting policy										
BEGINNING BALANCES AS AT JANUARY 1, 2012 - RESTATED										
	23	600,000,000	173,974,474	71,594,089	50,842,090	774,448,122	-9,368,685	-56,971,081	1,604,519,009	
	23	299,999,991	-	-	-	-299,999,991	-	-	-	
	23	-	-	-	-	-153,000,009	-	-	-153,000,009	
	21	-	-	-	39,157,910	-39,157,910	-	-	-	
	4	-	-	-	-	612,587,623	-1,678,475	-	610,909,148	
		899,999,991	173,974,474	71,594,089	90,000,000	894,877,835	-11,047,160	-56,971,081	2,062,428,148	
Total comprehensive income for the year-restated										
Ending balances as at December 31, 2012										
BEGINNING BALANCES AS AT JANUARY 1, 2013										
	23	899,999,991	173,974,474	71,594,089	90,000,000	894,877,835	-11,047,160	-56,971,081	2,062,428,148	
		-	-	-	-	-238,499,999	-	-	-238,499,999	
		-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	
		-	-	-	-	482,665,743	11,440,542	-	494,106,285	
		899,999,991	173,974,474	71,594,089	90,000,000	1,139,043,579	393,382	-56,971,081	2,318,034,448	
Dividends paid										
Non-controlling interests										
Total comprehensive income for the year										
Ending balances as at December 31, 2013										

UNIT : BAHT

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013
SEPARATE FINANCIAL STATEMENTS

UNIT : BAHT						
Notes	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings		Total shareholders'
				Appropriated	Unappropriated	
				Legal reserve		
BEGINNING BALANCES AS AT JANUARY 1, 2012 - AS PREVIOUSLY REPORTED						
4	600,000,000	173,974,474	71,594,089	50,842,090	455,797,572	1,352,208,225
	-	-	-	-	30,504,296	30,504,296
BEGINNING BALANCES AS AT JANUARY 1, 2012 - RESTATED						
23	600,000,000	173,974,474	71,594,089	50,842,090	486,301,868	1,382,712,521
23	299,999,991	-	-	-	-299,999,991	-
21	-	-	-	39,157,910	-39,157,910	-
4	-	-	-	-	573,029,200	573,029,200
Ending balances as at December 31, 2012						
	899,999,991	173,974,474	71,594,089	90,000,000	567,173,158	1,802,741,712
BEGINNING BALANCES AS AT JANUARY 1, 2013						
23	899,999,991	173,974,474	71,594,089	90,000,000	567,173,158	1,802,741,712
	-	-	-	-	-238,499,999	-238,499,999
Total comprehensive income for the year						
	-	-	-	-	621,701,884	621,701,884
Ending balances as at December 31, 2013						
	899,999,991	173,974,474	71,594,089	90,000,000	950,375,043	2,185,943,597

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax expense		454,944,003	720,997,999	637,121,285	626,674,698
Adjustments for:					
Depreciation and amortization		179,536,707	134,750,660	121,661,628	103,868,723
Loss (gain) on sales of fixed assets		2,671,953	294,550	472,972	-41,576,390
Doubtful debts (reversal)		-1,951,561	-5,901,732	-600,000	-6,415,446
Employment benefits obligation expense		7,096,357	5,079,329	5,798,608	4,445,789
Loss on decline in value of inventories		9,798,354	3,646,708	9,798,354	3,646,708
Unrealized (gain) loss on exchange rate		597,959	-3,552,343	-17,558,007	-3,858,414
Dividend income from subsidiaries		-	-	-60,634,384	-54,321,720
Interest income		-2,505,377	-2,770,934	-12,120,255	-6,307,880
Interest expense		87,099,649	54,553,960	55,453,980	52,074,915
		737,288,044	907,098,197	739,394,181	678,230,983
Decrease (increase) in trade receivables		218,721,316	-531,469,543	65,815,406	-445,153,512
Increase in other receivables		-42,069,690	-17,276,320	-30,645,731	-9,691,061
Decrease (increase) in inventories		-234,777,554	379,751,533	-110,767,137	289,764,712
Decrease (increase) in tax refundable		1,446,849	-11,346,372	14,280	-
Increase in other current assets		-15,110,552	-25,012,820	-6,337,243	-3,120,077
Increase in deposit for lease of warehouse	30.2	-43,041,016	-	-43,041,016	-
Decrease (increase) in other deposits		8,203,842	-392,366	4,709,528	528,669
Increase in trade and other payables		113,521,479	171,221,251	126,988,984	30,345,808
Increase (decrease) in other current liabilities		2,693,987	9,570,641	-149,912	8,047,438
Cash paid for employee benefits		-3,033,099	-	-3,001,200	-
Cash received from operations		743,843,606	882,144,201	742,980,140	548,952,960
Interest received		2,505,377	2,770,934	2,831,860	4,406,019
Cash paid for interest		-86,468,310	-60,195,631	-55,546,594	-52,024,998
Cash paid for income tax		-68,366,214	-17,586,866	-30,502,867	-79,874
Net cash provided by operating activities		591,514,459	807,132,638	659,762,539	501,254,107

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash payment for investment in a subsidiary		-	-	-9,999,985	-
Dividends received from subsidiaries		-	-	60,634,384	54,321,720
Cash payments for purchase of leasehold right		-5,193,748	-	-	-
Cash payments for long-term loan to subsidiaries		-	-	-124,959,198	-4,439,838
Cash payment for purchases of fixed assets and intangible assets	5.2	-815,093,853	-1,186,456,006	-422,642,190	-430,522,685
Cash payments in advance for purchases of fixed assets		-3,899,888	-67,418,666	-1,438,620	-63,267,867
Proceeds from sales of fixed assets		350,242	1,331,584	77,811	1,264,977
Net cash used in investing activities		<u>-823,837,247</u>	<u>-1,252,543,088</u>	<u>-498,327,798</u>	<u>-442,643,693</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions		394,664,246	-78,242,770	278,735,361	-78,171,911
Repayments of finance lease obligation		-204,000	-1,459,055	-204,000	-1,440,400
Repayments of long-term borrowings from financial institutions		-206,935,274	-177,852,000	-206,935,274	-177,852,000
Proceeds from long-term borrowings from financial institutions		489,997,299	693,184,785	200,430,000	220,330,000
Dividends paid		-238,499,999	-153,000,009	-238,499,999	-153,000,009
Cash received from non-controlling interests	15	-	-	-	-
Net cash provided by (used in) financing activities		<u>439,022,287</u>	<u>282,630,951</u>	<u>33,526,088</u>	<u>-190,134,320</u>
Exchange differences on translation of the financial statements of foreign subsidiaries		26,853,784	10,951,765	-	-
Net increase (decrease) in cash and cash equivalents		<u>233,553,283</u>	<u>-151,827,734</u>	<u>194,960,829</u>	<u>-131,523,906</u>
Cash and cash equivalents as at January 1,		83,631,918	235,459,652	39,789,804	171,313,710
Cash and cash equivalents as at December 31,	5.1	<u>317,185,201</u>	<u>83,631,918</u>	<u>234,750,633</u>	<u>39,789,804</u>

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

Notes to the Financial Statements

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, Kweang Lumpini, Khet 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 is 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.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND THE 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. 2544, and in accordance with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

For the convenience of readers, an English translation of the financial statements has been prepared from 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, 2013 and 2012 include the financial statements of the Company and its subsidiaries in which the Company has control or invested over 50% of their voting rights. These subsidiaries are detailed as follows:

Company's name	Major business	Country of incorporation	Number of shares		Percentage of shareholding	
			As at		As at December 31,	
			December 31,	December 31,	2013	2012
			2013	2012	2013	2012
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	3,000,003	3,000,003	100	100
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	3,400,002	3,400,002	100	100
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	11,000	11,000	100	100
Disposable Soft Goods (S) Pte Ltd.	Sell disposable baby diapers and adult incontinent products	Singapore	1,500,000	1,500,000	100	100
DSG Management Services (Thailand) Co., Ltd.	Provide managerial services to its affiliated companies and set up as Regional Operating Headquarters (ROH)	Thailand	1,999,997	-	99.99	-

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, 2013 and 2012 have included the subsidiaries' financial statements for the years ended December 31, 2013 and 2012, which were audited.

2.2 The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards, which are not yet effective for the current period as follows:

- 1) Thai Accounting Standard (TAS), Thai Financial Reporting Standard (TFRS), Thai Accounting Standard Interpretation (TSI) and Thai Financial Reporting Interpretation (TFRI) which are effective for the financial statements for the periods beginning on or after January 1, 2014:

Thai Accounting Standard (TAS)

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible Assets

Thai Financial Reporting Standard (TFRS)

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

Thai Accounting Standard Interpretation (TSI)

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

Thai Financial Reporting Interpretations (TFRI)

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

- 2) TFRS which is effective for the financial statements for the periods beginning on or after January 1, 2016:

Thai Financial Reporting Standard (TFRS)

TFRS 4	Insurance contracts
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The Company and its subsidiaries' management will adopt the above TFRSs relevant to the Company and its subsidiaries in the preparation of the Company and its subsidiaries' financial statements when they become effective. The management of the Company and its subsidiaries have assessed the effects of these TFRSs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied.

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 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 cost of completion and 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 profit or loss immediately.

3.5 Leasehold right

Leasehold right consists of leasehold right-land and leasehold right-residence unit. Leasehold right is stated at cost less accumulated amortization.

Leasehold right-residence unit of the Company is amortized on straight-line method over the period of lease agreement (approximately 29 years and 5 months).

Leasehold right-land of DSG (Malaysia) Sdn Bhd is amortized on straight-line method over the period of lease 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 - 33 years
Building improvements	5 - 20 years
Machinery and equipment	3 - 20 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 for technology transfer.

Computer software and license fees for technology transfer 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 Impairment

The carrying amounts of the assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amounts of asset is estimated.

The Company recognizes impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of the asset's fair value less cost to sell and its value in use. The Company determines the value in use by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The calculation reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company recognizes an impairment loss as expense in the statement of comprehensive income.

Reversal of an impairment loss

The Company reverses impairment loss of asset, if any, which had been recognized in the prior periods, if there is an indicator for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

3.9 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 end of reporting period denominated in foreign currencies are retranslated into Baht at the reference rates of the Bank of Thailand on that date. Gains and losses on exchange rate arising from the settlements or retranslations are recognized as profit or loss in the such period.

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

- a. Assets and liabilities are translated at the closing rate at the date of the statement of financial position.
- b. Income and expenses are translated at the average rate for the year.
- c. All resulting exchange differences are recognized in other comprehensive income.

3.10 Financial instruments

The Company and its subsidiaries entered into forward foreign exchange contracts to manages foreign exchange rate risk. Further details of financial instruments are disclosed in Notes 31 and 32.

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.

