

Growing Globally

Banyan Tree Holdings Limited Annual Report 2008



BANYAN TREE

Who We Are

Banyan Tree Holdings Limited is a leading manager and developer of premium resorts, hotels and spas around the world. We are listed on the Singapore Exchange.

As at end 2008, the Group managed and/or had ownership interests in 25 resorts and hotels, 68 spas, 65 retail galleries and two golf courses. We are best known for our signature Banyan Tree and Angsana resorts, spas and galleries.

Why We Are Growing Successfully Beyond Thailand

Banyan Tree began in Thailand, and we continue to operate the country's leading integrated resort – Laguna Phuket – through our subsidiary Laguna Resorts & Hotels Public Company Limited. Since 1995, however, we have steadily extended our geographical presence to 23 countries and counting.

Our success across diverse markets rests on the same fundamentals:

- Our strong brand recognition allows us to command prices at the high end of the market for hospitality and spas. Each brand and product line targets distinct market segments, enlarging our customer base;
- Our integrated capabilities – including in-house design, project management and global marketing – enable us to create new products, launch them quickly and manage costs well; and
- Our experienced and multi-disciplinary management team consistently demonstrates the expertise and strategic leadership needed to steer the Group.

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Beyond a single resort in Thailand, to 52 other locations in 22 other countries today

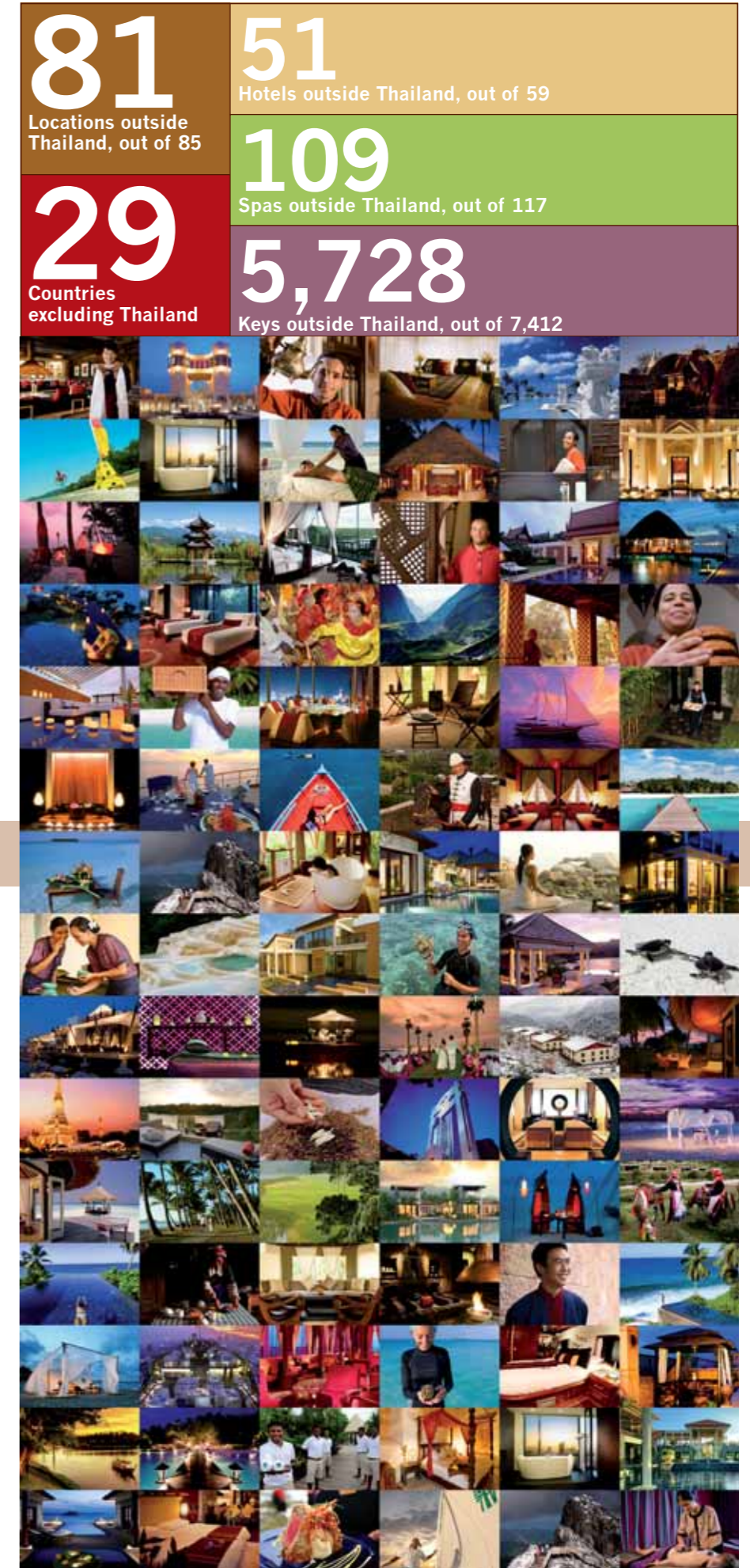
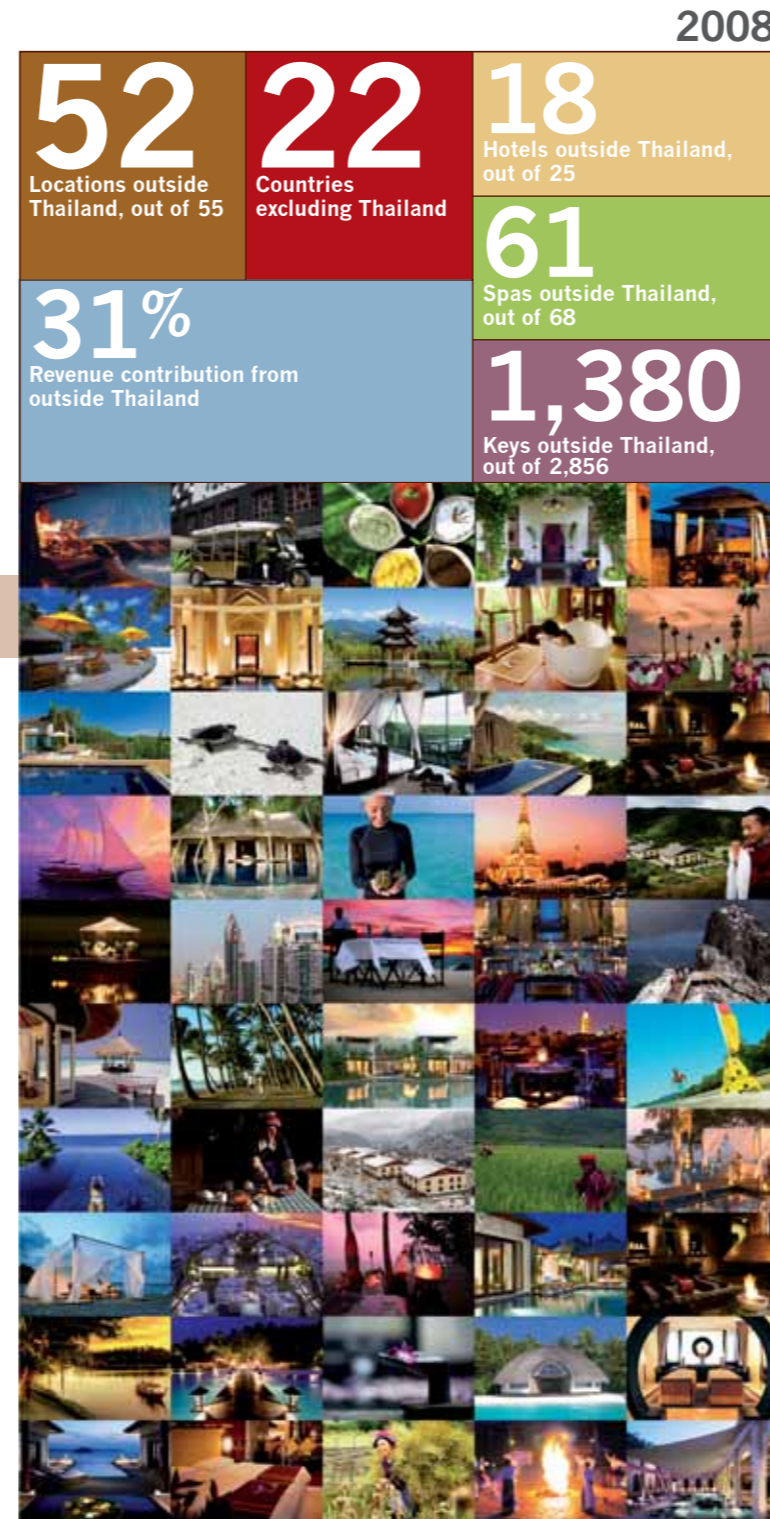
From a single boutique resort in Phuket in 1994, Banyan Tree has grown into a multi-hotel, multi-business operator in many countries today.

In 2004, we were in 31 locations outside Thailand, out of a total of 34. By the time of our listing in 2006, we grew to 41 locations outside Thailand, out of a total of 44. In 2008, we expanded to 52 locations outside Thailand, out of a total of 55. By 2012, we will be in 81 locations outside Thailand, out of a total of 85.

All key figures from outside Thailand have also increased. These include revenue contributions, as well as percentage of resorts, hotels and spas owned and managed.

Today, the Banyan Tree experience is truly global, and the name enjoys a unique status in a coveted niche of the hospitality industry.

2012 (Forecast)





Banyan Tree Al Areen

Our Year (2008 vs 2007)

Total Revenue¹

S\$427.9m +1%

Revenue outside Thailand

S\$132.8m +31%

Net cash flows from operating activities

S\$49.7m +22%

Total assets

S\$1,467m +1%

No. of rooms

2,856 +23%

Average room rates (Total hotels)

S\$363 +8%

¹ Total Revenue includes Revenue and Other Income



BANYAN TREE



ANGSANA
Hotels & Resorts

Beyond a competitive advantage – with two strong brands

We have successfully created two strong brands that enjoy top-of-mind recall for incredible getaways at unforgettable locations.

Banyan Tree targets the discerning, affluent traveller seeking an indelible retreat with its focus on romance, intimacy and rejuvenation. Its sister brand, Angsana, was launched in 2000 to entice the younger segment with its refreshing spa treatments and indigenous yet contemporary interior designs.

From beach resorts to mountain retreats, from city escapades to desert oases, each is created uniquely in a perfectly chosen location, designed to reflect the heritage and culture of its surroundings, yet with a contemporary twist that is uniquely Banyan Tree.

Both the Banyan Tree and Angsana brands offer experiences that are much sought after by their respective target markets, and are well positioned to grow when the current global situation improves.



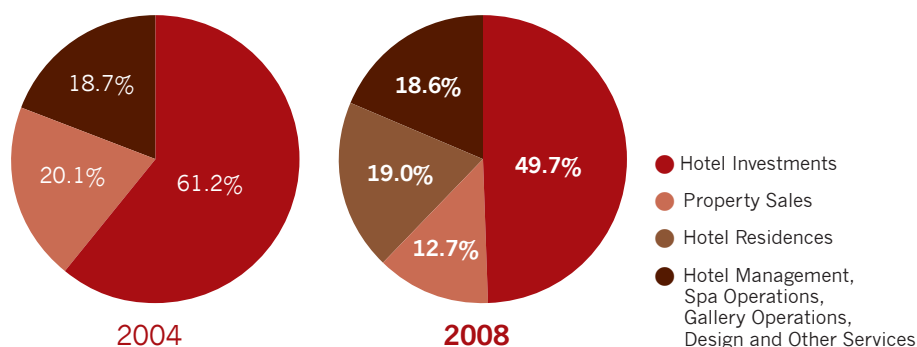


Banyan Tree Al Areen

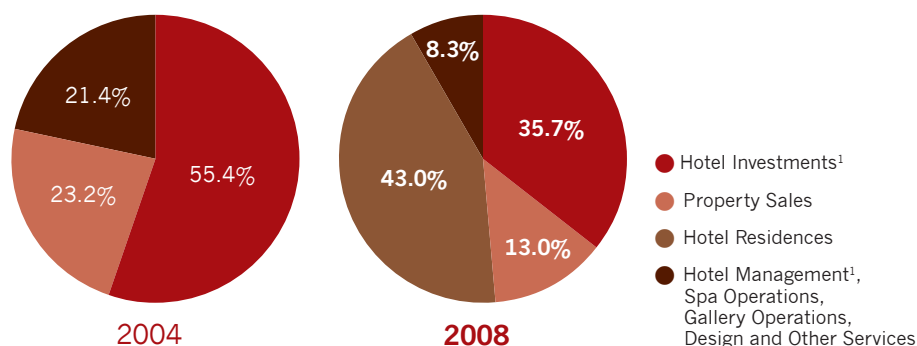


Angsana Spa Dubai

Revenue Contribution to the Group



EBITDA Contribution to the Group



¹ Hotel management fees attributable to hotels owned and managed by the Group were allocated to Hotel Management segment.

Beyond a resort hotel operator – to a multi business player

Banyan Tree is a peerless resort hotel operator – but we have grown beyond this to a unique business model with seven business segments generating multiple revenue streams.

These include Hotel Investments, Hotel Management, Hotel Residences, Spa Operations, Property Sales, Gallery Operations, and Design and Other Services.

With our wide ranging multiple businesses, we generated increasing revenues and profit contribution to our Group beyond the hotel investments division. From 2004 to 2008, revenue contribution from business segments other than Hotel Investments increased from a combined 38.8% to 50.3% and EBITDA contribution rose from a combined 44.6% to 64.3% – a testament to our ability in being more than just a hotel owner.

This multi-brand, multi-business model is unique in the industry. It appeals not just to discerning travellers, but also to affluent homeowners and astute investors. This formula is difficult to duplicate, and makes Banyan Tree such an attractive investment.





Banyan Tree **Bintan**



Banyan Tree **Sanya**



Banyan Tree **Phuket**



Spa **Shanghai**



Banyan Tree **Bangkok**



Banyan Tree Gallery **Phuket**



Banyan Tree **Mayakoba**



**Awards and accolades
by 2000**

21

**Awards and accolades
by 2008**

428

Beyond a resort hotel operator – to award-winning brands

The huge number of industry awards and accolades we have received bears proof that Banyan Tree is creating the kind of experience and environment that people want and seek.

Through our two highly distinguished brands, Banyan Tree and Angsana, we are able to provide a wide spectrum of holiday experiences for our travelers. Banyan Tree caters to the affluent traveler who cherishes a romantic and luxurious retreat, whereas Angsana tends to the needs of the contemporary vibrant vacationer.

The presence of our resorts in more locations has given Banyan Tree more acclaimed recognition from international publications such as Condé Nast Traveler US, Condé Nast Traveller UK, Business Traveller, Forbes Traveler, Travel+Leisure, and TIME. Since 2000, the total number of awards bestowed to us has increased significantly from an initial 21 to the current 428. Because of our exceptional standards, new hotels are constantly being featured by various publications. Our multi business model means that there is a positive spin-off effect on our award-winning spas, leading to prominent recall by vacationers.





Five-Year Financial Highlights

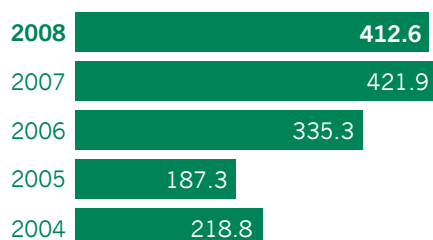
Banyan Tree Group	2004 S\$m	2005 S\$m	2006 S\$m	2007# S\$m	2008 S\$m
Revenue	218.8	187.3	335.3	421.9	412.6
EBITDA	79.7	34.7	111.4	122.5	93.8
Profit before tax (PBT)	60.9	3.5	66.9	126.5	42.3
Profit before tax (PBT) & EI	60.9	3.5	74.7	81.9	42.3
Profit before tax (PAT)	49.5	(0.0)	42.4	102.4	18.3
Profit before tax & MI (PATMI)	30.4	1.0	27.1	81.9	7.0
Profit before tax & MI (PATMI) before EI	30.4	1.0	33.5	37.3	7.0
EBITDA margin	36%	19%	33%	29%	23%
PATMI margin	14%	1%	8%	19%	2%
PATMI before EI margin	14%	1%	10%	9%	2%
Per share (S\$)					
Basic & Diluted earnings	0.051	0.002	0.039	0.108	0.009
Net tangible asset (NTA) including MI*	0.547	0.528	0.636	1.025	1.004
Net tangible asset (NTA) excluding MI*	0.315	0.309	0.436	0.714	0.698
Debt equity ratio	0.25	0.70	0.45	0.43	0.43

* 2004 – 2006 NTA per share have been calculated based on the sub-division of each of our ordinary shares into two ordinary shares.

Comparative figures have been reclassified to conform to 2008 presentation and to better reflect the nature of the transactions.

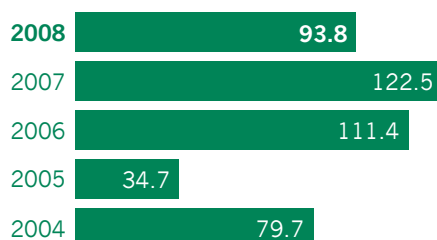
Key Figures from 2004 to 2008

Revenue (S\$m)



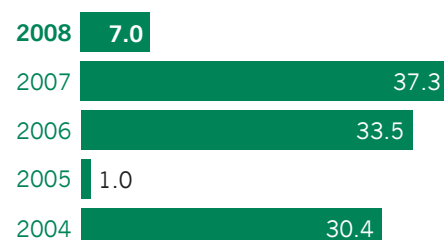
S\$412.6m

EBITDA (S\$m)



S\$93.8m

PATMI before EI (S\$m)

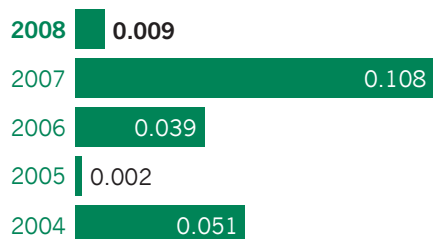


S\$7.0m



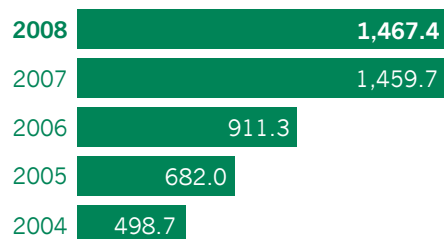
Banyan Tree Vabbinfaru

Earnings per share (S\$)



S\$0.009

Total assets (S\$m)



S\$1,467.4m



Executive Chairman's Statement

“ Full-year Total Revenue¹ was S\$427.9 million, or 1% higher than the previous year. We managed to remain profitable, recording an Operating Profit of S\$93.8 million.”

¹ Total Revenue includes Revenue and Other Income

² EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation

Overall performance

The year ended 31 December 2008 was a very challenging one for most companies including Banyan Tree. Full-year Total Revenue was S\$427.9 million, or a modest 1% higher than the previous year. While we managed to remain profitable, recording an Operating Profit or EBITDA² of S\$93.8 million, this was a 23% drop compared to 2007.

The bulk of the profit was generated early in the year. Following record revenue in 2007, the Group continued to post strong results in the first half of 2008. However, those gains were offset by less stellar results for the latter half, when political events in Thailand as well as the global economic meltdown had an adverse impact on our businesses there.

A 'double whammy'

Thailand found itself caught up in its worst political crisis in many years. Political demonstrations led to the closure of Phuket airport in August, followed by that of Bangkok airport in November, coinciding with the start of the tourist high season. The extensive media coverage of these closures and the street violence in Bangkok diverted tourists from Thailand and discouraged travel long after the incidents ended.

The operating climate was made even more difficult by the global credit crisis and economic downturn. In the past, when one region was experiencing a recession, other regions would be enjoying healthy growth. Our diverse geographical footprint and target markets could thus be relied on to shore up business. However, the impact of the current downturn is not only severe but also global in reach. As it gathers momentum, virtually no industry is escaping unscathed, including tourism.

With the effects of the credit crisis rippling through our primary target markets, the spending power of consumers from these countries began to be curtailed in 2008. This has resulted in reductions in tourists booking holidays, companies organising meetings and incentive trips, and more significantly, investors buying holiday homes.

Hotel Investment

The immediate fall-out from the political situation in Thailand was room cancellations arising directly from the closures of Phuket and Bangkok airports. Consequently, Group-owned resorts in Thailand saw an 11% decrease in full-year revenue.

By contrast, revenue from our properties outside Thailand increased by 16% year-on-year. All four of our resorts in the Maldives performed particularly strongly. Banyan Tree Lijiang in China and our new Angsana Riads Collection Morocco also did well, affirming our strategy to continue broadening our geographical base beyond Thailand.

Overall revenue from Group-owned hotels experienced a 5% decline to S\$205.1 million. EBITDA from this business segment was S\$47.0 million, down 26% from 2007.

Hotel Management

Hotel Management segment fared better, with revenue growing 4% to S\$15.2 million in 2008. While hotel management fees and club management fees (for managing Banyan Tree Private Collection), dipped, this segment benefited from a new income stream, in the form of fees for managing the Banyan Tree Indochina Hospitality Fund. This amounted to S\$3.5 million.

We added two more properties – Banyan Tree Sanya in China and Angsana Suites Dubai in the UAE – to our portfolio of managed properties. By the end of 2008, the number of keys or rooms under management stood at 1,184 (This figure does not include rooms in properties where the Group owns a majority stake). The number is expected to more than double, increasing by 1,211 over the next two years as we develop new projects to be operated by us under hotel management contracts. These properties in the pipeline will strengthen our presence in China, Indonesia, Morocco, the Middle East and Thailand, as well as establish a greater foothold in Mexico, India and South Korea.

Hotel Residences and Property Sales

Hotel Residences enjoyed a significant 70% boost in revenue to S\$78.5 million in 2008, attributable to the higher percentage of revenue recognition from Banyan Tree Phuket Pool and DoublePool Villas, Banyan Tree Lijiang Villas/Townhouses and Banyan Tree Bangkok Suites. Of these, Banyan Tree Phuket was the most popular.

