August 11, 2016 **Minor International Public Company Limited**

Management Discussion and Analysis

Overview

2Q16 and 1H16 Performance

Minor International Public Company Limited ("MINT") reported revenue growth of 30% in 1H16 and 28% in 2Q16 y-y, while net profit increased by 60% in 1H16 and 35% in 2Q16 y-y. MINT recorded non-recurring gains as required under Thai Generally Accepted Accounting Principles (Thai GAAP) which are (1) gain of Bt 136m from changing status of investment in BreadTalk Group in Singapore, from available-for-sale investment to investment in associate, in 2Q16 (2) gain of Bt 1,932m from bargain purchase of the Tivoli Hotels & Resorts in 1Q16 and (3) gain of Bt 650m from bargain purchase of Sun International hotels in Africa in 1Q15. Excluding the aforementioned gains, core profit exhibited y-y growth of 9% in 1H16 and 10% in 2Q16. The performance was attributable to the strength of MINT's brands and its diversified portfolio which enabled MINT to achieve consistent growth of both restaurant and hotel businesses amidst challenging business environments. Furthermore, the incremental revenue and earnings from MINT's successful strategic investments in Tivoli portfolio and Minor DKL in Australia also contributed to the outstanding performance.

In 2Q16, revenue of restaurant business increased by 36% y-y. Excluding non-recurring gain, 2Q16 core revenue of restaurant business showed a strong growth of 33% y-y, led by the remarkable performance of Thailand and China hubs and the additional revenue from the consolidation of Minor DKL in Australia. Even excluding Australia performance, combined revenue of the remaining hubs of the restaurant business still increased by 14% y-y. By the same token, hotel & mixed-use business posted an impressive revenue growth of 26% y-y in 2Q16, led by the strong momentum of hotels in Thailand and Oaks in Australia, together with the additional revenue from Tivoli hotels in Portugal and sale of The Residences by Anantara Layan. However, 2Q16 revenue from retail trading & contract manufacturing business decreased slightly by 2% y-y primarily because of the slowdown of the contract manufacturing business, which was affected by the weaker-than-expected performance of its key customers.

In 2Q16, hotel & mixed-use business accounted for 48% of total core revenue. Restaurant business contributed 46% of total core revenue, while retail trading and contract manufacturing contributed the remaining 6%.

Revenue Breakdown

Bt million	**2Q16**	**2Q15**	**%Chg**
<u>As Reported</u>			
Restaurant Services	5,901	4,331	36%
Hotel & Mixed-Use	6,099	4,825	26%
Retail Trading & Contract Manufacturing	794	810	-2%
Total Revenue	**12,795**	**9,965**	**28%**
<u>Core</u>			
Restaurant Services	5,766	4,331	33%
Hotel & Mixed-Use	6,099	4,825	26%
Retail Trading & Contract Manufacturing	794	810	-2%
Total Revenue	**12,659**	**9,965**	**27%**

In 1H16, MINT reported total revenue of Bt 28,611m, an increase of 30% from the same period last year. The growth was attributable to strong performance of restaurant and hotel & mixed-use business units, the consolidation of Tivoli portfolio in Portugal and Minor DKL in Australia, together with the aforementioned gains. Excluding the gains, core revenue increased by 24% y-y in 1H16.

In terms of revenue breakdown, in 1H16, hotel & mixed-use and restaurant businesses accounted for 50% and 44% of total core revenue, respectively. Retail trading and contract manufacturing contributed another 6%.

Revenue Breakdown

Bt million	1H16	1H15	%Chg
As Reported			
Restaurant Services	11,743	8,897	32%
Hotel & Mixed-Use	15,109	11,448	32%
Retail Trading & Contract Manufacturing	1,759	1,734	1%
Total Revenue	**28,611**	**22,080**	**30%**
Core			
Restaurant Services	11,607	8,897	30%
Hotel & Mixed-Use	13,177	10,798	22%
Retail Trading & Contract Manufacturing	1,759	1,734	1%
Total Revenue	**26,543**	**21,430**	**24%**

MINT reported EBITDA of Bt 2,169m in 2Q16, a 32% growth over the same period last year. Excluding non-recurring gain, 2Q16 core EBITDA grew by 24% y-y, driven by the growth of both restaurant and hotel & mixed-use businesses. Core EBITDA of restaurant business saw robust growth of 29% y-y, bolstered by strong operations of Thailand and China hubs, together with the consolidation of Australia hub's performance. At the same time, 2Q16 core EBITDA of hotel & mixed-use business increased by 23% y-y thanks to the consistent growth of hotels in Thailand, the consolidation of Tivoli hotels in Portugal, and the income from sale of the residential business. However, retail trading & contract manufacturing saw a decrease in EBITDA by 31% y-y. The decline was mainly due to the pre-opening costs of Brooks Brothers and Kojima Denim brands and MINT's promotional campaigns in response to competitors' aggressive sales promotions to rationalize their inventory, which temporarily put pressure on the profitability of the retail trading business. Core EBITDA margin decreased marginally from 16.5% in 2Q15 to 16.1% in 2Q16, primarily as a result of pressure on margin of Anantara Vacation Club and retail trading business, together with the change in accounting method of Minor DKL from share of profit to consolidation.