3.11 Leases

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

Lease in which substantially all the risk and reward of ownership, other than legal title is transferred to the Company is accounted for as a finance lease. The Company capitalized the asset and liabilities in statements of financial position in the amount at the lower of estimated present value of the underlying lease payments or at the fair value of the leased asset at the contractual date. The leased assets are depreciated using the straight-line method over their estimated useful lives. Financial charge is calculated by the effective interest rate method over the term of contracts. Financial charge and depreciation are recognized as expenses in the statements of comprehensive income.

3.12 Employee benefits

3.12.1 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 company's regulation and 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. The actuarial gains or losses are recognized in the retained earnings through other comprehensive income in the period in which they arise.

3.12.2 Provident fund

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

3.12.3 Employee Joint Investment Program (EJIP)

The provision from the Employee Joint Investment Program (EJIP) is recognized as expense in the statements of comprehensive income when incurred.

3.13 Difference between the carrying amount of investments and costs of acquisition

This represents the difference between the carrying amount 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.

3.14 Recognition of revenues and expenses

Sales are recognized upon delivery of goods to customers for domestic sales. In case of export sales, sales are recognized when goods are shipped and significant risks and rewards are passed to the buyer according to the shipment term. Sales are presented by deducting discounts, purchase volume discount and goods returned.

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

Other income is recognized on an accrual basis.

Expenses are recognized on an accrual basis.

3.15 Taxation

Income tax expense (income) represents the sum of the tax currently payable and deferred tax.

3.15.1 Current tax

Current tax represents tax currently payable which is based on taxable profit for the period. Taxable profit differs from profit before income tax expenses as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable in other years and it further excludes items that are never taxable. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

3.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each of the end of reporting period date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the assets is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities and the Company and its subsidiaries intend to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

Current and deferred tax are recognized as income or expenses and included in profit or loss for the period except when a transaction or event which is recognized in the other comprehensive income or directly in equity.

3.16 Basic earnings per share

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

3.17 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. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2013, the Company and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards ("TFRS") which are relevant to the Company and issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards, in preparation and presentation of the financial statements as follows:

Thai Accounting Standards (TAS)

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

Thai Financial Reporting Standards (TFRS)

TFRS 8	Operating Segments
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Such TFRS have no significant impact on the Company and its subsidiaries' financial statements except for the Thai Accounting Standard No. 12 "Income Taxes". For the year ended December 31, 2013, the Company and its subsidiaries have adopted the Thai Accounting Standard No. 12 "Income Taxes" for the first time in preparation of consolidated and separate financial statements. The comparative information comprising the consolidated and separate statements of financial position as at December 31, 2012 and as at January 1, 2012, and the consolidated and separate statement of comprehensive income for the year ended December 31, 2012 have been retrospectively restated to be in accordance with the new accounting policy, as if the Company and its subsidiaries had recognized deferred taxes continuously.

Cumulative effects of change in the accounting policy to the comparative information for prior period are summarized as follows:

Consolidated financial statements

	Previously presented	Restated	Unit : Baht Changes
Statement of financial position as at January 1, 2012			
Deferred tax assets	-	33,297,753	33,297,753
Deferred tax liabilities	-	(14,417,696)	(14,417,696)
Retained earnings - unappropriated as at January 1, 2012	755,568,065	774,448,122	18,880,057
Statement of financial position as at December 31, 2012			
Deferred tax assets	-	8,204,176	8,204,176
Deferred tax liabilities	-	(17,009,950)	(17,009,950)
Retained earnings - unappropriated as at December 31, 2012	903,683,609	894,877,835	(8,805,774)
Statement of comprehensive income for the year ended December 31, 2012			
Income tax expense	80,724,545	108,410,376	27,685,831
Net profit for the year	640,273,454	612,587,623	(27,685,831)
Comprehensive income for the year	638,594,979	610,909,148	(27,685,831)
Basic earnings per share	0.71	0.68	(0.03)

Separate financial statements

	Previously presented	Restated	Unit : Baht Changes
Statement of financial position as at January 1, 2012			
Deferred tax assets	-	30,504,296	30,504,296
Retained earnings - unappropriated as at January 1, 2012	455,797,572	486,301,868	30,504,296
Statement of financial position as at December 31, 2012			
Deferred tax assets	-	1,970,169	1,970,169
Retained earnings - unappropriated as at December 31, 2012	565,202,989	567,173,158	1,970,169
Statement of comprehensive income for the year ended December 31, 2012			
Income tax expense	25,111,371	53,645,498	28,534,127
Net profit for the year	601,563,327	573,029,200	(28,534,127)
Comprehensive income for the year	601,563,327	573,029,200	(28,534,127)
Basic earnings per share	0.67	0.64	(0.03)

5. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

5.1 Cash and cash equivalents

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Cash on hand	126,858	189,133	20,000	20,000
Cash at banks - current and savings accounts	300,757,442	83,442,785	218,429,732	39,769,804
Cash in transit	16,300,901	-	16,300,901	-
	<u>317,185,201</u>	<u>83,631,918</u>	<u>234,750,633</u>	<u>39,789,804</u>

5.2 Liabilities incurred from acquisition of fixed and intangible assets

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Liabilities incurred from acquisition of fixed and intangible assets as at January 1,	182,638,508	39,135,289	122,299,041	16,878,056
<u>Add</u> Purchases of fixed and intangible assets	877,328,026	1,499,374,658	506,623,393	679,636,290
<u>Less</u> Cash payments	(815,093,853)	(1,186,456,006)	(422,642,190)	(430,522,685)
Cash payments for interest paid which is capitalized as fixed assets	(870,292)	(6,789,890)	-	-
Advance payments for purchases of machine paid in the prior period	(67,418,666)	(162,625,543)	(63,267,867)	(143,692,620)
Liabilities incurred from acquisition of fixed and intangible assets as at December 31,	<u>176,583,723</u>	<u>182,638,508</u>	<u>143,012,377</u>	<u>122,299,041</u>
Liabilities incurred from acquisition of fixed and intangible assets as at December 31, are included in accounts as follows:				
- Payables-fixed and intangible assets	136,295,544	165,511,598	102,724,198	122,299,041
- Other non-current liability (see note 18)	40,288,179	17,126,910	40,288,179	-
Total liabilities incurred from acquisition of fixed and intangible assets	<u>176,583,723</u>	<u>182,638,508</u>	<u>143,012,377</u>	<u>122,299,041</u>

5.3 The unused bank overdrafts, short-term and long-term loan facilities from financial institutions and credit line of bank guarantee as at December 31, are consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Unit: Million				
The unused bank overdrafts and short-term loan facilities from financial institutions				
- Baht currency	2,275.29	1,737.87	2,275.29	1,737.87
- Malaysian Ringgit currency ^{(1) (3)}	17.71	19.12	-	-
- US Dollar currency ⁽²⁾	3.71	0.32	-	-
The unused long-term loan facilities from financial institution				
- Baht currency	38.80	173.20	38.80	173.20
- Malaysian Ringgit currency ⁽³⁾	31.32	20.36	-	-
The unused credit facility of bank guarantee				
- Baht currency	0.70	3.50	0.70	3.50

(1) On August 30, 2010, the Company issued the letter of guarantee to an overseas financial institution in the amount of 10.5 million Malaysian Ringgit as collateral for credit facilities of DSG (Malaysia) Sdn Bhd. On December 7, 2011, the Company issued the letter of guarantee in the amount of 10 million Malaysian Ringgit as collateral for credit facilities of Disposable Soft Goods (Malaysia) Sdn Bhd.

(2) On June 26, 2012, the Company issued the letter of guarantee to an overseas financial institution in the amount of USD 3 million as collateral for facility of PT DSG Surya Mas Indonesia. Subsequently, during the year 2013, the Company has amended the letter of guarantee to the amount of USD 7.6 million. PT DSG Surya Mas Indonesia pledged its land, buildings, machinery, equipment, inventories and receivables as collateral in the amount of 50,360 million Indonesia Rupiah and in 2013, PT DSG Surya Mas Indonesia additionally pledged machinery and equipment in the amount of USD 3.25 million.

(3) On December 24, 2012, the Company and Disposable Soft Goods (Malaysia) Sdn Bhd, issued the letter of guarantee to an overseas financial institution in the amount of USD 39.76 million and 128.21 million Malaysian Ringgit, respectively, as collateral for credit facilities of DSG (Malaysia) Sdn Bhd and DSG (Malaysia) Sdn Bhd pledged leasehold land and building in the limit of 96.21 million Malaysian Ringgit and machines in the limit of 32 million Malaysian Ringgit.

6. TRADE RECEIVABLES

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

CONSOLIDATED FINANCIAL STATEMENTS	As at December 31, 2013			As at December 31, 2012		
	Related	Others	Total	Related	Others	Total
	companies			companies		
	Baht	Baht	Baht	Baht	Baht	Baht
Current	21,766,277	1,441,101,120	1,462,867,397	12,675,506	1,411,303,899	1,423,979,405
Overdue						
Less than or up to 3 months	24,810,199	150,669,459	175,479,658	722,462	439,899,260	440,621,722
Over 3 months up to 6 months	7,210,892	11,168,673	18,379,565	-	1,712,225	1,712,225
Over 6 months up to 12 months	-	535,247	535,247	-	558,956	558,956
Over 12 months	-	9,207,350	9,207,350	-	13,323,495	13,323,495
Total	53,787,368	1,612,681,849	1,666,469,217	13,397,968	1,866,797,835	1,880,195,803
<u>Less</u> Allowance for doubtful accounts	-	(10,447,351)	(10,447,351)	-	(15,742,163)	(15,742,163)
Trade receivables	53,787,368	1,602,234,498	1,656,021,866	13,397,968	1,851,055,672	1,864,453,640

SEPARATE FINANCIAL STATEMENTS	As at December 31, 2013			As at December 31, 2012		
	Related	Others	Total	Related	Others	Total
	companies			companies		
	Baht	Baht	Baht	Baht	Baht	Baht
Current	56,683,628	1,018,008,122	1,074,691,750	65,645,379	977,932,484	1,043,577,863
Overdue						
Less than or up to 3 months	136,293,119	125,495,507	261,788,626	10,446,889	383,658,879	394,105,768
Over 3 months up to 6 months	36,900,491	-	36,900,491	7,947,610	1,071	7,948,681
Over 6 months up to 12 months	6,674,535	-	6,674,535	16,818,940	558,956	17,377,896
Over 12 months	55,677,430	9,197,747	64,875,177	23,288,737	13,320,905	36,609,642
Total	292,229,203	1,152,701,376	1,444,930,579	124,147,555	1,375,472,295	1,499,619,850
<u>Less</u> Allowance for doubtful accounts	-	(9,330,654)	(9,330,654)	-	(13,273,905)	(13,273,905)
Trade receivables	292,229,203	1,143,370,722	1,435,599,925	124,147,555	1,362,198,390	1,486,345,945

In 2013, the Company entered into an agreement to transfer the right of collection of the sales invoices of a customer to a bank which the transfer is without recourse condition (except the Company is in compliance with normal trading conditions). Under the agreement, on the transfer date, the Company receives cash at the rate as stipulated in the agreement and the remaining amount will be received when the bank receives cash from such receivable. The remaining amounts which have not been received and included in trade receivable above as at December 31, 2013 is Baht 16.79 million.

