MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Recovery Begins in 4Q09

Having been negatively affected by financial and political uncertainty for three consecutive quarters, 4Q09 showed the beginnings of a recovery. Gross Domestic Product ("GDP") in 4Q09 remarkably expanded 5.8% y-y. The Consumer Confidence Index ("CCI") reached 79.3 in January 2010, its strongest level in 21 months. Thailand saw an increase in tourism with over a million international tourist arrivals each month from October to December 2009.

The Strongest Quarter of the Year

Despite a difficult year, 4Q09 was a strong quarter for Minor International ("MINT") as we achieved a 22% increase in revenues and a 49% increase in net profits. We finished the year with 1,112 food outlets, 30 hotels, 36 spas and 3 shopping plazas. During 4Q09, we opened two hotels under management contracts including one Anantara in Abu Dhabi and another Anantara in Samui. We also added 17 food outlets, 3 spas and 293 fashion outlets. Apart from completing a business restructuring that allowed us to consolidate our retail trading business in 3Q09, our retail property business also performed well as we opened Asia's first Louis Tussauds Waxworks at Royal Garden Plaza, Pattaya.

2009, the Hardest Year

Throughout 2009, we were severely affected by the global economic crisis, the H1N1 virus outbreak and political instability. Our hospitality business suffered the full impact of these events. In 2009, MINT benefitted from having a business model that is diversified across two core restaurant and hospitality businesses. While the hotel business experienced a very difficult year, the restaurant business had one of its best years ever. Restaurant revenues were up 13% while hotel revenues were down by 19%. Despite the challenges, MINT's business model proved to be resilient and our core businesses finished the year stronger than when they started.

1) The Restaurant business saw profits (including share of profits) increase by 59%. We fully consolidated the Coffee Club and Thai Express and aggressively implemented a global supply sourcing management plan. These factors combined to boost the restaurant group's EBITDA margin from 13% to 15%.

2) The hotel business was profitable in 2009 thanks to efficient cost cutting measures including leave-without-pay, F&B outlet rotations and shorter facility operating hours and other cost efficiency programs.

3) The retail trading & contract manufacturing businesses were consolidated under Minor group in 2009. In June, Minor International completed its acquisition of Minor Corporation ("MINOR"). As a result, MINOR is a 100% owned by MINT as was consolidated throughout 2H09.

In 2009, we focused on increasing operating efficiency. Several cost-control measures were implemented, e.g. shared corporate services from accounting, sourcing management, information technology and human resources. Having grown number of food outlets to over 1,100 and 30 hotels, extensive economies of scale was also achieved. These efforts allowed MINT to maintain strong profitability.

4Q09 Performance

MINT reported 4Q09 total revenues that were up 22% to Bt 5,107m. Revenues were up primarily as we consolidated Minor Corporation's Bt 663m in revenues from retail trading and contract manufacturing. Revenues from food and hotel & spa businesses increased 6% and 7%, respectively. The hotel & spa businesses reported the growth for the first time in 2009 with higher occupancy rates. Excluding revenues from newly consolidated retail trading and contract manufacturing businesses, MINT's total revenues increased 6% y-y.

4Q09 net income was up 49% y-y to Bt 618m due primarily to 1) stronger performance and profitability of food and hotel & spa businesses, thanks to efficient cost control in direct and selling & administrative expenses and 2) the consolidation of Bt 35m profits from Minor's retail trading and contract manufacturing businesses.

Revenues from the restaurant business accounted for 50% of total revenues while the hotel & spa business contributed 33% of total revenues. Retail trading and contract manufacturing contributed 13% of total revenues.

Revenues from food business increased by 6% in 4Q09 due primarily to new product launches, marketing promotions and outlet expansion. The hotel & spa business has average occupancy rates that were up from 54% to 58% y-y. Average room rates, however, were down 14% y-y to Bt 6,133m. Hence, its revenues were up 7% y-y.

Revenue Breakdown

	4Q09	4Q08	%Chg
Food Services	2,541	2,403	6%
Hotel & Spa Services	1,701	1,591	7%
Residential Property	9*	10*	-10%
Plaza & Entertainment	133	144	-8%
Retail Trading & Contract Manufacturing	663	-	n.a.
Share of Profits	59	41	45%
Total Revenue	**5,107**	**4,189**	**22%**

Note: *Rental income from the Estate Samui

2009 Performance

MINT reported 2009 total revenues that were up 5% to Bt 17,291m in 2009. Net income of was down 26% to Bt 1,400m. Food and hotel businesses contributed 58% and 30% of total revenues, respectively, while retail trading and contract manufacturing contributed 8% of total revenues. In 2009, the revenues from the restaurant business increased by 13% as we opened 69 new outlets. 37 were equity owned while the remaining 32 were franchised.

