

Siam Wellness Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

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 2017, 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 2017, 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 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 related to spa business of the Company is the main revenue of the Group, representing 86% of total Group's revenues. Such revenue is derived from provision of services to a large number of individual customers through a variety of sales channels and many spa branches for the spa business. Therefore, I addressed the occurrence and accuracy 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 internal controls with respect to the revenue cycle, understanding the nature of services condition to evaluate the appropriateness of the accounting policy, 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 issued after the period-end, and performing analytical procedures on 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.

- 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.

I am responsible for the audit resulting in this independent auditor's report.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 23 February 2018

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	8	66,733,443	32,851,045	53,510,782	23,859,098
Current investments	9	75,966,297	18,059,218	47,822,221	-
Trade and other receivables	7, 10	12,390,973	8,606,292	9,342,505	5,333,781
Inventories	11	27,838,122	20,207,102	25,282,303	18,233,602
Other current assets		8,299,366	8,351,459	7,266,402	7,309,260
Total current assets		191,228,201	88,075,116	143,224,213	54,735,741
Non-current assets					
Restricted deposits of financial institution	12	5,001,000	-	-	-
Investments in subsidiaries	13	-	-	101,705,464	101,705,460
Leasehold rights on land	14	10,119,949	13,101,451	10,119,949	13,101,451
Property, plant and equipment	15	889,258,900	698,911,776	809,366,000	616,442,696
Goodwill	16	24,535,709	20,340,000	20,340,000	20,340,000
Intangible assets	17	9,244,567	7,726,495	9,012,232	7,500,292
Deferred tax assets	26	367,950	176,708	-	-
Deposits		43,916,648	36,199,820	43,916,648	36,199,820
Other non-current assets		1,829,417	502,543	1,815,416	491,544
Total non-current assets		984,274,140	776,958,793	996,275,709	795,781,263
Total assets		1,175,502,341	865,033,909	1,139,499,922	850,517,004

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



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

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Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts from financial institution	18	3,749,403	-	-	-
Short-term loans from and interest payable to related parties	7	4,215,343	-	-	-
Trade and other payables	7, 19	85,881,847	70,383,025	84,414,728	66,183,233
Current portion of long-term loans	20	68,850,000	20,000,000	68,850,000	20,000,000
Current portion of liabilities under finance lease agreements	21	310,297	521,701	310,297	521,701
Income tax payable		14,328,517	9,422,589	13,329,368	9,226,273
Advance received		24,153,850	16,354,695	21,758,574	14,413,406
Other current liabilities		5,023,970	3,730,556	4,149,223	3,057,896
Total current liabilities		206,513,227	120,412,566	192,812,190	113,402,510
Non-current liabilities					
Long term loans - net of current portion	20	185,050,000	80,000,000	185,050,000	80,000,000
Liabilities under finance lease agreements - net of current portion	21	351,782	225,906	351,782	225,906
Provision for long-term employee benefits	22	10,886,219	6,073,329	8,744,399	5,133,568
Deferred tax liabilities	26	6,043,926	8,324,594	6,068,226	8,324,594
Other non-current liabilities		11,855,217	11,125,785	11,158,246	10,536,115
Total non-current liabilities		214,187,144	105,749,614	211,372,653	104,220,183
Total liabilities		420,700,371	226,162,180	404,184,843	217,622,693
Shareholders' equity					
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
Discount on business combination under common control		(46,226,479)	(46,226,479)	-	-
Retained earnings					
Appropriated - statutory reserve	23	14,782,545	14,782,545	14,250,000	14,250,000
Unappropriated		324,135,182	208,205,525	258,956,110	156,535,342
Other components of shareholders' equity		40,703,115	40,703,115	40,703,115	40,703,115
Equity attributable to shareholders' of the Company		754,800,217	638,870,560	735,315,079	632,894,311
Non-controlling interests of the subsidiaries		1,753	1,169	-	-
Total shareholders' equity		754,801,970	638,871,729	735,315,079	632,894,311
Total liabilities and shareholders' equity		1,175,502,341	865,033,909	1,139,499,922	850,517,004

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

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นางสาว อรุณรัตน์ อรุณรัตน์



Directors

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

Slam Wellness Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Revenue from sales		86,619,169	71,717,038	42,369,442	34,304,038
Revenue from services		861,025,281	653,474,074	828,864,238	619,658,785
Other income		14,746,425	13,925,224	22,031,830	22,768,371
Total revenues		<u>962,390,875</u>	<u>739,116,336</u>	<u>893,265,510</u>	<u>676,731,194</u>
Expenses					
Cost of sales		54,715,846	45,404,293	25,877,013	20,434,125
Cost of services		564,841,970	439,274,574	560,928,773	433,046,651
Selling expenses		36,878,434	28,080,230	32,674,580	25,083,177
Administrative expenses		93,461,766	60,961,178	79,061,250	54,673,061
Total expenses		<u>749,898,016</u>	<u>573,720,275</u>	<u>698,541,616</u>	<u>533,237,014</u>
Profit before finance cost and income tax expenses		<u>212,492,859</u>	<u>165,396,061</u>	<u>194,723,894</u>	<u>143,494,180</u>
Finance cost		(6,572,207)	(1,566,532)	(6,067,192)	(1,566,532)
Profit before income tax expenses		<u>205,920,652</u>	<u>163,829,529</u>	<u>188,656,702</u>	<u>141,927,648</u>
Income tax expenses	26	(30,752,392)	(22,864,098)	(27,707,879)	(21,297,454)
Profit for the year		<u>175,168,260</u>	<u>140,965,431</u>	<u>160,948,823</u>	<u>120,630,194</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		(2,238,156)	-	(1,528,055)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		(2,238,156)	-	(1,528,055)	-
Total other comprehensive income for the year		<u>(2,238,156)</u>	<u>-</u>	<u>(1,528,055)</u>	<u>-</u>
Total comprehensive income for the year		<u>172,930,104</u>	<u>140,965,431</u>	<u>159,420,768</u>	<u>120,630,194</u>

