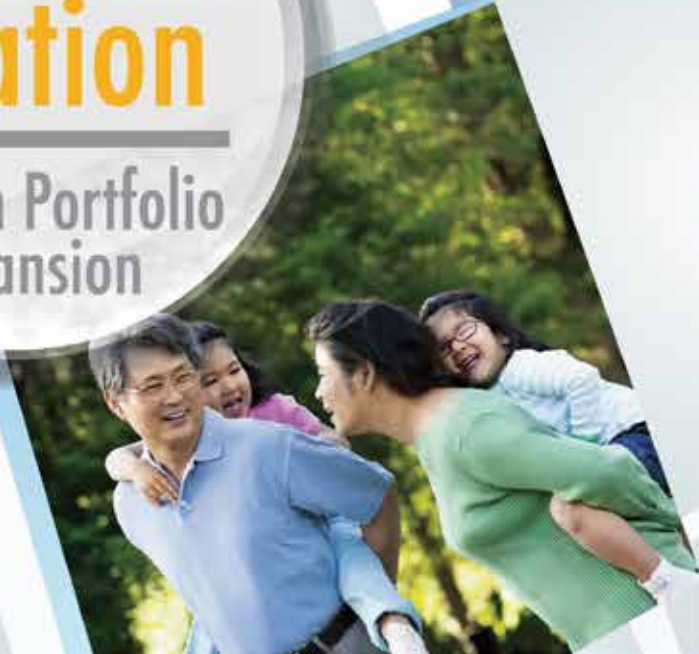




Value Creation

through Portfolio
Expansion





Value Creation Through Portfolio Expansion

2014 was a year of value creation for DSG Group with its commitment to create value through portfolio expansion in branding, sales management and operational efficiencies.





Brand Value Creation

DSGT was awarded with Thailand's "Top Corporate Brand Rising Star 2014" by SET. This is a recognition of DSGT commitment to provide the higher quality and value to its customers and consumers.



พืชมงคล โชติภณดี

Certainty

BaBY Love!





Maximizing Execution in Sales Management

DSG Group continued to sustain and strengthen its business through maximizing its sales management execution excellences. With sales portfolio value creation and geographic expansion, DSG Group is committed to deliver exceptional value to its customers in the competitive market environment.





Supply Chain Operational Optimization

DSGT Group strives for supply chain excellence by building the value to enhance the productivity and efficiency along the supply chain management.





Strategic Segmentation Expansion

DSGT Group continues to nurture its brand's strong presence through the delivery of quality products across South East Asia.



In Thailand

BabyLove and Certainty brands continue to deliver high value-added products and strengthen their key position in the market.



Strategic Segmentation Expansion

In Malaysia

PetPet's capturing brand presence defines the key to its success and sustain its position as one of the leading disposable diaper brands.



In Indonesia

PTDSG with Fitti brand maximizes its capability to build competitive advantage in baby disposable diaper category.





Calendar of Events



1. BabyLove Digital Activities - Love At First Touch

In January, DSG Thailand launched the “**Love at First Touch**” digital campaign to engage with the group of new mothers.



2. Launch of BabyLove DayPants Mega Pack

In February, DSG Thailand launched BabyLove DayPants Mega Pack to provide variety of choices to consumers.



3. BabyLove Campaign - BabyLove Baby Suptar

In June, DSG Thailand launched the “**BabyLove Baby Suptar**” campaign in cooperation with Paula Taylor, BabyLove Brand Ambassador to search for young stars for new advertisement.



4. New BabyLove TVC support Day & Night concept

In July, DSG Thailand released new TV advertisement to introduce BabyLove NightPants “One piece all night” and BabyLove DayPants for Day & Night system usage.



5. BabyLove full features of Mobile web application-BabyLove Baby Buddy

In September, BabyLove was the first baby diaper brand to kick off full features of Mobile web application in Thailand for digital innovation.



6. New Launch of Certainty DayPants

In March, DSG Thailand launched the latest innovation in adult incontinence under the brand name of Certainty DayPants, which provides ultimate comfort at affordable price, worry-free and with confidence.

Thailand



7. Certainty with Ramathibodi Foundation - Feel Deeply Gratified with Certainty Adult Diaper for 2nd year CSR project

DSG Thailand and Ramathibodi Foundation under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn have continued the CSR project for the second consecutive year. Proceeds generated through sales and Facebook participation would be donated to Ramathibodi Foundation to procure medical devices to support and enhance the quality of life for elderly patients at Ramathibodi Hospital.



8. Certainty Expert Hotline

In June, DSG Thailand launched the "Certainty Expert" hotline service with the objective of providing free counseling for urinary incontinence and geriatric health care. All questions are answered by healthcare professionals, available every Monday-Friday, 8:30-17:00.



9. CSR AMCHAM Award

In November, DSG Thailand under the campaign of **"Feel Deeply Gratified with Certainty Adult Diaper"** won "AMCHAM CSR Excellence Recognition 2014" award from the American Chamber of Commerce in Thailand. This campaign demonstrated the coexistence of business and society for long term social and economic sustainable value.



1. Launch of PetPet DayPants, the most affordable Pants

In April, DSG Malaysia launched PetPet DayPants with the activation of 241 block displays nationwide, supported by new TVC and Press Advertisement.



2. Launch of PetPet Night Tape, with the promise of 1 piece for ALL Night long

PetPet Night tape was launched as the first and only disposable diaper in the market specifically for the night use. In conjunction with the launch, "Siang & Malam, Si Manja Dilindugi" ("Day and Night, We'd Got You Covered") was activated, featuring both PetPet Tape and PetPet Night Tape.



3. Relaunch of Fitti, say good bye to Basic and hello Sunshine

In December, Fitti Basic was replaced with the new facelift and new product improvements detached itself from the reminiscence of yesteryears. More importantly they are delivering Extra absorbency, Breathable cover, Velcro tape and 2 Fun Designs.

Malaysia



4. PetPet New Fits Recruited Mothers to be & New Mums by Showing off their Baby's Bump

PetPet Easy Start campaign was launched to drive New Fits via Facebook "Show off Your Baby Bump Contest". New parents were to submit the photo of their Baby Bump and the winner were picked by Petpet's Brand Ambassador, Dynas Mokhtar.



5. Active Participation in Baby Expos' to strengthen Brand Awareness

DSG Malaysia participated in baby expos throughout the year to drive awareness, trial and penetration with new mothers. It was a platform to build brand loyalty with existing consumers and to introduce the newly launched PetPet DayPants and PetPet Night Tape.



6. Donation to the Needy Ones

In collaboration with the Ministry of Women, Family and Community Development of Malaysia (KPWKM) and Relief Squad of MCA (CRSM), PetPet responded to the aid of a young couple In Northern Region who had triplet babies.

Certainty sponsored adult diapers to a needy elderly women in Labuan in October and Sri Prichard Old Folks Home in East Malaysia in November, together with our Distributor Partner in Sabah region.





7. DSGM Employees Give Back Time

On October 21, DSGM Employees donated their own pocket to deliver 136 cartons of diapers to Padmasambhara Children Loving Association Klang Selangor.



8. Certainty DayPants launched to tap on Aging Population

In July, DSG Malaysia launched Certainty DayPants with fully breathable cover, super-dri and 2X absorbent pad, for adult light incontinence.



9. Awarded Best Employer EPF (Employee Provident Fund) Award 2014

In September, DSG Malaysia won the Best Employer EPF Award for Selangor Region based on 3 criteria – Compliance, Size of Contribution to the Compulsory Fund, Impact that DSG Malaysia contributed back to the society where operated.



1. Fitti Massive Sampling In-Store

In June, Fitti started simultaneously massive in-store sampling in 7 big cities at Java Island. This program run in 60 outlets of Modern Key Account until end of 2014.



2. Fitti Mudik Program

In July, Fitti kicked off the Mudik Roadshow for 5 days before Idul Fitri at Pantura, West Java and received encouraging feedback from consumers.

Mudik is an Indonesian annual tradition which migrants/migrant workers went back to their hometown before Idul Fitri Day. More than 20 million people travelled on Java North line road in two weeks.



3. Fitti - Midwives Program

Fitti kicked off special program in Midwives Greater Jakarta. The special program is to maintain strong relationship with the Midwives. Fitti supported in annual gathering each region Midwives at Jakarta and presenting the product benefit and product demo of breathable through direct selling booth.



4. Fitti - Goes to Hospital

From August to October, Fitti participated in Layman Seminar Roadshow in 9 private hospitals in Greater Jakarta. This event is co-operation with Mom, Dad&I Magazine.



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 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”

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

2006-2008

June 2006

Increased its registered capital from Baht 200 million to Baht 300 million. Paid-up capital was increased to Baht 240 million, comprising of 240 million shares with par value of Baht 1 per share

9 August 2006

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

21 November 2008

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

2010-2011

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.



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 100% shareholding of DSG Management Services (Thailand) Company Limited ("DMS") with the registered capital of Baht 10 million

2014

24 April 2014

■ The Meeting of Shareholders approved the Company's capital increase from Baht 900 million to Baht 1,260 million by issuing 360 million new ordinary shares at a par value of Baht 1 per share to accommodate the Stock Dividend at the ratio of 10 existing shares for 4 new shares. For the fraction of shares less than 10 shares, the Company paid such stock dividend in cash at Baht 0.40 per share instead. Total allotted shares were 1,259,999,795 shares. The Company registered the change of paid-up capital to Baht 1,259.99 million on May 23, 2014. The new shares were traded in the SET on May 28, 2014.

18 September 2014

■ Granted the Award of 'Thailand's Top Corporate Brand Rising Star 2014' in the category of highest growth in corporate brand value in the sector of consumer products.



กางเกงอนามัย

Certainty™ DayPants

เรื่องร้องซึ้งสบายใจ ไม่มีใครรู้



ใส่สบาย ระบายอากาศดี

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Vision & Mission



Vision

To be the leading disposable diaper manufacturer in South East Asia

Mission

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

Principles and Values ***At DSGT, we will***

Provide a healthy, safe, and positive work environment where everyone can feel valued, can learn, and is expected to consistently strive to achieve their personal best with the resources available

Encourage a high trust organization where everyone acknowledges they have a shared responsibility for success or failure within all departments

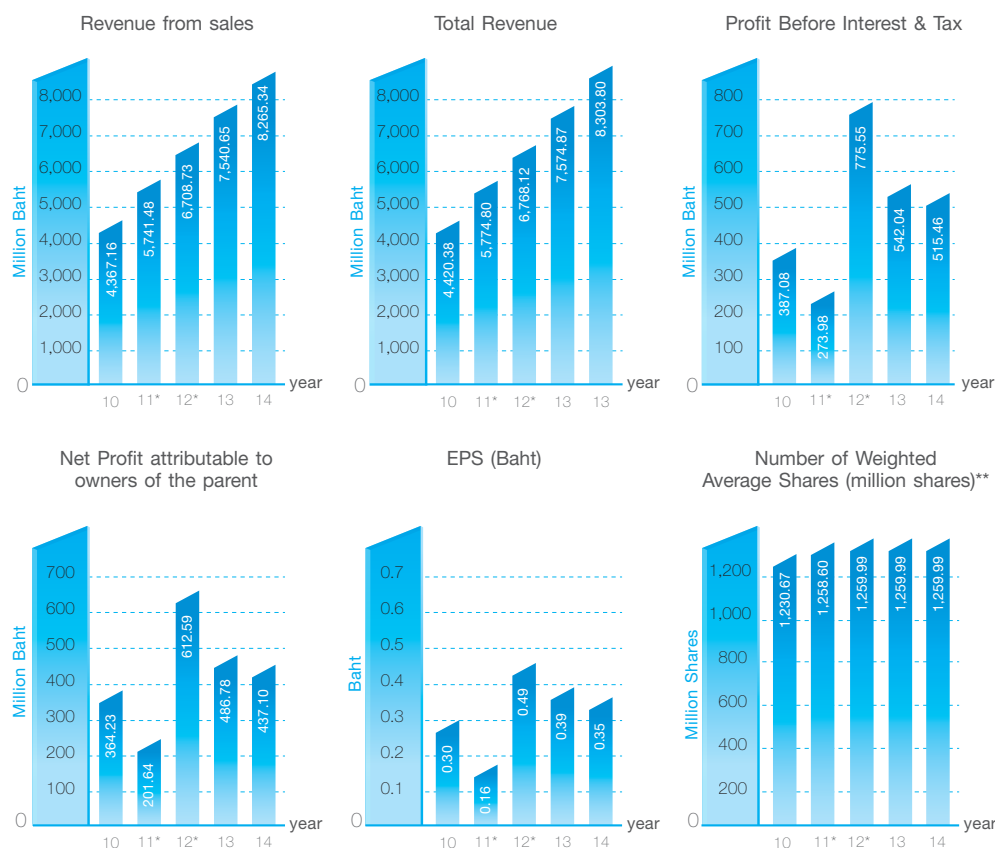
Manufacture a consistent, high quality product at the lowest possible manufactured cost that satisfies the needs of the consumer and the expectations of our trade customers

Build our customer partnerships through a “collaborative approach”

Financial Highlights

Financial summary from the Audited Consolidated Financial Statements

Statement of Comprehensive Income



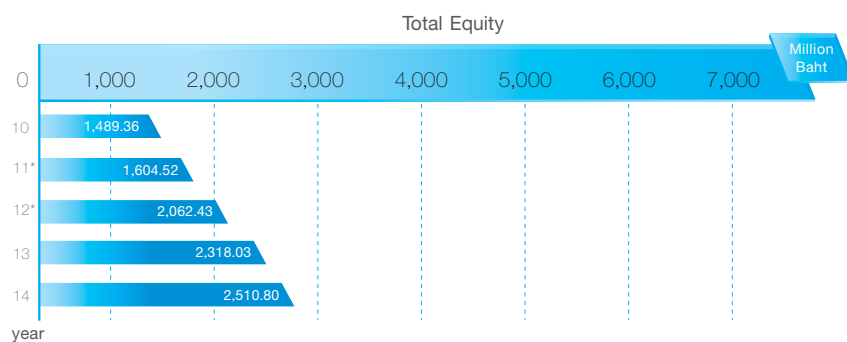
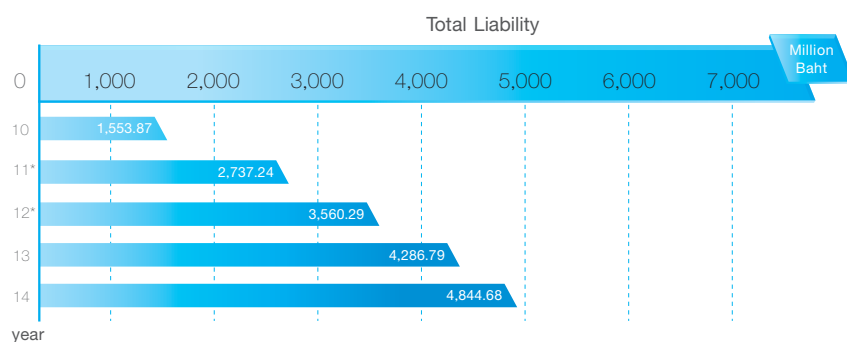
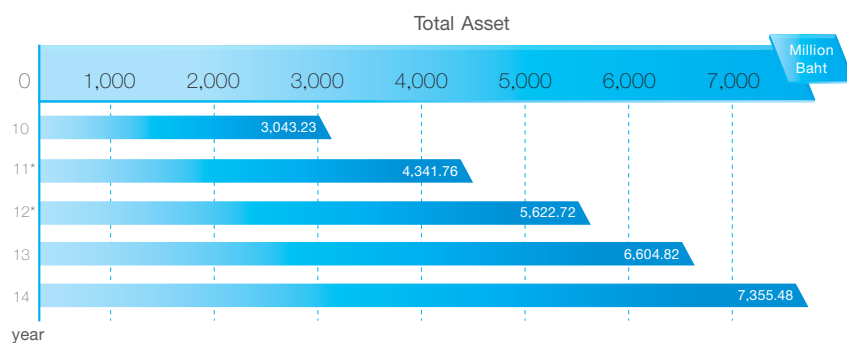
For the year ended 31 December

Statement of Comprehensive Income (Million Baht)	2014	2013	2012*	2011*	2010
• Revenue from sales	8,265.34	7,540.65	6,708.73	5,741.48	4,367.16
• Total Revenue	8,303.80	7,574.87	6,768.12	5,774.80	4,420.38
• Profit Before Interest & Tax	515.46	542.04	775.55	273.98	387.08
• Net Profit attributable to owners of the parent	437.10	486.78	612.59	201.64	364.23
• EPS (Baht)	0.35	0.39	0.49	0.16	0.30
• Number of Weighted Average Shares** (million shares)	1,259.99	1,259.99	1,259.99	1,258.60	1,230.67

* 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, 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.

** Due to stock dividend distribution in the year 2014, EPS and number of weighted shares for the year 2010-2013 had been restated for comparison purpose.

