DSG INTERNATIONAL (THAILAND) PLC

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED

ANNUAL REPORT 2016

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Message from the Chairman

Dear Shareholders,

2016 remained a challenging year with deflated purchasing power from the sluggish economic condition, especially during a mourning period after Thailand's beloved king has passed away and severe price competition has still affected group sales revenue and profitability growth.

In addition to deliver "value for money" products, DSGT relentlessly strived to improve the quality and productivity for every section to proactively manage the cost efficiency and fast response to the dynamics of each market. As a result, we re-launched new and improved BabyLove PlayPants NanoPower**Plus** with integrated marketing support. Our DayPants for baby and adult diapers were re-launched with improved performance and functions, which were well positioned to the changing consumer trend during economic recession. All DayPants products have been registered positive volume and market share growth in most markets.

Certainty has performed well from the increasing aging population due to higher life expectancy and improved healthcare systems in most SEA region. Certainty portfolio in most markets registered high growth in both the tape and pant segments. DSGT continued to sustain the category leadership position in Thailand.

The consolidated Sales Revenue of the Group was Baht 7,304.93 million, representing a decrease of 2.8% compared to 2015. Despite the diminished purchasing power, the Group recorded growth of baby and adult market share particularly in mid-priced segments. The consolidated Net Profit was Baht 68.77 million, increased from 2015 at Baht 0.07 million. Excluding the gain of Baht 130.78 million from selling asset at Indonesia, the Group had a loss from the operation in 2016, resulting from aggressive commercial investment to support sales and distribution channel activities.

We believe that our efforts in cost-efficiency, new products and innovations, focus on market dynamics, customer satisfaction and revenue optimization will continue to drive the Group to sustain it revenue growth and profitability in the future.

On behalf of the DSG Board of Directors and the Management team, I would like to express our gratitude to all stakeholders for their support.

Brandon S. L. Wang

Chairman of the Board

Vision, Mission and Core Values

DSG is a supplier of disposable baby diapers and adult incontinence products in South East Asia. In these business activities, we are guided by our Vision and Mission in order to best serve our customers.

Our Vision

To be the leading disposable diaper manufacturer and distributor in South East Asia

Our Mission

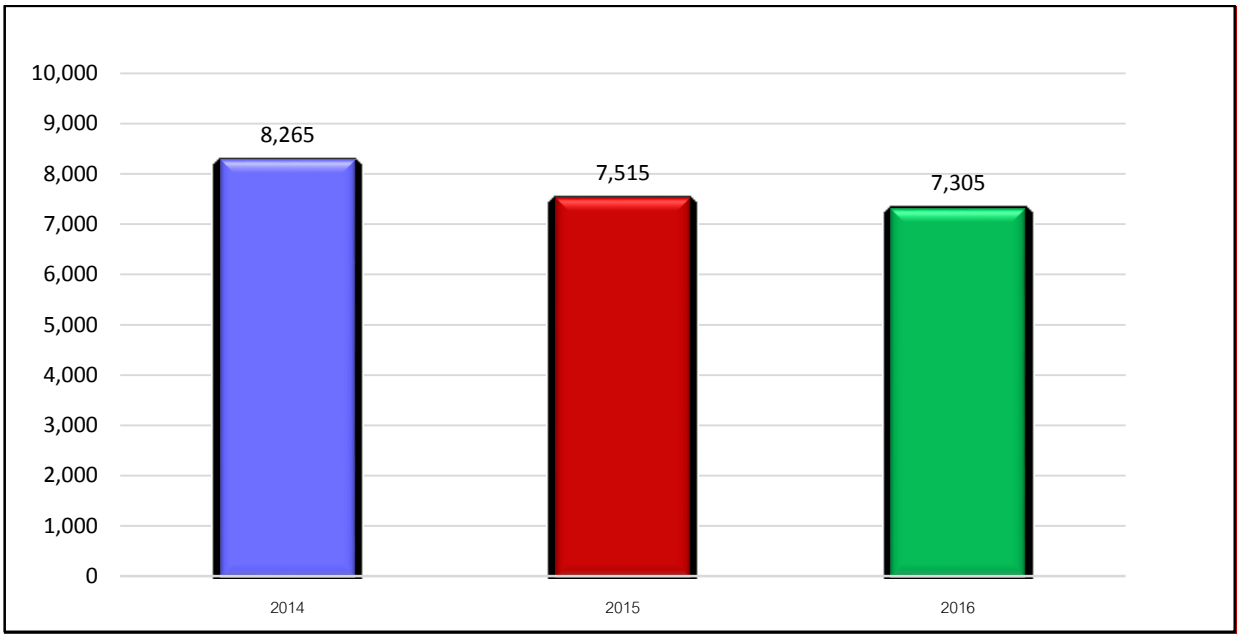
To provide products and services of the best quality and value to our customers

Our 5 Core Values

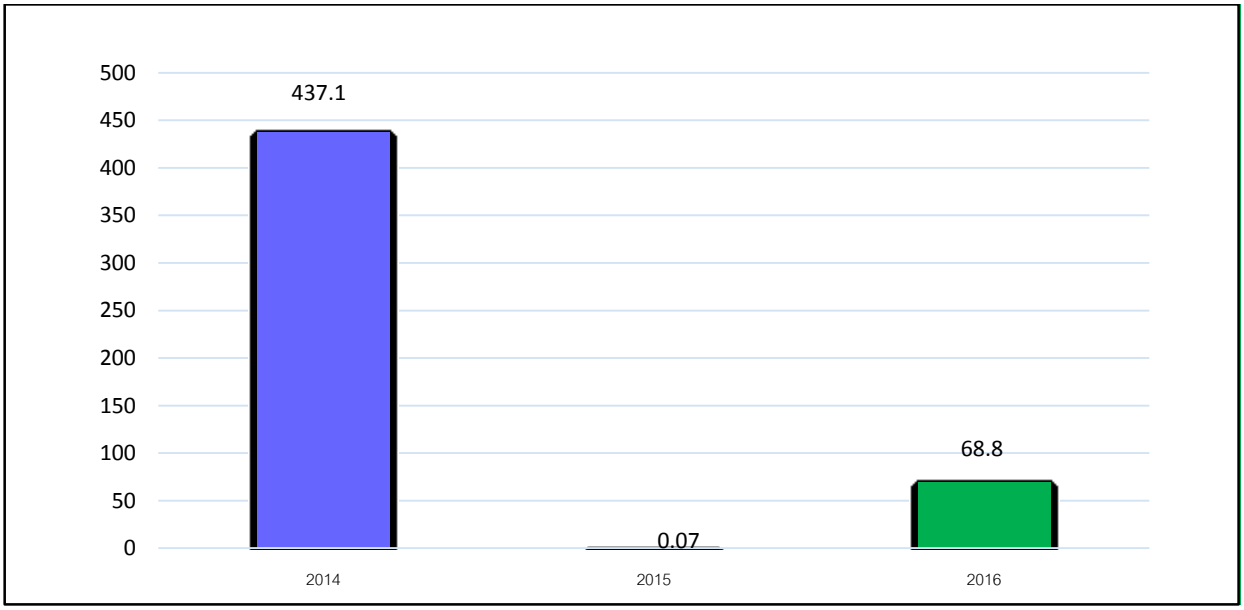
1. Walk The Talk
2. Winning Mindset
3. Passion in People
4. Honesty & Integrity
5. Ownership & Accountability

Financial Highlights

Sales Revenue (THB mn)

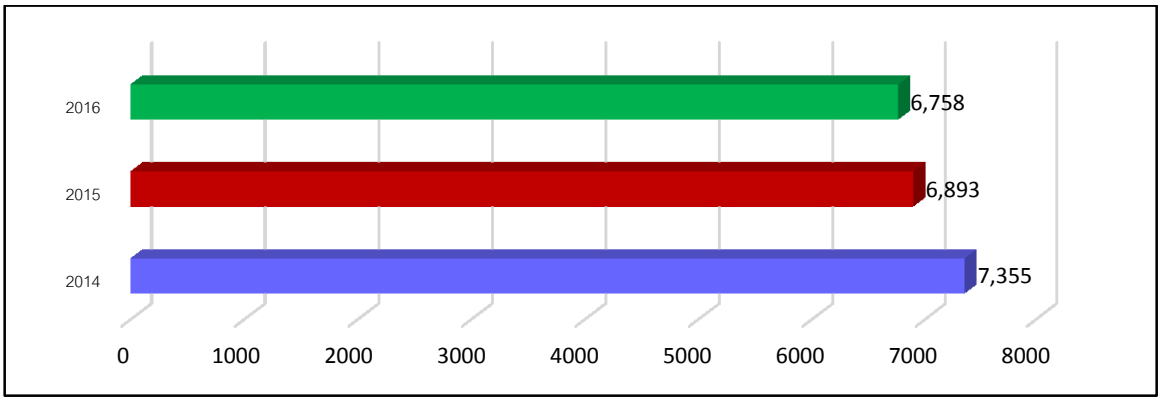


Net Profit (THB mn)

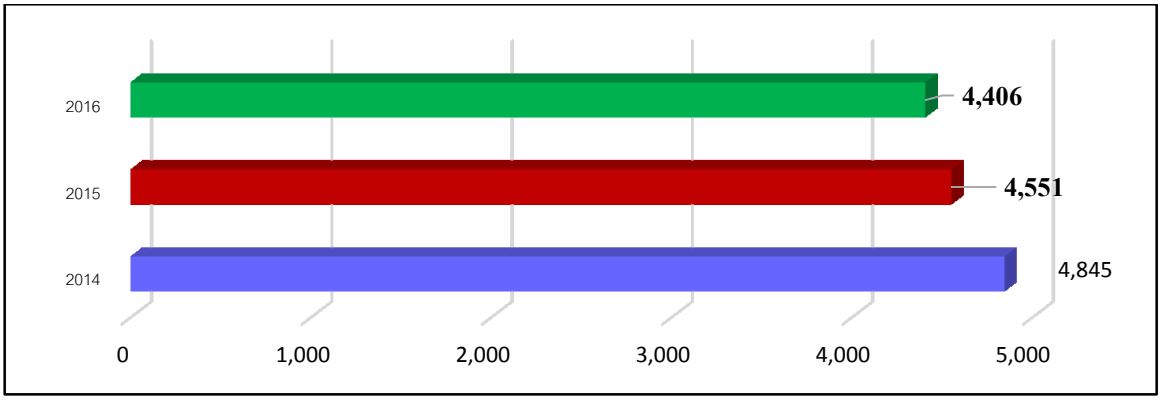


Balance Sheet as at Dec 31, 2016

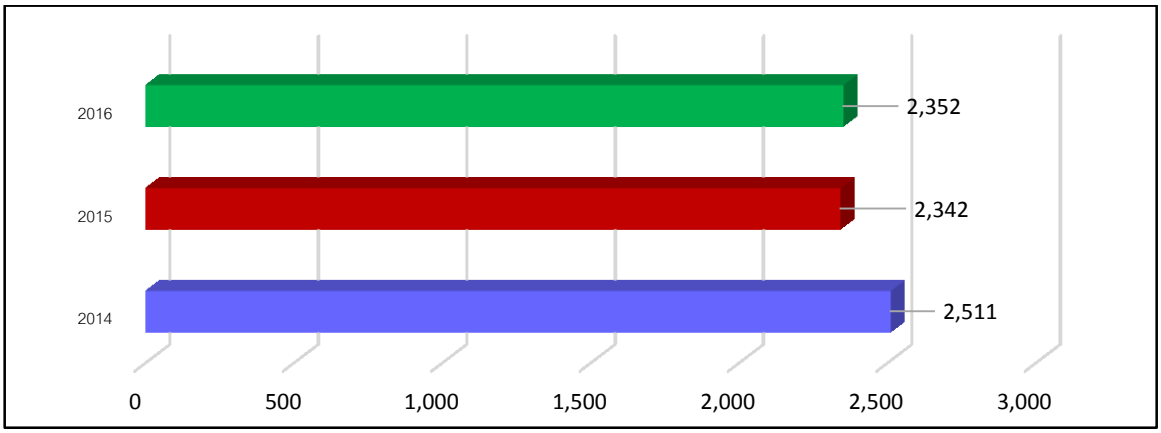
Total Asset (THB mn)



Total Liability (THB mn)



Total Equity (THB mn)



Dividend Policy

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

Business Overview

DSG is one of the leading providers of quality disposable diapers for babies and adults in South East Asia. The Company has operated its main facilities in manufacturing and marketing its products primarily in Thailand, Malaysia, Indonesia and Singapore. DSG maintains brand equity for its disposable baby products such as "BabyLove" in Thailand, "PETPET" in Malaysia and "Fitti" in Indonesia. The brand of "Certainty" has been an adult incontinence market leader in Thailand for many years.

With many years of experience and presence in SEA region, the Company has expanded its product portfolio to fulfill its customers' and consumers' needs and captured the opportunities in high growth markets through geographic expansion in this region. Thailand is a strategically regional hub to drive the growth in the under-penetrated emerging markets of the Asean Economic Community (AEC).

Our manufacturing facilities are ready and capable in adapting to change in marketing and capacity needs. At the same time, we strive to continuously optimize end-to-end supply chain efficiency in order to improve the productivity of our group.

Strategically, 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, supply chain innovation, productivity and quality improvement to build a solid foundation for sustainable long-term growth in South East Asia.

Product Portfolio Segmentation

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 the success in Malaysia and Indonesia, respectively. The introduction of the new patented technology also enable the Company to relaunch BabyLove PlayPants NanoPower with superabsorbent Nano sheet. The revolutionary features embrace new and improved diapering experience for babies in key areas of comfort, fit and absorbency. In Q1 2016, BabyLove PalyPants NanoPowerPlus was launched with its latest innovation "Plus" to provide with quick absorbency and faster drying.

1.1 Disposable Baby Diaper Tape

Market	**Mass**
Brand	BabyLove Tape
Package	
Key benefit	Easy Tape For Easy Adjustment
Country	Thailand

Market	**Premium**	**Mass**
Brand	PETPET Night Tape	PETPET Tape
Package		
Key benefit	One Piece All Night	Happy Comfort = Happy Baby + Mommy
Country	Malaysia	

Market	**Economy**	
Brand	Fitti Tape	
Package		
Key benefit	Wise Choice for Mothers	Best Affordable Comfort
Country	Indonesia	Malaysia

1.2 Disposable Baby Diaper Pants

Market	**Premium**	**Mass**
Brand	BabyLove NightPants	BabyLove PlayPants NanoPowerPlus
Package		
Key benefit	One Piece All Night Long	Perfect Fit for Your Baby to Wear During Day& Night and Easy to Wear
Country	Thailand	

Market	**Economy**		
Brand	BabyLove DayPants	PETPET DayPants	Fitti DayPants
Package			
Key benefit	The Best Day Time Diaper for Good Hygiene		
Country	Thailand	Malaysia	Indonesia

2. Adult Diaper Categories

Certainty brand is the overall adult diaper market leader in Thailand. The introduction of product performance improvement in Certainty SuperPants in Q1 2014 (replacing Certainty ActivePants launched since 2010) and the new launch of Certainty DayPants in Q2 2014 have complemented the existing adult diapers category for the Company. In 2016, Certainty has still progressed market share and sales momentum in Thailand as the highest ranked adult brand. In addition, Certainty was aggressively promoted to increase brand awareness in Malaysia, Indonesia and Singapore.

2.1 Disposable Adult Diaper Tape

Market	**Mid-Range**
Brand	Certainty Tape
Package	
Key Benefit	Excellent Absorbency and Comfortably Dry

2.2 Disposable Adult Diaper Pants

Market	Mid-Range	Mass
Brand	Certainty SuperPants	Certainty DayPants
Package		
Key Benefit	Excellent Absorbency and Breathability	Underwear-like Feeling and Breathability

Industry Outlook

Disposable Diaper as a Sunrise Industry

Robust population growth, increasing affluence and urbanization together with low user penetration in South East Asian regions provide ample growth opportunities in the baby diaper segment. In addition, the growth of the aging population presents huge opportunities for the adult incontinence market.

We expect the penetration of both baby and adult diapers to increase throughout all SEA countries. Focusing on value creation, the Company has strategically focused on delivering innovative yet affordable products to serve the customers' needs and requirement. To boost our connectivity and competitive edge, we have taken advantage of both traditional and new channels in our marketing campaigns. While maintaining our strong presence in all retail channels, we have also extended our presence in the digital platform in order to serve and connect with customers.

According to the World Population Research in 2015, Asia has the highest population of 4.4 billion or 60% of total global population. With the closer focus to SEA as our key markets, the key demographic of over 600 million populations and high birth rate in most of the countries poses a dynamic market for the Company to sustain its continuous growth in the future. In addition, the diaper business is still under-penetrated through most countries in this region, e.g. large-sized market in Indonesia and emerging markets in CLMV.

The Population of SEA Countries from 2015 to 2030

	2015	2020	2025	2030
Brunei	423,000	446,054	470,365	496,000
Cambodia	15,578,000	16,641,421	17,777,436	18,991,000
Indonesia	257,564,000	269,629,321	282,259,829	295,482,000
Lao PDR	6,802,000	7,323,352	7,884,665	8,489,000
Malaysia	30,331,000	32,145,606	34,068,775	36,107,000
Myanmar	53,897,000	55,934,040	58,048,070	60,242,000
Philippines	100,699,000	107,810,314	115,423,826	123,575,000
Singapore	5,604,000	5,863,163	6,134,312	6,418,000
Thailand	67,959,000	68,055,862	68,152,862	68,250,000
Vietnam	93,448,000	97,217,871	101,139,826	105,220,000
Total	632,305,000	661,067,005	691,359,964	723,270,000

Source: Projection Based on Department of Economic and Social Affairs, United Nations (2015)

1) Industry Outlook for Disposable Baby Diapers:

Baby diaper generally continues to grow across South East Asia as a result of the country demographics.

The Average Number of Children per Woman

	2010-2015	2015-2020
Brunei	1.90	1.82
Cambodia	2.70	2.53
Indonesia	2.50	2.36
Lao PDR	3.10	2.77
Malaysia	1.97	1.90
Myanmar	2.25	2.13
Philippines	3.04	2.87
Singapore	1.23	1.26
Thailand	1.53	1.46
Vietnam	1.96	1.95

Source: Department of Economic and Social Affairs, United Nations (2015)

Despite the moderate newborn growth in Thailand, BabyLove as the fastest growing brand has continuously launched products to meet consumers' pocket size and usage occasions such as BabyLove DayPants and BabyLove NightPants. Furthermore, the Company has also launched BabyLove PlayPants NanoPowerPlus with its patented technology offering a slim but absorbent product catering towards the increasingly sophisticated needs of the Thai population.

In Malaysia, there is a significant room for growth by offering different product formats and segmentation. In recent years, we have continuously strengthened our PETPET portfolio by offering PETPET Night Tape, PETPET DayPants as well as relaunched improved versions of our PETPET Tape. Similarly, we have also upgraded our value for money, Fitti Tape with value added features to fulfill the demands of the economy segment.

Indonesia, with a large-sized and low penetrated market, is our key focus for our market expansion. We have invested in setting up the right business foundation in order to pave the way for a sustainable future. As a result, the sales of Fitti brand has experienced accelerating growth over the past few years. Together with the relatively low penetrated markets in the CLMV region, we foresee the opportunity to capture the baby diaper business growth in coming years.