In 2Q16, hotel & mixed-use and restaurant businesses accounted for 55% and 43% of total core EBITDA respectively. Retail trading & contract manufacturing contributed the remaining 2% of total core EBITDA.

EBITDA Breakdown

Bt million	2Q16	2Q15	%Chg
As Reported			
Restaurant Services	1,012	678	49%
Hotel & Mixed-Use	1,117	910	23%
Retail Trading & Contract Manufacturing	40	58	-31%
Total EBITDA	**2,169**	**1,645**	**32%**
EBITDA Margin	**17.0%**	**16.5%**	
Core			
Restaurant Services	876	678	29%
Hotel & Mixed-Use	1,117	910	23%
Retail Trading & Contract Manufacturing	40	58	-31%
Total EBITDA	**2,033**	**1,645**	**24%**
EBITDA Margin	**16.1%**	**16.5%**	

In 1H16, MINT reported EBITDA of Bt 7,411m, a 49% growth over the same period last year. Excluding non-recurring gains, 1H16 core EBITDA increased by 23% y-y from both restaurant and hotel & mixed-use businesses, while core EBITDA margin was stable at 20.1% in 1H16.

In 1H16, hotel & mixed-use business represented 62% of total core EBITDA, while restaurant business accounted for 36%. Retail trading and contract manufacturing business accounted for the remaining 2%.

EBITDA Breakdown

Bt million	1H16	1H15	%Chg
As Reported			
Restaurant Services	2,063	1,515	36%
Hotel & Mixed-Use	5,223	3,311	58%
Retail Trading & Contract Manufacturing	125	156	-20%
Total EBITDA	**7,411**	**4,982**	**49%**
EBITDA Margin	**25.9%**	**22.6%**	
Core			
Restaurant Services	1,928	1,515	27%
Hotel & Mixed-Use	3,291	2,661	24%
Retail Trading & Contract Manufacturing	125	156	-20%
Total EBITDA	**5,344**	**4,332**	**23%**
EBITDA Margin	**20.1%**	**20.2%**	

MINT reported net profit of Bt 732m in 2Q16, 35% growth y-y. Excluding non-recurring gain, 2Q16 core net profit grew by 10% y-y, a lower growth rate than revenue and

EBITDA due to the consolidation of Tivoli portfolio in Portugal with higher depreciation and tax rate, the consolidation of Minor DKL, as well as a more normalized tax rate of Oaks. As a result, core net profit margin decreased from 5.4% in 2Q15 to 4.7% in 2Q16.

In 1H16, MINT's net profit grew by 60% y-y, while core net profit increased by 9% y-y, lower than the increase in revenue because of the Tivoli consolidation with higher depreciation and tax rate and the consolidation of Minor DKL. Core net profit margin declined from 9.6% in 1H15 to 8.4% in 1H16.

Net Profit

Bt million	**2Q16**	**2Q15**	**%Chg**
As Reported			
Total net profit	732	541	35%
Net Profit Margin	**5.7%**	**5.4%**	
Core			
Total net profit	596	541	10%
Net Profit Margin	**4.7%**	**5.4%**	
	1H16	**1H15**	**%Chg**
As Reported			
Total net profit	4,307	2,698	60%
Net Profit Margin	**15.1%**	**12.2%**	
Core			
Total net profit	2,239	2,048	9%
Net Profit Margin	**8.4%**	**9.6%**	

Major Developments in 2Q16

	Developments
Restaurant	• Opened 24 outlets, net q-q, majority of which were The Pizza Company, Burger King and Riverside
Hotel & Mixed-Use	• Assumed management of Loisaba Tented Camp and Loisaba Star Beds in Kenya • Assumed management letting rights of Oaks Southbank in Australia • Transferred and recorded sale of one unit of The Residences by Anantara, Layan, Phuket • Added 7 units of Anantara Vacation Club's inventory in Bangkok
Retail Trading	• Launched Brooks Brothers, an American-based fashion brand and Kojima Denim, a premium fashion jeans brand from Japan, in Thailand

Segment Performance

Restaurant Business

At the end of 2Q16, MINT's total restaurants reached 1,883 outlets, comprising 979 equity-owned outlets (52% of total), and 904 franchised outlets (48% of total). 1,199 outlets (64% of total) are in Thailand, while the remaining 684 outlets (36% of total) are in Australia, New Zealand, Singapore, China, India, Middle East, the Maldives, Egypt, UK, and other countries in Asia.

Restaurant Outlets by Owned Equity and Franchise

	2Q16	**Chg q-q**	**Chg y-y**
Owned Equity	979	18	98
- Thailand	787	7	71
- Overseas	192	11	27
Franchise	904	6	38
- Thailand	412	1	18
- Overseas	492	5	20
Total Outlets	**1,883**	**24**	**136**

Restaurant Outlets by Brand

	2Q16	Chg q-q	Chg y-y
The Pizza Company	367	4	30
Swensen's	323	0	16
Sizzler	56	0	5
Dairy Queen	410	3	17
Burger King	64	4	18
The Coffee Club	432	1	12
Ribs and Rumps	13	-1	0
Thai Express	94	3	7
Riverside	55	4	8
Breadtalk	25	1	6
Others*	44	5	17
Total Outlets	**1,883**	**24**	**136**

* Others include restaurants at the airport under MINT's 51% JV, "Select Service Partner" and restaurants in UK under "Grab" and "Patara" brands.