Statement of Financial Position As at 31 December



	As at 31 December				
Statement of Financial Position (Million Baht)	2014	2013	2012*	2011*	2010
Total Asset	7,355.48	6,604.82	5,622.72	4,341.76	3,043.23
Total Liability	4,844.68	4,286.79	3,560.29	2,737.24	1,553.87
Total Equity	2,510.80	2,318.03	2,062.43	1,604.52	1,489.36



Message from the Chairman

Mr. Brandon Shui Ling Wang

Chairman of the Board of Directors



Dear Shareholders,

The constant economic slowdown and decline in purchasing power due to various macro-economic policies in South East Asia continued to affect adversely the consumption behavior of all major industries, including the relatively recession proof disposable diaper category in the Region. The Thai economy has been slowly recovering from the recent change of new Government. Malaysian consumer sentiment, besides the reduction of fuel and sugar subsidies, was also subdued by the uncertainty surrounding the GST introduction in Q2 2015. The sharp decline in crude price also aggravated the budget deficits of Malaysia and Indonesia and has also weakened the USD against all major local currencies.

Despite the challenges over the past year, the Group continued to introduce value-added products, in line with the committed long-term strategic objective of the Company. The diversified product portfolio has strengthened our category leadership positions in key growth segments and emerging markets in the ASEAN Economic Community (AEC). DSGT received the "Thailand's Top Corporate Brand Rising Star 2014" award, with the highest growth in corporate brand value in the consumer product industry of Thailand's SET Index for 2014 and has continuously achieved the highest growth FMCG Company in Thailand since 2010.

Consolidated Sales Revenue of the Group in fiscal year 2014 was Baht 8,265 million, representing an increase of 9.6% compared to 2013. The Group was committed to strengthen the brand shares in key markets against competitive pricing pressures and weak consumer sentiment. Our key brands sustained sales and market share growth due to favorable consumer responses to the new products, namely DayPants under BabyLove, PetPet, and Fitti brands, as well as Certainty DayPants and SuperPants.

The Group's Net Profit for fiscal year 2014 was Baht 437 million, decreased by 10.2% compared to 2013. Excluding foreign currency impact of Baht 24 million, the normalized net profit for 2014 dropped by 8.8% compared to the previous year. The Group took proactive measures to defend against the intense price competition, despite short-term profitability impact, for sake of long term business success. Improved operational efficiency, judicious commercial spending as well as proactive implementation of risk management for foreign exchange exposure and procurement measures had significantly minimized any negative impact on the Group's profitability.

Though 2014 was a challenging year, we firmly believe in protecting our brand equity and market position via strategic investment for product innovations and geographical expansion for the long term success of the Group. On behalf of the Board of Directors and the management team, I want to thank our shareholders for their continued trust, our business partners for their strong support, and our staff for their dedication and commitment to lead the Company to a new level of achievement in the coming years.

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 Nongkhae, Saraburi Province, 18140 Thailand
Telephone	: +66 3 637 3633-9
Facsimile	: +66 3 637 3753-4
Registered Capital	: Baht 1,259,999,988.00
Issued and Paid-up Capital	: Baht 1,259,999,795.00
No. of Ordinary Shares	: 1,259,999,795.00 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 Witthayu Tower A
93/1 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

Tel : +66 2 256 6311-4

Fax : +66 2 256 6317-8

Regional Offices in South East Asia

Thailand

DSG Management Services (Thailand) Company Limited ("DMS")

Office :

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

Malaysia

DSG (Malaysia) SDN BHD ("DSGMSB")

Disposable Soft Goods (Malaysia) SDN BHD ("DSGML")

Office :

Suites W801 & W805, 8th Floor, West Wing, Wisma Consplant 1, No. 2,
Jalan SS16/4, 47500 Subang Jaya, Selangor, Malaysia
Tel: + 60-3-5621-8808

Factory :

No. 3 Jalan Sijangkang Utama 1, 42500 Telok Panglima Garang,
Selangor, Malaysia
Tel: +60-3-3122-1888

Indonesia

PT DSG Surya Mas Indonesia ("PTDSG")

Office :

Menara Duta 7th Floor Wing D , Jalan H.R. Rasuna Said Kav. B-9
Jakarta 12910, Indonesia
Tel. +62-21-525-6316; +62-21-525-7056
Fax. +62-21-525-6357

Factory :

Jl. Pancamas Raya Kav.18, Desa Leuwilimus Cikande,
Serang – Banten 42186, Indonesia.
Tel: +62-254-400-948
Fax: +62-254-400-939

Singapore

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

Office :

The Connection One 167, Jalan Bukit Merah, Tower 4,
#06-12, Singapore 150 167
Tel: +65 6274 6292

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. Throughout the years, the Company has expanded its product portfolio to fulfill its customers and consumer needs and created highest value to them. The company has also built a solid foundation in its operational facilities and prevalent market presence. The Company has managed to consolidate its position in its key markets through effective commercial strategies and product innovation. The Company continues to invest in marketing and supply chain innovation and productivity and quality improvement to build a solid foundation for sustainable long-term growth in 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 in the mass segment such as BabyLove DayPants in Thailand since 2013. After receiving the good customers' responses, PetPet DayPants and Fitti DayPants were subsequently launched in 2014 to reiterate successful celebration respectively in Malaysia and Indonesia. 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 also one of the key players in South East Asian markets. The introduction of product performance improvement in Certainty SuperPants in Q1 2014, replacing with Certainty Active Pants launched since 2012 and new launch of Certainty DayPants in Q2 2014 have 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
Brand	Baby Love Tape
Package	
Key benefit	Easy Tape , Easy Adjust

Market	Mid-Range	Mid-Range/Mass
Brand	PetPet Night Tape	PetPet Tape
Package		
Key benefit	One Piece All Night	Motherhood is now a little easier

Market	Mass
Brand	Fitti Tape
Package	
Key benefit	Wise Choice for Mothers

1.2 Disposable Baby Diaper Pants

Market	Premium	Mid-Range
Brand	BabyLove NightPants	BabyLove PlayPants
Package		
Key benefit	One Piece All Night	Baby feels comfortable, No playing interruption

Market	Mass	Mass	Mass
Brand	BabyLove DayPants	PetPet DayPants	Fitti DayPants
Package			
Key benefit	The best day - time diaper for good hygiene		

2 Disposable Adult Diapers

2.1 Disposable Adult Diapers Tape

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

2.1 Disposable Adult Diapers Pants

Market	Premium	Mid-Range
Brand	Certainty SuperPants	Certainty DayPants
Package		
Key benefit	Superior Absorbency and Dryness	Underwear - like 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 population 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's Discussion and Analysis

Overview

2014 was a challenging year for the sustainable growth in our brand value through diversified and geographic portfolio expansion. DSG Group is committed to increasing **Value Creation through Portfolio Expansion** to serve the disposable diaper business potential especially in South East Asia. Remarkably, DSGT received the "Thailand's Top Corporate Brand Rising Star 2014" award, with the highest growth in corporate brand value in the consumer product industry of Thailand's SET Index for 2014 and has continuously achieved the highest growth FMCG Company in Thailand since 2010.

The constant economic slowdown and decline in purchasing power due to various macro-economic policies in South East Asia continued to affect adversely the consumption behavior of all major industries, including the relatively recession proof disposable diaper category in the Region. The Thai economy has been slowly recovering from the recent change of new Government. Malaysian consumer sentiment, besides the reduction of fuel and sugar subsidies, was also subdued by the uncertainty surrounding the GST introduction in Q2 2015. The sharp decline in crude price also aggravated the budget deficits of Malaysia and Indonesia and has also weakened the USD against all major local currencies.

Despite the challenges over the past year, the Group continued to introduce value-added products, in line with the committed long-term strategic objective of the Company. The diversified product portfolio has strengthened our category leadership positions in key growth segments and emerging markets in the ASEAN Economic Community (AEC).

Key Market Highlights

DSG Thailand continued to gain market share in both the baby and adult diaper categories, out-pacing the industry growth rates though competitors responded with heavy price promotions to defend market share. Certainty DayPants was launched in Q2 2014 to complement the daytime usage needs and further consolidated Certainty outright market leadership position.

Malaysian consumption sentiment continued to soften, due to cut-back of sugar and fuel price subsidies as well as the planned introduction of GST in the first half of 2015. Disposable diaper market value continued to decline mainly due to aggressive competitive price promotion activities. However, PetPet DayPants was launched in Q2 and Fitti tape was upgraded in Q4 to strengthen DSGM brand franchises.

Indonesian economy was partly affected by the political uncertainty of the presidential election. Decrease of fuel price subsidies and labor wage hike pushed up inflation which was also aggravated by the depreciating Rupiah. However, the baby pant category continued to grow strongly due to increasing affordability and availability. Fitti DayPants gained strong sales momentum in the rapidly expanding baby pant segment.

Export Markets continued to grow with existing customers and 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, Malaysia and Indonesia continued to outpace the market growth, resulting from our investment in brand building and improvement in operating efficiencies.

Consolidated Sales Revenue of the Group in fiscal year 2014 was Baht 8,265 million, representing an increase of 9.6% compared to 2013. The Group was committed to strengthen the brand shares in key markets against competitive pricing pressures and weak consumer sentiment. Our key brands sustained sales and market share growth due to favorable consumer responses to the new products, namely DayPants under BabyLove, PetPet, and Fitti brands, as well as Certainty DayPants and SuperPants.

The Group's Net Profit for fiscal year 2014 was Baht 437 million, decreased by 10.2% compared to 2013. Excluding foreign currency impact of Baht 24 million, the normalized net profit for 2014 dropped by 8.8% compared to the previous year. The Group took proactive measures to defend against the intense price competition, despite short-term profitability impact, for sake of long term business success. Improved operational efficiency, judicious commercial spending as well as proactive implementation of risk management for foreign exchange exposure and procurement measures had significantly minimized any negative impact on the Group's profitability.

The Company recorded a provision of impairment of investment in PTDSG amounting to Baht 148 million in 2014, mainly due to the cumulative financial results over past few years, in accordance with Thai Financial Reporting Standards (TFRS). However, we are fully committed with the excellent prospect of our business expansion in Indonesia and firmly believe that our strategic investments in PTDSG would enhance the long term shareholder's value.

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 favorable demographic and socio-economic factors in South East Asia, DSG Group remained cautiously optimistic about the future potential of the disposable diaper business, despite the short-term uncertainties. The Company firmly believed in protecting the brand equity and market position via continuous strategic investment for product innovations and geographical expansion for the long term success of the Group.



Financial Condition

At the end of 2014, DSGT reported Total Consolidated Assets of Baht 7,355 million, an increase of Baht 751 million or 11.4% from Baht 6,605 million at end of 2013.

The Group net decrease in cash and cash equivalents was Baht 124 million mainly resulted from repayment in short-term debt. Net cash used in investing activities was Baht 738 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.

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.

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 2014, 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. DSG Malaysia 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 material 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 as a major shareholder, is committed to continue providing support 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 are capable to conduct its business through geographic expansion in South East Asia and high market growth in AEC 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.

In the fast moving consumer good (FMCG) industry, the Company has been constantly subject to pricing competition from its competitors. The Company managed its pricing strategy to avoid price erosion but maintaining its market share.

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. The Company has periodically reviewed its pricing mechanism including the appropriate advertising and promotion to be competitive in the market.

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.

In 2014, the economic slowdown has influenced on overall customer's consumption in many aspects. The Thai economy has been slowly recovering from the recent change of new Government. Malaysian consumer sentiment, besides due to reduction of fuel and sugar subsidies, was also subdued by the uncertainty surrounding the GST introduction in April 2015. The planned major fuel price hike in Indonesia might hurt consumption short-term, though this might have positive impact on the fiscal position of the Country.

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 especially during economic slowdown condition.

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 : After moving its stocks to a single integrated warehouse facility in Saraburi in 2013, the Company has continuously 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 1/2015 on February 26, 2015.

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 66.54%. 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 2014



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”, “PetPet”, “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 66.54% of the total subscribed shares of the Company.

DSG International (Thailand) Public Company Limited (“DSGT”)

DSG International (Thailand) PLC was incorporated on 20 May 1994 and listed on the stock exchange of Thailand, with the objective of manufacturing and marketing of baby and adult disposable diapers. Its brand names include “BabyLove”, “PetPet”, “Certainty” 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.

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.

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.

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

	2010 ¹		2011 ¹		2012 ¹		2013 ¹		2014 ¹	
	MM THB	%	MM THB	%	MM THB	%	MM THB	%	MM THB	%
Domestic sales: ²	4,163.20	95.33%	5,556.48	96.78%	6,520.43	97.19%	7,252.61	96.18%	7,877.87	95.31%
Export sales:	116.87	2.68%	108.54	1.89%	89.19	1.33%	150.07	1.99%	263.04	3.18%
Other sales ³	87.09	1.99%	76.46	1.33%	99.11	1.48%	137.96	1.83%	124.43	1.51%
Total income	4,367.16	100.00%	5,741.48	100.00%	6,708.73	100.00%	7,540.64	100.00%	8,265.34	100.00%

Remarks:

¹ Exchange Rate

Unit: Baht

Exchange Rate	2010	2011	2012	2013	2014
1 Malaysian Ringgit	10.1676	9.9665	10.0691	9.7561	9.9403
1,000 Indonesian Rupiah	3.4808	3.4808	3.3207	2.9353	2.7419
1 Singapore dollar	23.2380	24.1667	24.8663	24.5700	25.6410

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

³ 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 2013	Audited 31 December 2014	
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 111.345	Management Fee 120.901	The said transaction was reasonable and was beneficial to the business operation of the Company and its subsidiaries because the said fee was paid to DSGIL for the services provided under the Management Agreement. In addition, the terms and conditions of the Management Agreements are fair and equitable when compare to the Management Agreements of DSGIL with other affiliated companies.
	DSGML and DSGMSB also paid License Royalty fee to DSGIL.	Royalty Fee 41.398	Royalty Fee 39.290	
	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.	13.619 Aging Current: 13.198 ≤3 mos: 0.393 3-6 mos: 0.028	20.667 Aging Current: 18.505 ≤3 mos: 0.743 3-6 mos: 0.683 6-12 mos: 0.736	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.	-	-	
	1.4 DSGIL is trade debtor of the Company, arose from diapers sale transactions.	-	-	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 2013	Audited 31 December 2014	
	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.	18.937	8.986	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.	8.939 Aging Current: 8.939	5.106 Aging Current: 5.106	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.	-	0.002 Aging Current: 0.002	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.	0.022 Aging Current: 0.022	0.295 Aging Current: 0.071 ≤3 mos: - 3-6 mos: 0.067 6-12 mos: 0.157	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.	2.957	5.162	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 2013	Audited 31 December 2014	
	<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>1.749</p> <p>Aging Current: 0.942 ≤3 mos: 0.807</p>	<p>5.870</p> <p>Aging Current: 1.115 ≤3 mos: 1.374 3-6 mos: 1.353 6-12 mos: 2.028</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>	48.817	26.525	This transaction is a normal trade transaction. The raw material is a proprietary product of DSG.
	<p>4.2 SDSGM is other creditor of the Company, arose from other expense reimbursement.</p>	-	-	The said transaction was considered as a normal transaction.
<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>	83.887	155.287	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>5.2 DSGZ is the trade debtor of the Company, arose from the sale of finished goods to DSGZ.</p>	<p>44.848</p> <p>Aging Current: 12.827 ≤3 mos: 24.810 3-6 mos: 7.211</p>	<p>43.645</p> <p>Aging Current: 43.645</p>	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 2013	Audited 31 December 2014	
	5.3 DSGZ is other debtor of the Company and DSGMSB, arose from other expenses reimbursement.	0.181 Aging Over 1 yr: 0.181	0.188 Aging 3-6 mos: 0.188	The said transaction was considered as a normal transaction.
	5.4 The Company purchase raw material for machinery test run.	-	-	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.	0.115 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	0.078 Aging Current: 0.078	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 34.898 Trademark License Fee 67.842	Technology Transfer and License Fee 30.884 Trademark License Fee 78.974	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.	8.945 Aging Current: 8.945	10.133 Aging Current: 10.133	The said transaction was reasonable and considered as a normal transaction.

Shareholding Structure

DSGT - Major Shareholders as of 31 December 2014

Name of shareholders	No. of shares held	Shareholding(%)
1. DSG INTERNATIONAL LIMITED	838,386,180	66.54
2. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	104,629,330	8.30
3. Thai NVDR Co., Ltd.	37,294,355	2.96
4. CHASE NOMINEES LIMITED 4	27,808,440	2.21
5. Mrs. Suwanna Anuwongnukroh	23,742,900	1.88
6. BANK JULIUS BAER & CO.LTD, ZURICH	16,086,000	1.28
7. STATE STREET BANK EUROPE LTD	11,238,480	0.89
8. Mr. Sophon Mitpanpanich	8,927,430	0.71
9. CHASE NOMINEES LIMITED 42	7,000,000	0.56
10. Miss. Siriluck Thanomkulrat	6,746,880	0.54
Other shareholders	178,139,800	14.13
Total	1,259,999,795	100.00

Remark : Total number of shareholders is 2,645.

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.

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.



Mr. Ambrose Kam Shing Chan

Director

Ambrose Chan joined DSG International (Thailand) PLC, as Chief Exutive 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. In April 2014, she was promoted to be Chief Operating Officer.

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 sale 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. Dicky Peter Yip

Independent Director and Chairman 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. In April 2014, he was appointed to be Chairman of the Audit Committee.

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.



