

Siam Wellness Group Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2016

## **Independent Auditor's Report**

To the Shareholders of Siam Wellness Group Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Siam Wellness Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Siam Wellness Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam Wellness Group Public Company Limited and its subsidiaries and of Siam Wellness Group Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for each matter are described below.

### Revenue from services

The revenue from services are the main revenues of the Group comprising revenue from spa business of the Company and revenue from hotel business from its subsidiary, presenting approximately 88% of total group's revenue. Such revenues derived from a large number of individual customers with a variety of sales channels and many branches for the spa business. Therefore, I addressed the measurement and occurrence of the revenue from services as a key audit matter.

I have examined the revenue from services by assessing and testing, on a sampling basis, the Company's and its subsidiary's internal controls with respect to the revenue cycle, examining supporting documents, on a sampling basis, for revenue from services transactions occurring during the year and near the end of the accounting period, reviewing credit notes that the Company and its subsidiary issued after the period-end, and performing analytical procedures of disaggregated data to detect possible irregularities in revenue from services transactions throughout the period.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Group'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 Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

From the matter communicated with those charged with governance, I determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Gingkarn Atsawarangsalit.

Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 27 February 2017

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	32,851,045	60,246,123	23,859,098	36,563,126
Current investments	9	18,059,218	26,245,682	-	26,245,682
Trade and other receivables	7, 10	8,606,292	4,085,201	5,333,781	2,450,211
Inventories	11	20,207,102	13,827,086	18,233,602	11,066,434
Other current assets		8,351,459	9,218,830	7,309,260	8,736,008
<b>Total current assets</b>		<b>88,075,116</b>	<b>113,622,922</b>	<b>54,735,741</b>	<b>85,061,461</b>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	101,705,460	101,705,460
Leasehold rights on land	13	13,101,451	14,134,283	13,101,451	14,134,283
Property, plant and equipment	14	698,911,776	480,016,885	616,442,696	410,925,688
Goodwill	6	20,340,000	20,340,000	20,340,000	20,340,000
Intangible assets	15	7,726,495	5,022,223	7,500,292	4,742,592
Deferred tax assets	25	176,708	212,113	-	-
Other non-current assets	16	36,702,363	21,669,882	36,691,364	21,667,882
<b>Total non-current assets</b>		<b>776,958,793</b>	<b>541,395,386</b>	<b>795,781,263</b>	<b>573,515,905</b>
<b>Total assets</b>		<b>865,033,909</b>	<b>655,018,308</b>	<b>850,517,004</b>	<b>658,577,366</b>

The accompanying notes are an integral part of the financial statements.



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Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	7, 17	70,383,025	39,136,665	66,183,234	34,409,703
Current portion of long-term loan	18	20,000,000	-	20,000,000	-
Current portion of liabilities under finance lease agreements	19	521,701	494,034	521,701	494,034
Income tax payable		9,422,589	14,343,266	9,226,273	11,858,482
Advance received		16,354,695	14,847,703	14,413,406	12,984,374
Other current liabilities		3,730,556	6,592,427	3,057,896	6,008,692
<b>Total current liabilities</b>		<b>120,412,566</b>	<b>75,414,095</b>	<b>113,402,510</b>	<b>65,755,285</b>
<b>Non-current liabilities</b>					
Long term loan - net of current portion	18	80,000,000	-	80,000,000	-
Liabilities under finance lease agreements - net of current portion	19	225,906	747,607	225,906	747,607
Provision for long-term employee benefits	20	6,073,329	4,173,332	5,133,568	3,543,420
Deferred tax liabilities	25	8,324,594	9,612,747	8,324,594	9,612,747
Other non-current liabilities		11,125,785	10,164,032	10,536,115	9,654,190
<b>Total non-current liabilities</b>		<b>105,749,614</b>	<b>24,697,718</b>	<b>104,220,183</b>	<b>23,557,964</b>
<b>Total liabilities</b>		<b>226,162,180</b>	<b>100,111,813</b>	<b>217,622,693</b>	<b>89,313,249</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Issued and paid-up					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Share premium		278,905,854	278,905,854	278,905,854	278,905,854
Retained earnings					
Appropriated - statutory reserve	22	14,782,545	9,919,593	14,250,000	9,473,612
Unappropriated		208,205,525	129,103,948	156,535,342	97,681,536
Other components of shareholders' equity		(5,523,364)	(5,523,364)	40,703,115	40,703,115
Equity attributable to shareholders' of the Company		638,870,560	554,906,031	632,894,311	569,264,117
Non-controlling interests of the subsidiaries		1,169	464	-	-
<b>Total shareholders' equity</b>		<b>638,871,729</b>	<b>554,906,495</b>	<b>632,894,311</b>	<b>569,264,117</b>
<b>Total liabilities and shareholders' equity</b>		<b>865,033,909</b>	<b>655,018,308</b>	<b>850,517,004</b>	<b>658,577,366</b>

The accompanying notes are an integral part of the financial statements.

บอริส อภิรักษ์กุล

*[Signature]*

Directors



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)  
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED



**Siam Wellness Group Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from sales		71,717,038	47,719,121	34,304,038	19,685,693
Revenue from services		653,474,074	485,523,611	619,658,785	449,862,578
Other income		13,925,224	10,262,023	22,768,371	22,229,123
<b>Total revenues</b>		<b>739,116,336</b>	<b>543,504,755</b>	<b>676,731,194</b>	<b>491,777,394</b>
<b>Expenses</b>					
Cost of sales		45,404,293	29,307,836	20,434,125	11,749,796
Cost of services		439,274,574	305,658,938	433,046,651	298,243,035
Selling expenses		28,080,230	21,731,331	25,083,177	18,833,681
Administrative expenses		60,961,178	52,042,724	54,673,061	46,041,695
<b>Total expenses</b>		<b>573,720,275</b>	<b>408,740,829</b>	<b>533,237,014</b>	<b>374,868,207</b>
<b>Profit before finance cost and income tax expenses</b>		<b>165,396,061</b>	<b>134,763,926</b>	<b>143,494,180</b>	<b>116,909,187</b>
Finance cost		(1,566,532)	(1,172,147)	(1,566,532)	(1,172,147)
<b>Profit before income tax expenses</b>		<b>163,829,529</b>	<b>133,591,779</b>	<b>141,927,648</b>	<b>115,737,040</b>
Income tax expenses	25	(22,864,098)	(27,097,104)	(21,297,454)	(22,986,654)
<b>Profit for the year</b>		<b>140,965,431</b>	<b>106,494,675</b>	<b>120,630,194</b>	<b>92,750,386</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Changes in revaluation of land - net of income tax		-	7,068,800	-	7,068,800
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		-	7,068,800	-	7,068,800
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains - net of income tax		-	1,129,477	-	981,400
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		-	1,129,477	-	981,400
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>8,198,277</b>	<b>-</b>	<b>8,050,200</b>
<b>Total comprehensive income for the year</b>		<b>140,965,431</b>	<b>114,692,952</b>	<b>120,630,194</b>	<b>100,800,586</b>

The accompanying notes are an integral part of the financial statements.