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



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

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Siam Wellness Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		175,167,795	140,964,529	160,948,823	120,630,194
Non-controlling interests of the subsidiaries		465	902		
		<u>175,168,260</u>	<u>140,965,431</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		172,929,657	140,964,529	159,420,768	120,630,194
Non-controlling interests of the subsidiaries		447	902		
		<u>172,930,104</u>	<u>140,965,431</u>		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.31	0.25	0.28	0.21

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



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

Signature
นางสาว จันทวรรณ นิลคึก

Siam Wellness Group Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to shareholders of the Company					Other components of shareholders' equity				
	Issued and fully paid-up share capital	Share premium	Discount on business combination under common control	Retained earnings		Surplus on revaluation of assets	Total other 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					
Balance as at 1 January 2016	142,500,000	278,905,854	(46,226,479)	9,919,593	129,103,948	40,703,115	40,703,115	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 (Note 24)	-	-	-	-	(57,000,000)	-	-	(57,000,000)	-	(57,000,000)
Subsidiaries paid dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(197)	(197)
Balance as at 31 December 2016	142,500,000	278,905,854	(46,226,479)	14,782,545	208,205,525	40,703,115	40,703,115	638,870,560	1,169	638,871,729
Balance as at 1 January 2017	142,500,000	278,905,854	(46,226,479)	14,782,545	208,205,525	40,703,115	40,703,115	638,870,560	1,169	638,871,729
Profit for the year	-	-	-	-	175,167,795	-	-	175,167,795	465	175,168,260
Other comprehensive income for the year	-	-	-	-	(2,238,138)	-	-	(2,238,138)	(18)	(2,238,156)
Total comprehensive income for the year	-	-	-	-	172,929,657	-	-	172,929,657	447	172,930,104
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 24)	-	-	-	-	(57,000,000)	-	-	(57,000,000)	-	(57,000,000)
Increase in non-controlling interest from acquisition of subsidiaries	-	-	-	-	-	-	-	-	137	137
Balance as at 31 December 2017	142,500,000	278,905,854	(46,226,479)	14,782,545	324,135,182	40,703,115	40,703,115	754,800,217	1,753	754,801,970

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



บริษัท สยามเวลเนส กรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

James Quinn
James Quinn
James Quinn

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Separate financial statements

	Other components of shareholders' equity					
	Other comprehensive income					
	Issued and fully paid-up share capital	Share premium	Retained earnings	Surplus on revaluation of assets	Total components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2016	142,500,000	278,905,854	Appropriated - statutory reserve 9,473,612	Unappropriated 97,681,536	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 (Note 24)	-	-	-	(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	632,894,311
Balance as at 1 January 2017	142,500,000	278,905,854	14,250,000	156,535,342	40,703,115	632,894,311
Profit for the year	-	-	-	160,948,823	-	160,948,823
Other comprehensive income for the year	-	-	-	(1,528,055)	-	(1,528,055)
Total comprehensive income for the year	-	-	-	159,420,768	-	159,420,768
Appropriation of retained earnings	-	-	-	-	-	-
Dividend paid (Note 24)	-	-	-	(57,000,000)	-	(57,000,000)
Balance as at 31 December 2017	142,500,000	278,905,854	14,250,000	258,956,110	40,703,115	735,315,079

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บริษัท เวลเนส กรุ๊ป จำกัด (มหาชน)
 SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	205,920,652	163,829,529	188,656,702	141,927,648
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	77,449,313	55,304,981	70,088,731	49,928,172
Unrealised gain on the change in fair value of trading securities	(413,667)	(55,614)	(175,006)	-
Bad debts and allowance for doubtful accounts (reversal)	6,131	(126,493)	(990)	-
Reduction of inventories to net realisable value (reversal)	998,014	(779,403)	227,259	(460,988)
Gain on disposal of property, plant and equipment	(312,418)	(1,270,954)	(69,471)	(1,267,875)
Loss on write-off of property, plant and equipment	123,981	142,237	123,913	61,333
Long-term employee benefits expenses	2,019,993	1,899,997	1,700,762	1,590,148
Dividend income	-	-	-	(657,686)
Interest income	(289,225)	(267,701)	(257,768)	(195,761)
Interest expenses	6,572,207	1,566,532	6,067,192	1,566,532
Profit from operating activities before changes in operating assets and liabilities	292,074,981	220,243,111	266,361,324	192,491,523
Decrease (increase) in operating assets				
Current investments	(57,493,412)	8,242,077	(47,647,215)	26,245,682
Trade and other receivables	(3,272,949)	(4,394,597)	(4,007,734)	(2,883,570)
Inventories	(5,462,224)	(5,600,613)	(7,275,960)	(6,706,180)
Other current assets	41,933	837,182	(11,359)	1,396,559
Deposits	(7,716,828)	(15,165,713)	(7,716,828)	(15,165,713)
Other non-current assets	(1,326,874)	133,232	(1,323,872)	142,231
Increase (decrease) in operating liabilities				
Trade and other payables	13,994,702	33,002,340	17,215,416	33,464,129
Advance received	7,799,155	1,506,992	7,345,168	1,429,032
Other current liabilities	1,241,334	(2,861,871)	1,091,327	(2,950,796)
Other non-current liabilities	306,469	397,531	199,169	317,703
Cash flows from operating activities	240,186,287	236,339,671	224,229,436	227,780,600
Cash paid for interest expenses	(6,076,206)	(1,378,716)	(5,764,070)	(1,378,717)
Cash paid for income tax	(27,766,181)	(29,037,524)	(25,479,138)	(25,217,817)
Net cash flows from operating activities	206,343,900	205,923,431	192,986,228	201,184,066

