MANAGEMENT DISCUSSION AND ANALYSIS

Overview

A Solid Start in 1Q10

After experiencing a series of challenges in 2009, Minor International ("MINT" or "the Company") has shown a strong turnaround in all businesses since the beginning of 4Q09. In the wake of global economic recovery, MINT has benefited from the pent-up demand of consumers and international travelers. During January – March 2010, the number of tourist arrivals to Thailand hit a 5-year record high with an average of 1.6 million international visitors per month. Consequently, MINT's hotels reported almost 10% growth in occupancy on a like-for-like basis, driven mainly by hotels in Thailand.

By the same token, our restaurant business has seen resumption in customer traffic growth, especially in Thailand. MINT's domestic restaurants reported same store sales growth of approximately 4% in 1Q10 corresponding with improving private consumption. During the quarter, MINT also embarked on further expanding the geographic reach of its restaurant business by opening the first Pizza Company and Swensen's outlets under franchise agreements in Vientiane, Laos. Their sales have exceeded our forecast since their inception.

MINT's retail trading business also rebounded. In addition to the existing brands, MINT opened the first GAP store in Thailand at Central World to a very strong reception. The successful accomplishment of GAP has reinforced MINT's plan to add a few more GAP stores in Bangkok within this year. Looking forward, GAP will become one of the key growth engines for MINT's retail trading business.

Additionally, MINT has soft-launched the sales of St. Regis Residential Residence. Locating in Bangkok's downtown, the project houses 53 luxury condominium units, ranging from 320 sq. mt. 3-bed room residences to 920 sq. mt. duplex penthouses with private pools. The construction is expected to be completed within 4Q10 and MINT aims to close all sales in 3-4 years. During 1Q10, show units of residence were complete and MINT was able to close 3 additional unit sales, making a total of 5 units sold to date. Nevertheless, as the project is on leased land, MINT cannot recognize revenues from such sales unless the ownership is transferred to the buyers once the construction is complete. Hence, MINT estimates the sales of 8 – 10 units to be recognized by the end of this year.

Aiming for Operational Excellence

Apart from revenue growth, MINT has also been driving profitability. The crisis in 2009 has led the Company to embrace cost cutting and operating efficiency, e.g. supply chain management for restaurant business, rotation of task force for hotel, inventory management for retail trading and enhanced productivity for contract manufacturing. Additionally, MINT has adopted global shared services of accounting, finance, information technology and human resource management which allow the Company to manage resources more efficiently, reduce redundant corporate activities and promote standardized operations. A combination of these improvements has heightened profitability in 1Q10, especially in restaurant and hotel businesses. Their EBITDA margins grew from 14% and 35% in 1Q09 to 16% and 37% in 1Q10, respectively.

1Q10 Performance

MINT reported 1Q10 total revenues that were up 23% to Bt 5,326m. Revenues from the restaurant business accounted for 51% of total revenues while the hotel & spa business contributed 32% of total revenues. Retail trading and contract manufacturing contributed 13% of total revenues, while plaza & entertainment and share of profits contributed the remaining.

Revenue Breakdown

	1Q10	1Q09	%Chg
Food Services	2,737	2,632	4%
Hotel & Spa Services	1,678	1,471	14%
Residential Property	10*	9*	11%
Plaza & Entertainment	141	143	-1%
Retail Trading & Contract Manufacturing	695	-	n.a.
Share of Profits	65	59	10%
Total Revenue	**5,326**	**4,314**	**23%**

Note: *Rental income from the Estate Samui

Revenue growth was primarily driven by the consolidation of Minor Corporation's Bt 695m in revenues from retail trading and contract manufacturing as a result of business restructuring in June 2009. Revenues from hotel & spa businesses increased 14% y-y as Thai tourism recovered since late 2009. MINT's average occupancy rates increased to 61% from 56% a year ago when the Company experienced an adverse impact from the closure of Suvarnabhumi airport in 1Q09. Revenues from restaurant business also grew 4% y-y due primarily to improved same stores sales especially from domestic restaurants along with continued outlet expansion.