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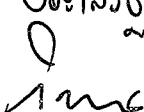
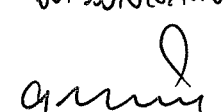
**Siam Wellness Group Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit attributable to:</b>					
Equity holders of the Company		140,964,529	106,494,675	120,630,194	92,750,386
Non-controlling interests of the subsidiaries		902	-		
		<u>140,965,431</u>	<u>106,494,675</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		140,964,529	114,692,952	120,630,194	100,800,586
Non-controlling interests of the subsidiaries		902	-		
		<u>140,965,431</u>	<u>114,692,952</u>		
<b>Earnings per share</b>	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.25</u>	<u>0.19</u>	<u>0.21</u>	<u>0.16</u>

The accompanying notes are an integral part of the financial statements.

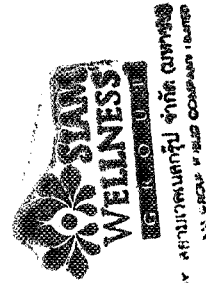


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Siam Wellness Group Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2016

Consolidated financial statements												(Unit: Baht)
Equity attributable to shareholders of the Company												
	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Discount on business combination under common control	Other comprehensive income		Total components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		Surplus on revaluation of assets	Income				
<b>Balance as at 1 January 2015</b>		142,500,000	278,905,854	4,836,092	69,313,297	(46,226,479)	33,634,315	-	(12,592,164)	482,963,079	520	482,963,599
Profit for the year		-	-	-	106,494,675	-	-	-	-	106,494,675	-	106,494,675
Other comprehensive income for the year		-	-	-	1,129,477	-	7,068,800	-	7,068,800	8,198,277	-	8,198,277
Total comprehensive income for the year		-	-	-	107,624,152	-	7,068,800	-	7,068,800	114,692,952	-	114,692,952
Appropriation of retained earnings		-	-	5,083,501	(5,083,501)	-	-	-	-	-	-	-
Dividend paid	23	-	-	-	(42,750,000)	-	-	-	-	(42,750,000)	-	(42,750,000)
Subsidiaries paid dividend to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	(56)	(56)
<b>Balance as at 31 December 2015</b>		142,500,000	278,905,854	9,919,593	129,103,948	(46,226,479)	40,703,115	-	(5,523,364)	554,906,031	464	554,906,495
<b>Balance as at 1 January 2016</b>		142,500,000	278,905,854	9,919,593	129,103,948	(46,226,479)	40,703,115	-	(5,523,364)	554,906,031	464	554,906,495
Profit for the year		-	-	-	140,964,529	-	-	-	-	140,964,529	902	140,965,431
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	140,964,529	-	-	-	-	140,964,529	902	140,965,431
Appropriation of retained earnings		-	-	4,862,952	(4,862,952)	-	-	-	-	-	-	-
Dividend paid	23	-	-	-	(57,000,000)	-	-	-	-	(57,000,000)	-	(57,000,000)
Subsidiary paid dividend to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	(197)	(197)
<b>Balance as at 31 December 2016</b>		142,500,000	278,905,854	14,782,545	208,205,525	(46,226,479)	40,703,115	-	(5,523,364)	638,870,560	1,169	638,871,729

The accompanying notes are an integral part of the financial statements.



Siam Wellness Group Public Company Limited and its subsidiaries

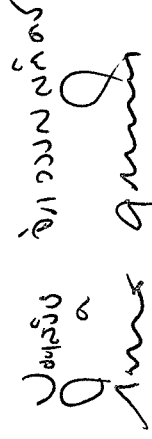
Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements

	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income		
						Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2015		142,500,000	278,905,854	4,836,092	51,337,270	33,634,315	33,634,315	511,213,531
Profit for the year		-	-	-	92,750,386	-	-	92,750,386
Other comprehensive income for the year		-	-	-	981,400	7,068,800	7,068,800	8,050,200
Total comprehensive income for the year		-	-	-	93,731,786	7,068,800	7,068,800	100,800,586
Appropriation of retained earnings		-	-	4,637,520	(4,637,520)	-	-	-
Dividend paid	23	-	-	-	(42,750,000)	-	-	(42,750,000)
Balance as at 31 December 2015		142,500,000	278,905,854	9,473,612	97,681,536	40,703,115	40,703,115	569,264,117
Balance as at 1 January 2016		142,500,000	278,905,854	9,473,612	97,681,536	40,703,115	40,703,115	569,264,117
Profit for the year		-	-	-	120,630,194	-	-	120,630,194
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	120,630,194	-	-	120,630,194
Appropriation of retained earnings		-	-	4,776,388	(4,776,388)	-	-	-
Dividend paid	23	-	-	-	(57,000,000)	-	-	(57,000,000)
Balance as at 31 December 2016		142,500,000	278,905,854	14,250,000	156,535,342	40,703,115	40,703,115	632,894,311


  
 Director

The accompanying notes are an integral part of the financial statements.

**Siam Wellness Group Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2016**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before tax	163,829,529	133,591,779	141,927,648	115,737,040
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	55,304,981	39,018,757	49,928,172	34,549,646
Unrealised gain on the change in fair value of trading securities	(55,614)	(299,050)	-	(299,050)
Bad debts and allowance for doubtful accounts (reversal)	(126,493)	19,657	-	(2,994)
Reduction cost of inventories to net realisable value (reversal)	(779,403)	5,790	(460,988)	43,705
Gain on disposal of property, plant and equipment	(1,270,954)	(499)	(1,267,875)	(1,231)
Reversal of impairment loss on assets	-	(2,565,416)	-	(2,565,416)
Loss on write-off of property, plant and equipment	142,237	58,113	61,333	7,584
Long-term employee benefits expenses	1,899,997	1,821,529	1,590,148	1,559,750
Dividend income	-	-	(657,686)	(4,992,556)
Interest income	(267,701)	(1,190,850)	(195,761)	(1,006,964)
Interest expenses	1,566,532	1,172,147	1,566,532	1,172,147
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>220,243,111</b>	<b>171,631,957</b>	<b>192,491,523</b>	<b>144,201,661</b>
Decrease (increase) in operating assets				
Current investments	8,242,077	74,053,368	26,245,682	74,053,368
Trade and other receivables	(4,394,597)	2,219,278	(2,883,570)	1,736,288
Inventories	(5,600,613)	(6,115,664)	(6,706,180)	(3,989,778)
Other current assets	837,182	(6,059,762)	1,396,559	(5,760,467)
Other non-current assets	(15,032,481)	(5,762,505)	(15,023,482)	(5,760,505)
Increase (decrease) in operating liabilities				
Trade and other payables	33,002,340	9,635,004	33,464,129	6,694,529
Advance received	1,506,992	7,365,940	1,429,032	7,190,435
Other current liabilities	(2,861,871)	4,099,101	(2,950,796)	4,185,105
Other non-current liabilities	397,531	4,048,583	317,703	3,968,711
<b>Cash flows from operating activities</b>	<b>236,339,671</b>	<b>255,115,300</b>	<b>227,780,600</b>	<b>226,519,347</b>
Cash paid for interest expenses	(1,378,716)	(954,711)	(1,378,717)	(954,711)
Cash paid for income tax	(29,037,524)	(14,349,589)	(25,217,817)	(11,092,866)
<b>Net cash flows from operating activities</b>	<b>205,923,431</b>	<b>239,811,000</b>	<b>201,184,066</b>	<b>214,471,770</b>

The accompanying notes are an integral part of the financial statements.