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



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

Signature
นางสาวกัญญา จันทะนันทกุล

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in restricted deposits at financial institution	(5,001,000)	-	-	-
Net cash paid to purchase of investments in subsidiaries	(217,905)	-	-	-
Cash paid for share subscription of subsidiary	-	-	(4)	-
Cash paid for acquisition of leasehold rights on land	-	(2,109,959)	-	(2,109,959)
Cash paid for acquisition of property, plant and equipment	(262,142,505)	(272,042,711)	(257,559,584)	(253,168,539)
Cash paid for acquisition of intangible assets	(2,581,498)	(3,338,375)	(2,464,696)	(3,278,525)
Proceeds from disposal of property, plant and equipment	312,772	1,399,066	67,500	1,309,516
Cash received from dividend from investment in subsidiary	-	-	-	657,686
Cash received from interest income	289,225	267,701	257,768	195,761
Net cash flows used in investing activities	(269,340,911)	(275,824,278)	(259,699,016)	(256,394,060)
Cash flows from financing activities				
Decrease in bank overdrafts from financial institution	(485,063)	-	-	-
Increase in short-term loans from related parties	1,000,000	-	-	-
Decrease in liabilities under financial lease agreements	(535,528)	(494,034)	(535,528)	(494,034)
Cash received from long-term loans from financial institution	207,900,000	100,000,000	207,900,000	100,000,000
Cash paid for repayment of long-term loans from financial institution	(54,000,000)	-	(54,000,000)	-
Cash paid for dividend	(57,000,000)	(57,000,197)	(57,000,000)	(57,000,000)
Net cash flows from financing activities	96,879,409	42,505,769	96,364,472	42,505,966
Net increase (decrease) in cash and cash equivalents	33,882,398	(27,395,078)	29,651,684	(12,704,028)
Cash and cash equivalents at beginning of year	32,851,045	60,246,123	23,859,098	36,563,126
Cash and cash equivalents at end of year (Note 8)	66,733,443	32,851,045	53,510,782	23,859,098

Supplemental cash flows information

Non-cash transactions

Increase in liabilities from acquisition equipment under financial lease agreements	450,000	-	450,000	-
Decrease (increase) in liabilities from acquisition of property, plant and equipment	(637,220)	1,755,980	(948,255)	1,690,598
Increase in provision for dismantling, removing and restoring of leasehold improvement	422,963	564,222	422,963	564,222
Actuarial loss	2,792,897	-	1,910,069	-

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



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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Siam Wellness Group Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2017

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 spa services business. Its registered head office is at No. 483, Soi Suthiporn, Pracha-Songkroh Road, Dindang, Dindang, Bangkok. As at 31 December 2017, the Company has a total of 40 branches in Bangkok and upcountry (2016: 30 branches) and 1 foreign branch according to the franchise agreement (2016: 1 foreign branch).

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. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, 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"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> (Percent)	<u>2016</u> (Percent)
<u>Held by the Company</u>				
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	Thailand	99.99	99.99
Siam Wellness Lab Co., Ltd.	Manufacturing and distributing spa products	Thailand	99.99	99.99
Siam Wellness Education Co., Ltd.	A school for Thai massage	Thailand	99.97	99.97
Siam Wellness Group (Hong Kong) Co., Ltd.	Investment for overseas expansion of the spa business	Hong Kong	100.00	-
Siam Wellness Group (Cambodia) Co., Ltd.	Spa business and sale of spa products	Cambodia	100.00	-
<u>Held by subsidiaries</u>				
Tiger Eyes Trading (Thailand) Co., Ltd. (Held by Siam Wellness Lab Co., Ltd. 99.99 percent)	Import and sale of spa products	Thailand	99.99	-
Tiger Eyes Education Co., Ltd. (Held by Siam Wellness Education Co., Ltd. 99.98 percent)	Institution of spa and beauty business	Thailand	99.98	-

- 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.



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- 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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 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 revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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.

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.

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 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.



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 (for the current year, discount rate was at 9.9%).

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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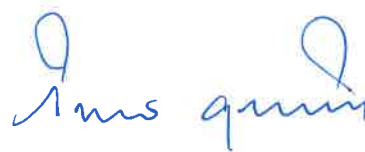
4.13 Impairment of assets

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.




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4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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 defined benefit plans 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.



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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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.

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 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.

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. 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 value of spa services and sale of spa product business in the future



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- 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 value of spa services and sale of spa products business in the future.

The subsidiaries made payment for the shares in January 2017.

During the current year, these two subsidiaries assesses the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to the identifiable items.

The fair values of the identifiable assets acquired and liabilities assumed as at the acquisition date of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd. are as follows.

	(Unit: Thousand Baht)
Cash and cash equivalents	904
Trade and other receivables	518
Inventories	3,167
Other current assets	41
Property, plant and equipment	404
Total assets	5,034
Bank overdraft from financial institution	4,234
Short-term loans from and interest payable to related parties	3,023
Trade and other payables	799
Other current liabilities	52
Total liabilities	8,108
Net liabilities at the acquisition date	(3,074)
Excess of purchase price over net liabilities	4,196
Purchase price	1,122

The financial statements of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd. have been included in the consolidated financial statement of the Company since the subsidiaries gained controlling authority.

The excess of the purchase price over the fair value of the net liabilities acquired amounting to Baht 4.2 million has been recorded as goodwill.



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	(Unit: Thousand Baht)
Cash paid for acquisition of the subsidiary companies	1,122
Net liabilities from acquisition of subsidiary companies	3,073
Goodwill	4,195
Cash paid for acquisition of the subsidiary companies	1,122
Less: Cash and cash equivalents of subsidiaries	(904)
Cash paid for acquisition of the subsidiary companies - net of cash and cash equivalent received	218

7. Related party transactions

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
Siam Wellness Group (Hong Kong) Co., Ltd.	Investment for overseas expansion of the spa business	A subsidiary
Siam Wellness Group (Cambodia) Co., Ltd.	Spa business and sale of spa products	A subsidiary
Tiger Eyes Trading (Thailand) Co., Ltd.	Import and sale of spa products	A subsidiary (held by a subsidiary)
Tiger Eyes Education Co., Ltd.	Institution of spa and beauty business	A subsidiary (held by a subsidiary)
Blooming Intergift Co., Ltd.	Property rental	Common shareholders
Blooming Co., Ltd.	Sale of gift , a blessed card and a notebook	Common shareholders
B.U. Enterprise Co., Ltd.	Property rental	Common shareholders
Cyberprint Group Co., Ltd.	Printing business	Common shareholders
Asian Fortune Property Co., Ltd.	Real estate development	Common shareholders
Rarinjinda Ordinary Partnership	Property rental	Common directors
Directors of the Company and its subsidiaries	-	Directors of the Company and its subsidiaries