Capability to ride out tough times

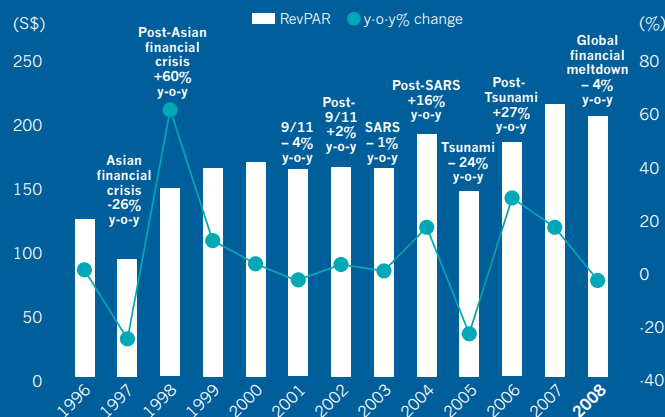
Strong management team at the helm

Banyan Tree has an experienced and qualified management team with a successful track record in steering our business. Most of the core members have been involved in our development since the inception of the Banyan Tree brand. Our team's effective crisis management skills have been tested and proven repeatedly, amid various difficult operating conditions in the past, such as the Asian Financial Crisis in 1997, the 9/11 terrorist attacks in 2001, SARS in 2003 and the Boxing Day Tsunami in 2004.

In each case, the immediate aftermath saw a sharp plunge in RevPAR, followed eventually by a steep upswing. In 1997, for example, RevPAR plummeted 26% during the Asian Financial Crisis but soared 60% the next year. Likewise, the 24% fall in RevPAR after the 2004 Tsunami was more than offset by the 27% rise a year later.

As a result, Banyan Tree's RevPAR has recorded a steady compound annual growth rate ("CAGR") of 4% since 1996. We have weathered every storm, emerging not only relatively unscathed but stronger.

Emerging stronger after each crisis



The total of 32 villas and apartments sold was however less than the 50 sold in 2007. This was because we cancelled the sales and returned the deposits for 22 villas already sold as part of Phase II of the Dusit Laguna development. The villa component would have been part of the Phase II extension of the Dusit hotel. Given the uncertain economic outlook, we decided to defer development of Phase II in order to conserve cash.

After a promising start to the year, property sales at Laguna Phuket suffered with the escalation of the political crisis in Thailand and the worsening global recession. These resulted in significantly slower sales and a number of cancellations in the second half of 2008. Although we sold fewer properties this year (38 compared to 47 in the preceding year), this was a creditable performance in view of the tough market environment. Phase I of Laguna Village was largely sold out. We also launched The Lofts at Laguna Village, our first condominium project in Laguna Phuket with an affordable entry price point, receiving an encouraging 18 reservations within the first month.

Corporate social responsibility

In times of economic difficulty, there is always a temptation to cut back on corporate social responsibility (CSR) initiatives. Yet it is precisely in such trying times that many of the communities in which we operate need help even more urgently.

Since sustainable development as a socially responsible business is a core value of Banyan Tree, we continued and will continue to be active in this field. In 2008, for instance, we developed a CSR self audit for each resort to improve its practices in ways that would improve

environmental protection – particularly in carbon-emissions reduction – and benefit the local community. We then presented and distributed the environmental portion of the self audit to members of the Pacific Asia Travel Association (PATA). This will provide other hotel operators, especially the smaller players, with a simple and cost-free method to begin reducing their impact on the environment.

The Group also responded to the Sichuan earthquakes in May, setting up the Sichuan Recovery Fund to aid recovery in the short, medium and long term. Details of this and our other CSR efforts are in the accompanying 2008 Sustainability Report.

Development funding

In terms of our business, sustainability includes the ability to fund future developments. The Banyan Tree Indochina Hospitality Fund has proven to be a viable model in this respect. By the 3rd closing at the end of 2008, it had received US\$268 million, putting it in a good position to enter Phase I of the Laguna Hue project without debt financing. Construction is scheduled to commence in the second half of 2009.

After this encouraging start, we are exploring the possibility of setting up other region-specific funds, the first of which is likely to be a China Fund. To pursue this, we have formed a new company, Banyan Tree Capital, whose main role is to tap private equity and other sources of investments to fund our developments. Aside from funding the Group's expansion, this will create the added advantage of growing our fund management fees and diversifying the Group's income stream.

Executive Chairman's Statement

Total Revenue (S\$m)

2008	427.9
2007	424.1

S\$427.9m

Operating Profit (S\$m)

2008	93.8
2007	122.5

S\$93.8m



Banyan Tree Seychelles

The coming year

We are bracing ourselves for a tough year ahead. The deteriorating global financial situation will continue to affect the travel industry. Coupled with the continuing political crisis in Thailand, the Tourism Authority of Thailand is predicting a halving of tourist arrivals, from 15 million in 2008 to 7.5 million in 2009. Based on forward booking for hotel rooms in the first quarter of 2009, we anticipate about 20% fewer bookings. Buyers of holiday properties have also turned cautious because of the financial crisis.

In view of this, we expect the results for 2009 to be less favourable than 2008, which had the benefit of a strong first half.

The Group has therefore embarked on various cost cutting measures for all its operations. Where necessary, we will minimise our capital expenditure and defer projects that have yet to commence.

Readying for recovery

At the same time, we are using this slower period to prepare for a stronger comeback when conditions improve. For example, we are taking steps to enhance our internet marketing capabilities. Online bookings for our hotels have already risen 75% year-on-year and we see potential to further capitalise on this.

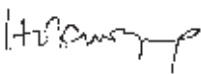
In the longer term, we are confident of the Group's prospects. Banyan Tree emerged stronger after the Asian financial crisis in 1997, the 9/11 terrorist attacks in 2001, SARS in 2003 and the Boxing Day tsunami in 2004. We do not underestimate the severity of this downturn but will continue with the prudent, level-headed approach that we have adopted in past crises. As the situation changes, we are prepared to respond swiftly and strategically. Throughout, we will stay focused on the mission and values of the Group.

Acknowledgements

The Group has weathered a daunting year, thanks to the tireless efforts of our management and staff, and the invaluable support of our customers, business partners and shareholders. I am grateful, too, for the wisdom of my fellow Board members, including Mrs Fang Ai Lian who joined us in May 2008 as an Independent Director and chairs the Audit & Risk Committee.

It is these collective contributions that have laid a firm foundation for Banyan Tree and built it into a resilient company over time. Knowing this, I am confident that we will be able to face whatever new challenges the coming year will present, so long as we continue to make a concerted endeavour.

Yours Sincerely,



Ho KwonPing
Executive Chairman

Our cash conservation measures

In view of the credit crunch and the ongoing recession, the Group is placing emphasis on generating and preserving cash. This is crucial to our ability to cope with the downturn and to meet future obligations.

Accordingly, until we can be certain that economic conditions have begun to improve, we are deferring projects that require significant expenditure and adopting cost cutting measures.

Deferring projects

The Group has sold 22 of the 28 villas in Dusit Laguna Phase II. However, we have decided to defer building Phase II to conserve cash. The villa component would have been part of the Phase II extension of the Dusit hotel and deferring this Phase II development allows the Group to avoid having to invest S\$38.2 million or 53% of the total construction cost. We have since returned the deposits to the purchasers of the 22 villas.

We have also deferred construction of Angsana Phuket, the addition of 22 DoublePool Villas at Banyan Tree Phuket, and the renovation of Laguna Phuket Golf Club. Similarly, we are delaying construction of two projects in which we have a minority stake, namely a resort on Kashidhoo Island in the Maldives and an integrated resort on Dinaran Island in the Philippines.

Cost cutting measures

Payroll is our largest operating cost. In order to reduce this, we have implemented a hiring and wage freeze. We have also instituted six days of unpaid leave a month (equivalent to a 27% pay reduction) for management executives, and ten days (equivalent to a 45% pay reduction) for Executive Chairman. We are looking into extending unpaid leave to the rest of our staff as well but at a lower number of unpaid days.

Several cost cutting measures have been introduced for all our hotel and spa operations. These include terminating external security staff and gardening and cleaning contract workers, and having the work done by our own staff instead. In addition, we have adopted energy saving measures for our hotels, closed down selected F&B outlets and renegotiated prices of supplies.

We estimate the potential savings from such cost cutting measures to be about S\$50 million per year.



Beyond the water's edge to the height of desert opulence





Banyan Tree Sanya



Banyan Tree Al Areen



Top Row (L to R): Ho KwonPing, Ariel P Vera, Chia Chee Ming Timothy, Fang Ai Lian
Second Row (L to R): Dilhan Pillay Sandrasegara, Elizabeth Sam

Our Board of Directors is responsible for the overall management and direction of the Group. The Board meets on a quarterly basis or more frequently as and when required to review and monitor the Group's financial position and operations.

Each member of our Board possesses extensive experience in his or her chosen profession and as a Director of public listed companies. Our four Independent Directors play a key role, contributing invaluable legal, financial and business expertise, and providing strong, independent oversight. They also chair and/or sit on the Audit & Risk Committee and the Nominating & Remuneration Committee.

Board of Directors

Ho KwonPing

Executive Chairman

The Founder of our Group, Mr Ho is responsible for its overall management and operations. He has been a Director since 5 July 2000. He was designated Executive Chairman on 1 March 2004 and was last re-elected on 26 April 2007.

Mr Ho is also Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited, Singapore Management University, MediaCorp Pte Ltd and the Asia-Arab Forum. He is a member of the Asia-Pacific Council of The Nature Conservancy, Asia Regional Advisory Board of London Business School, International Council and East Asia Council of INSEAD, International Council of the Asia Society, and Management Board of the Middle East Institute at the National University of Singapore.

Mr Ho previously served as a Director of Singapore Airlines Limited and Air Seychelles Limited. He was also a Director of Standard Chartered PLC for about ten years from 1996, and a Board Member of the Singapore Tourism Board in 2004. He holds a Bachelor of Arts (Economics) from the then University of Singapore and an Honorary Doctorate of Business Administration in Hospitality Management from Johnson & Wales University, USA.

Ariel P Vera

Group Managing Director

Mr Vera was designated Group Managing Director on 1 March 2004, assuming overall responsibility for the corporate well-being of all the companies in our Group. He became a Director on 11 April 2000 and was last re-elected on 28 April 2008. He is concurrently the Managing Director of Banyan Tree Hotels & Resorts Pte. Ltd., where he started as Vice President, Finance in 1995. He is also a Director of Laguna Resorts & Hotels Public Company Limited.

Prior to joining us, Mr Vera was Director of Finance and Administration of Asian Resorts Pte Ltd from 1992 to 1995, and Vice President, Finance, of Tropical Resorts Limited from 1995 to 1997. He has over 24 years of experience in the hotels and resorts industry, having previously worked with, amongst others, the Hyatt and Regent hotel chains.

A Certified Public Accountant in the Philippines, Mr Vera holds a Bachelor of Science in Business Administration from University of the East, Philippines, as well as a Master of Business Administration from the National University of Singapore.

Chia Chee Ming Timothy

Lead Independent Director

Mr Chia was appointed as an Independent Director on 8 June 2001 and became Lead Independent Director on 28 February 2007. Last re-elected on 26 April 2007, he is also Chairman of the Nominating & Remuneration Committee.

Mr Chia is Deputy Chairman and Group Chief Executive Officer of Hup Soon Global Corporation Limited. From 1986 to 2004, he was a Director of PAMA where he was responsible for private equity investments and served as President from 1995 to 2004. Prior to that, he served as Vice President of the Investment Department of American International Assurance Company Limited from 1982 to 1986 and as President of Unithai Oxide Company Ltd from 1980 to 1981.

Mr Chia sits on the boards of several other private and public companies, including Fraser and Neave Ltd, SP Power Grid Limited and Singapore Post Limited. In 2009, he was appointed Vice-Chairman – Asia for UBS Investment Bank. Since January 2004, he has also been a Trustee of the Singapore Management University. He was previously a Director of The Hour Glass Limited, Magnecomp Precision Technology Public Co Ltd (Thailand), Meritz Securities Co, Ltd (Korea), Macquarie Pacific Star Prime REIT Management Limited and F J Benjamin Holdings Ltd. He holds a Bachelor of Science cum laude degree, majoring in Management, from the Fairleigh Dickinson University, USA.

Fang Ai Lian

Independent Director

Mrs Fang was appointed as an Independent Director and Chairman of the Audit & Risk Committee on 1 May 2008.

She is the Chairman of Great Eastern Holdings Limited and its insurance subsidiaries in Singapore and Malaysia. A Governing Council Member of the Singapore Institute of Directors, Mrs Fang is a director of Singapore Telecommunications Limited, Metro Holdings Ltd, MediaCorp Pte Ltd and OCBC Bank. She also sits on the boards of statutory boards such as the Public Utilities Board and International Enterprise Singapore, and is a Member of the Income Tax Board of Review and the Chairman of the Board of Directors for the Tax Academy of Singapore.

In addition, Mrs Fang is Chairman of the Charity Council, President of the Home Nursing Foundation and the Breast Cancer Foundation, and a Trustee of the ElderCare Trust of NTUC Eldercare Co-Operative Ltd. She sits on the boards and advisory committees of Singapore Management University and the National University of Singapore.

Previously, Mrs Fang was with Ernst & Young for over 30 years, where she became Managing Partner in 1996 and Chairman in 2002. She qualified as a Chartered Accountant in London in 1973 and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Dilhan Pillay Sandrasegara

Independent Director

Appointed as an Independent Director on 1 March 2004, Mr Pillay was last re-elected on 28 April 2008. He is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

Mr Pillay is the Managing Partner of WongPartnership LLP. He has 20 years of experience in the legal services sector. Mr Pillay is a Trustee of the Singapore Management University as well as a member of the Advisory Board of its Law School, a Council Member of the Law Society of Singapore and a Board Member of the Accounting and Corporate Regulatory Authority of Singapore and Sentosa Development Corporation. In addition, he holds a number of directorships in public and private companies including CapitaRetail China Trust Management Limited, Hup Soon Global Corporation Limited and SMRT Corporation Limited. He was previously on the boards of SP Services Ltd and The Ascott Group Limited.

Mr Pillay also serves as a member of the Steering Committee appointed by the Minister of Finance to undertake a complete review of the Singapore Companies Act and was until recently a member of the Design Committee for the Corporatisation of Changi Airport and Restructuring of the Civil Aviation Authority of Singapore.

After graduating from the National University of Singapore, Mr Pillay attended the University of Cambridge on a Cambridge ODA Scholarship, where he obtained a Master of Law. He was admitted to the Singapore Bar in 1989.

Elizabeth Sam

Independent Director

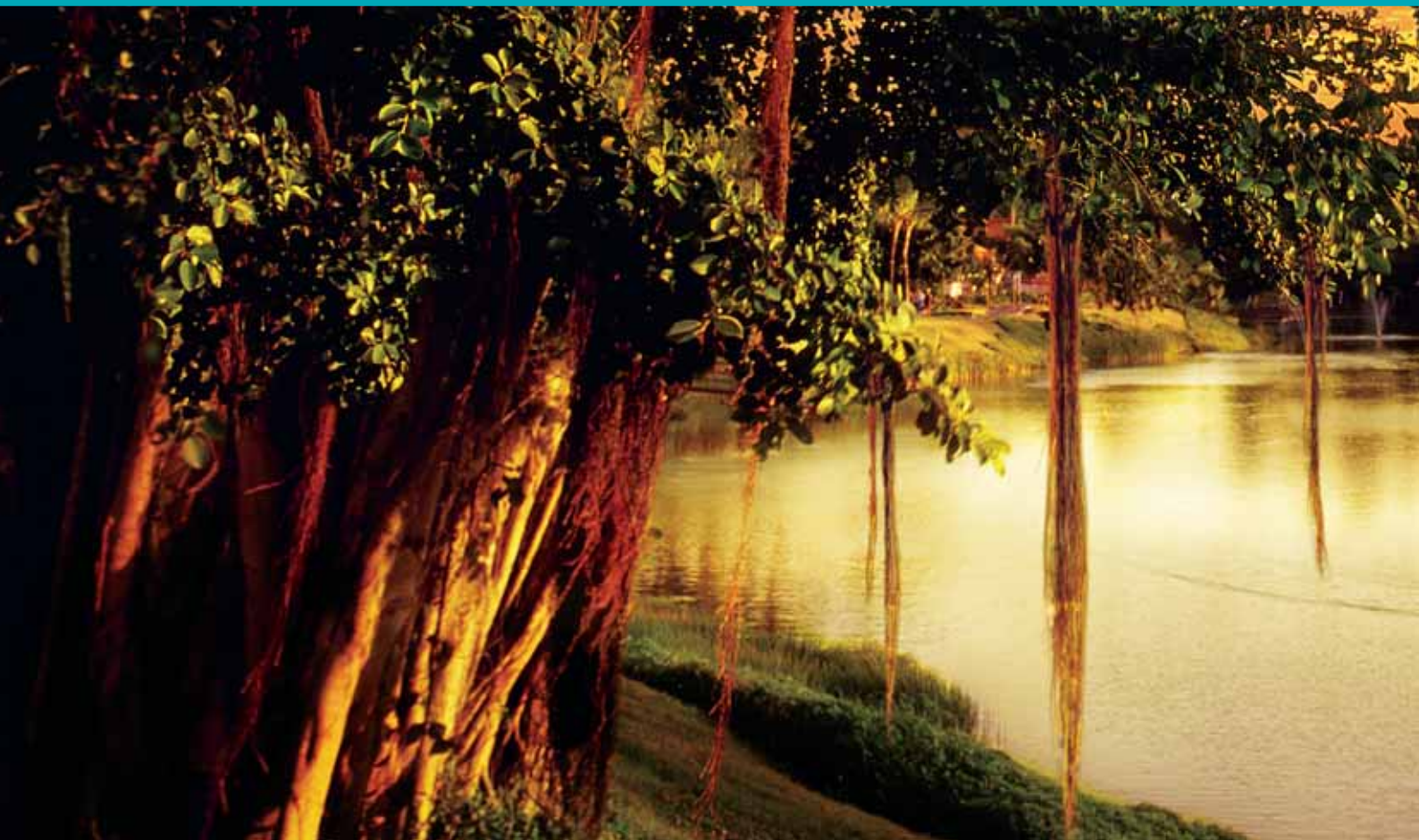
Appointed as an Independent Director on 23 March 2004, Mrs Sam was last re-elected on 28 April 2006. She is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

Principally engaged in management consultancy, Mrs Sam is also a Director of Boardroom Limited, SC Global Development Ltd, AV Jennings Ltd, KasikornBank, ST Asset Management Ltd and The Straits Trading Company Limited. She has over 40 years of experience in the financial sector, having held the positions of Executive Vice President and Deputy President of OCBC Bank from 1988 to 1998, Board Director of Mercantile House Holdings plc (a company listed on the London Stock Exchange) from 1981 to 1987, and Chief Manager of the Monetary Authority of Singapore from 1976 to 1981. She was a Director of the Singapore International Monetary Exchange until its merger with the Stock Exchange of Singapore, and served as its Chairman. She was also previously a Director of Nippecraft Limited. She has also been a member of the Singapore Institute of Directors since April 1999.

Mrs Sam holds a Bachelor of Arts (Hons) in Economics from the then University of Singapore.

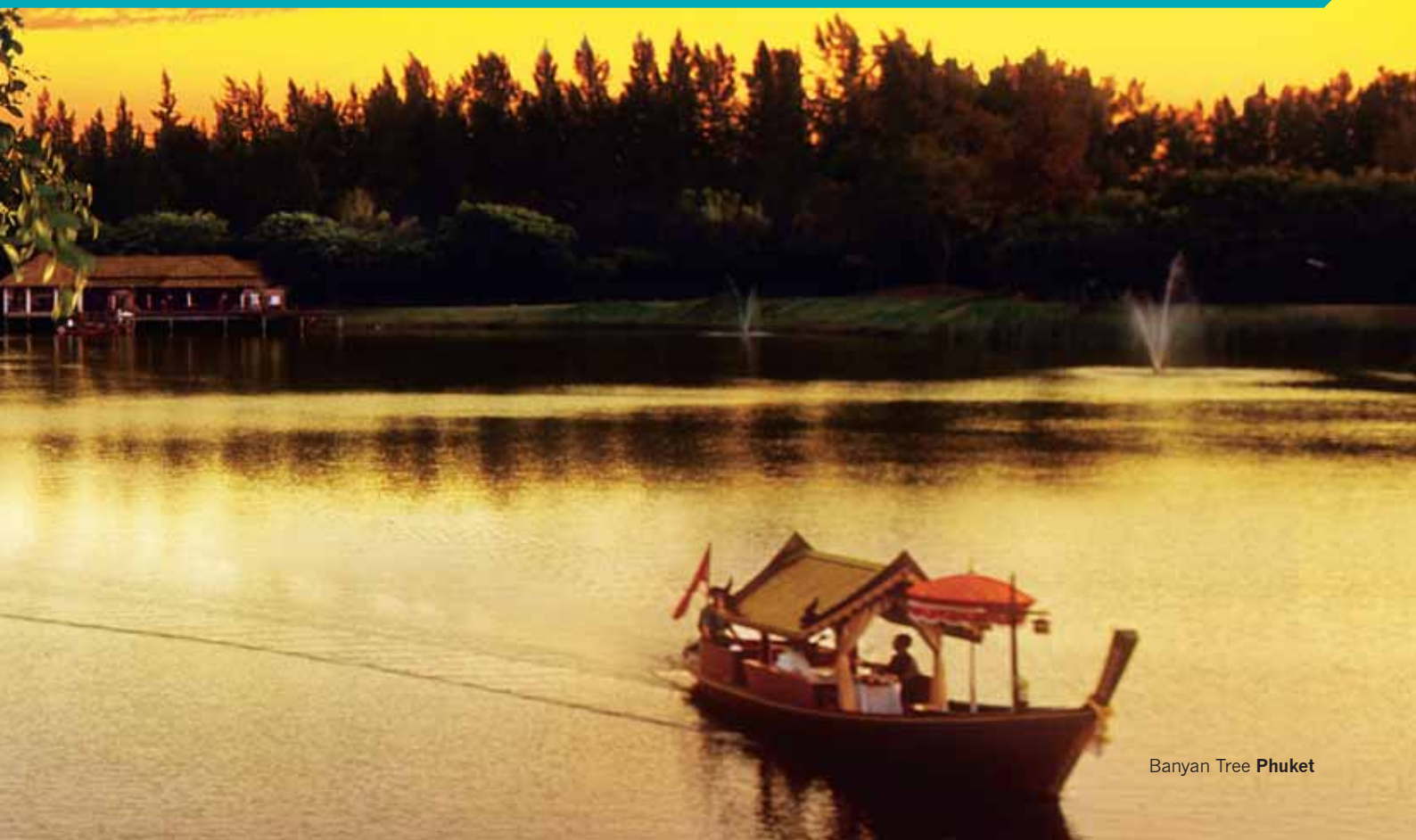


Beyond stunning horizons to captivating lagoon views





Banyan Tree **Madivaru**



Banyan Tree **Phuket**



Top Row (L to R): Chiang See Ngoh Claire, Ho KwonCjan, Surapon Supratya, Bernold Olaf Schroeder
Second Row (L to R): Arthur Kiong Kim Hock, Tee Hwee Liang, Michael Ramon Ayling

Management Team

Chiang See Ngoh Claire

Managing Director, Retail Operations

Chiang See Ngoh Claire is Senior Vice President, responsible for the strategic direction, management and operation of Banyan Tree and Angsana Galleries. She has served two terms as a Nominated Member of Singapore's Parliament, and has been elected to the Board of the Singapore Chinese Chamber of Commerce and Industry, as well as the Global Governing Board of the Caux Round Table. She is Co-Chairperson of the National Tripartite Initiative on Corporate Social Responsibility (CSR); President of the Singapore Compact for CSR; and Non-Executive Chairperson of Wildlife Reserves Singapore. In 2008, Ms Chiang received the Singapore Public Service Medal and was appointed a Justice of the Peace. She is the wife of the Executive Chairman, Mr Ho KwonPing.