In 2009, the hotel business saw average occupancy rates fall from 65% to 52% with a 7% decline in average room rates to Bt 5,880.

Revenue Breakdown

	2009	2008	%Chg
Food Services	9,970	8,790	**13%**
Hotel & Spa Services	5,210	6,394	**-19%**
Residential Property	29*	621	**-95%**
Plaza & Entertainment	535	594	**-10%**
Retail Trading & Contract Manufacturing	1,379	-	**n.a.**
Share of Profits	169	116	**46%**
Total Revenue	**17,291**	**16,399**	**5%**

Note: * Rental income from the Estate Samui

At the end of 2009, MINT reported total assets of Bt 28,271m. This was a Bt 3,206m increase compared to the previous year. The increase was the result of:

1. Increase in land held for future development and projects under development, i.e. Anantara Resort & Spa, Baa Atoll, Maldives, St. Regis Hotel and Residence and the expansion of Four Seasons hotel, Chiang Mai.

2. Increase in assets from the consolidation of MINOR's financial statement with MINT's.

MINT reported total liabilities of Bt 16,217m. This was a Bt 3,456m increase from the previous year due mainly to the issuance of a Bt 2,000m, 4-year debenture while repaying Bt 550m of maturing debentures and a net increase in long-term loans from financial institutions of Bt 979m. The remaining was attributable to increased current liabilities as a result of the consolidation of MINOR's contract manufacturing's accounts receivables. At the same time, Shareholders' Equity declined by Bt 250m to Bt 12,054m due to 1) a capital reduction which was part of the business restructuring plan 2) the difference between the purchase price of investment in subsidiary under common control and its net book value from the investment in MINOR and 3) an interim dividend payment.

During 2009, MINT and its subsidiaries reported cash flows from operations of Bt 2,795m. This was down Bt 593m y-y due lower net profits from hotel business and no revenues from the sale of residential properties. Bt 3,011m in cash flows from investments financed 1) projects under development, e.g. Anantara Kihavah, Maldives and St. Regis Hotel & Residence and other fixed assets of Bt 2,463m and 2) Bt 376m in earn-out payments to Thai Express and Elewana as well as an investment in S&P. Cash flows from financing activities decreased by Bt 160m due primarily to 1) a net increase in liabilities of Bt 1,530m from the issuance of Bt 2,000m debentures to repay the maturing one of Bt 550m, 2) Bt 35m in proceeds from the exercise of ESOP warrants, 3) a Bt 671m cash outlay resulting from a capital reduction related to business restructuring plan and 4) a Bt 1,054m dividend payment. MINT's net cash inflows, then, reported a decrease of Bt 376m at the end of 2009.

Major Developments in 4Q09

Food Business

At the end of 2009, MINT's total food outlets reached 1,112 including 682 equity owned outlets and 430 franchised outlets. Of total outlets, there were 733 outlets in Thailand with the remaining 379 located in Australia, New Zealand, China, Middle East, Singapore and other South East Asian countries. We opened 17 new outlets 4Q09 including 10 equity outlets and 7 franchised outlets.

Food Outlets by Owner Equity and Franchise

	4Q09	Chg q-q	Chg y-y
Owner Equity	**682**	**10**	**37**
- Thailand	581	8	21
- Overseas	101	2	16
Franchise	**430**	**7**	**32**
- Thailand	152	2	8
- Overseas	278	5	24
Total Outlets	**1,112**	**17**	**69**

Food Outlets by Brand

	4Q09	Chg q-q	Chg y-y
The Pizza Company	244	0	1
Swensen's	230	1	8
Sizzler	42	2	6
Dairy Queen	233	7	14
Burger King	23	-1	1
The Coffee Club	241	6	27
Thai Express	78	1	17
Others	21	1	-5*
Total Outlets	**1,112**	**17**	**69**

Note: * Closed down 5 Le Jazz outlets in China over the past year

Hotel & Spa Business

In October 2009, we added 12 pool villas at the Four Seasons Hotel in Chiang Mai. These villas offer maximum privacy, generous space and private pools. Given their high-end positioning, the pool villas will enhance the hotel's average room rates. Also in October 2009, we opened Anantara Qasr Al Sarab in Abu Dhabi. This purely-managed hotel has 206 rooms.