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**Siam Wellness Group Public Company Limited and its subsidiaries**  
**Statement of cash flows (continued)**  
**For the year ended 31 December 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Decrease in loans to and interest receivables from subsidiary	-	-	-	5,023,425
Cash paid for purchase of spa business (Note 6)	-	(40,000,000)	-	(40,000,000)
Cash paid for acquisition of leasehold rights on land	(2,109,959)	(11,446,716)	(2,109,959)	(11,446,716)
Cash paid for acquisition of property, plant and equipment	(272,042,711)	(128,277,101)	(253,168,539)	(122,369,760)
Cash paid for acquisition of intangible assets	(3,338,375)	(4,808,084)	(3,278,525)	(4,677,570)
Proceeds from disposal of property, plant and equipment	1,399,066	4,015	1,309,516	9,904
Cash received from dividend from subsidiary	-	-	657,686	4,992,556
Cash received from interest income	267,701	1,190,850	195,761	1,006,964
<b>Net cash flows used in investing activities</b>	<b>(275,824,278)</b>	<b>(183,337,036)</b>	<b>(256,394,060)</b>	<b>(167,461,197)</b>
<b>Cash flows from financing activities</b>				
Decrease in liabilities under financial lease agreements	(494,034)	(467,835)	(494,034)	(467,835)
Cash received from long-term loan	100,000,000	-	100,000,000	-
Repayment of long-term loans	-	(57,049,000)	-	(57,049,000)
Cash paid for dividend	(57,000,197)	(42,750,056)	(57,000,000)	(42,750,000)
<b>Net cash flows from (used in) financing activities</b>	<b>42,505,769</b>	<b>(100,266,891)</b>	<b>42,505,966</b>	<b>(100,266,835)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(27,395,078)</b>	<b>(43,792,927)</b>	<b>(12,704,028)</b>	<b>(53,256,262)</b>
Cash and cash equivalents at beginning of year	60,246,123	104,039,050	36,563,126	89,819,388
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>32,851,045</b>	<b>60,246,123</b>	<b>23,859,098</b>	<b>36,563,126</b>

**Supplemental cash flows information**

Non-cash transactions				
Increase in surplus on revaluation of land	-	8,836,000	-	8,836,000
Decrease in liabilities from acquisition of property, plant and equipment	1,755,980	1,537,062	1,690,598	2,125,249
Increase in provision for dismantling, removing and restoring of leasehold improvement	564,222	806,036	564,222	806,036
Actuarial gains	-	1,408,611	-	1,226,750

The accompanying notes are an integral part of the financial statements.



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**Siam Wellness Group Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2016**

**1. General information**

Siam Wellness Group Public Company Limited ("the Company") was incorporated as limited company under the laws of Thailand on 28 November 2001. The Company operates in Thailand and principally engages in massage for health. Its registered head office is at No. 483, Soi Suthiporn, Pracha-Songkroh Road, Dindang, Dindang, Bangkok. As at 31 December 2016, the Company has a total of 30 branches in Bangkok and upcountry (2015: 21 branches) and 1 foreign branch according to the franchise agreement (31 December 2015: None).

The Company registered in the Stock Exchange of Thailand on 31 October 2014 and its common shares had been approved to be listed in the MAI (MAI: Market of Alternative Investment).

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2543 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Siam Wellness Group Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):



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Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 (Percent)	2015 (Percent)
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	Thailand	99.99	99.99
Siam Wellness Lab Co., Ltd.	Manufacturing and distributing spa product	Thailand	99.99	99.99
Siam Wellness Education Co., Ltd.	A school for Thai massage	Thailand	99.97	99.97

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of

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standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

**(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarized below.

**TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

*Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.



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#### *Franchise income*

Franchise income is recognised on an accrual basis in accordance with the substance of the relevant franchise agreements.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### **4.4 Inventories**

Inventories are valued at the lower of cost under the first-in, first-out method and net realisable value.

### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value as at the end of reporting period.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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#### 4.6 Leasehold rights

Leasehold rights on land is stated at cost less accumulated amortisation and allowance for impairment (if any). Amortisation is charged to the statement of comprehensive income on a straight-line basis over a period of lease.

#### 4.7 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	5 years
Buildings and building on rental land	-	20 years and a period of lease
Buildings improvement	-	5, 20 years and a period of lease
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Licenses	5 and 10 years
Trademark	10 years
Computer software	5 and 10 years

#### 4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

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The recoverable amount of each cash generating unit is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period and based on key assumptions regarding revenue growth rates and discount rates.

#### **4.10 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.11 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.



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Siam Wellness

#### 4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews or when there is any indication of impairment in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.14 Employee benefits

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

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## **Post-employment benefits**

### **Defined contribution plans**

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The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### **Defined benefit plans**

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

## **4.15 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.16 Income tax**

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

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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Siam Wellness Group

The Company and its subsidiaries recognised deferred tax liabilities for all taxable temporary differences while they recognised deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.17 Fair value measurement

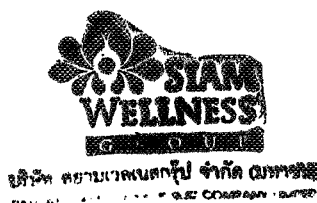
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

Signature and stamp of the representative of the Company.





## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent value using the comparable market approach.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Acquisition of spa business

On 29 June 2015, a meeting of the Company's Board of Directors approved an acquisition of spa business from non-related persons for its business expansion regarding the Company's 3-stars spa project. The Company and non-related persons entered into the relevant agreements on 1 August 2015.

The fair values of acquired assets as at the acquisition date are as follows:


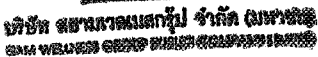
	(Unit: Thousand Baht)
Inventories	234
Property, plant and equipment (Note 14)	19,004
Other non-current assets	422
<b>Total assets</b>	<b>19,660</b>
<b>Net assets value at the acquisition date</b>	<b>19,660</b>
Excess of purchase price over net asset value	20,340
<b>Purchase price</b>	<b>40,000</b>



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The Company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. Details of purchase price are as follows.