Ho KwonCjan

Managing Director, Design Services

Ho KwonCjan is Senior Vice President and Managing Director, Design Services. He heads and oversees the project and design teams. Before his re-designation as Managing Director in 2005, he was Joint Managing Director of LRH, a position he held from 1998. Mr Ho served as Vice Chairman of Thai Wah Public in Thailand from 1997 to 2003. From 1996 to 1998, he was the Managing Director of Thai Wah Resorts Development Public Co., Ltd and from 1985 to 1992, the Project Manager of Thai Wah Resorts Development Public Co., Ltd. Prior to this, he worked at the architecture firm, Akitek Tenggara, in Singapore. Mr Ho holds a Bachelor of Architecture (Hons) from National University of Singapore and is a recipient of the Singapore Institute of Architects Gold Medal. He has been registered with the Singapore Board of Architects since 1986. Mr Ho is the brother of the Executive Chairman, Mr Ho KwonPing.

Surapon Supratya

Deputy Chairman, Laguna Resorts & Hotels (LRH)

Surapon Supratya is Senior Vice President and Deputy Chairman, Laguna Resorts & Hotels (LRH). He has been a member of the Board of LRH since 1996 and previously served as its Group Managing Director. He was also Joint Managing Director and Chief Financial Officer of Thai Wah Public Company Limited. Prior to that, he was Financial Controller of Thomson Television (Thailand) and Louis T. Leonowens (Thailand). A Certified Public Accountant, Mr Surapon holds a Bachelor of Accountancy from Chulalongkorn University, Thailand, and a Master of Accountancy from Thammasat University, Thailand.

Bernold Olaf Schroeder

Managing Director, Hotel Operations

Bernold Olaf Schroeder is Senior Vice President and Managing Director, Hotel Operations. He is responsible for all operational aspects of the hotel portfolio, and the business development and expansion activities of the Group. Prior to these appointments in 2005, he was Vice President of Operations from January 2004. Mr Schroeder joined Banyan Tree in 1997 and has served in various capacities, including General Manager of Banyan Tree Maldives from 1997 to 2001, Area Director of Indian Ocean from 1998 to 2001, Vice President of Business Development from 1999 to 2003, and General Manager of Banyan Tree Bangkok from 2001 to mid-2008. He previously worked at the Hyatt Corporation based in New York and the Holiday Inn Asia Pacific in Hong Kong. Mr Schroeder has attended executive programmes of Cornell University and Stanford University-Singapore Management University. He also received a Certificate Expert in hotel business matters from the Karlsruhe Chamber of Industry and Commerce.

Arthur Kiong Kim Hock

Managing Director, Sales & Marketing

Arthur Kiong Kim Hock is Senior Vice President and Managing Director, Sales & Marketing. He oversees the management and development of our worldwide sales and marketing efforts and strategies. Prior to joining the Group in January 2008, Mr Kiong was the

Director of Hospitality Operations, overseeing 1,600 hotel rooms and serviced residences for Far East Organization. He was previously the Vice-President, Marketing – Asia for the Peninsula Hotel Group based in Hong Kong. From 1995 to 2002, he was with The Ritz-Carlton Hotel Company holding senior positions, the last being Area Director of Marketing, – Northeast USA, based in New York. Mr Kiong holds a Higher Diploma in Hotel Management from the Singapore Hotel Association Training and Education Centre by Ecole Hoteliere Lausanne.

Tee Hwee Liang

Senior Vice President, China Desk

Tee Hwee Liang is Senior Vice President, China Desk. He is responsible for resorts development in China. He is also a director at Lijiang Banyan Tree Hotel, Ringha Banyan Tree Resorts and Lhasa Banyan Tree Hotel. Mr Tee holds a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore.

Michael Ramon Ayling

Managing Director, LRH

Michael Ramon Ayling is Senior Vice President, Integrated Resorts and Managing Director, LRH. He oversees the integrated resort development of Laguna Hue and the operations of LRH including the hotel, property sales and timeshare businesses. Mr Ayling joined LRH in 2000 as Assistant Vice President, Finance. He was promoted to Deputy Managing Director/Vice President, Finance in 2005 and to Managing Director, Laguna Phuket in 2006. He became Vice President and Managing Director, LRH in 2007 and Senior Vice President in February 2009. Prior to joining LRH, Mr Ayling was a Senior Audit Manager with KPMG, Sydney from 1998 to 2000, and KPMG, Port Moresby from 1992 to 1998 where he was responsible for the day-to-day running of the audit division and managing client audits. He is a member of the Institute of Chartered Accountants in England and Wales. Mr Ayling holds a Bachelor of Arts in Accounting and Finance (Hons) from Manchester Metropolitan University, UK.



Top Row (L to R): Shankar Chandran, Steve Small, Eddy See Hock Lye, Dharmali Kusumadi
Second Row (L to R): Paul Chong, Hokan Limin, John Searby

Management Team

Shankar Chandran

Managing Director, Spa Operations

Shankar Chandran is Vice President and Managing Director, Spa Operations. From 2001 to 2004, he served as Group Executive (Corporate) Director and from 1997 to 2001 served as Assistant Vice President, Finance. Prior to joining the Group, he was the Financial Controller and Deputy General Manager of Regent Plaza, London, and Regional Internal Auditor/Financial Controller of Hilton International Hotels, UK. Mr Chandran holds a Postgraduate Diploma in Management Studies from Kingston University (London) and a Higher National Diploma Finance from South West London College, UK.

Steve Small

Managing Director, Banyan Tree Capital

Steve Small is Managing Director of Banyan Tree Capital and Chief Executive Officer of the General Partner of the Banyan Tree Indochina Hospitality Fund. He is responsible for leading and managing the Group's dedicated real estate fund management activities to fund the Group's hotel, resort and private residence development programmes. Prior to joining the Group in March 2008, Mr Small spent over 20 years in private equity investment and management in Asia. From 1991 to 2003, he was an Executive Director of Consolidated Resources Ltd, the Asian private equity investment vehicle of Anglo American plc and the De Beers Group. He was also engaged in private equity investment and consultancy services through a company he founded in Singapore in 1998. He has been a non-executive director of various regionally listed companies, including his current position on the Board of LRH. Mr Small is a Fellow of the Institute of Chartered Accountants in England & Wales and has a Bachelor of Economics (Honours) from Durham University.

Eddy See Hock Lye

Chief Financial Officer

Eddy See Hock Lye is Vice President and Chief Financial Officer. Prior to joining the Group in 2004, he was the Managing Director of Asia Business Forum from 2002 to 2004 and its Chief Financial Officer from 2001 to 2004. From 1996 to 2001, Mr See was the Group Financial Controller of Amara Holdings Limited. He was also the General Director of Amara Hotel Saigon Company Ltd, which operates Amara Hotel in Ho Chi Minh City, from 1998 to 2001. Prior to that, he was with Ernst & Young for nearly a decade, spending his last four years there as Audit Manager. Mr See holds a Bachelor of Commerce from University of Auckland and is an Associate Chartered Accountant, New Zealand.

Dharmali Kusumadi

Vice President, Design Services

Dharmali Kusumadi is Vice President, Design Services. He is responsible for the design and planning of properties managed by BTHR. Prior to joining the Group in 1991, he was the Planning and Development Head of LG Group, Bali, and was in charge of design and planning for projects. From 1985 to 1989, Mr Kusumadi was a part-time lecturer at the Architecture Department of Soegijapranata Catholic University, Semarang, Indonesia. From 1984 to 1989, he was Principal Architect of Kusumadi Associates. He has been a member of the Indonesian Institute of Architects since 1991 and holds a Master of Architecture from Parahyangan Catholic University, Bandung, Indonesia.

Paul Chong

Vice President, Business Development

Paul Chong is Vice President, Business Development. He oversees the global development team and all legal matters related to business development and the expansion of the group internationally. Mr Chong joined the Group in 2001 as the Legal Manager of the Group, and was promoted to the position of Group Legal Manager in 2002 and Assistant Vice President, Head of Development in 2004. Prior to joining Banyan Tree, he worked in several top Singapore legal firms including Allen & Gledhill and Rajah & Tann. He holds a Bachelor of Laws (Hons) from National University of Singapore.

Hokan Limin

Vice President, Hotel Finance

Hokan Limin is Vice President, Hotel Finance. He oversees the implementation of policies and procedures, and is in charge of internal controls. He also recruits and manages financial controllers in the Group's hotels, and coordinates and oversees hotel pre-opening activities. Prior to joining the Group in 1999, Mr Limin worked at several five-star resort chains including Shangri-la, Hyatt and Inter-Continental resorts. He holds a Bachelor Degree of Finance and Accountancy from Trisakti University, Jakarta, Indonesia.

John Searby

Vice President, Corporate (Mexico)

John Searby is Vice President, Corporate (Mexico). He is responsible for the corporate activities of the Group in Mexico and the Americas. Mr Searby joined the Group in 2002 as Area Financial Controller with responsibility for the financial management of the Group's interests in Phuket. Prior to joining the Group, Mr Searby worked in Australia for various hotel and hospitality companies including Ritz Carlton, Stamford Hotels and Ramada Hotels and Resorts. A British national, he is a member of the Institute of Chartered Accountants in England and Wales.



Top Row (L to R): Emilio Llamas Carreras, Maximilian Lennkh, Aileen Tay, Marina Kleiman
Second Row (L to R): Sachiko Shiina, Michael Lee, Elsie Leung, Francois Huet

Management Team

Emilio Llamas Carreras

Area General Manager (Mayakoba)

Emilio Llamas Carreras is Vice President and Area General Manager, Mayakoba. Prior to joining the Group in 2001, he was General Manager of SolMelia in “Gran Melia Salinas”, Lanzarote, Spain, where he was responsible for the overall management of the hotel. In 1998, he was conferred the Civil Merit Award by the King of Spain in recognition of his role as the Honorary Consul of Spain in Bali, Indonesia. Mr Carreras holds a hotel diploma and an engineering degree from Sevilla University, Spain.

Maximilian Lennkh

Area General Manager (Yunnan and Hainan)

Maximilian Lennkh is Vice President and Area General Manager (Yunnan and Hainan). He leads, coordinates and supervises the overall operational activities of the Group’s properties in Southern China. Mr Lennkh joined Banyan Tree in 2001 as Area General Manager, Maldives Business Area. Since then, he has held the positions of General Manager, Banyan Tree Seychelles and Area General Manager, Yunnan Business Area (China). Mr Lennkh comes from a well-established, all-round hospitality background which he gained by working in several areas of hotel operations for high-end chains such as Hilton and Sheraton Hotels. He is fluent in German, English, Portuguese and Spanish, and is a holder of various hotel management certifications, one of them issued by London Business School.

Aileen Tay

Vice President, Sales & Marketing (Indian Ocean)

Aileen Tay is Vice President, Sales & Marketing – Indian Ocean. She is in charge of our properties in the Maldives and Seychelles. She joined the Group in 2000 to launch the first Angsana resort in Bintan, Indonesia. Prior to that, she was Director of Sales at the Marina Mandarin, Singapore. Ms Tay has extensive experience in the hotel industry ranging from operations to sales. She holds a Bachelor of Commerce from University of Western Australia.

Marina Kleiman

Vice President, Hong Kong

Marina Kleiman is Managing Director, Banyan Tree Private Collection based in Hong Kong. She was previously Vice President – Marketing for Hong Kong and Taiwan. She worked at the Palace of the Lost City, Sun City Resort as a Duty Manager, before joining the Banyan Tree Phuket and Banyan Tree Bintan in 1994 as part of the Opening Team and assisted in training the team for Banyan Tree Maldives. She subsequently established Banyan Tree's Regional Marketing Office in Hong Kong. Ms Kleiman holds a certificate equivalent to Bachelor of Arts from Teatro Nacional General San Martin on Contemporary Dance, from Buenos Aires, Argentina. She also has a certificate of meritorious achievement from Damelin Management School in South Africa.

Sachiko Shiina

Vice President, Japan

Sachiko Shiina is Vice President, Japan. She is responsible for sales and marketing activities for Japan and Korea, and also leads, coordinates and supervises the overall operational and business development activities for the Group in Japan. Ms Shiina joined the Group in 1995 as Sales and Marketing Manager of the Group Sales Agent in Japan. In January 2000, she became Director of Sales, Japan, and was promoted to Assistant Vice President, Sales & Business Development in May 2006.

Michael Lee

Vice President, Marketing Systems & Services

Michael Lee is Vice President, Marketing Systems & Services. He has been with the Group since 2006 and has over 20 years of experience in the travel, banking and hospitality sectors. He most recently served as CEO of Raffles Marina Limited. He previously held positions of Vice President of Marketing at CDL Hotels International and Vice President at United Overseas Bank. He holds a Master of Business

Administration from Oklahoma City University, USA. He also attended the Certified Enterprise Architecture Practitioner programme conducted by Institute of Systems Science at the National University of Singapore, and is a TOGAF Certified Practitioner. Mr Lee is a Chartered Marketer and a Fellow of Chartered Institute of Marketing, UK, and a member of the Chartered Financial Analyst Institute, CFA (USA).

Elsie Leung

Vice President, Sales & Marketing (China and Taiwan)

Elsie Leung is Vice President, Sales & Marketing – China & Taiwan. She is in charge of developing outbound business from China and Taiwan, as well as the revenue performance of all of the Group's hotels and resorts in China. The Regional Marketing Offices in Hong Kong, Shanghai, Beijing and on-property sales teams of Sanya, Lijiang, Ringha and Gyalthang Dzong Hotel report directly to her. Prior to joining Banyan Tree Hotels and Resorts in September 2008, Ms Leung already had more than 20 years' sales and marketing experience. She has held senior regional positions at hotel groups such as Mandarin Oriental, Four Seasons Hotels & Resorts and Hilton Hotel Corporation. She holds an Associate Degree in Business Administration from The Open University of Hong Kong.

Francois Huet

Area General Manager (Phuket, Koh Samui and Laos)

Francois Huet is Vice President, Area General Manager – Phuket, Koh Samui and Laos. He oversees the operations of our three properties in these locations. A veteran hotelier, he previously served as Area General Manager of Banyan Tree Bintan and Angsana Bintan in Indonesia, and Banyan Tree Vabbinfaru and Angsana Ihuru in the Maldives. Before joining the Group in 2002, he was General Manager of Bora Bora Pearl Beach Resort in French Polynesia and spent 12 years of his career with the Inter-Continental group. Mr Huet did his apprenticeship with Relais & Chateaux, France and attended the General Managers Program at the Cornell-Nanyang Institute of Hospitality Management in Singapore.



Beyond regal performances to holistic retreats





Banyan Tree Ringha



Banyan Tree Spa Phuket

Company History

In 25 years, Banyan Tree has grown from a modest hotel business in Thailand into a global group encompassing resorts, spas, galleries, property development and design. Along the way we have thrived in good times and survived external crises.

Regardless of geography, we have always distinguished ourselves through the luxurious experience that we provide our customers. Regardless of the business segment in question, we have consistently created quality products and services that reinforce our brands. And no matter what the economic climate, we have maintained a responsible approach to the environment and communities in which we operate.

The many awards and accolades we have received over the years recognise this and are an encouragement to those who work hard to maintain Banyan Tree's high standards.

Angsana Velavaru

Awards and Accolades

Travel

"Hot List 2008"

- Condé Nast Traveller (UK)
- Condé Nast Traveller (USA)
Banyan Tree Madivaru

"Hot List 2008"

- Condé Nast Traveller (UK)
- Condé Nast Traveller (USA)
Angsana Riads Collection Morocco

"Condé Nast Traveler Gold List 2008"

- Condé Nast Traveler Gold List
Banyan Tree Phuket

"Spa in Overseas Hotels – 6th"

- Condé Nast Traveller UK Readers' Travel Awards 2008
Banyan Tree Phuket

"Overseas Leisure Hotels – Australia & the South Pacific – 6th"

- Condé Nast Traveller UK Readers' Travel Awards 2008
Angsana Great Barrier Reef

"IT List Asia, Australia and New Zealand"

- Travel + Leisure USA "IT List 2008"
Banyan Tree Madivaru

"Travel + Leisure 'Top 500 Hotels' 2008"

- Travel + Leisure
Banyan Tree Phuket

Awards and Accolades & Milestones

2008

Banyan Tree Sanya, Hainan, China and Angsana Suites Dubai, UAE (Tower 1) open.

Banyan Tree successfully places out a further S\$27.3 million from the S\$400 million Multicurrency Medium Term Note ("MTN") programme. Total MTN placed out as at 31 December 2008 is S\$127.3 million.

The Group launches the Banyan Tree Indochina Hospitality Fund, a real estate development fund primarily focusing on the hospitality sector in Vietnam and also in Cambodia and Laos. Its principal project is Laguna Hue, an integrated resort development in Central Vietnam. Capital commitment of US\$268 million is received by end 2008.

2007

Banyan Tree Desert Spa and Resort Al Areen, Banyan Tree Madivaru and Angsana Riads Collection Morocco open.

The Group fully subscribes to LRH rights issue and sees shareholding in LRH increased from 51.78% to 65.75%.

Banyan Tree establishes S\$400 million Multicurrency Medium Term Note ("MTN") programme and successfully places out S\$100 million from this programme.

2006

Following its IPO offering, Banyan Tree Holdings Limited is listed on the Singapore Exchange. Following which, it received the Merit Award for the Most Transparent Company (New Issues category) at the 7th Investors' Choice Awards 2006, given out by Securities Investors Association of Singapore.

Banyan Tree Lijiang and Angsana Velavaru are launched. The Group introduces the Banyan Tree Private Collection, Asia's first asset-backed destination club offering perpetual and transferable membership.

Banyan Tree Hotels and Resorts and Okura Hotels and Resorts sign a joint marketing alliance.

2005

Colours of Angsana Maison Souvannaphoum Hotel opens in Laos. The Group's first Banyan Tree resort in China – Banyan Tree Ringha is launched in Shangri-la. The Group acquires Thai Wah Plaza, which houses Banyan Tree Bangkok.

2004

Colours of Angsana Deer Park Hotel opens in Sri Lanka.

“China’s Ten Most Favoured Resorts 2008”

- 21st Century Business Herald “5th Golden Pillow Award”
Banyan Tree Lijiang

“Gold Award for Best New Hotel 2007”

- Middle East and North Africa (MENA) Awards 2008
Banyan Tree Al Areen

“Top 30 New Hotels 2008”

- Gourmet Traveller Australia “Best of the Best”
Banyan Tree Al Areen

“Best Resort in China”

- TTG China Travel Awards 2008
Banyan Tree Lijiang

“Top 101 Suites 2008”

- Elite Traveler Magazine
Banyan Tree Sanya

“Gold Awards – The Best in the Travel industry”

- Travel Weekly Magellan Awards 2008
Banyan Tree Vabbinfaru

“50 Best New Hotels 2008”

- Forbes Traveler
Banyan Tree Bahrain

“50 Best New Hotels 2008”

- Forbes Traveler
Angsana Riads Collection Morocco

“400 Best Hotels in the World 2008 – Phuket, Asia”

- Forbes Traveler
Banyan Tree Phuket

Spa

“Hot Spas – Hot List 2008”

- Condé Nast Traveller (USA)
Banyan Tree Bangkok

“Hot Spas – Hot List 2008”

- Condé Nast Traveller (USA)
Banyan Tree Al Areen

“The World’s Top 26 Spas (25th)”

- Condé Nast Traveller (UK)
Readers Spa Awards 2008
Banyan Tree Phuket

“Asia & Indian subcontinent category (7th)”

- Condé Nast Traveller (UK)
Readers Spa Awards 2008
The Oberoi Spa by Banyan Tree, Udaipur, India

“Day Spas (3rd)”

- Condé Nast Traveller (UK)
Readers Spa Awards 2008
Banyan Tree Bangkok

“Best Worldwide Spa Runner-up”

- Daily Telegraph “Ultra Awards 2008”
Banyan Tree Spa Phuket

“Best Hotel Day Spa”

- HM (Hotel & Accommodation Management) Awards for Hotel & Accommodation Excellence 2008
Angsana Great Barrier Reef

Corporate

“Chief Executive Officer of the Year Award”

- Singapore Corporate Awards 2008
Ho KwonPing

“Best Annual Report (Newly Listed Companies), Gold Winner”

- Singapore Corporate Awards 2008
Banyan Tree Holdings Limited

“Outstanding Establishment 2008 – Labour Relations and Welfare”

- Ministry of Labor, Thailand
Banyan Tree Spa

“Most Transparent Company – Hotels & Restaurants”

- Investors’ Choice Awards 2008 (Securities Investors Association of Singapore)
Banyan Tree Holdings Limited

CSR

“PATA Gold Award – Ecotourism Project category”

- PATA (Pacific Asia Travel Association) Gold Awards 2008
Banyan Tree Bintan

“Education Category – Runner up”

“Wildlife Category – Honourable Mention”

- Condé Nast Traveler (USA) 2008 World Savers Award
Banyan Tree Hotels and Resorts

2003

International Enterprise Singapore names Banyan Tree ‘Singapore’s Strongest Brand’. With the launch of Gyalthang Dzong Hotel in Shangri-la, Yunnan, China, Colours of Angsana is born.