Hub Performance Analysis

2Q16 marks another strong quarter for the restaurant business with total-system-sales growth (including sales from franchised outlets) of 9.9% y-y, from same-store-sales growth of 2.3%, together with the outlet expansion of 8% y-y. Thailand and China hubs continued to be star performers thanks to MINT's innovative products and pro-active marketing efforts to rise to the market challenges.

In 2Q16, Thailand hub reported remarkable total-system-sales growth of 17.9% y-y and same-store-sales growth of 6.1% y-y, the highest same-store-sales growth in over three years. The Pizza Company, Burger King and Sizzler are the key brands that drove notable same-store-sales growth in 2Q16. The Pizza Company sustained strong momentum since the end of last year and achieved exceptional same-store-sales growth of 19.3% y-y, from the continued success of the Crispy Thin Pizza and the 48 dine-in special menus. The new dine-in menus successfully led to over 30% sales growth in all menu categories – appetizer, pizza, pasta in 2Q16. In addition, the favourable consumer response to the new Cheesy Bun Pizza menu also contributed to the growth. At the same time, Burger King continued to show strong same-store-sales growth, driven by both outstanding performance in the tourist areas and favourable response by the local market to new store openings, drive-through concept and innovative products such as the new Flame Grilled Pork and Sticky Rice and Pork Whopper menus. Lastly, Sizzler continued to launch new menus, focusing on freshness, taste, and value to attract local traffic, which resulted in robust growth in this quarter. Thailand hub will continue to maintain its leading market position by driving product and service innovation, together with multi-channel marketing strategy.

China hub continued to report impressive total-system-sales growth of 20.0% y-y in 2Q16, supported by its 3-year high same-store-sales growth of 6.9%, together with the disciplined outlet expansion of the Riverside brand, which grew 15% y-y. All brands, including Riverside, Sizzler, and Thai Express, experienced positive same-store-sales growth in this quarter. Riverside maintained strong same-store-sales growth, led by outstanding performance of its outlets in Beijing. Sizzler successfully drove customer traffic and achieved robust same-store-sales growth by consistently launching creative and attractive menus. Thai Express also saw rapid growth of customer traffic and is in the process of streamlining its supply chain for further expansion.

In Australia, the economic environment remained challenging. The performance of outlets in Queensland, where half of The Coffee Club's outlets are located, continued to experience pressure from the slowdown in the mining sector. As a result, 2Q16 same-store-sales fell slightly by 2% y-y. In addition, with the cautious outlet expansion, Australia hub's total-system-sales grew by 0.1% y-y in 2Q16. The Coffee Club is working on enhancing its food menu offerings in order to drive traffic and improve its performance. The same-store-sales performance in June showed sign of improvement as a result of new menu launched.

Singapore hub continued to experience pressure from the macro slowdown and high competition in the restaurant sector. While same-store-sales growth and total-system-sales growth remained negative in 2Q16, same-store-sales growth showed an improving trend from the previous quarter. Although the margin has been under pressure, Singapore hub continued to be profitable. In addition to refreshing and renovating the Thai Express brand, Singapore hub is in the process of rationalizing its entire brand portfolio and evaluating to strategically replace non-performing stores with new Thai food concepts to strengthen its performance.

1H16 total-system-sales increased by 9.3%, driven by both exceptional same-store-sales performance and the disciplined outlet expansion of Thailand and China hubs. In the midst of more challenging economic environment in Singapore and Australia, MINT will cautiously expand its businesses, focus on cost control and operational efficiency, and drive product innovation and well-crafted marketing campaigns to strengthen its profitability.

Restaurant Business Performance

%	2Q16	2Q15	1H16	1H15
Average Same-Store-Sales Growth	2.3	(1.6)	1.6	(0.5)
Average Total-System-Sales Growth	9.9	11.1	9.3	12.2

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

Financial Performance Analysis

2Q16 core restaurant revenue (excluding non-recurring gain from a fair value adjustment of investment in BreadTalk Group in Singapore, from available-for-sale investment to investment in associate, following the appointment of MINT's representative on the Board) grew by 33% y-y, driven by both revenue from operation and franchise income. Core revenue from operation increased by 29% y-y as a result of the remarkable performance of Thailand and China hubs, the expansion of equity outlets by 11% y-y, and the consolidation of Minor DKL in Australia. Franchise income grew by 151% y-y, from continued growth of franchising business, especially The Pizza Company brand, and the consolidation of Minor DKL's franchise fees, which included The Coffee Club, Ribs and Rumps and Veneziano Group. 2Q16 core EBITDA rose 29% y-y, lower than the revenue growth rate primarily because of the pressure on margins from Singapore and Australia hubs with negative same-store sales growth, which led to lower operating leverage. As a result, core EBITDA margin declined from 15.6% in 2Q15 to 15.2% in 2Q16.

