Management Discussion and Analysis

Overview

Improved Performance from Previous Quarter as External Pressures Subsided

The Thai economy has been resilient in the face of domestic and external pressures, particularly given the political chaos that took place in 2Q10. Gross Domestic Product ("GDP") and key economic indicators still exhibited strong growth, bolstered by increases in exports, private investment and domestic consumption. Enjoying the benefit of such robust economic growth, Minor International Public Company Limited ("MINT") continued to witness strong revenue growth from its consumption-driven restaurant and retail trading businesses. The company's hotel business began to see a gradual recovery in business flow although demand from the luxury tourism segment remained soft. In 3Q10, restaurant and retail trading businesses were key growth contributors to the group's revenues while hotel business saw its revenues rebound by 16% from the previous quarter.

Restaurants and Retail Trading: Growth Boosted by Strong Domestic Spending

Restaurant same store sales remained strong, fueled by impressive growth from the group's outlets in Thailand and Australia as well as a business turnaround in Singapore. For most brands in Thailand, growth was attributable to both volume and pricing. Rising food costs did not materially impact profitability since such incremental costs were either passed through or lessened by means of menu re-engineering and adjustment in product mix. Additionally, with over 1,130 outlets, MINT benefits from the economies of scale.

Retail trading business also reported robust same store sales growth due to stronger demand, which continued to improve with the stronger domestic economy. With an introduction of GAP this year, total system sales from retail trading business grew almost 30% y-y in 3Q10.

Hotels: On the path to Recovery

In general, international tourists' confidence began to improve after experiencing several months of relative political certainty, although high-spending travelers from Europe and North America have not yet fully returned due in part to the low traveling season in Thailand and in part to economic uncertainty in their home countries. Nonetheless, in addition to top-performing hotels in Maldives and Bali, the group's hotels in Pattaya and Hua Hin, which are widely popular among locals and short-haul visitors, witnessed modest improvement in room rates and/or occupancies.

Updates and New Developments

After closing for major renovation from fire damage, the Central World shopping center re-opened in late September. MINT's restaurants and fashion points of sales, including GAP mega-store, in the Central World shopping center have correspondingly resumed their operations.

In addition, new initiatives in 3Q10 include:

Restaurants: For its international business, MINT's franchised Swensen's business in India added a new outlet at Delhi international airport, following the successful introduction of the first Swensen's outlet in Bangalore last quarter. India's vast population and rapid economic advancement is expected to support MINT in capitalizing on its strong brands to capture one of the world's largest consumption markets.

Retail Trading: Since its debut in May 2010, GAP has consistently achieved high sales. As a result, MINT has opened the third GAP mega-store at Paradise Park in August. Sales of all GAP stores remain solid and the company believes that the brand will continue to be attractive in Thailand's fashion market.

Hotels: In August 2010, MINT acquired a hotel company in Sri Lanka, Cyprea Lanka. Cyprea Lanka owns an existing 4-star hotel, Kani Lanka, and a piece of adjacent land which can be developed into 100-room Anantara hotel. Not only does this acquisition allow MINT to strengthen its presence in Sri Lanka, but it also offers a good opportunity for MINT to introduce the Anantara brand in this fast-growing tourist destination.

3Q10 Performance

MINT reported a 6% increase in total revenues to Bt 4,412m in 3Q10, due mainly to revenues growth of 6% from the restaurant business and 12% from the retail trading & contract manufacturing business. Strong revenue growth from both businesses was propelled primarily by strong economic growth, particularly domestic consumption. On the other hand, revenues from hotel & spa business increased by only 3% y-y due owing principally to a decline in luxury tourism and travel as a result of unstable political climate as mentioned above.

Restaurant business accounted for 58% of total revenues in 3Q10 while the hotel & spa business contributed 24%. Retail trading and contract manufacturing contributed 15% of total revenues, while plaza & entertainment contributed the remainder.