2) Industry Outlook for Disposable Adult Diapers:

Demographics also indicate a strong future for the adult diaper market growth in SEA. The population will continue to age at varying rates per country, with Thailand and Singapore leading

in terms of the percentage of the number of persons aged 60 and above while Malaysia and Indonesia and the rest will form the basis of aging population in the longer term.

The Number of Persons Aged 60 and Above

	2015		2020		2025	
Brunei	35,109	8.3%	45,853	10.3%	59,884	12.7%
Cambodia	1,137,194	7.3%	1,404,948	8.4%	1,735,745	9.8%
Indonesia	22,923,196	8.9%	27,219,386	10.1%	32,320,755	11.5%
Lao PDR	442,130	6.5%	542,828	7.4%	666,461	8.5%
Malaysia	3,033,100	10.0%	3,708,539	11.5%	4,534,392	13.3%
Myanmar	5,228,009	9.7%	6,054,424	10.8%	7,011,475	12.1%
Philippines	7,955,221	7.9%	9,386,449	8.7%	11,075,170	9.6%
Singapore	1,137,612	20.3%	1,369,484	23.4%	1,648,618	26.9%
Thailand	12,164,661	17.9%	13,983,333	20.5%	16,073,904	23.6%
Vietnam	11,494,104	12.3%	13,832,969	14.2%	16,647,755	16.5%
Total	**65,550,336**	**10.4%**	**77,548,214**	**11.7%**	**91,774,159**	**13.3%**

Source: Projection Based on Department of Economic and Social Affairs, United Nations (2015)

In addition, untapped emerging markets in countries such as China, India, Thailand, Vietnam, and Indonesia have immense potential to grow rapidly and contribute to the market share in the future. The elderly are more susceptible to diseases that can cause incontinence. Therefore, a rise in the elderly population results in high demand for adult diapers for the management of the condition.

The increasing trend in aging population coupled with increased life expectancy as well as increasing affluence, augurs well for the long-term growth of the adult diaper market. The Company launched Certainty SuperPants and Certainty DayPants to accommodate the growing market in adult diaper segment and has gained well acceptance especially in Thailand as our key focused market. Certainty is poised to be the market leader in Thailand with a robust growth and is well positioned to capture the opportunity amidst increasing aging population throughout SEA.

Management Discussion and Analysis

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

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

Overview

2016 remained a challenging year with deflated purchasing power from the sluggish economic condition, especially during a mourning period after Thailand's beloved king has passed away and severe price competition has still affected group sales revenue and profitability growth.

In addition to deliver "value for money" products, DSGT relentlessly strived to improve the quality and productivity for every section to proactively manage the cost efficiency and fast response to the dynamics of each market. As a result, we re-launched new and improved BabyLove PlayPants NanoPower**Plus** with integrated marketing support. Our DayPants for baby and adult diapers were re-launched with improved performance and functions, which were well positioned to the changing consumer trend during economic recession. All DayPants products have been registered positive volume and market share growth in most markets.

Certainty has performed well from the increasing aging population due to higher life expectancy and improved healthcare systems in most SEA region. Certainty portfolio in most markets registered high growth in both the tape and pant segments. DSGT continued to sustain the category leadership position in Thailand.

We believe that our efforts in cost-efficiency, new products and innovations, focus on market dynamics, customer satisfaction and revenue optimization will continue to drive the Group to sustain it revenue growth and profitability in the future.

Key Market Highlights

Thailand: In Q1 2016, BabyLove PlayPants NanoPower**Plus** was launched to reinforce the innovative franchise of the brand from improved performance. Our DayPants for baby and adult diapers were re-launched with improved performance and functions, which were well positioned to the changing consumer trend during economic recession. Certainty has performed well from the increasing aging population due to higher life expectancy and improved healthcare

systems in most SEA region. DSGT continued to sustain the category leadership position in Thailand.

Malaysia: The depressed economic situations has slight positive recovery but the low commodity price and oil price impact have caused the dampened the consumer purchasing power across all industries, including disposable diaper category to continue to be soft. PETPET DayPants and Fitti Tape maintained their market position despite the weak economy. Encouragingly, Certainty experienced high double digit growth in the growing adult diaper market.

Indonesia: Fitti DayPants gained sales momentum in the rapidly expanding baby pant segment.

Export Markets: The export markets continued to grow. Export marketing efforts also stepped up in Cambodia, Laos and Vietnam to capitalize on the AEC initiatives.

Financial Performance Highlights

The consolidated Sales Revenue of the Group was Baht 7,304.93 million, representing a decrease of 2.8% compared to 2015. Despite the diminished purchasing power, the Group recorded growth of baby and adult market share particularly in mid-priced segments.

The consolidated Net Profit was Baht 68.77 million, increased from 2015 at Baht 0.07 million. Excluding the gain of Baht 130.78 million from selling asset at Indonesia, the Group had a loss from the operation in 2016, resulting from aggressive commercial investment to support sales and distribution channel activities.

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.

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.

Given the favorable demographic and socio-economic factors in South East Asia, DSG Group is committed to strive for sustainable growth through continuous investments in brand building initiatives, human resources development and supply chain efficiency. The Company is 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

As at the end of 2016, DSGT reported Total Consolidated Assets of Baht 6,758.45 million decrease by 1.94% from Baht 6,892.74 million at end of 2015.

The Group's net increase in cash and cash equivalents was Baht 66.47 million mainly resulted from lesser cash payment in fixed asset. Net cash used in investing activities was Baht 137.61 million was mainly used to support business operation in key markets. The capital investments were partly financed by the net cash from operating activities and external borrowings.

The 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 of 2016, 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, 2016 onwards, in the preparation and presentation of these financial statements.

Revenue Structure

	2014 [1]		2015 [1]		2016 [1]	
	M. THB	%	M. THB	%	M. THB	%
Domestic sales[2]:	7,877.9	95.3%	7,184.7	95.6%	6,851.9	93.8%
Export sales:	263.0	3.2%	180.9	2.4%	122.4	1.7%
Other sales[3]	124.4	1.5%	149.4	2.0%	330.6	4.5%
Total income	8,265.3	100.0%	7,515.0	100.0%	7,304.9	100.0%

Remark:

1 Exchange Rate

Unit: Baht

Exchange rate	2014	2015	2016
1 Malaysian Ringgit	9.9403	8.8034	8.5139
1,000 Indonesian Rupiah	2.7419	2.5691	2.6579
1 Singapore dollar	25.6410	24.8394	25.5160

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

3 Other sales include sales from non-diaper products i.e. absorbent sheet

Risk Factors and Management

The Company implements Risk Management policies to mitigate foreseeable potential risks. In 2016, the key risks that could have a significant impact on the Company‘s achievements are summarized as follows:

Industry Competition Risk

The economic slowdown throughout SEA region has slightly improved from the previous year but still remained soft and impacted the overall consumer spending. Most competitors have applied price promotion tactics to stimulate weakened consumption and boost their market share.

Mitigation Approach: Owing to high competition in disposable diaper market, the Company has strategically mitigated such risks by creating the value through innovation in many aspects such as products, distribution channel, marketing activities in order to satisfy consumer needs for value propositions. The Company periodically reviewed its pricing mechanism including the appropriate advertising and promotion to be competitive in the market throughout SEA. Operationally, the Company constantly focused on improving operational efficiencies to improve the operating margins.

Financial Risk

The Company’s profitability is subjected to the fluctuation of the US dollar as most of its raw materials are purchased in US dollar.

The appreciation of US dollar versus major local currencies practically wiped out the favorable impact from raw materials and logistics cost due to the decline in global crude oil price.

Besides the impact on raw material costs, the fluctuation of exchange rates also negatively impact on the consolidation of the Company’s financial statements as the Company reports its earnings and investments in various subsidiaries in Thai Baht.

Mitigation Approach: The Company has continuously attempted to reduce such risks by entering into forward exchange contracts, counterbalancing supply risks via multiple sourcing strategy and improving operational cost efficiencies.

Commodity Risk

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 major commodities, of which the prices are subject to global supply and demand and other factors such as oil price and supplier production capacity throughout the economic cycles.

DSGIL, which is the parent company of the Company, has entered into central purchasing arrangement with key suppliers/distributors of major raw materials in order to reap the economy of scale benefits, thus ensuring the product cost competitiveness of the Company and its subsidiaries.

Mitigation Approach: Besides managing foreign exchange risks, the Company has leveraged upon the Group central purchasing power as mitigation of supply risk is our key focus. The Company has implemented multiple sourcing strategies as well as local sources wherever possible in order to maximize the cost advantages.

Safety & Hazard Risk

The Company did not encounter with the serious issues from either human error or natural disasters which might cause the unsafe operation or hazardous risks to our business. The Company pays high attention to risk awareness along the whole supply chain. In addition, a safety management system by training our team on machine operation skill, technical solution, product quality knowledge, safety and hygiene control has been implemented and maintained continuously

Mitigation Approach: The Company has incorporated the external factors including prioritized safety and hazard risks in its business planning and risk management. With regard to preventive actions, the Company has enforced the safety practice throughout the organization, developed the business continuity plan and worked with our stakeholders to ensure the continuation of business operation against any potential disasters.

Confidentiality Risk

The Company has renewed its confidentiality and data protection policy. The Company issued the confidentiality guidelines to all employees and suppliers. In addition, the Company reinforced the internal control systems to safeguard the confidentiality of proprietary information.

Mitigation Approach: In order to enforce the confidentiality guidelines, the Company has implemented IT related data protection measures and continuously reminded our employees and suppliers to protect the Company's management information confidentiality.

General and Other Significant Information

Corporate Information

Company	: DSG International (Thailand) Public Company Limited
Nature of business	: Manufacturing and distributing 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 or Email: ir@dsgap.com

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Company Registrar

Thailand Securities Depository Co., Ltd.

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Fax: +66 2 009 9991

Auditor

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

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Fax: +66 2 034 0100

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Tel: +66 2 256 6311-4

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Regional Offices in South East Asia

Thailand

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

Office:

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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
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Factory:
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Singapore
Disposable Soft Goods (S) Pte Limited ("DSGS")

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Summary Profile of Board of Directors and Management

Mr. Wang Shui Ling Brandon
Chairman of the Board of Directors
Appointed Date: 10 March 2010
Age: 71 years

Brandon 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. Kam Shing Ambrose Chan
Director and Chief Executive Officer
Appointed Date: 14 May 2008
Age: 62 years

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. He has been a Fellow Member of Thai Institute of Directors Association (IOD) since March 2014.

Mr. Yeoh Aik Cheong
Director and Chief Financial Officer
Appointed Date: 1 June 2011
Age: 44 years

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 March 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. In 2015, He attended the Director Certification Program (DCP) Class 207/2015 from Thai Institute of Directors Association (IOD).

Ms. Chachanee Anantwatanapong
Director and General Manager
Appointed Date: 1 December 2013
Age: 57 years

Chachanee joined DSG International (Thailand) PLC since June 2010, as Commercial Director for Thailand. In June 2012, she was promoted as General Manager – Thailand. Chachanee was appointed as Director of DMS in September and DSGT in December 2013.

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

Chachanee earned a Master Degree of Business Administration (major in marketing) and a Bachelor of Accounting from Chulalongkorn University. She also received a Certificate of Advertising from the University of California, Los Angeles. In 2015, she attended the Director Certification Program (DCP) Class 200/2015 from Thai Institute of Directors Association (IOD).

Mr. Kwok King Kingsley Chan
Director
Appointed Date: 25 October 2016
Age: 39 years

Kingsley Chan has been appointed as a Director of the Board of Directors since October 2016. Kingsley is currently a Managing Director of Morgan Stanley. He has joined Morgan Stanley since 2007 and focused on the group's private equity transactions in China. Kingsley currently serves as a director on the board of Feihe Dairy, Hi-24 Convenience Stores, Omni Remotes, Sino Gas, Baijia, IVD Holding Limited and as an observer on the board of CreditEase.

Prior to joining Morgan Stanley, Kingsley was with the investment banking divisions of Credit Suisse and Citigroup for seven years. He is Chinese and based in Hong Kong. Kingsley received a BSc in Economics from the University of London and an MPhil in Finance from the University of Cambridge.

Mr. Dicky Peter Yip
Independent Director and Chairman of the Audit Committee
Appointed Date: 24 April 2013
Age: 69 years

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 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 Holdings Ltd. He was the Chief Representative of IIF (Institute of International Finance) for Asia Pacific from 2012 to 2015.

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 Bauhinmia Star by the Hong Kong SAR Government in 2000.

Mr. Sukporn Chatchavalapong
Independent Director and Member of the Audit Committee
Appointed Date: 16 December 2004
Age: 58 years

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. In 2004, he attended the Director Accreditation Program (DAP) Class 30/2004 from Thai Institute of Directors Association (IOD).

Sukporn started his career with the Foreign Department of Bangkok Insurance Public Co., Ltd. in 1979. He moved to CP Intertrade Co., Ltd. where he was responsible for risk management of joint venture companies in China in 1990. He joined Inchcape Insurance Brokers (Thailand) Co., Ltd. as Broking Manager in 1992. In 1998, he was appointed General Manager - Commercial Line of Royal and Sun Alliance Insurance (Thailand). In 2002, he joined BT Insurance Co., Ltd. (a member of BankThai Group) as Deputy Managing Director and was promoted to Managing Director in January 2007. He left BT Insurance in August 2008. At present he works with Asia Insurance 1950 Public 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
Appointed Date: 17 February 2012
Age: 57 years

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 currently serves as a Director of Associated British Foods Asia Pacific Holding Company. Prior to joining DSGT, Alex 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 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.

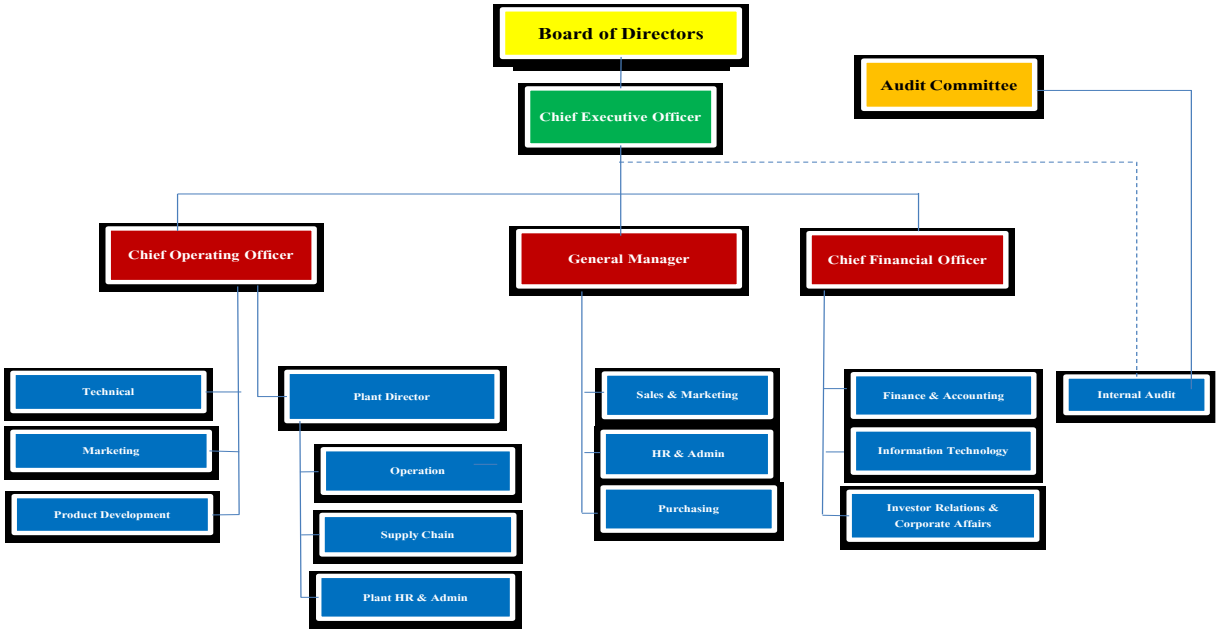
Ms. Justine Man San Wang
Chief Operating Officer
Age: 39 years

Justine Wang 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. In April 2014, she was promoted to be Chief Operating Officer. Currently, Justine serves as Director of DSGMSB, DSGML, PTDSG and DMS.

Justine graduated with a Master of Business Administration degree from SASIN Graduate Institute of Business Administration at Chulalongkorn University. Previous to this, she earned a Master of Science in International Politics from the School of Oriental and African Studies at the University of London, UK and a Bachelor of Arts majoring in Geography from Sussex University. In 2014, she attended the Director Certification Program (DCP) Class 196/2014 from Thai Institute of Directors Association (IOD).

Management Structure

The Organization Structure of DSG International (Thailand) PLC as of 31 December 2016



1) Board of Directors

As at 31 December 2016, the Company's Board of Directors comprised of 8 directors as follows:

List of Name	Position
1. Mr. Wang Shui-Ling Brandon	Chairman of the Board
2. Mr. Kam Shing Ambrose Chan	Director and Chief Executive Officer
3. Mr. Yeoh Aik Cheong	Director and Chief Financial Officer
4. Ms. Chachanee Anantwatanapong	Director and General Manager-Thailand
5. Mr. Kwok King Kingsley Chan*	Director
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
8. Mr. Chwan-Der Alex King	Independent Director and Member of the Audit Committee

*Remarks: Mr. Kwok King Kingsley Chan was appointed as Director, replacing Ms. Justine Man San Wang, effective from October 25, 2016. The said appointment was approved in the Board of Directors' Meeting No.6/2016, held on October 25, 2016.

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) Executive Committee

As at 31 December 2016, the Executive's Committee comprised of 4 members as follows:

Name	Position
1. Mr. Wang Shui-Ling Brandon	Director
2. Mr. Kam Shing Ambrose Chan	Executive Director
3. Mr. Yeoh Aik Cheong	Executive Director
4. 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.

<u>Scope of the Duties and Powers of the Company's Executive Committee</u>

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.

Authorized Directors

Directors authorized to sign in binding the Company consist of Mr. Wang Shui-Ling Brandon, Mr. Kam Shing Ambrose Chan, Mr. Yeoh Aik Cheong, Mr. Kwok King Kingsley Chan and Ms. Chachanee Anantwatanapong. Any two out of these five directors shall commonly sign and affix the Company common seal.

3) Audit Committee

As at 31 December 2016, the Audit 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: All have adequate expertise and experience to review credibility 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 2016, the management comprised of 4 members as follows:

Name	Position
1. Mr. Kam Shing Ambrose 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

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.