1Q10 net income was up 50% y-y to Bt 600m due primarily to 1) stronger performance and profitability of hotel & spa and food businesses, thanks to efficient cost control in direct and selling & administrative expenses.

At the end of 1Q10, MINT reported total assets of Bt 28,320m. This was a Bt 50m increase compared to the previous year. The increase was the result of:

1. Bt 768m increase in land held for future development and projects under development, i.e. Anantara Resort & Spa, Baa Atoll, Maldives and St. Regis Hotel and Residence

2. Bt 645 loan repayment from Phuket Land Owner Ltd. to construct the timeshare project

MINT reported total liabilities of Bt 15,576m. This was a Bt641m decrease from the previous year due mainly to the repayment of investment payables (increased investment in Thai Express of Bt 704m). At the same time, Shareholders' Equity increased Bt 690m to Bt 12,745m due mainly to the enhanced profits of Bt 600m in 1Q10.

During 1Q10, MINT and its subsidiaries reported cash flows from operations of Bt 1,334m. This was up Bt 178m y-y due to increased operating profits. Bt 907m in cash outflows to investments financed 1) projects under development, e.g. Anantara Kihavah, Maldives and St. Regis Hotel & Residence and other fixed assets of Bt 1,085m, 2) Bt 704m in earn-out payments to Thai Express and net with 3) Bt 645-m loan repayment from Phuket Land Owner Ltd. to construct the timeshare project. Cash flows from financing activities decreased by Bt 28m.

Major Developments in 1Q10

Food Business

At the end of 1Q10, MINT's total food outlets reached 1,117 including 689 equity owned outlets and 428 franchised outlets. Of total outlets, there were 740 outlets in Thailand with the remaining 377 located in Australia, New Zealand, China, Middle East, Singapore and other South East Asian countries.

Food Outlets by Owner Equity and Franchise

	1Q10	Chg q-q	Chg y-y
Owner Equity	**689**	**7**	**33**
- Thailand	588	7	24
- Overseas	101	0	9
Franchise	**428**	**-2**	**20**
- Thailand	152	0	6
- Overseas	276	-2	14
Total Outlets	**1,117**	**5**	**53**

Food Outlets by Brand

	1Q10	Chg q-q	Chg y-y
The Pizza Company	243	-1	-3
Swensen's	229	-1	5
Sizzler	42	0	3
Dairy Queen	238	5	19
Burger King	24	1	1
The Coffee Club	246	5	26
Thai Express	73	-5	3
Others	22	1	-1
Total Outlets	**1,117**	**5**	**53**

Hotel, Spa and Residence Business

At present, MINT owns 24 hotels and manages 6 hotels in 8 countries. Altogether, these properties have 3,565 hotel rooms including 2,878 that are equity owned and 687 that are managed.

Our spa business is operated under Anantara and Mandara brands. As at the end of 1Q10, MINT owns and manages 36 spas in Thailand, China, Maldives, Tanzania, Jordan, UAE, Turkey, India, Egypt and Vietnam.

MINT often develops and sells vacation properties in conjunction with the development of hotels. The Estate Samui, which is adjacent to MINT's Four Seasons Hotel in Samui, has 14 villas. Seven were sold during 2006-2008. The remaining 7 villas are expected to be sold by 2012. In addition to the Estate Samui, MINT is selling condominiums that are on top of the St. Regis Hotel. The construction of the St. Regis is expected to be completed in 4Q10.

Retail Property and Entertainment

Presently, MINT owns and operates 3 shopping plazas; 1) Royal Garden Pattaya 2) Turtle Village Shopping Plaza Phuket and 3) Royal Garden Plaza Bangkok. In addition, we are the operator of 5 entertainment outlets including 1) Ripley's Believe It or Not Museum 2) 4D Moving Theater 3) Haunted Adventure 4) Infinity Maze and 5) The Louis Tussaud's Waxworks.