As at December 31, 2013 and 2012, PT DSG Surya Mas Indonesia pledged its receivables in the amount of 10,000 million Indonesia Rupiah to secure credit facilities obtained from a financial institution (see Notes 13 and 16).

7. INVENTORIES

Inventories as at December 31, consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Raw materials	371,167,297	240,496,827	187,434,904	133,119,697
Finished goods	401,488,211	285,729,079	195,670,184	130,022,097
Spare parts and supplies	75,575,138	70,090,840	31,367,581	37,944,731
	<u>848,230,646</u>	<u>596,316,746</u>	<u>414,472,669</u>	<u>301,086,525</u>
<u>Less</u> Allowance for loss on decline in value of inventories	<u>(8,336,906)</u>	<u>(3,913,193)</u>	<u>(8,336,906)</u>	<u>(3,913,193)</u>
	839,893,740	592,403,553	406,135,763	297,173,332
<u>Add</u> Goods in transit	<u>173,863,332</u>	<u>196,374,319</u>	<u>121,971,399</u>	<u>129,965,048</u>
Inventories	<u>1,013,757,072</u>	<u>788,777,872</u>	<u>528,107,162</u>	<u>427,138,380</u>

In 2011, the Company's raw materials and finished goods of Baht 147.07 million were damaged by the flood. In 2012, the Company received partial insurance claims from its insurance companies in the amount of Baht 172.43 million and the insurance companies confirmed the additional insurance claim in the amount of Baht 9.75 million which the Company received 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, 2013 and 2012 are Baht 4,848.64 million and Baht 4,424.15 million, respectively.

Amounts of write-down of inventories of the Company and its subsidiaries recognized as expenses in the consolidated financial statements for the years ended December 31, 2013 and 2012 are Baht 4.42 million and Baht 3.65 million, respectively.

Costs of inventories of the Company recognized as expenses in the separate financial statements for the years ended December 31, 2013 and 2012 are Baht 3,093.31 million and Baht 2,609.99 million, respectively.

Amounts of write-down of inventories of the Company recognized as expenses in the separate financial statements for the years ended December 31, 2013 and 2012 are Baht 4.42 million and Baht 3.65 million, respectively.

As at December 31, 2013 and 2012, PT DSG Surya Mas Indonesia pledged its inventories in the amount of 15,000 million Indonesia Rupiah to secure credit facilities obtained from a financial institution (see Notes 13 and 16).

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Company's name	Major business	Country of incorporation	% of shareholding		Consolidated financial statement Difference between the book value of investments and costs of acquisition As at December 31, 2013 and 2012 Baht	Separate financial statements At cost	
			As at December 31, 2013	2012		As at December 31, 2013	2012
						Baht	Baht
Disposable Soft Goods(Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	100	100	9,287,656	4,826,517	4,826,517
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	100	100	1,638,489	73,968,141	73,968,141
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	100	100	(62,549,931)	148,006,122	148,006,122
Disposable Soft Goods (S) Pte Ltd.	Sell disposable baby diapers and adult incontinent products	Singapore	100	100	(5,347,295)	14,020,259	14,020,259
DSG Management Services (Thailand) Co., Ltd.	Provide managerial services to its affiliated companies and set up as Regional Operating Headquarters (ROH)	Thailand	99.99	-	-	9,999,985	-
Total					(56,971,081)	250,821,024	240,821,039

Difference between the carrying amount of investments and costs of acquisition represents the difference between the carrying amount 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 Surya 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

PT DSG Surya Mas Indonesia has retained deficit as at December 31, 2013 and 2012 of Baht 265.87 million and Baht 104.58 million, respectively. This is an indicator of impairment of investment in such subsidiary. However, the management of the Company restructured the operation of such subsidiary. After the restructuring, the operation of such subsidiary is as the anticipated business plan and there was a new product launched during late of the third quarter of 2013 and the subsidiary also expand the customer base which the management anticipated the significant increase in sales and believes that such subsidiary will be able to generate profit in the future. 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, 2013 and 2012 of Baht 24.26 million and Baht 21.89 million, respectively. This is an indicator of impairment of investment in such subsidiary. However, the management has reorganized the business structure of Disposable Soft Goods (S) Pte Ltd. to support the sales of the group and expects to generate the profit in the future. Therefore, no allowance for impairment has been provided for investment in such subsidiary.

DSG Management Services (Thailand) Co., Ltd.

On September 17, 2013, the Company invested in DSG Management Services (Thailand) Co., Ltd., which its principal business operation is to provide managerial services to its affiliated companies.

9. LEASEHOLD RIGHTS

Leasehold rights consists of:

As at December 31, 2013

	Balance as at January 1, 2013	CONSOLIDATED FINANCIAL Additions	Disposals	STATEMENTS Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2013
	Baht	Baht	Baht	Baht	Baht
Cost:					
Leasehold right - Land	143,961,645	5,193,748	-	(173,141)	148,982,252
Leasehold right - Residence unit	75,972,017	-	-	-	75,972,017
Total cost	219,933,662	5,193,748	-	(173,141)	224,954,269
Accumulated amortization:					
Leasehold right - Land	-	(1,496,761)	-	(32,830)	(1,529,591)
Leasehold right - Residence unit	(3,228,272)	(2,582,618)	-	-	(5,810,890)
Total accumulated amortization	(3,228,272)	(4,079,379)	-	(32,830)	(7,340,481)
Leasehold rights	216,705,390				217,613,788

As at December 31, 2012

	Balance as at January 1, 2012	CONSOLIDATED FINANCIAL Additions	Disposals	STATEMENTS 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	75,972,017	-	-	-	75,972,017
Total cost	219,992,652	-	-	(58,990)	219,933,662
Accumulated amortization:					
Leasehold right - Residence unit	(645,654)	(2,582,618)	-	-	(3,228,272)
Total accumulated amortization	(645,654)	(2,582,618)	-	-	(3,228,272)
Leasehold rights	219,346,998				216,705,390
Amortization for the years					
2013				Baht	4,079,379
2012				Baht	2,582,618

As at December 31, 2013

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at January 1, 2013 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2013 Baht
Cost:				
Leasehold right - Residence unit	75,972,017	-	-	75,972,017
Total cost	<u>75,972,017</u>	<u>-</u>	<u>-</u>	<u>75,972,017</u>
Accumulated amortization:				
Leasehold right - Residence unit	(3,228,272)	(2,582,618)	-	(5,810,890)
Total accumulated amortization	<u>(3,228,272)</u>	<u>(2,582,618)</u>	<u>-</u>	<u>(5,810,890)</u>
Leasehold right	72,743,745			70,161,127

As at December 31, 2012

as at December 31, 2012

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at January 1, 2012	Additions	Disposals	Balance as at December 31, 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 right - Residence unit	(645,654)	(2,582,618)	-	(3,228,272)
Total accumulated amortization	(645,654)	(2,582,618)	-	(3,228,272)
Leasehold right	75,326,363			72,743,745
Amortization for the years				
2013			Baht	2,582,618
2012			Baht	2,582,618

DSG International (Thailand) Public Company Limited

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.

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 143,961,645). In 2013, the Company paid the transferring fee in amount of 532,359 Malaysian Ringgit (equivalent to Baht 5,193,748). The lease term is 83 years until April 9, 2094. DSG (Malaysia) Sdn Bhd has amortized the leasehold right since it is ready for use in March 2013.

As at December 31, 2013 and 2012, DSG (Malaysia) Sdn Bhd has pledged leasehold land and building as collateral in the amount of 96.21 million Malaysian Ringgit for the loan from a financial institution (see Notes 13 and 16).

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

As at December 31, 2013

	CONSOLIDATED FINANCIAL STATEMENTS					Balance as at December 31, 2013
	Balance as at January 1, 2013	Additions	Disposals	Transfer in/ (Transfer out) reclassification	Effect from translation of the financial statements of foreign subsidiaries	
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	37,313,095	-	-	-	(1,132,044)	36,181,051
Building	190,224,959	828,000	-	715,229,348	13,243,020	919,525,327
Building improvements	42,542,508	12,171,292	(11,607,266)	23,603,359	(2,566)	66,707,327
Machinery and equipment	2,106,675,467	32,343,787	(15,930,829)	379,688,653	(6,227,103)	2,496,549,975
Furniture and fixtures	56,432,961	2,835,935	(3,470,144)	(11,718,664)	(993,046)	43,087,042
Motor vehicles	11,552,213	809,756	-	-	(268,640)	12,093,329
Total cost	<u>2,444,741,203</u>	<u>48,988,770</u>	<u>(31,008,239)</u>	<u>1,106,802,696</u>	<u>4,619,621</u>	<u>3,574,144,051</u>
Accumulated depreciation:						
Building	(81,474,020)	(25,495,493)	-	-	1,413,158	(105,556,355)
Building improvements	(5,240,078)	(4,355,547)	10,149,786	(10,412,028)	210,878	(9,646,989)
Machinery and equipment	(745,333,398)	(127,498,156)	14,807,361	-	8,312,556	(849,711,637)
Furniture and fixtures	(37,336,795)	(5,915,934)	3,036,702	10,412,028	874,941	(28,929,058)
Motor vehicles	(9,459,219)	(1,384,061)	-	-	263,766	(10,579,514)
Total accumulated depreciation	<u>(878,843,510)</u>	<u>(164,649,191)</u>	<u>27,993,849</u>	<u>-</u>	<u>11,075,299</u>	<u>(1,004,423,553)</u>
Building under construction and machine						
and equipment under installation	<u>825,723,047</u>	<u>809,538,866</u>	<u>-</u>	<u>(1,106,802,696)</u>	<u>(33,609,307)</u>	<u>494,849,910</u>
Property, plant and equipment	<u>2,391,620,740</u>					<u>3,064,570,408</u>

As at December 31, 2012

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2012	Additions	Disposals	Transfer in/ (Transfer 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 fixtures	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 fixtures	(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>
Depreciation for the years						
2013					Baht	<u>164,649,191</u>
2012					Baht	<u>122,724,272</u>