Orientation for New Directors

The Company shall organize an orientation session for new directors by presenting an overview of the Company's business operation as follows:

- Business and Operational Overview
- Strategic Framework
- Roles and Responsibilities of directorship
- Corporate Governance and Compliance requisite from the regulators

Training of the Board of Directors

The Company encourages the Board of Directors to acquire more knowledge either pursuing own study or attending the training courses or seminars, organized by the Thai Institute of Directors Association (IOD) and other organizations. The training records are recognized as follows:

- There are 4 out of 8 directors who attended the Director Certification Program (DCP) and the Director Accreditation Program (DAP)

5) Company Secretary

The Board of Directors appointed Ms. Siritorn Manopjuntaroj, an Investor Relations & Corporate Affairs Manager to be the company secretary in Board of Directors' Meeting No. 1/2016 held on 24 February 2016, replacing Mr. Yeoh Aik Cheong

According to The Securities and Exchange Act (No.4), B.E. 2551 Section 89/15 and Section 89/16, a company secretary shall be responsible for the following matters on behalf of the company or the board of directors:

1. preparing and keeping the following documents:
   a. a register of directors;
   b. a notice calling director meeting, a minute of meeting of the board of directors and an annual report of the company;
   c. a notice calling shareholder meeting and a minute of shareholders' meeting;
2. keeping a report on interest filed by a director or an executive;
3. performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In addition, the company secretary shall be assigned to the following matters:

a. recommendation for the related legal and regulation and corporate governance practice to the board of directors' activities in compliance with the law.
b. conducting the board of directors' meeting and the shareholders' meeting
c. delegating the resolution of the board of directors' meeting and the shareholders' meeting to the internal functions
d. coordinating with the governing offices, ,e.g. SEC, SET and controlling the correctness of disclosed information to the law and regulation.

Profile of Company Secretary

Ms. Siritorn Manopjuntaroj

Age: 39 years

Education/Training:

- Bachelor of Chemical Engineering, Chulalongkorn University
- Master of Chemical Engineering, Lehigh University, USA
- Company Secretary Program (CSP) Class 68/2016, Thai Institute of Directors Association (IOD)

6) Remuneration for Directors and Executives

The Company has set up a policy for remunerating directors and executives. The director 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.1/2016 held on April 27, 2016 approved the directors' remuneration for year 2016 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.

Remuneration in Cash

(1) Directors

In 2016 the Company paid remuneration to 3 directors totaling Baht 1.565 million in the form of cash remuneration for director fee as follows:

Unit: Thousand Baht

Name	Board	Audit Committee	Total
1. Mr. Wang Shui-Ling Brandon	-	-	-
2. Mr. Kam Shing Ambrose Chan	-	-	-
3. Mr. Yeoh Aik Cheong	-	-	-
4. Ms. Justine Man San Wang/ Mr. Kwok King Kingsley Chan	-	-	-
5. Ms. Chachanee Anantwatanapong	-	-	-
6. Mr. Dicky Peter Yip	-	545	545
7. Mr. Sukporn Chatchavalapong	-	545	545
8. Mr. Chwan-Der Alex King	-	475	475

(2) Executives

In 2016 the Company paid remuneration to 4 executives totaling Baht 37.1 million, respectively (in the form of cash remuneration: salary and bonus payment and non-cash remuneration: fringe benefits).

Other Remuneration

(1) Directors

The directors shall be reimbursed for the expenses as appropriated e.g. the transportation, the accommodation and the meal.

(2) Executives

- Provident Fund
  The Company has set up the Provident Fund and contributed 5% of each employee's salary.
- Long-term Incentive Program (LTI)
- The Company has organized LTI program to motivate the executives and employees who outstandingly contribute to the company in the long term. The program is designed to last for 3 years.

7) Personnel

As at 31 December 2016, the total number of members of the staff and employees of the Company were 348 persons as follows:

Line of Work	No. of Employees
Management	4
Operation	295
General Admin and Support Function	49
Total	**348**

Total employees of the subsidiaries were 475 persons as follows:

Company	No. of Employees
DMS	16
DSGML	113
DSGMSB	171
PTDSG	174
DSGS	1
Total	**475**

Total employees of the group were 823 persons with no significant change for the number of employees from the past few years.

The employees are entitled to receive the remuneration package from the company in the form of basic salary, performance bonus, provident fund and other fringe benefits.

The Company and its subsidiaries do not have any labor disputes of material importance that may impact negatively on the Company since the beginning of its business operation.

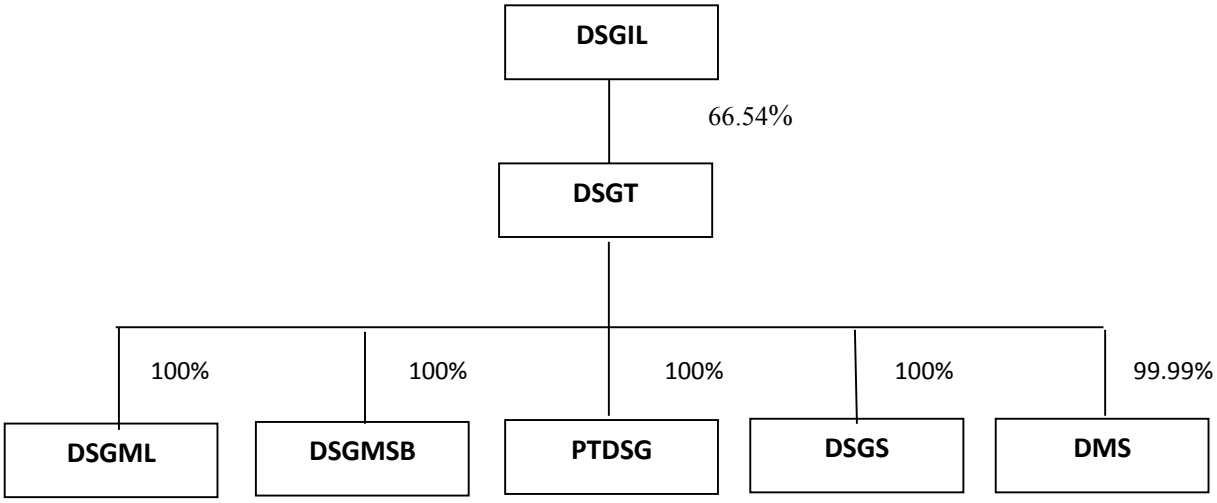
The Company has focused on human resource development to strengthen their capability and competency to support the Company's day-to-day operation and long-term growth. The Company promotes the employees to attend the training courses relevant to each line of work. Moreover, the employees are encouraged to learn from actual performance of duty and advice from experienced personnel (on-the-job training) and seminar participation.

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 2016



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 in South East Asia region through DSGT.

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 on 9 Aug 2006 with authorized share capital, with the objective of manufacturing and marketing of baby and adult disposable diapers. Its brand names include "BabyLove", "PETPET", "Fitti", and "Certainty" for both export and domestic markets.

DSGT holds 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 and adult disposable diapers in Malaysia.

3) PT DSG Surya Mas Indonesia ("PTDSG")

PTDSG was founded on 25 April 1997 by DSGIL holding approximately 60% and Mr. Abdul Alek Soelystio, an Indonesian citizen, holding 40% 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.

Major Shareholding Structure

As of 31 December 2016, there are 10 major shareholders as follows:

Name of Shareholders	No. of Shares Held	Shareholding (%)
1. DSG INTERNATIONAL LIMITED	838,386,180	66.54
2. NORTH HAVEN PRIVATE EQUITY ASIA ANGEL COMPANY LIMITED	349,238,100	27.72
3. Mr. Sophon Mitpanpanich	10,990,530	0.87
4. Thai NVDR Co., Ltd.	8,729,485	0.69
5. Mr. Samak Suthi	2,900,000	0.23
6. Mr. Salai Sukphanpotharam	1,700,000	0.13
7. HSBC BANK PLC-HSBC BROKING SECURITIES (ASIA) LIMITED	1,680,000	0.13
8. Mr. Sanit Dusadeenode	1,527,520	0.12
9. Mr. Kraisri Chaiworachat	1,294,090	0.10
10. Mrs. Panitchaya Puothavornsakul	1,283,900	0.10
Other shareholders	42,269,990	3.35
Total	1,259,999,795	100.00

Remark: Total number of shareholders is 1,574

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 all stakeholders. The Company has implemented policy and practices for good corporate governance and business ethics as follows:

1. Compliance with the Principles of Corporate Governance Applied for Listed Companies

1.1 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 the agenda of directors' nomination and remuneration, and auditors' nomination and remuneration, dividend payment and key decision of business matters (if any) for shareholders' approval in the annual general meeting (AGM) on yearly basis;
- Present important information for shareholders in many communication channels, e.g., during the meeting, notification through SET system and corporate website – www.dsgap.com;
- Not to lessen the shareholders' right by not distributing significant information immediately on the meeting day, or not put additional agenda during the meeting and allow the latecomer shareholders to attend the meeting for voting to the existing agenda;
- Apply the barcode system to support registration process and counting vote which is more efficient to the shareholders in attending the meeting;
- Record the minutes of the meetings correctly for the shareholders to inspect and then publish within 14 days after AGM date via corporate website;
- Facilitate a translation in case that the shareholders' meeting is conducted in foreign language to ensure that the shareholders can completely understand the message of the meeting and can ask the questions or express the opinions;
- Provide the stamp duty to the shareholders who attend the meeting in case of proxy;
- Select the meeting venue which the shareholders can access easily by the public transportation.

1.2 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 the shareholders at least 14 days prior to the meeting date. The Company has appointed Thailand Security Depository Company Limited (TSD) as the company registrar to distribute the invitation letter and other documents to shareholders. In 2016, the Company delivered the meeting invitation letter to the shareholders on March 10, 2016 and made an announcement through the newspaper for 3 consecutive days in order to inform the shareholders in advance;
- Sent the proxy form together with the invitation letter and listed the required documents for the meeting in order to facilitate the shareholders who cannot attend AGM. Moreover, the Company has authorized Independent Director/Member of Audit Committee, Mr. Sukporn Chatchavalapong as a proxy on behalf of the shareholders in the event that the shareholders cannot attend the meeting;
- Post these AGM documents in Investor Relation section via corporate website to ensure that the shareholders have equally accessed the company's information in many channels. The Company posted the meeting invitation letter on the Company website on March 10, 2016;
- Set the venue and the appropriate time that is convenient for every shareholder to attend the meeting. In 2016, the Company held the Annual General Meeting of Shareholders No.1/2016 on April 27, 2016 at 10.00 am at Crowne Plaza Bangkok Lumpini Park Hotel. The venue was convenient for travelling by public transportation, e.g., public buses, BTS Sky Trains and MRT (Bangkok Metro);
- 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 2016, the Company informed the resolution of the meeting on April 27, 2016 via SET website and published the minutes of the meeting on the corporate website on May 11, 2016;
- Record the meeting in video format and post on the corporate website;
- Set the protection policy in order to prevent the use of internal information by directors and management for their personal use. The Company has applied the confidentiality to all directors, management and employees from not using the Company's information for the sake of their own. 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 announcement was noticed in advance via the Company's intranet, email and corporate website. The detail can be found under the Use of Internal Information section.

1.3 Role of Stakeholders

The Company has placed high importance on the right of stakeholders including executives, employees, customers, suppliers, competitors, creditors, state sectors and other related organizations. The Company complies with the relevant rules and regulations to ensure that the rights of these interested groups are properly attended to.

Employees:

The Company recognizes the employees as a key driver to its long-term sustainable growth; therefore, promotes the people development for our employees. The Company always treats the employees equally and fairly by providing suitable remuneration, proper welfares i.e. provident fund, group health insurance, safety policies, labor relation activities, and etc, according to performance evaluation, company performance and benchmarking with other same industries. In addition, the Company encourages the adequate training of employees either through public or in-house trainings to increase their skills and competencies.

Customers/Consumers:

The Company commits to deliver the best results to maximize the customers and consumers' satisfaction by providing the high quality products at the lowest possible manufactured cost to serve the customers' needs. The Company provides the understandable information on relevant aspects of products or services and offers various communication channels to the customers and consumers regarding advices. Also, the Company enforces the employees to protect the customers' confidential information for not being used for their own benefits.

Competitors:

The Company conducts its business with ethics and consistently engages with fair competition and transparency, not to seek information on competitors through improperly dishonest means.

Suppliers/Contractors:

The Company's code of conducts have defined the practices in sourcing and selection process under a framework of good competitive roles. 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 case that there is any issues causing non-compliance, the Company shall inform the trading partners to coordinately seek the best solutions.

Creditors:

The Company treats the creditors responsibly for financial obligation and guarantee condition as stipulated in the contract. The Company does not engage in dishonest practices. In case that the Company cannot fulfil one or more of its obligations, the notification will be sent to the creditors in advance to coordinately seek the best solutions.

State Sectors and Other Related Organizations:

The Company applies a good corporate governance and compliance to the local law and other regulations including international standards. The Company treats the related parties fairly in consideration of community's involvement, efficient resource management and sustainability.

1.4 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, corporate website and announcement through SET system. All disclosures of official information were written in both Thai and English. These are to ensure that all shareholders can access to the Company's information equally. The Company's practices on the 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;
- Establish 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

- Provide the shareholders and investors access to the company's information, through various channels such as annual report, corporate website, analyst meetings and roadshows. In 2016, the Company has conducted various communication through emails, phone calls, company visits, and oversea conference calls.

1.5 Responsibilities of the Board

The Company has set up the guideline for the Board of Directors' roles and responsibilities as follows:

1.5.1 Board Structure

- The Company's Board of Directors comprises of 8 people
  - 3 directors are executive directors
  - 2 directors
  - 3 directors are Independent Directors and Member of the Audit Committee
- One-third of the Company's directors are independent directors. Should that any director has 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 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.

1.5.2 Sub-committee

The Company's Board of Directors appoints 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's financial performance.

1.5.3 Roles and Responsibilities

- 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 Ms. Siritorn Manopjuntaroj 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.

1.5.4 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 2016, there were totally 9 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 2016, The meeting attendance was recorded as follows:

List of Name	Position	Meeting Attendance (times/total)		
		Board of Directors	Audit Committee	AGM
1. Mr. Wang Shui-Ling Brandon	Chairman of the Board	1/9	-	0/1
2. Mr. Kam Shing Ambrose Chan	Director and Chief Executive Officer	9/9	-	1/1
3. Mr. Yeoh Aik Cheong	Director and Chief Financial Officer	9/9	-	1/1
4. Ms. Chachanee Anantwatanapong	Director and General Manager	8/9	-	1/1
5. Ms. Justine Man San Wang	Director and Chief Operating Officer	4/5	-	1/1
5. Mr. Kwok King Kingsley Chan*	Director	3/4	-	-
6. Mr. Dicky Peter Yip	Independent Director and Chairman of the Audit	9/9	4/4	1/1
7. Mr. Sukporn Chatchavalapong	Independent Director and Member of the Audit	9/9	4/4	1/1
8. Mr. Chwan-Der Alex King	Independent Director and Member of the Audit	4/9	2/4	1/1

*Remark: Mr. Kwok King Kingsley Chan was appointed as Director, replacing Ms. Justine Man San Wang, effective from October 25, 2016. The said appointment was approved in the Board of Directors' Meeting No.6/2016, held on October 25, 2016.

2. Use and Disclosure 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. Specifically, the directors and management who are responsible for SEC filings need to report the corporate secretary for their Company's stock trade at least 1 day before transaction date.

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, 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.

3. Anti-corruption

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 as follows:

3.1 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.

3.2 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.

4 Conflict of Interest

The Company issues the conflict of interest policy to the Board of directors stipulated under scope of the Duties and Powers of the Company's Board of Directors and applies to all employees in code of conduct as follows:

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.

5 Remuneration for the External Auditor

5.1 Audit Fee

For the fiscal year of 2016, the Company and its subsidiaries paid a total audit fee of Baht 4.84 million to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Of this amount, Baht 3.02 million is charged to the Company and the rest is charged to its subsidiaries.

5.2 Non-Audit Fee

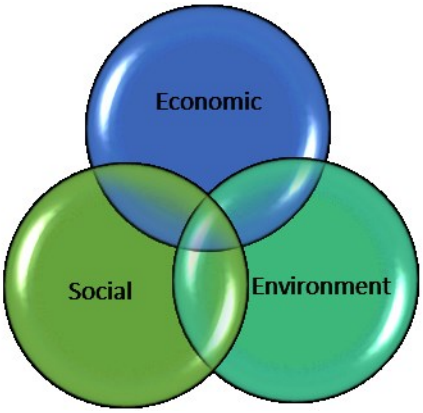
-None-

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.

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:



<u>Economic Success</u>

Internal perspectives:

The Company has committed to building the strong foundations 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 operational costs in order to remain the competitive price in the market.

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 economies 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.

For a sustainable future, investing in our people to ensure talent line up and business continuity is an integral part of our company strategy. We believe in facilitating our people of all levels to gain higher skills for the betterment of themselves and the Company.

In 2016, we have continued to focus our efforts in human resources development training, including our Operator Development Program, Management Trainee Program, Employee Kaizen and Cost Saving initiatives, and Succession Planning to build the future pipeline for key positions in the Company.

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 regulation.

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.

Throughout the years, DSG has succeeded via implementing key innovation strategies in a localized manner. In each market, our commercial and R&D team have conducted many detailed researches via home use trials, end user group discussions and shopper behavior studies to understand the local lifestyles and preferences of each market, helping us to truly understand what is needed from our products.

Combined with our operational strengths, supplier partnership and R&D patented technologies, we aspire to continuously develop a pipeline of innovative new products that puts us a step ahead of the market. In doing so, delivering quality at a reasonable price remains as our top priority in creating value for our consumers.

For example,

2009 - launch of BabyLove PlayPants, being the first pants product to bring quality at a competitive price to the mass population, thus expanding the pants market at a rapid pace. Prior to the introduction of BabyLove PlayPants, all pants products were priced for selected premium consumers.

2010 - launch of Certainty Active, being introduced for those incontinence.

2011 - launch of BabyLove and PetPet Night product range to meet the needs for a product with superior absorbency to last through the night.

2013 - launch of BabyLove, PetPet and Fitti DayPants to cater for the rising penetration of baby diapers into the economic segment.

2014 - launch of Certainty SuperPants, replacing Certainty Active for those incontinence but mobile users who are seeking for assurance of performance while still retaining a decent quality of life.

2014 - launch of Certainty DayPants for those with light incontinence but wish to carry on with their lives as they have always lived and known.

2015- relaunch of product innovation "BabyLove PlayPants" with patent technology of NanoPower

2016- relaunch of BabyLove PlayPants NanoPowerPlus with its latest innovation 'plus' faster drying, is improved with double absorbent layers that provides quick absorbency and faster drying.

For all of the above, the product formulation, design, packaging and execution have been catered to local lifestyle and tastes of each culture.

The Company has a policy for manufacturing products with high quality. The entire quality management system has been well implemented in our overall plant operation. Also, we have been focusing on our continuous quality improvement by lean manufacturing concept and other excellent processes. Those contribute in product quality improvement and cost saving as well. We strictly controlled all activities according to ISO 9001 standard and built up good safety practices. The ISO: 9001:2008 Surveillance audit has been done very successfully in 2015.

2. Community Involvement and Development

The Company contributes to increase 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.

On April, 2016, Certainty joined the caravan troop to educate and generate trail among target users with samplings. The activity was conducted in senior communities during Thai New Year (SongKran) as it was a holiday for family gatherings.

On June 2016: BabyLove conducted 'BabyLove Crawling Contest 2016' that took place in the Thailand Baby & Kids Best Buy event on 4th Jun 2016. BabyLove used this event to feature its extra benefit 'SOFTER with Bubble Soft Sheet' that provides a gentle touch at the premium quality for baby's delicate skin. In the event, moms are enable to try the new product 'BabyLove PlayPants NanoPower Plus' and prove its performance by participating on the BabyLove Crawling Contest. The fastest-crawling baby gets Baht 40,000 and free diaper for a year!