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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
	2017	2016	2017	2016	Policy
<u>Transactions with subsidiaries</u>					
(Being eliminated from the consolidated financial statements)					
Revenue from sales	-	-	-	0.1	Market price
Revenue from services	-	-	0.2	0.2	Market price
Revenue from rental and utilities	-	-	7.1	7.8	Contract price
Other income	-	-	2.4	2.1	Contract price
Dividend income	-	-	-	0.7	Declared rate
Purchase of goods	-	-	29.3	20.1	Market price
Service expenses	-	-	4.8	5.3	Contract price and market price
Commission expenses	-	-	1.0	1.2	Contract price
Advertising expenses	-	-	0.2	0.2	Contract price
Entertainment expenses	-	-	-	0.2	Actual price
<u>Transactions with related parties</u>					
Revenue from sales	-	0.1	-	-	Market price
Revenue from services	0.3	0.3	0.3	0.2	Market price
Purchase of goods	17.7	13.9	11.6	9.5	Market price
Service expenses	3.8	2.4	2.7	1.4	Contract price and market price
Rental and utilities expenses	23.7	17.7	23.7	17.7	Contract price
Interest expenses	0.2	-	-	-	Contract rate

The balances of the accounts as at 31 December 2017 and 2016 between the Company, subsidiaries and those related companies are as follows:

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Trade receivables - subsidiaries (Note 10)</u>					
(Being eliminated from the consolidated financial statements)					
Siam Wellness Resort Co., Ltd.	-	-	752	447	
Siam Wellness Lab Co., Ltd.	-	-	5	7	
Siam Wellness Education Co., Ltd.	-	-	4	7	
Total	-	-	761	461	



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			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties (Note 10)</u>				
Blooming Co., Ltd.	1	11	-	-
Cyberprint Group Co., Ltd.	8	-	8	-
B.U. Enterprise Co., Ltd.	4	1	-	-
Total	13	12	8	-
<u>Other receivables - subsidiaries (Note 10)</u>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	121	147
Siam Wellness Group (Hong Kong) Co., Ltd.	-	-	67	-
Siam Wellness Group (Cambodia) Co., Ltd	-	-	67	-
Total	-	-	255	147
<u>Other receivables - related parties (Note 10)</u>				
Directors of the Company	153	-	-	-
Total	153	-	-	-
<u>Short-term loans from and interest payable to related parties</u>				
Director of the Company	1,043	-	-	-
Director of subsidiaries	3,172	-	-	-
Total	4,215	-	-	-
<u>Trade payables - subsidiaries (Note 19)</u>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	145	129
Siam Wellness Lab Co., Ltd.	-	-	1,751	1,621
Siam Wellness Education Co., Ltd.	-	-	560	249
Tiger Eyes Trading (Thailand) Co., Ltd.	-	-	838	-
Tiger Eyes Education Co., Ltd.	-	-	150	-
Total	-	-	3,444	1,999
<u>Trade payables - related parties (Note 19)</u>				
Blooming Co., Ltd.	962	1,657	962	891
Blooming Intergift Co., Ltd.	8	-	8	-
B.U. Enterprise Co., Ltd.	359	94	347	83
Cyberprint Group Co., Ltd.	377	227	340	190
Asian Fortune Property Co., Ltd.	931	259	931	259
Total	2,637	2,237	2,588	1,423
<u>Other payables - related parties (Note 19)</u>				
Directors of the Company	544	262	465	214
Total	544	262	465	214



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Short-term loans from and interest payable to related parties

As at 31 December 2017 and 2016, the balance of short-term loans from and interest payable between the subsidiary and those related parties and the movement are as follows:

(Unit: Thousand Baht)

Lender	Consolidated financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Director of the Company	-	1,043	-	1,043
Director of subsidiaries	-	3,172	-	3,172
Total	-	4,215	-	4,215

The outstanding balance as at 31 December 2017 of short-term loans from and interest payable to related parties are in the form of an unsecured loan, carrying interest at the rate of 5% per annum and due at call.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, employee benefit expense payable to their directors and management of the Company and its subsidiaries are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	19.8	17.1	19.8	17.1
Post-employment benefits	1.0	0.9	1.0	0.9
Total	20.8	18.0	20.8	18.0

Significant agreements with related parties

1. 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.

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. ("sublessees") 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 sublessees 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.



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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 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. for partial areas for the period of 3 years, due in September 2018 and such agreement are renewable for another 3 years. Under the agreement, the sub lessees 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 twice for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 2.3 million
7. On 14 November 2016, the Company entered into a rental and service agreement for its head office space with B.U. Enterprise Co., Ltd. for the period of 3 years due in December 2019 and such agreement is renewable once for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fee amounting to Baht 3.0 million and not more than 10% of rental fee can be increase every 3 years.

In addition, on 13 March 2017, the Company entered into another rental and service agreement for its head office space with B.U. Enterprise Co., Ltd. for the period of 3 years due in March 2020 and such agreement is renewable once for 3 years. Under the agreement, the Company committed to pay an annual rental and service fee amounting to Baht 0.2 million and not more than 15% of rental fee can be increase every 3 years.