		(Unit: Thousand Baht)
Fair value of net assets received		19,660
Goodwill		20,340
Purchase price		<u>40,000</u>

This goodwill is related to spa business that the Company acquired.

## 7. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Type of business	Type of relationship
Siam Wellness Lab Co., Ltd.	Manufacturer and sale of spa products	A subsidiary
Siam Wellness Education Co., Ltd.	A school for Thai massage	A subsidiary
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	A subsidiary
Blooming Co., Ltd.	Sale of gift , a blesses card and a notebook	Common shareholders
B.U. Enterprise Co., Ltd.	Property rental	Common shareholders
Cyberprint Co., Ltd.	Printing business	Common shareholders
Asian Fortune Property Co., Ltd.	Real estate development	Common shareholders
Rarinjinda Ordinary Partnership	Property rental	Common directors

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties. Below is a summary of those transactions.

	Consolidated		Separate		(Unit: Million Baht)
	financial statements		financial statements		Transfer pricing Policy
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Being eliminated from the consolidated financial statements)					
Revenue from sales	-	-	0.1	0.1	Market price
Revenue from services	-	-	0.2	0.4	Market price
Revenue from rental and utilities	-	-	7.8	6.5	Contract price
Other income	-	-	2.1	2.1	Actual price
Dividend income	-	-	0.7	5.0	Declared rate
Purchase of goods	-	-	20.1	12.6	Market price

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(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing Policy
	2016	2015	2016	2015	
Service expenses	-	-	5.3	4.5	Contract price and market price
Commission expenses	-	-	1.2	1.5	Contract price
Advertising expenses	-	-	0.2	0.3	Contract price
Entertainment expenses	-	-	0.2	-	Actual price
<b>Transactions with related parties</b>					
Revenue from sales	0.1	0.3	-	-	Market price
Revenue from services	0.3	0.1	0.2	0.1	Market price
Purchase of goods and services	13.9	9.6	9.5	9.0	Market price
Service expenses	2.4	1.7	1.4	0.9	Market price
Rental and utilities expenses	17.7	13.7	17.7	13.7	Contract price

As at 31 December 2016 and 2015, the balances of the accounts between the Company, subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade receivables - subsidiaries (Note 10)</b>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	447	631
Siam Wellness Lab Co., Ltd.	-	-	7	7
Siam Wellness Education Co., Ltd.	-	-	7	6
Total	-	-	461	644
<b>Trade receivables - related parties (Note 10)</b>				
Blooming Co., Ltd.	11	1	-	-
Cyberprint Co., Ltd.	-	112	-	96
B.U. Enterprise Co., Ltd.	1	-	-	-
Total	12	113	-	96
<b>Trade payables - subsidiaries (Note 17)</b>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	129	187
Siam Wellness Lab Co., Ltd.	-	-	1,621	1,828
Siam Wellness Education Co., Ltd.	-	-	249	339
Total	-	-	1,999	2,354

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			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Trade payables - related parties (Note 17)</b>				
Blooming Co., Ltd.	1,657	898	891	767
B.U. Enterprise Co., Ltd.	94	63	83	47
Cyberprint Co., Ltd.	227	305	190	135
Asian Fortune Property Co., Ltd.	259	243	259	243
Total	2,237	1,509	1,423	1,192
<b>Other payables - related parties (Note 17)</b>				
Directors of the Company	262	246	214	169
Total	262	246	214	169

### **Directors and management's benefits**

During the years ended 31 December 2016 and 2015, employee benefit expense payable to their directors and management of the Company and its subsidiaries are as follows:

			(Unit: Million Baht)	
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Short-term employee benefits	17.1	17.7	17.1	17.7
Post-employment benefits	0.6	0.7	0.6	0.7
Total	17.7	18.4	17.7	18.4

### **Significant agreements with related parties**

- On 1 January 2013, the Company entered into a lease agreement with Rarinjinda Ordinary Partnership for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter not less than 3 years before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 3.3 million and not more than 15% of rental fee can be increased every 3 years.

Furthermore, on 1 January 2013, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. for partial areas for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter 3 years before term due of agreement. Under the agreement, Siam Wellness Resort Co., Ltd. committed to pay an annual rental fee amounting to Baht 2.1 million and not more than 15% of rental fee can be increased every 3 years.

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Ani Arunrat



บริษัท สยามเวลเนส จำกัด (มหาชน)  
SIAM WELLNESS PUBLIC COMPANY LIMITED

Under the lease and sublease agreements, assets which the Company and the subsidiary build or modify will be transferred the rights to Rarinjinda Ordinary Partnership on maturity date.

2. On 13 November 2015, the Company entered into a head office rental agreement with a related person for the period of 3 years due in December 2018 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 1.3 million and not more than 15% of rental fee can be increased every 3 years.

Furthermore, on 13 November 2015, the Company made sublease agreements with Siam Wellness Lab Co., Ltd. and Siam Wellness Education Co., Ltd. ("sub lessees") for partial areas for the period of 3 years, due in December 2018 and such agreements are renewable twice for every 3 years. Under the agreements, the sub lessees committed to pay an annual rental fee totalling to Baht 0.7 million.

3. On 23 January 2014, the Company has entered into rental agreements for residence for employees with a related person for the period of 3 years, due in December 2016, and such agreement is renewable by a formal notice letter not less than 2 months before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.4 million.

On 29 December 2016, the Company renewed the agreement with this related person for the period of 3 years due in December 2019. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.4 million.

4. On 22 January 2014, the Company has entered into a rental and service agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2017 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 6.6 million.

On 1 September 2016 and 1 October 2016, the Company renewed the agreement with this related company for the period of 3 years due in January 2020. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 7.6 million.

5. On 17 August 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in September 2018 and such agreement is renewable for another 3 years. Under the

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agreement, the Company committed to pay an annual rental and service fees amounting to Baht 1.6 million

Furthermore, on this date, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. ("sub lessees") for partial areas for the period of 3 years, due in September 2018 and such agreement are renewable for every 3 years. Under the agreement, the sub lessees committed to pay an annual rental and service fee amounting to Baht 1.1 million.

6. On 1 October 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2019 and such agreement is renewable every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 2.3 million.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	4,176	3,245	3,797	2,755
Bank deposits	28,675	57,001	20,062	33,808
Total	32,851	60,246	23,859	36,563

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 0.82 percent per annum (2015: between 0.25 and 0.38 percent per annum).