Mr. Sukporn Chatchavalapong

Independent Director and Member 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. He was appointed as Chairman of the Audit Committee since 2009 and remained as a Member of the Audit Committee since April 2014.

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 Account (CPA) and a member of AICPA.



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

Chief Operating Officer

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. In April 2014, she was promoted to be Chief Operating Officer.

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 - Thailand

Chachanee Anantwatanapong joined DSG International (Thailand) PLC in June 2010, as Commercial Director for Thailand. In June 2012, she was promoted as General Manager – Thailand. 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 sale 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

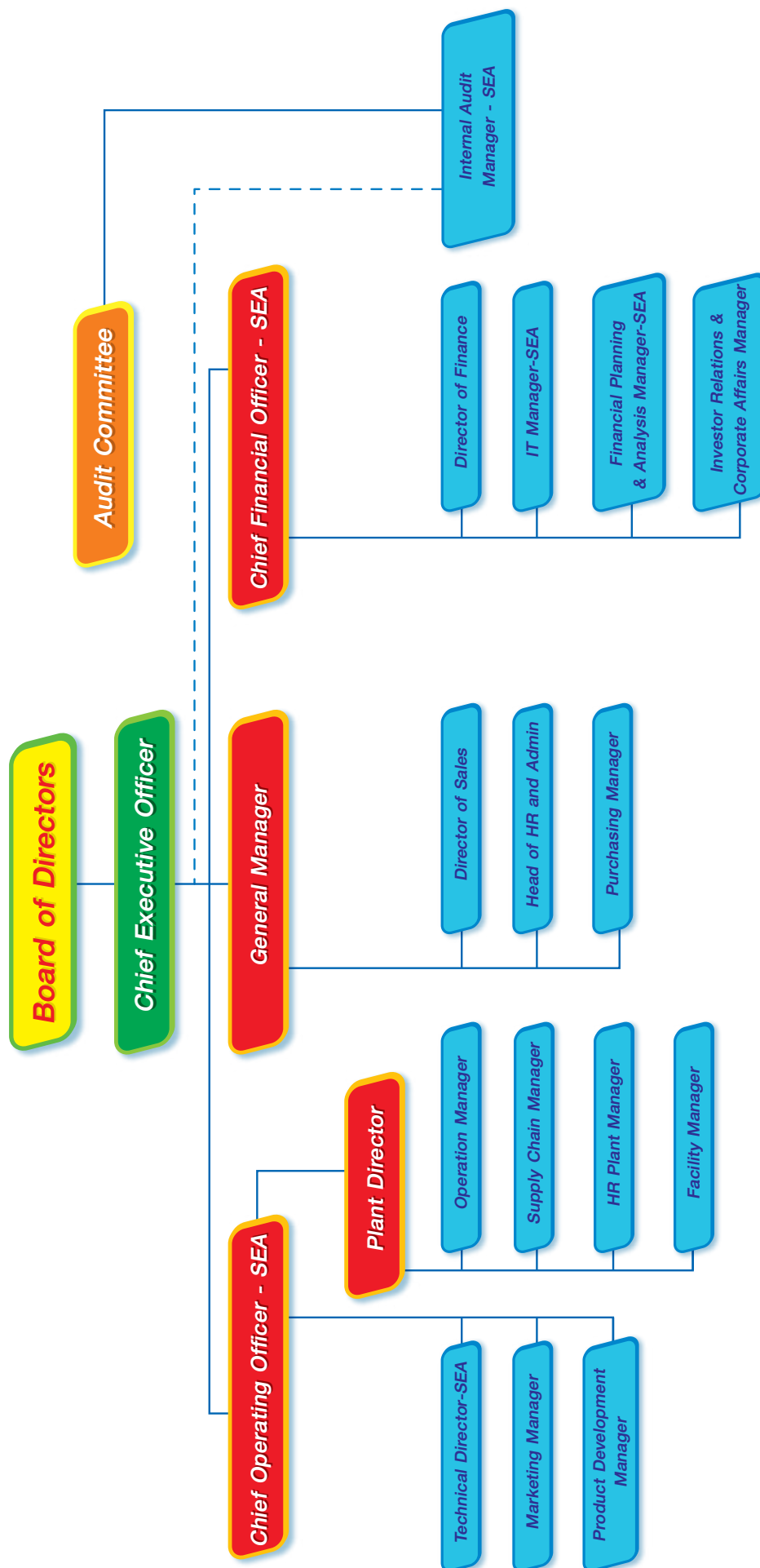
Plant Director

Raymond Deng joined DSG (Zhongshan) Ltd. (China) in May 2011 as Plant Director. He was promoted to Plant Director to be in charge 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).

DSG International (Thailand) PLC



Management Structure

1. DSGT Board of Directors

As at 31 December 2014, 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	Executive Director and Chief Executive Officer
3. Mr. Yeoh Aik Cheong	Executive Director and Chief Financial Officer
4. Ms. Justine Man San Wang	Executive Director and Chief Operating Officer
5. Ms. Chachanee Anantwatanapong	Executive Director and General Manager-Thailand
6. Mr. Dicky Peter Yip	Independent Director and Chairman of the Audit Committee
7. Mr. Sukporn Chatchavalapong	Independent Director and Member of the Audit Committee
7. Mr. Chwan-Der Alex King	Independent Director and Member of the Audit Committee

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 2014, 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 the Duties and Powers of the Company's Executive Committee

1. To operate and manage the business of the Company in every respect according to the objectives, regulations, policies, procedures, requirements, orders and resolutions of the Meeting of the Board of Directors and/or of the Meeting of the Shareholders of the Company.

2. To consider setting forth the policy, direction and strategy of the operation of the business of the Company; to determine the financial plan and budget to be presented to the meeting of the Board of Directors and to supervise and direct the performance of the Working Committee to ensure the achievement of the established target.

3. To consider the allocation of annual budget as proposed by the Management prior to being further proposed to the Meeting of the Board of Directors of the Company for consideration and approval.

4. To have power to consider and approve funds for the normal operation of the Company's business.

5. To have power to set out policy in relation to the wage and salary structure of the Company.

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 2014, the Executive's Committee comprised of 3 Members as follows:

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

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

The Secretary to the audit committee is Ms. Pei Shean, Chang

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 2014, 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	Chief Operating Officer
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 under the Securities and Exchange Act B.E. 2551 (2008).

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.

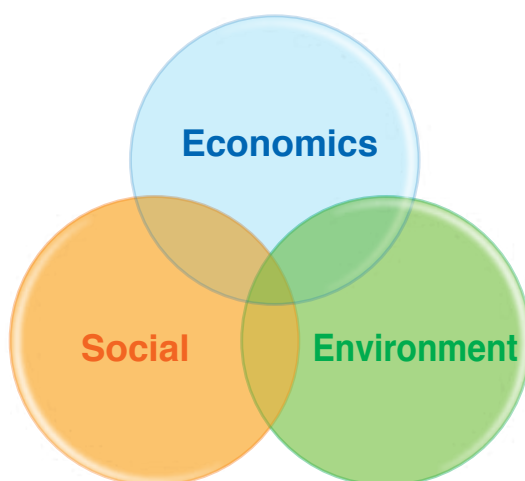
Sustainable Development

The Company has realized that its business and responsibility to society are inextricably linked. Those are the key practices to drive its sustainable growth. The Company has created strategies, governance structures, corporate policies, commitment statements and codes of conduct that embed corporate responsibility into its daily operations and manage effective stakeholder engagement process.

1. Corporate Social Responsibility

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 publics. The Company is committed to maximizing its contribution to sustainable development including the health and welfare of society with accountability to stakeholder's interest and respect for the rule of law.

The Company has implemented its corporate social responsibility practices in various aspects as follows:



Economics Success

Internal perspectives:

The Company has committed to building the strong growth and position for future growth in disposable diapers business. With its investment in the infrastructure and production facilities in the past few years, the Company has prepared for the capacity expansion to cover the increase in sales turnover and market share in South East Asia.

To sustain its business growth in the long term, the Company has managed the cost control in order to remain the competitive price in the market. In addition, more potential customers can be accessible to our products.

External perspectives:

Over the decades, the Company has operated the production facilities in Thailand, Malaysia and Indonesia; therefore, it can partly support Thai and regional local economy both directly and indirectly. The Company has increased the localization ratio for local employment and raw material to support the expansion in the long

term. In addition, the increase in its business growth and capacity of disposable diapers can replace partly the imported finished products; on the other hand, export to other countries.

Social Responsibility

Internal perspectives:

In its principles and values, the Company shall provide a healthy, safe, and positive work environment where everyone can feel valued, can learn, and is expected to consistently strive for achieving their personal best with the resources available.

The Company has applied the good labour practices and provided the workers with access to skills development, training and apprenticeships, and opportunities for career advancement, on an equal and non-discriminatory basis and also respects the family responsibilities of workers by providing reasonable working hours. In addition, the Company shall not discriminate on the basis of race, colour, gender, age, nationality, ethnic, caste, marital status, sexual orientation, or political affiliation in employment practices; this includes recruitment, selection, access to training, promotion and termination.

To prevent corruption and bribery, the Company has applied and improved policies and practices that counter corruption, facilitation payments, bribery and extortion and encourage employees and suppliers to work to oppose corruption by influencing others to adopt similar anti-corruption practices.

External perspectives:

1. Consumer Issues

The Company provides products and services to its consumers and customers with responsibilities. These responsibilities include providing education and accurate information, using fair marketing practices, concerning on protection of health and safety and promoting sustainable consumption.

When communicating with consumers, the Company is committed to not engage in any practices that are deceptive, misleading or fraudulent; clear advertising and marketing messages providing understandable information on relevant aspects of products or services. Provision of such information should be limited to circumstances where it is appropriate and practical and would assist consumers for health and safety aspects of products and services.


In protecting the health and safety of consumers, the Company shall assess the adequacy of health and safety laws, regulations, standards and other specifications in compliance with the laws and regulations.

Contributing to sustainable consumption and customer services, the Company shall review complaints and improve practices in response to these complaints and clearly communicate to consumers and offer adequate and efficient support and advice systems.

2. Community Involvement and Development

The Company contributes include creating employment through expanding and diversifying economic activities and technological development. In addition, the Company also contributes through social investments in providing community health services by donation and advice services by the expert line.

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 both baby and senior citizen clubs.



In Thailand, the Company has run the project “Feel Deeply Grateful with Certainty Adult Diaper” since 2013 and continuously in 2014. The project is purposely organized to donate medical devices for elderly patients at Ramathibodi hospital with the activity of 2 channels donation for every purchase for any consumers who bought our products and 1 Baht per 1 Like Click through Certainty Facebook for any non-consumers. The Company has donated for providing medical devices for elderly patients and its products: diapers to Ramathibodi foundation.

In November 2014, the project “Feel Deeply Grateful with Certainty Adult Diaper” has won “AMCHAM CSR Excellence Recognition 2014” award from the American Chamber of Commerce in Thailand as a project that demonstrated an understanding of the linkages between business operations and society, and conducting business in a way that creates both long-term social and economic value.

In Malaysia, PetPet brand has collaborated with the Ministry of Women, Family and Community Development of Malaysia (KPWKM) and Relief Squad of MCA (CRSM), PetPet responded to the aid of a young couple in Northern Region who had triplet babies. Pet Pet’s 1 year of product supply was given much publicity. Similarly, Certainty sponsored adult diapers to a needy elderly women in Labuan with good PR coverage and Sri Prichard Old Folks Home in East Malaysia, together with our Distributor Partner in Sabah region.

On October 21, 2014 DSGM Employees decided to chip in from their own pocket to deliver 136 cartons of diapers to Padmasambhara Children Loving Association Klang Selangor. Founded in March, 2003 with the help from a social support group, which later was approved by the Malaysian Government as an orphanage from the destitute and orphaned children in 2005 as Padmasambhava Children Loving Association Klang Selangor. As of today, the center cared for 64 orphans aged between 21 months to 23 years old and support the needs of more than 200 single mothers and others orphans who regularly approach the home for their needs.

DSGM won the Best Employer EPF Award for Selangor Region based on 3 criteria – Compliance, Size of Contribution to the Compulsory Fund, Impact that DSGM contributed back to the society where we operated.

Environmental Responsibility

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. In addition, 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.

The Company has established the guideline in managing environmental issues in the short-term and improving environmental concern continuously. With the implementation of waste segregation and energy saving projects, starting from issue identification to result evaluation. Moreover, the campaign is encouraged to all employees for environment consciousness and as special training for specific tasks.

2. Anti-Corruption Policy

The Company realizes that the anti-corruption is a main part of corporate good governance, representing the honesty, transparency and fairness for its business. Accordingly, the Company is intended to provide guidelines to all employees regarding ethical behavior when acting on behalf of the Company. The underlying principles of this code of conduct embrace the belief that high ethical standards are expected from all employees in DSG Group. The governing principle of the Company is to protect its reputation in the marketplace by adhering to fundamental business methods and practices that comply with the laws and regulations that preside over its business activities. The code of conduct is categorized as follows:

1. Confidentiality
2. Conflicts of Interest
3. Gifts/Bribery/Kickback
4. Fraudulent Activities
5. Reporting Information
6. Communication Channels

1. Confidentiality

Confidential information includes but is not limited to such things as business or marketing plans, financial data, computer software programs, information about suppliers, customers, personnel and matters generally not known to the public. This would also include confidential proprietary information like copyrights, patents or other intellectual property. All employees are expected to maintain the confidentiality of such information. Upon cessation of employment, employees must return to the Company any confidential information in their possession.

2. Conflicts of interest

A conflict of interest arises when an employee engages in any activity that advances their personal interest to the detriment of the Company's interest. It is the responsibility of the individual employee to avoid situations that compromise the interests of the Company for their benefit or personal gain.

- Assisting any competitors.
- Performing personal activities that result in any form of competition against the Company.
- Maintaining a financial interest even if passive in any organization doing business with the Company. The ownership of a nominal amount of shares of a publicly traded company does not constitute maintaining a financial interest for purposes of defining a conflict of interest.
- Using "insider" information not generally available to the public to promote personal gain.

3. Gifts/Bribery/kickback

It is inappropriate to receive any gifts as an employee from a Company business partner if there could be a reasonable appearance that receipt of such gift would influence a business relationship. However, it is proper to accept gifts of nominal value that are customarily offered to others in similar relationships. The receipt of any gift which is not nominal or customary must be reported to their immediate superior. The gift must then be either returned or disposed of and the provider be reminded in writing of the Company's policy in this area.

4. Fraudulent activities

The Company adheres to policies of "best practices" in all of its business dealings. The Company will not tolerate any form of fraud or corruption in its business activities or in the communication to the general public about any of its business activities. Employees discovered to be engaged in fraudulent or corrupt activities will be subject to termination and possibly face criminal penalties from outside law enforcement agencies.



5. Reporting information

Information of any type about the Company, but in particular financial information is always expected to be recorded and reported accurately and honestly. All officers, managers, and related parties involved with the preparation of financial data within the Company are expected to comply with the laws and standards of all regulatory bodies as they record and publish the financial results of the Company's business.

The Company is required to maintain its books and records in compliance with such standards and laws set forth by tax authorities, the Securities and Exchange Commission, the Stock Exchange of Thailand ("SET"), and any other pertinent regulatory agency. It is imperative that the financial officers of the corporation do everything possible to ensure that the books and records of the Company accurately reflect its business transactions.

The financial management of the Company is responsible for the adequate design of systems of internal controls to assure Company assets are both safe guarded and used for proper corporate purpose. Financial statements must be prepared in conformity with generally accepted accounting principles or any other required applicable standards. Any financial manager or person responsible for the filing of or dissemination of the Company's financial information is prohibited from knowingly making any false or misleading statements or omissions of fact in the preparation or presentation of such information. The Company will take every action necessary, including legal measures, to protect its assets and reputation against any employee proven to have knowingly misled the public by making false statements or omitting facts relating to the financial performance of the Company.

6. Communication Channels

If an employee knows of an unlawful or unethical situation they should immediately communicate the matter to their manager. The manager is responsible for seeing that the "complaint" is forwarded to the head of Human Resources within the Company. The Company will review the report of unlawful or unethical conduct and take necessary action. The Company will not tolerate any threats or acts of retaliation against an employee reporting unlawful or unethical conduct.

Application of the Code of Conduct

This Code of Conduct applies to all directors, officers and employees of the Company as well as to the partners with whom it does business. The purpose of this Code is to affirm the Company's strong dedication to expressing the highest standards of business conduct everywhere it transacts business. Failure to comply with the standards contained in the Code will result in disciplinary action that includes possible termination of employment. The Company will refer incidents of fraudulent or corrupt behavior to public authorities for possible future action to be taken. No Code of Conduct can address all specific situations. It is, therefore, every employee's responsibility to apply the principles set forth in this Code and to exercise good business judgment. Ethical behavior is good for our business. It fosters a healthy competitive environment and customer respect and loyalty.