2002

A strategic alliance is formed with the Oberoi Group of India to manage spas. Banyan Tree Seychelles is launched, and the Westin Banyan Tree is rebranded as Banyan Tree Bangkok.

2001

The Banyan Tree Spa Academy is set up to train therapists and research new treatment recipes and techniques. Angsana Maldives and Angsana Oasis are launched. The Green Imperative Fund is launched to formalise the Group’s corporate social responsibility efforts.

2000

Angsana Resorts & Spa is launched with the opening of Angsana Bintan and Angsana Great Barrier Reef. Banyan Tree Holdings Pte Ltd is established. Banyan Tree Hotels & Resorts Pte. Ltd. and several subsidiaries which own and operate resorts, spas and galleries, become part of the Group.

1995 – 1999

Banyan Tree Vabbinfaru and Banyan Tree Bintan are launched.

1994

The Group’s flagship resort – Banyan Tree Phuket – is launched in Laguna Phuket. The resort includes the first Banyan Tree Spa and Banyan Tree Gallery.

1993

LRH lists its shares on the Stock Exchange of Thailand. Banyan Tree Hotels & Resorts Pte. Ltd., a resort and hotel management company, is established, as well as companies to operate spas and galleries. Sheraton Grande Laguna Phuket and The Allamanda are launched. LRH begins to sell units at The Allamanda.

1987–1992

After extensive rehabilitation of the Phuket site, LRH launches Dusit Laguna Resort Hotel and Laguna Beach Resort. Laguna Phuket is marketed as a destination within Phuket.

1984

LRH, a future subsidiary of Banyan Tree Holdings Limited, acquires over 550 acres of land on the site of an abandoned tin mine at Bang Tao Bay, Phuket, Thailand.



Beyond crystal clear waters to resplendent panoramas





Banyan Tree **Vabbinfaru**



Banyan Tree **Lijiang**

Banyan Tree Group

Banyan Tree Holdings is a leading manager and developer of premium resorts, hotels and spas in the Asia-Pacific. The Group's business centres on our two award-winning brands: Banyan Tree and Angsana.

Group Description

The Group's revenue comes from seven business segments: Hotel Investment, Hotel Management, Hotel Residences, Spa Operations, Property Sales, Gallery Operations, and Design Fees and Other Services.

Key Facts

- Own and/or manage 25 resorts and 68 spas.
- Listed on the Singapore Exchange since 14 June 2006.
- Included in MSCI Small Cap Index since 3 May 2007.
- Included in FTSE ST Mid Cap Index since 10 January 2008.

Group Results

Total Revenue upped by 1% to S\$427.9 million, delivering a PATMI of S\$7.0 million.

Total Revenue (S\$m)

2008	427.9
2007	424.1

Group revenue

+1%



Banyan Tree Spa **Phuket**

Banyan Tree at a Glance

Hotel Investment

Banyan Tree owns and manages luxury hotels under our own brands as well as hotels that are managed by other world-class operators.



Key facts

- Equity interest in 15 hotels, comprising over 1,700 keys.
- New resorts being developed in China, Vietnam and Mexico.

Strong showing outside Thailand

Our resorts outside Thailand saw revenue growth of S\$8.3 million or 16%, despite the global financial crisis.

Revenue (S\$m)

2008	205.1
2007	215.0

RevPAR of Maldives resorts

+19%

Hotel Management

We manage properties under the Banyan Tree and Angsana brands for other owners as well. This is mostly done under straightforward management agreements.



Key facts

- Banyan Tree Sanya in China and Angsana Suites Dubai in UAE were opened during the year.
- Number of keys under hotel management will exceed 3,800 by 2012.

New income stream

Fees from managing Banyan Tree Indochina hospitality fund contributed S\$3.5 million in revenue for 2008.

Revenue (S\$m)

2008	15.2
2007	14.7

Hotel Management revenue

+4%

Hotel Residences

Properties are primarily sold under the brand name Banyan Tree Residences, which is part of our hotel operations.



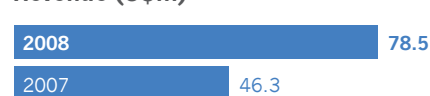
Key facts

- Initial sales were of Double Pool Villas at Banyan Tree Phuket.
- Banyan Tree Residences are available in Phuket, Lijiang, Bintan and Bangkok.

Attractive residences

Dusit Laguna Pool Villas (28 units) and two-bedroom Naxi Residences (six units) at Banyan Tree Lijiang were sold out by the end of the year.

Revenue (\$m)



Hotel Residences revenue

+70%

Spa Operations

We manage spas within our own resorts and also resorts owned by other hotel/resort operators. We pioneered the tropical garden spa concept.



Key facts

- 68 spas worldwide.
- Training facilities in Phuket, Bangkok and Lijiang.

Newest additions

Opened one new Banyan Tree Spa in China and four new Angsana Spas (two in India and one each in Portugal and the UAE) in 2008.

Revenue (\$m)



Spa Operations revenue

+9%

Property Sales

Properties are sold by our subsidiary company Laguna Resorts & Hotels and its subsidiaries. We also manage Laguna Holiday Club, a timeshare vacation club memberships.



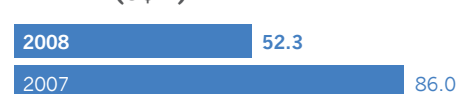
Key facts

- All property sales are currently in Laguna Phuket.
- Primarily townhomes and bungalows that are located near our resorts but not part of hotel operations.

New product proves popular

Sold 18 units of Laguna Village Loft, each priced from US\$0.2 million to US\$0.9 million, within one month of launch in September 2008.

Revenue (\$m)



Number of properties sold

-19%

Gallery Operations

The retail arm of the Group, Banyan Tree Gallery supports indigenous artistry, livelihood of village artisans and environmental conservation.



Key facts

- Five different brand segments: Banyan Tree Gallery, Angsana Gallery, Elements Jewelry By Banyan Tree, The Museum Shop by Banyan Tree, and the recently launched Elements Spa Essentials.
- 52 collections of over 600 products.
- Partners 52 not-for-profit organisations.

Ever-expanding reach

The Division now manages 26 Banyan Tree Galleries, 36 Angsana Galleries and three Museum Shops by Banyan Tree.

Revenue (\$m)



Gallery revenue

+1%

Design Fees and Others

We receive fees for design services and income from operating golf clubs. Most of our resorts are planned and designed by an in-house division.



Key facts

- Construction of new resorts determines revenue from design fees.
- Operate two golf clubs (Bintan and Phuket).

Awards recognition

Six prestigious design awards since 2006 for our two resorts in China, Banyan Tree Lijiang and Banyan Tree Ringha.

Revenue (\$m)



Design Fees revenue

-3%



Beyond charming vistas to pure bliss





Banyan Tree **Mayakoba**



Angsana Suites **Dubai**

Portfolio – Existing Resorts and Expansion in 2009

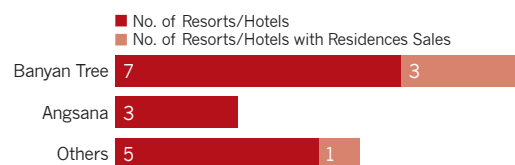
Resorts/Hotels with Equity Interest (Existing Resorts)

Total number of Resorts/
Hotels

15

Total number of Resorts/
Hotels with Residences Sales

4

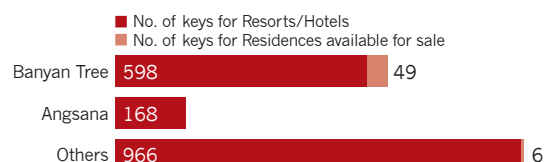


Total number of keys for
Resorts/Hotels

1,732

Total number of keys for
Residences available for sale

55



Existing Resorts

Resorts/Hotels <u>with</u> Equity Interest	No. of Keys		Effective Equity (%)
	Resorts/Hotels*	Residences available for sale*	
Banyan Tree			
Madivaru, Maldives	6	–	100.0
Vabbinfaru, Maldives	48	–	100.0
Ringha, China	32	–	96.0
Lijiang, China	88	14	83.2
Bangkok, Thailand	215	12	65.8
Phuket, Thailand	149	23	65.8
Seychelles	60	–	30.0
Sub Total	598	49	
Angsana			
Riads Collection, Marrakech, Morocco	40	–	100.0
Ihuru, Maldives	49	–	100.0
Velavaru, Maldives	79	–	77.5
Sub Total	168	–	
Others			
Dusit Laguna Resort, Thailand	254	6	65.8
Sheraton Grande Laguna Resort, Thailand	334	–	65.8
Laguna Holiday Club Phuket Resort, Thailand	79	–	65.8
Laguna Beach Resort, Thailand	252	–	39.5
Gyalthang Dzong Hotel, China	47	–	79.2
Sub Total	966	6	
Grand Total	1,732	55	

* Residences available for sale is part of resorts/hotels under sales and lease back.

Resorts/Hotels without Equity Interest (Existing Resorts)

Total number of Resorts/
Hotels

10

Total number of Resorts/
Hotels with Residences Sales

1

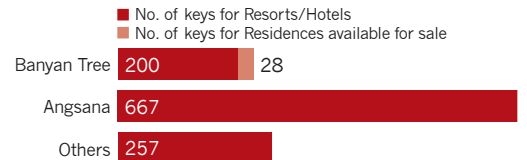


Total number of keys for
Resorts/Hotels

1,124

Total number of keys for
Residences available for sale

28



Existing Resorts

Resorts/Hotels <u>without</u> Equity Interest	No. of Keys	
	Resorts/Hotels*	Residences available for sale*
Banyan Tree		
Bintan, Indonesia	61	28
Al Areen, Bahrain	78	–
Sanya, Hainan, China	61	–
Sub Total	200	28
Angsana		
Bintan, Indonesia	106	–
Great Barrier Reef, Australia	65	–
Bangalore, India	79	–
Suites, Dubai, UAE	417	–
Sub Total	667	–
Others		
Allamanda Laguna Phuket, Thailand	193	–
Deer Park Hotel, Sri Lanka	40	–
Maison Souvannaphoum Hotel, Laos	24	–
Sub Total	257	–
Grand Total	1,124	28

* Residences available for sale is part of resorts/hotels under sales and lease back.

Expansion of Existing Resorts in 2009

Resorts/Hotels <u>with</u> Equity Interest	Resorts/Hotels*	Residences/Properties Planned for sale*	Range of Room Rate (US\$)	Effective Equity (%)
Banyan Tree				
Bangkok, Thailand	112	32	100 – 200	65.8
Phuket, Thailand (Zone A & X)	9	–	450 – 550	65.8
Lijiang, China (Phase 1B)	34	12	300 – 400	83.2
Angsana				
Velavaru, Maldives	34	–	300 – 400	77.5
Grand Total	189	44		

* Residences available for sale is part of resorts/hotels under sales and lease back.

Portfolio – Strong Pipeline of New Projects (2009-2012)

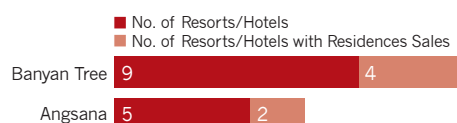
Resorts/Hotels with Equity Interest

Total number of Resorts/
Hotels

14

Total number of Resorts/
Hotels with Residences Sales

6



Total number of keys for
Resorts/Hotels

1,689

Total number of keys for
Residences available for sale

314



Resorts/Hotels without Equity Interest

Total number of Resorts/
Hotels

20

Total number of Resorts/
Hotels with Residences Sales

4



Total number of keys for
Resorts/Hotels

2,678

Total number of keys for
Residences available for sale

181



Resorts in the Pipeline

	No. of keys		Range of Room Rate (US\$)	Effective Equity (%)	Equity (\$Sm)	Year of Opening
	Resorts/Hotels*	Residences/Properties Planned for sale*				
Resorts/Hotels <u>with</u> Equity Interest						
Banyan Tree						
Mayakoba, Riviera Maya, Mexico	132	50	800 – 950	20.0	10	2009
Cabo Marques, Acapulco, Mexico	46	–	850 – 1,000	15.0	5	2009
Kerala, India	61	18	420 – 470	15.0	TBA®	2010
Monte Xanic, Mexico	42	–	800 – 900	19.9	3	2010
Hue, Vietnam	135	80	300 – 350	12.5	4	2011
Jiuzhaigou, China#	100	–	320 – 370	100.0	17	2011
Yang Shuo, Guilin, China#	136	42	300 – 350	100.0	12	2011
Lhasa, China#	52	–	300 – 350	100.0	18	2012
Dun Huang, China#	50	–	TBA®	100.0	TBA®	2012
Sub Total	754	190			69	
Angsana						
Lijiang, China (Zone 2)#	113	15	150 – 190	83.2	12	2011
Lhasa, China#	157	–	150 – 190	100.0	25	2011
Hue, Vietnam	245	109	160 – 210	12.5	7	2011
Yang Shuo, Guilin, China#	120	–	180 – 220	100.0	17	2011
Jiuzhaigou, China#	300	–	180 – 220	100.0	17	2012
Sub Total	935	124			78	
Grand Total	1,689	314			147	

* Residences available for sale is part of resorts/hotels under sales and lease back.

Pending China Fund.

® To be advised.

Resorts in the Pipeline

	No. of keys		Range of Room Rate (US\$)	Year of Opening
	Resorts/Hotels*	Residences/Properties Planned for sale*		
Resorts/Hotels without Equity Interest				
Banyan Tree				
Ungasan, Bali, Indonesia	73	–	420 – 470	2009
Al Wadi, RAK, UAE	101	–	820 – 1,000	2009
Hangzhou, China	72	–	320 – 370	2009
The Meydan, Dubai, UAE	287	–	250 – 350	2009
Macau, China	256	–	TBA®	2010
Koh Samui, Thailand	87	–	450 – 550	2010
Seoul, South Korea	54	–	TBA®	2010
Pylos, Greece	108	–	550 – 600	2011
Sifa, Oman	141	50	570 – 620	2011
Beijing, China	222	84	380 – 430	2011
Al Gurm, Abu Dhabi, UAE	158	–	700 – 1,000	2011
Meydan Villa, Dubai, UAE	77	–	TBA®	2011
Shanghai, China	150	–	TBA®	2012
Tianjin, China	211	–	TBA®	2012
Marrakech, Morocco	TBA®	TBA®	TBA®	2012
Shamarra, Marrakech, Morocco	118	18	TBA®	2012
Sub Total	2,115	152		
Angsana				
Hangzhou, China	54	–	TBA®	2011
Santorini, Greece	101	–	280 – 320	2011
Sifa, Oman	185	29	200 – 250	2011
Eastern Mangrove, Abu Dhabi, UAE	223	–	250 – 300	2011
Sub Total	563	29		
Grand Total	2,678	181		

* Residences available for sale is part of resorts/hotels under sales and lease back.

® To be advised.

Understudying Projects

Resorts/Hotels with Equity Interest	Remarks
Angsana Phuket, Thailand	Project deferred currently.
Resorts/Hotels with Minority Equity Interest	
Banyan Tree Kashidhoo, Maldives Dinarian Island, Philippines	Shareholder currently reviewing project scope. Currently discussing with potential Joint Venture partners.
Angsana Dinarian Island, Philippines	Currently discussing with potential Joint Venture partners.
Resorts/Hotels without Equity Interest	
Banyan Tree Chickmagalur, Karnataka, India Corniche Bay, Mauritius Marrakech, Morocco	Pending legal & authorities clearance. Pending owners' financing. Pending overall construction/handover schedule, slow progress.
Angsana Chickmagalur, Karnataka, India Dead Sea, Jordan Khandala, India	Pending legal & authorities clearance. Pending confirmation of land issue. Pending owners' financing.

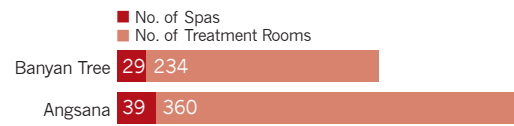
Existing Spas

Total number of Spas

68

Total number of Treatment Rooms

594



	No. of Treatments Rooms
Banyan Tree Spas	
Phuket, Thailand	25
Bangkok, Thailand	14
Vabbinfaru, Maldives	5
Madivaru, Maldives	6
Shanghai, China	13
Ringha, China	6
Lijiang, China	7
Sanya, Hainan, China	16
Bintan, Indonesia	13
Seychelles	8
Phoenix Seagaia, Japan	13
Al Areen, Bahrain	12
Elements Spa by Banyan Tree, Kuwait	17
The World Spa by Banyan Tree at M.V. The World Cruise	4
Sub Total	159

Portfolio – Existing Spas



Ingredients, Banyan Tree Spa

Angsana Spas	
Dusit Laguna Phuket, Thailand	8
Sheraton Grande Laguna Phuket, Thailand	12
Greenview Chiang Mai, Thailand	12
Laguna Beach Resort, Thailand	8
Allamanda Laguna Phuket, Thailand	8
Gyalthang, China	4
Guangzhou Garden Hotel, China	12
Kempinski Hotel Sanya, Hainan, China	12
City Club Hongqiao, Shanghai, China	8
Dubai Marina, Dubai, UAE	13
Arabian Ranches, Dubai, UAE	6
Montgomerie Golf Club House, Dubai, UAE	6
Emirates Hills, Dubai, UAE	20
Dubai, UAE	13
Great Barrier Reef, Australia	8
Amora, Sydney, Australia	5
Royal Pines Resort, Australia	5
Ihuru, Maldives	8
Velavaru, Maldives	11
Bangalore, India	8
Prestige Ozone, Bangalore, India	6
UB City, India	11
Guam Marriott, Guam	9
Sheraton Guam, Guam	8
Movenpick Resort, El Gouna, Egypt	10
Golf Club El Gouna, Egypt	8
Deer Park, Sri Lanka	9
Crescat City, Colombo, Sri Lanka	9
Park Island, Hong Kong	8
City Club Taichung, Taiwan	14
Kuala Lumpur, Malaysia	20
The Brehon, Ireland	5
Bunratty Castle Hotel, Ireland	5
The Vineyard, South Africa	10
Luang Prabang, Laos	3
Crown Plaza, Kobe, Japan	8
Riads Collection, Marrakech, Morocco	6
Tivoli Marina Vilamoura, Portugal	11
Bintan, Indonesia	13
Sub Total	360
Oberoi Spas By Banyan Tree	
Rajvilas Jaipur, India	8
Mumbai, India	7
Amarvilas Agra, India	7
Cecil Shimla, India	2
Wildflower Hall Mashobraia, India	8
Vanyavilas Ranthambhore, India	3
Udaivilas Udaipur, India	8
New Delhi, India	6
Bangalore, India	3
Calcutta, India	2
Trident Hilton, India	4
Mauritius	7
Bali, Indonesia	2
Lombok, Indonesia	4
Sahl Hasheesh, Egypt	4
Sub Total	75
Grand Total	594

Spas in the Pipeline

Total number of Spas

49



Spas in the Pipeline

Year of Opening: 2009

Banyan Tree

Mayakoba, Mexico
 Cabo Marques Acapulco, Mexico
 Estoril, Portugal
 Tivolo Vilmoura, Portugal
 Al Wadi, RAK, UAE
 The Meydan, Dubai, UAE
 Ungasan, Bali, Indonesia
 Tivoli Sao Paulo, Brazil
 Hangzhou, China

Angsana

Gurgaon, India
 Udaipur, India
 Sheraton Yilan, Taiwan
 Okura, Taiwan
 Bavaria, UAE
 Regency Hotel, Qatar
 Nikko, China
 Intercontinental, Mauritius

Portfolio – Strong Pipeline of Spas (2009-2012)



Spas in the Pipeline

Year of Opening: 2010

Banyan Tree

Kerala, India
 Monte Xanic, Mexico
 Koh Samui, Thailand
 Macau, China
 Seoul, Korea
 Tivoli, Portugal

Angsana

Macau, China

Year of Opening: 2011

Banyan Tree

Yang Shuo, China
 Shanghai, China
 Jiuzhaigou, China
 Beijing, China
 Al Gurm, Abu Dhabi, UAE
 Meydan Villa, Dubai, UAE
 Pylos, Greece
 Hue, Vietnam
 Sifa, Oman

Angsana

Lijiang, China
 Lhasa, China
 Yang Shuo, China
 Hangzhou, China
 Abu Dhabi, UAE
 Santorini, Greece
 Sifa, Oman
 Bentota Beach, Sri Lanka
 Golkonda, India
 Hue, Vietnam

Year of Opening: 2012

Banyan Tree

Lhasa, China
 Dun Huang, China
 Tianjin, China
 Marrakech, Morocco
 Shamarra, Marrakech, Morocco

Angsana

Jiuzhaigou, China



Beyond tropical comforts to exquisite indulgence





Banyan Tree Madivaru



Angsana Riads Collection Morocco

Business Review – Hotel Investments

The poorer performance of our Thai properties was partially offset by revenue gains from the existing Indian Ocean cluster, Banyan Tree Lijiang and our new property, Angsana Riads Collection Morocco.



Revenue (S\$m)

2008	205.1
2007	215.0

-5%

Diverse footprint provides a cushion

Group-owned hotels reported revenue of S\$205.1 million during the year, 5% down from last year. The dip was due to the poorer performance of our Thai properties, which was partially offset by revenue gains from the existing Indian Ocean cluster, Banyan Tree Lijiang and our new property, Angsana Riads Collection Morocco. Overall EBITDA was S\$47.0 million, representing a 26% decrease from 2007.

Thailand: Rejuvenation amid uncertainty

A volatile world economy, soaring inflation and local political instability were exacerbated by the airport blockades in Phuket (August) and Bangkok (November). With many countries issuing travel advisories, all of our Phuket properties endured declines in revenue. Revenue from Sheraton Grande suffered the most, as the global economic slowdown took its toll on MICE business.

Consequently, although ARR of our Phuket properties was up 3% over the previous year, overall RevPAR slipped by 9% because of lower occupancy levels. The lower revenue coupled with the fixed cost burden of operations had an adverse impact on the overall profitability of our hotel operations in Phuket. EBITDA for 2008 was down 45% compared to 2007.

Our operations in Thailand were also disrupted by scheduled expansion and refurbishment works at several of the hotels. At the Dusit Laguna Phuket, rooms were renovated and 28 two-bedroom pool villas were constructed. Meeting facilities at the Sheraton Grande Laguna had to be closed while the Island Villas underwent renovations. Meanwhile, the expansion of Banyan Tree Phuket proceeded with the construction of 22 two-bedroom Pool Villas and four DoublePool Villas.