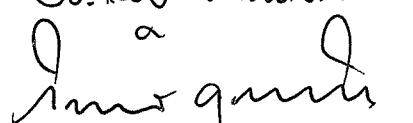
## 9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trading securities</b>				
Unit trusts	18,004	25,947	-	25,947
Add: Unrealised gain on the change in fair value of investments	55	299	-	299
Unit trusts - net	18,059	26,246	-	26,246
<b>Total current investments</b>	18,059	26,246	-	26,246

## 10. Trade and other receivables

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u> (Note 7)				
Aged on the basis of due dates				
Not yet due	11	113	461	740
Past due				
Up to 3 months	1	-	-	-
Total trade receivables - related parties, net	12	113	461	740
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	6,920	3,166	3,422	1,293
Past due				
Up to 3 months	1,122	318	956	101
3 - 6 months	424	38	423	-
6 - 12 months	-	11	-	-
Over 12 months	1	122	1	1
Total	8,467	3,655	4,802	1,395
Less: Allowance for doubtful debts	(1)	(128)	(1)	(1)
Total trade receivables - unrelated parties, net	8,466	3,527	4,801	1,394
Total trade receivable - net	8,478	3,640	5,262	2,134
<u>Other receivables</u>				
Other receivables - unrelated parties	364	681	308	552
Less: Allowance for doubtful debts	(236)	(236)	(236)	(236)
Total other receivables	128	445	72	316
Total trade and other receivables - net	8,606	4,085	5,334	2,450

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## 11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	5,179	4,339	(171)	(219)	5,008	4,120
Supplies	11,466	7,532	(45)	(470)	11,421	7,062
Food and beverage	587	438	-	-	587	438
Packages	1,719	2,246	(78)	(385)	1,641	1,861
Service materials	1,401	248	-	-	1,401	248
Others	149	98	-	-	149	98
Total	20,501	14,901	(294)	(1,074)	20,207	13,827

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	6,625	4,433	(154)	(200)	6,471	4,233
Supplies	10,351	6,948	(45)	(461)	10,306	6,487
Food and beverage	8	-	-	-	8	-
Packages	-	-	-	-	-	-
Service materials	1,401	248	-	-	1,401	248
Others	48	98	-	-	48	98
Total	18,433	11,727	(199)	(661)	18,234	11,066

During the current year, the Company reduced cost of inventories by Baht 0.7 million (2015: Baht 0.3 million) (The Company only: Baht 0.6 million and 2015: Baht 0.2 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 1.5 million (2015: Baht 0.3 million) (The Company only: Baht 1.1 million and 2015: Baht 0.2 million), and reduced the amount of inventories recognised as expenses during the year.



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## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements as at 31 December 2016 and 2015 are as follows:

Company's name	Called-up share capital		Shareholding percentage		Cost		Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
Siam Wellness Lab Co., Ltd.	1,000	1,000	99.99	99.99	2,000	2,000	-	2,363
Siam Wellness Education Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000	658	-
Siam Wellness Resort Co., Ltd.	60,000	60,000	99.99	99.99	98,705	98,705	-	2,629
<b>Total</b>					<b>101,705</b>	<b>101,705</b>	<b>658</b>	<b>4,992</b>

## 13. Leasehold rights on land

(Unit: Thousand Baht)  
Consolidated and  
Separate financial  
statements

### Cost

1 January 2015	6,201
Additions	11,447
31 December 2015	17,648
Additions	2,110
31 December 2016	19,758

### Amortisation

1 January 2015	1,560
Amortisation for the year	1,954
31 December 2015	3,514
Amortisation for the year	3,143
31 December 2016	6,657

### Net book value

31 December 2015	14,134
31 December 2016	13,101

### Amortisation for the year

2015	1,954
2016	3,143



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# 14. Property, plant and equipment

(Unit: Thousand Baht)

## Consolidated financial statements

	Revaluation basis	Cost basis					
	Land	Land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost/Revalued amount:</b>							
1 January 2015	59,942	2,684	407,262	74,751	14,585	3,871	563,095
Additions	-	-	61,625	11,473	1,668	52,670	127,436
Revaluations	8,836	-	-	-	-	-	8,836
Increase due to acquisition of business (Note 6)	-	-	16,492	2,512	-	-	19,004
Disposals/Write-off	-	-	-	(3,211)	-	-	(3,211)
Transfer in (out)	-	-	40,030	2,523	-	(42,553)	-
31 December 2015	68,778	2,684	525,409	88,048	16,253	13,988	715,160
Additions	59,150	-	40,270	19,775	3,773	147,726	270,694
Disposals/Write-off	-	-	(161)	(682)	(3,607)	(41)	(4,491)
Transfer in (out)	-	-	144,414	2,085	-	(146,499)	-
31 December 2016	127,928	2,684	709,932	109,226	16,419	15,174	981,363
<b>Accumulated depreciation:</b>							
1 January 2015	-	2,666	138,010	51,231	9,646	-	201,553
Depreciation for the year	-	12	26,002	8,728	1,998	-	36,740
Depreciation on disposals/ write-off	-	-	-	(3,150)	-	-	(3,150)
31 December 2015	-	2,678	164,012	56,809	11,644	-	235,143
Depreciation for the year	-	6	38,635	10,667	2,221	-	51,529
Depreciation on disposals/ write-off	-	-	(3)	(611)	(3,607)	-	(4,221)
31 December 2016	-	2,684	202,644	66,865	10,258	-	282,451
<b>Allowance for impairment loss:</b>							
1 January 2015	-	-	-	-	-	2,565	2,565
Decrease during the year	-	-	-	-	-	(2,565)	(2,565)
31 December 2015	-	-	-	-	-	-	-
31 December 2016	-	-	-	-	-	-	-
<b>Net book value:</b>							
31 December 2015	68,778	6	361,397	31,239	4,609	13,988	480,017
31 December 2016	127,928	-	507,288	42,361	6,161	15,173	698,912
<b>Depreciation for the year</b>							
2015 (Baht 33.7 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)							36,740
2016 (Baht 48.5 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)							51,529