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 2014, the Company delivered the meeting invitation letter to the shareholders on April 9, 2014 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 2014, the Company posted the meeting invitation letter on the Company website on April 9, 2014;
- Set the venue and the appropriate time that is convenient for every shareholder to attend the meeting. In 2014, the Company held the Annual General Meeting of Shareholders No. 1/2014 on April 24, 2014 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 2014, the Company had informed the resolution of the meeting on April 24, 2014 and published the minutes of the meeting on the company website on May 8, 2014;
- 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 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 2014, the Company has conducted various presentation through company visits, conference calls, Opportunity Day (in March and September) 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, 2014)
 - 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 2014, there were totally 5 Board of Directors meetings. and 1 Annual General Shareholders' Meeting (AGM). 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 2014, The meeting attendance is as follows:

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

*Remarks : Mr. Dicky Peter Yip was appointed as Chairman of the Audit Committee, replacing Mr. Sukporn Chatchavalapong who has occupied long services as Chairman of the Audit Committee since 2009, effective from February 28, 2014. The said appointment was approved in the Board of Directors' Meeting No.1/2014, held on February 27, 2014 and in the Annual General Meeting No.1/2014, held on April 24, 2014.

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.1/2014 held on April 24, 2014 approved the directors remuneration for year 2014 by approving the remuneration for the three Independent Directors and Member of the Audit Committee at Baht 545,000 each which is Baht 300,000 for fixed annual fee and Baht 245,000 for variable meeting allowance. Other directors are not entitled to receive the remuneration.

Report of the Audit Committee

The Audit Committee (“Committee”) of DSG International (Thailand) Public Company Limited (“Company”) consists of three independent directors, with Mr. Dicky Peter Yip as the Chairman, Mr. Sukporn Chatchavalapong and Mr. Chwan-Der Alex King as members of the Audit Committee respectively. All Audit Committee members are knowledgeable and experienced in finance and organization management and duly qualified in accordance with the requirements by the Stock Exchange of Thailand.

The Audit Committee have performed and carried out four (4) meetings for year 2014 to review the correctness of financial statements, Audit Report, internal control system, supervision of internal audit, related transactions, compliance with the law of the Securities and Exchange Commission and the law related to the company's business and review to confirm the compliance of the company with the International Financial Reporting Standard (IFRS). The significant points of such reviews by the Audit Committee are summarized as follows:

1. Reviewed the financial statements of the company and its subsidiaries on both quarterly and yearly basis for 2014, to ensure their compliance with the accounting standards requirements, and the disclosure of the notes to the financial statements in accordance with the financial reporting standards. As the result in line with the opinions by the independent auditors from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Audit Committee concluded that, those financial statements are fairly presented substantial context in accordance with Thai Financial Reporting Standards. Those information were also deemed to have been disclosed in an adequate and timely basis.

2. Reviewed of the related party transactions and the transactions with possible conflict of interests. The Audit Committee concluded that those transactions were duly conducted based on regular business terms for the best interests of the Company, whose transaction details were properly disclosed in accordance with the requirements of The Securities and Exchange Commission.

3. The Audit Committee approved the scope of work and the annual audit plan of the Company's internal audit for the year 2014. The performances of the internal audit were regularly monitored, with both risk management and internal controls being taken into consideration. Constant advices were given to the Company's internal audit on various matters for the improvement of internal audit systems and efficiency of their performances.

The Audit Committee has reviewed the adequacy of the Company's internal control system in 2014 to ensure that it would drive the Company's operations to meet the preset targets and objective. The Company has consistently monitored the work improvements subject to comments in the auditing report, and opinions of the Audit Committee. Also, the internal control system has been improved to be in line with changing circumstances. The Audit Committee is of opinion that the internal control system of the Company has been adequate and efficient.

In the view of the Audit Committee, the Company's overall internal control systems are currently adequate. The Audit Committee opined that the Company observed good governance in providing accuracy and credibility of financial statements and accountancy in the compliance to the 2014 regulations which related to the business.



Mr. Dicky Peter Yip
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 of Directors.

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 2014 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

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, 2014, 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, 2014, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

BANGKOK
February 25, 2015

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

Financial Statements

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	193,661,343	317,185,201	157,282,958	234,750,633
Trade and other receivables					
Trade receivables	5 and 22	1,714,119,187	1,656,021,866	1,339,632,682	1,435,599,925
Other receivables		47,402,614	75,300,965	68,030,083	73,192,672
Short-term loan to a subsidiary	22	-	-	-	29,998,220
Inventories	6	1,185,833,980	1,013,757,072	668,702,255	528,107,162
Other current assets		84,285,502	100,572,473	20,011,512	24,474,509
Total Current Assets		3,225,302,626	3,162,837,577	2,253,659,490	2,326,123,121
NON-CURRENT ASSETS					
Receivable - a subsidiary	5	-	-	167,472,300	-
Investments in subsidiaries	7 and 22	-	-	102,814,901	250,821,024
Long-term loan to a subsidiary	22	-	-	420,976,247	244,418,012
Leasehold rights	8	203,220,604	217,613,788	67,578,509	70,161,127
Advance payments for purchases of					
fixed assets		13,421,717	6,114,293	11,352,443	1,438,620
Property, plant and equipment	9	3,711,909,215	3,064,570,408	2,370,656,019	1,819,843,563
Intangible assets	10	30,856,502	30,814,428	10,114,408	8,029,400
Deferred tax assets	11	79,945,618	29,586,073	1,287,146	997,329
Other non-current assets					
- Deposit for lease of warehouse	28.2	88,922,702	88,922,702	88,922,702	88,922,702
- Other deposits		1,905,196	4,364,216	1,667,306	1,817,450
Total Non-current Assets		4,130,181,554	3,441,985,908	3,242,841,981	2,486,449,227
TOTAL ASSETS		7,355,484,180	6,604,823,485	5,496,501,471	4,812,572,348

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	12	1,287,434,481	1,480,090,350	910,101,935	1,259,709,006
Trade and other payables	13 and 22	1,620,590,447	1,464,134,229	1,095,344,497	920,868,851
Current portion of long-term borrowings	14	370,496,786	251,251,810	273,504,000	131,800,000
Income tax payable		5,545,314	4,842,859	5,542,468	4,813,557
Other current liabilities		21,213,195	21,233,518	17,539,543	16,942,480
Total Current Liabilities		<u>3,305,280,223</u>	<u>3,221,552,766</u>	<u>2,302,032,443</u>	<u>2,334,133,894</u>
NON-CURRENT LIABILITIES					
Long-term borrowings	14	1,388,801,369	995,275,108	590,059,600	227,278,600
Employee benefit obligations	15.1	30,490,641	26,537,984	14,900,410	21,793,078
Other non-current liabilities	16	120,107,470	43,423,179	90,447,218	43,423,179
Total Non-current Liabilities		<u>1,539,399,480</u>	<u>1,065,236,271</u>	<u>695,407,228</u>	<u>292,494,857</u>
TOTAL LIABILITIES		<u>4,844,679,703</u>	<u>4,286,789,037</u>	<u>2,997,439,671</u>	<u>2,626,628,751</u>

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	18				
Authorized share capital					
1,259,999,988 ordinary shares of					
Baht 1 each		<u>1,259,999,988</u>		<u>1,259,999,988</u>	
900,000,000 ordinary shares of					
Baht 1 each			<u>900,000,000</u>		<u>900,000,000</u>
Issued and paid-up share capital					
1,259,999,795 ordinary shares of					
Baht 1 each		1,259,999,795		1,259,999,795	
899,999,991 ordinary shares of					
Baht 1 each			899,999,991		899,999,991
PREMIUM ON ORDINARY SHARES		173,974,474	173,974,474	173,974,474	173,974,474
PREMIUM ON TREASURY SHARES	17	71,594,089	71,594,089	71,594,089	71,594,089
RETAINED EARNINGS					
Appropriated					
Legal reserve	19	126,000,000	90,000,000	126,000,000	90,000,000
Unappropriated		960,203,409	1,139,043,579	867,493,442	950,375,043
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translation					
of the financial statements of					
foreign subsidiaries		-23,996,230	393,382	-	-
Differences between the					
carrying amounts of investments					
and costs of acquisition	7	<u>-56,971,081</u>	<u>-56,971,081</u>	<u>-</u>	<u>-</u>
Equity attributable to shareholders of parent		2,510,804,456	2,318,034,434	2,499,061,800	2,185,943,597
Non-controlling interests		<u>21</u>	<u>14</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,510,804,477</u>	<u>2,318,034,448</u>	<u>2,499,061,800</u>	<u>2,185,943,597</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>7,355,484,180</u></u>	<u><u>6,604,823,485</u></u>	<u><u>5,496,501,471</u></u>	<u><u>4,812,572,348</u></u>

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
Revenue from sales		8,265,343,643	7,540,646,424	5,743,437,909	5,079,873,998
Cost of sales		<u>-5,381,481,545</u>	<u>-4,853,068,435</u>	<u>-3,556,239,448</u>	<u>-3,097,733,000</u>
Gross profit		2,883,862,098	2,687,577,989	2,187,198,461	1,982,140,998
Dividend income	21 and 22	-	-	26,665,238	60,634,384
Other income	23	38,454,173	34,221,348	47,397,203	36,899,719
Selling expenses		-1,956,281,411	-1,735,468,047	-1,297,239,711	-1,163,241,642
Administrative expenses		-426,933,876	-419,040,328	-242,595,476	-267,017,536
Loss on impairment of investment in a subsidiary	7 and 22	-	-	-148,006,123	-
Net gain (loss) on exchange rate		-23,636,532	-25,247,310	28,093,334	43,159,342
Finance costs		<u>-110,406,149</u>	<u>-87,099,649</u>	<u>-51,890,857</u>	<u>-55,453,980</u>
Profit before income tax expenses		405,058,303	454,944,003	549,622,069	637,121,285
Income tax income (expense)	11	<u>32,042,393</u>	<u>31,835,771</u>	<u>-17,316,758</u>	<u>-11,305,369</u>
PROFIT FOR THE YEAR		437,100,696	486,779,774	532,305,311	625,815,916
OTHER COMPREHENSIVE INCOME					
Actuarial gain (loss) for employee benefit obligation - net of tax	11 and 15	3,259,112	-4,114,032	4,013,059	-4,114,032
Exchange differences on translation of financial statements of foreign subsidiaries		<u>-24,389,612</u>	<u>11,440,542</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>415,970,196</u>	<u>494,106,284</u>	<u>536,318,370</u>	<u>621,701,884</u>
PROFIT ATTRIBUTABLE TO					
Owners of the parent		437,100,689	486,779,775	532,305,311	625,815,916
Non-controlling interests		<u>7</u>	<u>-1</u>	<u>-</u>	<u>-</u>
		<u>437,100,696</u>	<u>486,779,774</u>	<u>532,305,311</u>	<u>625,815,916</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of the parent		415,970,189	494,106,285	536,318,370	621,701,884
Non-controlling interests		<u>7</u>	<u>-1</u>	<u>-</u>	<u>-</u>
		<u>415,970,196</u>	<u>494,106,284</u>	<u>536,318,370</u>	<u>621,701,884</u>
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013 "Restated"	2014	2013 "Restated"
Basic earnings per share	18	0.35	0.39	0.42	0.50
Number of ordinary shares		1,259,999,795	1,259,999,795	1,259,999,795	1,259,999,795

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, 2014
CONSOLIDATED FINANCIAL STATEMENTS

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				Total attribution to shareholders of the Parent
				Appropriated	Unappropriated	Exchange differences on translation of the financial statements of foreign subsidiaries	Difference between the carrying amounts of investments and costs of acquisition			
BEGINNING BALANCES AS AT JANUARY 1, 2013	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	-	2,062,428,148
Dividends paid	-	-	-	-	-238,499,999	-	-	-238,499,999	-	-238,499,999
Non-controlling interests	-	-	-	-	-	-	-	-	15	15
- DSG Management Services (Thailand) Co., Ltd.	-	-	-	-	-	-	-	-	-1	494,106,284
Total comprehensive income for the year	899,999,991	173,974,474	71,594,089	90,000,000	1,139,043,579	393,382	-56,971,081	2,318,034,434	14	2,318,034,448
Ending balances as at December 31, 2013										
BEGINNING BALANCES AS AT JANUARY 1, 2014	899,999,991	173,974,474	71,594,089	90,000,000	1,139,043,579	393,382	-56,971,081	2,318,034,434	14	2,318,034,448
Ordinary share dividend	359,999,804	-	-	-	-359,999,804	-	-	-	-	-
Dividends paid	-	-	-	-	-223,200,167	-	-	-223,200,167	-	-223,200,167
Legal reserve	-	-	-	36,000,000	-36,000,000	-	-	-	-	-
Total comprehensive income for the year	1,259,999,795	173,974,474	71,594,089	126,000,000	440,359,801	-24,389,612	-	415,970,189	7	415,970,196
Ending balances as at December 31, 2014									21	2,510,804,477

UNIT : BAHT

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, 2014

SEPARATE FINANCIAL STATEMENTS

UNIT : BAHT							
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings		Total shareholders' equity
					Appropriated	Unappropriated	
					Legal reserve		
BEGINNING BALANCES AS AT JANUARY 1, 2013							
Dividends paid	21	899,999,991	173,974,474	71,594,089	90,000,000	567,173,158	1,802,741,712
Total comprehensive income for the year		-	-	-	-	-238,499,999	-238,499,999
Ending balances as at December 31, 2013		<u>899,999,991</u>	<u>173,974,474</u>	<u>71,594,089</u>	<u>90,000,000</u>	<u>621,701,884</u>	<u>2,185,943,597</u>
BEGINNING BALANCES AS AT JANUARY 1, 2014							
Ordinary share dividends	18	899,999,991	173,974,474	71,594,089	90,000,000	950,375,043	2,185,943,597
Dividends paid	21	359,999,804	-	-	-	-359,999,804	-
Legal reserve	19	-	-	-	-	-223,200,167	-223,200,167
Total comprehensive income for the year		-	-	-	36,000,000	-36,000,000	-
Ending balances as at December 31, 2014		<u>1,259,999,795</u>	<u>173,974,474</u>	<u>71,594,089</u>	<u>126,000,000</u>	<u>536,318,370</u>	<u>2,499,061,800</u>

UNIT : BAHT

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax expense		405,058,303	454,944,003	549,622,069	637,121,285
Adjustments for:					
Depreciation and amortization		234,032,927	179,536,707	149,265,456	121,661,628
(Gain) loss on sales of fixed assets		-1,132,516	2,671,953	-1,155,278	472,972
(Reversal) of doubtful accounts		-111,045	-1,951,561	-50,000	-600,000
Employment benefit obligation expense		10,823,413	7,096,357	7,278,672	5,798,608
Loss on decline in value of inventories (reversal)		-8,145,845	4,423,713	-8,145,845	4,423,713
Unrealized (gain) loss on exchange rate		19,457,939	597,959	-5,512,779	-17,558,007
Dividend income from investments in subsidiaries		-	-	-26,665,238	-60,634,384
Interest income		-1,110,037	-2,505,377	-19,352,189	-12,120,255
Interest expense		110,406,149	87,099,649	51,890,857	55,453,980
Loss on impairment of investment in a subsidiary		-	-	148,006,123	-
Profit from operations before changes					
in operating assets and liabilities		769,279,288	731,913,403	845,181,848	734,019,540
Operating assets (increase) decrease					
Trade and other receivables		-36,858,251	176,651,626	-61,711,844	35,169,675
Inventories		-163,931,063	-229,402,913	-132,449,248	-105,392,496
Other current assets		16,286,971	-13,663,703	4,462,997	-6,322,963
Deposit for lease of warehouse	28.2	-	-43,041,016	-	-43,041,016
Other deposits		2,459,020	8,203,842	150,144	4,709,528
Operating liabilities increase (decrease)					
Trade and other payables		16,015,766	113,521,479	87,197,210	126,988,984
Other current liabilities		122,082	2,693,987	597,063	-149,912
Cash paid for employee benefits		-3,583,995	-3,033,099	-10,108,466	-3,001,200
Cash received from operations		599,789,818	743,843,606	733,319,704	742,980,140
Interest received		1,110,037	2,505,377	4,483,027	2,831,860
Cash paid for interest		-113,899,183	-86,468,310	-53,273,324	-55,546,594
Cash paid for income tax		-19,786,812	-68,366,214	-16,927,477	-30,502,867
Net cash provided by operating activities		467,213,860	591,514,459	667,601,930	659,762,539

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash payment for investment in a subsidiaries		-	-	-	-9,999,985
Dividends received from subsidiaries		-	-	26,665,238	60,634,384
Cash payments for leasehold right		-	-4,323,456	-	-
Cash payments for long-term loan to subsidiaries		-	-	-173,616,400	-124,959,198
Cash payment for purchases of fixed and intangible assets	4.2	-733,719,870	-815,964,145	-554,588,026	-422,642,190
Cash payments in advance for purchases of fixed assets		-11,352,443	-3,899,888	-11,352,443	-1,438,620
Proceeds from sales of fixed assets		1,428,439	350,242	1,380,814	77,811
Cash received from short-term loan to a related company		-	-	27,983,210	-
Net cash used in investing activities		<u>-743,643,874</u>	<u>-823,837,247</u>	<u>-683,527,607</u>	<u>-498,327,798</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions		-185,875,662	394,664,246	-342,826,831	278,735,361
Repayments of finance lease obligation		-	-204,000	-	-204,000
Repayments of long-term borrowings from financial institutions		-240,107,974	-206,935,274	-144,125,000	-206,935,274
Proceeds from long-term borrowings from financial institutions		796,437,733	489,997,299	648,610,000	200,430,000
Dividends paid		-223,200,167	-238,499,999	-223,200,167	-238,499,999
Cash received fro non-controlling interest		-	15	-	-
Net cash provided by (used in) financing activities		<u>147,253,930</u>	<u>439,022,287</u>	<u>-61,541,998</u>	<u>33,526,088</u>
Exchange differences on translation of the financial statements of foreign subsidiaries		<u>5,652,226</u>	<u>26,853,784</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>-123,523,858</u>	<u>233,553,283</u>	<u>-77,467,675</u>	<u>194,960,829</u>
Cash and cash equivalents as at January 1,		<u>317,185,201</u>	<u>83,631,918</u>	<u>234,750,633</u>	<u>39,789,804</u>
Cash and cash equivalents as at December 31,	4.1	<u><u>193,661,343</u></u>	<u><u>317,185,201</u></u>	<u><u>157,282,958</u></u>	<u><u>234,750,633</u></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, 2014

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, Kwaeng Lumpini, Khet Pathumwan, Bangkok and the factory is located at No. 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 its 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 FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) 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 the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

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.