As at December 31, 2013

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2013 Baht
	Balance as at January 1, 2013 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	174,430,311	828,000	-	-	175,258,311
Building improvements	42,290,993	7,880,053	(69,000)	787,845	50,889,891
Machinery and equipment	1,549,628,106	23,406,561	(8,291,900)	230,570,903	1,795,313,670
Furniture and fixtures	32,437,019	819,305	(756,080)	-	32,500,244
Motor vehicles	7,907,283	-	-	-	7,907,283
Total cost	1,836,693,712	32,933,919	(9,116,980)	231,358,748	2,091,869,399
Accumulated depreciation:					
Building	(70,446,924)	(8,735,975)	-	-	(79,182,899)
Building improvements	(4,290,021)	(2,815,437)	21,309	-	(7,084,149)
Machinery and equipment	(318,141,975)	(96,416,917)	7,799,043	-	(406,759,849)
Furniture and fixtures	(19,031,816)	(4,962,573)	745,845	-	(23,248,544)
Motor vehicles	(6,858,836)	(682,915)	-	-	(7,541,751)
Total accumulated depreciation	(418,769,572)	(113,613,817)	8,566,197	-	(523,817,192)
Building under construction and machine and equipment under installation	9,972,606	473,177,498	-	(231,358,748)	251,791,356
Property, plant and equipment	1,427,896,746				1,819,843,563

As at December 31, 2012

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2012 Baht
	Balance as at January 1, 2012 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) 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 fixtures	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	1,219,464,993	72,075,153	(117,064,990)	662,218,556	1,836,693,712
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 fixtures	(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	(427,838,826)	(96,262,358)	105,331,612	-	(418,769,572)
Building under construction and machine and equipment under installation	68,177,737	604,013,425	-	(662,218,556)	9,972,606
Property, plant and equipment	859,803,904				1,427,896,746

Depreciation for the years

2013	Baht	113,613,817
2012	Baht	96,262,358

In 2013 and 2012, the borrowing costs of DSG (Malaysia) Sdn Bhd amounting to Baht 0.87 million and Baht 6.79 million, respectively, are capitalized as costs of fixed assets 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, 2013 and 2012 are approximately Baht 364.62 million and Baht 355.15 million, respectively (the Company : Baht 143.53 million and Baht 140.45 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 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 2021, respectively.

As at December 31, 2013 and 2012, DSG (Malaysia) Sdn Bhd pledged its building and machinery in the amount of 32 million Malaysian Ringgit to secure credit facilities obtained from a financial institution (see Notes 13 and 16).

As at December 31, 2013 and 2012, PT DSG Surya Mas Indonesia pledged its land, building, machinery and equipment in the amount of 25.36 million Indonesia Rupiah to secure credit facilities obtained from a financial institution. Subsequently, In year 2013, PT DSG Surya Mas Indonesia additionally pledged machinery and equipment in the amount of USD 3.25 million (see Notes 13 and 16).

Office equipment under a finance lease agreement as at December 31, 2013 and 2012, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Costs of leased assets under finance lease agreement	-	2,237,800	-	2,237,800
<u>less</u> Accumulated depreciation	-	(1,258,551)	-	(1,258,551)
Carrying amount	-	979,249	-	979,249

11. INTANGIBLE ASSETS

Intangible assets consist of:

As at December 31, 2013

	CONSOLIDATED FINANCIAL STATEMENTS					Balance as at December 31, 2013
	Balance as at January 1, 2013	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of foreign subsidiaries	
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	42,197,314	3,566,857	(88,723)	9,244,526	179,550	55,099,524
License fees for technology transfer	7,268,731	-	-	-	(14,495)	7,254,236
Total cost	49,466,045	3,566,857	(88,723)	9,244,526	165,055	62,353,760
Accumulated amortization:						
Computer software	(21,305,763)	(10,808,137)	80,917	-	(96,358)	(32,129,341)
License fees for technology transfer	(7,268,731)	-	-	-	14,495	(7,254,236)
Total accumulated amortization	(28,574,494)	(10,808,137)	80,917	-	(81,863)	(39,383,577)
Computer software under installation	1,722,749	15,233,533	-	(9,244,526)	132,489	7,844,245
Intangible assets	22,614,300					30,814,428

As at December 31, 2012

	CONSOLIDATED FINANCIAL STATEMENTS					Balance as at December 31, 2012
	Balance as at January 1, 2012	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of foreign subsidiaries	
	Baht	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	40,699,203	4,787,929	-	4,063,120	(84,207)	49,466,045
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	(19,171,183)	(9,443,770)	-	-	40,459	(28,574,494)
Computer software under installation	389,170	5,406,068	-	(4,063,120)	(9,369)	1,722,749
Intangible assets	21,917,190					22,614,300

Amortization for the years

2013	Baht	10,808,137
2012	Baht	9,443,770

As at December 31, 2013

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2013 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	Balance as at December 31, 2013 Baht
Cost:					
Computer software	26,112,007	511,977	(57,503)	190,642	26,757,123
Total cost	26,112,007	511,977	(57,503)	190,642	26,757,123
Accumulated amortization:					
Computer software	(13,320,032)	(5,465,193)	57,502	-	(18,727,723)
Total accumulated amortization	(13,320,032)	(5,465,193)	57,502	-	(18,727,723)
Computer software under installation	190,642	-	-	(190,642)	-
Intangible assets	12,982,617				8,029,400

As at December 31, 2012

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2012 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	Balance as at December 31, 2012 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
Amortization for the years					
2013				Baht	5,465,193
2012				Baht	5,023,747

Costs of intangible assets which are fully amortized and still in use of the Company and its subsidiaries as at December 31, 2013 and 2012 are approximately Baht 9.10 million and Baht 5.02 million, respectively (the Company: Baht 2.78 million and Baht 4.61 million, respectively).

12. INCOME TAX

Deferred tax assets and liabilities consist of the following:

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As at December 31, 2013	Balance As at December 31, 2012	As at January 1, 2012	As at December 31, 2013	Balance As at December 31, 2012	As at January 1, 2012
Deferred tax assets	29,586,073	8,204,176	33,297,753	997,329	1,970,169	30,504,296
Deferred tax liabilities	-	(17,009,950)	(14,417,696)	-	-	-

The movements of deferred income tax assets and liabilities during the years ended December 31, 2013 and 2012 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2013

	Balance as of January 1, 2013		Recognized in profit or loss		Recognized in other comprehensive income		Unit : Baht Balance as of December 31, 2013
			Addition	Utilization	Actuarial loss - net of tax	Effect from translation of the financial statements of foreign subsidiaries	
Deferred tax assets:							
Allowance for doubtful accounts	1,256,864	-	(862,691)	-	-	(9,789)	384,384
Allowance for loss from diminution in value of inventories	254,829	15,650	(254,643)	-	-	-	15,836
Provision for advertisement and promotion	6,103,012	6,996,748	-	-	-	115,870	13,215,630
Unrealised foreign exchange loss	54,833	485,947	-	-	-	8,782	549,562
Employment benefit obligation	1,647,180	373,381	(441,860)	47,603	(190,792)	1,435,512	
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	-	-	-	627,000
Investment Allowance in fixed asset	-	39,945,404	-	-	-	(65,045)	39,880,359
Tax losses brought forward	-	68,649	-	-	-	-	68,649
Allowance for loss from diminution in value of inventories	1	-	(1)	-	-	-	-
Property, plant and equipment ⁽¹⁾	(1,739,542)	(1,613,053)	-	-	-	(26,050)	(3,378,645)
Property, plant and equipment ⁽²⁾	(16,418,680)	(6,412,152)	-	-	-	43,180	(22,787,652)
Unrealised foreign exchange profit ⁽²⁾	(591,271)	165,803	-	-	-	906	(424,562)
Total deferred tax assets (liabilities)	(8,805,774)	40,026,377	(1,559,195)	47,603	(122,938)		29,586,073

As at December 31, 2012

	Balance as of January 1, 2012	Recognized in profit or loss Addition	Utilization	Recognized in other Comprehensive income Effect from translation of the financial statements of foreign subsidiaries	Unit : Baht Balance as of December 31, 2012
Deferred tax assets:					
Allowance for doubtful accounts	852,253	516,786	(109,415)	(2,760)	1,256,864
Allowance for loss from diminution in value of inventories	23,974,645	317,089	(24,036,905)	-	254,829
Provision for advertisement and promotion	1,188,086	4,955,261	-	(40,335)	6,103,012
Unrealised foreign exchange loss	690,263	-	(639,791)	4,361	54,833
Employee benefit obligation	1,453,584	391,333	(106,868)	(90,869)	1,647,180
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	-	627,000
Tax losses brought forward	5,320,645	-	(5,320,645)	-	-
Property, plant and equipment ⁽¹⁾	(808,723)	(939,039)	-	8,220	(1,739,542)
Total deferred tax assets	33,297,753	5,241,430	(30,213,624)	(121,383)	8,204,176
Deferred tax liabilities:					
Property, plant and equipment ⁽²⁾	(15,280,989)	(1,162,140)	-	24,449	(16,418,680)
Allowance for loss from diminution in value of inventories ⁽²⁾	295,128	-	(297,181)	2,054	1
Unrealised foreign exchange profit ⁽²⁾	568,165	(595,978)	(572,118)	8,660	(591,271)
Total deferred tax liabilities	(14,417,696)	(1,758,118)	(869,299)	35,163	(17,009,950)

⁽¹⁾ Deferred tax liabilities of Disposable Soft Goods (Malaysia) Sdn Bhd have offset with deferred tax assets occurred from allowance for doubtful accounts, provision for advertisement and promotion and unrealised foreign exchange loss of such company.

⁽²⁾ Represent deferred tax of DSG (Malaysia) Sdn Bhd.

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2013

	Balance as of January 1, 2013	Recognized in profit or loss Addition	Utilization	Recognized in other comprehensive income	Unit : Baht Balance as of December 31, 2013
Deferred tax assets:					
Allowance for doubtful accounts	513,966	-	(408,756)	-	105,210
Allowance for loss from diminution in value of inventories	254,829	15,650	(254,644)	-	15,835
Employee benefit obligation	574,374	65,203	(437,896)	47,603	249,284
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	-	627,000
Total deferred tax assets	1,970,169	80,853	(1,101,296)	47,603	997,329

As at December 31, 2012

	Balance as of January 1, 2012	Recognized in profit or loss Addition	Utilization	Unit : Baht Balance as of December 31, 2012
Deferred tax assets:				
Allowance for doubtful accounts	398,965	224,416	(109,415)	513,966
Allowance for loss from diminution in value of inventories	23,974,645	317,089	(24,036,905)	254,829
Employee benefit obligation	183,041	391,333	-	574,374
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	627,000
Tax losses brought forward	5,320,645	-	(5,320,645)	-
Total deferred tax assets	30,504,296	932,838	(29,466,965)	1,970,169

Deferred income taxes are calculated on temporary differences, under the liability method, using the statutory tax rates expected to apply in periods when the related deferred tax asset is realised or the deferred tax liability is settled. According to Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax was reduced from 30% to 23% of net profit for accounting period beginning on or after January 1, 2012 but not later than December 31, 2012 and reduced to 20% of net profit for the accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014. Therefore, the Company has used tax rates of 20% and 23% for the corporate income tax calculation for the years ended December 31, 2013 and 2012, respectively.