In November, we opened a 122-room Anantara Lawana Resort & Spa as a managed hotel on Chawaeng beach, Samui Island.

At present, MINT owns 24 hotels and manages 6 hotels in 8 countries. Altogether, these properties have 3,561 hotel rooms including 2,874 that are equity owned and 687 that are managed.

Our spa business is operated under Anantara and Mandara brands. As at the end of 2009, MINT owns and manages 36 spas in Thailand, China, Maldives, Tanzania, Jordan, UAE, Turkey, India, Egypt and Vietnam, with the recent openings of 3 spas in Turkey, UAE and Thailand.

Retail Property and Entertainment

In November, MINT opened Louis Tussauds Waxwork at Royal Garden Plaza, Pattaya. This World's fifth Louis Tussauds wax museum displays over 70 Thai and international celebrity wax models.

Presently, MINT owns and operates 3 shopping plazas; 1) Royal Garden Pattaya 2) Turtle Village Shopping Plaza at 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

At the end of 2009, MINT had 293 retail trading outlets including 215 that sold fashion items and 60 that sold cosmetics products. We are the leading distributor of international brands such as Esprit, Red Earth, Bossini, Timberland, Charles & Keith, Bloom, Laneige, Smash Box, Tumi, Zwilling J.A. Henckels, Time Life, and World Book. We have also been selected as Thailand's exclusive distributor of the World's renowned fashion brand, GAP Inc. The first GAP store is expected to open in Bangkok in March 2010.

We also own and operate one of Thailand's leading contract manufacturers supplying fast moving consumer goods (FMCG) companies.

Segmentation Performance

EBITDA Breakdown

	4Q09	4Q08	%Chg
Food Services	397	291	37%
Hotel & Spa Services	646	586	10%
Residential Property	-	60	n.a.
Plaza & Entertainment	76	96	-20%
Retail Trading & Contract Manufacturing	58	-	n.a.
Share of Profits	59	41	45%
Total EBITDA	**1,237**	**1,074**	**15%**

EBITDA Breakdown

	2009	2008	%Chg
Food Services	1,483	1,136	31%
Hotel & Spa Services	1,678	2,288	-27%
Residential Property	1	358	n.a.
Plaza & Entertainment	340	406	-16%
Retail Trading & Contract Manufacturing	120	-	n.a.
Share of Profits	169	116	46%
Total EBITDA	**3,791**	**4,303**	**-12%**

Food Business Performance

Total system sales (including sales from franchised outlets) increased by 9% and 12% y-y in 4Q09 and 2009, respectively. The growth was driven by a consistent expansion of both equity and franchised outlets under the Pizza Company, Swensen's, Sizzler, Dairy Queen brands. Additionally, recent acquisitions of The Coffee Club and Thai Express performed very well in 2009. Despite facing the challenges from economic downturn and intensified competition, we were able to deliver growth and efficiently manage costs. As a result, food EBITDA margin grew from 13% to 15%. EBITDA from the restaurant business in 4Q09 was up 37% y-y and up 31% for all of 2009.

Food Business Performance by Brand

	Total Store Sale		Total System Sale	
	4Q09	4Q08	2009	2008
The Pizza Company	-3.2	13.4	4.4	11.1
Swensen's	11.9	10.2	9.0	12.2
Sizzler	19.8	10.8	13.5	15.7
Dairy Queen	1.6	24.4	3.2	17.9
Burger King	25.6	6.9	10.6	14.3
The Coffee Club	13.3	15.5	16.9	18.1
Thai Express	12.2	85.4	37.2	68.8
Average	**8.6**	**17.9**	**11.9**	**17.8**

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

Hotel & Spa Business Performance

Brand Performance Analysis

During 4Q09, the Marriott group (4 hotels in Bangkok, Pattaya, Hua Hin and Phuket) achieved the highest occupancy among all groups, with an average of 69%, up from 63% in 4Q08. However, pricing competition, especially in Bangkok and Phuket, caused the group's ADR to fall 14% .

By the same token, the Four Seasons group (4 hotels in Bangkok, Chiang Mai, Chiang Rai and Samui) saw occupancy increase to 62% in 4Q09 from 43% in 4Q08. This is due mainly to a significant improvement in Four Seasons Bangkok, which suffered from the domestic political tension and the airport closure. Nevertheless, the Four Seasons group's ADRs declined 23% y-y. With the highest ADRs of all our brands, Four Seasons group therefore was affected the most by global recession since a majority of its guests are foreigners.