In the capital, Banyan Tree Bangkok also underwent a refurbishment exercise. As a result of the 60–70 rooms taken out of inventory each day during the refurbishment, as well as the political situation in Thailand, revenue decreased by 9%, with RevPAR of S\$128, ARR of S\$224 and occupancy of 57%.

Indian Ocean: Maldives dazzles again

Our necklace of resorts in the Maldives – namely, Banyan Tree Madivaru, Banyan Tree Vabbinfaru, Angsana Ihuru and Angsana Velavaru – proved to be resilient throughout 2008. Even as the global financial crisis shrank traditional market strongholds like Germany

and France, new markets such as Spain and Italy were tapped as replacements. Our Maldivian properties thus powered ahead to post total revenue of S\$41.5 million, representing a solid 18% increase. RevPAR was S\$407, ARR S\$632 and occupancy 65%.

China: Lijiang stays strong

Banyan Tree Lijiang increased its inventory by 60% during the year. The 33 new villas raised the total number of villas to 88. To strengthen its appeal to the small MICE markets, meeting facilities with combined seating capacity of up to 400 were also added. The new inventory had a dilutive effect on RevPAR (S\$328), ARR (S\$579) and occupancy (57%). However, revenue still improved by 10% year-on-year.

Our other Chinese property fared less well. The unrest in Tibet and the lingering effects of visa restrictions before and during the Olympics took their toll on Banyan Tree Ringha's revenues.

North Africa: Morocco's first full year

Emerging from its first full year of operation, Angsana Riads Collection Morocco achieved RevPAR of S\$92, ARR of S\$280, and occupancy of 33%. Total revenue reached S\$2.0 million for the year. This was largely due to successful penetration in new geographic market sources including Germany, Spain, the Middle East and China. The European Union was responsible for 84% of our Marrakech business, with the United Kingdom alone accounting for 45%. As new source markets gain traction, we expect the performance of our Riads to strengthen even more.

Business Review – Hotel Management

Two new properties were added to our portfolio of properties managed, bringing the total room count under management to more than 1,100.





Revenue (S\$m)

2008	15.2
2007	14.7

+4%

Indochina fund boosts revenue

Revenue from the Group's hotel management segment grew 4% year-on-year to S\$15.2 million in 2008. The increase was mainly attributable to fund management fees of S\$3.5 million for managing the Banyan Tree Indochina Hospitality Fund. By the third closing at end 2008, the Fund had received US\$268 million. It is now well placed to proceed with Phase I of the Laguna Hue project without debt financing. Construction will begin in the second half of 2009, and the Fund will continue to seek further commitments from investors by the final closing date, expected to occur no later than 30 June 2009.

The year saw a decline, however, in our hotel management fees (S\$0.3 million) and club management fees (S\$2.6 million) for managing Banyan Tree Private Collection, our asset-backed destination club. The shortfall in the latter was due to fewer memberships sold (one corporate and 31 individual, as compared to one corporate and 52 individual memberships sold in 2007) because of belt-tightening amid the gloomy economic outlook.

New additions in Sanya and Dubai

In 2008, two new properties were added to our portfolio of properties managed, bringing the total room count under management to 1,184. (This figure does not include rooms in properties where the Group owns a majority stake). The beachfront Banyan Tree Sanya on Hainan Island, China, started operations with 61 villas in May. It achieved RevPAR of S\$238 and occupancy of 42%. In the UAE, Angsana Suites Dubai opened its first tower consisting of 417 rooms in August, chalking up RevPAR of S\$91 and occupancy of 30%.

Banyan Tree Desert Spa and Resort, Al Areen in Bahrain completed its first full year of operation. RevPAR more than doubled to S\$239 from S\$103 a year earlier, thanks to stronger brand recognition and greater market reach.

Seychelles is strong performer

Challenging market conditions did not stop Banyan Tree Seychelles from performing creditably. It achieved the highest RevPAR (S\$983) among all our properties under management, a 3% improvement over the year before. Occupancy also rose by 3 percentage points to 68%. This was largely due to our timely and successful diversification of geographic market sources, by gaining market penetration in Russia, Scandinavia and Spain.

Opening soon

During the year, the Group continued to develop new projects to be operated under hotel management contracts. Through these upcoming properties, we will expand our presence in Thailand, China, Indonesia, Morocco and the Middle East, as well as establish a greater foothold in Mexico, India and South Korea over the next two years. The following properties are set to open in 2009:

- The 72-villa Banyan Tree Hangzhou will be integrated in a hotel, retail and residential complex. The property is part of our expanding footprint in China, an indication of our confidence in the region's vast tourism market, including domestic tourism.
- Marking our foray into Mexico will be two luxurious, all-pool villa resorts: Banyan Tree Cabo Marqués in Acapulco and Banyan Tree Mayakoba on the Riviera Maya. Banyan Tree Mayakoba has just soft opened in February 2009. Both properties are situated in premier resort areas that benefit from warm weather and beautiful beaches.
- Banyan Tree Al-Wadi will emerge as an exotic tented retreat in the pristine desert of Ras Al Khaimah, the UAE's northernmost emirate. Catering particularly to nature-seekers, the property will feature 101 air-conditioned villas, each with a private pool. Buggies and camels will shuttle guests to and from facilities including a Banyan Tree Spa, a Banyan Tree Gallery, health club, three restaurants and meeting facilities.
- Banyan Tree Ungasan will enjoy a magnificent vantage point on a cliff in Bali. Perched 70 metres above sea level, the 73 villas will be served by facilities such as a Banyan Tree Spa, a Banyan Tree Gallery, meeting facilities, a pool, a gymnasium, a kid's corner and five dining outlets.
- The Meydan, the world's first grandstand hotel, will open at the Meydan Racecourse in Dubai, UAE. This unique property will boast 287 keys, all suites with unblocked views of the race course.

Together, these properties are expected to add 711 keys to the number under our management.

Business Review – Hotel Residences

Banyan Tree Phuket, featuring the signature DoublePool Villas, again proved to be the most popular hotel residences accounting for 9 of the total of 32 units sold.



Revenue (S\$m)



+70%

Clinching sales and recognising revenue

Hotel Residences revenue increased by S\$32.2 million or 70% from S\$46.3 million in 2007 to S\$78.5 million in 2008. This was mainly due to a higher percentage of revenue recognition from Banyan Tree Phuket Pool and DoublePool Villas, Banyan Tree Lijiang Villas/Townhouses and Banyan Tree Bangkok Suites as construction was completed.

Banyan Tree Phuket, featuring the signature DoublePool Villas, again proved to be the most popular hotel residences accounting for 9 of the total of 32 units sold in 2008. Seven units of the remaining Phase I of Dusit Laguna Pool Villas were also snapped up. Another seven Banyan Tree Bangkok Suites were sold, helped by the completion of the showroom there during the year. Banyan Tree Lijiang continued to be very popular with mainland Chinese, with another five units sold. With its proximity to Singapore, Banyan Tree Bintan continued to attract buyers, recording sales of four units.

Prudent management and a resilient product

The total of 32 villas and apartments sold in 2008 was lower than the 50 recorded the previous year, for two reasons. First, we cancelled the sales and returned the deposits for the 22 villas already sold in Phase II of the Dusit Laguna development. Phase II was to comprise a hotel and 28 villas, with the villa component covering 47% of the total construction cost of S\$72.1 million. In view of the volatile economic landscape, we made the decision to be prudent and defer Phase II so as to conserve the cash which we would have invested in the hotel component. If not for this decision to cancel the sales of these 22 Dusit Laguna villas, we would have exceeded the unit sales for 2007.

The global downturn also affected sales in the second half of the year. It is apparent that prospective buyers are affected by the current strong negative sentiments and some are deferring their purchase of a hotel residence as it is considered a 'big ticket' item. We believe our product should remain attractive because of the following factors:

- Strong product appeal and lifestyle attraction;
- Highly regarded and widely recognised brands;
- Attractive rental return to buyers (6% p.a. on purchase price for six years or 33% of net revenue of the unit); and

- Buyers are typically high net worth individuals not requiring bank financing for purchase. They are therefore less affected by the credit crunch.

A wide offering

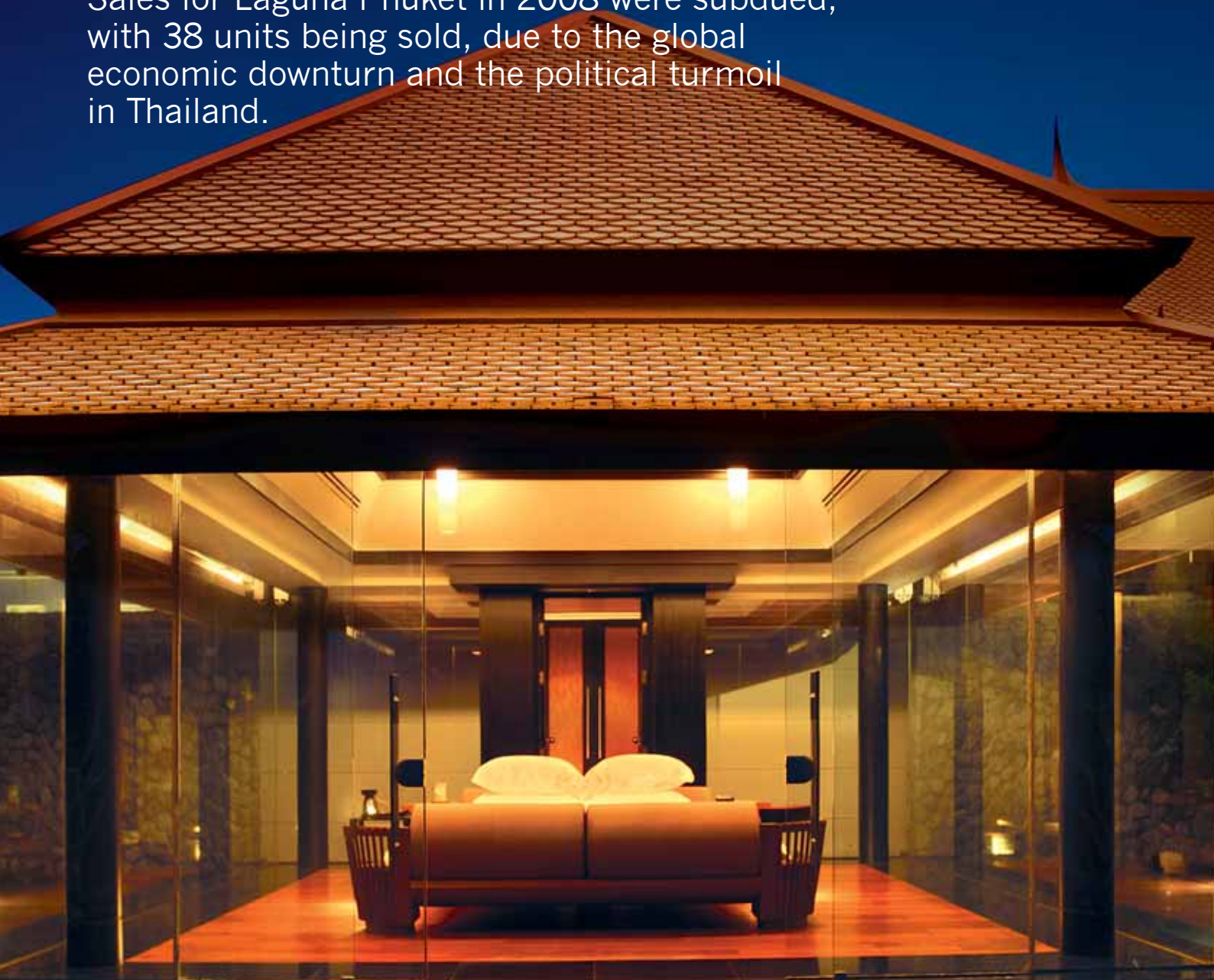
The following Banyan Tree Residences were available for sale in 2008:

- Banyan Tree Phuket: Our largest development comprising one- and two-bedroom DoublePool Villas (priced from US\$2.2 million to US\$2.4 million), Deluxe DoublePool Villas (US\$4.1 million) and two-bedroom Pool Villas (US\$1.8 million).
- Banyan Tree Lijiang: The unique mix of two- and three-bedroom Naxi Residences (priced at US\$1.6 million and US\$1.8 million respectively) and two-bedroom townhouses (US\$0.8 million) was well-received by the Chinese market. The three-bedroom Naxi properties sold out, prompting us to release four more such units, of which only two remained by the end of the year. All of the two-bedroom Naxi residences were also sold.
- Banyan Tree Bintan: A collection of one- and two-bedroom Bayfront Villas were offered at US\$0.6 million and US\$1.7 million respectively. We also released a new split-level one-bedroom Bayfront Villa priced at US\$0.7 million.
- Banyan Tree Bangkok: The show apartments were completed this year. A selection of two-bedroom apartments situated within our eye-catching 61-storey hotel was offered at a price range of US\$1.0 million to US\$1.3 million.

In conjunction with international property agents, we held a number of private exhibitions in strategic locations such as Hong Kong, Singapore and Beijing. These were well attended, with over 400 prospective clients visiting the exhibitions.

Business Review – Property Sales

Sales for Laguna Phuket in 2008 were subdued, with 38 units being sold, due to the global economic downturn and the political turmoil in Thailand.





Revenue (S\$m)



-39%

Laguna Phuket

Laguna Phuket remains the preferred choice for property investment on the island. Buyers are attracted by its location, architectural design, construction quality, gated community with wide range of facilities, rental plans, golf membership and pricing. Investors are also drawn by the returns, the financing options available to foreigners, and the sterling brand name of Laguna Resorts & Hotels, which they recognise to be a financially strong and publicly traded company.

The following properties were available for sale in 2008:

- Laguna Village Villas: Set within the master-planned residential area of Laguna Phuket, these two-storey, two-bedroom condos with a large community and free-form swimming pool are an entry level product priced from US\$400,000 (16 units).
- Laguna Village Lofts: A new product launched in 2008, these apartments feature stylish, contemporary design. The project comprises single-floor Executive apartments with one bedroom, double-storey Lofts with two bedrooms and an open floor-plan, and Penthouse units with three bedrooms. Prices range from US\$230,000 to US\$900,000 (95 units).
- Laguna Village Townhomes: These two-storey, three-bedroom semi-detached homes come with maid's quarters, private gardens and swimming pools wrapped around scenic lagoons with lush landscaping. Pricing is from US\$550,000 (25 units).
- Laguna Village Bungalows: Very popular with the Russian market, the two-storey, four-bedroom detached homes with private swimming pools set amidst tropical gardens and interflowing lagoons are priced from US\$900,000 (23 units).

During the year, we acquired a further 21 acres adjacent to the Laguna Phuket Golf Course, with an option to acquire 73 more acres in the next 10 years. This land bank will allow for the strategic expansion of the resort with additional golf frontage properties.

Property sales performance

Sales for Laguna Phuket in 2008 were subdued with 38 units being sold (2007: 47 units) due to the global economic downturn and the political turmoil in Thailand. The majority of buyers are foreigners who tend to purchase our properties as a lifestyle investment. Given the economic and political uncertainty, discretionary spending on such products was curtailed.

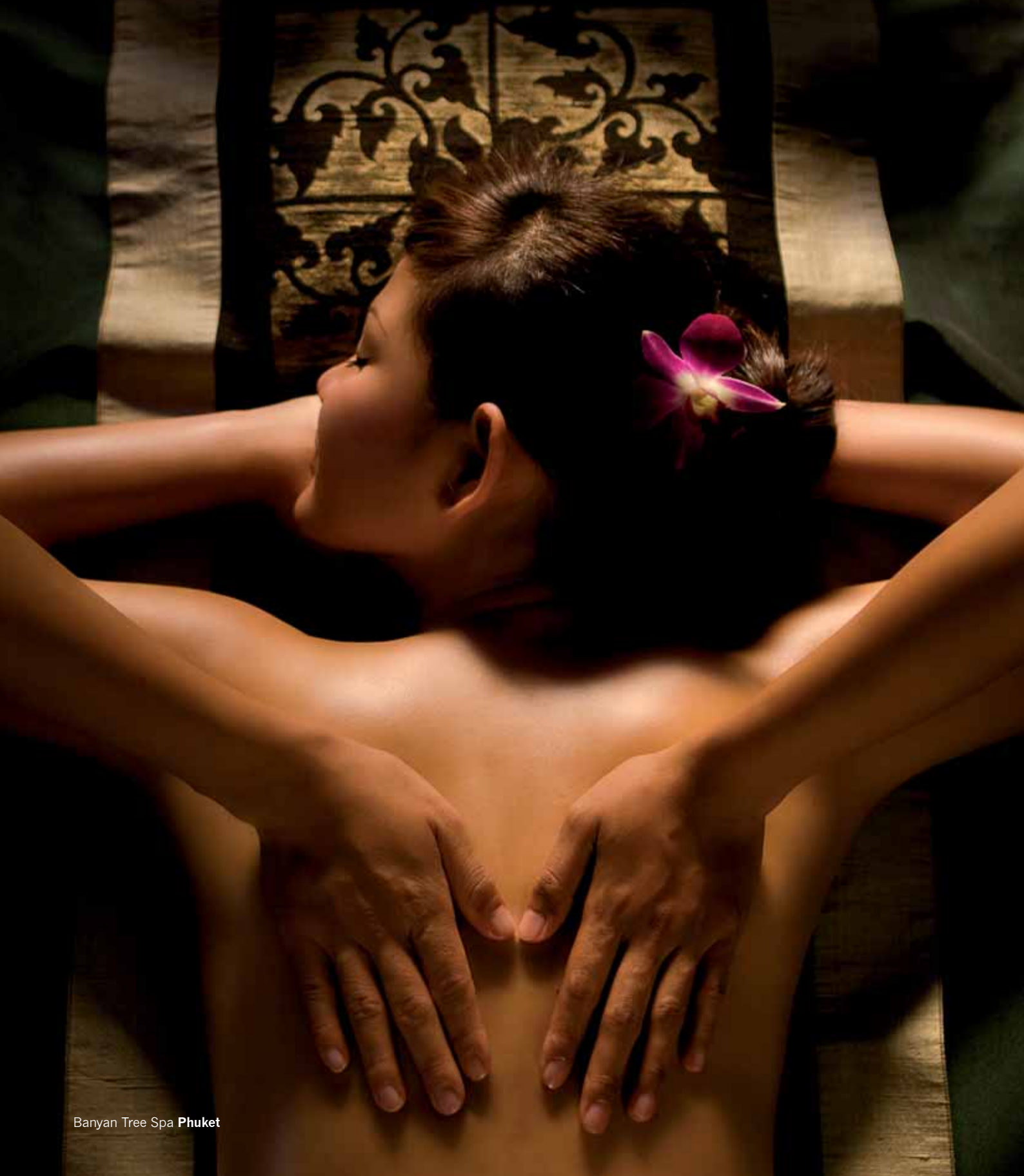
Overall revenue was S\$37.0 million, a 43% decrease from the previous year, based on percentage of recognition from sales of Laguna Village Villas, Townhomes and Residences made in 2007 and those sold during the year. Consequently, EBITDA decreased by 61% year-on-year to S\$10.2 million.

Holiday Club performance

Similarly, discretionary spending on vacation ownership was curtailed by the slowing world economy. This resulted in a difficult year for Laguna Holiday Club, which saw a 29% reduction in revenue, from S\$21.6 million to S\$15.3 million. Besides streamlining operations and downsizing some branches to control costs, we took active measures to make the club membership more appealing to potential buyers. For instance, we introduced a more flexible points-based system and acquired further inventory in strategic locations during the year.

Business Review – Spa Operations

Our spas in the Middle East, China and Indian Ocean enjoyed strong growth during the year, with revenues increasing by 25%, 19% and 20% respectively.





Revenue (S\$m)

2008	27.1
2007	24.9

+9%

A pioneer in Asia

When Banyan Tree Spa was launched in Phuket in 1994, it was the first luxury oriental spa in Asia and pioneered the tropical garden spa concept. Banyan Tree Spa adopts a non-clinical, 'high-touch, low-tech' approach based on traditional Eastern healing therapies. Sister brand Angsana Spa features treatments based on aromatherapy, the therapeutic sense of touch, and a fusion of Eastern and Western techniques, using natural ingredients such as native flowers and fruits.

Besides spas in our resorts and hotels, we operate day spas. All our spa therapists undergo professional training. The Banyan Tree Spa Academy in Phuket was set up in 2001 and is accredited by the Thai Ministry of Education and Ministry of Public Health. We also opened the Banyan Tree Thai Massage School in Bangkok and Banyan Tree Lijiang Spa Academy in 2007 to support our global expansion plans.

In 2008, we opened one new Banyan Tree Spa in China. Four new Angsana Spa outlets were launched – two in India and one each in Portugal and the UAE.

Spa revenue

Our spas in the Middle East, China and Indian Ocean enjoyed strong growth during the year, with revenues increasing by 25%, 19% and 20% respectively. However, overall performance was affected by the increasingly challenging operating environment, especially the political unrest in Thailand, which dampened tourist arrivals. Notwithstanding this, total revenue from our spas was S\$27.1 million, 9% higher than the previous year.

Overall spa capture rate grew a healthy 12% year-on-year. Regions that experienced significant improvement in capture rate were the Middle East, Indian Ocean, China and South Africa. Banyan Tree spas in these regions experienced good capture rate largely because of a successful initiative we rolled out, whereby a spa session was packaged with a minimum three-night hotel booking. As a result, Banyan Tree spas' capture rate was up 8% over the previous year. This initiative is being extended to all Angsana spas in early 2009.

While our spas in the Middle East and South Africa reported increases in spa occupancy of 18% and 22% respectively, overall spa occupancy saw a 5% dip. This was mainly due to the lower occupancy of our six spas in Thailand. The average rate per hour also saw a slight decrease of 5% compared to 2007.

Strategic marketing

To cross-promote our spas and hotels to a wider, global audience, we identified and formed relationships with strategic marketing partners during the year. Among our pre- and post-opening sales and marketing activities were introductory offers for in-house guests at our hotels, e-direct mailer campaigns targeting the local database, commissionable rates through tour operators, special rates for nearby businesses, and direct tie-ups with the hotels to create visibility.

Public relations activities included media campaigns to generate awareness of the training of our spa therapists and the expertise of Banyan Tree Spa Academies, as well as new spa openings and initiatives such as the Body Rejuvenation Programme and Master Therapist Experience at Banyan Tree Spa Bangkok and Phuket, and the opening of an Ayurvedic centre at Angsana Spa Allamanda Laguna Phuket. Our strategic public relations efforts led to an increase in the awards and accolades for both our spa brands.