Environmental Responsibility

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

In 2016, the Company has continuously conducted many improvement projects for energy saving. In Thailand, the reduction of power consumption was implemented by advanced technology lighting system. In addition, the optimizing & managing program for machine production with power consumption reduction was established in compliance with lower carbon footprint.

With high responsibility to the environment, the Company continuously explores the matured technologies in the direction of energy conservation. In addition, the energy awareness driven by the employees results in energy reduction in our manufacturing facilities.

Besides managing sustainability in our operation, we have expanded environmentally friendly mindset to our procurement process throughout supply chain. As for raw materials, we have applied our screening criteria to select the sellers or companies who manage their products with certification and comply with the standard with respect of environment protection and energy consumption reduction. For instance, we sourced the pulp from certified timberland with Forest Stewardship Council (FSC) standard, nonwoven sheets on recycled raw material program. For petroleum – linked raw materials such as Super Absorbent Polymer (SAP), Polyethylene film, Hotmelt and etc., we have considered for performance improvement to reduce energy consumption, carbon footprint, greenhouse gas emission and waste release to the environment.

Internal Control

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 No. 1/2017 on February 24, 2017.

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.

Related Transactions

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 2015		Audited 31 December 2016		
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	89.408	Management Fee	102.083	The said transaction was reasonable and was beneficial to the business operation of the Company and its subsidiaries because the said fee was paid to DSGIL for the services provided under the Management Agreement. In addition, the terms and conditions of the Management Agreements are fair and equitable when compare to the Management Agreements of DSGIL with other affiliated companies. Rate of management fees that the Company has to pay to DSGIL is higher than those of the other subsidiaries. The management support to the Company is more intense as compare to the Company's subsidiaries. On September 30, 2015 the Company and its subsidiary received the exemption for accrued management fee and royalty fee as at September 30, 2015 from DSGIL.
	The Company, DSGML and DSGMSB also paid License Royalty fee to DSGIL.	Royalty Fee	23.096	Royalty Fee	58.878	

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 2015	Audited 31 December 2016	
	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.	34.281 Aging Current: 34.304 ≤ 3 mos: -0.131 6-12 mos: 0.066 >12 mos: 0.042	33.326 Aging Current: 15.057 ≤ 3 mos: 15.566 3-6 mos: 1.125 6-12 mos: 1.578	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. On September 30, 2015 the Company and its subsidiary received the exemption for accrued management fee and royalty fee as at September 30, 2015 from DSGIL.
	1.3 DSGIL is other debtor of PTDSG, arose from advertising expenses to promote brand building.	58.008 Aging ≤ 3 mos: 58.008	0.070 Aging Current : 0.070	The said transaction was reasonable and considered as a normal transaction.
	1.4 DSGIL is other debtor of the Company, arose from expenses reimbursement.	0.040 Aging Current : 0.040	0.274 Aging Current : 0.090 ≤ 3 mos: 0.184	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 2015	Audited 31 December 2016	
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.	9.845	3.178	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.	3.157 Aging Current: 3.157	1.350 Aging Current: 1.350	The said transaction was reasonable and considered as a normal transaction.
	2.3 DSGL is other creditor of the DSGMSB, arose from other expenses charge back from DSGL.	0.110 Aging Current: 0.035 3-6 mos: 0.049 6-12 mos 0.026	0.016 Aging Current: 0.016	The said transaction was 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 2015	Audited 31 December 2016	
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	-0.848	8.167	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. On September 30, 2015 the Company and its subsidiary received the exemption for accrued management fee and royalty fee as at September 30, 2015 from DSGUK.

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 2015	Audited 31 December 2016	
	3.2 DSGUK is the creditor of PTDSG from the unpaid royalty fees mentioned above. (The said fees were paid quarterly with 20 days credit term)	1.401 <u>Aging</u> Current: 1.401	7.621 <u>Aging</u> Current: 2.565 ≤ 3 mos: 1.648 3-6 mos: 1.403 6-12 mos: 2.005	The said transaction was reasonable and considered as a normal transaction. The outstanding balance (interest free) can be considered as a financial support from DSGIL who transfer the right to collect the royalty fee to DSGUK. On September 30, 2015 the Company and its subsidiary received the exemption for accrued management fee and royalty fee as at September 30, 2015 from DSGUK.

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 2015	Audited 31 December 2016	
4. Shanghai DSG MegaThin Co. Ltd. ("SDSGM"). - Manufacturing and distributing raw material. - Registered in China - Head Office in China - DSGIL, which is the major shareholder of the Company, holds 75 percent of share in Shui Ling Holding Co. Ltd; and Shui Ling Holding Co. Ltd. holds 100 percent of share in SDSGM.	4.1 The Company purchased raw materials from SDSGM.	7.709	-	This transaction is a normal trade transaction. The raw material is a proprietary product of DSG.
5. Disposable Soft Goods (Zhongshan) Ltd. ("DSGZ"). - Manufacturing and distributing diaper products in China	5.1 The Company sold baby diapers and raw material to DSGZ.	45.932	167.783	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.

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 2015	Audited 31 December 2016	
- Registered in China - Head Office in China - DSGIL, which is the major shareholder of the Company, holds 100 percent of share in DSGMgt; and DSGMgt holds 100 percent of share in DSGZ.	5.2 DSGZ is the trade debtor of the Company, arose from the sale of finished goods and raw material to DSGZ.	1.047 Aging Current: 1.047	41.737 Aging Current: 41.737	The said transaction was reasonable and considered as a normal transaction.
	5.3 DSGZ is other debtor of the Company and DSGMSB, arose from other expenses reimbursement.	0.039 Aging ≤ 3 mos: 0.023 3-6 mos: 0.016	0.084 Aging Current: 0.045 > 12 mos: 0.039	The said transaction was considered as a normal transaction.
	5.4 DSGML purchase finish goods.	-	0.829	This transaction is a normal trade transaction.
	5.5 DSGZ is the trade creditor of DSGML arose from the purchase of finish goods.	-	0.820 Aging Current: 0.820	The said transaction is a normal trade 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 2015	Audited 31 December 2016	
	5.6 DSGZ is the other creditor of the Company, DSGMSB and PT DSG, arose from other expenses reimbursement.	-	0.093 Aging Current: 0.093	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 17.635 Trademark License Fee 65.835	Technology Transfer and License Fee 21.374 Trademark License Fee 64.857	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 On September 30, 2015 the Company and its subsidiary received the exemption for accrued management fee and royalty fee as at September 30, 2015 from DSG TEC.

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 2015	Audited 31 December 2016	
	6.2 DSG TEC is the creditor of the company, DSGMSB and DSGMAL from the unpaid royalty fees mentioned above.	23.472 Aging Current: 23.472	15.219 Aging Current: 7.820 ≤ 3 mos: 7.399	The said transaction was reasonable and considered as a normal transaction. On September 30, 2015 the Company and its subsidiary received the exemption for accrued management fee and royalty fee as at September 30, 2015 from DSG TEC.
	6.3 DSG TEC is the trade debtor of the company, arose from expenses reimbursement.	-	5.413 Aging 6-12 mos: 5.413	The said transaction was reasonable and considered as a normal transaction.
7. DSG Trading Co. Ltd. ("DSGTL"). - Trading and distributing diaper products in China - Registered in KH - Head Office in HK	7.1 The Company sold Diapers to DSGTL	-	0.464	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.
	7.2 DSGTL is the trade debtor of the Company, arose from the sale of finished goods to DSGTL.	-	0.464 Aging Current: 0.464	The said transaction was reasonable and considered as a normal transaction.

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 meetings for the year 2016 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).

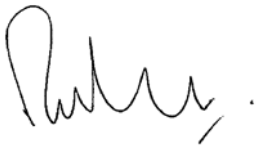
The significant points of such reviews by the Audit Committee are summarized as follows:

1. Reviewed the financial statements of the company and its subsidiaries on both quarterly and yearly basis for the year 2016, 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 2016. 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 2016 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 2016 regulations which related to the business.



Mr. Dicky Peter Yip

Chairman of the Audit Committee

Report of Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the separate financial statements and consolidated financial statements of the Company and its subsidiaries, including the financial information disclosed in the Company's Annual Report. The financial statements are prepared in accordance with Thai Accounting Standards and in compliance with Thai 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 reviewed 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 2016 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

Opinion

We have audited the consolidated financial statements of DSG International (Thailand) Public Company Limited and its subsidiaries ("the Group") 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, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (TSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants determined by Federation of Accounting Professions under the Royal Patronage of his Majesty the King (the Code of Ethics) in the part of relevance to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Key Audit Responses
Revenue recognition Revenue recognition is relevant to the reported performance of the Group. There is a potential for misstate the allocation of revenue between periods in order to influence reported results. There is also the risk of error. There is therefore a risk that revenue is materially misstated. Accounting policy for revenue recognition was disclosed in Note 3.15 to the financial statements.	Key audit procedures were included: • Understanding the Group's revenue recognition process and related internal control procedures. • Reviewing the design and implementation of the Group's internal control procedures. • Performing the operating effectiveness testing procedures over the Group's internal control procedures around revenue recognition process. • Substantive testing consist as follows: - Performing test of details on a sample of sales transaction during the year and near the end of accounting periods by inspecting delivery documents, delivery terms, volumes and prices. - Reviewing credit notes issued after year-end. - Examining material journal entries that were posted to revenue accounts and reviewing supporting evidence to ensure correctness.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Dr. Kiatniyom Kuntisook

Certified Public Accountant (Thailand)

BANGKOK Registration No. 4800

February 23, 2017 **DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

Financial Statements

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES					
STATEMENT OF FINANCIAL POSITION					
AS AT DECEMBER 31, 2016					
					UNIT : BAHT
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	243,318,832	176,853,511	170,542,392	107,714,754
Trade and other receivables					
Trade receivables	5 and 21	1,667,859,230	1,668,642,563	1,173,254,558	1,236,287,343
Other receivables		55,076,595	97,824,210	126,708,354	76,285,730
Current portion of loan to subsidiary	21	-	-	25,000,000	25,000,000
Inventories	6	860,829,407	959,814,782	553,653,492	595,392,832
Other current assets		124,205,454	102,982,338	4,202,881	12,957,002
Total Current Assets		2,951,289,518	3,006,117,404	2,053,361,677	2,053,637,661
NON-CURRENT ASSETS					
Receivable - a subsidiary	5 and 21	-	-	175,255,449	185,657,923
Investments in subsidiaries	7 and 21	-	-	102,814,901	102,814,901
Long-term loans to subsidiaries	21	-	-	944,945,180	638,556,852
Leasehold rights	8	174,464,488	184,711,301	62,413,272	64,995,891
Advance payments for purchases of					
fixed assets		540,000	31,825,033	540,000	31,825,033
Property, plant and equipment	9	3,457,701,591	3,493,277,323	2,381,543,231	2,344,244,986
Intangible assets	10	9,936,172	19,687,399	4,172,438	9,993,169
Deferred tax assets	11	60,903,216	66,439,859	1,788,934	2,236,875
Other non-current assets					
- Deposits for lease of warehouse	27.2	101,861,242	88,922,702	88,922,702	88,922,702
- Other deposits		1,757,908	1,759,105	1,485,356	2,091,748
Total Non-current Assets		3,807,164,617	3,886,622,722	3,763,881,463	3,471,340,080
TOTAL ASSETS		6,758,454,135	6,892,740,126	5,817,243,140	5,524,977,741
□					
Notes to the financial statement form an integral part of these statements					

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	12	1,236,098,607	974,882,978	913,270,289	576,472,432
Trade and other payables	13 and 21	1,584,248,017	1,522,911,095	937,302,141	952,669,986
Current portion of long-term borrowings	14	467,917,565	465,585,963	362,629,000	346,662,600
Corporate income tax payable		11,011,640	14,105,118	10,976,218	14,092,765
Other current liabilities		35,027,819	25,797,165	29,027,105	18,436,585
Total Current Liabilities		3,334,303,648	3,003,282,319	2,253,204,753	1,908,334,368
NON-CURRENT LIABILITIES					
Long-term borrowings	14	1,011,153,772	1,506,793,818	497,563,000	823,432,000
Employee benefit obligations	15.1	48,310,155	34,190,663	18,378,922	16,693,387
Other non-current liabilities	16	12,529,671	6,285,000	11,136,141	6,285,000
Total Non-current Liabilities		1,071,993,598	1,547,269,481	527,078,063	846,410,387
TOTAL LIABILITIES		4,406,297,246	4,550,551,800	2,780,282,816	2,754,744,755

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
1,259,999,988 ordinary shares of					
Baht 1 each		1,259,999,988	1,259,999,988	1,259,999,988	1,259,999,988
Issued and paid-up share capital					
1,259,999,795 ordinary shares of					
Baht 1 each		1,259,999,795	1,259,999,795	1,259,999,795	1,259,999,795
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	18	126,000,000	126,000,000	126,000,000	126,000,000
Unappropriated		898,244,669	850,112,904	1,405,391,966	1,138,664,628
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translation					
of the financial statements of					
foreign subsidiaries		(120,685,093)	(82,521,881)	-	-
Differences between the carrying amounts					
of investments and costs of acquisition	7	(56,971,081)	(56,971,081)	-	-
Equity attributable to shareholders of parent		2,352,156,853	2,342,188,300	3,036,960,324	2,770,232,986
Non-controlling interests		36	26	-	-
TOTAL SHAREHOLDERS' EQUITY		2,352,156,889	2,342,188,326	3,036,960,324	2,770,232,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,758,454,135	6,892,740,126	5,817,243,140	5,524,977,741

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

UNIT : BAHT

	Notes		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2016	2015	2016	2015
Revenue from sales			7,304,927,955	7,514,952,906	4,952,047,396	5,204,617,500
Cost of sales			-4,819,687,275	-4,966,237,088	-3,237,452,926	-3,341,243,341
Gross profit			2,485,240,680	2,548,715,818	1,714,594,470	1,863,374,159
Dividend income	20 and 21		-	-	-	15,083,431
Other income	22		25,411,581	41,897,300	62,905,822	65,602,782
Gain on sales and leaseback			130,775,404	-	-	-
Selling expenses			-2,041,012,809	-1,927,147,936	-1,220,787,917	-1,280,463,304
Administrative expenses			-388,983,402	-391,896,420	-212,830,817	-232,461,303
Reversal (loss) on impairment of fixed assets			3,496,916	-3,496,916	3,496,916	-3,496,916
Net gain (loss) on exchange rate			-2,578,199	-111,426,610	708,656	37,257,038
Finance costs			-120,312,191	-125,607,315	-53,347,893	-58,362,597
Profit before income tax expense			92,037,980	31,037,921	294,739,237	406,533,290
Income tax expense	11		-23,268,414	-30,968,261	-11,462,447	-24,553,138
PROFIT FOR THE YEAR			68,769,566	69,660	283,276,790	381,980,152
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) for employee benefit						
obligation - net of tax	11 and 15		-1,737,793	3,239,821	2,350,546	2,591,015
Exchange differences on translation of financial						
statements of foreign subsidiaries			-38,163,212	-58,525,651	-	-
TOTAL COMPREHENSIVE INCOME						
FOR THE YEAR			28,868,561	-55,216,170	285,627,336	384,571,167
PROFIT ATTRIBUTABLE TO						
Owners of the parent			68,769,556	69,655	283,276,790	381,980,152
Non-controlling interests			10	5	-	-
			68,769,566	69,660	283,276,790	381,980,152
TOTAL COMPREHENSIVE INCOME						
ATTRIBUTABLE TO						
Owners of the parent			28,868,551	-55,216,175	285,627,336	384,571,167
Non-controlling interests			10	5	-	-
			28,868,561	-55,216,170	285,627,336	384,571,167
BASIC EARNINGS (LOSS) PER SHARE		**BAHT**	0.05	0.00	0.22	0.30
NUMBER OF ORDINARY SHARES		**SHARES**	1,259,999,795	1,259,999,795	1,259,999,795	1,259,999,795

Notes to the financial statement 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, 2016

CONSOLIDATED FINANCIAL STATEMENTS

UNIT : BAHT

	Notes	Equity attributable to shareholders of the Parent									Non -	Total
		Issued and	Premium on	Premium on	Retained earnings		Other components of shareholders' equity			Total	controlling	shareholders'
		paid-up	ordinary	treasury	Appropriated	Unappropriated	Other comprehensive income		Total	attributable to	interests	equity
		share capital	shares	shares	Legal reserve		Exchange differences on translation of the financial statements of foreign subsidiaries	Difference between the carrying amount of investments and costs of acquisition	components of shareholders' equity	shareholders of the Parent		
BEGINNING BALANCE AS AT JANUARY 1, 2015		1,259,999,795	173,974,474	71,594,089	126,000,000	960,203,409	(23,996,230)	(56,971,081)	(80,967,311)	2,510,804,456	21	2,510,804,477
Dividends paid	20	-	-	-	-	(113,399,981)	-	-	-	(113,399,981)	-	-113,399,981
Total comprehensive income for the year		-	-	-	-	3,309,476	(58,525,651)	-	(58,525,651)	(55,216,175)	5	-55,216,170
Ending balances as at December 31, 2015		1,259,999,795	173,974,474	71,594,089	126,000,000	850,112,904	(82,521,881)	(56,971,081)	(139,492,962)	2,342,188,300	26	2,342,188,326
BEGINNING BALANCE AS AT JANUARY 1, 2016		1,259,999,795	173,974,474	71,594,089	126,000,000	850,112,904	-82,521,881	-56,971,081	(139,492,962)	2,342,188,300	26	2,342,188,326
Dividends paid	20	-	-	-	-	(18,899,998)	-	-	-	(18,899,998)	-	-18,899,998
Total comprehensive income for the year		-	-	-	-	67,031,763	(38,163,212)	-	(38,163,212)	28,868,551	10	28,868,561
Ending balances as at December 31, 2016		1,259,999,795	173,974,474	71,594,089	126,000,000	898,244,669	(120,685,093)	(56,971,081)	(177,656,174)	2,352,156,853	36	2,352,156,889

Notes to the financial statement 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, 2016

SEPARATE FINANCIAL STATEMENTS

UNIT : BAHT

	Notes	Issued and	Premium on	Premium on	Retained earnings		Total
		paid-up	ordinary shares	treasury shares	Appropriated	Unappropriated	shareholders'
		share capital			Legal reserve		equity
BEGINNING BALANCE AS AT JANUARY 1, 2015		1,259,999,795	173,974,474	71,594,089	126,000,000	867,493,442	2,499,061,800
Dividends paid	20	-	-	-	-	-113,399,981	-113,399,981
Total comprehensive income for the year		-	-	-	-	384,571,167	384,571,167
Ending balances as at December 31, 2015		1,259,999,795	173,974,474	71,594,089	126,000,000	1,138,664,628	2,770,232,986
BEGINNING BALANCE AS AT JANUARY 1, 2016		1,259,999,795	173,974,474	71,594,089	126,000,000	1,138,664,628	2,770,232,986
Dividends paid	20	-	-	-	-	-18,899,998	-18,899,998
Total comprehensive income for the year		-	-	-	-	285,627,336	285,627,336
Ending balances as at December 31, 2016		1,259,999,795	173,974,474	71,594,089	126,000,000	1,405,391,966	3,036,960,324