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(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis	Cost basis				Total
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	
<b>Cost/Revalued amount:</b>						
1 January 2015	59,942	292,256	52,839	12,837	3,871	421,745
Additions	-	59,192	9,500	1,668	50,582	120,942
Revaluations	8,836	-	-	-	-	8,836
Increase due to acquisition of business (Note 6)	-	16,492	2,512	-	-	19,004
Disposals/Write-off	-	-	(16)	-	-	(16)
Transfer in (out)	-	38,034	2,503	-	(40,537)	-
31 December 2015	68,778	405,974	67,338	14,505	13,916	570,511
Additions	59,150	39,740	15,340	3,218	134,437	251,885
Disposals/write-off	-	-	(324)	(3,607)	(41)	(3,972)
Transfer in (out)	-	131,118	2,020	-	(133,138)	-
31 December 2016	127,928	576,832	84,374	14,116	15,174	818,424
<b>Accumulated depreciation:</b>						
1 January 2015	-	87,148	31,991	8,089	-	127,228
Depreciation for the year	-	22,916	7,544	1,898	-	32,358
Depreciation on disposals/write-off	-	-	(1)	-	-	(1)
31 December 2015	-	110,064	39,534	9,987	-	159,585
Depreciation for the year	-	35,110	9,106	2,049	-	46,265
Depreciation on disposals/write-off	-	-	(262)	(3,607)	-	(3,869)
31 December 2016	-	145,174	48,378	8,429	-	201,981
<b>Allowance for impairment loss:</b>						
1 January 2015	-	-	-	-	2,565	2,565
Decrease during the year	-	-	-	-	(2,565)	(2,565)
31 December 2015	-	-	-	-	-	-
31 December 2016	-	-	-	-	-	-
<b>Net book value:</b>						
31 December 2015	68,778	295,910	27,804	4,518	13,916	410,926
31 December 2016	127,928	431,658	35,996	5,687	15,174	616,443
<b>Depreciation for the year</b>						
2015 (Baht 29.4 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)						32,358
2016 (Baht 43.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)						46,265

The Company arranged for an independent professional value to appraise the value of land in 2015. Land was revalued using the comparable market approach for the basis of the revaluation.

Had the lands carried in the financial statements on a historical cost basis, their net book value as of 31 December 2016 and 2015 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	Financial statements	
	2016	2015
Land	77,049	17,899

A breakdown of the land carried on a revaluation basis is as follows:

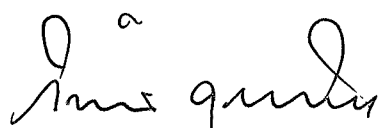
	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2016	2015
Original costs	77,049	17,899
Surplus from revaluations	50,879	50,879
Revalued amount	127,928	68,778

As at 31 December 2016, the Company had vehicles with net book value of Baht 0.9 million (2015: Baht 1.5 million), which were acquired under finance lease agreements.

As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 99.5 million (2015: Baht 87.8 million) (The Company only: Baht 61.5 million (2015: Baht 54.6 million)).

As at 31 December 2016, the Company has pledged its land and structures thereon amounting to Baht 87.3 million (2015: Baht 85.1 million) as collateral against its bank overdraft facility, long-term loans facility and the letter of guarantees issuance as disclosed in Note 18 and Note 29.3 to the financial statements.



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## 15. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Computer						
	Licenses	software	Trademark	Total	Licenses	Trademark	Total
As at 31 December 2016							
Cost	3,918	680	4,673	9,271	3,858	4,673	8,531
Less: Accumulated amortisation	(368)	(514)	(663)	(1,545)	(368)	(663)	(1,031)
Net book value	3,550	166	4,010	7,726	3,490	4,010	7,500
As at 31 December 2015							
Cost	579	680	4,673	5,932	579	4,673	5,252
Less: Accumulated amortisation	(314)	(400)	(196)	(910)	(314)	(196)	(510)
Net book value	265	280	4,477	5,022	265	4,477	4,742

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	5,022	538	4,742	304
Acquisition during the year	3,338	4,807	3,279	4,677
Amortisation	(634)	(323)	(521)	(239)
Net book value at end of year	7,726	5,022	7,500	4,742

## 16. Other non-current assets


(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposits - lease agreements	36,200	21,034	36,200	21,034
Others	502	636	491	634
Total other non-current assets	36,702	21,670	36,691	21,668

## 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts payable - unrelated parties	31,383	12,833	27,985	8,074
Trade accounts payable - related parties				
(Note 7)	2,237	1,509	3,422	3,546
Retention	9,357	3,071	8,755	3,071
Other payables - related parties				
(Note 7)	262	246	214	169
Accrued payroll and bonus expenses	13,763	10,309	13,126	9,794
Accrued expenses - others	12,723	10,169	12,113	9,579
Other payables	658	1,000	568	177
Total trade and other payables	70,383	39,137	66,183	34,410

### 18. Long-term loan



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

(Unit: Thousand Baht)

Consolidated and  
Separate  
financial statements

Loan	Facility amount (Million Baht)	Interest rate (% p.a.)	2016	2015
Long-term loan from financial institution	240	MLR - 3	100,000	-
Less: Current portion			(20,000)	-
Long-term loan, net of current portion			80,000	-

The principal repayment is due on monthly basis, with 60 periods each. The first repayment is due in January 2017. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 14 to the financial statements.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

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As at 31 December 2016, the long-term credit facilities of a Company which had not yet been drawn down amounted to Baht 140 million (2015: Nil).

Movements in the long-term loan from financial institution during the year 2016 is summarised below:

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2016	-
Add: Increase during period	100,000
Balance as at 31 December 2016	100,000

#### 19. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2016	2015
Liabilities under finance lease agreements	779	1,328
Less: Deferred interest expenses	(31)	(86)
Total	748	1,242
Less: Portion due within one year	(522)	(494)
Liabilities under finance lease agreements - net of current portion	226	748

The Company has entered into the finance lease agreement with leasing company for rental of motor vehicle for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

Future minimum lease payments required under the finance lease agreement as at 31 December 2016 and 2015 were as follows:

	(Unit: Million Baht)		
	Consolidated and Separate financial statements		
	2016		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	0.5	0.2	0.7
Deferred interest expenses	-	-	-
Present value of future minimum lease payments	0.5	0.2	0.7



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(Unit: Million Baht)

Consolidated and Separate  
financial statements

2015

	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	0.6	0.7	1.3
Deferred interest expenses	(0.1)	-	(0.1)
Present value of future minimum lease payments	0.5	0.7	1.2

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Provision for long-term employee benefits at beginning of year</b>	4,173	3,760	3,543	3,210
Included in profit or loss:				
Current service cost	1,686	1,598	1,411	1,368
Interest cost	214	224	180	192
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(2,126)	-	(1,833)
Financial assumptions changes	-	1,240	-	989
Experience adjustments	-	(523)	-	(383)
<b>Provision for long-term employee benefits at end of year</b>	<b>6,073</b>	<b>4,173</b>	<b>5,134</b>	<b>3,543</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	111	103	-	-
Cost of services	523	412	469	348
Selling and administrative expenses	1,266	1,307	1,122	1,212
Total expenses recognized in profit or loss	1,900	1,822	1,591	1,560

Signature and stamp of the responsible officer.