Given the fierce competition in most locations, revenue growth was highly dependent on increasing capture rate from in-house guests, regulars and members. This was the focus for our more established spas. In order to differentiate ourselves from the competition, we emphasised service consistency. We also continued to practise effective yield management, building base during non-peak hours by offering discounts, whilst maximising revenue during peak hours. In addition, we focused on enhancing the guest experience through value added services like supplementary treatments and complimentary transfers.

Attractive discounts on advance spa sales at point of reservation helped to secure business prior to guests' arrival at the resort. At the same time, our memberships and rewards programmes continued to attract customers and build loyalty. For example, discounts were given for repeat visits and referrals. For Corporate and MICE companies, we offered attractive group discounts to create goodwill.

Retail with a difference

Banyan Tree Gallery is the retail arm of Banyan Tree Holdings and an integral element in the Banyan Tree experience. Providing exclusive design, procurement and logistical services to our hotels, Banyan Tree Gallery ensures brand discipline by producing a distinctive range of craft accessories, turndown gifts and accent decorative pieces. In the process, the Gallery fulfils corporate social responsibility objectives by marketing traditional village crafts and thus enabling the artisans to be gainfully employed. The Gallery is also a proprietary developer and supplier of spa products, both for use in our spas and for retail.

The Gallery division operates five different brand segments: Banyan Tree Gallery, Angsana Gallery, Elements Jewelry by Banyan Tree, The Museum Shop by Banyan Tree and the recently launched Elements Spa Essentials.

As of December 2008, there were 65 Gallery outlets, of which five opened during the year: the Peranakan Museum Shop in Singapore, Banyan Tree Gallery at Banyan Tree Sanya, China, and three Angsana Gallery outlets at Angsana hotels in Australia, Portugal and the UAE. The number of outlets remains unchanged from the year before, as we proceeded to consolidate our outlets in Singapore and Thailand.

Strong export sales

Total turnover remained stable, posting marginal growth of 1% year-on-year to reach \$10.8 million. The major

contribution came from export sales, which saw a hefty 164% increase to \$2.5 million. This was offset by a substantial year-on-year drop in corporate sales (24%), sales to our hotels (14%) and retail sales (13%). These were attributable to the large, one-off orders that had taken place in 2007 and lower hotel occupancy.

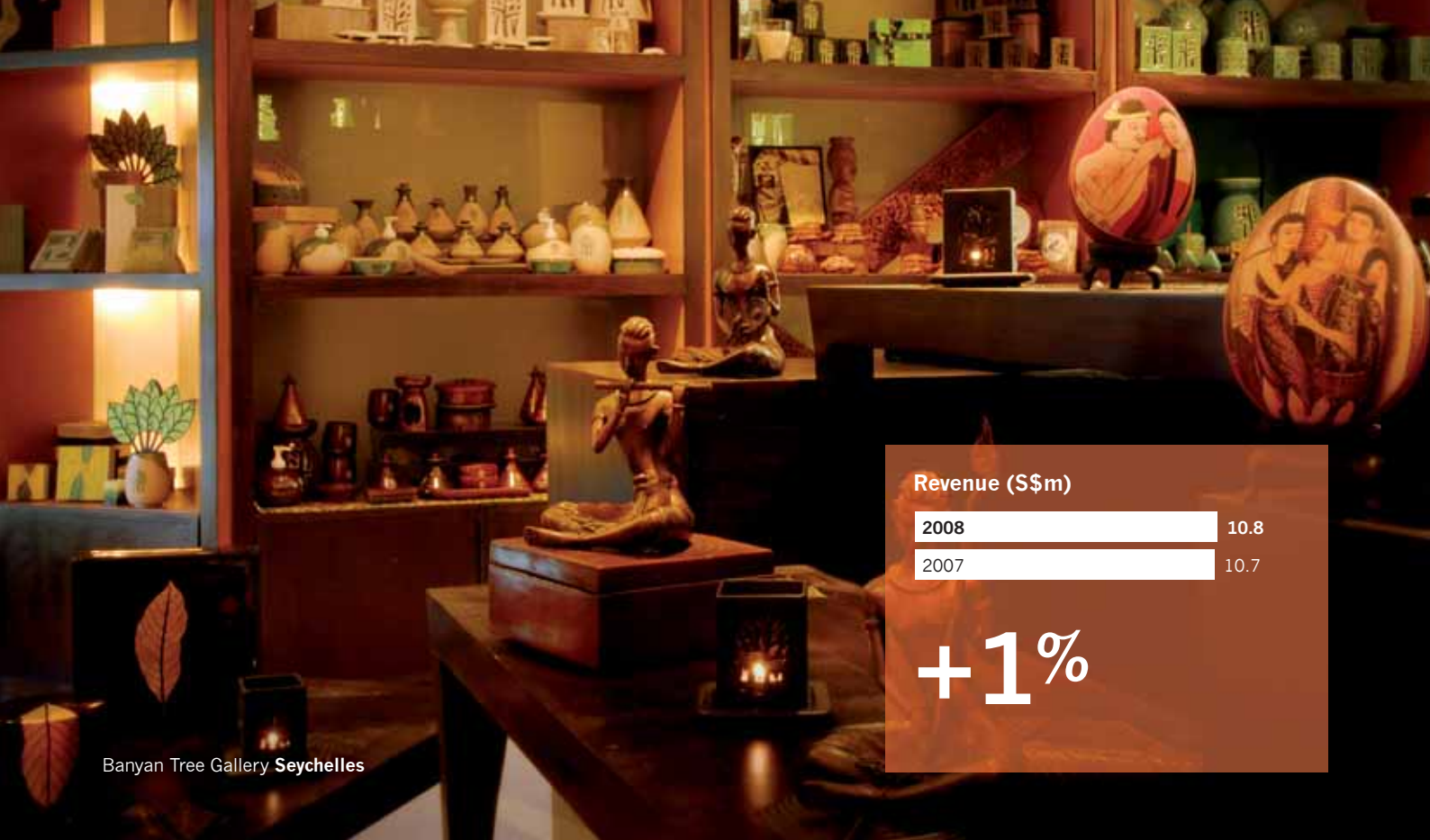
Despite the overall increase in Gallery revenues, EBITDA fell 55% because of increased utilities tariffs resulting from oil price hikes, and higher staff costs as we increased headcount to cater for new Gallery outlets opening in the next two years.

Integrating for efficiency

We have been making efforts since 2006 to integrate the operations of Banyan Tree Gallery and Banyan Tree Spa, with the aim of maximising efficiency. Integration has progressed in the areas of finance, operations, human resource, public relations and information technology. By December 2008, almost half of our Gallery outlets were spa-managed, including recently converted outlets in the Maldives, Bintan and Seychelles.

Total turnover remained stable, posting marginal growth of 1% year-on-year to reach \$10.8 million.

Business Review – Gallery Operations



Revenue (S\$m)

2008	10.8
2007	10.7

+1%

Defined by design

Besides our signature Asian hospitality, we are known for the beautiful designs of our resorts, hotels, spas and galleries. An experienced in-house division is responsible for planning, designing, and overseeing the construction, conversion and maintenance of nearly all the properties the Group manages.

Having such competencies creates several advantages, including a shorter design time and better cost control. In addition, third parties interested in enlisting the Group to manage their resorts and hotels are attracted by our ability to provide an in-house team to supervise construction. Most importantly, having our own design team gives us vital control over the quality and consistency of product offerings, essential for maintaining the strength of our brands.

The division’s work has garnered numerous design accolades through the years. Examples include multiple honours for Banyan Tree Ringha in 2006 – it was judged “Best Hotel Design” and “Best Suite Design” at the Gold Key Awards, and received the “Grand Award” from Design for Asia and “Best Spa Honourable Mention” at the Travel + Leisure Design Awards. This was followed more recently by Banyan Tree Lijiang’s win for “Best Luxury Resort Design” at the Hospitality Design Awards 2007.

Revenue performance

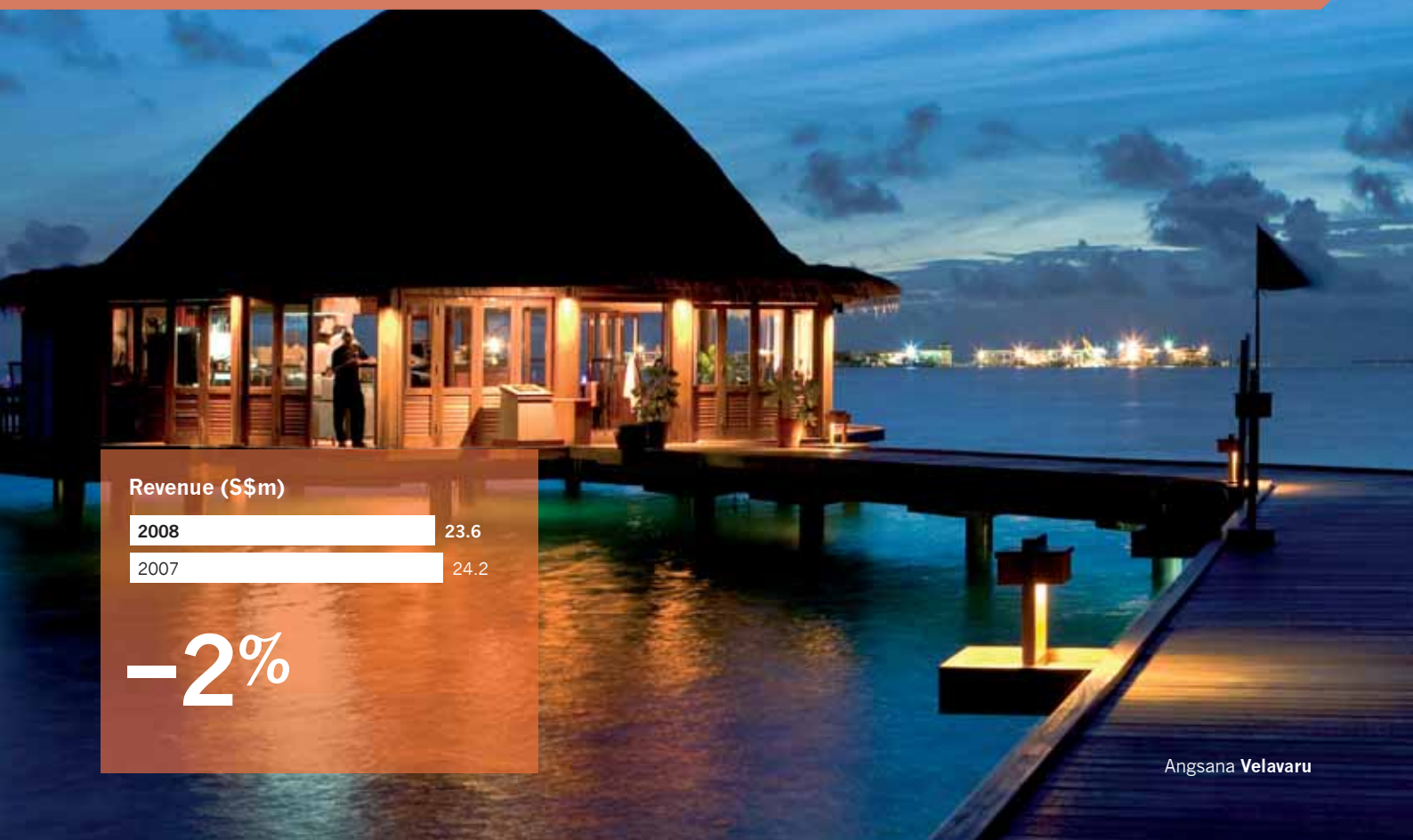
Revenue for this segment consists mainly of design fees and income from the Laguna Phuket Golf Club and Laguna Bintan Golf Club.

Revenue for architectural and design fees dropped by S\$0.3 million or 3% year-on-year. A major reason for the shortfall was the lower billings for projects. These were due to: slower work progress on the Al Gurm, Kerala, Ras Al Khaimah, Koh Samui, Fujairah, Beijing, Los Cabos and Chamela properties, and the completion of the Mayakoba, West Indies and Dubai residences. Also, unlike the preceding year, there were no royalty fees billed for our project in Korea. However, these decreases were partially offset by billings for new projects in Vietnam, Al Sahab, Hangzhou, Macau and Luang Prabang.

For operating the Group-owned Laguna Phuket Golf Club and managing Laguna Bintan Golf Club, we receive 3% of club revenue as management fees and 10% of the gross operating profit as incentive fees. In 2008, revenue for operating the golf clubs was marginally (1%) lower compared to the previous year. While members played 15% more rounds, there were fewer plays by Laguna Phuket guests as a result of lower hotel occupancy.

Design revenue dropped slightly by 3% year-on-year due to staggered timing in revenue recognition from projects.

Business Review – Design and Other Services



Revenue (S\$m)

2008	23.6
2007	24.2

-2%



Beyond unique escapades to gastronomical havens





Angsana Velavaru

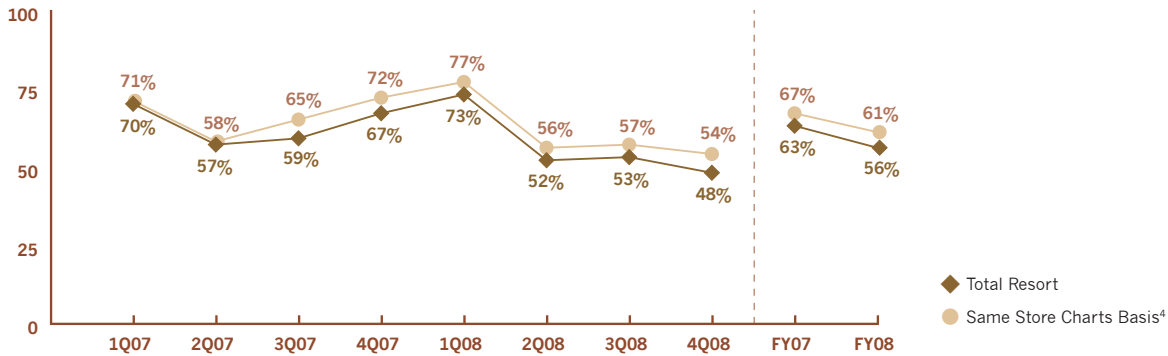


Banyan Tree Lijiang

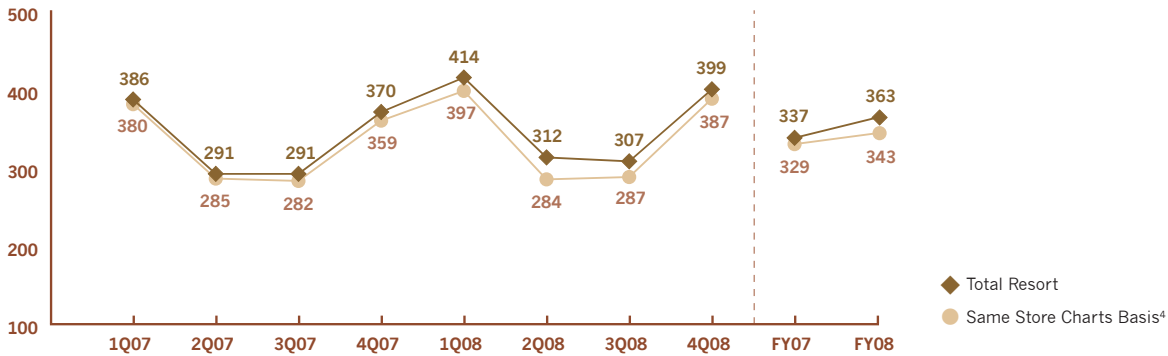
Key Statistics



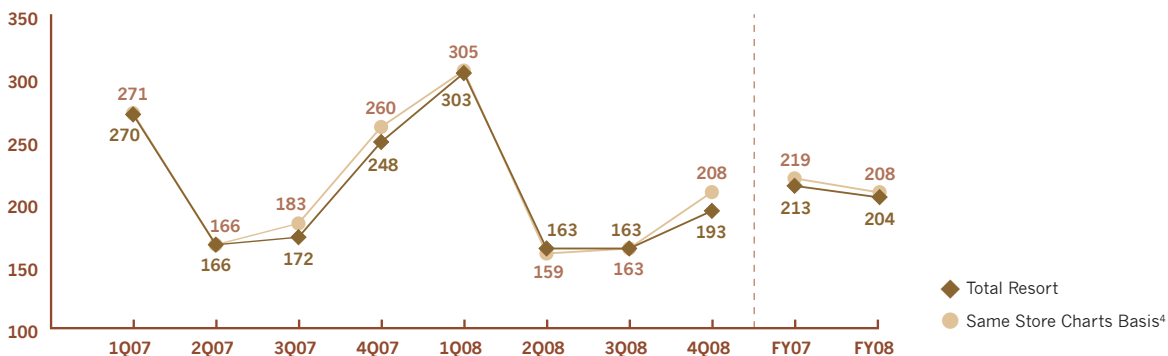
Average Occupancy (%)



ARR (\$\$)²



RevPAR (\$\$)³



All Hotels¹

¹ All Hotels refers to company total including hotels in Laguna Phuket, Banyan Tree & Angsana Resorts.

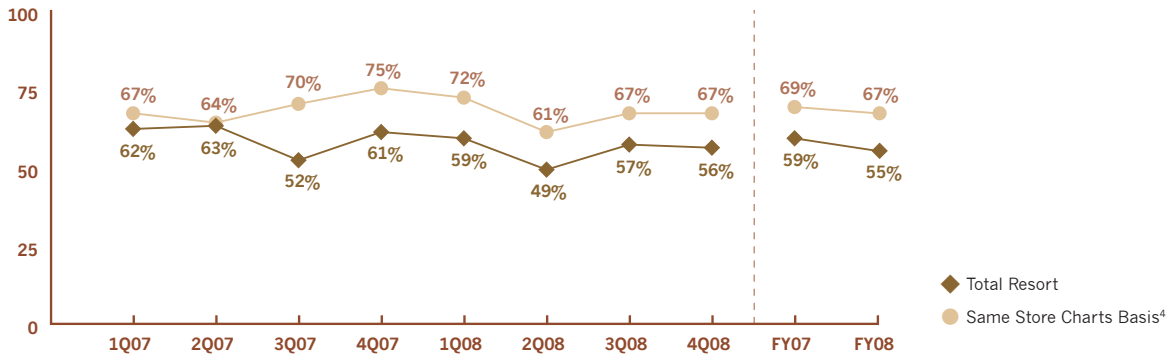
² ARR denotes average room rates.

³ RevPAR denotes revenue per available room.

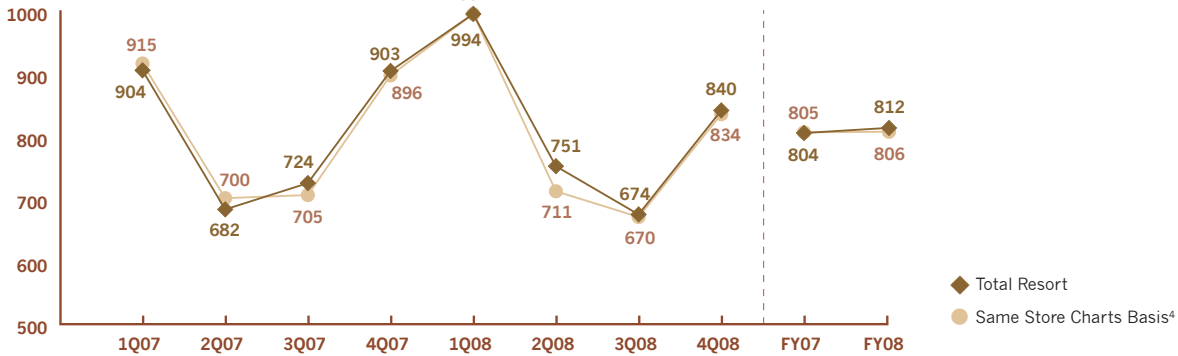
⁴ Same Store Charts Basis excludes all new resorts opened/rebranded in the past 2 years : Banyan Tree Madivaru, Banyan Tree Sanya, Angsana Velavaru, Angsana Riads Collection and Angsana Suites Dubai and abnormal hotels: Banyan Tree Bahrain (dry hotel), Banyan Tree Ringha (open for 6 months). Comparatives for Same Store Charts Basis for prior periods have been adjusted to include Banyan Tree Lijiang.

Key Statistics

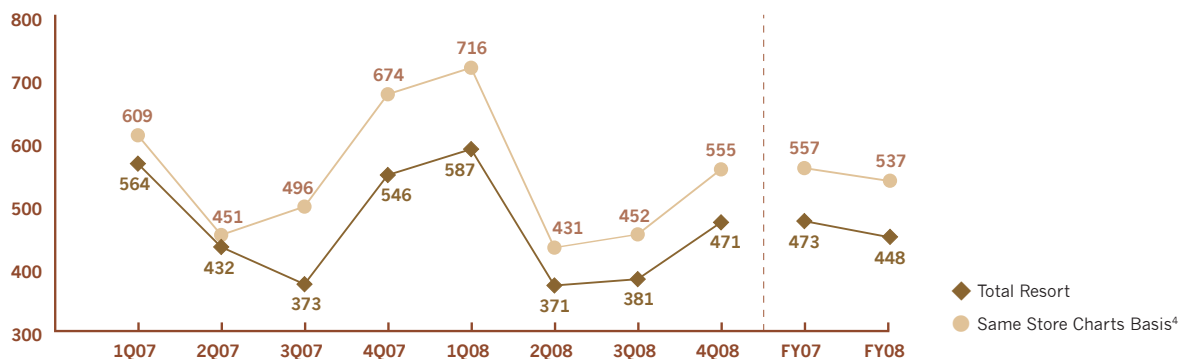
Average Occupancy (%)



ARR (S\$)²



RevPAR (S\$)³



Banyan Tree Resorts¹

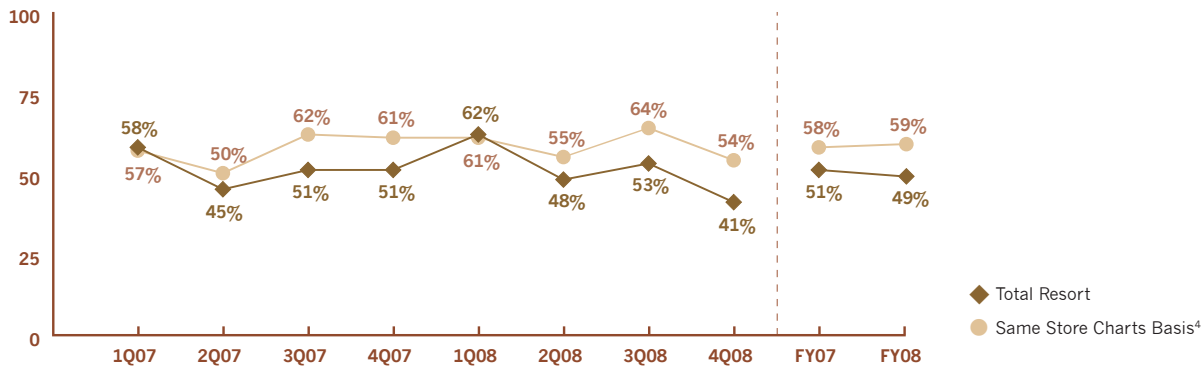
¹ Bangkok is excluded from Banyan Tree Resorts as it is the only city hotel and thus not comparable with the resort type.