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

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax expense		92,037,980	31,037,921	294,739,237	406,533,290
Adjustments for					
Depreciation and amortization		276,151,267	274,499,976	196,626,762	189,913,521
(Gain) loss on sales of fixed assets		(128,145,473)	(351,800)	3,889,657	(348,645)
Reversed of doubtful debts		(987,819)	(4,333,404)	-	(4,221,346)
Employee benefits obligation expense		13,763,553	9,043,440	4,426,546	5,977,554
(Reversal) loss from diminution in value of inventories		(2,467,612)	5,024,750	(2,467,612)	5,024,750
Unrealized (gain) loss on exchange rate		(1,131,310)	33,011,730	3,075,561	(71,266,660)
Dividend income		-	-	-	(15,083,431)
Interest income		(574,419)	(937,764)	(45,591,201)	(32,714,096)
Interest expenses		120,312,191	125,607,315	53,347,893	58,362,597
(Reversal) loss from impairment of fixed assets		(3,496,916)	3,496,916	(3,496,916)	3,496,916
Profit from operations before changes					
in operating assets and liabilities		365,461,442	476,099,080	504,549,927	545,674,450
(Increase) decrease in trade receivables		2,795,697	(1,634,146)	70,812,123	116,155,540
(Increase) decrease in other receivables		42,750,640	-	(27,491,050)	-
Decrease in inventories		101,452,987	220,994,448	44,206,953	68,284,673
Increase in tax refundable		(1,254,939)	-	-	-
(Increase) decrease in other current assets		(19,968,177)	(18,696,836)	8,754,120	7,054,510
(Increase) decrease in other non-current assets		1,197	146,091	606,393	(424,443)
Cash paid for deposit		(12,938,540)	-	-	-
Increase (decrease) in trade payables and					
other payables		96,063,945	24,242,464	(912,654)	(46,485,479)
Increase in other current liabilities		11,868,384	8,010,203	15,428,165	910,537
Cash paid for employee benefit obligation		(2,649,310)	(1,925,799)	(342,175)	(1,556,680)
Cash received from operations		583,583,326	707,235,505	615,611,802	689,613,108
Interest received		574,419	937,764	14,095,357	14,729,832
Cash paid for interest		(120,312,191)	(126,023,480)	(53,344,349)	(58,398,732)
Cash paid for income tax		(21,996,804)	(16,991,730)	(14,179,343)	(16,989,452)
Net cash provided by operating activities		441,848,750	565,158,059	562,183,467	628,954,756

DSG INTERNATIONAL (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from subsidiaries		-	-	-	15,083,431
Cash payments for long-term loan to subsidiaries		-	-	(332,959,300)	(190,075,000)
Cash received from current portion of loan to subsidiary		-	-	25,000,000	-
Cash payments for purchases of fixed and intangible assets	4.2	(279,885,692)	(407,791,128)	(204,478,084)	(332,037,020)
Cash payments in advance for purchases of fixed assets		(540,000)	(31,825,033)	(540,000)	(31,825,033)
Proceeds from sales of fixed assets		142,813,879	522,701	1,186,823	493,535
Net cash used in investing activities		(137,611,813)	(439,093,460)	(511,790,561)	(538,360,087)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions - net		265,655,102	(312,215,889)	341,237,330	(333,293,891)
Repayments of long-term borrowings from financial institutions		(507,500,223)	(389,944,989)	(346,662,600)	(298,524,000)
Proceeds from long-term borrowings from financial institutions		45,071,601	685,543,571	36,760,000	605,055,000
Dividends paid		(18,899,998)	(113,399,982)	(18,899,998)	(113,399,982)
Net cash provided by (used in) financing activities		(215,673,518)	(130,017,289)	12,434,732	(140,162,873)
Exchange differences on translation of the financial statements of foreign subsidiaries		(22,098,098)	(12,855,142)	-	-
Net increase (decrease) in cash and cash equivalents		66,465,321	(16,807,832)	62,827,638	(49,568,204)
Cash and cash equivalents as at January 1,		176,853,511	193,661,343	107,714,754	157,282,958
Cash and cash equivalents as at December 31,	4.1	243,318,832	176,853,511	170,542,392	107,714,754

Notes to the financial statement 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, 2016

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.

On January 4, 2017, the Extraordinary General Shareholders' Meeting of the Company has passed resolutions regarding the delisting of the Company's shares from the Stock Exchange of Thailand.

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 2015) "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, 2016 and 2015 include the financial statements of the Company and its subsidiaries. These subsidiaries are detailed as follows:

Company's name	Major business	Country of incorporatio	Number of As at December 31, 2016 and 2015	Percentage of shareholding As at December 2016 and 2015
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	Malaysia	3,400,002	100
PT DSG Surya Mas	Manufacture and sell disposable baby diapers and adult incontinent	Indonesia	11,000	100
Disposable Soft Goods (S) Pte Ltd.	Provide agency services in respect of introduction, promotion, co- 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	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, 2016 and 2015 have included the subsidiaries' financial statements for the years ended December 31, 2016 and 2015, which were audited.

2.4 Below is a summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

Adoption of new and revised Thai Financial Reporting Standards

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2016 onwards, as follows:

Thai Accounting Standards (TAS)	
TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes

Thai Accounting Standards (TAS) (Continued)

TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (TFRS)

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations ("TSIC")

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies

Thai Financial Reporting Standard Interpretations ("TFRIC") (Continued)

TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

The adoption of above TFRSs have no material impact on these financial statements.

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 financial statements for the period beginning on or after January 1, 2017 onwards, as follow:

Thai Accounting Standards (TAS)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share

Thai Accounting Standards (TAS) (Continued)

TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (TFRS)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standard Interpretations (TSIC)

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes -Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRIC)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Company's and its subsidiaries' management will adopt such TFRSs in the preparation of the Company's and its subsidiaries' financial statements when it becomes effective. The Company's and its subsidiaries' 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 statements of profit or loss.

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 statements of profit or loss.

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 manage foreign exchange rate risk. Further details of financial instrument are disclosed in Notes 28 and 29.

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 amortized over the period of the forward foreign exchange contracts.

3.11 Fair value measurement for disclosure purpose

The Company and its subsidiaries regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company and its subsidiaries assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS 13, including the level in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Company and its subsidiaries use market observable data as the first priority. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques for fair value measurement as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

3.12 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 statements of profit or loss on the straight-line basis over lease term. Warehouse rental is charged as an expense to the statements of profit or loss 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.

Sale and leaseback transaction results in an operating lease

If it is clear that the transaction is established at fair value, any profit or loss shall be recognized immediately in statement of profit or loss.

If the sale price is below fair value, any profit or loss shall be recognized immediately in statement of profit or loss. Except for the loss is compensated for by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the lease asset is expected to be used.

If the sale price is above fair value, the excess over fair value shall be deferred and amortized over the period for which the lease asset is expected to be used.

3.13 Employee benefits

3.13.1 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 provision is 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.

3.13.2 Provident fund

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

3.13.3 Employee Joint Investment Program (EJIP)

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

3.13.4 Long Term Incentive Program (LTI)

The provision from the Long Term Incentive Program (LTI) is recognized as expense in the statements of profit or loss when incurred.

3.14 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.

3.15 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.

3.16 Taxation

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

3.16.1 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 profit or loss 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.

3.16.2 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.

Income tax expense related to profit or loss from normal activities are presented in the statement of profit or loss except for current and deferred taxes of related items that recognized directly in the shareholders' equity in the same or different period.

3.17 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.

3.18 Use of management's judgements and key sources of estimation uncertainty

3.18.1 Management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's [the Group's] management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

- Impairment of investment

  Details of the impairment loss calculation are set out in Note 3.18 and Note 7.

- Deferred tax assets

  Details of the deferred tax assets are set out in Note 3.16 and Note 11.

- Employee benefit obligations

  Details of the employee benefit obligations are set out in Note 3.13.1 and Note 15.

3.18.2 Key sources of estimation uncertainty

The Group has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

- Fair value measurements and valuation processes

  Details of the fair value measurements and valuation processes are set out in Note 3.11 and Note 28.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Cash and cash equivalents

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cash on hand	14,812,326	175,266	14,684,324	40,000
Cash at banks - current and savings accounts	228,506,506	176,678,245	155,858,068	107,674,754
	243,318,832	176,853,511	170,542,392	107,714,754

4.2 Liabilities incurred from acquisition of fixed and intangible assets

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Liabilities incurred from acquisition of fixed and intangible assets as at January 1,	137,909,119	389,026,983	104,692,544	285,991,570
Add Purchases of fixed and intangible assets	285,123,367	172,444,981	227,101,221	164,440,437
Less Provision for dismantling, removing and restoring the site	-	(2,350,000)	-	(2,350,000)
Cash payments	(279,885,692)	(407,202,542)	(204,478,084)	(331,448,434)
Cash payments for interest paid which is capitalized as cost of fixed assets	-	(588,586)	-	(588,586)
Advance payments for purchases of machine paid in the prior period	(31,825,033)	(13,421,717)	(31,825,033)	(11,352,443)
Liabilities incurred from acquisition of fixed and intangible assets as at December 31,	111,321,761	137,909,119	95,490,648	104,692,544

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 FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
The unused bank overdrafts and short-term loan facilities from financial institutions				
- Baht currency	2,487.21	3,038.53	2,487.21	3,038.53
- Malaysian Ringgit currency	36.07	38.29	-	-
- US Dollar currency	5.56	0.28	-	-
The unused long-term loan facilities from financial institutions				
- Baht currency	61.66	98.42	61.66	98.42
- Malaysian Ringgit currency	-	11.06	-	-
The unused credit facility of bank guarantee				
- Baht currency	9.08	9.09	9.08	9.09

Subsidiaries pledged its leasehold land, building, machinery, equipment, stocks, receivables and stand-by Letter of Credit issued by a financial institution as collateral to financial institutions. The Company and Disposable Soft Goods (Malaysia) Sdn Bhd issued the letter of guarantee as collateral for credit facilities of subsidiaries (see Notes 12 and 14).

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, 2016			As at December 31, 2015		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	43,548,464	1,433,477,402	1,477,025,866	4,204,068	1,364,321,698	1,368,525,766
Overdue						
Less than or up to 3 months	-	184,795,022	184,795,022	-	296,335,073	296,335,073
Over 3 months up to 6 months	4,432	17,468,555	17,472,987	-	2,355,859	2,355,859
Over 6 months up to 12 months	-	18,583	18,583	-	1,871,211	1,871,211
Over 12 months	-	1,902,964	1,902,964	-	5,424,650	5,424,650
Total	43,552,896	1,637,662,526	1,681,215,422	4,204,068	1,670,308,491	1,674,512,559
Less Allowance for doubtful accounts	-	(1,257,665)	(1,257,665)	-	(5,869,996)	(5,869,996)
Provision Sales returns	-	(12,098,527)	(12,098,527)	-	-	-
Trade receivables	43,552,896	1,624,306,334	1,667,859,230	4,204,068	1,664,438,495	1,668,642,563

SEPARATE FINANCIAL STATEMENTS	As at December 31, 2016			As at December 31, 2015		
	Related companies	Others	Total	Related companies	Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	58,589,785	984,293,798	1,042,883,583	10,093,047	994,835,616	1,004,928,663
Overdue						
Less than or up to 3 months	946,970	134,929,386	135,876,356	1,262,201	232,272,111	233,534,312
Over 3 months up to 6 months	238,473	10,987,752	11,226,225	3,588,885	7,356	3,596,241
Over 6 months up to 12	915,710	-	915,710	-	-	-
Over 12 months	169,706,660	-	169,706,660	179,886,050	4,926,401	184,812,451
Total	230,397,598	1,130,210,936	1,360,608,534	194,830,183	1,232,041,484	1,426,871,667
Less Allowance for doubtful accounts	-	-	-	-	(4,926,401)	(4,926,401)
Provision Sales returns	-	(12,098,527)	(12,098,527)	-	-	-
Trade receivables	230,397,598	1,118,112,409	1,348,510,007	194,830,183	1,227,115,083	1,421,945,266
Presented in the statements of financial position as follows:						
Trade receivables - current assets	55,142,149	1,118,112,409	1,173,254,558	9,172,260	1,227,115,083	1,236,287,343
Receivables - non-current assets	175,255,449	-	175,255,449	185,657,923	-	185,657,923
	230,397,598	1,118,112,409	1,348,510,007	194,830,183	1,227,115,083	1,421,945,266

As at December 31, 2016 and 2015, receivables - PT DSG Surya Mas Indonesia amounting to Baht 175.25 million and Baht 185.66 million, respectively, the Company anticipated to be collectible after 12 months from the end of reporting period and thus presented as receivable-a subsidiary in non-current assets in the separate financial statements.

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 incompliance 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 the above trade receivables as at December 31, 2016 and 2015 are Baht 68.91 million and Baht 140.56 million, respectively.

As at December 31, 2016 and 2015, 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	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Raw materials	334,988,942	354,509,609	225,350,050	201,691,848
Work in process	12,871,430	16,125,981	12,871,430	16,125,981
Finished goods	297,126,159	356,937,914	164,783,599	218,024,541
Spare parts and supplies	140,595,639	133,864,171	100,380,880	89,491,285
	785,582,170	861,437,675	503,385,959	525,333,655
Less Allowance for loss on diminution in value of inventories	(2,748,198)	(5,215,811)	(2,748,198)	(5,215,811)
	782,833,972	856,221,864	500,637,761	520,117,844
Add Goods in transit	77,995,435	103,592,918	53,015,731	75,274,988
Inventories	860,829,407	959,814,782	553,653,492	595,392,832

For the years ended December 31, 2016 and 2015, costs of inventories of the Company and its subsidiaries recognized as cost of sales in the statements of profit or loss are Baht 4,822 million and Baht 4,961 million, respectively.

For the years ended December 31, 2016 and 2015, costs of inventories of the Company recognized as cost of sales in the statements of profit or loss are Baht 3,240 million and Baht 3,336 million, respectively.

For the year ended December 31, 2016, cost of inventories of the Company recognized as cost of the sales in the separate statements of profit or loss included the reversal of allowance for diminution in value of inventories of Baht 2.47 million. For the year ended December 31, 2015, cost of inventories of the Company recognized as cost of the sales in the separate statements of profit or loss included the loss for diminution in value of inventories of Baht 5.03 million.

As at December 31, 2016 and 2015, 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	Country of incorporation	% of shareholding As at December 31, 2016 and 2015	Consolidated financial statement Difference between the carrying amounts of investments and costs of acquisition As at December 31, 2016 and 2015	Separate financial statement At cost As at December 31, 2016	2015
			Baht	Baht	Baht
Disposable Soft Goods (Malaysia) Sdn Bhd	Malaysia	100	9,287,656	4,826,516	4,826,516
DSG (Malaysia) Sdn Bhd	Malaysia	100	1,638,489	73,968,141	73,968,141
PT DSG Surya Mas Indonesia	Indonesia	100	(62,549,931)	148,006,123	148,006,123
Disposable Soft Goods (S) Pte Ltd.	Singapore	100	(5,347,295)	14,020,259	14,020,259
DSG Management Services (Thailand) Co., Ltd.	Thailand	99.99	-	9,999,985	9,999,985
			(56,971,081)	250,821,024	250,821,024
Less Allowance for impairment of investment					
- PT DSG Surya Mas Indonesia			-	(148,006,123)	(148,006,123)
Total investments in subsidiaries			(56,971,081)	102,814,901	102,814,901

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 "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 statements of profit or loss 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% p.a. 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, 2016 and 2015 of Baht 26.22 million and Baht 31.00 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. Such subsidiary is establishing its export market and business to other countries and expects to generate the profit in the future.

8. LEASEHOLD RIGHTS

Leasehold rights consist of:

As at December 31, 2016

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2016	Additions	Disposals	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht
Cost:					
Leasehold right - Land	124,045,543	-	-	(6,440,065)	117,605,478
Leasehold right - Residence unit	75,972,017	-	-	-	75,972,017
Total cost	200,017,560	-	-	(6,440,065)	193,577,495
Accumulated amortization:					
Leasehold right - Land	(4,330,132)	(1,546,522)	-	322,392	(5,554,262)
Leasehold right - Residence unit	(10,976,127)	(2,582,618)	-	-	(13,558,745)
Total accumulated amortization	(15,306,259)	(4,129,140)	-	322,392	(19,113,007)
Leasehold rights	184,711,301				174,464,488

As at December 31, 2015

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Additions	Disposals	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht
Cost:					
Leasehold right - Land	138,776,681	-	-	(14,731,138)	124,045,543
Leasehold right - Residence unit	75,972,017	-	-	-	75,972,017
Total cost	214,748,698	-	-	(14,731,138)	200,017,560
Accumulated amortization:					
Leasehold right - Land	(3,134,586)	(1,595,488)	-	399,942	(4,330,132)
Leasehold right - Residence unit	(8,393,508)	(2,582,619)	-	-	(10,976,127)
Total accumulated amortization	(11,528,094)	(4,178,107)	-	399,942	(15,306,259)
Leasehold rights	203,220,604				184,711,301

Amortization for the years		
2016	**Baht**	4,129,140
2015	**Baht**	4,178,107

As at December 31, 2016

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2016 Baht
Cost:				
Leasehold right - Residence unit	75,972,017	-	-	75,972,017
Total cost	75,972,017	-	-	75,972,017
Accumulated amortization:				
Leasehold right - Residence unit	(10,976,126)	(2,582,619)	-	(13,558,745)
Total accumulated amortization	(10,976,126)	(2,582,619)	-	(13,558,745)
Leasehold right	64,995,891			62,413,272

As at December 31, 2015

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2015 Baht
Cost:				
Leasehold right - Residence unit	75,972,017	-	-	75,972,017
Total cost	75,972,017	-	-	75,972,017
Accumulated amortization:				
Leasehold right - Residence unit	(8,393,508)	(2,582,618)	-	(10,976,126)
Total accumulated amortization	(8,393,508)	(2,582,618)	-	(10,976,126)
Leasehold right	67,578,509			64,995,891

Amortization for the years		
2016	**Baht**	2,582,619
2015	**Baht**	2,582,618

DSG International (Thailand) Public Company Limited

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

DSG (Malaysia) Sdn Bhd

In year 2011, DSG (Malaysia) Sdn Bhd entered into the long-term land lease agreement for its plant. The price of such land is 14.94 million Malaysian Ringgit (including the transfer fee). The lease term is 83 years until April 9, 2094.