1H16 core restaurant revenue increased by 30% y-y from the solid performance of Thailand and China hub, the continued expansion of both owned and franchised outlets, together with the consolidation of Minor DKL. 1H16 core EBITDA increased by 27% y-y, slightly lower than the increase in revenue, primarily from the lower operating leverage of Singapore hub throughout 1H16 and Australia hub in 2Q16. As a result, EBITDA margin decreased from 17.0% in 1H15 to 16.6% in 1H16.

Revenue Breakdown*

Bt million	**2Q16**	**2Q15**	**%Chg**
Revenue from Operation**	5,365	4,170	29%
Franchise Fee	401	160	151%
Total Revenue	**5,766**	**4,331**	**33%**
EBITDA	**876**	**678**	**29%**
EBITDA Margin	**15.2%**	**15.6%**	
	1H16	**1H15**	**%Chg**
Revenue from Operation**	10,812	8,583	26%
Franchise Fee	795	314	153%
Total Revenue	**11,607**	**8,897**	**30%**
EBITDA	**1,928**	**1,515**	**27%**
EBITDA Margin	**16.6%**	**17.0%**	

* The table excludes non-recurring gain: gain on fair value adjustment of change in status of investment in BreadTalk Group in Singapore of Bt 136m in 2Q16
** Includes share of profit and other income

Hotel & Mixed-Use Business

Hotel Business

At the end of 2Q16, MINT owns 66 hotels and manages 84 hotels and serviced suites in twenty two countries. Altogether, these properties have 19,115 hotel rooms and serviced suites, including 8,751 that are equity-owned and 10,364 that are purely-managed under the Company's brands including Anantara, AVANI, Oaks, PER AQUUM, Tivoli and Elewana. Of the total, 3,977 rooms in Thailand accounted for 21%, while the remaining 15,138 rooms or 79% are located in Australia, New Zealand, the Maldives, China, Indonesia, Sri Lanka, Vietnam, Malaysia, Cambodia, Tanzania, Kenya, Mozambique, Botswana, Namibia, Zambia, Lesotho, Qatar, the United Arab Emirates, Seychelles, Brazil, and Portugal.

Hotel Rooms by Owned Equity and Management

	2Q16	**Chg q-q**	**Chg y-y**
Equity-owned*	8,751	19	2,209
- Thailand	2,478	0	249
- Overseas	6,273	19	1,960
Management	10,364	90	132
- Thailand	1,499	0	0
- Overseas	8,865	90	132
Total Hotel Rooms	**19,115**	**109**	**2,341**

* Equity owned includes all hotels which are majority-owned and joint ventures

Hotel Rooms by Ownership

	2Q16	Chg q-q	Chg y-y
Owned Hotels	6,566	0	1,759
Joint Venture	2,185	0	153
Managed	4,017	19	314
MLR*	6,347	90	115
Total Hotel Rooms	**19,115**	**109**	**2,341**

* Properties under Management Letting Rights in Australia and New Zealand

Hotel Performance Analysis by Ownership

Owned-hotels portfolio, which accounted for 57% of hotel & mixed-use revenue in 2Q16, reported y-y organic revenue per available room ("RevPar") decline of 3% in 2Q16. Owned hotels in Thailand continued to maintain the strong momentum, benefitting from the rise of Thai tourism, and achieved organic RevPar growth of 4% y-y in 2Q16. Outside of Thailand, organic RevPar of the owned overseas hotels portfolio declined by 15% y-y, mainly due to the soft performance of owned hotels in the Maldives and Brazil. In the Maldives, the performance was impacted by softer demand from Chinese and European tourists during its low season. The performance of Brazil portfolio was affected by the hotel renovation and the weakening of the Brazilian reals. With the inclusion of the Tivoli portfolio in Portugal, system-wide RevPar of owned hotels dropped by 11% y-y in 2Q16 as the new hotels commanded lower RevPar than the average of MINT's owned hotels. However, the occupancy of Tivoli portfolio in Portugal was almost 70% in 2Q16, reassuring the upcoming high season in the third quarter. Furthermore, MINT expects the renovation of some of the key Tivoli properties post-acquisition to lead to higher room rates and consequently RevPar growth going forward.

Oaks, contributing 23% of 2Q16 hotel & mixed-use revenue, reported high occupancy rate of 73% and ADR increase of 9% y-y in Australian dollar term to AUD 165, resulting in RevPar growth of 10% y-y. With the stable exchange rate, Oaks's RevPar also increased by 11% y-y in Thai Baht term in 2Q16.

Revenue contribution of management contract to MINT's hotel & mixed-use revenue was 4% in 2Q16. Organic RevPar of management contract portfolio decreased by 1% y-y in 2Q16, primarily due to soft performance of hotels in the Maldives and China.

In summary, in 2Q16, MINT's overall system-wide RevPar decreased by 2% y-y, primarily from the lower RevPar of new overseas hotels during their ramp-up stage and the lower RevPar of the newly acquired Tivoli portfolio, when compared with the average of MINT's existing hotels. Excluding new hotel additions, MINT's organic RevPar of its entire hospitality portfolio increased by 1% y-y in 2Q16.

By the same token, system-wide RevPar of MINT's entire portfolio in 1H16 decreased by 3% y-y. Excluding new hotels, organic system-wide RevPar rose by 4%, led by Thai hotels which consistently performed well throughout the year and helped offset the slowdown of some overseas hotels.