The Company and its subsidiaries expect to pay Baht 0.2 million of long-term employee benefits during the next year (the Company only: Baht 0.1 million) (2015: Baht 0.1 million (the Company only: Nil)).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 17 - 33 years (the Company only: 20 - 27 Years) (2015: 17 - 33 years (the Company only: 20 - 27 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Discount rate	3.34 - 4.09	3.34 - 4.09	3.62 - 3.91	3.62 - 3.91
Salary increase rate	6.07	6.07	6.07	6.07
Turnover rate	5.00	5.00	5.00	5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: million Baht)							
	Consolidated financial statements				Separate financial statements			
	Increase 0.5%		Decrease 0.5%		Increase 0.5%		Decrease 0.5%	
	2016	2015	2016	2015	2016	2015	2016	2015
Discount rate	(0.4)	(0.2)	0.4	0.3	(0.3)	(0.2)	0.3	0.2
Salary increase rate	0.4	0.3	(0.4)	(0.2)	0.3	0.2	(0.3)	(0.2)
Turnover rate	(0.4)	(0.3)	0.5	0.3	(0.3)	(0.2)	0.4	0.2

## 21. Revaluation surplus on revaluation of assets

This represents surplus arising from revaluation of land. Its movement during the years 2016 and 2015 are detailed below.



Balance - beginning of year (before net of income tax)  
Add: Revaluation (before net of income tax)  
Balance - end of year (before net of income tax)

(Unit: Thousand Baht)	
Consolidated and Separate financial statements	
2016	2015
50,879	42,043
-	8,836
50,879	50,879

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The revaluation surplus can neither be offset against deficit nor used for dividend payment.

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 23. Dividends

Dividends	Approved by	Dividend (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2015	Annual General Meeting of the Company's shareholders on 28 March 2016	28.50	0.050
Interim dividends for 2016	Board of Directors' Meeting No.6/2016 on 23 September 2016	28.50	0.050
Total		57.00	0.100
Final dividends for 2014	Annual General Meeting of the Company's shareholders on 30 March 2015	14.25	0.025
Interim dividends for 2015	Board of Directors' Meeting No.6/2015 on 28 November 2015	28.50	0.050
Total		42.75	0.075

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Changes in inventories	5,600	6,350	6,706	4,224
Purchases of inventories	78,254	57,057	69,245	46,969
Depreciation and amortisation	55,305	39,019	49,928	34,550
Reversal impairment losses on assets	-	(2,565)	-	(2,565)
Employee expenses	257,416	182,341	238,561	166,617
Directors' remuneration	1,750	1,700	1,750	1,700



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(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Rental expenses	87,374	62,664	87,374	62,664
Public utilities	20,814	15,804	20,094	15,042
Maintenance and decorate locations expenses	16,154	11,807	16,018	11,821
Advertising and promotion expenses	16,639	13,373	16,296	13,314
Laundry expenses	15,340	12,130	15,025	11,358
Consulting fees	1,233	2,967	1,116	2,243

## 25. Income tax

### 25.1 Deferred tax assets / liabilities

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	47	73	47	47
Allowance for diminution in value of inventories	56	202	40	132
Provision for long-term employee benefits	1,195	825	1,027	709
Rental straight-line method	1,191	431	1,191	431
Interest and depreciation from decommissioning estimation	206	144	206	144
<b>Total</b>	<b>2,695</b>	<b>1,675</b>	<b>2,511</b>	<b>1,463</b>
<b>Deferred tax liabilities</b>				
Surplus on revaluation of land	10,176	10,176	10,176	10,176
Unrealised gain from revaluation of trading investments	7	60	-	60
Deferred sales and marketing revenues	660	840	660	840
<b>Total</b>	<b>10,843</b>	<b>11,076</b>	<b>10,836</b>	<b>11,076</b>
<b>Deferred tax assets - net</b>	<b>177</b>	<b>212</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities - net</b>	<b>8,325</b>	<b>9,613</b>	<b>8,325</b>	<b>9,613</b>

*[Handwritten signature]*

## 25.2 Income tax expenses

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

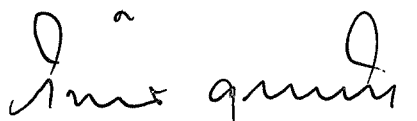
	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	24,117	26,031	22,585	21,884
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,253)	1,066	(1,288)	1,103
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>22,864</b>	<b>27,097</b>	<b>21,297</b>	<b>22,987</b>

## 25.3 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Deferred tax on gain from revaluation of land	-	1,767	-	1,767
Deferred tax on actuarial gains	-	279	-	246
	-	2,046	-	2,013



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The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	163,830	133,592	141,928	115,737
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	30,725	27,263	28,386	23,148
Effects of:				
Exempt dividend income	(132)	(999)	(132)	(999)
Non-deductible expenses	128	849	14	849
Additional expense deductions allowed	(7,857)	(11)	(6,971)	(11)
Others	-	(5)	-	-
Total	(7,861)	(166)	(7,089)	(161)
Income tax expenses reported in the statements of comprehensive income	22,864	27,097	21,297	22,987

## 26. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the year (Thousand Baht)	140,965	106,495	120,630	92,750
Weighted average number of ordinary shares (Thousand shares)	570,000	570,000	570,000	570,000
Profit per share (Baht/share)	0.25	0.19	0.21	0.16

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources<sup>3</sup> to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Spa service, which operates day spa and destination spa. Also, provides spa management and spa consultancy services.
- Sales of spa products and healthy products, which distributes natural spa products both for domestic and international market.
- Hotel and restaurant, which operates boutique resort and restaurant.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.



นางสาว จิราวรรณรัตน์  
ผู้อำนวยการ  
Siam Wellness

(Unit: Million Baht)

	Spa services		Sales of spa products and healthy products		Hotel and restaurant		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues from external customers	619	450	43	20	63	64	-	-	725	534
Internal - segment revenues	5	4	20	13	1	1	(26)	(18)	-	-
Total revenues	624	454	63	33	64	65	(26)	(18)	725	534
Segment profit	190	153	27	3	24	42	-	-	241	198
Revenues and expenses which have not been allocated :										
Other income									14	10
Selling expenses									(28)	(22)
Administrative expenses									(61)	(52)
Finance cost									(2)	(1)
Profit before income tax expenses									164	133
Income tax expenses									(23)	(27)
Profit for the year									141	106

The segment assets of the Company and its subsidiaries as at 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

	Spa services and sales of spa products and healthy products*		Hotel and restaurant		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Property, plant and equipment	617	411	82	69	-	-	699	480
Other assets	155	158	15	21	(4)	(4)	166	175
Total assets	772	569	97	90	(4)	(4)	865	655
Additions to non-current assets other than financial instruments and deferred tax assets	208	153	13	2	-	-	221	155

\* Spa services business has using assets jointly with sales of spa products and healthy products business.



### Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major Customer

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## **28. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Co., Ltd., will be paid to employees upon termination in accordance with the fund rules.