2.3 Basis for preparation of the consolidated financial statements

The consolidated financial statements for the years ended December 31, 2014 and 2013 include the financial statements of the Company and its subsidiaries in which the Company has control or invested over 50% of their voting rights. These subsidiaries are detailed as follows:

Company's name	Major business	Country of incorporation	Number of shares As at December 31, 2014 and 2013	Percentage of shareholding As at December 31, 2014 and 2013
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	3,000,003	100
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	3,400,002	100
PT DSG Surya Mas Indonesia	Manufacture and sell disposable baby diapers and adult incontinent products	Indonesia	11,000	100
Disposable Soft Goods (S) Pte Ltd.	Provide agency services in respect of introduction, promotion, co-ordination and sell disposable baby diapers and adult incontinent products	Singapore	1,500,000	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, 2014 and 2013 have included the subsidiaries' financial statements for the years ended December 31, 2014 and 2013, which were audited.

2.4 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the periods beginning on or after January 1, 2014 onwards, as follows:

Thai Accounting Standards ("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 Venture
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible assets

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2012)	Share-Based Payments
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 Standards Interpretations (“TSIC”)

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

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

Above TFRSs have no material impact on these financial statements.

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2014), which was announced in the Royal Gazette and effective from October 15, 2014 onwards to replace the Accounting Framework (Revised 2009). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting periods beginning on or after January 1, 2015 onwards as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts

Thai Accounting Standards (“TAS”) (Continued)

TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share-Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or Its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. TAS 19 (Revised 2014) - Employee benefits
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard (TFRS), which is effective for the accounting periods beginning on or after January 1, 2016 onwards as follows:

Thai Financial Reporting Standards (“TFRS”)

TFRS 4 (Revised 2014) Insurance Contracts

The Company’s and its subsidiaries’ management will adopt the above TFRSs relevant to the Company in the preparation of the Company’s and its subsidiaries’ financial statements when they become effective. The management is in the process to assess the impact of these TFRSs on the financial statements of the Company and its subsidiaries in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the significant 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 the 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 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 the 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 the 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 is recognized as the cost of assets and depreciated 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 or 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 and 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 will reverse 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 exchange differences are recognized in other comprehensive income.

3.10 Financial instrument

The Company and its subsidiaries entered into forward foreign exchange contracts to manages foreign exchange rate risk. Further details of financial instrument are disclosed in Notes 29 and 30.

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. Warehouse rental is charged as an expense to the statement of comprehensive income using the rental charges as stipulated in the lease agreements. The rental charges will be fixed for 3 years and are adjusted every 3 years. The increase rates are estimated from the expected inflation rate.

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

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 as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. 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 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 asset is recognized 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 asset against current tax liabilities and the Company intends to settle such current tax liability and asset on a net basis or intends to recognize the asset and settle the liability simultaneously.

Current and deferred tax are recognized as income or expense 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, liabilities and 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. Significant accounting estimates are as follows:

Impairment of investment

The carrying amounts of the investment in a subsidiary is reviewed at the end of each reporting period in consistent with Thai Accounting Standard No. 36 (Revised 2012) "Impairment of Assets". 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 or 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.

Details of the impairment loss calculation are set out in Note 7.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Cash on hand	129,757	126,858	20,000	20,000
Cash at banks - current and savings accounts	193,531,586	300,757,442	157,262,958	218,429,732
Cash in transit	-	16,300,901	-	16,300,901
	<u>193,661,343</u>	<u>317,185,201</u>	<u>157,282,958</u>	<u>234,750,633</u>

4.2 Liabilities incurred from acquisition of fixed and intangible assets

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Liabilities incurred from acquisition of fixed and intangible assets as at January 1,	176,583,723	182,638,508	143,012,377	122,299,041
<u>Add</u> Purchases of fixed and intangible assets	951,006,723	877,328,026	699,805,839	506,623,393
<u>Less</u> Provision for dismantling, removing and restoring the site	(800,000)	-	(800,000)	-
Cash payments	(733,157,100)	(815,093,853)	(554,025,256)	(422,642,190)
Cash payments for interest paid which is capitalized as fixed assets	(562,770)	(870,292)	(562,770)	-
Advance payments for purchases of machine paid in the prior period	<u>(4,043,593)</u>	<u>(67,418,666)</u>	<u>(1,438,620)</u>	<u>(63,267,867)</u>
Liabilities incurred from acquisition of fixed and intangible assets as at December 31,	<u>389,026,983</u>	<u>176,583,723</u>	<u>285,991,570</u>	<u>143,012,377</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	272,854,513	136,295,544	199,479,352	102,724,198
- Other non-current liabilities (see Note 16)	<u>116,172,470</u>	<u>40,288,179</u>	<u>86,512,218</u>	<u>40,288,179</u>
Total liabilities incurred from acquisition of fixed and intangible assets	<u>389,026,983</u>	<u>176,583,723</u>	<u>285,991,570</u>	<u>143,012,377</u>

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

	Unit: Million			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
The unused bank overdrafts and short-term loan facilities from financial institutions				
- Baht currency	3,126.77	2,275.29	3,126.77	2,275.29
- Malaysian Ringgit currency ^{(1) (3)}	11.00	17.71	-	-
- US Dollar currency ⁽²⁾	3.70	3.71	-	-
The unused long-term loan facilities from financial institutions				
- Baht currency	105.19	38.80	105.19	38.80
- Malaysian Ringgit currency ⁽³⁾	6.48	31.32	-	-
The unused credit facility of bank guarantee				
- Baht currency	9.05	0.70	9.05	0.70

⁽¹⁾ The Company issued the letter of guarantee in the amount of 17 million Malaysian Ringgit to an overseas financial institution as collateral for credit facilities of DSG (Malaysia) Sdn Bhd. 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. On May 22, 2013, the Company issued the letters of guarantee in the amount of 6 million Malaysian Ringgit and 4 million Malaysian Ringgit as collateral for credit facilities of Disposable Soft Goods (Malaysia) Sdn Bhd and DSG (Malaysia) Sdn Bhd, respectively.

⁽²⁾ The Company issued the letter of guarantee in the amount of USD 7.6 million to an overseas financial institution as collateral for facility of PT DSG Surya Mas Indonesia. PT DSG Surya Mas Indonesia pledged its land, buildings, machinery, equipment, inventories and receivables in the amount of 50,360 million Indonesia Rupiah and pledged machinery and equipment in the amount of USD 3.25 million as collateral.

⁽³⁾ The Company and Disposable Soft Goods (Malaysia) Sdn Bhd issued the letter of guarantee in the amount of USD 39.76 million and 128.21 million Malaysian Ringgit, respectively, to a financial institution, 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 41.58 million Malaysian Ringgit.

5. 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, 2014			As at December 31, 2013		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	48,750,922	1,410,905,216	1,459,656,138	21,766,277	1,441,101,120	1,462,867,397
Overdue						
Less than or up to 3 months	-	234,684,083	234,684,083	24,810,199	150,669,459	175,479,658
Over 3 months up to 6 months	-	10,393,367	10,393,367	7,210,892	11,168,673	18,379,565
Over 6 months up to 12 months	-	7,216,198	7,216,198	-	535,247	535,247
Over 12 months	-	12,372,801	12,372,801	-	9,207,350	9,207,350
Total	48,750,922	1,675,571,665	1,724,322,587	53,787,368	1,612,681,849	1,666,469,217
<u>Less</u> Allowance for doubtful accounts	-	(10,203,400)	(10,203,400)	-	(10,447,351)	(10,447,351)
Trade receivables	48,750,922	1,665,368,265	1,714,119,187	53,787,368	1,602,234,498	1,656,021,866

SEPARATE FINANCIAL STATEMENTS	As at December 31, 2014			As at December 31, 2013		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	59,013,702	1,068,447,963	1,127,461,665	56,683,628	1,018,008,122	1,074,691,750
Overdue						
Less than or up to 3 months	8,380,619	205,030,721	213,411,340	136,293,119	125,495,507	261,788,626
Over 3 months up to 6 months	9,957,127	-	9,957,127	36,900,491	-	36,900,491
Over 6 months up to 12 months	29,371,269	-	29,371,269	6,674,535	-	6,674,535
Over 12 months	126,903,581	9,147,747	136,051,328	55,677,430	9,197,747	64,875,177
Total	233,626,298	1,282,626,431	1,516,252,729	292,229,203	1,152,701,376	1,444,930,579
<u>Less</u> Allowance for doubtful accounts	-	(9,147,747)	(9,147,747)	-	(9,330,654)	(9,330,654)
Trade receivables	233,626,298	1,273,478,684	1,507,104,982	292,229,203	1,143,370,722	1,435,599,925

Presented in the financial statements as follows:

Trade receivables - current assets	66,153,998	1,273,478,684	1,339,632,682	292,229,203	1,143,370,722	1,435,599,925
Receivables - subsidiary non-current assets	167,472,300	-	167,472,300	-	-	-
	233,626,298	1,273,478,684	1,507,104,982	292,229,203	1,143,370,722	1,435,599,925

Receivables - PTDSG Surya Mas Indonesia as at December 31, 2014 amounting to Baht 167.47 million, the Company anticipated to be collectible after 12 months and presented as receivable - a subsidiary in non-current assets.

The Company entered into an agreement to transfer the right of collection of the sales invoices of customers 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 receivables above as at December 31, 2014 and 2013 are Baht 171.28 million and Baht 16.79 million, respectively.

As at December 31, 2014 and 2013, 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 12 and 14).

6. INVENTORIES

Inventories as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Raw materials	406,805,954	371,167,297	195,224,912	187,434,904
Work in process	15,823,370	-	15,823,370	-
Finished goods	494,888,242	401,488,211	253,601,557	195,670,184
Spare parts and supplies	124,063,973	75,575,138	78,997,581	31,367,581
	<u>1,041,581,539</u>	<u>848,230,646</u>	<u>543,647,420</u>	<u>414,472,669</u>
<u>Less</u> Allowance for loss on diminution in value of inventories	(191,061)	(8,336,906)	(191,061)	(8,336,906)
	<u>1,041,390,478</u>	<u>839,893,740</u>	<u>543,456,359</u>	<u>406,135,763</u>
<u>Add</u> Goods in transit	144,443,502	173,863,332	125,245,896	121,971,399
Inventories	<u>1,185,833,980</u>	<u>1,013,757,072</u>	<u>668,702,255</u>	<u>528,107,162</u>

For the years ended December 31, 2014 and 2013, costs of inventories of the Company and its subsidiaries recognized as cost of sales in the statement of comprehensive income are Baht 5,389 million and Baht 4,848 million, respectively.

For the years ended December 31, 2014 and 2013, costs of inventories of the Company recognized as cost of sales in the separate financial statements are Baht 3,564 million and Baht 3,093 million, respectively.

For the year ended December 31, 2014, cost of inventories of the Company recognized as cost of the sales in the separate financial statements included the reversal of allowance for diminution in value of inventories of Baht 8.15 million. For the year ended December 31, 2013, cost of inventories of the Company recognized as cost of the sales in the separate financial statements included the loss for diminution in value of inventories of Baht 4.42 million.

As at December 31, 2014 and 2013, 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 12 and 14).

7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Company's name	Major business	Country of incorporation	% of shareholding As at December 31, 2014 and 2013	Consolidated financial statement Difference between the carrying amounts of investments and costs of acquisition As at December 31, 2014 and 2013 Baht	Separate financial statements At cost As at December 31, Baht	
					2014	2013
Disposable Soft Goods (Malaysia) Sdn Bhd	Sell disposable baby diapers and adult incontinent products	Malaysia	100	9,287,656	4,826,516	4,826,516
DSG (Malaysia) Sdn Bhd	Manufacture and sell disposable baby diapers and adult incontinent products	Malaysia	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	(62,549,931)	148,006,123	148,006,123
Disposable Soft Goods (S) Pte Ltd.	Provide agency services in respect of introduction, promotion, co-ordination and sell disposable baby diapers and adult incontinent products	Singapore	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	9,999,985
<u>Less</u> Allowance for impairment of investment - PT DSG Surya Mas Indonesia				-	(148,006,123)	-
Total investments in subsidiaries				(56,971,081)	102,814,901	250,821,024

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 shares in December 2010 and is included in the other components of shareholders' equity account under shareholders' equity heading in the consolidated statement of financial position.

PT DSG Surya Mas Indonesia

As at December 31, 2014, in consistent with Thai Accounting Standard No. 36 (Revised 2012) “Impairment of Assets”, the Company has made an assessment of impairment loss to investment in PT DSG Surya Mas Indonesia, and recorded impairment loss of investment in a subsidiary amounting to Baht 148 million in the separate statement of comprehensive income for the year ended December 31, 2014 which the Company assessed such subsidiary’s value from the forecasted cash flow covering a period of 7 years and using the discount rate at 13.50%. However, the Company firmly believes that the long-term strategic investment in such subsidiary could increase the shareholder’s value and remain optimistic on the prospect of its business in Indonesia.

Disposable Soft Goods (S) Pte Ltd.

Disposable Soft Goods (S) Pte Ltd. has retained deficit as at December 31, 2014 and 2013 of Baht 27.83 million and Baht 24.26 million, respectively. However, the management has reorganized the business structure of Disposable Soft Goods (S) Pte Ltd. to support the sales of the group in other countries. The subsidiary is establishing its exports market and business to other countries and expects to generate the profit in the future.

8. LEASEHOLD RIGHTS

Leasehold rights consists of:

As at December 31, 2014

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2014	Additions	Disposals	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2014
	Baht	Baht	Baht	Baht	Baht
Cost:					
Leasehold right – Land	148,982,252	-	(2,174,095)	(8,031,476)	138,776,681
Leasehold right – Residence unit	75,972,017	-	-	-	75,972,017
Total cost	<u>224,954,269</u>	<u>-</u>	<u>(2,174,095)</u>	<u>(8,031,476)</u>	<u>214,748,698</u>
Accumulated amortization:					
Leasehold right – Land	(1,529,591)	(1,802,758)	21,827	175,936	(3,134,586)
Leasehold right – Residence unit	(5,810,890)	(2,582,618)	-	-	(8,393,508)
Total accumulated amortization	<u>(7,340,481)</u>	<u>(4,385,376)</u>	<u>21,827</u>	<u>175,936</u>	<u>(11,528,094)</u>
Leasehold rights	<u>217,613,788</u>				<u>203,220,604</u>

As at December 31, 2013

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Additions	Disposals	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	<u>219,933,662</u>	<u>5,193,748</u>	<u>-</u>	<u>(173,141)</u>	<u>224,954,269</u>
Accumulated amortization:					
Leasehold right – Land	-	(1,496,761)	-	(32,830)	(1,529,591)
Leasehold right – Residence unit	<u>(3,228,272)</u>	<u>(2,582,618)</u>	<u>-</u>	<u>-</u>	<u>(5,810,890)</u>
Total accumulated amortization	<u>(3,228,272)</u>	<u>(4,079,379)</u>	<u>-</u>	<u>(32,830)</u>	<u>(7,340,481)</u>
Leasehold rights	<u>216,705,390</u>				<u>217,613,788</u>
Amortization for the years					
2014				Baht	<u>4,385,376</u>
2013				Baht	<u>4,079,379</u>

As at December 31, 2014

SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2014	Additions	Disposals	Balance as at December 31, 2014
	Baht	Baht	Baht	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	(5,810,890)	(2,582,618)	-	(8,393,508)
Total accumulated amortization	<u>(5,810,890)</u>	<u>(2,582,618)</u>	<u>-</u>	<u>(8,393,508)</u>
Leasehold right	<u>70,161,127</u>			<u>67,578,509</u>

As at December 31, 2013

SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Additions	Disposals	Balance as at December 31, 2013
	Baht	Baht	Baht	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	<u>72,743,745</u>			<u>70,161,127</u>
Amortization for the years				
2014				Baht 2,582,618
2013				Baht <u>2,582,618</u>

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 year 2011, DSG (Malaysia) Sdn Bhd entered into the long-term land lease agreement for its plant. The price of such land is 14.41 million Malaysian Ringgit (equivalent to Baht 143.96 million). In 2013, the Company paid the transferring fee in amount of 0.53 million Malaysian Ringgit (equivalent to Baht 5.19 million). The lease term is 83 years until April 9, 2094.