² ARR denotes average room rates.

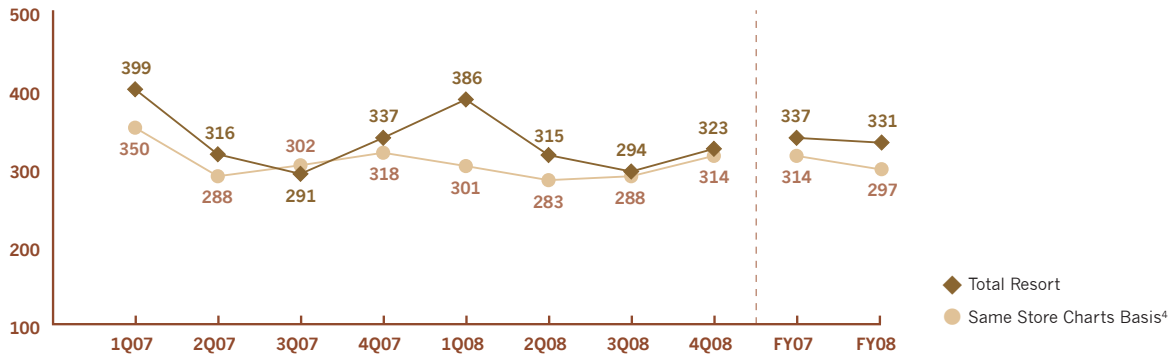
³ RevPAR denotes revenue per available room.

⁴ Same Store Charts Basis excludes all new resorts opened/rebranded in the past 2 years : Banyan Tree Madivaru, Banyan Tree Sanya, Angsana Velavaru, Angsana Riads Collection and Angsana Suites Dubai and abnormal hotels: Banyan Tree Bahrain (dry hotel), Banyan Tree Ringha (open for 6 months). Comparatives for Same Store Charts Basis for prior periods have been adjusted to include Banyan Tree Lijiang.

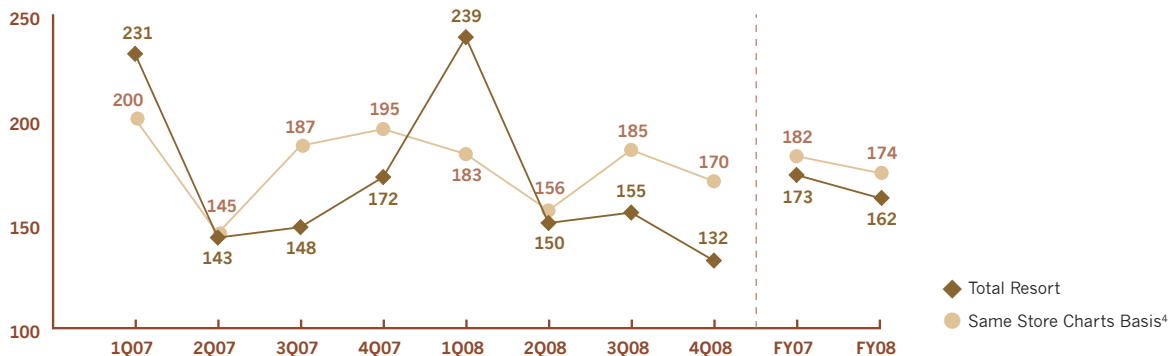
Average Occupancy (%)



ARR (S\$)²



RevPAR (S\$)³



Angsana Resorts¹

¹ Velavaru was rebranded as Angsana Velavaru in November 2006.

² ARR denotes average room rates.

³ RevPAR denotes revenue per available room.

⁴ Same Store Charts Basis excludes all new resorts opened/rebranded in the past 2 years : Banyan Tree Madivaru, Banyan Tree Sanya, Angsana Velavaru, Angsana Riads Collection and Angsana Suites Dubai and abnormal hotels: Banyan Tree Bahrain (dry hotel), Banyan Tree Ringha (open for 6 months). Comparatives for Same Store Charts Basis for prior periods have been adjusted to include Banyan Tree Lijiang.

Analytical Review



Revenue

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
Hotel Investments	205,111	215,018	(9,907)	-5
Hotel Management	15,246	14,698	548	4
Hotel Residences	78,505	46,314	32,191	70
Spa Operations	27,052	24,870	2,182	9
Property Sales	52,276	86,027	(33,751)	-39
Gallery Operations	10,787	10,697	90	1
Design and Others	23,635	24,235	(600)	-2
Total	412,612	421,859	(9,247)	-2

Revenue decreased by S\$9.3 million or 2% from S\$421.9 million for the year ended 31 December 2007 to S\$412.6 million for the year ended 31 December 2008. The current political turmoil in Thailand, coupled with rapid weakening of major economies around the world and slowdown in the air-travel industry, have adversely affected the Group's performance for 2008, particularly for the Property Sales segment and Hotel Investments segment. The unfavourable performances of the Property Sales segment and Hotel Investments segment were partially offset by higher revenue recognition from Hotel Residences segment.

Hotel Investments segment registered lower revenue by S\$9.9 million or 5% from S\$215.0 million to S\$205.1 million, mainly attributable to lower revenue from Thailand. This was partially offset by higher revenue from Maldives and additional revenue from the new resort in Morocco, Angsana Riads Collection, which opened in December 2007. The current political crisis in Thailand which resulted in weekend closure of Phuket airport in August and 8-day closure of Bangkok international airport in November, coupled with worsening of the world economy, have adversely impacted Thailand's tourism industry for leisure and business markets. Revenue from Thailand reduced by S\$18.2 million, from S\$163.7 million in 2007 to S\$145.5 million in 2008. The shortfall in revenue was partially offset by resorts in Maldives which reported combined revenue of S\$41.5 million, S\$6.4 million or 18% increase against last year, with the highest contribution from the newly refurbished Angsana Velavaru. Revenue from Banyan Tree Lijiang registered higher growth as compared to last year as a result of 33 new villas added to inventory during the year. On the other hand, Banyan Tree Ringha's performance was plagued by political unrest in Tibet in the early part of 2008.

Property Sales segment's revenue decreased by S\$33.7 million from S\$86.0 million in 2007 to S\$52.3 million in 2008, largely attributable to slower sales and progressive revenue recognition of Laguna Village Villas, Townhomes and Bungalows in Phuket as a result of current political instability in Thailand and uncertainty in the world economy.

Design Fees and Others segment registered a decrease of S\$0.6 million or 2% in revenue from S\$24.2 million in 2007 to S\$23.6 million in 2008, mainly attributed to lower revenue for architectural and design fees. Lower project billings were due to slower work progress on the Al Gurm, Kerala, Ras Al Khaimah, Koh Samui, Fujairah, Beijing, Los Cabos and Chamela properties, and the completion of the Mayakoba, West Indies and Dubai residences. Also, unlike the preceding year, there were no royalty fees billed for project in Korea. However, these decreases were partially offset by billings for new projects in Vietnam, Al Sahab, Hangzhou, Macau and Luang Prabang.

Hotel Residences posted 70% revenue growth, or S\$32.2 million, from S\$46.3 million in 2007 to S\$78.5 million in 2008. The increase was attributable to higher progressive revenue recognition from Banyan Tree Lijiang Villas and Townhomes, Banyan Tree Bangkok Suites and Banyan Tree Phuket Villas. This was partially offset by lower progressive revenue recognition from Dusit Villas and Banyan Tree Bintan Villas. These units recognised were substantially from sales made in 2007 and in the first half of 2008.

Spa Operation's revenue increased by S\$2.2 million or 9% from S\$24.9 million in 2007 to S\$27.1 million in 2008, largely contributed by newly-opened/refurbished spas in China, Maldives and Middle East. This was partially offset by lower revenue generated from Thailand due to lower hotel occupancy as a result of the political turmoil there.

Hotel Management segment posted revenue of S\$15.2 million in 2008, S\$0.5 million or 4% higher than the S\$14.7 million recorded in 2007. The increase arose from the new fund management business set up in 2008 which contributed S\$3.5 million of management fee income. In January 2008, the Group established Banyan Tree Indochina Hospitality Fund ("the Fund"), a real estate development fund which primarily focuses on the hospitality sector in Vietnam, Cambodia and Laos. The Fund has received a total capital commitment of US\$268.0 million from investors by its third closing at end of 2008. The additional fees from fund management were partially offset by lower fees of S\$2.6 million from managing Banyan Tree Private Collection, the first asset backed destination club in Asia which was launched in October 2006. Owing to the global financial crisis, fewer club memberships were sold compared to 2007.

Other income

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	15,309	2,272	13,037	574

Other income of S\$15.3 million for the year ended 31 December 2008 comprised mainly one-off items such as insurance claims arising from the Tsunami, gain on capital distribution from an associated company and negative goodwill arising from the acquisition of remaining interests in a subsidiary.

Cost and expenses

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
Operating supplies	79,277	83,760	(4,483)	-5
Salaries and related expenses	114,747	98,778	15,969	16
Administrative expenses	58,129	39,486	18,643	47
Sales and marketing expenses	19,980	21,327	(1,347)	-6
Other operating expenses	62,039	58,237	3,802	7
Total	334,172	301,588	32,584	11

Operating supplies

Operating supplies expenses decreased by S\$4.5 million from S\$83.8 million for the year ended 31 December 2007 to S\$79.3 million for the year ended 31 December

2008. This was due to lower cost of properties sold under the Property Sales segment as a result of lower revenue recognition.

Salaries and related expenses

Salaries and related expenses increased by S\$15.9 million from S\$98.8 million for the year ended 31 December 2007 to S\$114.7 million for the year ended 31 December 2008. This was largely attributable to headcounts in newly-opened resorts such as Angsana Riads Collection Morocco (opened in December 2007), Banyan Tree Madivaru (opened in July 2007), and Angsana Velavaru (re-opened in December 2007). In addition, additional headcounts were required for new spa operations and for the new fund management business and also to support additional inventories in Banyan Tree Lijiang, Banyan Tree Bangkok and Dusit Laguna.

Administrative expenses

Administrative expenses increased by S\$18.6 million from S\$39.5 million for the year ended 31 December 2007 to S\$58.1 million for the year ended 31 December 2008. This was due to higher expenses incurred on legal and professional fees as a result of Tsunami insurance claims, provision for doubtful debts, provision for impairment loss on investments and unrealised exchange losses.

Sales and marketing expenses

Sales and marketing expenses decreased by S\$1.3 million from S\$21.3 million for the year ended 31 December 2007 to S\$20.0 million for the year ended 31 December 2008. This was mainly due to lower marketing fees incurred in promoting Banyan Tree Private Collection in 2008 as compared to 2007.

Analytical Review



Other operating expenses

Other operating expenses increased by S\$3.8 million from S\$58.2 million for the year ended 31 December 2007 to S\$62.0 million for the year ended 31 December 2008.

This was largely due to occupancy-related expenses of new resorts in Angsana Riads Collection Morocco, Banyan Tree Madivaru and also Angsana Velavaru which was closed down for renovation in the later part of 2007. In addition, there were higher fuel and electricity costs due to higher oil prices.

EBITDA

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
Hotel Investments	47,038	63,176	(16,138)	-26
Hotel Management	(1,465)	1,282	(2,747)	nm
Hotel Residences	40,285	21,143	19,142	91
Spa Operations	2,803	5,560	(2,757)	-50
Property Sales	12,219	33,778	(21,559)	-64
Gallery Operations	900	2,010	(1,110)	-55
Design and Others	855	7,507	(6,652)	-89
Head Office Expenses	(20,617)	(14,185)	(6,432)	45
Other Income (net)	11,731	2,272	9,459	416
Total	93,749	122,543	(28,794)	-23

EBITDA decreased by S\$28.7 million or 23%, from S\$122.5 million for the year ended 31 December 2007 to S\$93.8 million for the year ended 2008. With the exception of Hotel Residences segment, all other segments posted lower EBITDA compared to last year.

Hotel Investments segment and Property Sales segment accounted for S\$37.7 million of the shortfall, from a combined EBITDA of S\$97.0 million achieved in 2007 to S\$59.3 million in 2008. This was largely due to lower revenue generated in Thailand as a result of political crisis and economic downturn.

EBITDA from Spa Operations segment decreased by S\$2.8 million or 50%, from S\$5.6 million in 31 December 2007 to S\$2.8 million in 31 December 2008. The decrease was largely due to lower revenue, unrealised exchange losses and loss on closure of a spa outlet in Double Bay, Australia.

EBITDA from Design and Others segment decreased by S\$6.6 million or 89% from S\$7.5 million in 31 December 2007 to S\$0.9 million in 31 December 2008, mainly attributed to lower revenue coupled with higher operating expenses to support the expansion in this segment.

EBITDA for Hotel Residences segment improved by S\$19.2 million or 91%, from S\$21.1 million in 31 December 2007 to S\$40.3 million in 31 December 2008, mainly due to higher progressive revenue recognition in 2008 as a result of accounting treatment of recognising sales based on percentage of completion method.

Head Office expenses increased by S\$6.4 million or 45% from S\$14.2 million in 31 December 2007 to S\$20.6 million in 31 December 2008, mainly attributed to fixed costs, higher professional fees incurred on new projects and higher travelling cost.

Depreciation of property, plant and equipment

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	33,335	26,243	7,092	27

Depreciation of property, plant and equipment increased by S\$7.1 million from S\$26.2 million for the year ended 31 December 2007 to S\$33.3 million for the year ended 31 December 2008 mainly due to depreciation on the two new resorts, Banyan Tree Madivaru and Angsana Riads Collection Morocco, and higher depreciation on Angsana Velavaru after completion of its land villas refurbishment in late 2007. In addition, there was higher depreciation on resorts in Laguna Phuket as a result of upward revaluation on the properties in 2007.

Interest income

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	3,397	4,174	(777)	-19

Interest income decreased by S\$0.8 million from S\$4.2 million for the year ended 31 December 2007 to S\$3.4 million for the year ended 31 December 2008. The decrease was mainly due to lower bank deposits.

Interest costs

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	18,096	16,421	1,675	10

Interest costs increased by S\$1.7 million from S\$16.4 million for the year ended 31 December 2007 to S\$18.1 million for the year ended 31 December 2008. This was mainly due to higher interest expenses on notes issuance under the MTN programme and partially offset by lower interest incurred on bank loans as a result of scheduled repayments.

Share of results of associated companies

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	1,317	2,032	(715)	-35

Share of results of associated companies relates to our 30% investment interest in Banyan Tree Seychelles Holdings Ltd (which holds Banyan Tree Seychelles). For the year ended 31 December 2008, profit from Banyan Tree Seychelles Holdings Ltd decreased by S\$1.6 million from S\$6.6 million to S\$5.0 million. This decrease was mainly due to lower exchange gain.

Exceptional item

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	-	44,535	(44,535)	-100

There was no exceptional item in 2008. The exceptional item of S\$44.5 million for the year ended 31 December 2007 relates to a one-off negative goodwill arising from the increase in the Group's effective interest in LRH from 51.78% to 65.75%, following the LRH rights issue exercise in July 2007.

Income tax

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	23,991	24,036	(45)	0

Tax expenses for the year ended 31 December 2008 was S\$24.0 million, in line with last year notwithstanding lower operating profits achieved in the current year. This was mainly due to prior year underprovision of taxes, losses incurred by some foreign subsidiaries within the Group not being able to offset against profit-making subsidiaries and non tax-allowable expenses.

Analytical Review



Minority interests

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	11,321	20,575	(9,254)	-45

Minority interests from continuing operations decreased by S\$9.3 million from S\$20.6 million for the year ended 31 December 2007 to S\$11.3 million for the year ended 31 December 2008 mainly due to lower profit after tax generated by LRH.

Profit attributable to Shareholders of the Company ("PATMI")

	2008	2007	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
	7,026	81,866	(74,840)	-91

As a result of the foregoing, PATMI decreased significantly from S\$81.9 million for the year ended 31 December 2007 to S\$7.0 million for the year ended 31 December 2008.

Cash flow

	2008	2007
	S\$'000	S\$'000
Profit before tax	42,338	126,477
Net (decrease) from changes in working capital	(19,520)	(53,744)
Net interest (paid) and tax (paid)	(28,618)	(24,424)
Adjustment for non-cash items	55,520	(7,558)
Net cash from operating activities	49,720	40,751
Net cash (used in) investing activities	(87,515)	(99,606)
Net cash (used in)/from financing activities	(23,683)	94,019
Net (decrease)/increase in cash and cash equivalents	(61,478)	35,164
Cash and cash equivalents at beginning of the year	115,716	81,523
Effects of exchange rate changes for balances in foreign currencies	(526)	(971)
Cash and cash equivalents at end of the year	53,712	115,716

As at 31 December 2008, the Group's cash and cash equivalents decreased by 54% to S\$53.7 million compared to 31 December 2007. The decrease in cash flow by S\$62.0 million was mainly due to various investments, construction and renovation projects and repayment of bank loans during the year.

During the year, the Group generated positive operating cash flow of S\$49.7 million, mainly due to profit before tax of S\$42.3 million adjusted for non-cash items of S\$55.5 million, comprising mainly depreciation and amortisation of island rental of S\$38.0 million and finance expenses of S\$18.1 million. This was reduced by a net decrease in cash generated from working capital changes of S\$19.5 million, and net interest and income tax payments of S\$28.6 million.

The net cash flows used in investing activities amounted to S\$87.5 million. This was largely due to capital expenditure of S\$58.8 million comprising acquisition, construction and renovation of various hotel projects, and equity investment in Mayakoba (S\$4.3 million), La Punta Mexico (S\$4.1 million), Tropical Resorts Ltd (S\$1.8 million) and Banyan Tree Indochina Hospitality Fund (S\$4.7 million). In addition, there was a purchase of land adjacent to Laguna Phuket for future development for a consideration of S\$16.0 million and payment for island rental in the Maldives of S\$2.2 million. This was partially offset by cash received arising from the capital reduction in Tropical Resorts Ltd of S\$4.8 million.

The net cash flows used in financing activities amounted to S\$23.7 million. This was mainly due to scheduled bank repayment of S\$99.7 million coupled with dividend payment of S\$15.2 million to shareholders of the Company and S\$8.0 million to minority shareholders of LRH, partially offset by loan drawdown of S\$71.9 million and S\$27.3 million proceeds from the issuance of Medium Term Notes under the S\$400 million Medium Term Notes programme.

Corporate Social Responsibility

Resorts in developing areas have the potential to be agents of social and economic development.





School book donation, **Bintan**



Reduce, reuse, recycle, **Phuket**



Greening Communities, **Lijiang**



Embracing the environment, empowering people

Sustainable development

Banyan Tree defines success not just financially, but also socially and environmentally. Sustainable development as a socially responsible business is a core value of the Group. This involves:

- creating an enchantingly memorable experience for our guests and customers through our services and products;
- providing our associates with fair and dignified employment which enhances each associate's ability in the long term to contribute to the company's growth as well as elevate their job prospects with Banyan Tree and beyond;
- enabling long term societal prosperity for the communities in which we operate. This is achieved via our business conduct and operations as well as by harnessing our key competencies to address issues facing the community;
- exercising caution with respect to the environmental impacts of our operations, and taking an active role in the protection and remediation of our global ecosystem;
- conducting business with suppliers and vendors in a dignified, fair and transparent manner, while working in partnership to enhance societal benefits and reduce environmental impacts; and
- generating sustained, long-term returns on investment for our shareholders.

CSR self audit

2008 was another busy year in terms of our Corporate Social Responsibility (CSR) initiatives. We developed and refined our own internal CSR self audit to help each resort improve its operational practices so as to better protect the local environment and benefit the local community. To implement the areas for improvement identified by the CSR self audit, each resort formed its own onsite CSR committee. This enables the sustainability message to be driven effectively through every department in every resort.

In April, Banyan Tree presented and freely distributed the environmental portion of our CSR self audit at the Pacific Asia Travel Association (PATA) CEO Challenge. The aim was to allow other hotel and resort operators a simple, cost-free way to begin monitoring and reducing their environmental impacts. As many large operators

already have such mechanisms in place, the main target was smaller operators who may lack the resources to invest in commercially available options.

Sichuan Recovery Fund

Following the devastating earthquakes in China's Sichuan province in May, Banyan Tree set up the Sichuan Recovery Fund to help communities there in the short, medium and long term. Immediate recovery was aided by associates' donations to local relief agencies. We continue to work with local authorities to identify the most effective ways to support the local communities in the longer term. A total of US\$0.5 million was raised for the Sichuan Recovery Fund through donations from our associates across the Group, matching contributions by the respective business units, and a diversion of collections for the Green Imperative Fund from 1 June to 31 December 2008.

International recognition

Several of our CSR initiatives attracted international acclaim this year, which we view as a sign that we remain among the leaders in the field of CSR:

- At the Condé Nast 2008 World Savers Awards, Banyan Tree was Runner-Up in the Education category for our Seedlings initiative which supports at-risk youths. We received an honourable mention in the Wildlife category for initiatives such as the Banyan Tree Bintan Conservation Lab, the two Banyan Tree Maldives Marine Labs, and various other initiatives across our properties.
- Banyan Tree Maldives Marine Lab was also honoured as one of 15 finalists out of 319 nominees for the National Geographic Geotourism Challenge. This was in recognition of the Lab's ongoing marine conservation efforts that reach out to guests, local schools and resort associates.
- Banyan Tree Bintan Conservation Lab garnered the PATA Gold Award in the Ecotourism Project category, for its efforts to reverse the loss of biodiversity arising from unsustainable practices and habitat destruction.