นางสาว ชัยวรรณ นิลนาค

8. On 29 December 2016, the Company has entered into rental agreement for warehouse with Blooming Intergift Co., Ltd. for the period of 3 years due in December 2019 and such agreement is renewable once for 3 years. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.6 million and not more than 10% of rental fee can be increase every 3 years.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	4,228	4,176	3,840	3,797
Bank deposits	62,505	28,675	49,671	20,062
Total	66,733	32,851	53,511	23,859

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.05 and 0.82 percent per annum (2016: between 0.05 and 0.82 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trading securities				
Investment trusts	75,497	18,004	47,647	-
Add: Unrealised gain on the change in fair value of investments	469	55	175	-
Investment units - net	75,966	18,059	47,822	-
Total current investments	75,966	18,059	47,822	-



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10. Trade and other receivables

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u> (Note 7)				
Aged on the basis of due dates				
Not yet due	4	11	-	461
Past due				
Up to 3 months	9	1	769	-
Total trade receivables - related parties, net	13	12	769	461
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,815	6,920	5,717	3,275
Past due				
Up to 3 months	2,179	1,122	1,572	956
3 - 6 months	578	424	576	423
6 - 12 months	69	-	47	-
Over 12 months	-	1	-	1
Total	11,641	8,467	7,912	4,655
Less: Allowance for doubtful debts	(7)	(1)	-	(1)
Total trade receivables - unrelated parties, net	11,634	8,466	7,912	4,654
Total trade receivable - net	11,647	8,478	8,681	5,115
<u>Other receivables</u>				
Other receivables - related parties				
(Note 7)	153	-	255	147
Other receivables - unrelated parties	827	364	643	308
Less: Allowance for doubtful debts	(236)	(236)	(236)	(236)
Total other receivables, net	744	128	662	219
Total trade and other receivables - net	12,391	8,606	9,343	5,334

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net
	2017	2016	2017	2016	
					2017 2016
Finished goods	7,482	5,179	(1,116)	(171)	6,366 5,008
Service materials and supplies	19,168	12,867	(175)	(45)	18,993 12,822
Food and beverage	619	587	(1)	-	618 587
Products during packaging and packages	1,861	1,868	-	(78)	1,861 1,790
Total	29,130	20,501	(1,292)	(294)	27,838 20,207

(Unit: Thousand Baht)

Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net
	2017	2016	2017	2016	
					2017 2016
Finished goods	7,621	6,625	(303)	(154)	7,318 6,471
Service materials and supplies	17,842	11,752	(122)	(45)	17,720 11,707
Food and beverage	19	8	(1)	-	18 8
Products during packaging and packages	226	48	-	-	226 48
Total	25,708	18,433	(426)	(199)	25,282 18,234

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 1.4 million (2016: Baht 0.7 million) (The Company only: Baht 0.4 million and 2016: Baht 0.6 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 0.4 million (2016: Baht 1.5 million) (The Company only: Baht 0.2 million and 2016: Baht 1.1 million), and reduced the amount of inventories recognised as expenses during the year.

12. Restricted deposits at financial institution

These represent the fixed deposit of a subsidiary pledged with a financial institution to secure bank overdrafts from financial institution of another subsidiary as disclosed in Note 18 to the financial statements.



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13. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements as at 31 December 2017 and 2016 are as follows:

Company's name	Country of incorporation	Called-up share capital		Shareholding percentage		Cost		Dividend received during the year	
		2017	2016	2017	2016	2017	2016	2017	2016
				(%)	(%)				
Siam Wellness Lab Co., Ltd.	Thailand	1,000	1,000	99.99	99.99	2,000	2,000	-	-
Siam Wellness Education Co., Ltd.	Thailand	1,000	1,000	99.97	99.97	1,000	1,000	-	658
Siam Wellness Resort Co., Ltd.	Thailand	60,000	60,000	99.99	99.99	98,705	98,705	-	-
Siam Wellness Group (Hong Kong) Co., Ltd.	Hong Kong	1	-	100.00	-	-	-	-	-
		(Hong Kong Dollar)							
Siam Wellness Group (Cambodia) Co., Ltd.	Cambodia	-	-	100.00	-	-	-	-	-
Total						101,705	101,705	-	658

Siam Wellness Group (Hong Kong) Co., Ltd.

On 24 March 2017, there was establishing the new subsidiary, Siam Wellness Group (Hong Kong) Co., Ltd., which operates in Hong Kong and principally engages in investment for overseas expansion of the spa business. This subsidiary has 1 Hong Kong Dollar of registered share capital.

Siam Wellness Group (Cambodia) Co., Ltd.

On 26 October 2017, there was establishing the new subsidiary, Siam Wellness Group (Cambodia) Co., Ltd., which operates in Cambodia and principally engages in spa business and sale of spa products in Cambodia. This subsidiary has Riels 2,000 million of registered share capital. As at 31 December 2017, there had not yet been a call for share subscription payment.

14. Leasehold rights on land

(Unit: Thousand Baht)
Consolidated and
Separate financial
statements

Cost

1 January 2016	17,648
Additions	2,110
31 December 2016	19,758
31 December 2017	19,758



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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(Unit: Thousand Baht)
Consolidated and
Separate financial
statements

Amortisation

1 January 2016	3,514
Amortisation for the year	3,143
31 December 2016	6,657
Amortisation for the year	2,981
31 December 2017	9,638

Net book value

31 December 2016	13,101
31 December 2017	10,120

Amortisation for the year

2016	3,143
2017	2,981

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis					
			Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
	Land	Land improvements					
Cost/Revalued amount:							
1 January 2016	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
Additions	77,353	-	43,941	24,781	631	116,766	263,472
Increase from acquisition of investment in subsidiaries (Note 6)	-	-	-	404	-	-	404
Disposals/Write-off	-	-	(2,599)	(3,532)	(250)	-	(6,381)
Transfer in (out)	-	-	120,549	2,194	-	(122,743)	-
31 December 2017	205,281	2,684	871,823	133,073	16,800	9,197	1,238,858



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(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation	Cost basis					Assets under installation and under construction	Total
	basis							
	Land	Land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles			
Accumulated depreciation:								
1 January 2016	-	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
Depreciation for the year	-	-	56,239	15,004	2,162	-		73,405
Depreciation on disposals/write-off	-	-	(2,599)	(3,408)	(250)	-		(6,257)
31 December 2017	-	2,684	256,284	78,461	12,170	-		349,599
Net book value:								
31 December 2016	127,928	-	507,288	42,361	6,161	15,174		698,912
31 December 2017	205,281	-	615,539	54,612	4,630	9,197		889,259
Depreciation for the year								
2016 (Baht 48.5 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)								51,529
2017 (Baht 66.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)								73,405

(Unit: Thousand Baht)