Retail Trading and Contract Manufacturing Business

MINT has been selected as Thailand's exclusive distributor of the world's renowned fashion brand, GAP Inc. The first GAP store opened at Central World in March 2010.

Segment Performance

EBITDA Breakdown

	1Q10	1Q09	%Chg
Food Services	444	371	20%
Hotel & Spa Services	618	520	19%
Residential Property	5	4	25%
Plaza & Entertainment	101	93	9%
Retail Trading & Contract Manufacturing	38	-	n.a.
Share of Profits	65	59	10%
Total EBITDA	**1,271**	**1,047**	**21%**

Food Business Performance

Total system sales (including sales from franchised outlets) increased by 9% y-y in 1Q10, respectively. The growth was driven by improving same store sales and a consistent expansion of both equity and franchised outlets. EBITDA margin grew from 14% to 16%, thanks to the effective cost control measures and supply chain management. Consequently, EBITDA from the restaurant business in 1Q10 was up 20% y-y.

Food Business Performance by Brand

	Total System Sales	
	1Q10	1Q09
The Pizza Company	1.2	13.6
Swensen's	7.2	8.3
Sizzler	19.3	11.6
Dairy Queen	10.8	14.5
Burger King	18.9	4.0
The Coffee Club	17.5	17.3
Thai Express	-2.7	72.8
Average	**9.2**	**16.3**

Note: Calculation based on local currency to exclude the impact of foreign exchange

Hotel & Spa Business Performance

Brand Performance Analysis

During 1Q10, the Marriott group (4 hotels in Bangkok, Pattaya, Hua Hin and Phuket) achieved the highest occupancy among all groups, with an average of 77%, up from 70% in 1Q09. However, price competition, especially in Bangkok and Phuket, caused the group's ADR to fall by 4% .

By the same token, the Four Seasons group (4 hotels in Bangkok, Chiang Mai, Chiang Rai and Samui) saw occupancy increase to 63% in 1Q10 from 47% in 1Q09. This is due mainly to a significant improvement in Four Seasons Bangkok, which suffered from the domestic political tension and the airport closure in 2009. The Four Seasons group was able to sustain their ADRs similar to 1Q09.

Average occupancy rate of Anantara hotels (a total of 12 hotels in Bangkok, Hua Hin, Chiang Rai, Phuket, Samui, Krabi, Bali, Abu Dhabi and the Maldives) in 1Q10 increased by 2% y-y to 48%. However, the Anantara average occupancy rate included the openings of 3 managed hotels in 2009. During their first 2-3 years of operations, new hotels are generally running below their optimal occupancies. Excluding the three new hotels, Anantara showed 7% increase in occupancy with a 7% drop in ADRs due to price competition.

Revenues from the associates (3 hotels in Maldives, 5 hotels in Tanzania and 1 hotel in Vietnam) are not included in MINT's hotel revenues; rather, they are recognized under the equity method.

Hotel Business Performance by Brand

	Occupancy (%)		ADR (Bt/night)	
	1Q10	1Q09	1Q10	1Q09
Marriott	72.2	70.1	4,566	4,740
Anantara	47.9	45.6	9.011	10,275
Four Seasons	62.9	47.4	9,420	9,738
Others	33.6	33.2	11,580	10,984
Average	**60.8**	**56.1**	**6,996**	**7,160**
Average (Organic)	**64.9**	**56.1**	**6,980**	**7,160**

Note: Others including Naladhu, Maldives and Harbour View, Vietnam

Residential Property Business Performance

MINT did not recognize any sales from residential properties in 1Q10.

Retail Property & Entertainment Business Performance

MINT's retail property and entertainment business reported 1Q10 revenues that were down 1% to Bt 141. However, 1Q10 EBITDA was up 9% to Bt 101m, thanks to the effective control of selling & administrative expenses.