The Company's and its subsidiaries' income tax expenses for the years ended December 31, 2013 and 2012 consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	2013	2012	2013	2012
Current income tax	6,631,411	80,724,545	10,284,926	25,111,371
Deferred income tax relating to temporary differences recognized in the current year	(38,467,182)	27,685,831	1,020,443	28,534,127
Total income tax (income) expense recognized in the current year	(31,835,771)	108,410,376	11,305,369	53,645,498
Income tax relating to other comprehensive income				
Deferred tax asset relating to employee benefit obligation	47,603	-	47,603	-

Income tax expenses for the years ended December 31, 2013 and 2012 can be reconciled to the accounting profit as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	2013	2012	2013	2012
Profit before income tax expense - income tax exemption business	521,928,402	333,588,747	521,928,402	333,588,747
Profit before income tax expense - non-income tax exemption business	(190,780)	477,055,781	115,192,883	293,085,951
Total accounting profit before income tax expense ⁽¹⁾	521,737,622	810,644,528	637,121,285	626,674,698
Income tax rate	See detail below		20%	23%
Income tax	(5,514,886)	112,916,098	23,038,577	67,409,769
Tax effect of income and expenses which are not taxable income and expenses in the current year	(26,320,885)	(4,505,722)	(11,733,208)	(13,764,271)
Total income tax (revenue) expense recognized in profit or loss	(31,835,771)	108,410,376	11,305,369	53,645,498

Income tax rates of the Company and its subsidiaries are as follows:

	2013	2012
	(%)	(%)
DSG International (Thailand) Public Company Limited	20	23
Disposable Soft Goods (Malaysia) Sdn Bhd	25	25
DSG (Malaysia) Sdn Bhd	25	25
PT DSG Surya Mas Indonesia	25	25
Disposable Soft Goods (S) Pte. Ltd.	17	17
DSG Management Services (Thailand) Co., Ltd.	10	-

⁽¹⁾ Total accounting profits before income tax expense exclude eliminating transactions among the companies in the group.

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

Bank overdrafts and short-term borrowings from financial institutions as at December 31, consist of:

CONSOLIDATED FINANCIAL STATEMENTS	Interest rate p.a. (%)		Unit : Million Baht Balance	
	2013	2012	2013	2012
Bank overdraft ⁽¹⁾	BLR + 1	BLR + 1	13.21	4.64
Bank overdraft ⁽²⁾	BLR + 0.5	BLR + 0.5	38.01	3.64
Bank overdraft ⁽³⁾	BLR - 5	BLR - 5	-	3.01
Bank overdraft ⁽⁴⁾	BFR + 0.5	BFR + 0.5	0.66	6.82
Short-term loans from financial institutions				
- promissory note	Market rate	Market rate	850.00	850.00
- promissory note	MLR - 2	-	100.00	-
- packing credit ⁽²⁾	COF + 1	COF + 1	108.91	-
- packing credit ⁽⁴⁾	Quoted by bank	Quoted by bank	16.87	-
- packing credit	Quoted by bank	Quoted by bank	309.71	122.13
- packing credit ⁽³⁾	BLR - 6.25	BLR - 6.25	11.61	35.83
- packing credit ⁽³⁾	BLR - 6.5	BLR - 6.5	26.40	31.87
- foreign currency loans ⁽¹⁾	COF + 1	COF + 1	4.71	18.65
			<u>1,480.09</u>	<u>1,076.59</u>

SEPARATE FINANCIAL STATEMENTS	Interest rate p.a. (%)		Unit : Million Baht Balance	
	2013	2012	2013	2012
Short-term loans from financial institutions				
- promissory note	Market rate	Market rate	850.00	850.00
- promissory note	MLR - 2	-	100.00	-
- packing credit	Quoted by bank	Quoted by bank	309.71	122.13
			<u>1,259.71</u>	<u>972.13</u>

BLR - Base Lending Rate

COF - Cost of funds

BFR - Base Financing Rate

⁽¹⁾ On August 30, 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 with a financial institution and the Company secured such facilities in the limit of 10.5 million Malaysian Ringgit.

⁽²⁾ DSG (Malaysia) Sdn Bhd entered into the banking facility agreement for the business operation, consisting of bank overdraft, credit line of importing credit and forward foreign exchange contract facilities in the total amount of 25 million Malaysian Ringgit and the limit of long-term loan in the total amount of 112.21 million Malaysian Ringgit with a financial institution. The loan will be used for lease of land and construction of a new plant. Such banking facilities are guaranteed by the Company and Disposable Soft Goods (Malaysia) Sdn Bhd in the limit of USD 39.76 million, 128.21 million Malaysian Ringgit, respectively. DSG (Malaysia) Sdn Bhd has pledged leasehold land and building in the limit of 96.21 million Malaysian Ringgit and machinery in the limit of 32 million Malaysian Ringgit as collateral for the loan from a financial institution (see Notes 9, 10 and 16).

⁽³⁾ On June 26, 2012, PT DSG Surya Mas Indonesia entered into the banking facility agreement for the business operation, consisting of bank overdraft and credit line of importing credit in the total amount of USD 4.5 million and the limit of long term loan in the total amount of USD 2.6 million with a financial institution by pledging land, building, machinery, equipment, stocks and receivables in the total amount of 50,360 million Indonesian Rupiah and during the year 2013, PT DSG Surya Mas Indonesia additionally pledged machinery and equipment in the total amount of USD 3.25 million. In 2013, the Company secured such facilities in the liability limit of USD 7.6 million (see Notes 6, 7, 10 and 16).

⁽⁴⁾ On December 7, 2011, Disposable Soft Goods (Malaysia) Sdn Bhd entered into banking facility agreement for the business operation, consisting of bank overdraft and importing credit, in the amount of 10 million Malaysian Ringgit with a financial institution and the Company secured such facilities in the limit of 10 million Malaysian Ringgit.

14. TRADE AND OTHER PAYABLES

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

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade payables	734,351,004	679,188,056	460,456,929	369,120,388
Other payables	38,001,860	57,307,445	53,938,675	53,868,473
Fixed asset payables	136,295,544	165,511,598	102,724,198	122,299,041
Accrued expenses	555,485,821	476,004,220	303,749,049	258,084,329
	<u>1,464,134,229</u>	<u>1,378,011,319</u>	<u>920,868,851</u>	<u>803,372,231</u>

Unit : Baht

15. OBLIGATION UNDER FINANCE LEASE AGREEMENT

Obligation under finance lease agreement is obligation from lease of office equipment as at December 31, consists of the following:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	Minimum future lease payments		Present value of minimum future lease payments	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Within 1 year	-	218,280	-	200,830
<u>Less</u> Future finance charges	-	(17,450)	-	-
	<u>-</u>	<u>200,830</u>	<u>-</u>	<u>200,830</u>

Unit : Baht

16. LONG-TERM BORROWINGS

Long-term borrowings as at December 31, consist of:

	Credit limit	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2013 Baht	2012 Baht	2013 Baht	2012 Baht
Long-term borrowings from financial institutions						
- repayable from Nov 2010 - Oct 2014 on monthly basis of Baht 1.88 million. Subsequently the Company fully repaid in Apr 2013	Baht 90 million	MLR-2	-	41,100,274	-	41,100,274
- repayable from Aug 2011 - Jul 2016 on monthly basis of Baht 3.35 million	Baht 200 million	Six-month fixed deposit interest rate + 2.35	98,678,600	116,698,600	98,678,600	116,698,600
- repayable from Oct 2011 - Sep 2018 on monthly basis of Baht 0.69 million. Subsequently the Company fully repaid in Jun 2013 ⁽¹⁾	Baht 58 million	Six-month fixed deposit interest rate + 2.55	-	47,635,000	-	47,635,000
- repayable from Jan 2012 - Dec 2016 on monthly basis of Baht 2.50 million	Baht 150 million	MLR-2	20,200,000	41,650,000	20,200,000	41,650,000
- repayable from Dec 2011 - Nov 2016 on monthly basis of Baht 4 million	Baht 215 million	Six-month fixed deposit interest rate + 2.35	139,000,000	118,500,000	139,000,000	118,500,000
- repayable from Oct 2013 - Sep 2018 on monthly basis of Baht 2.60 million	Baht 140 million	Six-month fixed deposit interest rate + 2.35	101,200,000	-	101,200,000	-

	Credit limit	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2013 Baht	2012 Baht	2013 Baht	2012 Baht
- 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 0.22 million Malaysian Ringgit	12.51 million Malaysian Ringgit	BIR - 2.3	122,376,040	124,975,025	-	-
- 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	45 million Malaysian Ringgit	BIR - 2.3	448,654,038	449,550,449	-	-
- repayable from Jun 2014 - May 2017 on monthly basis of 0.16 million Malaysian Ringgit and from Jun 2017 - Feb 2019 on monthly basis of 0.62 million Malaysian Ringgit ⁽²⁾	22.70 million Malaysian Ringgit	BIR - 2.0	160,093,607	23,355,545	-	-
- repayable from Jun 2014 - Dec 2018 on monthly basis of 0.61 million Malaysian Ringgit ⁽²⁾	32 million Malaysian Ringgit	COF+1.5	73,047,629	-	-	-
- repayable from Dec 2013 - Nov 2018 on monthly basis of USD 0.04 million ⁽³⁾	USD 2.6million	BIR - 5.5	83,277,004	-	-	-
			<u>1,246,526,918</u>	<u>963,464,893</u>	<u>359,078,600</u>	<u>365,583,874</u>
Repayment terms						
Within 1 year			251,251,810	150,616,686	131,800,000	149,052,000
1 - 5 years			995,275,108	812,848,207	227,278,600	216,531,874
Total			<u>1,246,526,918</u>	<u>963,464,893</u>	<u>359,078,600</u>	<u>365,583,874</u>

⁽¹⁾ 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 and used such leasehold right as collateral for the loan from bank. On June 21, 2013, the Company fully repaid such loan (see Note 9).

⁽²⁾ DSG (Malaysia) Sdn Bhd entered into the banking facility agreement for the business operation, consisting of bank overdraft, credit line of importing credit and forward foreign exchange contract facilities in the total amount of 25 million Malaysian Ringgit and the limit of long-term loan in the total amount of 112.21 million Malaysian Ringgit with a financial institution. The loan will be used for lease of land and construction of a new plant. Such banking facilities are guaranteed by the Company and Disposable Soft Goods (Malaysia) Sdn Bhd in the limit of USD 39.76 million, 128.21 million Malaysian Ringgit, respectively. DSG (Malaysia) Sdn Bhd has pledged leasehold land and building in the limit of 96.21 million Malaysian Ringgit and machinery in the limit of 32 million Malaysian Ringgit as collateral for the loan from a financial institution (see Notes 9, 10 and 13).

