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11 August 2017

To: Director and the President
The Stock Exchange of Thailand

Management Discussion and Analysis for the six-month period ended 30 June 2017

After You Public Company Limited (the “Company”) operates dessert and bakery businesses. The Company divides its businesses into 2 categories, including

- 1) Dessert café under the trademark name of “After You” and “Maygori”. As at 30 June 2017, there were 21 branches of After You dessert café (18 branches as at 31 December 2016) and 1 branch of Maygori (2 branches as at 31 December 2016).
- 2) Catering such as wedding ceremonies, and other special occasions. In addition, the Company produces its products under its trademark known as OEM for restaurants and other parties as requested and etc.

The Company has a subsidiary, Aurum and Aurum Company Limited (together with the Company, the “Group”) which engages in distribution of bakery products and equipment.

Analysis of Financial Performance

Revenues

Business categories	Operated by	For the six-month period ended 30 June				% Change Increase (Decrease)
		2017		2016		
		THB mm	%	THB mm	%	
<u>Sales</u>						
1. Sales from dessert café	Company	325.45	97.46	286.47	98.76	13.61
2. Sales from catering service and OEM and sale through head office	Company	4.71	1.41	2.15	0.74	119.07
Total sales		330.16	98.87	288.62	99.50	14.39
Other revenues		3.78	1.13	1.44	0.50	162.50
Total revenues		333.94	100.0	290.06	100.0	15.13

For the six-month period ended 30 June 2017, sales increased from THB 286.47 million for the same period last year to THB 325.45 million, accounted for 13.61% increase due to the introduction of 6 new branches compared to the same period last year.

The Group had other revenues of THB 3.78 million for the six-month period ended 30 June 2017 which increased from THB 1.44 million for the same period last year. Increase in other revenues was mainly from short-term investment which the Company has invested since January 2017.

Cost of Sales and Gross Profit

Unit : THB mm Unless otherwise stated	For the six-month period ended 30 June	
	2017	2016
Total sales	330.16	288.62
Cost of sales	113.03	105.12
Gross Profit	217.13	183.50
Gross Profit Margin (%)	65.77	63.58

For the six-month period ended 30 June 2017, gross profit of the Group was THB 217.13 million or equivalent to gross profit margin of 65.77%, accounted for 2.19% increase, compared with 63.58% for the same period last year. The increase in gross profit margin was mostly because the Group had better cost management especially the reduction in the price of raw material which is the main cost of sales of the Group. We also adjusted selling price since May this year, which causes gross profit margin to increase approximately 0.48%.

Selling Expenses

Selling expenses mainly consist of salary for the café's staff, space and equipment rental expenses, utility expenses, and other selling expenses such as marketing expenses, and depreciation of asset of each branch. For the six-month period ended 30 June 2017 and 2016, selling expenses were THB 105.06 million and THB 82.38 million respectively. Selling expenses increased THB 22.68 million or 27.53%, mainly from additional staff and rental expenses for new branches. However, the Company has measures to control selling expenses, in order to maintain the proportion of total selling expenses per total revenue effectively. The part of the staff expenses came from the well prepared for opening new branches, thus, staffs had to train 70-90 days in advance. The company had expenses related to new recruits for new three branches and one branch expansion in the first half of 2017. In contrast, the Company opened only two branches of Maygori in the same period last year. Maygori branches were smaller than After You and thus required less staff.

Percentage of rental to sales for the six-month period ended 30 June 2017 increased from the same period last year since the rental rate of some new branches was higher than average rental rate.

Administrative Expenses

For the six-month period ended 30 June 2017 and 2016, administrative expenses were THB 50.68 million and THB 34.73 million respectively, equaling to an increase of THB 15.95 million or 45.93%. This was mainly due to the increased employees at the Company's head office to support the increase in number of new branches.

In addition, the Company recorded the expense for the annual staff seminar which was postponed from late 2016 as the expense in the six-month period ended 30 June 2017 for THB 1.69 million or 0.51% of total revenue. The Company also had expenses related to the Annual General Meeting (AGM) and securities depository fees amounting THB 1.50 million or 0.45% of total revenue. Moreover, the Company recorded loss from closing Maygori at the Common Thonglor branch amounting THB 0.96 million or 0.29% of total revenue.

Finance Cost

Finance costs for the six-month period ended 30 June 2017 and 2016 were THB 0.55 million and THB 3.19 million, accounted for 0.16% and 1.10% of total revenues respectively. The decrease in financial cost was due to the repayment of the entire amount of loans from bank in January 2017.

Tax Expenses

Tax expenses for the six-month period ended 30 June 2017 and 2016 were THB 11.42 million and THB 12.49 million or equivalent to effective tax rate of 17.67% and 19.32% respectively. The reason was the Group utilized the tax privilege for investment in assets according to the Royal Decree no. 604.

Net Profit and Net Profit Margin

For the six-month period ended 30 June 2017 and 2016, net profit of the Group were THB 53.20 million and THB 52.16 million respectively, equaling to an increase of THB 1.04 million or 1.99%. Net profit margin for the six-month period ended 30 June 2017 and 2016 were 15.93% and 17.98% respectively, equaling to a decrease of 2.05%, which was mainly due to the increase in selling and administrative expenses.

Analysis of Financial Position

Assets

As at 30 June 2017 and 31 December 2016, the Group had total assets of THB 951.94 million and THB 981.93 million respectively which mainly consisted of cash and cash equivalents, short-term investment and property, plant and equipment.

Cash and Cash Equivalents

As at 30 June 2017 and 31 December 2016, cash and cash equivalents were THB 35.31 million and THB 628.40 million respectively. The decrease of THB 593.09 million was mainly due to the investment in short-term investment, repayment of long-term loans from bank, payment for the construction of the headquarter, training and distribution center and the expansion of the factory and new branches.

Short-term Investment

As at 30 June 2017, the Group had short-term investment of THB 471.32 million which consisted of investments in securities held for trading THB 270.01 million, change in fair value of investments in securities held for trading THB 1.31 million and held-to-maturity investments THB 200 million. The Group has invested in short-term investment since January 2017 to maximize the return on available cash.

Property, Plant and Equipment

As at 30 June 2017 and 31 December 2016, the Group had Property, Plant and Equipment of THB 372.06 million and THB 282.99 million respectively. The increase was from our fully built the new headquarter, training and distribution center plus the expansion of the factory and new branches.

Liabilities

As at 30 June 2017 and 31 December 2016, the Group's liabilities mainly consisted of trade and other payables and long-term loans from bank. Total liabilities were THB 95.34 million and THB 173.10 million respectively.

Long-term Loans from Bank

As at 31 December 2016, the Group had the outstanding balance of three long-term loans from bank totaling (including current portion) THB 66.31 million. The Group repaid the entire amount of loan and interest in January 2017. Therefore, the Group had no outstanding balance as at 30 June 2017.

Shareholders' Equity

As at 30 June 2017 and 31 December 2016, the Group had shareholders' equity of THB 856.60 million and THB 808.83 million respectively. The increase in shareholders' equity was attributed to increase in net profit during the period THB 52.20 million offset by dividend payment during the period THB 14.50 million.

Please be informed accordingly,

Yours sincerely,

(Mr. Maetup T.Suwan)

Managing Director