Retail Trading and Contract Manufacturing Business Performance

Starting mid June 2009, MINOR Corporation's financial statements have been consolidated with MINT's, contributing Bt 696m of revenues and Bt38m of EBITDA in Q10.

MINOR's Revenue Breakdown

	1Q10	% of Revenues
Retail Trading	346	50
Contract Manufacturing	296	43
Others	53	7
Total Revenues	**695**	**100**

MINOR's Outlet Breakdown

	1Q10	Chg q-q	Chg y-y
Fashion	204	-11	-18
Cosmetics	58	-2	-8
Others	17	-1	-5
Total Outlets	**279**	**-14**	**-31**

As at the end of 1Q10, total number of retail trading outlets remains unchanged at 279. Of total outlets today, 73% operate under fashion brands such as Esprit, Bossini, Charles & Keith, GAP and Timberland while 21% support cosmetics brands such as Red Earth, Bloom, Laneige and Smashbox.

Financial Ratio Analysis

MINT's gross profit margin for 1Q10 declined from 67.4% to 63.8%, a reduction driven by the consolidation of the lower-margin retail trading and contract manufacturing businesses. However, net profit margin increased from 9.4% to 11.4% y-y due mainly to improving hotel & spa business. This business' margin is typically higher since most of its selling and administrative costs are fixed. On the other hand, retail trading and contract manufacturing business incurs a small percentage of depreciation and amortization expenses relative to its revenues. Return on equity, hence, improved from 3.3% to 4.8% y-y.

In terms of efficiency, return on assets increased from 1.6% to 2.1% y-y. This is due chiefly to improved profits, yet investment in projects under development; Anantara Baa Atoll, Maldives and St. Regis Hotel & Residence increased. Both of which were under construction.

The current ratio dropped slightly from 0.74x to 0.70x. Likewise, net debt/equity ratio declined from 0.9 to 0.8 at the end of 1Q10 due to 1) repayment of investment payables and 2) improved net profits. Interest coverage ratio also grew from 9.4x to 12.8x in 1Q10, reflecting higher cash flows from operation.

Financial Ratio Analysis

Profitability Ratio (Annually Basis)	**31 Mar 10**	**31 Mar 09**
Gross Profit Margin (%)	63.82%	67.37%
Net Profit Margin (%)	11.41%	9.40%
Return on Equity (%)	4.84%	3.28%
Efficiency Ratio	**31 Mar 10**	**31 Mar 09**
Return on Assets (%) (9 months)	2.12%	1.60%
Collection Period (days) (Quarterly)	17	40
Liquidity Ratio	**31 Mar 10**	**31 Dec 09**
Current Ratio (x)	0.70	0.74
Leverage & Financial Policy	**31 Mar 10**	**31 Dec 09**
Interest Bearing Debt/Equity (x)	0.90	0.96
Net Interest Bearing Debt/Equity (x)	0.81	0.88
	31 Mar 10	**31 Mar 09**
Interest Coverage (x) (3 months)	6.93	9.36

Management's Outlook

Short-term Disruption from Domestic Politics

Recently, there has been rising political tension in Bangkok driven by the demonstrations of the Democratic Alliance against Dictatorship ("DAAD"). The demonstrations have occupied the Rajprasong intersection located at Bangkok's shopping district since the beginning of April. At least ten hotels in the area have not accepted new bookings and five shopping centers have closed down since the demonstrations started. Nevertheless, this has affected only a small portion of MINT's businesses, i.e. Four Seasons Bangkok hotel, 11 restaurants and 47 points of retail sales against a total of 30 hotels, 1,117 restaurants and 279 points of retail sales in 15 countries. This is attributable to the continued effort to expand businesses outside Bangkok and Thailand to avoid the over-reliance on a single source of income. As a consequence, MINT estimates the revenues loss from the temporarily closure of businesses in Rajprasong to be Bt 3m per day, accounting for merely 5% of our Bt 60m daily revenues (based on total revenues in 1Q10). Nevertheless, MINT has been partially compensated from the migration of customer traffics to other hotels and restaurants in other non-affected areas of Bangkok, while our businesses outside Bangkok are on the normal course. Additionally, May is the start of the low tourist season. Thus, the consequence from this demonstration in Bangkok is relatively isolated compared to the closure of Bangkok and Phuket airports in late 2008, which took place during the peak season.