⁽³⁾ On June 26, 2012, PT DSG Surya Mas Indonesia entered into the banking facility agreement for the business operation, consisting of bank overdrafts and credit line of importing credit in the total amount of USD 4.5 million and the limit of long-term loan in the total amount of USD 2.6 million with a financial institution by pledging land, building, machinery, equipment, stocks and receivables in the total amount of 50,360 million Indonesian Rupiah and during the year 2013, PT DSG Surya Mas Indonesia additionally pledged machinery and equipment in the total amount of USD 3.25 million. In 2013, the Company secured such facilities in the liability limit of USD 7.6 million (see Notes 6, 7, 10 and 13).

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

17. EMPLOYEE BENEFITS

17.1 Employee benefit obligations

The Company estimated employee benefit obligations which consist of post-employment benefits upon retirement under the Company's regulation and 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, 2013 and 2012 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Current service cost	6,440,971	4,552,747	5,199,336	4,066,528
Interest cost	655,386	526,582	599,272	379,261
Actuarial loss	4,161,636	-	4,161,636	-
Actual paid during the year	(3,033,099)	-	(3,001,200)	-

Movements of the present value of post-employment benefit obligations for the years ended December 31, 2013 and 2012 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Beginning balance of present value of post-employment benefit obligations	19,085,206	14,407,361	14,834,034	10,388,245
Current service cost	6,440,971	4,552,747	5,199,336	4,066,528
Interest cost	655,386	526,582	599,272	379,261
Actuarial loss	4,161,636	-	4,161,636	-
Actual paid during the year	(3,033,099)	-	(3,001,200)	-
Effect from exchange on translation of the financial statements of a foreign subsidiary	(772,116)	(401,484)	-	-
Ending balance of present value of post-employment benefit obligations	26,537,984	19,085,206	21,793,078	14,834,034

The principle actuarial assumptions used to calculate post-employment benefit obligations as at December 31, 2013 and 2012 are as follows:

As at December 31, 2013	Discount rate	Expected rate of salary increase	Turnover rate	Retirement age
DSG International (Thailand) Public Company Limited	3.76%	6%	0 - 37%	60 years
PT DSG Surya Mas Indonesia	7%	5.25%	0 - 1%	55 years

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

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.

17.2 Employee Joint Investment Program

On August 28, 2012, the Board of Directors' meeting approved the Employee Joint Investment Program ("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.

17.3. 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, 2013 and 2012, the contributions made by the Company were recorded as expenses amounting to Baht 6.32 million and Baht 4.62 million, respectively.

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at December 31, 2013 and 2012 consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Unit: Baht
	2013	2012	2013	2012	
Provision for dismantling, moving and renovating assets location cost	3,135,000	3,135,000	3,135,000	3,135,000	
Liabilities from the acquisition of machine (payable in 2015)	40,288,179	17,126,910	40,288,179	-	
	<u>43,423,179</u>	<u>20,261,910</u>	<u>43,423,179</u>	<u>3,135,000</u>	

19. PREMIUM ON TREASURY SHARES

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.

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 in that year with the cost approximately Baht 30.33 million.

Subsequently, during the year 2010 and 2011, the Company sold the treasury shares of 10,254,000 shares, totalling Baht 101.93 million. The Company had premium on sales of treasury shares in the amount of Baht 71.59 million.

20. SHARE CAPITAL

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 paid 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 increase from 600 million shares to 900 million shares. On September 24, 2012, the Company had registered such additional capital with the Ministry of Commerce. On October 12, 2012, the Company 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.

21. 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.

22. 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.

23. DIVIDENDS

DSG International (Thailand) Public Company Limited

On April 27, 2012, the General Annual Shareholders' Meeting approved the distribution of dividends from 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 Shareholders' Meeting approved the distribution of interim dividends from 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 paid 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 Directors' Meeting of the Company approved the distribution of interim dividend from 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.

On April 24, 2013, the General Annual Shareholders' Meeting approved the distribution of dividend from net profit for the year ended December 31, 2012 of Baht 0.135 per share, of 900 million ordinary shares, totalling Baht 121.50 million which was paid on May 16, 2013. In addition, the meeting ratified the interim dividends paid in December 2012 and approval the legal reserve of Baht 39.158 million.

On August 9, 2013, the Board of Directors' Meeting of the Company approved the distribution of interim dividend from net profit for the period of January to June 2013 of Baht 0.075 per share, of 900 million ordinary shares, totalling Baht 67.50 million which was paid on September 9, 2013.

On November 12, 2013, the Board of Directors' Meeting of the Company approved the distribution of interim dividend from net profit for the period of July to September 2013 of Baht 0.055 per share, of 900 million ordinary shares, totalling Baht 49.5 million which was paid on December 11, 2013.

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, 2013

Company's name	Board of Directors' resolutions date	Dividends (Malaysian Ringgit per share)	Amount Baht	Dividend payment date
DSG (Malaysia) Sdn Bhd	June 17, 2013	0.51	16,886,100	September 25, 2013
	October 25, 2013	0.40	13,054,690	November 22, 2013
			<u>29,940,790</u>	
Disposable Soft Goods (Malaysia) Sdn Bhd	June 17, 2013	0.58	16,886,100	September 25, 2013
	October 25, 2013	0.48	13,807,494	November 22, 2013
			<u>30,693,594</u>	
Total			<u>60,634,384</u>	

For the year ended December 31, 2012

Company's name	Board of Directors' resolutions date	Dividend (Malaysian Ringgit per share)	Amount Baht	Dividend payment date
DSG (Malaysia) Sdn Bhd	September 3, 2012	0.92	31,484,267	September 26, 2012
Disposable Soft Goods (Malaysia) Sdn Bhd	September 3, 2012	0.75	22,837,453	September 26, 2012
Total			<u>54,321,720</u>	

24. 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 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 the others. Furthermore, the Company's major shareholders provide support on some raw material price negotiation for the Company and its subsidiaries.

24.1 Significant balances with the related companies as at December 31, consist of the following:

		Unit : Baht			
	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012	2013	2012
Trade receivables - related companies					
DSG International Limited	Major shareholder	-	5,317,386	-	5,317,386
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	8,939,149	8,080,582	8,939,149	8,080,582
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	44,848,219	-	44,848,219	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	101,311,017	52,815,536
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	834,813	427,221
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	2,764,999	1,887,217
PT DSG Surya Mas Indonesia	Subsidiary	-	-	133,531,006	55,619,613
		<u>53,787,368</u>	<u>13,397,968</u>	<u>292,229,203</u>	<u>124,147,555</u>
Other receivables - related companies					
DSG International Limited	Major shareholder	17,446	-	17,446	-
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	-	3,131	-	3,131
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	181,351	258,918	-	89,248
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	36,409	5,535,443
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	1,992,052	980,393
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	-	294,814
PT DSG Surya Mas Indonesia	Subsidiary	-	-	14,375,922	3,808,607
DSG Management Services (Thailand) Co., Ltd.	Subsidiary	-	-	360,450	-
		<u>198,797</u>	<u>262,049</u>	<u>16,782,279</u>	<u>10,711,636</u>
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
DSG Management Services (Thailand) Co., Ltd.	Subsidiary	-	-	9,999,985	-
		<u>-</u>	<u>-</u>	<u>250,821,024</u>	<u>240,821,039</u>

		Unit : Baht			
	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
		2013	2012	2013	2012
Loans to subsidiaries					
PT DSG Surya Mas Indonesia	Subsidiary				
- Baht 46,809,542					
at interest rate of 5.5% p.a., repayable in August 2014		-	-	-	46,809,542
- USD 1 million					
at interest rate of 5.5% p.a., repayable within December 31, 2015		-	-	-	30,485,700
- USD 0.935 million					
at interest rate of 5.5% p.a., repayable within December 25, 2017		-	-	-	28,504,129
- USD 7.480 million					
at interest rate of 5.5% p.a., repayable within December 31, 2021		-	-	244,418,012	-
DSG (Malaysia) Sdn Bhd.	Subsidiary				
- USD 0.918 million					
at interest rate of 5.5% p.a., repayable within December 25, 2014		-	-	29,998,220	27,985,873
		-	-	274,416,232	133,785,244
Presented as short-term loan to subsidiaries		-	-	(29,998,220)	-
long-term loan to subsidiaries		-	-	244,418,012	133,785,244

Trade payables - related company

Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	115,075	107,489	115,075	107,489
		115,075	107,489	115,075	107,489

Other payables - related companies

DSG International Limited	Major shareholder	13,619,025	13,478,632	6,296,556	5,767,676
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	22,207	18,636	-	-
DSG Technology Holdings Limited	Subsidiary of major shareholder	8,944,658	8,857,702	7,085,256	6,816,305
Disposable Soft Goods (UK) Plc	Subsidiary of major shareholder	1,749,393	1,731,694	-	-
Shanghai DSG Megathin Co., Ltd.	Subsidiary of major shareholder	-	149,917	-	149,917
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	5,297,965	-	1,893,680	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	-	173,194
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	658,072	2,959,129
PT DSG Surya Mas Indonesia	Subsidiary	-	-	824	4,909,319
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	2,428	22,070
		29,633,248	24,236,581	15,936,816	20,797,610

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

The movements of transactions with related companies incurred during the years 2013 and 2012 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

	Balance as at January 1, 2013	Additions	Repayment/ Receipt	Effect from translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2013
	Baht	Baht	Baht	Baht	Baht
Other receivables - related companies					
DSG International Limited	-	17,076	-	370	17,446
Disposable Soft Goods Ltd.	3,131	28,766	(31,988)	91	-
Disposable Soft Goods (Zhong Shan) Ltd.	258,918	11,665	(100,933)	11,701	181,351
	<u>262,049</u>	<u>57,507</u>	<u>(132,921)</u>	<u>12,162</u>	<u>198,797</u>
Other payables - related companies					
DSG International Limited	13,478,632	154,891,341	(154,618,889)	(132,059)	13,619,025
Disposable Soft Goods Ltd.	18,636	263,593	(259,883)	(139)	22,207
Disposable Soft Goods (Zhong Shan) Ltd.	-	5,464,433	(97,490)	(68,978)	5,297,965
DSG Technology Holdings Limited	8,857,702	102,738,792	(102,626,061)	(25,775)	8,944,658
Disposable Soft Goods (UK) Plc	1,731,694	2,993,172	(2,799,808)	(175,665)	1,749,393
Shuiling Holding Co., Ltd.	149,917	470,447	(621,325)	961	-
	<u>24,236,581</u>	<u>266,821,778</u>	<u>(261,023,456)</u>	<u>(401,655)</u>	<u>29,633,248</u>