Separate financial statements

	Revaluation	Cost basis					Assets under installation and under construction	Total
	basis							
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles				
Cost/Revalued amount:								
1 January 2016	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
Additions	77,353	41,720	24,424	631	115,072			259,200
Disposals/write-off	-	(2,466)	(1,643)	-	-			(4,109)
Transfer in (out)	-	118,975	2,194	-	(121,169)			-
31 December 2017	205,281	735,061	109,349	14,747	9,077			1,073,515



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

นางสาว กัญญา
บรรจง อัจฉริยะกุล

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis				Assets under installation and under construction	Total
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles			
Accumulated depreciation:							
1 January 2016	-	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
Depreciation for the year	-	50,943	13,161	2,051	-	-	66,155
Depreciation on disposals/write-off	-	(2,467)	(1,520)	-	-	-	(3,987)
31 December 2017	-	193,650	60,019	10,480	-	-	264,149
Net book value:							
31 December 2016	127,928	431,658	35,996	5,687	15,174		616,443
31 December 2017	205,281	541,411	49,330	4,267	9,077		809,366
Depreciation for the year							
2016 (Baht 43.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)							46,265
2017 (Baht 59.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)							66,155

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 2017 and 2016 would have been as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2017	2016
Land	154,402	77,049



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

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2017	2016
Original costs	154,402	77,049
Surplus from revaluations	50,879	50,879
Revalued amount	205,281	127,928

As at 31 December 2017, the Company had vehicles and equipment with net book value of Baht 0.7 million (2016: Baht 0.9 million), which were acquired under finance lease agreements.

As at 31 December 2017, certain items of building and building improvements, furniture, fixtures and equipment and motor vehicles were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 98.6 million (2016: Baht 99.5 million) (The Company only: Baht 60.3 million (2016: Baht 61.5 million)).

As at 31 December 2017, the Company has pledged its land and structures thereon amounting to Baht 166.3 million (2016: Baht 87.3 million) as collateral against its long-term loans facility and the letter of guarantees issuance as disclosed in Note 20 and Note 30.3 to the financial statements.

16. Goodwill

A reconciliation of net book value of goodwill for the years ended 31 December 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	20,340	20,340
Increase from acquisition of investment in subsidiaries (Note 6)	4,196	-
Net book value as at 31 December 2017	24,536	20,340



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The Company allocated goodwill acquired in business combination to group of cash generating units for the purpose of impairment testing as follows.

(Unit: Thousand Baht)

Consolidated financial statements						
Spa services business						
under "Baan Suan Massage" brand		Spa services and sale of spa products business		Total		
2017	2016	2017	2016	2017	2016	
Goodwill	20,340	20,340	4,196	-	24,536	20,340

(Unit: Thousand Baht)

		Separate financial statements	
		Spa services business under “Baan Suan Massage” brand	
		2017	2016
Goodwill		20,340	20,340

The Company estimates the recoverable amount of group of cash-generating units from value in use. In determining value in use, the estimated future cash flows are referred from financial estimation with significant assumptions using in relating to revenue growth rate and discount rate approved by the management.

From the consideration of the management, they believed that goodwill did not impair.



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Computer				Computer			
	Licenses	software	Trademark	Total	Licenses	software	Trademark	Total
As at 31 December 2017:								
Cost	6,180	1,000	4,673	11,853	6,083	240	4,673	10,996
Less: Accumulated amortisation	(841)	(637)	(1,130)	(2,608)	(832)	(22)	(1,130)	(1,984)
Net book value	5,339	363	3,543	9,245	5,251	218	3,543	9,012

(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

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	7,726	5,022	7,500	4,742
Acquisition during the year	2,582	3,338	2,465	3,279
Amortisation	(1,063)	(634)	(953)	(521)
Net book value at end of year	9,245	7,726	9,012	7,500



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

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18. Bank overdrafts from financial institution

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Bank overdrafts from financial institution	3,749	-	-	-
Total	3,749	-	-	-

Bank overdrafts of a subsidiary has interest at the fixed deposit rate for individual plus 2.0% per annum which are secured by fixed deposit of another subsidiary as disclosed in Note 12 to the financial statements.

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable - unrelated parties	37,694	31,383	34,348	27,985
Trade accounts payable - related parties				
(Note 7)	2,637	2,237	6,032	3,422
Retention	9,053	9,357	9,053	8,755
Other payables - related parties				
(Note 7)	544	262	465	214
Accrued payroll and bonus expenses	16,043	13,763	15,389	13,126
Accrued expenses - others	18,242	12,723	17,615	12,113
Other payables	1,669	658	1,513	568
Total trade and other payables	85,882	70,383	84,415	66,183

20. Long-term loans

Loan	(Unit: Thousand Baht)			
	Facility amount	Interest rate	Consolidated and Separate financial statements	
	(Million Baht)	(% p.a.)	2017	2016
1	240	MLR - 3	173,900	100,000
2	80	MLR - 3	80,000	-
Total			253,900	100,000
Less: Current portion			(68,850)	(20,000)
Long-term loan, net of current portion			185,050	80,000



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Credit facility amount of Baht 240 million

During the year ended 31 December 2017, there is a revision of principal repayment from Baht 1.7 million per month, with 60 periods to the repayment on monthly basis under condition as specified in the loan agreement (amendment version), with 60 periods. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains 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.

As at 31 December 2017, this long-term credit facilities of a Company which have not yet been drawn down amounted to Baht 12 million (2016: Baht 140 million).

Credit facility amount of Baht 80 million

During the year ended 31 December 2017, the Company had entered into the loan agreement with credit facility amount of Baht 80 million with a financial institution.

The principal repayment is due on monthly basis, with 60 equal installments. The first repayment is due in February 2018. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains 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.

As at 31 December 2017, the long-term credit facilities of a Company had been fully drawn down (2016: Nil).