Hotel Business Performance by Ownership

(System-wide)	Occupancy (%)			
	2Q16	**2Q15**	**1H16**	**1H15**
Owned Hotels	64	62	63	67
Joint Venture	42	52	42	50
Managed	59	61	64	63
MLR*	73	73	75	74
Average	**64**	**65**	**66**	**67**
MINT's Portfolio in Thailand	**69**	**69**	**75**	**73**
Industry Average in Thailand**	**58**	**59**	**N/A**	**N/A**
(System-wide)	ADR (Bt/night)			
	2Q16	**2Q15**	**1H15**	**1H15**
Owned Hotels	4,926	5,709	5,741	6,711
Joint Venture	8,898	8,636	11,244	10,206
Managed	6,291	6,356	6,975	6,906
MLR*	4,327	3,923	4,463	4,117
Average	**5,198**	**5,245**	**5,813**	**5,817**
MINT's Portfolio in Thailand	**4,196**	**4,120**	**5,016**	**4,886**
Industry Average in Thailand**	**1,854**	**1,805**	**N/A**	**N/A**
(System-wide)	RevPar (Bt/night)			
	2Q16	**2Q15**	**1H16**	**1H15**
Owned Hotels	3,129	3,521	3,613	4,499
Joint Venture	3,703	4,460	4,732	5,092
Managed	3,741	3,849	4,483	4,373
MLR*	3,162	2,844	3,346	3,041
Average	**3,327**	**3,409**	**3,817**	**3,916**
MINT's Portfolio in Thailand	**2,884**	**2,846**	**3,750**	**3,564**
Industry Average in Thailand**	**1,081**	**1,056**	**N/A**	**N/A**

*Properties under Management Letting Rights in Australia and New Zealand
**Source for Industry Average: Bank of Thailand

Hotel Performance Analysis

In 2Q16, revenue of hotel and related services, which included revenue from owned hotels, Oaks and spa services, increased by 32% y-y. The increase continued to be mainly from the strong performance of hotels in Thailand and Oaks in Australia, together with the contribution of the Tivoli portfolio.

2Q16 management income increased by 9% y-y, mainly attributable to the increase in number of managed rooms by 8% y-y. The increase signifies successful expansion of MINT's owned brands, especially Anantara and AVANI, which are gaining strong momentum and consistently securing new management contracts.

By the same token, 1H16 core revenue from hotel and related services grew by 25% y-y. Operations of owned hotels in Thailand, which continued to benefit from the rise in international tourist arrivals, the consistent growth of Oaks portfolio and the contribution of the newly acquired Tivoli portfolio in Portugal were the key drivers of the outstanding performance. At the same time, management income increased by 10% y-y, attributable to the solid performance of managed hotels in Thailand and the Middle East, together with the additional management fee from newly managed hotels.

Mixed-Use Business & Performance Analysis

One of MINT's mixed-use businesses is plaza and entertainment business. The Company owns and operates three shopping plazas, namely; (1) Royal Garden Pattaya, (2) Turtle Village Shopping Plaza Phuket and (3) Riverside Plaza Bangkok. In addition, MINT is the operator of seven entertainment outlets in Pattaya, namely (1) Ripley's Believe It or Not Museum; (2) 4D Moving Theater; (3) Haunted Adventure; (4) Infinity Maze; (5) The Louis Tussaud's Waxworks; (6) Ripley's Scream in the Dark and (7) Ripley's The Vault. 2Q16 revenue from plaza and entertainment business decreased by 12% y-y to Bt 133m, mainly attributable to the soft performance of the Royal Garden Pattaya, which experienced lower customer traffic.

The other mixed-use business that provides a bigger contribution to MINT's hospitality business is the real estate business, which comprises residential development and vacation club. MINT's residential development business develops and sells properties in conjunction with the development of some of its hotels. The first project is the Estates Samui, consisting of 14 villas, adjacent to MINT's Four Seasons Hotel in Samui. The second project is St. Regis Residences, with 53 residential units located above St. Regis Hotel Bangkok. To date, 11 villas of the Estates Samui and all units of St. Regis Residences have been sold. The latest project is The Residences by Anantara, Layan, Phuket, with 15 villas next to Anantara Layan Phuket Resort. In 2Q16, MINT recorded sale of one villa, bringing the total villas sold to 6 villas to date. As property prices in Phuket are on an increasing trend, MINT is trying to time the selling of its residential units in a way that will maximize its revenue and earnings. It is confident in the long-term prospects of the project. In addition, Anantara Chiang Mai Serviced Suites, a 50% joint-venture project with U City PCL, is expected to be completed and sold out in 2016. Additional residential development projects are being considered to ensure continuous pipeline of MINT's real estate business.

Another real estate business of MINT is the point-based vacation club under its own brand, Anantara Vacation Club (AVC). At the end of 2Q16, AVC has a total inventory of 147 units in Samui, Phuket and Bangkok in Thailand, Queenstown in New Zealand, Bali in Indonesia, and Sanya in China. While AVC's number of members increased by 18% y-y in 1H16 to 7,365 members, revenue growth was put under pressure by the new business model launched since the second half of 2015. Although the package size has been reduced to attract additional members, the new business model allows for cash flow stream acceleration and lower bad debt. MINT expects the new package to temporarily affect sales growth and profitability of AVC in the short term, but both the profitability and balance sheet will be strengthened in the long term.