During the years 2016 and 2015, the contributions to the fund is as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2016	2015
Contributions to provident fund	0.6	0.6

## **29. Commitments and contingent liabilities**

### **29.1 Capital commitments**

As at 31 December 2016 and 2015, the Company has the outstanding commitments for construction, which the contracts have already been signed. These are summarised as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2016	2015
Construction costs	21.6	20.4



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## 29.2 Operating lease commitments

The Company and its subsidiaries have entered into several operating lease agreements in respect of the lease of service locations and equipment. The terms of the agreements are generally between 1 and 5 years. In addition, the Company has entered into operating lease agreements in respect of the lease of land with a related party for the period of 30 years due in December 2042. Under the agreement, not more than 15% of rental fee will be increased every 3 years.

As at 31 December 2016 and 2015, the Company and its subsidiaries have future minimum payments required under these non-cancellable operating leases agreement and related service agreements were as follows.

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	2016	2015
Payable:		
In up to 1 year	112	90
In over 1 and up to 5 years	203	114
In over 5 years	42	84

In addition, the Company had made operating agreements with certain lessors that the rental and service fees are to be calculated taking into account the proportion of service income that the Company received from the customers relating to its spa services. For the year 2016, such rental and service fees that the Company had to pay to such lessor amounted to Bath 0.8 million (2015: Nil).

As at 31 December 2016, future minimum sublease payments expected to be received under non-cancellable subleases amounting to Baht 7.6 million (2015: Baht 5.1 million). For the year 2016, the Company recognised rental expenses of Baht 6.2 million (2015: Baht 4.9 million) and subleasing revenue of Baht 3.9 million (2015: Baht 2.8 million).

### 29.3 Letters of guarantees

As at 31 December 2016, there were outstanding bank guarantees of Baht 1.4 million (2015: Baht 2.2 million) (the Company only: Baht 0.8 million (2015: Baht 1.6 million)) issued by the banks on behalf of the Company and its subsidiaries as required in the normal course of business.


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### 30. Fair value hierarchy

As at 31 December 2016 and 2015, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2016			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Unit trusts	-	18	-	18
Lands	-	128	-	128

(Unit: Million Baht)

	31 December 2015			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Unit trusts	-	26	-	26
Lands	-	69	-	69

#### Valuation techniques and inputs to Level 2 valuation

The fair value of investment in unit trusts has been determined by using the net asset values of the last working day of the reporting period as announced by the asset management company.

The fair value of lands was revalued using the comparable market approach appraised by an independent professional valuer.

During the current period, there were no transfers within the fair value hierarchy.



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## 31. Financial instruments

### 31.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, trade and other payables, liabilities under finance lease agreements, and long-term loan. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since their businesses are sales and services to minor customers. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposit at financial institutions, investments, long-term loan, and liabilities under finance lease agreements. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



นางสาววิมลรัตน์ จันทนวิมลรัตน์

(Unit: Million Baht)

## Consolidated financial statements

31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	29	4	33	0.25 - 0.82
Current investments	-	-	-	-	18	18	-
Trade and other receivables	-	-	-	-	9	9	-
	-	-	-	29	31	60	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	70	70	-
Long-term loan	-	-	-	100	-	100	Note 18
Liabilities under financial lease agreement	-	1	-	-	-	1	5.46
	-	1	-	100	70	171	

(Unit: Million Baht)

## Separate financial statements

31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	20	4	24	0.25 - 0.82
Trade and other receivables	-	-	-	-	5	5	-
	-	-	-	20	9	29	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	66	66	-
Long-term loan	-	-	-	100	-	100	Note 18
Liabilities under financial lease agreements	-	1	-	-	-	1	5.46
	-	1	-	100	66	167	



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(Unit: Million Baht)

## Consolidated financial statements

31 December 2015

	Fixed interest rates				Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate			
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	57	3	60	0.25 - 0.38
Current investments	-	-	-	-	26	26	-
Trade and other receivables	-	-	-	-	4	4	-
	-	-	-	57	33	90	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	39	39	-
Liabilities under financial lease agreements	-	1	-	-	-	1	5.46
	-	1	-	-	39	40	

(Unit: Million Baht)

## Separate financial statements

31 December 2015

	Fixed interest rates				Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate			
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	34	3	37	0.25 - 0.38
Current investments	-	-	-	-	26	26	-
Trade and other receivables	-	-	-	-	2	2	-
	-	-	-	34	31	65	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	34	34	-
Liabilities under financial lease agreements	-	1	-	-	-	1	5.46
	-	1	-	-	34	35	



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### Foreign currency risk

ข้อมูลทางการเงินที่เปิดเผย  
เป็นข้อมูลเบื้องต้นเท่านั้น

The Company and its subsidiaries' exposure to foreign currency risk arises from deposit at overseas bank and service transactions that are denominated in foreign currencies. The Company and its subsidiaries do not expect to incur material losses from the exchange rates as their businesses are sales and services to minor customers. The Company and its subsidiaries had no forward contracts outstanding balance as at the end of reporting period.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currencies	Consolidated and Separate financial statements			
	Financial assets		Average exchange rate	
	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	0.3	0.3	35.83	36.09
Hong Kong Dollar	25.2	132.4	4.62	4.66

### 31.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, trade and other receivables, and trade and other payables, their carrying amounts in the statements of financial position approximate their fair values.
- For current investments, their fair values are generally derived from quoted market prices.
- For long-term loan carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

### 32. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.36:1 (2015: 0.18:1) and the Company's was 0.35:1 (2015: 0.16:1).

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**33. Investment acquisition of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd.**

On 30 December 2016, the meeting of the Company's Board of Directors No. 8/2016 passed the resolutions approving the acquisition via its subsidiaries as follows:

- To approve Siam Wellness Lab Co., Ltd, a subsidiary, to acquire total 19,998 ordinary shares of Tiger Eyes Trading (Thailand) Co., Ltd. which principally engaged in importing and supplying spa and beauty products, or 99.99% of total share capital, in order to increase in product lines and the subsidiary's value in the future. Such share purchase process is expected to be completed within the first quarter of 2017.
- To approve Siam Wellness Education Co., Ltd, a subsidiary, to acquire total 9,998 ordinary shares of Tiger Eyes Education Co., Ltd., which principally engaged in operations of massage, spa and beauty training academy, or 99.98% of total share capital, in order to increase spa training facilities to support the business expansion and the subsidiary's value in the future. Such share purchase process is expected to be completed within the first quarter of 2017.

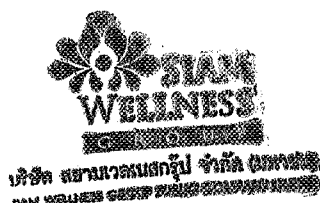
Investment acquisition of these 2 companies approximately amounting to Baht 1 million.

**34. Event after the reporting period**

On 27 February 2017, the meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval the dividend payment from operating results for the period as from 1 July 2016 to 31 December 2016, at a rate of Baht 0.05 per share, totally Baht 28.5 million. This dividend will be paid in April 2017.

**35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.



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