Movements in the long-term loans from financial institution during the year 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2017	100,000
Add: Increase during period	207,900
Less: Repayment	(54,000)
Balance as at 31 December 2017	253,900



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21. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Liabilities under finance lease agreements	698	779
Less: Deferred interest expenses	(36)	(31)
Total	662	748
Less: Portion due within one year	(310)	(522)
Liabilities under finance lease agreements - net of current portion	352	226

The Company has entered into the finance lease agreement with leasing company for rental of motor vehicle and equipment 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 2017 and 2016 were as follows:

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2017		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	325	373	698
Deferred interest expenses	(15)	(21)	(36)
Present value of future minimum lease payments	310	352	662

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2016		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	550	229	779
Deferred interest expenses	(28)	(3)	(31)
Present value of future minimum lease payments	522	227	748



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22. 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		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	6,073	4,173	5,134	3,543
Included in profit or loss:				
Current service cost	1,737	1,686	1,462	1,411
Interest cost	283	214	239	180
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	296	-	231	-
Financial assumptions changes	1,689	-	1,235	-
Experience adjustments	808	-	443	-
Provision for long-term employee benefits at end of year	10,886	6,073	8,744	5,134

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	109	111	-	-
Cost of services	585	523	486	469
Selling and administrative expenses	1,326	1,266	1,215	1,122
Total expenses recognised in profit or loss	2,020	1,900	1,701	1,591

The Company and its subsidiaries expect to pay Baht 0.4 million of long-term employee benefits during the next year (the Company only: Baht 0.3 million) (2016: Baht 0.2 million (the Company only: Baht 0.1 million)).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 17 - 37 years (the Company only: 26 - 29 years) (2016: 17 - 33 years (the Company only: 20 - 27 years)).



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Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rate	3.03 - 3.65	3.34 - 4.09	3.26 - 3.36	3.62 - 3.91
Salary increase rate	7.37	6.07	7.37	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 2017 and 2016 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
	2017	2016	2017	2016
Discount rate	(0.6)	(0.4)	0.7	0.4
Salary increase rate	0.6	0.4	(0.6)	(0.4)
Turnover rate	(0.7)	(0.4)	0.7	0.5

23. 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 of the Company has fully been set aside.

24. Dividends

Dividends	Approved by	Dividend (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2016	Annual General Meeting of the Company's shareholders on 31 March 2017	28.50	0.05
Interim dividends for 2017	Board of Directors' Meeting No.6/2017 on 11 August 2017	28.50	0.05
Total		57.00	0.10



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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	0.05
Interim dividends for 2016	Board of Directors' Meeting No.6/2016 on 23 September 2016	28.50	0.05
Total		57.00	0.10

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2017	2016	2017	2016
Changes in inventories	(8,629)	(5,600)	(7,275)	(6,706)
Purchases of inventories	102,951	78,254	88,734	69,245
Depreciation and amortisation	77,449	55,305	70,089	49,928
Employee expenses	333,848	257,416	307,734	238,561
Directors' remuneration	2,346	1,750	2,346	1,750
Rental expenses	123,076	87,374	121,133	87,374
Public utilities	27,382	20,814	26,459	20,094
Maintenance and decorate locations expenses	20,981	16,154	20,881	16,018
Advertising and promotion expenses	19,395	16,639	19,137	16,296
Laundry expenses	22,296	15,340	21,704	15,025
Consulting fees	3,229	1,233	1,251	1,116



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26. Income tax

26.1 Income tax expenses

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	32,670	24,117	29,582	22,585
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,918)	(1,253)	(1,874)	(1,288)
Income tax expenses reported in the statements of comprehensive income	30,752	22,864	27,708	21,297

26.2 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 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	555	-	382	-
	555	-	382	-



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26.3 Reconciliation between accounting profit and income tax expenses

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	205,921	163,830	188,657	141,928
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	41,407	30,725	37,731	28,386
Effects of:				
Exempt dividend income	-	(132)	-	(132)
Non-deductible expenses	319	128	127	14
Additional expense deductions allowed	(10,974)	(7,857)	(10,150)	(6,971)
Total	(10,655)	(7,861)	(10,023)	(7,089)
Income tax expenses reported in the statements of comprehensive income	30,752	22,864	27,708	21,297

26.4 Deferred tax assets / liabilities

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	49	47	47	47
Allowance for diminution in value of inventories	101	56	86	40
Provision for long-term employee benefits	2,146	1,195	1,749	1,027
Rental straight-line method	2,489	1,191	2,489	1,191
Interest and depreciation from decommissioning estimation	276	206	276	206
Total	5,061	2,695	4,647	2,511



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	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax liabilities				
Surplus on revaluation of land	10,176	10,176	10,176	10,176
Revenue from rental straight-line method	-	-	24	-
Unrealised gain from revaluation of trading investments	81	7	35	-
Deferred sales and marketing revenues	480	660	480	660
Total	10,737	10,843	10,715	10,836
Deferred tax assets - net	368	177	-	-
Deferred tax liabilities - net	6,044	8,325	6,068	8,325

As at 31 December 2017, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 8.6 million (2016: Nil), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 8.5 million will expire by 2018 - 2021.

27. 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	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	175,168	140,965	160,949	120,630
Weighted average number of ordinary shares (Thousand shares)	570,000	570,000	570,000	570,000
Profit per share (Baht/share)	0.31	0.25	0.28	0.21

28. 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 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 services, 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 and spa equipment 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 2017 and 2016, respectively.

(Unit: Million Baht)

	Spa services		Sales of spa products and healthy products		Hotel and restaurant		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from external customers	829	619	60	43	59	63	-	-	948	725
Internal - segment revenues	5	5	30	20	1	1	(36)	(26)	-	-
Total revenues	834	624	90	63	60	64	(36)	(26)	948	725
Segment profit	276	190	32	27	20	24	-	-	328	241
Revenues and expenses which have not been allocated :										
Other income									15	14
Selling expenses									(37)	(28)
Administrative expenses									(93)	(61)
Finance cost									(7)	(2)
Profit before income tax expenses									206	164
Income tax expenses									(31)	(23)
Profit for the year									175	141

The segment assets of the Company and its subsidiaries as at 31 December 2017 and 2016 are as follows:

(Unit: Million Baht)

	Spa services and sales of spa products and healthy products*		Hotel and restaurant		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment	809	617	80	82	-	-	889	699
Other assets	271	155	25	15	(9)	(4)	287	166
Total assets	1,080	772	105	97	(9)	(4)	1,176	865
Increase in non-current assets other than financial instruments and deferred tax assets								
	292	275	5	18	-	-	297	293

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



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Geographic information

The Company and its subsidiaries operate mainly in Thailand. 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 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

29. 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 and its subsidiaries 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 2017 and 2016, the contributions to the fund which were recognised as expenses are as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2017	2016
Contributions to provident fund	1.0	0.6

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2017 and 2016, 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	
	2017	2016
Construction costs	10.8	21.6



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30.2 Operating lease commitments

30.2.1 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.

