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SWG 036/2558

August 13, 2015

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for second quarter and 6 months period, ended of 30 June 2015 and to explain the causes of performance that is changed more than 20% from the same period last year.

To: President,
The Stock Exchange of Thailand

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED ("The Company") would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the second quarter ("2Q15") and 6 months period ("1H15"), ended of 30 June 2015 and to explicate the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 125.12 million baht, an increase of 54.62 million baht from the same period last year (or an increase of 77.46%). The net profit is 23.59 million baht, an increase of 22.18 million baht from the same period last year (or an increase of 1,568.46%). Net profit is accounted as 19.42% of sales and services' revenue. Since the tourism industry of Thailand began to rise and showed a sign of recovering markedly in the 4Q14, and it has continued to improve in the 2Q15 after the decline during the first nine months of year 2014. The political situations had a significant impact on the decrease in revenue during the first and second quarter and continued to the third quarter of year 2014, causing the Company's revenue to be lower than anticipated. While in the 2Q15 and the 1H2015, the Company's revenue and profit has increased significantly for the reasons mentioned above. Also, recognition of revenue increases from 3 new branches opened in year 2014 as well as additional space expansion at Let's Relax Siam Square 1, caused the operating result in the 2Q15 and the 1H2015 to increase significantly over the same period last year, with more details below.

Revenue

The Company and subsidiaries had total revenue in the 2Q15 of 125.12 million baht, an increase of 54.62 million baht from same period last year (or an increase of 77.46%). The big proportion of revenue comes from the spa business, which accounted to 83.13% of the total revenue. The increase of revenue mostly come from the expansion of 3 new branches opened in year 2014, which are Let's Relax Hua Hin, Let's Relax Siam Square 1 and RarinJinda Wellness Spa Ploenchit as well as from additional space expansion at Let's Relax Siam Square 1 since 18 March 2015 from 321.29 sqm. to 745.72 sqm. Also, there was an increase in revenue from branches in Bangkok and the provinces from the recovery of the tourism industry. Last year the revenue in the 2Q15 and 1H2015 had been affected by the political situations in Bangkok, where many activities took place nearby our spa branches such as Let's Relax Terminal 21, Let's Relax Sukhumvit 39 (Phromphong) and RarinJinda Wellness Spa Ratchadamri, causing the revenues of these branches to decrease significantly, and also affected the tourism in Thailand, where the tourists have cancelled their trips to Thailand. Thus the revenue of all spa branches in Bangkok has declined in the 2Q14 and 1H14. For the hotel and restaurant business of the subsidiary, since there is only one place in Chiang Mai and due to the opening of more direct flights to Chiang Mai, 2Q15 revenue increased in comparison with the same period last year. Revenue from the spa products trading of subsidiary, which was mostly sold through the spa branches, has benefited from the increase in revenue from both Bangkok branches and the provinces branches. Thus the revenue from spa products trading has increased. Overall, in 2Q15 and 1H15 the Company and subsidiaries have substantially higher total revenue over the same quarter of the previous year.

Cost of Sales and Services

In the 2Q15, the Company and subsidiaries had the cost of sales and services of 75.46 million baht, accounting for to 62.10% of sales and services' revenue. This is an increase of 25.80 million baht from the same quarter of the previous year (or an increase of 51.94%). The increase is caused by the expansion of the 3 Spa branches during 2014 as well as additional space expansion of Let's Relax Siam Square 1 since 18 March 2015 from 321.29 sqm. to 745.72 sqm. Consequently, cost of sales and services also increased from rental expenses of the branches and hiring more employees. There was also an increase in salary, staff costs, rents, property service charges and maintenance costs, etc.

Selling Expenses

In the 2Q15, the Company and subsidiaries had the selling expenses of 4.46 million baht, accounted to 3.67% of the revenue from sales and services. This is a decrease of 0.95 million baht from the same period last year (or a decrease of 17.50%). The Company and subsidiaries continued to reduce the cost of advertising and promoting as well as the cost of overseas travel for promoting as a result of shift to digital marketing, causing the total expenses of sales of the Company and subsidiaries to decrease compared to the same period of last year.

Administrative Expenses

In the 2Q15, the Company and subsidiaries had the administrative expenses of 15.21 million baht, accounting for to 12.52% of the revenue from sales and services. This is an increase of 3 million baht from the same period last year (or an increase of 24.52%). This is the result of a salary raise for staff and management in this quarter, which is an annual raise. However, for 1H15, there is only an increase of 1.77 million baht from the same period of last year (or an increase of 6.74%). In 1Q14, there was a decrease of 1.22 million baht from the same period of last year due to the cost of other administrative expenses from the impairment of assets with the amount of 2.57 million baht, due to the design cost of Onsen complex that was to be constructed behind RarinJinda Wellness Spa Phuket (currently, it was changed to Let's Relax Patong 3rd street) which was delayed.

Net Profit

In the 2Q15, the Company and subsidiaries had the net profit of 23.59 million baht or accounted 19.41% of the revenue from sales and services. The net profit of the Company and subsidiaries increased 22.18 million baht (or an increase of 1,568.46%) compared to the same period last year. This is the result from the increase in revenue from sales and services of the branches located in Bangkok and the provinces from the recovery of the tourism industry in Thailand, as well as revenue of branches opened in year 2014 causing the overall revenue to increase significantly compared to the same period last year. Meanwhile, costs increased by less than the growth rate of revenue. The decrease in selling and administrative expenses and higher costs resulted in the overall costs of the Company and subsidiaries increasing by 27.85 million baht (or an increase of 41.38%). At the sometime the revenue increased at the rate of 77.46%, which is more than the growth rate in cost. Consequently, overall there was an increase in net profit of the Company and subsidiaries.

Please be informed accordingly,

Yours sincerely,



Mr. Wiboon Utsahajit / Mr. Prasert Jiravanstit

(Mr.Wiboon Utsahajit / Mr.Prasert Jiravanstit)

Siam Wellness Group Public Company Limited