As at December 31, 2014 and 2013, 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 12 and 14).

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

As at December 31, 2014

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2014	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2014
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	36,181,051	-	-	-	(31,742)	36,149,309
Building	919,525,327	1,041,906	-	820,590	(42,992,518)	878,395,305
Building improvements	66,707,327	3,115,386	-	97,103,826	(1,423,259)	165,503,280
Machinery and equipment	2,496,549,975	21,771,961	(6,752,545)	782,528,320	(57,339,035)	3,236,758,676
Furniture and fixture	43,087,042	1,101,585	(472,163)	8,917,773	(569,648)	52,064,589
Motor vehicles	12,093,329	1,473,116	(3,287,788)	-	(176,030)	10,102,627
Total cost	<u>3,574,144,051</u>	<u>28,503,954</u>	<u>(10,512,496)</u>	<u>889,370,509</u>	<u>(102,532,232)</u>	<u>4,378,973,786</u>
Accumulated depreciation:						
Building	(105,556,355)	(31,171,533)	-	-	2,088,665	(134,639,223)
Building improvements	(9,646,989)	(10,534,667)	-	-	356,743	(19,824,913)
Machinery and equipment	(849,711,637)	(167,951,591)	6,456,651	-	19,258,811	(991,947,766)
Furniture and fixture	(28,929,058)	(7,661,104)	472,136	-	162,037	(35,955,989)
Motor vehicles	(10,579,514)	(1,097,526)	3,287,786	-	110,740	(8,278,514)
Total accumulated depreciation	<u>(1,004,423,553)</u>	<u>(218,416,421)</u>	<u>10,216,573</u>	<u>-</u>	<u>21,976,996</u>	<u>(1,190,646,405)</u>
Building under construction and machine						
and equipment under installation	<u>494,849,910</u>	<u>910,040,476</u>	<u>-</u>	<u>(889,370,509)</u>	<u>8,061,957</u>	<u>523,581,834</u>
Property, plant and equipment	<u>3,064,570,408</u>					<u>3,711,909,215</u>

As at December 31, 2013

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2013	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2013
	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 fixture	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 fixture	(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>
Depreciation for the years						
2014					Baht	<u>218,416,421</u>
2013					Baht	<u>164,649,191</u>

As at December 31, 2014

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2014 Baht
	Balance as at	Additions	Disposals	Transfer in/ (Transfer out)	
	January 1, 2014 Baht	Baht	Baht	Baht	
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	175,258,311	-	-	-	175,258,311
Building improvements	50,889,891	1,213,147	-	88,230,310	140,333,348
Machinery and equipment	1,795,313,670	14,764,020	(5,917,416)	324,798,707	2,128,958,981
Furniture and fixture	32,500,244	424,083	(472,163)	821,995	33,274,159
Motor vehicles	7,907,283	-	(2,644,001)	-	5,263,282
Total cost	<u>2,091,869,399</u>	<u>16,401,250</u>	<u>(9,033,580)</u>	<u>413,851,012</u>	<u>2,513,088,081</u>
Accumulated depreciation:					
Building	(79,182,899)	(8,756,947)	-	-	(87,939,846)
Building improvements	(7,084,149)	(6,273,120)	-	-	(13,357,269)
Machinery and equipment	(406,759,849)	(120,695,318)	5,691,909	-	(521,763,258)
Furniture and fixture	(23,248,544)	(4,968,656)	472,136	-	(27,745,064)
Motor vehicles	(7,541,751)	(253,160)	2,643,998	-	(5,150,913)
Total accumulated depreciation	<u>(523,817,192)</u>	<u>(140,947,201)</u>	<u>8,808,043</u>	<u>-</u>	<u>(655,956,350)</u>
Building under construction and machine and equipment under installation	251,791,356	675,583,944	-	(413,851,012)	513,524,288
Property, plant and equipment	<u>1,819,843,563</u>				<u>2,370,656,019</u>

As at December 31, 2013

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2013 Baht
	Balance as at	Additions	Disposals	Transfer in/ (Transfer out)	
	January 1, 2013 Baht	Baht	Baht	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 fixture	32,437,019	819,304	(756,079)	-	32,500,244
Motor vehicles	7,907,283	-	-	-	7,907,283
Total cost	<u>1,836,693,712</u>	<u>32,933,918</u>	<u>(9,116,979)</u>	<u>231,358,748</u>	<u>2,091,869,399</u>
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 fixture	(19,031,816)	(4,962,573)	745,845	-	(23,248,544)
Motor vehicles	(6,858,836)	(682,915)	-	-	(7,541,751)
Total accumulated depreciation	<u>(418,769,572)</u>	<u>(113,613,817)</u>	<u>8,566,197</u>	<u>-</u>	<u>(523,817,192)</u>
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	<u>1,427,896,746</u>				<u>1,819,843,563</u>
Depreciation for the years					
2014				Baht	<u>140,947,201</u>
2013				Baht	<u>113,613,817</u>

The borrowing costs of the Company and DSG (Malaysia) Sdn Bhd amounting to Baht 0.56 million and Baht 0.87 million are capitalized as costs of fixed assets in the financial statements.

Costs of fixed assets which are fully depreciated and still in use of the Company and its subsidiaries as at December 31, 2014 and 2013 are approximately Baht 395.37 million and Baht 364.62 million, respectively (the Company : Baht 116.88 million and Baht 143.53 million, respectively).

As at December 31, 2014 and 2013, 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 12 and 14).

As at December 31, 2014 and 2013, PT DSG Surya Mas Indonesia pledged its land, building, machinery and equipment in the amount of 25.36 million Indonesia Rupiah and additionally pledged machinery and equipment in the amount of USD 3.25 million to secure credit facilities obtained from a financial institution (see Notes 12 and 14).

10. INTANGIBLE ASSETS

Intangible assets consist of:

As at December 31, 2014

	CONSOLIDATED FINANCIAL STATEMENTS					Balance as at December 31, 2014
	Balance as at January 1, 2014	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of foreign subsidiaries	
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	55,099,524	1,222,370	(15,706)	6,451,689	(1,583,599)	61,174,278
License fees for technology transfer	7,254,236	-	-	-	(396,556)	6,857,680
Total cost	<u>62,353,760</u>	<u>1,222,370</u>	<u>(15,706)</u>	<u>6,451,689</u>	<u>(1,980,155)</u>	<u>68,031,958</u>
Accumulated amortization:						
Computer software	(32,129,341)	11,231,130	15,706	-	1,008,893	(42,335,872)
License fees for technology transfer	(7,254,236)	-	-	-	396,556	(6,857,680)
Total accumulated amortization	<u>(39,383,577)</u>	<u>11,231,130</u>	<u>15,706</u>	<u>-</u>	<u>1,405,449</u>	<u>(49,193,552)</u>
Computer software under installation	7,844,245	11,239,923	-	(6,451,689)	(614,383)	12,018,096
Intangible assets	<u>30,814,428</u>					<u>30,856,502</u>

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
Amortization for the years						
2014					Baht	11,231,130
2013					Baht	10,808,137

As at December 31, 2014

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2014
	Balance as at January 1, 2014	Additions	Disposals	Transfer in/ (Transfer out)	
	Baht	Baht	Baht	Baht	Baht
Cost:					
Computer software	26,757,123	160,596	-	6,451,689	33,369,408
Total cost	26,757,123	160,596	-	6,451,689	33,369,408
Accumulated amortization:					
Computer software	(18,727,723)	(5,735,637)	-	-	(24,463,360)
Total accumulated amortization	(18,727,723)	(5,735,637)	-	-	(24,463,360)
Computer software under installation	-	7,660,049	-	(6,451,689)	1,208,360
Intangible assets	8,029,400				10,114,408

As at December 31, 2013

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2013
	Balance as at January 1, 2013	Additions	Disposals	Transfer in/ (Transfer out)	
	Baht	Baht	Baht	Baht	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
Amortization for the years					
2014				Baht	5,735,637
2013				Baht	5,465,193

11. INCOME TAX

Deferred tax assets and liabilities consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Balance		Balance	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Deferred tax assets	79,945,618	29,586,073	1,287,146	997,329

The movements of deferred income tax assets and liabilities during the years ended December 31, 2014 and 2013 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

	Unit : Baht			
	Balance as of January 1, 2014	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of December 31, 2014
			Actuarial gain – net of tax	Effect from translation of the financial statements of foreign subsidiaries
Deferred tax assets:				
Allowance for doubtful accounts	384,384	6,951	-	(15,261)
Allowance for loss from diminution in value of inventories	15,836	(15,836)	-	-
Employment benefit obligation	1,435,512	504,951	33,957	(12,926)
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	-
Property, plant and equipment ⁽¹⁾	(3,378,645)	1,020,739	-	162,886
Provision for advertisement and promotion ⁽¹⁾	13,215,630	4,697,013	-	(822,793)
Unrealised foreign exchange loss ⁽¹⁾	549,562	(72,288)	-	(28,497)
Unused tax loss ⁽¹⁾	68,649	10,682,587	-	(229,708)
Investment allowance in fixed asset ⁽²⁾	39,880,359	60,917,452	-	(2,794,315)
Property, plant and equipment ⁽²⁾	(22,787,652)	(25,864,004)	-	1,506,487
Unrealised foreign exchange profit ⁽²⁾	(424,562)	(480,671)	-	28,055
Accrued expense	-	1,134,766	-	-
Total deferred tax assets (liabilities)	29,586,073	52,531,660	33,957	(2,206,072)

⁽¹⁾ The deferred tax assets and liabilities of Disposable Soft Goods (Malaysia) Sdn Bhd.

⁽²⁾ The deferred tax assets and liabilities of DSG (Malaysia) Sdn Bhd.

As at December 31, 2013

	Unit : Baht				
	Balance as of January 1, 2013	Recognized in profit or loss	Recognized in other comprehensive income		Balance as of December 31, 2013
			Actuarial gain – 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	(238,993)	-	-	15,836
Employment benefit obligation	1,647,180	(68,479)	47,603	(190,792)	1,435,512
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	-	627,000
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)
Provision for advertisement and promotion ⁽¹⁾	6,103,012	6,996,748	-	115,870	13,215,630
Unrealised foreign exchange loss ⁽¹⁾	54,833	485,947	-	8,782	549,562
Unused tax loss ⁽¹⁾	-	68,649	-	-	68,649
Investment allowance in fixed asset ⁽²⁾	-	39,945,404	-	(65,045)	39,880,359
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)	38,467,182	47,603	(122,938)	29,586,073

⁽¹⁾ The deferred tax assets and liabilities of Disposable Soft Goods (Malaysia) Sdn Bhd.

⁽²⁾ The deferred tax assets and liabilities of DSG (Malaysia) Sdn Bhd.

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2014

				Unit : Baht
	Balance as of January 1, 2014	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of December 31, 2014
Deferred tax assets:				
Allowance for doubtful accounts	105,210	6,951	-	112,161
Allowance for loss from diminution in value of inventories	15,835	(15,835)	-	-
Employee benefit obligation	249,284	(16,775)	(49,815)	182,694
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	627,000
Accrued expense	-	365,291	-	365,291
Total deferred tax assets	997,329	339,632	(49,815)	1,287,146

As at December 31, 2013

				Unit : Baht
	Balance as of January 1, 2013	Recognized in profit or loss	Recognized in other comprehensive income	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	(238,994)	-	15,835
Employee benefit obligation	574,374	(372,693)	47,603	249,284
Provision for dismantling, moving and renovating assets location costs	627,000	-	-	627,000
Total deferred tax assets	1,970,169	(1,020,443)	47,603	997,329

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, and according to Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, to extend the reduced corporate income tax at 20% of net profit for accounting period beginning on or after January 1, 2015 but not later than December 31, 2015. Therefore, the Company has used tax rates of 20% for the corporate income tax calculation of the Company for the years ended December 31, 2014 and 2013.

Based on the aforementioned information and the guideline of the Federation of Accounting Professions, the Company assumes that the related tax law will be amended in order that the corporate income tax rate for the accounting periods beginning on or after January 1, 2016 onwards will not be over 20% to comply with the Cabinet's resolution regarding corporate income tax rate reduction. Therefore, the Company has used tax rate of 20% for the deferred tax calculation of the Company as at December 31, 2014 and 2013.

The Company's and its subsidiaries' income tax expenses for the years ended December 31, 2014 and 2013 consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Current income tax	20,489,267	6,631,411	17,656,390	10,284,926
Deferred income tax relating to temporary differences				
recognized in the current year	(52,531,660)	(38,467,182)	(339,632)	1,020,443
Total income tax (income) expense recognized in the current year	(32,042,393)	(31,835,771)	17,316,758	11,305,369
Income tax relating to other comprehensive income				
Deferred tax asset relating to employee benefit obligation	33,957	47,603	(49,815)	47,603

Income tax expenses for the years ended December 31, 2014 and 2013 can be reconciled to the accounting profit as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Profit before income tax expense – income tax exemption business	610,468,735	521,928,402	610,468,735	521,928,402
Profit (loss) before income tax expense – non-income tax exemption business	(186,532,878)	(190,780)	(60,846,666)	115,192,883
Total accounting profit before income tax expense ⁽¹⁾	423,935,857	521,737,622	549,622,069	637,121,285
Income tax rate	See detail below		20%	20%
Income tax	(80,580,380)	(5,514,886)	(12,169,333)	23,038,577
Tax effect of income and expenses which are not taxable income and expenses in the current year	18,936,762	(26,320,885)	(115,134)	(11,733,208)
Temporary difference not accounted for deferred tax assets	29,601,225	-	29,601,225	-
Total income tax (revenue) expense recognized in profit or loss	(32,042,393)	(31,835,771)	17,316,758	11,305,369

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

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

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

Temporary difference is not accounted for deferred tax assets as at December 31, 2014 amounting to Baht 29.60 million resulting from the impairment loss of investment in PT DSG Surya Mas Indonesia because it is uncertain about the probability that the Company can utilize the deferred tax assets arising from such temporary difference.

12. 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	
	2014	2013	2014	2013
Bank overdraft ⁽¹⁾	BLR + 1	BLR + 1	35.04	13.21
Bank overdraft ⁽²⁾	BLR + 0.5	BLR + 0.5	42.82	38.01
Bank overdraft ⁽³⁾	BLR - 5	BLR - 5	-	-
Bank overdraft ⁽⁴⁾	BFR + 0.5	BFR + 0.5	13.63	0.66
Bank overdraft ⁽⁵⁾	BLR + 1	-	2.79	-
Bank overdraft ⁽⁶⁾	BLR + 1	-	4.44	-
Short-term loans from financial institutions				
- promissory note	Market rate	Market rate	350.00	850.00
- promissory note	Market rate	MLR - 2	200.00	100.00
- packing credit ⁽²⁾	COF + 1	COF + 1	103.95	108.91
- packing credit ⁽⁴⁾	ABI+1	Quoted by bank	54.37	16.87
- packing credit	Quoted by bank	Quoted by bank	285.02	309.71
- packing credit ⁽³⁾	BLR - 6.25	BLR - 6.25	3.05	11.61
- packing credit ⁽³⁾	BLR - 6.5	BLR - 6.5	44.38	26.40
- packing credit ⁽⁵⁾	COF + 1	-	40.65	-
- foreign currency loans ⁽¹⁾	COF + 1	COF + 1	32.21	4.71
- packing credit	Quoted by bank	MLR-2	75.08	-
			<u>1,287.43</u>	<u>1,480.09</u>

SEPARATE FINANCIAL STATEMENTS	Interest rate p.a. (%)		Unit : Million Baht Balance	
	2014	2013	2014	2013
Short-term loans from financial institutions				
- promissory note	Market rate	Market rate	350.00	850.00
- promissory note	Market rate	MLR - 2	200.00	100.00
- packing credit	Quoted by bank	Quoted by bank	285.02	309.71
- packing credit	Quoted by bank	MLR - 2	75.08	-
			<u>910.10</u>	<u>1,259.71</u>

BLR – Base Lending Rate

COF – Cost of Funds

BFR – Base Financing Rate

- ⁽¹⁾ DSG (Malaysia) Sdn Bhd entered into the banking facility agreement with a financial institution for the business operation, consisting bank overdraft, importing credit and forward foreign exchange contract facilities, in the total amount of 37 million Malaysian Ringgit and the Company secured such facilities in the limit of 17 million Malaysian Ringgit.