As at December 31, 2016 and 2015, DSG (Malaysia) Sdn Bhd has pledged leasehold land and building as collateral in the amount of 112.21 million Malaysian Ringgit, as collateral 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, 2016	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2016	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	36,059,847	-	(6,135,681)	-	75,834	30,000,000
Building	805,114,380	-	(15,057,027)	768,068	(31,790,507)	759,034,914
Building improvements	248,184,112	21,223	-	1,669,315	(1,221,245)	248,653,405
Machinery and equipment	3,699,140,317	10,054,932	(139,718,293)	79,138,064	(37,470,315)	3,611,144,705
Furniture and fixture	52,007,541	400,637	-	157,179	(13,429)	52,551,928
Motor vehicles	6,926,935	-	-	-	(67,684)	6,859,251
Total cost	4,847,433,132	10,476,792	(160,911,001)	81,732,626	(70,487,346)	4,708,244,203
Accumulated depreciation:						
Building	(158,521,935)	(27,551,350)	11,632,601	-	3,651,910	(170,788,774)
Building improvements	(37,805,471)	(21,794,673)	-	-	743,705	(58,856,439)
Machinery and equipment	(1,152,483,493)	(207,724,662)	134,609,996	-	17,847,296	(1,207,750,863)
Furniture and fixture	(41,293,394)	(4,440,852)	-	-	(22,177)	(45,756,423)
Motor vehicles	(5,665,210)	(355,375)	-	-	88,881	(5,931,704)
Total accumulated depreciation	(1,395,769,503)	(261,866,912)	146,242,597	-	22,309,615	(1,489,084,203)
Building under construction and and equipment under installation	45,110,610	274,030,639	-	(81,732,626)	1,132,968	238,541,591
Allowance for impairment of machine	(3,496,916)	-	3,496,916	-	-	-
Property, plant and equipment	3,493,277,323					3,457,701,591

As at December 31, 2015	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2015	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of the financial statements of foreign subsidiaries	Balance as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Land	36,149,309	-	-	-	(89,462)	36,059,847
Building	878,395,305	(26,387)	-	-	(73,254,538)	805,114,380
Building improvements	165,503,280	2,026,270	-	83,341,539	(2,686,977)	248,184,112
Machinery and equipment	3,236,758,676	13,579,692	(6,608,794)	547,479,508	(92,068,765)	3,699,140,317
Furniture and fixture	52,064,589	525,343	(34,000)	197,951	(746,342)	52,007,541
Motor vehicles	10,102,627	-	(2,876,500)	-	(299,192)	6,926,935
Total cost	4,378,973,786	16,104,918	(9,519,294)	631,018,998	(169,145,276)	4,847,433,132
Accumulated depreciation:						
Building	(134,639,223)	(28,645,935)	-	-	4,763,223	(158,521,935)
Building improvements	(19,824,913)	(18,835,052)	-	-	854,494	(37,805,471)
Machinery and equipment	(991,947,766)	(203,985,614)	6,437,896	-	37,011,991	(1,152,483,493)
Furniture and fixture	(35,955,989)	(5,553,735)	33,999	-	182,331	(41,293,394)
Motor vehicles	(8,278,514)	(500,901)	2,876,498	-	237,707	(5,665,210)
Total accumulated depreciation	(1,190,646,405)	(257,521,237)	9,348,393	-	43,049,746	(1,395,769,503)
Building under construction and machine and equipment under installation	523,581,834	153,334,764	-	(631,018,998)	(786,990)	45,110,610
Allowance for impairment of machine	-	(3,496,916)	-	-	-	(3,496,916)
Property, plant and equipment	3,711,909,215					3,493,277,323

Depreciation for the years		
2016	**Baht**	261,866,912
2015	**Baht**	257,521,237

As at December 31, 2016

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2016	Additions	Disposals	Transfer in/ (Transfer out)	Balance as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	175,258,311	-	-	-	175,258,311
Building improvements	225,340,550	15,000	-	1,116,459	226,472,009
Machinery and equipment	2,669,568,343	5,394,538	(139,621,865)	25,114,003	2,560,455,019
Furniture and fixture	33,438,110	242,200	-	26,400	33,706,710
Motor vehicles	2,386,782	-	-	-	2,386,782
Total cost	3,135,992,096	5,651,738	(139,621,865)	26,256,862	3,028,278,831
Accumulated depreciation:					
Building	(96,696,743)	(8,780,900)	-	-	(105,477,643)
Building improvements	(28,008,410)	(18,005,020)	-	-	(46,013,430)
Machinery and equipment	(669,086,445)	(159,793,623)	134,545,385	-	(694,334,683)
Furniture and fixture	(30,475,147)	(1,603,869)	-	-	(32,079,016)
Motor vehicles	(2,386,778)	-	-	-	(2,386,778)
Total accumulated depreciation	(826,653,523)	(188,183,412)	134,545,385	-	(880,291,550)
Building under construction and machine and equipment under installation	38,403,329	221,409,483	-	(26,256,862)	233,555,950
Allowance for impairment of machine	(3,496,916)	-	3,496,916	-	-
Property, plant and equipment	2,344,244,986				2,381,543,231

As at December 31, 2015	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Additions	Disposals	Transfer in/ (Transfer out)	Balance as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht
Cost:					
Land	30,000,000	-	-	-	30,000,000
Building	175,258,311	-	-	-	175,258,311
Building improvements	140,333,348	1,665,663	-	83,341,539	225,340,550
Machinery and equipment	2,128,958,981	10,121,572	(6,560,343)	537,048,133	2,669,568,343
Furniture and fixture	33,274,159	-	(34,000)	197,951	33,438,110
Motor vehicles	5,263,282	-	(2,876,500)	-	2,386,782
Total cost	2,513,088,081	11,787,235	(9,470,843)	620,587,623	3,135,992,096
Accumulated depreciation:					
Building	(87,939,846)	(8,756,897)	-	-	(96,696,743)
Building improvements	(13,357,269)	(14,651,141)	-	-	(28,008,410)
Machinery and equipment	(521,763,258)	(153,738,643)	6,415,456	-	(669,086,445)
Furniture and fixture	(27,745,064)	(2,764,082)	33,999	-	(30,475,147)
Motor vehicles	(5,150,913)	(112,363)	2,876,498	-	(2,386,778)
Total accumulated depreciation	(655,956,350)	(180,023,126)	9,325,953	-	(826,653,523)
Building under construction and machine and equipment under installation	513,524,288	145,466,664	-	(620,587,623)	38,403,329
Allowance for impairment of machine	-	(3,496,916)	-	-	(3,496,916)
Property, plant and equipment	2,370,656,019				2,344,244,986

Depreciation for the years		
2016	**Baht**	188,183,412
2015	**Baht**	180,023,126

The borrowing costs of the Company for the years ended December 31, 2015 is Baht 0.59 million are capitalized as costs of fixed assets in the financial statements (2016 : Nil).

Gross carrying amount of fixed assets which are fully depreciated and still in use of the Company and its subsidiaries as at December 31, 2016 and 2015 are approximately Baht 525.29 million and Baht 458.03 million, respectively (the Company : Baht 230.53 million and Baht 181.92 million, respectively).

As at December 31, 2016 and 2015, DSG (Malaysia) Sdn Bhd pledged machinery in the amount of 41.58 million Malaysian Ringgit, to secure credit facilities obtained from a financial institution (see Notes 12 and 14).

As at December 31, 2016 and 2015, its machinery and equipment in the amount of 6,190 million Indonesia Rupiah have been pledged to secure credit facilities obtained from a financial institution (see Notes 12 and 14).

On March 28, 2016, PT DSG Surya Mas Indonesia, a subsidiary of the Company, entered into a Sales and Purchase of Land and Building Agreement to sell land and building for Baht 149.82 million (IDR 56,828 million) to a third party and lease back the assets from the purchaser. The Company accounted for the transaction as a "sales-leaseback" and classified the lease component as an operating lease. As a result, the Company recognized Baht 130.78 million (IDR 49,605 million) of gain on the sale of the assets in the statement of profit or loss for the year ended December 31, 2016.

10. INTANGIBLE ASSETS

Intangible assets consist of:

As at December 31, 2016

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2016	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of foreign subsidiaries	Balance as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	72,153,407	323,887	-	698,818	(1,470,035)	71,706,077
License fees for technology transfer	6,129,738	-	-	-	(318,239)	5,811,499
Total cost	78,283,145	323,887	-	698,818	(1,788,274)	77,517,576
Accumulated amortization:						
Computer software	(53,073,852)	(10,155,215)	-	-	1,263,978	(61,965,089)
License fees for technology transfer	(6,129,738)	-	-	-	318,239	(5,811,499)
Total accumulated amortization	(59,203,590)	(10,155,215)	-	-	1,582,217	(67,776,588)
Computer software under installation	607,844	292,049	-	(698,818)	(5,891)	195,184
Intangible assets	19,687,399					9,936,172

As at December 31, 2015

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2015	Additions	Disposals	Transfer in/ (Transfer out)	Effect from translation of foreign subsidiaries	Balance as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht	Baht
Cost:						
Computer software	61,174,278	1,105,006	-	12,561,263	(2,687,140)	72,153,407
License fees for technology transfer	6,857,680	-	-	-	(727,942)	6,129,738
Total cost	68,031,958	1,105,006	-	12,561,263	(3,415,082)	78,283,145
Accumulated amortization:						
Computer software	(42,335,872)	(12,800,632)	-	-	2,062,652	(53,073,852)
License fees for technology transfer	(6,857,680)	-	-	-	727,942	(6,129,738)
Total accumulated amortization	(49,193,552)	(12,800,632)	-	-	2,790,594	(59,203,590)
Computer software under installation	12,018,096	1,900,293	-	(12,561,263)	(749,282)	607,844
Intangible assets	30,856,502					19,687,399

Amortization for the years		
2016	**Baht**	10,155,215
2015	**Baht**	12,800,632

As at December 31, 2016

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2016	Additions	Disposals	Transfer in/ (Transfer out)	Balance as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht
Cost:					
Computer software	41,764,306	40,000	-	-	41,804,306
Total cost	41,764,306	40,000	-	-	41,804,306
Accumulated amortization:					
Computer software	(31,771,137)	(5,860,731)	-	-	(37,631,868)
Total accumulated amortization	(31,771,137)	(5,860,731)	-	-	(37,631,868)
Computer software under installation	-	-	-	-	-
Intangible assets	9,993,169				4,172,438

As at December 31, 2015

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Additions	Disposals	Transfer in/ (Transfer out)	Balance as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht
Cost:					
Computer software	33,369,408	686,800	-	7,708,098	41,764,306
Total cost	33,369,408	686,800	-	7,708,098	41,764,306
Accumulated amortization:					
Computer software	(24,463,360)	(7,307,777)	-	-	(31,771,137)
Total accumulated amortization	(24,463,360)	(7,307,777)	-	-	(31,771,137)
Computer software under installation	1,208,360	6,499,738	-	(7,708,098)	-
Intangible assets	10,114,408				9,993,169

Amortization for the years		
2016	**Baht**	5,860,731
2015	**Baht**	7,307,777

11. DEFERRED TAX ASSETS AND INCOME TAX EXPENSES

Deferred tax assets and liabilities as at December 31, consist of the following:

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Deferred tax assets	60,903,216	66,439,859	1,788,934	2,236,875

The movements of deferred income tax assets and liabilities during the years ended December 31, 2016 and 2015 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

Unit : Baht

	Balance as of January 1, 2016	Recognized in profit or loss	Recognized in other comprehensive income		Balance as of December 31, 2016
			Actuarial gain - net of tax	Effect from translation of the financial statements of foreign subsidiaries	
Deferred tax assets:					
Allowance for doubtful accounts	305,040	14,447	-	(17,648)	301,839
Allowance for loss from diminution in value of inventories	262,393	(33,399)	-	-	228,994
Employment benefit obligation	2,325,436	1,595,504	1,579,231	39,206	5,539,377
Provision for dismantling, moving and renovating assets location costs	777,000	-	-	-	777,000
Property, plant and equipment [1]	(1,323,850)	733,260	-	21,350	(569,240)
Provision for advertisement and promotion[1]	25,258,339	4,573,315	-	(1,606,847)	28,224,807
Provision for impairment of machine	699,383	(699,383)	-	-	-
Unrealised loss from foreign exchange[1]	76,857	531,042	-	(38,305)	569,594
Unused tax loss[1]	8,754,421	(8,701,761)	-	107,775	160,435
Investment allowance in fixed asset[2]	71,516,750	(249,290)	-	(3,693,112)	67,574,348
Property, plant and equipment [2]	(48,008,712)	(2,026,166)	-	2,653,535	(47,381,343)
Unrealised gain from foreign exchange [2]	3,821,360	(1,420,946)	-	(85,435)	2,314,979
Accrued expense	1,975,442	1,318,290	-	(131,306)	3,162,426
Total deferred tax assets	66,439,859	(4,365,087)	1,579,231	(2,750,787)	60,903,216

(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, 2015

Unit : Baht

	Balance as of January 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income		Balance as of December 31, 2015
			Actuarial gain - net of tax	Effect from translation of the financial statements of foreign subsidiaries	
Deferred tax assets:					
Allowance for doubtful accounts	376,074	(43,020)	-	(28,014)	305,040
Allowance for loss from diminution in value of inventories	-	262,393	-	-	262,393
Employment benefit obligation	1,961,494	490,799	(108,966)	(17,891)	2,325,436
Provision for dismantling, moving and renovating assets location costs	627,000	150,000	-	-	777,000
Property, plant and equipment (1)	(2,195,020)	643,682	-	227,488	(1,323,850)
Provision for advertisement and promotion(1)	17,089,850	10,068,819	-	(1,900,330)	25,258,339
Provision for impairment of machine	-	699,383	-	-	699,383
Unrealised loss from foreign exchange(1)	448,777	(327,084)	-	(44,836)	76,857
Unused tax loss(1)	10,521,528	(655,865)	-	(1,111,242)	8,754,421
Investment allowance in fixed asset(2)	98,003,496	(16,282,946)	-	(10,203,800)	71,516,750
Property, plant and equipment (2)	(47,145,169)	(5,940,695)	-	5,077,152	(48,008,712)
Unrealised gain from foreign exchange (2)	(877,178)	4,662,483	-	36,055	3,821,360
Accrued expense	1,134,766	855,323	-	(14,647)	1,975,442
Total deferred tax assets	79,945,618	(5,416,728)	(108,966)	(7,980,065)	66,439,859

(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, 2016

Unit : Baht

	Balance as of January 1, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of December 31, 2016
Deferred tax assets:				
Allowance for doubtful accounts	69,141	(69,141)	-	-
Allowance for loss from diminution in value of inventories	262,393	(33,399)	-	228,994
Employee benefit obligation	234,288	183,980	(48,290)	369,978
Provision for dismantling, moving and renovating assets location costs	777,000	-	-	777,000
Accrued expense	194,670	218,292	-	412,962
Provision for impairment of machine	699,383	(699,383)	-	-
Total deferred tax assets	2,236,875	(399,651)	(48,290)	1,788,934

As at December 31, 2015

Unit : Baht

	Balance as of January 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of December 31, 2015
Deferred tax assets:				
Allowance for doubtful accounts	112,161	(43,020)	-	69,141
Allowance for loss from diminution in value of inventories	-	262,393	-	262,393
Employee benefit obligation	182,694	88,476	(36,882)	234,288
Provision for dismantling, moving and renovating assets location costs	627,000	150,000	-	777,000
Accrued expense	365,291	(170,621)	-	194,670
Provision for impairment of machine	-	699,383	-	699,383
Total deferred tax assets	1,287,146	986,611	(36,882)	2,236,875

The Company's and its subsidiaries' income tax expense recognized in the statements of profit on loss and other comprehensive income for the years ended December 31, 2016 and 2015 consist of:

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Current income tax	12,291,184	25,551,533	11,062,796	25,539,750
Deferred income tax relating to temporary differences recognized in the current year	4,365,088	5,416,728	399,651	(986,612)
Adjustment recognized in current year in related to 2008 and 2009 corporate income tax	6,612,142	-	-	-
Income tax (income) expense recognized in the current year	23,268,414	30,968,261	11,462,447	24,553,138
Income tax relating to other comprehensive income				
Income tax - employee benefit obligation	1,579,231	(108,966)	(48,290)	(36,882)

Income tax expenses for the years ended December 31, 2016 and 2015 can be reconciled to the accounting profit as follows:

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Profit before income tax expense - income tax exemption business	229,462,722	267,885,293	229,462,722	267,885,293
Profit (loss) before income tax expense - non-income tax exemption business	(139,130,129)	(234,503,208)	65,276,515	138,647,997
Total accounting profit before income tax expense [1]	90,332,593	33,382,085	294,739,237	406,533,290
Income tax calculated based on income tax rate	See below[2]		20%	20%
Income tax	14,055,659	(66,103,618)	13,055,303	27,729,599
Tax effect of income and expenses which are not taxable income and expenses in the current year	2,600,613	97,071,879	(1,592,856)	(3,176,461)
Adjustment recognized in current year in related to 2008 and 2009 corporate income tax	6,612,142	-	-	-
Income tax (revenue) expense recognized in profit or loss	23,268,414	30,968,261	11,462,447	24,553,138

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

(2) Income tax rate of the Company and its subsidiaries are 10% - 25%.

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:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
DSG International (Thailand) Plc.				
- promissory note	650.00	300.00	650.00	300.00
- packing credit	263.27	276.48	263.27	276.47
Disposable Soft Goods (M) Sdn Bhd [1]				
- bank overdraft	0.75	-		
- packing credit	50.27	71.42		
DSG (Malaysia) Sdn Bhd [2]				
- bank overdraft	38.21	6.00		
- packing credit	109.90	77.93		
- foreign currency loans	-	36.00		
PT DSG Surya Mas Indonesia [3]				
- packing credit	123.70	207.05		
	1,236.10	974.88	913.27	576.47

(1) Disposable Soft Goods (Malaysia) Sdn Bhd. entered into banking facility agreements with a financial institution for the business operation, consisting of bank overdraft and

importing credit and the Company secured such facilities in the limit of 16.00 million Malaysian Ringgit.

(2) DSG (Malaysia) Sdn Bhd. entered into the banking facility agreements with financial institutions for the business operation, consisting of bank overdraft, credit line of importing credit, forward foreign exchange contract and the limit of long-term loan. Such banking facilities are guaranteed by the Company in the limit of USD 43.66 million and 10.5 million Malaysian Ringgit and Disposable Soft Goods (Malaysia) Sdn Bhd. secured such facilities in the limit of 137.51 million Malaysian Ringgit. DSG (Malaysia) Sdn Bhd. has pledged leasehold land and building in the limit of 112.21 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 8, 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, importing credit and the limit of long-term loan and used its machinery, equipment, inventories and receivables in the amount of 31,190 million Indonesian Rupiah and stand-by Letter of Credit issued by the financial institution in the amount of USD 4.5 million as collateral and the Company secured such facilities in the limit of USD 9.1 million. In 2016, PT DSG Surya Mas Indonesia additionally pledged stand-by Letter of Credit issued by the financial institution in the amount of USD 7.5 million as collateral and issued the letter of guarantee to the limit of USD 10.9 million (see Notes 5, 6, 9, 14 and 27.1).

Certain loan agreements stipulate certain covenants such as maintenance of a net debt to equity ratio and the maintenance of debt service coverage ratio (see Note 14).