Revenue Breakdown

Bt million	**3Q10**	**3Q09**	**%Chg**
Restaurant Services	2,550	2,406	6%
Hotel & Spa Services	1,057	1,025	3%
Residential Property	5*	5*	--
Plaza & Entertainment	129	116	11%
Retail Trading & Contract Manufacturing	672	600	12%
Total Revenue	**4,412**	**4,152**	**6%**

Note: *Rental income from the Estate Samui
Share of profit is allocated to each business unit

MINT reported net profit of Bt 127m in 3Q10, down 16% y-y due primarily to net losses from hotel & spa business. The business continued to suffer from lingering effect of political unrest, which caused tourist confidence to fall sharply in 2Q10, although such confidence started to recover from the previous quarter as peaceful political climate has been gradually restored.

9M10 Performance

MINT reported total revenues of Bt 13,794m and net profit of Bt 808m in 9M10, an increase of 13% and 3%, respectively from the same period last year. The strong revenue growth in 9M10 was due mainly to strong performance in 1Q10 and the consolidation of MINOR in June 2009. Nevertheless, MINOR business typically has relatively low margin compared to other businesses, partially explaining small earnings growth compared to strong revenues growth. In terms of revenue breakdown, Restaurant and hotel & spa businesses accounted for 56% and 27% of total revenues, respectively. Retail trading and contract manufacturing made up another 14%.

Revenue Breakdown

Bt million	**9M10**	**9M09**	**%Chg**
Restaurant Services	7,786	7,500	4%
Hotel & Spa Services	3,584	3,489	3%
Residential Property	20*	20*	--
Plaza & Entertainment	401	402	--
Retail Trading & Contract Manufacturing	1,941	716	171%
Total Revenue	**13,794**	**12,184**	**13%**

Note: *Rental income from the Estate Samui
Share of profit is allocated to each business unit

At the end of 3Q10, MINT reported total assets of Bt 30,714m, an increase by Bt 2,443m from Bt 28,271m at the end of 2009. The increase was the result of:

1. Bt 2,121m increase in land and projects under development, i.e. Anantara Resort & Spa, Kihavah, Maldives and St. Regis Hotel and Residence, and

2. Bt 722m increase in other long-term investments from additional investment in S&P Syndicate Pcl. and the increase in fair value of long term investments, primarily in S&P Syndicate Pcl. and Serendib Hotels Limited in Sri Lanka.

MINT reported total liabilities of Bt 17,732m, an increase by Bt 1,515m from Bt 16,217m at the end of 2009 due mainly to the issuance of Bt 2,500m debenture, netted off with debt repayment of Bt 275m. On the other hand, other liabilities decreased principally as a result of the Bt 697m reduction in provision for investments, as the earn-out related to the investment in Thai Express has been paid. Shareholders' equity increased by Bt 928m to Bt 12,982m from Bt 12,054m at the end of 2009 owing mainly to appropriated profits of Bt 808m and a marked-to-market increase in value of available-for-sales securities, netted with dividend payment.

For 9M10, MINT and its subsidiaries reported cash flows from operations of Bt 1,713m, an increase of Bt 10m y-y. Cash flow from investing activities was Bt 3,382 million, primarily from (1) payments for projects under development, namely Anantara Kihava project in the Maldives and St Regis project and other fixed assets of Bt 2,858m and (2) payments of Bt 914m for additional investments and acquisitions in subsidiaries and associates, including payments for investments in Thai Expresss, Cyprea Lanka and S&P Syndicate Pcl., netted off with (3) loan repayment of Bt 645 million from Phuket Land Owner Ltd. to construct the timeshare project. The company reported net cash receipts from financing activities of Bt 1,759 million, comprising (1) net proceeds from borrowings of Bt 2,231m, primarily from the debenture issuance, and (2) proceeds from the issuance of additional ordinary shares from the exercise of ESOP warrants of Bt 75m, netted off with (3) dividend payment of Bt 550m. As a result, MINT's net cash and cash equivalents increased by Bt 90m in 9M10.