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

	Balance as at January 1, 2012	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>

SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2013

	Balance as at January 1, 2013 Baht	Additions Baht	Repayment/ Receipt Baht	Gain/loss on exchange rate Baht	Balance as at December 31, 2013 Baht
Other receivables - related companies					
DSG International Limited	-	17,076	-	370	17,446
Disposable Soft Goods Ltd.	3,131	28,766	(31,988)	91	-
Disposable Soft Goods (Zhong Shan) Ltd.	89,248	11,665	(100,933)	20	-
Disposable Soft Goods (Malaysia) Sdn Bhd	5,535,443	31,021,153	(36,523,984)	3,797	36,409
DSG (Malaysia) Sdn Bhd	980,393	36,076,303	(35,136,390)	71,746	1,992,052
PT DSG Surya Mas Indonesia	3,808,607	9,810,199	-	757,116	14,375,922
Disposable Soft Goods (S) Pte Ltd	294,814	-	(296,407)	1,593	-
DSG Management Services (Thailand) Co., Ltd.	-	360,450	-	-	360,450
	<u>10,711,636</u>	<u>77,325,612</u>	<u>(72,089,702)</u>	<u>834,733</u>	<u>16,782,279</u>
Loans to subsidiaries					
PT DSG Surya Mas Indonesia	105,799,371	125,206,215	(247,017)	13,659,443	244,418,012
DSG (Malaysia) Sdn Bhd	27,985,873	-	-	2,012,347	29,998,220
	<u>133,785,244</u>	<u>125,206,215</u>	<u>(247,017)</u>	<u>15,671,790</u>	<u>274,416,232</u>
Other payables - related companies					
DSG International Limited	5,767,676	69,823,648	(69,294,768)	-	6,296,556
DSG Technology Holdings Limited	6,816,305	78,396,031	(78,127,080)	-	7,085,256
Disposable Soft Goods Ltd.	-	45,235	(45,235)	-	-
Disposable Soft Goods (Zhong Shan) Ltd.	-	1,944,727	(97,490)	46,443	1,893,680
Shanghai DSG Megathin Co., Ltd.	149,917	470,447	(621,325)	961	-
Disposable Soft Goods (Malaysia) Sdn Bhd	173,194	261,430	(435,359)	735	-
DSG (Malaysia) Sdn Bhd	2,959,129	4,485,066	(6,817,126)	31,003	658,072
PT DSG Surya Mas Indonesia	4,909,319	776	(4,907,309)	(1,962)	824
Disposable Soft Goods (S) Pte Ltd	22,070	38,278	(58,564)	644	2,428
DSG Management Services (Thailand) Co., Ltd.	-	9,999,985	(9,999,985)	-	-
	<u>20,797,610</u>	<u>165,465,623</u>	<u>(170,404,241)</u>	<u>77,824</u>	<u>15,936,816</u>

SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2012

	Balance as at January 1, 2012 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>

24.2 Significant transactions with related companies for the years ended December 31, 2013 and 2012 consist of the following:

	Relationship	Pricing policies	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2013 Baht	2012 Baht	2013 Baht	2012 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	18,937,016	16,936,164	18,937,016	16,936,164
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	Cost plus margin	83,887,369	17,015,589	83,887,369	17,015,589
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	229,411,113	159,076,284
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	1,670,896	11,374,192
Disposable Soft Goods (S) Pte Ltd	Subsidiary	Cost plus margin	-	-	15,484,816	7,901,990
PT DSG Surya Mas Indonesia	Subsidiary	Cost plus margin	-	-	70,703,586	30,233,887
			<u>102,824,385</u>	<u>39,557,930</u>	<u>420,094,796</u>	<u>248,144,283</u>
Purchases of raw materials and finished goods						
Shanghai DSG Megathin Co., Ltd.	Subsidiary of major shareholder	Cost plus margin	48,816,677	33,788,723	48,816,677	33,788,723
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	Cost plus margin	-	12,379	-	12,379
			<u>48,816,677</u>	<u>33,801,102</u>	<u>48,816,677</u>	<u>33,801,102</u>
Cost of sales						
- Technology transfer and license fees DSG Technology Holdings Limited ⁽¹⁾	Subsidiary of major shareholder	1% of net sales to third parties	34,898,462	35,460,485	10,553,912	10,101,216
- Trademark license fees DSG International Limited ⁽²⁾	Major shareholder	1.5% of net sales to third parties	41,397,549	42,540,387	-	-
DSG Technology Holdings Limited ⁽²⁾	Subsidiary of major shareholder	1.5% of net sales to third parties	67,842,119	55,329,834	67,842,119	55,329,834
Disposable Soft Goods (UK) Plc ⁽²⁾	Subsidiary of major shareholder	1.5 - 2.5% of net sales to third parties	2,957,291	3,087,635	-	-
			<u>147,095,421</u>	<u>136,418,341</u>	<u>78,396,031</u>	<u>65,431,050</u>
Administrative expenses						
- Management fee DSG International Limited ⁽³⁾	Major shareholder	1 - 1.5% of net sales to third parties	111,344,759	100,049,517	67,842,119	55,329,834

	Relationship	Pricing policies	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2013 Baht	2012 Baht	2013 Baht	2012 Baht
Dividend income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	29,940,790	31,484,267
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary		-	-	30,693,594	22,837,453
			<u>-</u>	<u>-</u>	<u>60,634,384</u>	<u>54,321,720</u>
Other income						
- Interest income						
DSG (Malaysia) Sdn Bhd	Subsidiary	5.5% p.a.	-	-	1,544,321	29,516
PT DSG Surya Mas Indonesia	Subsidiary	5.5% p.a.	-	-	8,755,576	4,317,341
			<u>-</u>	<u>-</u>	<u>10,299,897</u>	<u>4,346,857</u>
- Gain on disposal of fixed assets (see Note 10)						
DSG (Malaysia) Sdn Bhd (selling price of Baht 28.08 million)	Subsidiary		-	-	-	22,585,372
PT DSG Surya Mas Indonesia (selling price of Baht 28.87 million)	Subsidiary		-	-	-	19,257,907
			<u>-</u>	<u>-</u>	<u>-</u>	<u>41,843,279</u>
- Other income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	2,601,675	2,601,674
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary		-	-	-	1,516,584
			<u>-</u>	<u>-</u>	<u>2,601,675</u>	<u>4,118,258</u>
Dividend payments						
DSG International Limited	Major shareholder		<u>157,055,473</u>	<u>95,645,395</u>	<u>157,055,473</u>	<u>95,645,395</u>
Ordinary share dividends distributable						
DSG International Limited	Major shareholder		<u>-</u>	<u>197,207,000</u>	<u>-</u>	<u>197,207,000</u>
Management benefit expenses	Management		<u>63,083,231</u>	<u>38,284,762</u>	<u>52,548,473</u>	<u>26,930,000</u>

- (1) 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.
- (2) The Company and its subsidiaries entered into trademark license agreements with DSG Technology Holdings Limited, Disposable Soft Goods (UK) Plc and DSG International limited. The Company and its subsidiaries paid license fee which was calculated at 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.
- (3) The Company and its subsidiaries have entered into management agreements with DSG International Limited. The Company and its subsidiaries have to pay management fee which was calculated at 1% - 1.5% of net sales to third parties.

25. OTHER INCOME

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Interest income	2,505,377	2,770,934	12,120,255	6,307,880
Net gain from disposal of fixed assets ⁽¹⁾	-	-	-	41,576,390
Others	31,715,971	34,915,477	24,779,464	28,500,715
	<u>34,221,348</u>	<u>37,686,411</u>	<u>36,899,719</u>	<u>76,384,985</u>

⁽¹⁾ In 2012, the Company had gain on disposal of 2 machines to DSG (Malaysia) Sdn Bhd and PT DSG Surya Mas Indonesia 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 10).

26. EXPENSES BY NATURE

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Changes of finished goods	(115,759,132)	201,178,894	(65,648,087)	160,413,310
Raw materials used	3,832,971,201	3,350,304,442	2,501,130,406	1,917,649,401
Employee benefit expenses	559,228,100	417,848,363	315,361,601	204,434,623
Depreciation and amortization	179,536,707	134,750,660	121,661,628	103,868,723
Loss on decline in value of inventories	9,798,354	3,646,708	9,798,354	3,646,708
Selling expense*	1,563,980,218	1,232,970,142	1,075,460,581	816,125,445
Management remuneration	63,083,231	38,284,762	52,548,473	26,930,000

* Exclude employee benefit expenses

27. 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, 2013 and 2012 and total assets and liabilities as at December 31, 2013 and 2012, are as follows:

	Thailand ⁽¹⁾	Malaysia ⁽²⁾	Indonesia	Singapore	Total	Elimination	UNIT:BAHT Total
For the year ended December 31, 2013							
Revenue from sales	5,079,873,998	2,624,074,342	202,401,113	90,396,915	7,996,746,368	(456,099,944)	7,540,646,424
Cost of sale, selling expenses and administrative expenses	(4,528,681,547)	(2,484,012,894)	(289,324,259)	(92,702,828)	(7,394,721,528)	387,144,718	(7,007,576,810)
Interest income	12,123,132	216,637	52,000	-	12,391,769	(9,886,392)	2,505,377
Interest expenses	(55,453,980)	(27,254,607)	(11,900,051)	-	(94,608,638)	7,508,989	(87,099,649)
Income tax (expenses) revenue	(11,236,720)	42,768,277	304,214	-	31,835,771	-	31,835,771
Net profit (loss) for the year	625,198,074	85,023,743	(162,032,093)	(2,368,509)	545,821,215	(59,041,441)	486,779,774
Revenue from sale to third parties	4,659,779,201	2,567,126,592	120,519,330	90,396,916	7,437,822,039	-	7,437,822,039
Depreciation and amortization	121,661,628	53,918,191	4,793,823	13,191	180,386,833	(850,126)	179,536,707
Total assets	4,812,283,289	2,177,425,485	413,081,193	27,891,024	7,430,680,991	(825,857,506)	6,604,823,485
Total Liabilities	2,626,957,522	1,619,297,632	569,871,102	15,040,155	4,831,166,411	(544,377,374)	4,286,789,037

⁽¹⁾ Transactions and balances between DSG International (Thailand) Plc Co., Ltd. and DSG Management Services (Thailand) Co., Ltd. were eliminated.

⁽²⁾ Transactions and balances between DSG (Malaysia) Sdn Bhd and Disposable Soft Goods (Malaysia) Sdn Bhd were eliminated.