- (2) DSG (Malaysia) Sdn Bhd entered into the banking facility agreement with a financial institution 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 amount of 105.51 million Malaysian Ringgit. The loan will be used for leasing land and construction of a plant. Such banking facilities are guaranteed by the Company and Disposable Soft Goods (Malaysia) Sdn Bhd in the limit of USD 39.76 million and 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 41.58 million Malaysian Ringgit as collateral for the loan from a financial institution (see Notes 9 and 14).
- (3) PT DSG Surya Mas Indonesia entered into the banking facility agreement with a financial institution for the business operation, consisting of bank overdraft and importing credit in the amount of USD 7.1 million and used its land, building, machinery, equipment, stocks and receivables in the amount of 50,360 million Indonesian Rupiah and pledged machinery and equipment in the amount of USD 3.25 million and the Company secured such facilities in the limit of USD 7.6 million (see Notes 5, 6, 9 and 14).
- (4) Disposable Soft Goods (Malaysia) Sdn Bhd entered into banking facility agreement with a financial institution for the business operation, consisting of bank overdraft and importing credit, in the amount of 10 million Malaysian Ringgit and the Company secured such facilities in the limit of 10 million Malaysian Ringgit.
- (5) 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 6 million Malaysian Ringgit with a financial institution and the Company secured such facilities in the limit of 6 million Malaysian Ringgit.
- (6) DSG (Malaysia) Sdn Bhd entered into banking facility agreement for the business operation, consisting of bank overdraft, importing credit and forward foreign exchange contract facilities, in the amount of 4 million Malaysian Ringgit with a financial institution and the Company secured such facilities in the limit of 4 million Malaysian Ringgit.

Certain loan agreements stipulate certain covenants such as maintenance of a net debt to equity ratio and the maintenance of debt service coverage ratio.

13. TRADE AND OTHER PAYABLES

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

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade payables	773,617,331	734,351,004	549,860,750	460,456,929
Other payables	71,097,992	38,001,860	56,542,709	53,938,675
Fixed asset payables	272,854,513	136,295,544	199,479,352	102,724,198
Accrued expenses	503,020,611	555,485,821	289,461,686	303,749,049
	<u>1,620,590,447</u>	<u>1,464,134,229</u>	<u>1,095,344,497</u>	<u>920,868,851</u>

14. LONG-TERM BORROWINGS

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

	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Long-term borrowings from financial institutions					
- repayable from Aug 2011 - Jul 2016 on monthly basis of Baht 3.35 million	Six-month fixed deposit interest rate + 2.35	58,478,600	98,678,600	58,478,600	98,678,600
- repayable from Jan 2012 - Oct 2015 on monthly basis of Baht 2.50 million	MLR-2	-	20,200,000	-	20,200,000
- repayable from Dec 2011- Nov 2016 on monthly basis of Baht 4 million	Six-month fixed deposit interest rate + 2.35	91,000,000	139,000,000	91,000,000	139,000,000
- repayable from Oct 2013 - Sep 2018 on monthly basis of Baht 2.60 million	Six-month fixed deposit interest rate +2.35	111,400,000	101,200,000	111,400,000	101,200,000
- repayable from Mar 2014 - Feb 2018 on monthly basis of Baht 2.60 million	4.04	54,070,000	-	54,070,000	-
- repayable from Jul 2014 - Jun 2019 on monthly basis of Baht 1.93 million	THB FIX Six-month interest rate +1.90	48,615,000	-	48,615,000	-
- repayable from Jan 2015 - Dec 2019 on monthly basis of Baht 4.15 million	4.15 - 4.35	250,000,000	-	250,000,000	-
- repayable from Jan 2015 - Dec 2019 on monthly basis of Baht 4.17 million	4.15 - 4.35	250,000,000	-	250,000,000	-
- repayable from Oct 2013 - Sep 2018 on monthly basis of 0.12 million Malaysian Ringgit and from Oct 2018 - Sep 2021 on monthly basis of 0.22 million Malaysian Ringgit ⁽¹⁾	BLR - 2.3	106,676,790	122,376,040	-	-
- 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 ⁽¹⁾	BLR - 2.3	406,532,968	448,654,038	-	-
- repayable from Oct 2015 - Sep 2020 on monthly basis of 0.16 million Malaysian Ringgit and from Oct 2020 - Feb 2022 on monthly basis of 0.62 million Malaysian Ringgit ⁽¹⁾	BLR - 2.0	156,151,639	160,093,607	-	-
- repayable from Jan 2014 - Dec 2018 on monthly basis of 0.48 million Malaysian Ringgit ⁽¹⁾	COF+1.5	129,037,266	73,047,629	-	-
- repayable from Dec 2013 - Nov 2018 on monthly basis of USD 0.04 million ⁽²⁾	BLR - 5.5	68,841,664	83,277,004	-	-
- repayable from Dec 2016 - Dec 2013 on monthly basis of 0.11 million Malaysian Ringgit ⁽³⁾	2.77	28,494,228	-	-	-
		<u>1,759,298,155</u>	<u>1,246,526,918</u>	<u>863,563,600</u>	<u>359,078,600</u>
Repayment terms					
Within 1 year		370,496,786	251,251,810	273,504,000	131,800,000
1 - 5 years		1,388,801,369	995,275,108	590,059,600	227,278,600
Total		<u>1,759,298,155</u>	<u>1,246,526,918</u>	<u>863,563,600</u>	<u>359,078,600</u>

- (1) DSG (Malaysia) Sdn Bhd entered into the banking facility agreement with a financial institution 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 amount of 105.51 million Malaysian Ringgit. The loan will be used for leasing land and construction of a plant. Such banking facilities are guaranteed by the Company and Disposable Soft Goods (Malaysia) Sdn Bhd in the limit of USD 39.76 million and 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 41.58 million Malaysian Ringgit as collateral for the loan from a financial institution (see Notes 9 and 12).
- (2) PT DSG Surya Mas Indonesia entered into the banking facility agreement with a financial institution for the business operation, consisting of bank overdraft and importing credit in the amount of USD 7.1 million and used its land, building, machinery, equipment, stocks and receivables in the amount of 50,360 million Indonesian Rupiah as collateral and pledged machinery and equipment in the amount of USD 3.25 million and the Company secured such facilities in the limit of USD 7.6 million (see Notes 5, 6, 9 and 14).
- (3) DSG (Malaysia) Sdn Bhd entered into the banking facility agreement with a financial institution for the business operation, consisting of the limit of long-term loan in the amount of 14.33 million Malaysian Ringgit. The loan will be used for purchase a new machine. Such banking facilities are guaranteed by the Company in the limit of 3.02 million Malaysian Ringgit.

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

15. EMPLOYEE BENEFITS

15.1 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.

Amounts recognized in the statement of comprehensive income in respect of post-employment benefit obligations for the years ended December 31, 2014 and 2013 are as follows:

	Unit: Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Current service cost	8,303,544	6,440,971	5,273,690	5,199,336
Interest cost	794,474	655,386	539,382	599,272
Past service cost	1,725,395	-	1,465,600	-
Actuarial (gain) loss – before tax	(3,225,155)	4,161,636	(4,062,874)	4,161,636

Movements of the present value of post-employment benefit obligations for the years ended December 31, 2014 and 2013 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Beginning balance of present value of post-employment benefit obligations	26,537,984	19,085,206	21,793,078	14,834,034
Current service cost	8,303,544	6,440,971	5,273,690	5,199,336
Interest cost	794,474	655,386	539,382	599,272
Past service cost	1,725,395	-	1,465,600	-
Actuarial (gain) loss – before tax	(3,225,155)	4,161,636	(4,062,874)	4,161,636
Actual paid during the year	(3,583,995)	(3,033,099)	(10,108,466)	(3,001,200)
Effect from exchange on translation of the financial statements of a foreign subsidiary	(61,606)	(772,116)	-	-
Ending balance of present value of post-employment benefit obligations	<u>30,490,641</u>	<u>26,537,984</u>	<u>14,900,410</u>	<u>21,793,078</u>

The principle actuarial assumptions used to calculate post-employment benefit obligations as at December 31, 2014 and 2013 are as follows:

As at December 31, 2014	Discount rate	Expected rate of salary increase	Turnover rate	Retirement age
DSG International (Thailand) Public Company Limited	3.38%	6%	0 - 31%	60 years
DSG Management Services (Thailand) Co., Ltd.	2.79%	6%	0 - 11%	60 years
PT DSG Surya Mas Indonesia	7%	5.25%	0 - 1%	55 years

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

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 two staff in Singapore.

15.2 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, totalling 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.

15.3 Provident fund

The Company has set up a provident fund which is contributed 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, 2014 and 2013, the contributions made by the Company were recorded as expenses amounting to Baht 6.25 million and Baht 6.32 million, respectively.

16. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at December 31, 2014 and 2013 consist of:

	Unit: Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Provision for dismantling, moving and renovating assets location costs	3,935,000	3,135,000	3,935,000	3,135,000
Liabilities from the acquisition of machine	116,172,470	40,288,179	86,512,218	40,288,179
	<u>120,107,470</u>	<u>43,423,179</u>	<u>90,447,218</u>	<u>43,423,179</u>

17. 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 treasury shares of the Company's ordinary shares. The buy-back period 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 and during the years 2010 and 2011, the Company sold all of the treasury shares in the amount of Baht 101.93 million. The Company had premium on sales of treasury shares in the amount of Baht 71.59 million.

18. SHARE CAPITAL AND BASIC EARNINGS PER SHARE

On April 24, 2014, the Annual General Shareholders' Meeting approved the distribution of final dividends for the year 2013 from the operating result for the period from October to December 2013 and from the retained earnings of the Company to the Company's shareholders by cash dividend at the rate of Baht 0.08 per share, totalling approximately Baht 72 million, and by new share at the ratio of 10 existing shares for 4 new shares, or totalling 359,999,997 shares at par value of Baht 1 per share, totalling Baht 359,999,997. In case where there is fraction of share less than 10 shares, the Company will pay such share dividend in cash at Baht 0.40 per share. The Meeting also approved a decrease of the registered capital of the Company by eliminating 9 non-issued ordinary shares with the par value of Baht 1 from the existing registered capital of Baht 900,000,000 to be Baht 899,999,991.

Moreover, the Meeting approved an increase of the registered capital of the Company by Baht 359,999,997 from Baht 899,999,991 to be Baht 1,259,999,988 which the Company registered an increase of the registered capital on May 23, 2014 and issued 359,999,804 shares to shareholders to accommodate the share dividend payments.

The ordinary share dividends distribution as mentioned above affect the weighted average number of ordinary shares and the basic earnings per share for the consolidated and separate financial statements for the year ended December 31, 2014. Basic earnings per share for the year ended December 31, 2014 are calculated by dividing the net profit for the period with the weighted average number of ordinary shares after adjusting the increase in share capital arising from the issuing of 359,999,804 share dividend. As a result, the weighted average number of ordinary shares for the year ended December 31, 2014 is 1,259,999,795 shares. The weighted average number of ordinary shares of the prior periods for the year ended December 31, 2013 is also adjusted as if the share dividend had been issued at the beginning of the earliest period reported.

Weighted average number of ordinary shares for the year ended December 31, 2013 is changed due to share dividends as follows:

	Previously presented Shares	Restated Shares
Weighted average number of ordinary shares	899,999,991	1,259,999,795

The basic earnings per share

	Unit: Baht per share			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Previously presented	Restated	Previously presented	Restated
For the year ended December 31, 2013	0.54	0.39	0.70	0.50

19. LEGAL RESERVE

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

On May 12, 2014, the Board of Director's Meeting of the Company approved the legal reserve of Baht 36 million.

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

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

21. DIVIDENDS

DSG International (Thailand) Public Company Limited

On April 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 for 899,999,991 million ordinary shares, totalling Baht 121.50 million which was paid on May 16, 2013.

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 in term of cash dividends of Baht 0.075 per share for 899,999,991 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 899,999,991 million ordinary shares, totalling Baht 49.5 million which was paid on December 11, 2013.

On April 24, 2014, the Annual General Shareholders' Meeting approved the distribution of final dividends for the year 2013 from the operating result for the period from October to December 2013 and from the retained earnings of the Company to the Company's shareholder in term of cash dividend at the rate of Baht 0.08 per share for 899,999,991 ordinary shares, totalling approximately Baht 72 million, and in term of share dividend at the ratio of 10 existing shares for 4 new shares, or in total 359,999,997 shares at par value of Baht 1 per share, totalling Baht 359,999,997. In case where there is fraction of share less than 10 shares, the Company will pay such share dividend in cash at Baht 0.40 per share.

On August 13, 2014, the Board of Directors' Meeting of the Company approved the distribution of interim dividends from net profit for the period of January to June 2014 of Baht 0.06 per share, of 1,259.99 million ordinary shares, totalling Baht 75.6 million which was paid on September 12, 2014.

On November 12, 2014, the Board of Directors' Meeting of the Company approved the distribution of interim dividends from net profit for the period of July to September 2014 of Baht 0.06 per share, of 1,259.99 million ordinary shares, totalling Baht 75.6 million which was paid on December 11, 2014.

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, 2014

Company's name	Board of Directors' resolutions date	Dividends (Malaysian Ringgit per share)	Amount Baht	Dividend payment date
DSG (Malaysia) Sdn Bhd	September 19, 2014	0.79	<u>26,665,238</u> <u>26,665,238</u>	September 26, 2014

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	<u>13,054,690</u>	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	<u>13,807,494</u>	November 22, 2013
			<u>30,693,594</u>	
Total			<u>60,634,384</u>	

22. TRANSACTIONS WITH RELATED COMPANIES

The Company and its subsidiaries' businesses include transactions with its related companies. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. Therefore, the financial statements reflect the effects of these transactions on the basis determined by the companies concerned 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.

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

		Unit : Baht			
	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
		2014	2013	2014	2013
Trade receivables – related companies					
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	5,106,404	8,939,149	5,106,404	8,939,149
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	43,644,518	44,848,219	43,644,518	44,848,219
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	17,403,075	101,311,017
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	-	834,813
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	-	2,764,999
PT DSG Surya Mas Indonesia	Subsidiary	-	-	167,472,301	133,531,006
		<u>48,750,922</u>	<u>53,787,368</u>	<u>233,626,298</u>	<u>292,229,203</u>
Other receivables – related companies					
DSG International Limited	Major shareholder	1,845	17,446	1,845	17,446
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	188,370	181,351	188,370	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	-	36,409
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	1,522,176	1,992,052
PT DSG Surya Mas Indonesia	Subsidiary	-	-	29,668,395	14,375,922
DSG Management Services (Thailand) Co., Ltd.	Subsidiary	-	-	-	360,450
		<u>190,215</u>	<u>198,797</u>	<u>31,380,786</u>	<u>16,782,279</u>
Investments in subsidiaries					
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	4,826,516	4,826,516
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	73,968,141	73,968,141
PT DSG Surya Mas Indonesia	Subsidiary	-	-	148,006,123	148,006,123
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	14,020,259	14,020,259
DSG Management Services (Thailand) Co., Ltd.	Subsidiary	-	-	9,999,985	9,999,985
<u>Less</u> Allowance for impairment of investment					
- PT DSG Surya Mas Indonesia		-	-	(148,006,123)	-
		-	-	102,814,901	250,821,024

		Unit : Baht			
	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
Loans to subsidiaries					
PT DSG Surya Mas Indonesia					
- USD 12.83 million (2013 : USD 7.48 million)					
at interest rate of 5.5% p.a., repayable within					
December 31, 2024 ⁽⁴⁾	Subsidiary	-	-	420,976,247	244,418,012
DSG (Malaysia) Sdn Bhd.					
- USD 0.918 million at interest rate of 5.5% p.a.,					
repayable within December 25, 2014	Subsidiary	-	-	-	29,998,220
		-	-	420,976,247	274,416,232
Presented as short-term loan to a subsidiary		-	-	-	(29,998,220)
Long-term loan to a subsidiary		-	-	420,976,247	244,418,012
Trade payables – related company					
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	-	115,075	-	115,075
		-	115,075	-	115,075
Other payables – related companies					
DSG International Limited	Major shareholder	20,666,831	13,619,025	7,242,460	6,296,556
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	294,570	22,207	-	-
DSG Technology Holdings Limited	Subsidiary of major shareholder	10,133,115	8,944,658	7,873,275	7,085,256
Disposable Soft Goods (UK) Plc	Subsidiary of major shareholder	5,869,976	1,749,393	-	-
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	77,939	5,297,965	66,491	1,893,680
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	98,944	-
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	38,816	658,072
PT DSG Surya Mas Indonesia	Subsidiary	-	-	828	824
Disposable Soft Goods (S) Pte Ltd	Subsidiary	-	-	1,267,515	2,428
DSG Management Services (Thailand) Co., Ltd.	Subsidiary	-	-	5,898,819	-
		37,042,431	29,633,248	22,487,148	15,936,816

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 2014 and 2013 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2014	Balance as at January 1, 2014	Additions	Repayment/ receipt	Effect from translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2014
	Baht	Baht	Baht	Baht	Baht
Other receivables – related companies					
DSG International Limited	17,446	-	(17,076)	(370)	-
Disposable Soft Goods Ltd.	-	5,556	(3,720)	9	1,845
Disposable Soft Goods (Zhong Shan) Ltd.	181,351	184,982	(164,215)	(13,748)	188,370
Disposable Soft Goods Hong Kong	-	17,548	(17,548)	-	-
	<u>198,797</u>	<u>208,086</u>	<u>(202,559)</u>	<u>(14,109)</u>	<u>190,215</u>
Other payables – related companies					
DSG International Limited	13,619,025	162,138,913	(154,854,329)	(236,778)	20,666,831
Disposable Soft Goods Ltd.	22,207	269,047	-	3,316	294,570
Disposable Soft Goods (Zhong Shan) Ltd.	5,297,965	1,644,337	(6,970,355)	105,992	77,939
DSG Technology Holdings Limited	8,944,658	109,783,588	(108,541,959)	(53,172)	10,133,115
Disposable Soft Goods (UK) Plc	1,749,393	5,134,507	(1,336,373)	322,449	5,869,976
Shuiling Holding Co., Ltd.	-	12,284,627	(12,284,627)	-	-
	<u>29,633,248</u>	<u>291,255,019</u>	<u>(283,987,643)</u>	<u>141,807</u>	<u>37,042,431</u>