13. TRADE AND OTHER PAYABLES

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

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	**2015**	**2016**	**2015**
Trade payables	696,156,871	714,496,368	465,440,735	510,836,685
Other payables	89,723,689	93,135,274	68,552,321	74,977,697
Fixed asset payables	111,321,761	137,909,119	95,490,648	104,692,544
Accrued expenses	687,045,696	577,370,334	307,818,437	262,163,060
	1,584,248,017	1,522,911,095	937,302,141	952,669,986

14. LONG-TERM BORROWINGS

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

Baht : '000

	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL 2016	CONSOLIDATED FINANCIAL 2015	SEPARATE FINANCIAL 2016	SEPARATE FINANCIAL 2015
Long-term borrowings from financial institutions					
DSG International (Thailand) Plc.					
- repayable from Aug 2011 - Jul 2016	Six-month fixed deposit				
on monthly basis of Baht 3.35 million	interest rate + 2.35	-	18,279	-	18,279
- repayable from Dec 2011- Nov 2016	Six-month fixed deposit				
on monthly basis of Baht 4 million	interest rate + 2.35	-	43,000	-	43,000
- repayable from Oct 2013 - Sep 2018	Six-month fixed deposit				
on monthly basis of Baht 2.60 million	Interest rate + 2.35	49,000	80,200	49,000	80,200
- repayable from Mar 2014 - Feb 2018					
on monthly basis of Baht 2.60 million	4.04	22,305	53,505	22,305	53,505
- repayable from Jul 2014 - Jun 2019	THB FIX				
on monthly basis of Baht 1.93 million	Six-month interest rate + 1.90	45,255	68,355	45,255	68,355
- repayable from Jan 2015 - Dec 2019					
on monthly basis of Baht 4.15 million	4.15 - 4.35	150,400	200,200	150,400	200,200
- repayable from Jan 2015 - Dec 2019					
on monthly basis of Baht 4.17 million	4.15 - 4.35	149,992	199,996	149,992	199,996
- repayable from Oct 2015 - Sep 2020 on monthly basis of Baht 8.34 million	THB FIX Six-month interest rate + 1.90	374,900	474,980	374,900	474,980
- repayable from Aug 2017 - Mar 2018 on monthly basis of Baht 1.76 million and from Apr 2018 - Jul 2022 on monthly basis of Baht 2.23 million	MLR - 2	68,340	31,580	68,340	31,580

	Interest rate p.a. (%)	CONSOLIDATED FINANCIAL 2016	CONSOLIDATED FINANCIAL 2015	SEPARATE FINANCIAL 2016	SEPARATE FINANCIAL 2015
DSG (Malaysia) Sdn Bhd					
- 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	74,361	87,108	-	-
- 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	313,770	347,519	-	-
- repayable from Apr 2016 - Mar 2021 on monthly basis of 0.16 million Malaysian Ringgit and from Apr 2021 - Jan 2023 on monthly basis of 0.62 million Malaysian Ringgit [1]	BLR - 2.0	141,753	156,785	-	-
- repayable from Jan 2014 - Dec 2018 on monthly basis of 0.48 million Malaysian Ringgit [1]	COF + 1.5	51,594	98,927	-	-
- repayable from Dec 2016 - Dec 2023 on monthly basis of 0.11 million Malaysian Ringgit [2]	2.77	-	55,524	-	-
PT DSG Surya Mas Indonesia					
- repayable from Dec 2013 - Nov 2018 on monthly basis of USD 0.04 million [3]	BLR - 5.5	37,402	56,422	-	-
		1,479,072	1,972,380	860,192	1,170,095
Repayment terms					
Within 1 year		467,918	465,586	362,629	346,663
Over 1 year		1,011,154	1,506,794	497,563	823,432
Total		1,479,072	1,972,380	860,192	1,170,095

BLR - Base Lending Rate

COF - Cost of Funds

(1) DSG (Malaysia) Sdn Bhd. entered into the banking facility agreement with financial institutions for the business operation, consisting of bank overdraft, credit line of importing credit, forward foreign exchange contract and the limit of long-term loan. Such banking facilities are guaranteed by the Company and Disposable Soft Goods (Malaysia) Sdn Bhd. in the limit of USD 43.66 million and 137.51 million Malaysian Ringgit, respectively. DSG (Malaysia) Sdn Bhd. has pledged leasehold land and building in the limit of 112.21 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 8, 9 and 12).

(2) DSG (Malaysia) Sdn Bhd. entered into the long-term loan facility agreement with a financial institution for the business operation. Such banking facilities are guaranteed

by the Company in the limit of 5.65 million Malaysian Ringgit. In 2016, DSG (Malaysia) Sdn Bhd. repaid all outstanding balance and cancelled such the long-term loan facility agreement.

(3) PT DSG Surya Mas Indonesia pledged its machinery, equipment, inventories, receivables and stand-by Letter of Credit issued by a financial institution as collateral to borrowings from a financial institutions. The Company issued the letter of guarantee as collateral for such credit facilities (see Note 12).

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

As at December 31, 2016, the Company was unable to maintain certain debt covenants as stipulated in the agreements which the outstanding loans were Baht 860.19 million. However, the Company is in the opinion that this is a temporary setback resulted from the macro economy condition over the past 12 months in its major markets and its strong business fundamental will enable the Company to service its loan and meet the debt covenant the near future. The Company continues to engage with its bankers to review its business performance and achievement of debts covenant. On September 5, 2016, the Company received the refinance offer from a local financial institution for pay such loans which the Company was unable to maintain such debt covenants.

However, on December 20, 2016 and December 29, 2016, the Company received the letter notification of waiver for breach of covenants from 2 financial institutions which the outstanding loans as at December 31, 2016 were Baht 742.85 million. The company classified such loans as current portion of long-term borrowings of Baht 245.29 million and long-term borrowings of Baht 497.56 million.

On January 30, 2017, the Company received the letter notification of waivers for breach of covenants from a financial institution which the outstanding loan as at December 31, 2016 of Baht 68.34 million. Therefore, the company classified such loan as current portion of long-term borrowings.

As at December 31, 2016, long-term borrowings of Baht 49.00 million is in the process of negotiating of the debt covenants with a financial institution. Therefore, the Company classified such loan as current portion of long-term borrowings.

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 statements of profit or loss and other comprehensive income in respect of post-employment benefit obligations for the years ended December 31, 2016 and 2015 are as follows:

Unit: Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Current service cost	10,569,642	8,271,936	4,006,738	5,473,958
Interest cost	734,042	771,504	419,808	503,596
Past service cost	2,459,869	-	2,459,869	-
Actuarial (gain) loss before tax	2,763,069	(3,348,787)	(2,398,836)	(2,627,897)

Movements of the present value of post-employment benefit obligations for the years ended December 31, 2016 and 2015 are as follows:

Unit: Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Beginning balance of present value of post-employment benefit obligations	34,190,663	30,490,641	16,693,387	14,900,410
Current service cost	10,569,642	8,271,936	4,006,738	5,473,958
Interest cost	734,042	771,504	419,808	503,596
Past service cost	2,459,869	-	2,459,869	-
Actuarial (gain) loss before tax	2,763,069	(3,348,787)	(2,398,836)	(2,627,897)
Actual paid during the year	(2,649,310)	(1,925,799)	(2,802,044)	(1,556,680)
Effect from exchange on translation of the financial statements of a foreign subsidiary	242,180	(68,832)	-	-
Ending balance of present value of post-employment benefit obligations	48,310,155	34,190,663	18,378,922	16,693,387

The principle actuarial assumptions used to calculate post-employment benefit obligations as at December 31, 2016 and 2015 are as follows:

As at December 31, 2016	Discount	Expected rate	Turnover	Retirement age
DSG International (Thailand) Public Company Limited	2.96%	6%	0 - 23%	60 years
DSG Management Services (Thailand) Co., Ltd.	2.45%	6%	0 - 50%	60 years
PT DSG Surya Mas Indonesia	8.65%	10%	0 - 1%	55 years

As at December 31, 2015	Discount	Expected rate	Turnover	Retirement age
DSG International (Thailand) Public Company Limited	3.12%	6%	0 - 25%	60 years
DSG Management Services (Thailand) Co., Ltd.	2.63%	6%	0 - 17%	60 years
PT DSG Surya Mas Indonesia	9.10%	10%	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 are two staffs in Singapore.

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at December 31, 2016 and 2015 are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	**2015**	**2016**	**2015**
Discount rate				
Discount rates, decrease of 1 percent	5.85	3.04	2.36	2.29
Discount rates, increase of 1 percent	(4.95)	(2.55)	(2.00)	(1.93)
Salary increased rates				
Salary increased rates, decrease of 1 percent	(4.95)	(2.48)	(1.94)	(1.88)
Salary increased rates, increase of 1 percent	5.74	2.89	2.24	2.18
Turnover rates				
Turnover rates, decrease of 1 percent	1.43	1.37	0.97	0.98
Turnover rates, increase of 1 percent	(2.91)	(2.76)	(2.17)	(2.10)

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. When the program has ended, shares will be transferred to the eligible participants.

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, 2016 and 2015, the contributions made by the Company were recorded as expenses amounting to Baht 6.32 million and Baht 6.41 million, respectively.

16. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at December 31, 2016 and 2015 consist of:

Unit : Baht

	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL	
	2016	2015	2016	2015
Provision for dismantling, moving and renovating assets location costs	6,285,000	6,285,000	6,285,000	6,285,000
Provision for employee benefit (LTI Program)[1]	6,244,671	-	4,851,141	-
	12,529,671	6,285,000	11,136,141	6,285,000

(1) On February 24, 2016, the Board of Directors' meeting approved the Long Term Incentive Scheme ("LTI"), a performance based remuneration program which will take effect from January 1, 2016 for a period of 3 years. This program will be implemented for certain management and staff as part of the long term retention program.

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 30.34 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. 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.

19. 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.

20. DIVIDENDS

DSG International (Thailand) Public Company Limited

On April 27, 2015, the Annual General Shareholders' Meeting of the Company approved the distribution of final dividends for the year 2014 from the operating result for the period from October to December 2014 and from the retained earnings of the Company in term of cash dividend at the rate of Baht 0.06 per share, of 1,259,999,795 ordinary shares, totalling Baht 75.60 million which was paid to shareholders on May 26, 2015.

On August 11, 2015, the Board of Directors' Meeting of the Company approved the distribution of interim dividends from net profit for the period of January to June 2015 of Baht 0.03 per share, of 1,259,999,795 ordinary shares, totalling Baht 37.80 million which was paid on September 10, 2015.

On April 27, 2016, the Board of Directors' Meeting of the Company approved the distribution of annual dividends from net profit for the period of July to December 2015 of Baht 0.015 per share, of 1,259,999,795 ordinary shares, totalling Baht 18.90 million which was paid on May 26, 2016.

Subsidiaries

On September 17, 2015, the Board of Directors' Meetings of DSG (Malaysia) Sdn Bhd approved the distribution of interim dividends to ordinary shareholders of Malaysia Ringgit 0.55 per share, totalling equivalent to approximately Baht 15.08 million which was paid on September 28, 2015.

21. TRANSACTIONS WITH RELATED COMPANIES

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

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 30 - 180 days which is approximately longer than that of the others. Furthermore, the Company's major shareholders provide support on some raw material price negotiation for the Company and its subsidiaries.

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

Unit : Baht

	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	**2015**	**2016**	**2015**
Trade receivables					
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	1,350,237	3,156,760	1,350,237	3,156,760
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	41,737,330	1,047,308	41,737,330	1,047,308
DSG Trading Ltd	Subsidiary of major shareholder	465,329	-	465,329	-
Disposable Soft Goods (Malaysia) Sdn Bhd	Subsidiary	-	-	10,848,074	4,968,192
Disposable Soft Goods (S) Pte Ltd.	Subsidiary	-	-	741,179	-
PT DSG Surya Mas Indonesia	Subsidiary	-	-	175,255,449	185,657,923
		43,552,896	4,204,068	230,397,598	194,830,183
Other receivables					
DSG International Limited [3]	Major shareholder	273,703	58,047,996	203,701	40,293
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	84,197	39,387	45,162	-
DSG Technology Holdings Limited	Subsidiary of major shareholder	5,436,225	-	5,412,576	-
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	984,115	1,541,696
PT DSG Surya Mas Indonesia	Subsidiary	-	-	81,181,892	49,646,516
		5,794,125	58,087,383	87,827,446	51,228,505
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
				250,821,024	250,821,024
Less Allowance for impairment of investment					
- PT DSG Surya Mas Indonesia		-	-	(148,006,123)	(148,006,123)
		-	-	102,814,901	102,814,901

Unit : Baht

	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Loans to subsidiaries					
PT DSG Surya Mas Indonesia					
- USD 26.50 million (2015 : USD 17.08 million)					
at interest rate of 5.5% p.a., repayable within December 31, 2024	Subsidiary	-	-	944,945,180	613,556,852
DSG (Malaysia) Sdn Bhd					
- Baht 25 million					
at interest rate of 5.5% p.a., repayable within December 2017	Subsidiary	-	-	25,000,000	50,000,000
		-	-	969,945,180	663,556,852
Less Current portion of loan to a subsidiary		-	-	(25,000,000)	(25,000,000)
		-	-	944,945,180	638,556,852
Other payables					
DSG International Limited	Major shareholder	33,325,712	34,281,474	16,684,841	18,082,891
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	15,802	109,648	-	-
DSG Technology Holdings Limited	Subsidiary of major shareholder	15,242,964	23,471,501	12,458,388	19,645,322
Disposable Soft Goods (UK) Plc	Subsidiary of major shareholder	7,621,029	1,400,970	-	-
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	93,360	-	-	-
DSG (Malaysia) Sdn Bhd	Subsidiary	-	-	879,517	572,233
PT DSG Surya Mas Indonesia	Subsidiary	-	-	-	906
Disposable Soft Goods (S) Pte Ltd.	Subsidiary	-	-	1,808,024	1,369,425
DSG Management Services (Thailand)	Subsidiary	-	-	3,296,728	1,435,242
		56,298,867	59,263,593	35,127,498	41,106,019

Receivables and payables-related companies are non-interest bearing with repayment term around 30 - 180 days.

The movements of transactions with related companies incurred during the years 2016 and 2015 are as follows:

For the year ended December 31, 2016	Balance as at January 1, 2016	Additions	Repayment/ receipt	Effect from translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht
Other receivables					
DSG International Limited	58,047,996	53,493,953	(115,665,942)	4,397,696	273,703
DSG Technology Holdings Limited.	-	11,010,591	(5,573,185)	(1,181)	5,436,225
Disposable Soft Goods (Zhong Shan) Ltd.	39,387	910,747	(865,585)	(352)	84,197
	58,087,383	65,415,291	(122,104,712)	4,396,163	5,794,125
Other payables					
DSG International Limited	34,281,474	182,956,994	(183,321,610)	(591,146)	33,325,712
Disposable Soft Goods Ltd.	109,648	202,965	(290,787)	(6,024)	15,802
Disposable Soft Goods (Zhong Shan) Ltd.	-	93,918	-	(558)	93,360
DSG Technology Holdings Limited	23,471,501	97,744,332	(105,784,784)	(188,085)	15,242,964
Disposable Soft Goods (UK) Plc	1,400,970	8,166,258	(1,418,501)	(527,698)	7,621,029
	59,263,593	289,164,467	(290,815,682)	(1,313,511)	56,298,867

For the year ended December 31, 2015	Balance as at January 1, 2015	Additions	Repayment/ receipt	Effect from translation of the financial statements for foreign subsidiaries	Balance as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht
Other receivables					
DSG International Limited	-	60,443,908	(26,000)	(2,369,912)	58,047,996
Disposable Soft Goods Ltd.	1,845	-	(1,836)	(9)	-
Disposable Soft Goods (Zhong Shan) Ltd.	188,370	36,760	(186,224)	481	39,387
	190,215	60,480,668	(214,060)	(2,369,440)	58,087,383
Other payables					
DSG International Limited	20,666,831	138,516,768	(123,163,135)	(1,738,990)	34,281,474
Disposable Soft Goods Ltd.	294,570	224,036	(373,771)	(35,187)	109,648
Disposable Soft Goods (Zhong Shan) Ltd.	77,939	-	(76,552)	(1,387)	-
DSG Technology Holdings Limited	10,133,115	83,213,025	(69,496,196)	(378,443)	23,471,501
Disposable Soft Goods (UK) Plc	5,869,976	(1,044,984)	(3,266,011)	(158,011)	1,400,970
	37,042,431	220,908,845	(196,375,665)	(2,312,018)	59,263,593

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For the year ended December 31, 2016	Balance as at January 1, 2016 Baht	Additions Baht	Repayment/ receipt Baht	Gain/loss on exchange rate Baht	Balance as at December 31, 2016 Baht
Other receivables					
DSG International Limited	40,293	198,366	(40,170)	5,212	203,701
Disposable Soft Goods (Zhong Shan) Ltd.	-	910,747	(865,585)	-	45,162
Disposable Soft Goods (Malaysia) Sdn Bhd	-	135,534	(135,534)	-	-
DSG (Malaysia) Sdn Bhd	1,541,696	5,527,329	(6,089,593)	4,683	984,115
PT DSG Surya Mas Indonesia	49,646,516	44,929,854	(12,472,795)	(921,683)	81,181,892
DSG Technology Holdings Limited	-	10,985,761	(5,573,185)	-	5,412,576
DSG Management Services (Thailand) Co., Ltd.	-	47,097	(47,097)	-	-
	51,228,505	62,734,688	(25,223,959)	(911,788)	87,827,446
Loans to subsidiaries					
PT DSG Surya Mas Indonesia	613,556,852	332,959,300	-	(1,570,972)	944,945,180
DSG (Malaysia) Sdn Bhd	50,000,000	-	(25,000,000)	-	25,000,000
	663,556,852	332,959,300	(25,000,000)	(1,570,972)	969,945,180
Other payables					
DSG International Limited	18,082,891	112,088,614	(113,486,664)	-	16,684,841
DSG Technology Holdings Limited	19,645,322	81,542,353	(88,729,287)	-	12,458,388
DSG (Malaysia) Sdn Bhd	572,233	3,405,313	(3,093,185)	(4,844)	879,517
PT DSG Surya Mas Indonesia	906	-	(776)	(130)	-
Disposable Soft Goods (S) Pte Ltd	1,369,425	6,111,878	(5,673,279)	-	1,808,024
DSG Management Services (Thailand) Co., Ltd.	1,435,242	43,929,432	(42,067,946)	-	3,296,728
	41,106,019	247,077,590	(253,051,137)	(4,974)	35,127,498