Overall, revenue from real estate development increased by 14% y-y in 2Q16, primarily from the recognition of revenue from the sale of The Residences by Anantara, Layan, Phuket. By the same token, real estate business reported a revenue growth of 18% y-y in 1H16 due to the same reason as in 2Q16.

Overall Hotel & Mixed-Use Financial Performance Analysis

Total hotel and mixed-use revenue increased by 26% y-y in 2Q16, from robust growth of hotel and related services and management income, together with the solid performance of real estate development. EBITDA grew by 23% y-y, while EBITDA margin slightly decreased from 18.9% in 2Q15 to 18.3% in 2Q16, mainly attributable to the lower operating leverage of AVC and plaza and entertainment businesses.

For 1H16, total core revenue of hotel and mixed-use business increased by 22% y-y, attributable to the growth of hotel & related services, management income, and real estate development. Core EBITDA grew at a faster rate of 24% y-y in 1H16, which resulted in EBITDA margin expansion from 24.6% in 1H15 to 25.0% in 1H16. The margin improvement was mainly supported by solid performance of hotel and related services in 1Q16 and the high-margin real estate business in 1H16.

Revenue Breakdown*

Bt million	**2Q16**	**2Q15**	**%Chg**
Hotel & related services**	4,837	3,673	32%
Management fee	273	252	9%
Plaza & entertainment	133	151	-12%
Real estate development	856	750	14%
Total Revenue	6,099	4,825	26%
EBITDA	**1,117**	**910**	**23%**
EBITDA Margin	**18.3%**	**18.9%**	
Bt million	**1H16**	**1H15**	**%Chg**
Hotel & related services**	10,219	8,190	25%
Management fee	543	493	10%
Plaza & entertainment	263	286	-8%
Real estate development	2,153	1,829	18%
Total Revenue	**13,177**	**10,798**	**22%**
EBITDA	**3,291**	**2,661**	**24%**
EBITDA Margin	**25.0%**	**24.6%**	

* The table excludes non-recurring gains:
(1) Gain from bargain purchases of Sun International hotels of Bt 650m in 1Q15;
(2) Gain from bargain purchases of Tivoli Hotels & Resorts of Bt 1,932m in 1Q16;
** Includes share of profit and other income

Retail Trading and Contract Manufacturing Business

At the end of 2Q16, MINT had 300 retail trading points of sales, an increase of 13 points of sales from 287 at the end of 2Q15. Majority of new openings was fashion outlets. Retail trading points of sale declined by 7 points of sales q-q, primarily from the closure of Red Earth outlets.

Of total 300 retail trading outlets, 91% are operated under fashion brands including Esprit, Bossini, GAP, Banana Republic, Brooks Brothers, Kojima Denim, Charles & Keith, and Pedro, 2% are operated under Red Earth and another 7% are operated under Henckels.

Retail Trading's Outlet Breakdown

	2Q16	**Chg q-q**	**Chg y-y**
Fashion	274	1	23
Cosmetics	5	-7	-12
Others	21	-1	2
Total Outlets	**300**	**-7**	**13**

In 2Q16, total retail trading and contract manufacturing revenue decreased by 2% y-y. Revenue from retail trading business increased, mainly from the strong performance of Charles & Keith and Bossini brands, while revenue from contract manufacturing business was affected by weaker-than-expected performance of its key customers. EBITDA of the retail trading and contract manufacturing business decreased by 31% y-y, chiefly attributable to the pre-opening expenses of two new brands, Brooks Brothers and Kojima Denim, which were launched in 2Q16. In addition, many of MINT's fashion brands offered end-of-season sales campaigns, in response to their competitors' promotions to liquidate their inventory, which temporarily put pressure on the profitability. As a result, EBITDA margin decreased from 7.2% in 2Q15 to 5.1% in 2Q16.

1H16 revenue from retail trading and contract manufacturing increased by 1% y-y, whereas 1H16 EBITDA decreased by 20% y-y because of the promotional discounts, higher sales and marketing expenses to drive revenue amidst the challenging domestic market conditions, and pre-opening expenses to launch new brands. Consequently, EBITDA margin contracted from 9.0% in 1H15 to 7.1% in 1H16.

Retail Trading and Contract Manufacturing's Revenue Breakdown			
Bt million	**2Q16**	**2Q15**	**%Chg**
Retail Trading	587	566	4%
Manufacturing	207	244	-15%
Total Revenue*	**794**	**810**	**-2%**
EBITDA	**40**	**58**	**-31%**
EBITDA Margin	**5.1%**	**7.2%**	
	1H16	**1H15**	**%Chg**
Retail Trading	1,259	1,221	3%
Manufacturing	500	513	-3%
Total Revenue*	**1,759**	**1,734**	**1%**
EBITDA	**125**	**156**	**-20%**
EBITDA Margin	**7.1%**	**9.0%**	