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>

SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2014

	Balance as at January 1, 2014 Baht	Additions Baht	Repayment/ receipt Baht	Gain/loss on exchange rate Baht	Balance as at December 31, 2014 Baht
Other receivables - related companies					
DSG International Limited	17,446	-	(17,076)	(370)	-
Disposable Soft Goods Ltd.	-	5,556	(3,720)	9	1,845
Disposable Soft Goods (Zhong Shan) Ltd.	-	184,982	-	3,388	188,370
Disposable Soft Goods (Malaysia) Sdn Bhd	36,409	798,371	(833,771)	(1,009)	-
DSG (Malaysia) Sdn Bhd	1,992,052	31,289,413	(31,704,191)	(55,098)	1,522,176
PT DSG Surya Mas Indonesia	14,375,922	17,205,944	(2,171,864)	258,393	29,668,395
Disposable Soft Goods (S) Pte Ltd	-	14,531	(14,531)	-	-
DSG Management Services (Thailand) Co., Ltd.	360,450	9,517,788	(9,878,238)	-	-
	<u>16,782,279</u>	<u>59,016,585</u>	<u>(44,623,391)</u>	<u>205,313</u>	<u>31,380,786</u>
Loans to subsidiaries					
PT DSG Surya Mas Indonesia	244,418,012	173,616,400	-	2,941,835	420,976,247
DSG (Malaysia) Sdn Bhd	29,998,220	-	(27,983,210)	(2,015,010)	-
	<u>274,416,232</u>	<u>173,616,400</u>	<u>(27,983,210)</u>	<u>926,825</u>	<u>420,976,247</u>
Other payables - related companies					
DSG International Limited	6,296,556	79,116,501	(78,170,597)	-	7,242,460
DSG Technology Holdings Limited	7,085,256	87,927,746	(87,139,727)	-	7,873,275
Disposable Soft Goods (Zhong Shan) Ltd.	1,893,680	759,567	(2,540,473)	(46,283)	66,491
Shanghai DSG Megathin Co., Ltd.	-	12,284,627	(12,284,627)	-	-
Disposable Soft Goods (Malaysia) Sdn Bhd	-	326,699	(228,589)	834	98,944
DSG (Malaysia) Sdn Bhd	658,072	1,476,608	(2,071,403)	(24,461)	38,816
PT DSG Surya Mas Indonesia	824	-	-	4	828
Disposable Soft Goods (S) Pte Ltd	2,428	5,795,500	(4,530,326)	(87)	1,267,515
DSG Management Services (Thailand) Co., Ltd.	-	72,332,155	(66,433,336)	-	5,898,819
	<u>15,936,816</u>	<u>260,019,403</u>	<u>(253,399,078)</u>	<u>(69,993)</u>	<u>22,487,148</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>

22.2 Significant transactions with related companies incurred during the years ended December 31, 2014 and 2013 consist of the following:

	Relationship	Pricing policies	CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			2014	2013	2014	2013
			Baht	Baht	Baht	Baht
Revenue from sales						
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	Cost plus margin	8,985,646	18,937,016	8,985,646	18,937,016
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	Cost plus margin	155,286,837	83,887,369	155,286,837	83,887,369
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	84,086,122	229,411,113
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	2,532,808	1,670,896
Disposable Soft Goods (S) Pte Ltd	Subsidiary	Cost plus margin	-	-	4,617,388	15,484,816
PT DSG Surya Mas Indonesia	Subsidiary	Cost plus margin	-	-	34,245,662	70,703,586
			<u>164,272,483</u>	<u>102,824,385</u>	<u>289,754,463</u>	<u>420,094,796</u>
Purchases of raw materials and finished goods						
Shanghai DSG Megathin Co., Ltd.	Subsidiary of major shareholder	Cost plus margin	26,525,151	48,816,677	26,525,151	48,816,677
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	23,438,465	-
			<u>26,525,151</u>	<u>48,816,677</u>	<u>49,963,616</u>	<u>48,816,677</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	30,883,665	34,898,462	8,954,037	10,553,912
- Trademark license fees DSG International Limited ⁽²⁾	Major shareholder	1.5% of net sales to third parties	39,290,296	41,397,549	-	-
DSG Technology Holdings Limited ⁽²⁾	Subsidiary of major shareholder	1.5% of net sales to third parties	78,973,708	67,842,119	78,973,708	67,842,119
Disposable Soft Goods (UK) Plc ⁽²⁾	Subsidiary of major shareholder	1.5 - 2.5% of net sales to third parties	5,161,979	2,957,291	-	-
			<u>154,309,648</u>	<u>147,095,421</u>	<u>87,927,745</u>	<u>78,396,031</u>
Dividend income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	26,665,238	29,940,790
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary		-	-	-	30,693,594
			<u>-</u>	<u>-</u>	<u>26,665,238</u>	<u>60,634,384</u>
Other income						
- Interest income						
DSG (Malaysia) Sdn Bhd	Subsidiary	5.5% p.a.	-	-	1,597,950	1,544,321
PT DSG Surya Mas Indonesia	Subsidiary	5.5% p.a.	-	-	17,056,911	8,755,576
			<u>-</u>	<u>-</u>	<u>18,654,861</u>	<u>10,299,897</u>
- Other income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	1,734,225	2,601,675

	Relationship	Pricing policies	CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			2014	2013	2014	2013
			Baht	Baht	Baht	Baht
Selling expenses						
- Purchase agency fee						
Disposable Soft Goods (S) Pte Ltd	Subsidiary		-	-	5,710,801	-
Administrative expenses						
- Management fee						
DSG International Limited ⁽³⁾	Major shareholder	1 - 1.5% of net sales to third parties	120,901,275	111,344,759	78,973,708	67,842,119
- Regional service fee						
DSG Management Services (Thailand) Co.,Ltd	Subsidiary		-	-	56,814,601	-
			<u>120,901,275</u>	<u>111,344,759</u>	<u>135,788,309</u>	<u>67,842,119</u>
Loss on impairment of investment						
PT DSG Surya Mas Indonesia	Subsidiary		-	-	148,006,123	-
Dividend payments						
DSG International Limited	Major shareholder		<u>98,088,267</u>	<u>157,055,473</u>	<u>98,088,267</u>	<u>157,055,473</u>
Ordinary share dividends distributable						
DSG International Limited	Major shareholder		<u>238,925,480</u>	<u>-</u>	<u>238,925,480</u>	<u>-</u>
Management benefit expenses	Management		<u>62,646,498</u>	<u>63,083,231</u>	<u>12,442,421</u>	<u>52,548,473</u>

⁽¹⁾ The Company and its subsidiary entered into a technology transfer and license agreement for a period 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 still has to pay the fee which was calculated at 2.5% of net sales to third parties since April 2007 and will reduce to 1.5% of net sales to third parties since March 1, 2015.

⁽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.

⁽⁴⁾ On May 14, 2014, the Company amended the credit limit on the agreement with PT DSG Surya Mas Indonesia from the amount of USD 8.5 million to USD 18.5 million and has extended the repayment periods into 7 installments ending in 2024.

23. OTHER INCOME

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Interest income	1,110,037	2,505,377	19,352,189	12,120,255
Net gain from disposal of fixed assets	1,134,236	-	1,394,562	-
Others	36,209,900	31,715,971	26,650,452	24,779,464
	<u>38,454,173</u>	<u>34,221,348</u>	<u>47,397,203</u>	<u>36,899,719</u>

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Changes of finished goods	(93,400,031)	(115,759,132)	(57,931,373)	(65,648,087)
Raw materials used	4,211,726,713	3,832,971,201	2,853,705,439	2,501,130,406
Employee benefit expenses	578,854,402	559,228,100	244,938,310	315,361,601
Depreciation and amortization	234,032,927	179,536,707	149,265,456	121,661,628
Loss on decline in value of inventories (reversal)	(8,145,845)	4,423,713	(8,145,845)	4,423,713
Selling expense*	1,773,870,560	1,563,980,218	1,220,804,850	1,075,460,581
Management remuneration	62,646,498	63,083,231	12,442,421	52,548,473
Loss on impairment of investment in a subsidiary	-	-	148,006,123	-

* Exclude depreciation and amortization and employee benefit expenses

25. SEGMENT INFORMATION

The Company and its subsidiaries have been engaged to manufacture, sell and export disposable baby diapers and adult incontinent products. All business activities of the Company and its subsidiaries shall be classified by segments of the Company and its subsidiaries, based on revenues and results of operations, for the years ended December 31, 2014 and 2013 and total assets and liabilities as at December 31, 2014 and 2013, are as follows:

	Thailand ⁽¹⁾	Malaysia ⁽²⁾	Indonesia	Singapore	Total	Elimination	UNIT:BAHT Total
For the year ended December 31, 2014							
Revenue ⁽³⁾	5,776,864,531	2,475,992,242	221,633,728	57,264,592	8,531,755,093	(266,411,450)	8,265,343,643
Cost, selling expenses and administrative expenses ⁽³⁾	(5,124,268,759)	(2,427,009,874)	(420,207,931)	(60,844,869)	(8,032,331,433)	267,634,601	(7,764,696,832)
Interest income	19,388,546	255,593	120,758	-	19,764,897	(18,654,860)	1,110,037
Interest expenses	(51,890,857)	(49,379,447)	(27,944,370)	-	(129,214,674)	18,808,525	(110,406,149)
Income tax (expenses) revenue	(17,936,681)	49,655,371	323,703	-	32,042,393	-	32,042,393
Profit (loss) for the year	537,157,107	51,369,778	(279,490,003)	(3,570,273)	305,466,609	131,634,087	437,100,696
Revenue from sale to third parties	5,453,683,445	2,380,822,029	209,301,094	57,264,592	8,101,071,160	-	8,101,071,160
Depreciation and amortization	149,291,083	75,122,513	12,726,486	8,481	237,148,563	(3,115,636)	234,032,927
Total assets	5,513,978,510	2,234,237,258	430,009,989	17,014,006	8,195,239,763	(839,755,583)	7,355,484,180
Total liabilities	3,011,436,687	1,683,216,282	858,806,748	8,115,391	5,561,575,108	(716,895,405)	4,844,679,703

⁽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.

⁽³⁾ Revenue of the Company and a subsidiary in Thailand includes revenue from service which is provided to the group companies.

For the year ended December 31, 2013

	Thailand ⁽¹⁾	Malaysia ⁽²⁾	Indonesia	Singapore	Total	Elimination	UNIT:BAHT Total
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) income	(11,236,720)	42,768,277	304,214	-	31,835,771	-	31,835,771
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.

26. 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 net profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital (approximately Baht 253.40 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, 2013, the Company utilized the income tax exemption in the amount of Baht 136.57 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 net profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital (approximately Baht 211.40 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, 2013, the Company utilized the income tax exemption in the amount of Baht 66.94 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 net profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital (approximately Baht 392.85 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, 2013, the Company utilized the income tax exemption in the amount of Baht 27.05 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 net 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, 2013, the Company utilized the income tax exemption in the amount of Baht 37.43 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 net profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital (approximately Baht 481.66 million) for the period of 7 years from the date income is first derived from the promoted businesses (November 7, 2012). From the date that the Company commenced the promoted business to December 31, 2013, the Company utilized the income tax exemption in the amount of Baht 10.48 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 net 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 (March 7, 2014).

On March 14, 2014, the Company received another investment promotion certificate No. 1323(2)/2557 which the Board of Investment approved the promotion for manufacturing of diapers by receiving the exemption for corporate income tax on net profit derived from the promoted business which is not over 100% of its investment that excluded cost of land and working capital (approximately Baht 641.41 million) for the period of 7 years from the date income is first derived from the promoted businesses (November 4, 2014).

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.

27. REVENUE REPORTING OF A PROMOTED INDUSTRY

Based on the Announcement of Board of the Investment No. Por. 14/2541 dated December 30, 1998 regarding revenue reporting of a promoted industry, the Company is required to report the revenue from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors. For the years ended December 31, 2014 and 2013, such information is as follows:

SEPARATE FINANCIAL STATEMENT:	Promoted Business		Non- promoted Business		Total	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Revenue						
Revenue from export sales	346,215,489	421,630,499	10,933,167	38,310,073	357,148,656	459,940,572
Revenue from domestic sales	<u>5,042,540,152</u>	<u>4,269,567,420</u>	<u>343,749,101</u>	<u>350,366,006</u>	<u>5,386,289,253</u>	<u>4,619,933,426</u>
Total revenue from sales	<u>5,388,755,641</u>	<u>4,691,197,919</u>	<u>354,682,268</u>	<u>388,676,079</u>	<u>5,743,437,909</u>	<u>5,079,873,998</u>

28. COMMITMENT AND LETTERS OF GUARANTEE

- 28.1 As at December 31, 2014 and 2013, the Company has outstanding bank guarantees issued by banks as follows:

	Currency	2014	2013
Letter of guarantee for sale or purchase agreement	THB	86,884	86,884
Letters of guarantee for electricity usage	THB	10,864,500	9,216,300
Inward foreign usance bill-acceptance	CHF	242,249	-

The above bank guarantees are non-collateral guarantee.

- 28.2 As at December 31, 2014 and 2013, 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	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Within 1 year	36,336,351	25,896,228	25,225,363	16,398,891
1 - 5 years	17,660,197	13,788,332	7,557,150	4,878,600
Total	53,996,548	39,684,560	32,782,513	21,277,491

On December 20, 2011, the Company entered into the 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 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 onwards 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, 2014 and 2013 are summarized as follows:

Period of payments	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Within 1 year	80,401,703	77,689,002	80,401,703	77,689,002
1 - 5 years	392,370,299	375,399,831	392,370,299	375,399,831
More than 5 years	347,366,624	439,649,856	347,366,624	439,649,856
Total	<u>820,138,626</u>	<u>892,738,689</u>	<u>820,138,626</u>	<u>892,738,689</u>

28.3 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:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Unit: Million Baht				
- Plant construction	3.01	0.21	2.60	-
- Machines	11.51	56.76	10.64	-
- Computer software	0.67	1.74	-	0.16

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company presents and discloses financial instruments as follows:

29.1 Accounting Policies

Details of significant accounting policies are disclosed in Note 3 to the financial statements.

29.2 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.

29.3 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.

29.4 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.

29.5 Estimated Fair Value of Financial Instruments

Cash and cash equivalents, trade and other receivables, receivables-subsidary company, 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.

As at December 31, 2014 and 2013, loans to subsidiaries: fair value of such long-term loans are approximately Baht 232.53 million and Baht 224.73 million, respectively.

As at December 31, 2014 and 2013, liabilities from the acquisition of machine: fair value of such liabilities which are estimated based on the discounted cash flows using average current interest rate over the remaining period of agreements are Baht 74.29 million and Baht 37.91 million, respectively.

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

As at December 31, 2014, long-term borrowings with fixed interest rates: fair value of such liabilities which are estimated based on the discounted cash flows using average current interest rate over the remaining period to maturity is Baht 317.70 million.

As at December 31, 2014 and 2013, fair value of the forward foreign exchange contracts shown in Note 30.

30. FORWARD EXCHANGE CONTRACTS

The Company and its subsidiary entered into the forward exchange contracts to reduce foreign exchange risk. As at December 31, 2014 and 2013, the outstanding forward exchange contracts are summarized as follows:

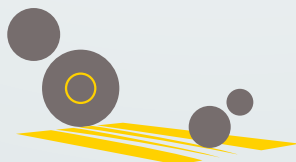
Contractor	Currency	Notional amount	Contractual exchange rate	Deliverable period	Deliverable amount	Net fair value Profit (loss)
As at December 31, 2014						
The Company	USD	3,862,064	32.5250 - 32.9570 Baht per US Dollar	January - April 2015	Baht 126.81 million	Baht 738,953
	JPY	22,129,920	0.2863 Baht per Yen	January 2015	Baht 6.34 million	(Baht 249,568)
Subsidiary	USD	23,084	3.2165 Malaysian Ringgit per US Dollar	January 2015	0.074 million Malaysian Ringgit	6,464 Malaysian Ringgit (equivalent to Baht 60,924)
As at December 31, 2013						
The Company	USD	2,644,814	30.6240 - 32.7060 Baht per US Dollar	January 2014	Baht 86.39 million	Baht 498,303
Subsidiary	USD	1,745,197	3.2770 Malaysian Ringgit per US Dollar	January 2014	5.72 million Malaysian Ringgit	5,657 Malaysian Ringgit (equivalent to Baht 56,401)

31. EVENT AFTER THE REPORTING PERIOD

On January 13, January 22, and February 9, 2015, PT DSG Surya Mas Indonesia additionally borrowed loan of USD 250,000, USD 1,000,000 and USD 500,000, respectively, from the Company.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Company's authorized director on February 25, 2015.



DSG INTERNATIONAL (THAILAND) PLC