For the year ended December 31, 2012

	Thailand	Malaysia ⁽¹⁾	Indonesia	Singapore	Total	Elimination	UNIT:BAHT Total
Revenue from sales	4,043,410,744	2,720,393,969	269,164,142	99,267,896	7,132,236,751	(423,510,052)	6,708,726,699
Cost of sale, selling expenses and administrative expenses	(3,700,810,344)	(2,515,984,989)	(289,721,371)	(94,123,691)	(6,600,640,395)	425,899,329	(6,174,741,066)
Interest income	6,307,880	782,822	27,089	-	7,117,791	(4,346,857)	2,770,934
Interest expenses	(52,074,915)	(1,216,226)	(1,262,819)	-	(54,553,960)	-	(54,553,960)
Income tax (expenses) revenue	(53,645,498)	(25,162,697)	(29,475,391)	(126,790)	(108,410,376)	-	(108,410,376)
Profit (loss) for the year	573,029,200	158,893,664	(35,765,312)	6,076,601	702,234,153	(89,646,530)	612,587,623
Revenue from Sale to Third parties	3,795,266,461	2,650,044,525	124,589,886	99,267,896	6,669,168,768	-	6,669,168,768
Depreciation and Amortization	103,868,723	26,014,761	4,831,120	36,056	134,750,660	-	134,750,660
Total assets	4,004,124,874	1,832,713,531	355,639,215	28,141,208	6,220,618,828	(597,899,023)	5,622,719,805
Total Liabilities	2,201,383,162	1,342,174,164	361,956,363	13,465,021	3,918,978,710	(358,687,053)	3,560,291,657

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

28. THE INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

On July 16, 2008, the Company received 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, 2012, the Company utilised the income tax exemption in the amount of Baht 105.71 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, 2012, the Company utilized the income tax exemption in the amount of Baht 45.92 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). From the date that the Company commenced the promoted business to December 31, 2012, the Company utilized the income tax exemption in the amount of Baht 7.83 million.

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). From the date that the Company commenced the promoted business to December 31, 2012, the Company utilized the income tax exemption in the amount of Baht 14.31 million.

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 (November 11, 2012). Subsequently on August 13, 2013, the Company received an approval to revise investment promotion certificate for additional investment which increase corporate income tax exemption on profit derived from the promotional business to Baht 481.66 million. From the date that the Company commenced the promoted business to December 31, 2012, the Company utilized the income tax exemption in the amount of Baht 0.12 million.

On September 3, 2013, the Company received another investment promotion certificate No. 2223(2)/2556 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 137.51 million) for the period of 7 years from the date income is first derived from the promoted businesses.

Shareholders of the Company will be exempted from personal income tax on dividends derived from the promoted activities during the period in which the Company is granted exemption from corporate income tax.

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

29. 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, 2013 and 2012, such information is as follows:

SEPARATE FINANCIAL STATEMENTS	Promoted Business		Non-promoted Business		Total	
	2013	2012	2013	2012	2013	2012
	Baht	Baht	Baht	Baht	Baht	Baht
Revenues						
Revenue from export sales	421,630,499	167,610,271	38,310,073	90,645,528	459,940,572	258,255,799
Revenue from domestic sales	4,269,567,420	3,093,032,081	350,366,006	692,122,864	4,619,933,426	3,785,154,945
Total revenues from sales	4,691,197,919	3,260,642,352	388,676,079	782,768,392	5,079,873,998	4,043,410,744

30. COMMITMENT AND LETTERS OF GUARANTEE

30.1 As at December 31, 2013 and 2012, the Company has letters of guarantee for electricity usage issued by a bank of Baht 9.30 million and Baht 6.50 million, respectively.

30.2 - As at December 31, 2013 and 2012, the Company and its subsidiaries have leased building under operating lease and service agreements. The future lease payments as of December 31, are summarized as follows:

Period of payments	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Within 1 year	25,896,228	23,991,898	16,398,891	16,898,991
1 - 5 years	13,788,332	12,550,529	4,878,600	10,827,300
Total	39,684,560	36,542,427	21,277,491	27,726,291

- On December 20, 2011, the Company entered into a warehouse lease and service agreements with a company (lessor). The lease period is 10 years commencing on September 1, 2012. 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 paid the deposit for the leased warehouse amounting to Baht 45.88 million. Subsequently, on June 4, 2013, the Company and lessor amended the condition of purchase period of warehouse lease agreement from after the end of the fifth year or after the end of the lease term to be on or from January 1, 2014 onwards.

On June 4, 2013, the Company entered into another warehouse lease and service agreements with such company. The lease period is 10 years commencing on November 1, 2013. Under the lease agreement, the Company shall have the option to purchase the leased warehouse on or from January 1, 2014 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 November 8, 2013, the Company paid the deposit for the leased warehouse amounting to Baht 43.04 million.

The future lease and service payments as of December 31, 2013 and 2012 are summarized as follows:

Period of payments	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Within 1 year	77,689,002	45,881,685	77,689,002	45,881,685
1 - 5 years	375,399,831	191,563,356	375,399,831	191,563,356
More than 5 years	439,649,856	248,963,257	439,649,856	248,963,257
Total	<u>892,738,689</u>	<u>486,408,298</u>	<u>892,738,689</u>	<u>486,408,298</u>

- 30.3 The Company and its subsidiaries have commitments from entering into plant construction agreement and the machinery and computer software purchase agreements as of December 31, are as follows:

			Unit: Million Baht	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Acquisitions of :				
- Plant construction	0.21	77.40	-	-
- Machine	56.76	408.20	-	267.04
- Computer software	1.74	1.42	0.16	-

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 counterparties in determining risk reduction from defaults. The carrying amounts of the financial assets in the statement of financial position represent 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 to 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 receiving and settling 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, 2013 and 2012 is approximately Baht 224.73 million and Baht 127.28 million, respectively.

Liability under finance lease: the carrying amount approximates its fair value as the maturity is in 2013.

Liabilities from the acquisition of machine: fair value of such liabilities as at December 31, 2013 is Baht 37.91 million.

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, 2013 and 2012, fair value of the forward foreign exchange contracts shown in Note 32.

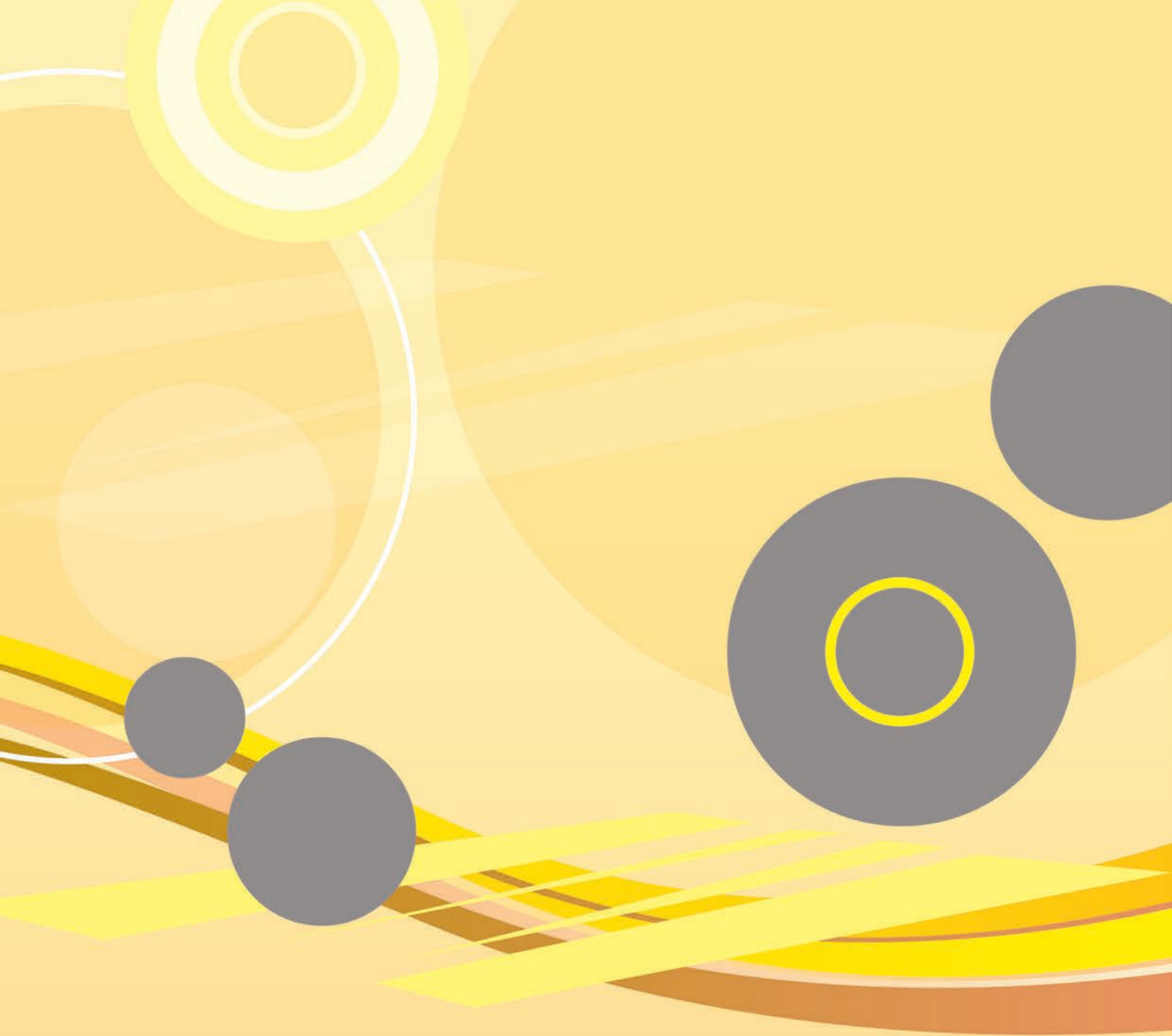
32. FORWARD EXCHANGE CONTRACTS

The Company and its subsidiary entered into the forward exchange contracts to reduce foreign exchange risk. As at December 31, 2013 and 2012, the outstanding forward exchange contracts are summarized as follows:

Contractor	Notional amount (USD)	Contractual exchange rate	Deliverable period	Deliverable amount	Net fair value
As at December 31, 2013					
The Company	2,644,814	30.6240 - 32.7060 Baht per US Dollar	January 2014	Baht 86,387,464	Baht 498,303
Subsidiary	1,745,197	3.2770 Malaysian Ringgit per US Dollar	January 2014	5,719,010 Malaysian Ringgit	(5,657 Malaysian Ringgit) (equivalent to Baht 56,401)
As at December 31, 2012					
The Company	401,241	30.6570 - 30.6900 Baht per US Dollar	January 2013	Baht 12,308,440	Baht 1,133
Subsidiary	2,096,360	3.0539 - 3.1010 Malaysian Ringgit per US Dollar	January 2013	6,451,027 Malaysian Ringgit	(127,060 Malaysian Ringgit) (equivalent to Baht 1,269,330)

33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Company's authorized director on February 25, 2014.



DSG INTERNATIONAL (THAILAND) PLC