Major Developments in 3Q10

Restaurant Business

At the end of 3Q10, MINT's total food outlets reached 1,133 outlets, comprising 690 owned equity outlets (61% of total), and 443 franchised outlets (39% of total). Of total, 751 food outlets in Thailand accounted for 66%, while the remaining 382 outlets or 34% are located in Australia, New Zealand, Singapore, China, Middle East, India and South East Asia. Ten new outlets were opened in 3Q10.

Restaurant Outlets by Owned Equity and Franchise

	3Q10	Chg q-q	Chg y-y
Owned Equity	690	4	18
- Thailand	591	4	18
- Overseas	99	-	-
Franchise	443	6	20
- Thailand	160	6	10
- Overseas	283	-	10
Total Outlets	**1,133**	**10**	**38**

Restaurant Outlets by Brand

	3Q10	Chg q-q	Chg y-y
The Pizza Company	244	1	-
Swensen's	236	6	7
Sizzler	44	1	4
Dairy Queen	240	2	14
Burger King	24	0	0
The Coffee Club	251	1	16
Thai Express	72	-1	-5
Others	22	0	2
Total Outlets	**1,133**	**10**	**38**

Hotel, Spa and Residence Business

At present, MINT owns twenty six hotels and manages six hotels in eight countries. Altogether, these properties have 3,655 hotel rooms, including 2,991 that are equity-owned and 664 that are managed by the company.

MINT's spa business is operated under Anantara and Mandara brands. At the end of 3Q10, MINT owns and manages 35 spas in Thailand, China, Maldives, Tanzania, Jordan, UAE, Turkey, India, Egypt and Vietnam.

MINT also develops and sells properties in conjunction with the development of some of its hotels. The Estate Samui, which is adjacent to MINT's Four Seasons Hotel in Samui, has 14 villas, seven of which were sold during 2006-2008 while the remaining seven villas are expected to be sold by 2012. In addition, MINT is in the process of selling residential units that are located above St. Regis Hotel. The construction of St. Regis is expected to be completed in early 2011.

Plaza and Entertainment

Presently, MINT owns and operates three shopping plazas, namely; (1) Royal Garden Pattaya; (2) Turtle Village Shopping Plaza Phuket and (3) Royal Garden Plaza Bangkok. In addition, MINT is the operator of five entertainment outlets, namely (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

At the end of 3Q10, MINT had 266 retail trading points of sales, a decrease from 272 points of sales at the end of 2Q10 due to the closure of 9 points of sales damaged by the fire at Zen Department Store, Rajprasong. The reduction in the number of points of sales from the fire was partially offset by the opening of GAP's third mega-store at Paradise Park in August, and the reopening of GAP's original mega-store at Central World in late September.

Of total retail trading outlets, 72% operate under fashion brands such as Esprit, Bossini, Charles & Keith and GAP, while 21% are cosmetics brands such as Red Earth, Bloom, Laneige and Smashbox.

Retail Trading's Outlet Breakdown

	3Q10	Chg q-q	Chg y-y
Fashion	192	-7	-24
Cosmetics	57	1	-3
Others	17	0	-1
Total Outlets	**266**	**-6**	**-28**

Segment Performance

EBITDA Breakdown

Bt million	3Q10	3Q09	%Chg
Restaurant Services	356	376	-5%
Hotel & Spa Services	224	241	-8%
Residential Property	-	-2	n.a
Plaza & Entertainment	74	69	7%
Retail Trading & Contract Manufacturing	36	36	--
Total EBITDA	**690**	**720**	**-4%**

EBITDA Breakdown

Bt million	9M10	9M09	%Chg
Restaurant Services	1,217	1,157	5%
Hotel & Spa Services	1,008	1,072	-6%
Residential Property	-	-	-
Plaza & Entertainment	255	264	-3%
Retail Trading & Contract Manufacturing	97	62	56%
Total EBITDA	**2,577**	**2,554**	**1%**

Restaurant Business Performance

Total system sales (including sales from franchised outlets) increased by 11% y-y in 3Q10 and 9% y-y in 9M10, driven by improved same store sales and consistent expansion of both equity-owned and franchised outlets. EBITDA margin was lower in 3Q10 due mainly to the collection of Bt 30m one-time franchising fee in 3Q09. Excluding this one-time fee, restaurant's EBITDA in 3Q10 would have increased by 3% from 3Q09.