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 4Q09 fell by 2% y-y. Its ADRs also fell 18%.

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)	
	4Q09	4Q08	4Q09	4Q08
Marriott	69.0	63.0	4,104	4,796
Anantara	47.9	50.3	7,828	9,498
Four Seasons	61.8	43.4	8,219	10,644
Others	35.0	41.1	8,489	8,833
Average	**58.2**	**54.3**	**6,133**	**7,147**

	Occupancy (%)		ADR (Bt/night)	
	2009	2008	2009	2008
Marriott	62.9	74.2	2,832	3,021
Anantara	44.8	61.5	3,751	4,774
Four Seasons	47.6	54.7	5,081	4,623
Others	31.3	44.5	2,970	3,632
Average	**52.3**	**65.3**	**3,570**	**3,881**

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

In 4Q09, MINT reported spa revenues of Bt 72m, down 8% y-y following the slowdown in hotel business. Nevertheless, MINT aims to expand the spa business through pure management so as to enhance future sales and profitability.

Residential Property Business Performance

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 said project is expected to complete in 4Q10.

Given the economic environment, MINT was not able to sell and residential properties in 2009.

Retail Property & Entertainment Business Performance

MINT's retail property and entertainment business reported 4Q09 revenues that were down 8% to Bt 133 and 4Q09 EBITDA that was down 20% to Bt 76m. For the full year 2009, revenues were down 10% to Bt 520 and EBITDA was down 16% to Bt 340m.

Retail Trading and Contract Manufacturing Business Performance

Starting mid June 2009, MINOR Corporation's financial statements have been consolidated with MINT's, contributing Bt 663m of revenues and Bt58m of EBITDA in 4Q09.

For the full year of 2009, MINT recognized revenues and EBITDA from retail trading and contract manufacturing businesses of Bt 1,379m and Bt 120m, respectively. Of total revenues from this business unit, 48% or Bt 656m was derived from contract manufacturing, 44% or Bt 609m from retail trading and the remaining 8% or Bt 115m from sales of others.

MINOR's Revenue Breakdown

	4Q09	(%)	2009	(%)
Retail Trading	314	47	609	44
Contract Manufacturing	303	46	656	48
Others	47	7	115	8
Total Revenue	**663**	**100**	**1,379**	**100**

MINOR's Outlet Breakdown

	4Q09	Chg q-q	Chg y-y
Fashion	215	-1	-9
Cosmetics	60	1	-5
Others	18	0	-4
Total Outlets	**293**	**0**	**-18**

As at the end of 2009, total number of retail trading outlets remains unchanged at 293. Of total outlets today, 73% operate under fashion brands such as Esprit, Bossini, Charles & Keith and Timberland while 20% support cosmetics brands such as Red Earth, Bloom, Laneige and Smashbox. In 2010, we will introduce GAP into our fashion portfolio.

Financial Ratio Analysis

MINT's gross profit margin for 2009 declined from 83.2% to 75.3%. Correspondingly, net profit margin fell from 11.5% to 8.2% due mainly to weak hotel and residential businesses whose margins are typically higher. In addition, MINT's overall margin also was driven down as it consolidated the retail trading and contract manufacturing businesses. Return on equity, hence, fell from 17.5% to 11.5% y-y.

In terms of efficiency, return on assets declined from 8.1% to 5.3% y-y. This is due chiefly to declined profits against the increased investment in projects under development; Anantara Baa Atoll, Maldives and St. Regis Hotel & Residence; both of which were under construction.

The current ratio dropped from 0.9x to 0.7x as we have Bt 725m of debentures due within 1 year and there was a similar increase in current assets. Our net debt/equity ratio increased from 0.6 at the end of 2008 to 0.9 due to 1) additional debt from the acquisition of MINOR Corporation and 2) smaller shareholders' equity from capital reduction. Interest coverage ratio also declined from 9.4x last year to 6.9x in 2009, reflecting smaller cash flows from operation.