In an attempt to resolve the conflict, the Prime Minister, Abhisit Vejjajiva ("PM") has announced a road map to reconciliation and offered to set general elections on November 14, 2010 if his proposed national reconciliation is met. As a result, the political tension is expected to alleviate soon and thus only impose a short-lived impact on Thai economy, given a remarkable recovery since the beginning of the year, especially in hotel business. MINT expects that international travelers' confidence in Thailand will be restored by the beginning of the upcoming peak season, which is 4Q10.

Even amidst the recent political tension, the Bank of Thailand has revised up the GDP forecast for 2010 to 4.3% - 5.8%, driven mainly by strong 1Q10 economic indicators. Likewise, domestic consumption is forecasted to grow by 3.3% - 5.3%. MINT's same store sales in 2010 is expected to grow in accordance with the said economic expansion.

Growing Presence in Overseas Markets

The impact from the Bangkok demonstration is mitigated by MINT's overseas diversification, e.g. from hotels in Maldives to restaurants in Australia, Singapore and China, etc. These businesses continue to post solid growth, which justify our key strategies to enter new territories. Following the launch of the Pizza Company and Swensen's franchises in Vientiane, Laos in 1Q10, MINT aims to enter India and Vietnam restaurant market later this year, while strengthening its existing business in Cambodia and Laos. These emerging markets represent fast-growing and untapped demand, which allow us to leverage on a portfolio of various brands, including the recently acquired Coffee Club, Thai Express, and another 3 brands under the Thai Express group. By the same token, our Anantara hotels have been increasingly recognized by international travelers. Our wholly owned Anantara Kihavah, Maldives will commence operations in 2H10, along with another 2 fully managed hotels, Anantara Flamingo Villas and Anantara Savannah Villas in UAE. During the next few years, MINT expects at least 15 hotels to be opened using Anantara and Elewana brands in various locations from China to West Africa.

Year	Investment Hotel	Management Contract
2011	Extension: Koh Samui (20 pool villas) 4 hotels in Kenya (48 rooms)	1 hotel in Oman (122 rooms) 2 hotels in China (227 rooms) 2 hotels in Morocco (176 rooms) 1 hotel in Bali (93 rooms)
2012		1 hotel in China (120 rooms) 1 hotel in Dubai (473 rooms) 3 hotels in West Africa (460 rooms) 1 hotel in India (126 rooms)
2013		1 hotel in India (95 rooms)

Not only does overseas expansion offer great geographic diversification, but they also enhance the overall profitability of MINT. They can generally demand higher price points from premium lodging locations in Abu Dhabi to upper-scale dining experience in Australia. Moreover, over half of our international businesses utilize intellectual properties and shared resources, i.e. hotel management and food franchising. Return on invested capital is thus relatively higher. In 2009, our earnings contribution from overseas business accounted for 11%. Within the next 5 years, MINT expects the contribution to reach 40% of its total earnings. With that target, we aim to become a regional leader in both hotel and food businesses. This can be achieved with the support from our talented business associates in Singapore, Australia, Cambodia and Africa, etc., along with our extensive network and strengthened financial position. Our shareholders' meeting has recently approved the plan to issue 3-year warrants to all existing shareholders with the exercise price of Bt 13 (1 warrant for every 10 shares held). This equity raising will help balance our capital structure and provide a support for business expansion in both Thailand and overseas to achieve the target earnings growth of 20% per annum.

....

Pratana Mongkolkul
Director