Restaurant Business Performance by Brand

	Total System Sales (% chg y-y)			
	3Q10	3Q09	9M10	9M09
The Pizza Company	8.8	0.5	4.0	7.0
Swensen's	-0.5	8.8	3.3	8.1
Sizzler	18.0	10.9	16.1	11.3
Dairy Queen	14.6	-6.3	11.8	3.8
Burger King	0.4	4.1	7.4	5.9
The Coffee Club	17.3	19.6	16.3	18.3
Thai Express	1.5	32.8	-1.9	50.3
Average	**10.6**	**10.0**	**9.1**	**13.1**

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

Hotel & Spa Business Performance

Brand Performance Analysis

After the average occupancy rate fell to 41% in 2Q10 in the midst of unstable political climate which eroded tourist confidence, the improvement in average occupancy rate to 48% in 3Q10 reflected a strong rebound in tourists' confidence and overall sentiment, although such average occupancy rate has not yet rebounded to the prior year level.

During 3Q10, the Marriott group (four hotels in Bangkok, Pattaya, Hua Hin and Phuket) reported the highest occupancy among all hotel groups, with an average of 56%, down from 60% in 3Q09, while the group's ADR remained relatively flat. Lingering effect of political instability resulted in lower tourist traffic and higher competition within Bangkok, and thus driving down room rates of hotel in the city.

The Four Seasons group (four hotels in Bangkok, Chiang Mai, Chiang Rai and Samui) saw a 1% increase in occupancy to 46% in 3Q10 as a result of a rebound in occupancy rate of the Four Seasons Bangkok from 51% in 3Q09 to 57% this quarter. However, in an effort to manage the hotel yield, Four Seasons Bangkok traded off the increase in occupancies with some reduction in its ADR, which resulted in the decrease in Four Seasons group's ADR by 17%.

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 3Q10 decreased by 3% y-y to 44%. The group also experienced prevailing price competition primarily from hotels in Thailand, resulting in a 4% decline in ADR.

Revenues from the associates (three hotels in Maldives, five hotels in Tanzania, one hotel in Kenya and one hotel in Vietnam) are not included in MINT's hotel revenues, but are recognized as share of profit under the equity method.

Hotel Business Performance by Brand

	Occupancy (%)		ARR (Bt/night)	
	3Q10	**3Q09**	**3Q10**	**3Q09**
Marriott	55.8	59.7	2,915	2,948
Anantara	44.4	47.2	5,932	6,179
Four Seasons	46.0	44.9	5,969	7,157
Others	27.8	27.8	6,775	7,139
Average	**48.2**	**51.2**	**4,633**	**4,749**
	Occupancy (%)		**ARR (Bt/night)**	
	9M10	**9M09**	**9M10**	**9M09**
Marriott	62.1	60.9	3,653	3,778
Anantara	44.4	43.8	7,070	7,675
Four Seasons	41.2	42.7	8,408	8,399
Others	29.3	30.1	8,747	8,725
Average	**50.0**	**50.3**	**5,675**	**5,774**

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

Residential Property Business Performance

MINT did not recognize any sales from residential properties in 3Q10 and 9M10.

Plaza & Entertainment Business Performance

MINT's plaza and entertainment business reported 3Q10 revenues of Bt 129m in 3Q10, an increase of 11%. Correspondingly, EBITDA increased by 7% from Bt 69m to Bt 74m. 9M10 revenues were flat at Bt 401m, while 9M10 EBITDA was down by 3% to Bt 256m. The revenues were in line with MINT's hotel business as the plazas are located next to hotels and therefore are dependent on tourist traffic.

Retail Trading and Contract Manufacturing Business Performance

Retail trading and contract manufacturing businesses reported 3Q10 revenues of Bt 672m, up 12% y-y, while 3Q10 EBITDA remained flat at Bt 36m, owing mainly to the delayed order from contract manufacturing business and preopening expenses of three GAP stores. Recovery of manufacturing orders is expected in 2011.