For the year ended December 31, 2015	Balance as at January 1, 2015 Baht	Additions Baht	Repayment/ receipt Baht	Gain/loss on exchange rate Baht	Balance as December 2015 Baht
Other receivables					
DSG International Limited	-	66,170	(26,000)	123	40,293
Disposable Soft Goods Ltd.	1,845	-	(1,836)	(9)	-
Disposable Soft Goods (Zhong Shan) Ltd.	188,370	1,241	(186,224)	(3,387)	-
DSG (Malaysia) Sdn Bhd	1,522,176	21,784,468	(21,750,851)	(14,097)	1,541,696
PT DSG Surya Mas Indonesia	29,668,395	31,572,971	(13,788,743)	2,193,893	49,646,516
Disposable Soft Goods (S) Pte Ltd	-	4,240	(4,240)	-	-
DSG Management Services (Thailand) Co., Ltd.	-	34,166	(34,166)	-	-
	31,380,786	53,463,256	(35,792,060)	2,176,523	51,228,505
Loans to subsidiaries					
PT DSG Surya Mas Indonesia	420,976,247	140,075,000	-	52,505,605	613,556,852
DSG (Malaysia) Sdn Bhd	-	50,000,000	-	-	50,000,000
	420,976,247	190,075,000	-	52,505,605	663,556,852
Other payables					
DSG International Limited	7,242,460	91,068,354	(80,227,923)	-	18,082,891
DSG Technology Holdings Limited	7,873,275	71,120,196	(59,348,149)	-	19,645,322
Disposable Soft Goods (Zhong Shan) Ltd.	66,491	-	(66,331)	(160)	-
Disposable Soft Goods (Malaysia) Sdn Bhd	98,944	2,924	(101,035)	(833)	-
DSG (Malaysia) Sdn Bhd	38,816	10,799,006	(10,275,871)	10,282	572,233
PT DSG Surya Mas Indonesia	828	-	-	78	906
Disposable Soft Goods (S) Pte Ltd	1,267,515	5,924,910	(5,823,000)	-	1,369,425
DSG Management Services (Thailand) Co., Ltd.	5,898,819	58,387,916	(62,851,493)	-	1,435,242
	22,487,148	237,303,306	(218,693,802)	9,367	41,106,019

21.2 Significant transactions with related companies incurred during the years ended December 31, 2016 and 2015 consist of the following:

	Relationship	Pricing policies	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenue						
- Revenue from sales						
Disposable Soft Goods Ltd.	Subsidiary of major shareholder	Cost plus margin	3,178,043	9,845,331	3,178,043	9,845,331
Disposable Soft Goods (Zhong Shan) Ltd.	Subsidiary of major shareholder	Cost plus margin	167,783,892	45,932,138	167,783,892	45,932,138
DSG Trading Ltd.	Subsidiary of major shareholder	Cost plus margin	463,856		463,856	-
Disposable Soft Goods (Malaysia) Sdn	Subsidiary	Cost plus margin	-	-	42,771,482	20,275,302
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	1,657,062	-
Disposable Soft Goods (S) Pte Ltd.	Subsidiary	Cost plus margin	-	-	1,572,635	-
PT DSG Surya Mas Indonesia	Subsidiary	Cost plus margin	-	-	4,399,038	5,524,645
			171,425,791	55,777,469	221,826,008	81,577,416
Other income						
- Interest income						
DSG (Malaysia) Sdn Bhd	Subsidiary	5.5% p.a.	-	-	2,491,575	2,004,110
PT DSG Surya Mas Indonesia	Subsidiary	5.5% p.a.	-	-	42,849,876	30,350,989
			-	-	45,341,451	32,355,099
- Other income						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	1,347,686	1,388,513
PT DSG Surya Mas Indonesia	Subsidiary		-	-	-	30,353
			-	-	1,347,686	1,418,866
Expenses						
- Purchases of raw materials and finished goods (purchase returned)						
Shanghai DSG Megathin Co., Ltd.	Subsidiary of major shareholder	Cost plus margin	-	7,708,613	-	7,708,613
DSG (Malaysia) Sdn Bhd	Subsidiary	Cost plus margin	-	-	-	(58,099)
			-	7,708,613	-	7,650,514
- Technology transfer and license fees						
DSG Technology Holdings Limited	Subsidiary of major shareholder	1% of net sales to third parties	21,373,833	17,634,747	5,179,912	5,285,658
DSG International Limited (2)	Major shareholder	2.5% of net sales to third parties	27,418,771	-	27,418,771	-
			48,792,604	17,634,747	32,598,683	5,285,658
- Trademark license fees						
DSG International Limited (2)	Major shareholder	1.5% of net sales to third parties	31,459,486	23,096,344	-	-
DSG Technology Holdings Limited (2)	Subsidiary of major shareholder	1.5% of net sales to third parties	64,856,849	65,834,538	64,856,849	65,834,538
Disposable Soft Goods (UK) Plc (2)	Subsidiary of major shareholder	1.5 - 2.5% of net sales to third	8,166,892	(848,265)	-	-
			104,483,227	88,082,617	64,856,849	65,834,538

	Relationship	Pricing policies	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2016	2015	2016	2015
			Baht	Baht	Baht	Baht
- Support for sales promotion and DSG International Limited [3]	Major shareholder		-	(58,874,636)	-	-
- Regional service fee						
DSG Management Services (Thailand) Co., Ltd.	Subsidiary		-	-	40,743,697	54,564,672
- Purchase agency fee						
Disposable Soft Goods (S) Pte. Ltd.	Subsidiary		-	-	6,111,878	5,923,273
- Management fee		1 - 1.5% of net sales				
DSG International Limited	Major shareholder	to third parties	102,083,206	89,408,474	64,856,849	65,834,538
- IT Charge						
DSG (Malaysia) Sdn Bhd	Subsidiary		-	-	2,087,664	2,008,158
Dividend income						
DSG (Malaysia) Sdn Bhd			-	-	-	15,083,431
Dividend payments						
DSG International Limited	Major shareholder		12,575,792	75,454,756	12,575,792	75,454,756
Management benefit expenses	Management		38,356,422	60,059,983	8,362,468	12,635,536

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

(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.

The Company entered into technology transfer and license agreement with DSG International Limited which is calculated at 2.5% of net sales to third parties since January 1, 2016.

(3) On September 30, 2015, PT DSG Surya Mas Indonesia received the advertising support from DSG International Limited, in the amount of Baht 58.88 million. Such subsidiary presented it by deducting from the selling expenses and listing fee.

DSG International Limited, DSG Technology Holdings Limited, and Disposable Soft Goods (UK) Plc. have waived the management and trademark license fees to the Company and DSG (Malaysia) Sdn Bhd. for September 2015 and waived the fees to Disposable Soft Goods (Malaysia) Sdn Bhd and PT DSG Surya Mas Indonesia and Disposable Soft Goods (S) Pte Ltd. for the period July 2015 - September 2015. In addition, the accrued management and trademark license fees incurred in prior periods of Baht 9.16 million of PT DSG Surya Mas Indonesia are waived and reversed such amount in the consolidated statement of profit or loss for the year ended December 31, 2015.

22. OTHER INCOME

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Interest income	574,419	937,764	45,591,201	32,714,096
Gain from disposal of fixed assets	180,598	351,800	-	348,645
Others	24,656,564	40,607,736	17,314,621	32,540,041
	25,411,581	41,897,300	62,905,822	65,602,782

23. EXPENSES BY NATURE

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Changes of finished goods and work in process	63,066,306	137,647,717	56,495,493	35,274,405
Raw materials used	3,535,821,728	3,752,341,377	2,253,957,730	2,541,034,484
Employee benefit expenses	597,628,715	548,626,535	243,052,838	246,718,375
Depreciation and amortization	276,151,267	274,499,976	196,626,761	189,913,521
Loss on decline in value of inventories (reversal)	(2,467,612)	5,024,750	(2,467,612)	5,024,750
Selling expense*	1,823,412,184	1,741,918,676	1,142,451,672	1,200,479,630
Management remuneration	38,356,422	60,059,983	8,362,468	12,635,536

* Exclude depreciation and amortization and employee benefit expenses

24. 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, 2016 and 2015 and total assets and liabilities as at December 31, 2016 and 2015, are as follows:

UNIT: BAHT

	Thailand [1]	Malaysia [2]	Indonesia	Singapore	Total	Elimination	Total
For the year ended December 31, 2016							
Revenue[3]	4,993,181,899	1,836,994,902	622,690,720	32,122,845	7,484,990,366	(180,062,411)	7,304,927,955
Cost, selling expenses and administrative expenses[3]	(4,703,062,110)	(1,780,294,171)	(921,862,524)	(26,897,885)	(7,432,116,690)	185,930,120	(7,246,186,570)
Interest income	45,621,123	238,349	56,399	-	45,915,871	(45,341,452)	574,419
Interest expenses	(53,347,893)	(43,022,592)	(69,155,484)	-	(165,525,969)	45,213,778	(120,312,191)
Other income (expenses)	17,817,237	(13,678,835)	154,311,811	(439,337)	158,010,876	(4,976,509)	153,034,367
Income tax expenses	(12,069,387)	(5,804,560)	(5,394,467)	-	(23,268,414)	-	(23,268,414)
Profit (loss) for the year	288,140,869	(5,566,907)	(219,353,545)	4,785,623	68,006,040	763,526	68,769,566
Revenue from sales to third parties	4,730,221,387	1,823,524,700	547,633,232	32,122,845	7,133,502,164	-	7,133,502,164
Depreciation and amortization	197,034,941	61,887,779	20,136,676	86,752	279,146,148	(2,994,881)	276,151,267
Total assets	5,845,234,905	1,611,972,629	716,110,914	23,316,082	8,196,634,530	(1,438,180,395)	6,758,454,135
Total liabilities	2,794,667,506	1,228,660,450	1,693,154,648	12,980,979	5,729,463,583	(1,323,166,337)	4,406,297,246

(1) Transactions and balances between DSG International (Thailand) Plc. 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.

UNIT:BAHT

	Thailand [1]	Malaysia [2]	Indonesia	Singapore	Total	Elimination	Total
For the year ended December 31, 2015							
Revenue[3]	5,235,053,989	1,899,563,913	494,854,207	41,694,646	7,671,166,755	(156,213,849)	7,514,952,906
Cost, selling expenses and administrative expenses[3]	(4,881,141,788)	(1,863,929,908)	(659,600,600)	(43,950,095)	(7,448,622,391)	163,340,947	(7,285,281,444)
Interest income	32,748,258	351,329	193,276	-	33,292,863	(32,355,099)	937,764
Interest expenses	(58,362,597)	(49,049,361)	(50,954,022)	-	(158,365,980)	32,758,665	(125,607,315)
Other income (expenses)	81,801,333	(46,572,202)	(92,060,129)	(916,993)	(57,747,991)	(16,215,999)	(73,963,990)
Income tax (expenses) revenue	(25,067,465)	(6,121,420)	220,624	-	(30,968,261)	-	(30,968,261)
Profit (loss) for the year	385,031,730	(65,757,649)	(307,346,644)	(3,172,442)	8,754,995	(8,685,335)	69,660
Revenue from sales to third parties	5,123,040,085	1,863,200,396	431,240,311	41,694,646	7,459,175,438	-	7,459,175,438
Depreciation and amortization	190,149,905	73,109,132	14,014,909	84,296	277,358,242	(2,858,266)	274,499,976
Total assets	5,544,244,623	1,857,745,917	663,523,902	13,820,294	8,079,334,736	(1,186,594,610)	6,892,740,126
Total liabilities	2,767,060,951	1,446,608,034	1,399,693,335	8,006,506	5,621,368,826	(1,070,817,026)	4,550,551,800

[1] Transactions and balances between DSG International (Thailand) Plc. 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.

25. 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). Subsequently on April 7, 2015, the Company received an approval to revise investment promotion certificate for additional investment which increase corporate income tax exemption on profit derived from the promotional business to Baht 287.47 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).

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). Subsequently on April 8, 2016, the Company received an approval to revise investment promotion certificate which decrease corporate income tax exemption on profit derived from the promotional business to Baht 246.08 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).

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).

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).

On April 24, 2015, the Company received another investment promotion certificate No. 1501(2)/2558 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 234.92 million) for the period of 7 years from the date income is first derived from the promoted businesses.

On April 24, 2015, the Company received another investment promotion certificate No. 1502(2)/2558 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 365.42 million) for the period of 7 years from the date income is first derived from the promoted businesses.

On April 24, 2015, the Company received another investment promotion certificate No. 1503(2)/2558 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 336.22 million) for the period of 7 years from the date income is first derived from the promoted businesses.

On April 24, 2015, the Company received another investment promotion certificate No. 1504(2)/2558 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 197.32 million) for the period of 7 years from the date income is first derived from the promoted businesses.

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

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

26. 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, 2016 and 2015, such information is as follows:

SEPARATE FINANCIAL STATEMENTS	Promoted Business		Non- promoted Business		Total	
	2016	2015	2016	2015	2016	2015
	Baht	Baht	Baht	Baht	Baht	Baht
Revenue						
Revenue from export sales	138,731,881	149,771,422	174,847,350	11,999,020	313,579,231	161,770,442
Revenue from domestic sales	4,160,218,076	4,685,360,790	478,250,089	357,486,268	4,638,468,165	5,042,847,058
Total revenue from sales	4,298,949,957	4,835,132,212	653,097,439	369,485,288	4,952,047,396	5,204,617,500

27. COMMITMENT AND LETTERS OF GUARANTEE

27.1 As at December 31, 2016 and 2015, the Company has outstanding bank guarantees issued by banks as follows:

	Currency	2016	2015
Letters of guarantee for electricity usage	THB	10,912,500	10,904,600
Letter of guarantee for post services	THB	10,000	10,000
Standby letter of credit to guarantee a subsidiary (see Notes 12 and 14)	USD	7,500,000	4,500,000

The above bank guarantees are non-collateral guarantee.

27.2 Office lease

As at December 31, 2016 and 2015, 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 FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Within 1 year	18,123,123	35,229,202	10,888,557	26,866,570
1 - 5 years	15,634,830	20,044,646	7,614,340	15,494,430
Total	33,757,953	55,273,848	18,502,897	42,361,000

Warehouse lease

On December 20, 2011, the Company entered into a warehouse lease and service agreements with a company (lessor). The lease period is 10 years commencing on September 1, 2012. On December 22, 2011, the Company paid the deposit for the leased warehouse amounting to Baht 45.88 million.

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. On November 8, 2013, the Company paid the deposit for the leased warehouse amounting to Baht 43.04 million.

Under the both lease agreements, the Company shall have the option to purchase the 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 March 28, 2016, PT DSG Surya Mas Indonesia (lessee) entered into a land and warehouse lease and service agreement (Phase 1) and a warehouse lease and service agreement (Phase 2) with a company (lessor). The lease period of the both lease agreement is 11 years commencing on the date of registration of lease of the leased property and afterwards the Lessee has an option to extend to another 5 years which should be by written notice at least 12 month before expiration of the lease term. Under both lease agreements, PT DSG Surya Mas Indonesia shall have the

option to purchase the leased property during the Lease Term at least 120 days prior to the proposed purchase date which shall, in any case, not fall beyond the end of the Lease Term, at the higher of either the price of 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 March 28, 2016, PT DSG Surya Mas Indonesia paid the deposit for the lease land and warehouse in the amount of 4,828 million Indonesian Rupiah (equivalent to Baht 12.92 million).

Under the warehouse lease agreement (Phase 2), PT DSG Surya Mas Indonesia has to pay the deposit for the lease warehouse in the amount of 5,477 million Indonesian Rupiah (equivalent to Baht 14.66 million). As of December 31, 2016, the deposit has not been paid.

The future lease and service payments as of December 31, 2016 and 2015 are summarized as follows:

Period of payments	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Within 1 year	112,783,478	82,661,928	85,168,693	82,661,928
1 - 5 years	533,479,072	402,448,457	411,123,481	402,448,457
More than 5 years	344,412,166	242,676,558	136,613,814	242,676,558
Total	990,674,716	727,786,943	632,905,988	727,786,943

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

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Plant construction	-	0.12	-	-
Machines	1.33	98.81	-	98.69
Computer software	0.28	0.63	0.06	-

28. DISCLOSURE OF FINANCIAL INSTRUMENT

The Company presents and discloses financial instruments as follows:

28.1 Accounting Policies

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

28.2 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.

28.3 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 will have an impact to the Company's and its subsidiaries' operations since most of the Company's loans are bearing the floating interest rates.

28.4 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.

28.5 Estimated Fair Value of Financial Instruments

Cash and cash equivalent, trade and other receivables, receivables-subsidiary company, current portion of loan to a subsidiary, bank overdrafts and short-term borrowings from financial institutions, trade and other payables, current portion of long-term borrowings; the carrying amounts approximate their fair values due to the relatively short period to maturity. Fair value hierarchy of those is in level 2.

The transactions disclosed in the following table, are considered that the carrying amounts recognized in the consolidated and separate financial statements are different from their fair values.

Baht : '000

As at December 31, 2016			
Consolidated financial statements	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Financial Asset			
Deposit for lease of warehouse	101,861	74,337	3
Financial Liability			
Long-term borrowings (Fixed interest rate)	322,697	321,194	3
Separate financial statements			
Financial Asset			
Receivable - a subsidiary	175,255	138,735	3
Loans to subsidiaries	969,945	1,605,750	3
Deposit for lease of warehouse	88,923	66,447	3
Financial Liability			
Long-term borrowings (Fixed interest rate)	322,697	321,194	3
As at December 31, 2015			
Consolidated financial statements	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Financial Asset			
Deposit for lease of warehouse	88,923	48,529	3
Financial Liability			
Long-term borrowings (Fixed interest rate)	509,224	497,809	3
Separate financial statements			
Financial Asset			
Receivable - a subsidiary	185,658	112,017	3
Loans to subsidiaries	663,557	854,455	3
Deposit for lease of warehouse	88,923	48,529	3
Financial Liability			
Long-term borrowings (Fixed interest rate)	453,701	449,144	3

Fair value of long-term borrowings bearing fixed interest rate and liabilities from the acquisition of machine are determined by discounted cash flows method by over-the-counter interest rate as of the last working day of the reporting period.

Fair value of receivable - a subsidiary (non-current assets) and fair value of loans to subsidiaries are determined by discounted cash flows method. Future cash flows are estimated based on relevant market price discounting the cost of debts of the Company.

Fair value of forward foreign exchange contracts has been shown in Note 29.

29. FORWARD EXCHANGE CONTRACTS

The Company and its subsidiary entered into the forward exchange contracts to reduce foreign exchange risk. As at December 31, 2016 and 2015, 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)	Fair value hierarchy	Valuation technique and key input of fair valuation
As at December 31, 2016								
The Company	USD	258,869	35.79 Baht per US Dollar	February2016-February 2017	Baht 9.26 million	Baht 12,928	Level 2	Provision for discount cash flow*
As at December 31, 2015								
The Company	USD	8,263,275	35.8300 - 36.1800 Baht per US Dollar	January - October 2016	Baht 297.35 million	Baht 2,079,666	Level 2	Provision for discount cash flow*
	JPY	82,528,263	0.2933 - 0.2949 Baht per Yen	January - April 2016	Baht 24.29 million	Baht 485,444		
Subsidiary	USD	2,000,000	4.3180 - 4.3240 Malaysian Ringgit per US Dollar	January - February 2016	8.64 million Malaysian Ringgit	(36,661 Malaysian Ringgit) (equivalent to Baht 308,854)		

* Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

30. EVENTS AFTER THE REPORTING PERIOD

30.1 On December 23, 2016, Disposable Soft Goods (Malaysia) Sdn Bhd requested the Bank to reduce the Trade Facilities from RM 5,500,000 to RM 2,500,000 and got an approval to reduce the Trade Facilities on January 5, 2017.

30.2 On January 30, 2017, the Company received the letter notification of waivers for breach of covenants from a financial institution.

30.3 On January 9, 2017, February 8, 2017 and February 20, 2017, PT DSG Surya Mas Indonesia additionally borrowed loan of USD 250,000, USD 500,000 and USD 600,000, respectively, from the Company.

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Company's authorized director on February 23, 2017.

DSG INTERNATIONAL (THAILAND) PLC

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