*Includes share of profit and other income

Balance Sheet & Cash Flows

At the end of 2Q16, MINT reported total assets of Bt 101,287m, an increase of Bt 5,103m from Bt 96,184m at the end of 2015. The increase was primarily the result of:

1. Bt 11,265m increase in property, plant and equipment due mainly to the consolidation of Tivoli hotels in Portugal;
2. Bt 1,066m increase in investment in associates, primarily from reclassification of investment in BreadTalk Group in Singapore, netted off with;
3. Bt 4,897m decrease in land and real estates project for sales, mainly from the reclassification of existing five Tivoli hotels in Portugal at the end of 2015 to property, plant, and equipment since 1Q16, together with reduced inventory of The Residences by Anatara, Layan as a result of sale of the residential units;
4. Bt 1,090m decrease in available-for-sale investment, mainly from the reclassification of investment in BreadTalk Group in Singapore to investment in associates in 2Q16;
5. Bt 1,163m decrease in cash and cash equivalents, primarily to pay dividends and short-term borrowings from financial institutions.

MINT reported total liabilities of Bt 63,514m at the end of 2Q16, an increase of Bt 3,245m from Bt 60,269m at the end of 2015. The increase was mainly from (1) the issuance of 5-year debenture of Bt 2,800m and 15-year debenture of Bt 1,200m to support investment in Tivoli Hotels & Resorts, (2) the increase in long-term borrowings of Bt 886m to support the hotel investment, (3) the increase in other non-current liabilities of Bt 620m from the consolidation of the Tivoli portfolio, netted off with (4) the repayment of bank overdrafts and short-term borrowings amounted Bt 1,757m and (5) the decrease in trade account payable of Bt 1,022m mainly from the payment of hotel and residential construction cost.

Shareholders' equity increased by Bt 1,858m from Bt 35,915m at the end of 2015 to Bt 37,773m in 2Q16 owing mainly to 1H16 net profit of Bt 4,307m, netted off with dividends paid amounted Bt 1,540m and non-controlling interests amounted Bt 731m, mainly from 30% minority interest arising from the consolidation of Minor DKL in Australia.

For the first 6 months of 2016, MINT and its subsidiaries reported positive cash flows from operations of Bt 1,924m, an increase of Bt 2,767m y-y. This was partly from (1) the increase in profit before income tax of Bt 1,926m, (2) the decrease in land and real estates project for sales of Bt 438m in 1H16, which was back to a more normalized level compared to a significant increase of Bt 2,674m in 1H15 from the acquisition of Tivoli hotels in Portugal, netted off with (3) gain from bargain purchase of Tivoli Hotels & Resorts amounted Bt 1,932m and (4) the decrease in trade and other payables of Bt1,454m from the consolidation of Tivoli portfolio and Minor DKL and the adjustment of accrued expenses for the period.

Net cash used in investing activities was Bt 5,353m, due primarily to net cash invested in investments in subsidiaries of Bt 2,290m mainly from the Tivoli investment and normal capital expenditures of hotel, restaurant and other businesses of Bt 3,135m.

The Company reported net cash received from financing activities of Bt 2,296m, comprising primarily of net proceeds from the issuance of 5-year and 15-year debentures of Bt 4,000m, net cash received from long-term borrowings of Bt 1,391m, netted off with net repayment of short-term borrowings of Bt 1,714m and dividend payment of Bt 1,540m.

In summary, cash flows from operating, investing and financing activities resulted in MINT's net cash and cash equivalents' decrease of Bt 1,133m in 1H16.

Financial Ratio Analysis

MINT's gross profit margin decreased from 58.8% in 1H15 to 58.0% in 1H16, due mainly to lower gross margin of the real estate business, together with the addition of new hotels which generally have lower margins than MINT's existing hotel portfolio. Reported net profit margin increased from 12.2% in 1H15 to 15.1% in 1H16., while core net profit margin declined from 9.6% in 1H15 to 8.4% in 1H16, in line with lower gross profit margin, together with increase in effective tax rate to a more normalized level.

Annualized return on equity increased from 17.6% in 1H15 to 23.4% in 1H16. Correspondingly, annualized return on assets was up from 7.0% in 1H15 to 8.7% in 1H16. The increase of both ratios was a result of significantly improved net profit.

Collection days remained stable y-y at 63 days in 1H16. The provision for impairment as a percentage of gross trade receivables slightly increased from 3.7% at the end of 2015 to 3.8% in 1H16 due to lower turnover of the retail trading and contract manufacturing business. MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant, retail trading and contract manufacturing businesses, while hotel business has lower level of inventory because of the nature of its business. Inventory days decreased from 50 days in 1H15 to 48 days in 1H16 primarily from higher turnover of restaurant business. Account payable days increased from 42 days in 1H15 to 47 days in 1H16, due to higher accounts payable being added from the consolidation of new businesses, including the Tivoli portfolio and Minor DKL, as well as the extension of credit term by suppliers of the restaurant business.

Current ratio decreased from 1.5x at the end of 2015 to 1.3x at the end of 2Q16 primarily because of a significant decrease in land and real estates project for sales. Interest bearing debt to equity increased from 1.27x at the end of 2015 to 1.29x at the end of 2Q16 from the issuance of aforementioned debentures of Bt 4,000m in 1Q16 to support the Company's expansion. Interest coverage ratio increased from 4.1x in 1H15 to 7.6x in 1H16 because of the higher cash flow from operations.