9M10 revenues and EBITDA reported noticeable growth of 171% and 56% y-y to Bt 1,941m and Bt 97m, respectively. In 9M09, the consolidation of MINOR accounted for only 109 days of retail trading business since the business restructuring in June 2009, while 9M10 accounts were consolidated for the entire period.

Retail Trading and Contract Manufacturing's Revenue Breakdown

	3Q10	%	9M10	%
Retail Trading	320	48	947	49
Contract	277	41	831	43
Distribution	75	11	163	8
Total Revenues	**672**	**100**	**1,941**	**100**

Financial Ratio Analysis

MINT's gross profit margin declined from 64.92% in 9M09 to 62.04% in 9M10 while net profit margin declined from 6.48% to 5.91%. The reduction in margin was in part attributable to the decrease in revenue from hotel business, whose margins have been typically higher than most other businesses, and in part to the consolidation of the lower-margin retail trading and contract manufacturing businesses of MINOR.

Return on equity declined to 6.45% in 9M10 from 6.79% in 9M09 mainly as a result of a decline in net profit. Return on assets also declined to 2.74% from 3.02%, due partly to the increase in investment in projects under development - Anantara Kihavah, Maldives and St. Regis Hotel & Residence, both of which were still under construction.

Current ratio increased from 0.74 to 0.77 at the end of 3Q10, primarily from the decline in current liabilities, as a result of the scheduled repayment of debenture of Bt 275m and decrease in investment payables of Bt 697m as the earn-out of Thai Express has been paid. Net debt/equity ratio increased from 0.88 at the end of 2009 to 0.97 at the end of 3Q10, while interest coverage ratio increased from 6.07x to 6.37x.

Financial Ratio Analysis

Profitability Ratio (9 Months)	**30 Sep 10**	**30 Sep 09**
Gross Profit Margin (%)	62.04%	64.92%
Net Profit Margin (%)	5.91%	6.48%
Return on Equity (%)	6.45%	6.79%
Efficiency Ratio	**30 Sep 10**	**30 Sep 09**
Return on Assets (%) (9 months)	2.74%	3.02%
Collection Period (days) (Quarterly)	18	15
Liquidity Ratio	**30 Sep 10**	**31 Dec 09**
Current Ratio (x)	0.77	0.74
Leverage & Financial Policy	**30 Sep 10**	**31 Dec 09**
Interest Bearing Debt/Equity (x)	1.05	0.96
Net Interest Bearing Debt/Equity (x)	0. 97	0.88
	30 Sep 10	**30 Sep 09**
Interest Coverage (x) (9 months)	6.37	6.07

Management's Outlook

Healthy Fourth Quarter Ahead Despite Some Setback

The rain and subsequent flooding had a considerable impact on certain areas of the Northeast, Central and the South of Thailand in October 2010. However, it appears that the flooding has so far had only a minimal impact on MINT's domestic businesses. Fourteen food outlets and eight fashion counters in the South were affected. Sales from the impacted locations account for only 0.85% of MINT's 2009 total revenues per day. While none of MINT's hotels were damaged, the business flow in Samui is somewhat affected as flooding obstructed most, if not all, transportation means for travelers. In any case, October is the low season for Samui, and the resumption of normal business flow is expected shortly after the flood ended. Currently, MINT owns/ operates three hotels in Samui, whose revenues accounted for 2.2% of MINT's total revenues in 2009.

Nov-10	Damaged by Flood	Remaining
Restaurants	14 outlets	1,119 outlets
Hotel & Spa	-	32 hotels
Retail Trading	8 points of sales	258 points of sales

Government attempts to resolve the flooding and the beginning of peak season for travelling should allow MINT to see an increase in hotel activities over the next six months. The current pace of advanced booking signals a healthy fourth quarter, driven by frequent Western travelers, locals and intra-region travelers. Despite occasional domestic turmoil, Bangkok regained the top spot in Travel + Leisure's 2010 World's Best Awards readers' survey, closely followed by Chiang Mai in second place. The award was based on sights, culture/arts, restaurants/food, people, shopping, and value. This accolade reflects the popularity of Thailand and its long-term potential to draw millions of vacationers.