Financial Ratio Analysis

Profitability Ratio (Annually Basis)	**31 Dec 09**	**31 Dec 08**
Gross Profit Margin (%)	75.25%	83.20%
Net Profit Margin (%)	8.18%	11.54%
Return on Equity (%)	11.50%	17.52%
Efficiency Ratio	**31 Dec 09**	**31 Dec 08**
Return on Assets (%) (9 months)	5.25%	8.14%
Collection Period (days) (Quarterly)	14	13
Liquidity Ratio	**31 Dec 09**	**31 Dec 08**
Current Ratio (x)	0.74	0.90
Leverage & Financial Policy	**31 Dec 09**	**31 Dec 08**
Interest Bearing Debt/Equity (x)	0.96	0.74
Net Interest Bearing Debt/Equity (x)	0.88	0.63
	31 Dec 09	**31 Dec 08**
Interest Coverage (x) (9 months)	6.93	9.36

Management's Outlook

2010, Turnaround Expected

2010 has started well. Confidence is growing stronger among consumers and businesses. Thailand is enjoying a strong rebound in its major economic activities, i.e. exports and tourism. Bank of Thailand estimates domestic GDP growth of 4% in 2010, outpacing the expansion of global economy of 3%. To capture the growth, we target to expand 80 food outlets compared to the 69 we added in 2009. Likewise, the Tourism Authority of Thailand's forecast of over 15.5 million visitors in 2010 and this supports our view that global tourism is recovering. Our own St. Regis hotel and residence in Bangkok and the Anantara Kihavah inMaldives should open in 2010 just as tourists begin to travel again. Our other properties in Thailand, Maldives, Bali, Vietnam, Africa and Abu Dhabi are expected to perform well. As sales improve and fixed costs remain the same, margins and profitability should recover.

Residential Sales Providing a Big Upside

In 2008, 6% of our earnings came from residential sales, however, we did not recognize any in 2009. With a more favorable economic environments, we expect to post strong sales revenues from two residential projects in 2010 with a target to sell 8-10 units of St. Regis residence and 1-2 units of the Estate Samui.

Emerging Opportunities

The recent financial crisis has created a shift of economic power. China and India have grown to be the largest emerging players. Together with the accelerating prominence of new markets, e.g. the Middle East and Asia, they represent a significant opportunity. From our established presence in China, Australia, the Middle East, Southeast Asia and Africa, we continuously seek for new target destinations to capture developing demand from China and India. We continue marketing our brands as a vehicle to expand internationally. In 2009, we signed franchise agreements with partners in India and Vietnam to develop new markets under the Pizza Company, Swensen's and Thai Express. At least 90 food outlets are projected to open in these two countries during the next five years.

For the hospitality business, the Anantara brand has been the focus of our efforts to expand both in Thailand and overseas. In 2009, we secured 9 hotel management contracts in Thailand, Indonesia, China, India, Oman, and UAE and we expect to have a total of 30 Anantara resorts open by 2014. In 2009, we expect to open four hotels including:

1. Anantara Al Madina A'Zarqua, Oman
2. Anantara Sanya, China
3. Anantara Flamingo Villas, UAE
4. Anantara Savannah Villas, UAE

Given our success in establishing and managing brands, we expect to see a larger contribution of fee-based income from food franchising and hotel management businesses. Since the inception of Pizza Company and Anantara brands in 2003, we enjoy higher profit margins because we are able to apply these brands in a variety of dynamic and profitable ways. In the next 5 years, we expect to that asset-light businesses (i.e. franchising and hotel management) will account for 50% of MINT's earnings.

Key Economic Indicators

	2009	2010F
GDP Growth		
Thailand	(2.3%)	3.5% – 4.7%
ASEAN	1.3%	4.7%
China	8.7%	10.0%
India	5.6%	7.7%
Middle East	2.2%	4.5%
World	(0.8%)	3.9%
Tourist Arrivals to Thailand	14.0m	15.6m

Source: NESDB, Bank of Thailand, International Monetary Fund, Tourism Authority of Thailand,

Acquisition, the Growth Catalyst

Over the past decade, we have made a number of acquisitions. In 2008, we made one hotel investment, Elewana Africa, and two restaurant investments, Coffee Club and Thai Express. Profits from food business, including share of profits, increased by 59% as a result of these acquisitions. We have expanded these brands to new markets. Since making the acquisitions, we have expanded Coffee Club to Thailand and Thai Express to the Middle East and South East Asia.

Making acquisitions has become one of the key factors driving MINT's future growth. In 2010, we will be looking to make similar acquisitions. We are excited about the potential opportunities especially as we proceed into a stronger year. In addition, we have entered into several agreements with commercial banks both domestic & international to support our long-term funding plans. We believe our current net D/E ratio of 0.88x can support additional debt financing.

Assuming a full recovery of Thai tourism by year-end 2010 and an acquisition, we believe MINT will be able to post an extraordinary growth in 2010 earnings.

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Pratana Mongkolkul
Director