Financial Ratio Analysis		
Profitability Ratio (6 months)	**30 Jun 16**	**30 Jun 15**
Gross Profit Margin (%)	58.0%	58.8%
Net Profit Margin – As Reported (%)	15.1%	12.2%
Core Net Profit Margin (%)	8.4%	9.6%
Efficiency Ratio	**30 Jun 16**	**30 Jun 15**
Return on Equity* (%)	23.4%	17.6%
Return on Assets* (%)	8.7%	7.0%
Collection Period* (days)	63	63
Inventory Days*	48	50
Accounts Payable Days*	47	42
Liquidity Ratio	**30 Jun 16**	**31 Dec 15**
Current Ratio (x)	1.3	1.5
Leverage & Financial Policy	**30 Jun 16**	**31 Dec 15**
Interest Bearing Debt/Equity (x)	1.29	1.27
Net Interest Bearing Debt/Equity (x)	1.22	1.15
	30 Jun 16	**30 Jun 15**
Interest Coverage (x) (6 months)	7.6	4.1

Note: *Annualized

Management's Outlook

The strength of MINT's brand empire is behind its success today. Over the years, MINT has developed its portfolio of brands, which has become one of its competitive advantages, and helped drive growth year after year. MINT will continue to grow bigger and better by leveraging the strength of its multi-brand platform and the established reputation in providing exceptional products and services to customers.

Well-established, Well-diversified Hotel Brands to Spearhead Growth

This year marks the 15th-year anniversary of Anantara brand, which has transformed from a homegrown brand in Thailand to one of the leading luxurious hotel brands with 35 unique hotels across 11 countries. The brand has gained recognition for its indigenous experience offerings and world-class service, while the reputation of MINT in managing Anantara hotels has reinforced the brand strength and opened doors to additional business opportunities. MINT plans to rapidly grow the Anantara portfolio across Asia, the Indian Ocean, the Middle East and Africa in the next five years.

Likewise, AVANI brand is gaining momentum both in Thailand and international front. Since its inception in 2011, AVANI has grown its portfolio to 17 properties in more than 10 countries. AVANI brand has distinguished itself with a unique blend of comfort, contemporary style and personalized service that continues to attract guests and property owners. Case in point, two hotels have been rebranded to AVANI Khon Kaen Hotel & Convention Centre and AVANI Deira Dubai Hotel in July, highlighting the growing momentum and increasing visibility of the brand.

In addition, MINT has expanded its hotel brand empire to include Oaks, PER AQUUM, Elewana and the latest addition, Tivoli. The unique positioning of each brand creates a robust platform for MINT to penetrate its existing markets and capture various segments. For example, in Bangkok, MINT has successfully leveraged its distinctive multi-level brand portfolio to expand to 8 hotels under Anantara, AVANI, Oaks, and St. Regis brands, which captured across different segments within the luxury and upscale hotel market. In UAE, the multi-brand strategy enabled MINT to develop a prominent hotel portfolio, which grew to include 10 hotels under Anantara, AVANI, and Oaks brands.

Strengthening Brand Proposition to Maintain Competitive Edge of Restaurant Business

The restaurant business has demonstrated its resilience and consistent growth, driven by internal efforts of all brands to rise to challenging market conditions. MINT will continue to strengthen its brand propositions by delivering superior products and service to customers. Below highlights some of Minor Food's branding efforts:

The Pizza Company, the homegrown no. 1 Pizza brand in Thailand, will continue to strengthen its brand proposition as Italian lifestyle casual-dining restaurant through product and service innovation. The brand continues to launch new products and improve its menu offerings, drawing insights from 15-year market experience, in order to drive brand loyalty. Furthermore, in response to the digital age, the Pizza Company strives to maintain its leadership position in food delivery, in which it pioneered in Thailand more than 10 years ago. The brand is expanding its ordering channels and improving ordering process to ensure convenience and customer satisfaction. As it grows its footprints overseas, The Pizza Company is reinforcing its product innovation capabilities and delivery platform in other markets. For example, The Pizza Company will launch new Crispy Thin Pizza and main dishes menu, as well as improve the coverage and speed of its delivery service in other Southeast Asian markets.

Riverside brand in China, which celebrated its 10-year anniversary last year, continues to improve its product offerings and marketing efforts to enhance its brand proposition as traditional sizzling fish dishes, combining its 10-year heritage with friendly service and contemporary decoration. As it expands, the brand is benchmarking against MINT's best practices on menu engineering, supply chain management, operational excellence, and network planning. These efforts have enabled the brand to improve product consistency and profitability notably, as witnessed by its positive same-store-sales trend and successful openings of new outlets. With a stronger and well-proven platform, Riverside provides another engine for MINT to drive its international growth. In July, MINT launched the first Riverside outlet outside China by foraying into Singapore. The brand has seen a very positive response so far.

Looking ahead, MINT is confident that its proven track record of building successful brands will continue to help it stay ahead of competition and sustain strong growth momentum throughout the rest of the year and beyond.

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Mr. Chaiyapat Paitoon
Deputy Corporate Chief Financial Officer