Restaurant and retail trading businesses are expected to continue to benefit from strong economic growth. According to the Fiscal Policy Office, 2010 GDP is expected to grow 7.5%. With such momentum, MINT expects its same store sales growth in Thailand in 4Q10 to be in line with the first 9 months of 3%.

Moreover, in November 2010, MINT will begin to distribute its Dairy Queen ice cream through five of CP Freshmart outlets, in addition to its existing Dairy Queen outlets. The number of outlets is targeted to increase to ten by the end of the year. Given CP Freshmart's wide coverage of over 350 shops, the partnership offers a good opportunity for Dairy Queen to tap the under-penetrated market segments, which include smaller communities and their respective households.

MINT anticipates a relatively strong 4Q10, due partly to margin improvement from increasing activities from its hotel business, which commands relatively higher margin. Historically, the fourth quarter has been the strongest, contributing approximately 40% of MINT's net profit.

Introducing Anantara Vacation Club

4Q10 will mark the beginning of MINT's new initiative, Anantara Vacation Club. The concept of point-based club is similar to that of traditional timeshare project except it offers greater flexibility with lower entry price. The point system is ideal for shorter-haul visitors who do not like to stay in one property. MINT's first purpose-built timeshare units will be at Anantara Samui. Initially, these 20 units, together with some existing hotel inventory from Anantara Phuket, Anantara Seminyak Bali and Anantara Baan Rajprasong Bangkok will be used to accommodate Anantara Vacation Club's members. MINT plans to add more destinations into the portfolio over the next five years. Moreover, there will be a responsible sales team, and galleries will be established on site at resort locations. The advanced sales will guarantee the occupancies of timeshare properties throughout the year. In addition, consistent traffic to timeshare residence will also benefit MINT's hotel amenities and food outlets.

Funding for CAPEX

As the construction of Anantara Kihavah and St. Regis projects is soon to be completed, MINT's 2010 CAPEX budget is expected to reach its peak at Bt 6 billion. This is due partly to the delay of some payments previously scheduled in 2009. MINT has secured committed credit facilities of over Bt 10 billion to fund the expansion. After the completion of the two projects, CAPEX budget for the following years will likely decline significantly to less than Bt 3 billion a year.

Resourceful to facilitate growth in 2011

2009 – 2010 were challenging years for MINT due to the slowdown in Thai tourism and economic downturn, but the outlook for 2011 and beyond appears promising. The Tourism Authority of Thailand forecasts record-high 2011 tourist arrivals to Thailand of 15.5 million. Anantara Kihavah in Maldives and St. Regis Hotel and Residence in Bangkok are scheduled to open in 1Q11. The properties are two of the most luxurious hotels in MINT's portfolio, boasting unique restaurants and facilities such as the world's only underwater wine cellar and restaurant at Anantara Kihavah and the renowned Zuma Restaurant and Elemis Spa at St. Regis. In addition, MINT will be able to complete the ownership transfer of all six pre-sold St. Regis residential units. In light of returning demand, MINT is confident that this residential project will provide healthy earnings contribution and cash inflows, resulting in a decline in gearing ratios.

Apart from the hotel business, MINT's restaurant and retail trading businesses will continue to expand alongside economic growth and domestic consumption. MINT has built a strong foundation to achieve growth with years of investment in building brands and accumulation of experiences. Without further external disruptions, MINT is certain that it can deliver consistent growth during the next five years by means of organic expansion and various new initiatives, including acquisitions. Given the company's prudent investment criteria, all of MINT's stakeholders can be assured that every new expansion will meet the set requirements in terms of accretive earnings, profitability and internal rate of return. Furthermore, with an integrated business model across four regions, MINT's network and execution strength cannot be easily imitated.

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Pratana Mongkolkul
Director