As at 31 December 2017 and 2016, 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	
	2017	2016
Payable:		
In up to 1 year	123	112
In over 1 and up to 5 years	218	203
In over 5 years	51	42

30.2.2 The Company has entered into operating lease agreement in respect of the lease of land with a related party for the period 30 years due in December 2042. Under the agreement, not more than 15% of rental fee will be increased every 3 years. During the year ended 31 December 2017, the Company recognised rental expenses amounting to Baht 3.2 million (2016: Baht 3.2 million).

30.2.3 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. During the year ended 31 December 2017, the Company recognised rental and service expenses amounting to Baht 12.7 million (2016: Baht 0.8 million).

30.2.4 As at 31 December 2017, future minimum sublease payments expected to be received under non-cancellable subleases for partial areas amounting to Baht 3.7 million (2016: Baht 7.6 million). During the year ended 31 December 2017, the Company recognised rental expenses of Baht 6.2 million (2016: Baht 6.2 million) and subleasing revenue for partial areas of Baht 3.9 million (2016: Baht 3.9 million).

30.3 As at 31 December 2017, the Company has commitment of Riels 2,000 million in respect of uncalled portion of investment in a subsidiary.



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30.4 Letters of guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 2.4 million (2016: Baht 1.4 million) (the Company only: Baht 1.9 million (2016: Baht 0.8 million)) issued by the banks on behalf of the Company and its subsidiaries as required in the normal course of business.

31. Fair value hierarchy

As at 31 December 2017 and 2016, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

31 December 2017				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Unit trusts	-	76	-	76
Lands	-	205	-	205

(Unit: Million Baht)

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

(Unit: Million Baht)

31 December 2017				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Unit trusts	-	48	-	48
Lands	-	205	-	205



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(Unit: Million Baht)

31 December 2016

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Lands	-	128	-	128

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.

32. Financial instruments

32.1 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, current investments, trade and other receivables, restricted deposits of financial institution, bank overdrafts from financial institution, short-term loans from and interest payable to related parties, trade and other payables, liabilities under finance lease agreements, and long-term loans. 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 statements of financial position.



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Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposit at financial institutions, restricted deposits of financial institution, bank overdrafts from financial institution, short-term loans from and interest payable to related parties, long-term loans, 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 2017 and 2016, 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.

(Unit: Million Baht)

Consolidated financial statements							
31 December 2017							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	61	6	67	0.05 - 0.82
Current investments	-	-	-	-	76	76	-
Trade and other receivables	-	-	-	-	12	12	-
Restricted deposits of financial institution	5	-	-	-	-	5	1.05
	5	-	-	61	94	160	
<u>Financial liabilities</u>							
Bank overdrafts from financial institution	-	-	-	4	-	4	Note 18
Short-term loans from and interest payable to related parties	-	-	4	-	-	4	Note 7
Trade and other payables	-	-	-	-	86	86	-
Long-term loans	-	-	-	254	-	254	Note 20
Liabilities under financial lease agreements	-	1	-	-	-	1	0.24 and 5.46
	-	1	4	258	86	349	

(Unit: Million Baht)

Separate financial statements

31 December 2017

Fixed interest rates

	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
Financial Assets							
Cash and cash equivalent	-	-	-	50	4	54	0.05 - 0.82
Current investments	-	-	-	-	48	48	-
Trade and other receivables	-	-	-	-	9	9	-
	-	-	-	50	61	111	
Financial liabilities							
Trade and other payables	-	-	-	-	84	84	-
Long-term loans	-	-	-	254	-	254	Note 20
Liabilities under financial lease agreements	-	1	-	-	-	1	0.24 and 5.46
	-	1	-	254	84	339	

(Unit: Million Baht)

Consolidated financial statements

31 December 2016

Fixed interest rates

	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
Financial Assets							
Cash and cash equivalent	-	-	-	29	4	33	0.05 - 0.82
Current investments	-	-	-	-	18	18	-
Trade and other receivables	-	-	-	-	9	9	-
	-	-	-	29	31	60	
Financial liabilities							
Trade and other payables	-	-	-	-	70	70	-
Long-term loans	-	-	-	100	-	100	Note 20
Liabilities under financial lease agreement	1	-	-	-	-	1	5.46
	1	-	-	100	70	171	



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Separate financial statements							
31 December 2016							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	20	4	24	0.05 - 0.82
Trade and other receivables	-	-	-	-	5	5	-
	-	-	-	20	9	29	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	66	66	-
Long-term loan	-	-	-	100	-	100	Note 20
Liabilities under financial lease agreement	1	-	-	-	-	1	5.46
	1	-	-	100	66	167	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises from deposit at overseas banks, purchase 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 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currencies	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	0.5	0.3	-	-	32.68	35.83
Hong Kong Dollar	4,240.6	25.2	-	-	4.18	4.62
Euro	-	-	10.7	-	39.03	-

	Separate financial statements			
Foreign currencies	Financial assets		Average exchange rate	
	2017	2016	2017	2016
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	0.5	0.3	32.68	35.83
Hong Kong Dollar	4,240.6	25.2	4.18	4.62

32.2 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:

- a) For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, trade and other receivables, bank overdrafts from financial institution, and trade and other payables, their carrying amounts in the statements of financial position approximate their fair values.
- b) For current investments, their fair values are generally derived from quoted market prices.
- c) 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.

33. 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 2017, the Group's debt-to-equity ratio was 0.56:1 (2016: 0.36:1) and the Company's was 0.55:1 (2016: 0.34:1).

34. Event after the reporting period

On 27 February 2018, 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 2017 to 31 December 2017, at a rate of Baht 0.07 per share, totally Baht 39.9 million. This dividend will be paid in April 2018.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

by the Company's Board of