For more details on our social and environmental endeavours during the year, please refer to the accompanying 2008 Sustainability Report, or view it online at www.banyantree.com/CSR.



Beyond crimson dusks to a warm welcome





Banyan Tree, Sanya



Banyan Tree Ringha



Angsana Suites Dubai

Corporate Governance Report

The Board of Directors and Management of Banyan Tree Holdings Limited (“BTH” or the “Company”) remain committed to maintaining high standards of corporate governance and sound corporate practices in the Group, in accordance with the Singapore Code of Corporate Governance 2005 (“the Code”).

This Report sets out the Company’s main corporate governance practices with reference to the Code. Unless otherwise stated, these practices were in place for the financial year.

(A) Board Matters

Principle 1: The Board’s Conduct of its Affairs

The Board oversees and approves the formulation of the Group’s overall long-term strategic objectives and directions, and sets its values and standards. It is responsible for the Group’s overall performance objectives, financial plans and annual budget; major investments, divestments and funding proposals; financial performance reviews, risk management and corporate governance practices; and ensuring the Group’s compliance with laws and regulations as may be relevant to the business. The Board also approves the policies and guidelines of the remuneration for the Board and Senior Management as well as the

appointment of Directors and the long-term succession planning for Senior Management.

The Group has adopted a set of internal controls and guidelines that set financial authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures. In addition to matters that specifically require the Board’s approval, such as the issue of shares, dividend distributions, and other returns to shareholders, the Board approves all transactions where the value of a transaction exceeds these limits.

To assist the Directors in the discharge of their responsibilities, the Board has established two committees (i) Audit and Risk Committee (“ARC”) and (ii) Nominating and Remuneration Committee (“NRC”) with clear terms of reference.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under the Company’s Articles of Association. During the year under review, the Board held five meetings and an offsite

Board Retreat to give Non-Executive Directors a better understanding of the Group and its businesses, and to provide an opportunity for them to familiarise themselves with Management to facilitate the Board's review of the Company's succession planning and leadership development programme. Details of Directors' attendance at Board and Board Committee meetings held during the year under review are provided below.

To ensure that Directors are competent in carrying out their expected roles and responsibilities, they are encouraged to attend programmes on Director's duties and responsibilities where necessary. As part of the Company's ongoing familiarisation programme, Non-Executive Directors have opportunities to visit key countries where the Group has operations. Directors are also apprised of changes to the SGX-ST listing rules, Companies Act, accounting standards and other relevant law and regulations. Upon appointment, a new Director receives a formal letter of appointment from the Executive Chairman explaining his role, duties, and responsibilities as a member of the Board and is briefed on the Group's strategies, business activities, and governance practices, including disclosures of dealings in securities and meetings with Senior Management.

Principle 2: Board Composition and Balance

Presently, the Board comprises six Directors, four of whom are Independent Directors. As such, there is a strong and independent element on the Board. The Independent Directors are Mr Chia Chee Ming Timothy, Mr Dilhan Pillay Sandrasegara, Mrs Elizabeth Sam and Mrs Fang Ai Lian. The Board appointed Mr Chia as the Lead Independent Director on 28 February 2007 to lead and co-ordinate the activities of the Independent Directors of the Company. Mrs Fang was appointed as an Independent Director and ARC Chairman on 1 May 2008. Both Mr Chia and Mrs Fang are independent from Management and business relationships as defined under the Code.

Another Independent Director, Mr Pillay, is the managing partner of the law firm WongPartnership LLP, which provides legal services to the Company. The NRC and the Board consider Mr Pillay an Independent Director of the Company, notwithstanding this relationship because he does not personally provide legal services to the Company. Mr Pillay has abstained and will continue to abstain from any discussion and decision relating to the Company's choice of legal counsel which is decided by Management. Furthermore, Management uses market

rates as benchmarks when evaluating the provision of legal services to our Group by WongPartnership LLP.

Mrs Sam, an Independent Director, is also an independent director of Boardroom Limited, a company listed on the SGX-ST. Boardroom Corporate & Advisory Services Pte. Ltd., a subsidiary of Boardroom Limited, is the share registrar and transfer agent of our Company. Notwithstanding this, the NRC and the Board consider Mrs Sam independent as the aggregate payments made to Boardroom Corporate & Advisory Services Pte. Ltd. for the financial year ended 31 December 2008 were not significant.

The remaining Directors are executives of the Company. They are Mr Ho KwonPing, Executive Chairman, and Mr Ariel P Vera, Group Managing Director.

Our Directors bring with them invaluable extensive business networks and expertise in diverse fields. The size and composition of our Board is reviewed on an annual basis by the NRC to ensure that it has the appropriate mix of expertise and experience to lead and govern the Group effectively. The NRC also determines, on an annual basis, whether or not a Director is independent as defined under the Code. The NRC is of the view that, given the size, nature and scope of the Group's operations, the current size of six Directors out of which four are Independent Directors (that is, two-thirds of the Board), ensures that the Board possesses the required capabilities, skills and experience for it to discharge its duties and responsibilities effectively.

A brief profile of each Director is given on pages 16 and 17 of this Annual Report.

Principle 3: Role of Chairman and Chief Executive Officer

There is a clear division of responsibility between the Executive Chairman and Group Managing Director. The Executive Chairman and the Group Managing Director are not related.

Our Executive Chairman is responsible for charting the strategic direction and growth of the Group. He also facilitates and ensures active and comprehensive Board discussions on company matters and monitors the translation of the Board's decisions into executive actions. Our Group Managing Director executes the Board's decisions and is responsible for implementing the Group's strategies and policies, and the conduct of the Group's business.

In the year under review, the number of Board and Board Committee meetings held and attended by each Board member is as follows:-

Board Members	Board of Directors' Meetings		Audit and Risk Committee Meetings		Nominating & Remuneration Committee Meetings	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Ho KwonPing	5	5	–	–	5	1 ¹
Ariel P Vera	5	5	5	5 ¹	5	4 ¹
Chia Chee Ming Timothy	5	5	5	2 ²	5	5
Dilhan Pillay Sandrasegara	5	5	5	5 ³	5	5
Elizabeth Sam	5	5	5	5	5	5
Fang Ai Lian	5	4 ⁴	5	4 ⁵	–	–

1 By invitation

2 Resigned as ARC Member on 13 August 2008

3 Resigned as ARC Chairman but remained as ARC Member

4 Appointed Board Member on 1 May 2008

5 Appointed ARC Chairman on 1 May 2008

Principle 4: Board Membership

Our NRC, established on 23 March 2004, comprises three Independent Directors with Mr Chia as the Chairman and Mr Pillay and Mrs Sam as members. Mr Chia is not associated in any way to a substantial shareholder.

The NRC's functions include considering and making recommendations to the Board on new Board appointments, the selection of which is evaluated, taking into account various factors including the relevant expertise of the candidates and their personal contribution. Candidates may be put forward or sought through contacts and recommendations. The NRC also makes recommendations to the Board on re-appointments of Directors, Board evaluation and remuneration of Directors and Senior Management, and determines annually, the independence of the Directors. Notwithstanding some Directors' representations on other boards, the NRC is satisfied that these Directors have been able to perform their duties effectively and has endorsed the following status of the Directors following its annual review:-

Mr Ho KwonPing (Non-Independent)
Mr Ariel P Vera (Non-Independent)
Mr Chia Chee Ming Timothy (Independent)
Mr Dilhan Pillay Sandrasegara (Independent)
Mrs Elizabeth Sam (Independent)
Mrs Fang Ai Lian (Independent)

The Company's Articles of Association require one-third of directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") ("one-third rotation rule"). Retiring Directors are selected on the basis of their length of service since their last re-election, failing which they shall be selected by agreement or by lot. Mr Ho and Mr Chia will submit themselves for retirement and re-election under the one-third rotation rule at the forthcoming AGM.

New Directors appointed in the year are subject to retirement and re-election by shareholders at the next AGM after their appointment. Mrs Fang, who was appointed on 1 May 2008, will submit herself for retirement and re-election by shareholders at the forthcoming AGM.

Mrs Sam who has attained the age of 70 years will submit herself for retirement and re-appointment pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, at the forthcoming AGM.

Principle 5: Board Performance

As was done in FY2007, the NRC evaluated the Board's performance as a whole. All Directors assessed the effectiveness of the Board and the results were considered by the NRC, which has the responsibility of assisting the Board in the evaluation of the Board's effectiveness. Factors such as the structure and size of the Board, the manner in which the Board meetings were conducted, the Board's access to information, access to Management and external experts outside the meetings were applied to evaluate the Board's performance as a whole. The assessment of the Executive Chairman and the Group Managing Director's performances was undertaken by the NRC based on both qualitative and quantitative performance criteria, comprising profits, revenue growth and economic value-added. Except for the Executive Directors, there was no individual assessment for the rest of the Directors. The Board, with the input of the NRC, will review whether or not to implement assessment

of the performance of individual Directors for FY2009 and if so, the feasibility of undertaking such a performance evaluation internally or whether to appoint external consultants to advise the Board and/or to assist with implementation of the process. Each member of the NRC abstained from making any recommendation and/or participating in any deliberation of the NRC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

Principle 6: Access to Information

The Directors are provided with meeting agenda and Board materials prior to all Board and Board Committee meetings. This is sent sufficiently in advance to enable the Directors to be properly informed of matters to be discussed and/or approved. Board papers include regular items such as budget, forecasts and quarterly financial statements, as well as quarterly management reports on the Company's projects and matters for the decision or information of the Board. In respect of the budget, any material variance between the budget, the latest forecast and the actual results are disclosed and explained. From time to time, Management will brief the Directors at Board meetings when there are changes in regulations and/or accounting standards, which would have an impact on the disclosure obligations or the financial position of the Company. The Directors are also given analysts' reports so that they are apprised of analysts' views on the Company's performance.

As a general rule, Board and Board Committee papers are distributed to the Directors a week before the meeting. When necessary, Senior Management participates in Board meetings to provide additional insights.

The Directors have separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary attends all Board and Board Committee meetings and is responsible for, among other things, ensuring that the Board's procedures are observed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter of the Board as a whole. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

(B) Remuneration Matters

Principle 7: Remuneration Policies

The NRC has been delegated the authority by the Board to review and approve recommendations on remuneration policies and packages for the Directors, Senior Management and other employees who are related to the controlling shareholders and/or our Directors. The NRC has access to the Company's human resource department and external consultants for expert advice on executive compensation. In setting remuneration packages, the NRC takes into account the respective performances of the Group and the individual. The NRC also takes into consideration, remuneration packages and employment conditions within the industry. No Director is involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

The employment contracts of the Executive Chairman and the Group Managing Director are automatically renewed every year, unless otherwise terminated by either party giving not less than six months' notice in writing. The terms of these employment contracts do not provide for benefits upon termination of employment with the Company.

The remuneration of the Non-Executive Directors is paid by way of Directors' Fees in cash and/or a fixed number of BTH shares under the Company's share-based remuneration programmes. The remuneration payable to Non-Executive Directors is subject to shareholders' approval at the Company's AGM.

The amount of Directors' Fees payable in cash is dependent on the respective Non-Executive Directors' level of responsibilities and contributions. The framework for determining the Directors' Fees, which is the same as the previous financial year, is as follows:-

Non-Executive Directors' Fees (S\$)

Basic Retainer Fee for Director	S\$40,000 per annum
Fee for Appointment to ARC Committee chairman	S\$30,000 per annum
Committee member	S\$15,000 per annum
Fee for Appointment to NRC Committee chairman	S\$20,000 per annum
Committee member	S\$10,000 per annum

Notwithstanding the above framework for determining the Directors' Fees, our Non-Executive Directors have, on their own accord, initiated a 10 percent reduction in Directors' Fees for FY2008.

Our Executive Directors do not receive Directors' Fees. Their remuneration comprises a base salary, bonus, and participation in the Company's share-based remuneration programmes. The level and mix of each of the Director's remuneration in bands of S\$250,000 are set out below. The names of the top five key executives (who are not also Directors) earning remuneration which falls within bands of S\$250,000 are also set out below.

During the year, there were only two employees, namely Mr Ho KwonCjan and Ms Chiang See Ngoh Claire who are immediate family members of the Executive Chairman and whose remuneration exceeded S\$150,000.

Long-Term Share Incentives

The Company has in place the Banyan Tree Employee Share Option Scheme and the Banyan Tree Performance Share Plan (the "Plan"). The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). PSP and RSP were introduced to strengthen the Company's competitiveness in attracting and retaining talented key executives. The PSP and RSP are also aimed at aligning the interests of key executives with that of shareholders, improving performance and achieving sustainable growth for the Company, and fostering an ownership culture amongst key executives. The Plan contemplates the award of fully paid Shares or their cash equivalent, when and after pre-determined performance or service conditions are met. The selection of a participant and the number of Shares to be awarded under the PSP or RSP will be determined at the discretion of the NRC. The NRC will review and amend performance conditions and targets where it thinks appropriate and after considering prevailing business conditions.

Under the Plan, the Company is also able to remunerate its Non-Executive Directors. The incorporation of an equity component in the total remuneration of the Non-Executive Directors is intended to achieve the objective of aligning the interests of the Non-Executive Directors with those of the shareholders and the long-term interest of the Company. Details of the Company's PSP and RSP can be found in the Directors' Report and Note 43 to the financial statements.

The Company has not issued any option to eligible employees pursuant to the Banyan Tree Employee Share Option Scheme.

Remuneration Bands of Directors and Top 5 Key Executives	Salary	Bonus	Other Benefits	Fees	Total
Executive Directors					
S\$2,000,000 to S\$2,250,000					
Ho KwonPing	48%	38%	14%	–	100%
S\$500,000 to S\$750,000					
Ariel P Vera	62%	28%	10%	–	100%
Non-Executive Directors					
S\$250,000 and below					
Chia Chee Ming Timothy	–	–	–	100%	100%
Dilhan Pillay Sandrasegara	–	–	–	100%	100%
Elizabeth Sam	–	–	–	100%	100%
Fang Ai Lian	–	–	–	100%	100%
Top 5 Key Executives					
S\$750,000 to S\$1,000,000					
Bernold Olaf Schroeder	38%	24%	38%	–	100%
Surapon Supratya	60%	22%	18%	–	100%
S\$500,000 to S\$750,000					
Ho KwonCjan	57%	15%	28%	–	100%
S\$250,000 to S\$500,000					
Chiang See Ngoh Claire	66%	12%	22%	–	100%
Arthur Kiong	77%	–	23%	–	100%

(C) Accountability and Audit

Principle 10: Accountability

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within forty-five days from the end of each quarter. Annual results are released within sixty days from the end of the financial year. In presenting these financial statements, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

Principle 11: Audit and Risk Committee

Our ARC comprises three Independent Directors with Mrs Fang as the Chairman and Mr Pillay and Mrs Sam as members.

The ARC reviews, with the external and internal auditors, their audit plans, the system of internal controls, audit reports, management letter and the Company's management response. It also reviews the quarterly, half-year, and full-year results, as well as the financial statements of the Group and Company before submission to the Board for its approval, focusing in particular, on changes in accounting policies and procedures, major operating risk areas, and overview of all group risks on an integrated basis, including all matters affecting the Group's performance and effectiveness of the Group's material internal controls. The ARC also reviews all interested person transactions.

The ARC also commissions and reviews the findings of internal investigations into matters on suspected fraud, irregularity, failure of internal controls, and the infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results of operations and/or financial position.

The ARC has reviewed the Company's Whistle-Blowing Policy which provides the mechanism by which employees and other persons may, in confidence, raise concerns about possible improprieties. The ARC was satisfied that arrangements are in place for the independent investigation of such improprieties and for appropriate follow-up action and resolutions.

The ARC has full access to and co-operation of Management and full discretion to invite any Director or its Senior Management to attend its meetings. The Company has an internal audit team and together with the external auditors, report their findings and recommendations independently to the ARC. During the year, the ARC reviewed the financial statements of the Company before the announcement of the financial results. The ARC met with the internal and external auditors and discussed with them issues of concern. In the year under review, the ARC has assessed the strength of the internal audit team and confirmed that the team is adequately resourced and suitably qualified to discharge its duty.

The ARC also reviewed the nature and extent of all non-audit services performed by the external auditors during the current financial year and is satisfied that such services have not affected their independence. It recommends the re-appointment of the external auditors. In addition, the ARC also reviewed the appointment of different auditors for its subsidiaries or significant associated companies to ensure that the appointment would not compromise the standard and effectiveness of the audit of the Company or its subsidiary or associated company.

In the opinion of the Directors, the Group complies with the Code's guidelines on audit committees as well as Rule 716 of the SGX-ST Listing Manual.

Corporate Governance Report



Principles 12 and 13: Internal Controls and Internal Audit

Internal audit is an independent function within the Company. The Head of Internal Audit reports directly to the Chairman of ARC with a dotted-line relationship to the Group Managing Director of the Company for administrative matters. The Internal Audit team assists the ARC and the Board by performing regular evaluations on the Group's internal controls, financial and accounting matters, compliance, business and risk management policies and procedures, and ensuring that internal controls are adequate to meet the Group's requirement.

The Internal Auditor plans its audit schedules annually in consultation with, but independent of, Management. Its plans are submitted to the ARC for approval.

The Internal Auditor has met the standards as set out by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Company's internal control structure consists of the policies and procedures established to provide reasonable assurance on the effectiveness of the Group's system of internal controls in light of key business and financial risks affecting the operations.

The ARC reviews the proposed scope of the internal audit function and assesses its adequacy annually. The Internal Audit team's summary of findings and recommendations are reviewed and discussed at the ARC meetings.

As part of the eligibility-to-list requirement from SGX, the Company had appointed KPMG as the Group's independent reviewer to assess the design of the internal controls relating to its business processes and procedures. The project has since been completed and a full report was submitted to the SGX on 5 November 2008, fulfilling our listing obligations to SGX.

The Board and Management of the Group attach a high importance to having a sound internal controls system and have been continuously expanding the Group's internal audit capacities through additional staffing and/or outsourcing.

The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The Group Risk Committee, comprising certain members of our Senior Management, reports to our ARC, on an annual basis, the Group's strategic risks and the measures taken to address them. On a quarterly basis, all significant risks to the Group and/or properties are highlighted at the ARC meetings.

(D) Communication with Shareholders

Principles 14 and 15: Communication with Shareholders and AGM

The Company adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees. The Company currently holds a media and analysts briefing upon release of its quarterly and full-year results. It has an investor relations team that communicates with its shareholders and analysts regularly and attends to their queries. The team also manages the dissemination of corporate information to the media, the public, as well as institutional investors and public shareholders, and promotes relations with and acts as a liaison for such entities and parties. Material information is published on SGXNET and through media releases.

Shareholders of the Company receive notices of general meetings which are also advertised in the newspapers and issued via SGXNET. The Board recognises that the AGM is an important forum at which shareholders have the opportunity to communicate their views and raise any queries with the Board and Management regarding the Company and its operations.

A registered shareholder may appoint one or two proxies to attend the AGM and vote. Voting in absentia by mail, facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions.

At general meetings, separate resolutions will be set out on distinct issues for approval by shareholders.

The Board and Management will be in attendance at the Company's general meetings to address questions by shareholders. The external auditors and legal advisers are also present at the AGM to assist the Board and Management in addressing shareholders' queries.

Dealing in Securities

The Company has adopted an internal code on securities trading, which provides guidance and internal regulation with regards to dealings in the Company's securities by its Directors and officers. The Company's internal code is modelled on Rule 1207(18) of the SGX-ST Listing Manual. The Company's internal code prohibits its Directors and officers from dealing in listed securities of the Company while in possession of unpublished, material, and price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year, and one month before the date of announcement of the full-year financial results. Directors and officers are also prohibited from dealing with the Company's securities on short-term considerations.

Interested Person Transactions

Shareholders have adopted a Shareholders' Mandate in respect of interested person transactions of the Company. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for 2008 is set out on page 80 of this Annual Report.

Particulars of interested person transactions for the period from 1 January 2008 to 31 December 2008 as required under Rule 907 of the SGX Listing Manual

	Aggregate value of all interested parties transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate) (S\$'000)	Aggregate value of all interested parties transactions conducted under Shareholders' Mandate (excluding transactions less than S\$100,000) (S\$'000)
A Transactions with the Tropical Resorts Limited Group (TRL)		
a Provision of Resort Management and Related Services to TRL		4,900
b Provision of Spa Management and Other Related Services to TRL		2,217
c Returns from TRL in respect of units in Banyan Tree Bintan and Angsana Bintan		2,857
d Reimbursement of expenses		
– from LRH to TRL		686
– to LRH from TRL		463
– from BTH		836
e Supply of Goods		
– to LRH		276
B Transactions with the Laguna Resorts & Hotel Public Company Limited Group (LRH)		
a Provision of Resort Management and Related Services to LRH		8,526
b Payment of Rent and Services		
– to LRH		993
– from LRH		147
c Reimbursement of expenses		
– from LRH		7,806
– to LRH		6,164
Interested Person Transactions		
d Supply of Goods and Vouchers		
– from LRH		3,845
– to LRH		174
e Payment of Interest by Lijiang Banyan Tree Hotel Co., Ltd to LRH		879
C Transactions with Phuket Hotel Limited (PHL)		
a Centralised Service Fees to LRH		612
b Provision of Hotel Technical Assistance to PHL		330
c Reimbursement of Expenses		310
D Transactions with a Director		
a Sale of a unit of Banyan Tree Residence	1,187	–
E Transactions with Banyan Tree Indochina Hospitality Fund		
a Reimbursement of expenses from Laguna Vietnam Co. Ltd		226
TOTAL	1,187	42,247

Financial Statements

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Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Banyan Tree Holdings Limited ("the Company") and its subsidiary companies (collectively, "the Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

Directors

The Directors of the Company in office at the date of this report are:

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Dilhan Pillay Sandrasegara
Elizabeth Sam

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than pursuant to the Banyan Tree Employee Share Option Scheme, Banyan Tree Performance Share Plan and the Founder's Grant.

Banyan Tree Employee Share Option Scheme and Banyan Tree Performance Share Plan

On 28 April 2006, the shareholders of the Company approved the adoption of two share based incentive schemes for its Directors and its employees, the Banyan Tree Employee Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). The Share Option Scheme and the Plan (collectively, the "Schemes") will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance. The Schemes form an integral and important component of the compensation plan. Mr Ho KwonPing, the Executive Chairman and controlling shareholder, is not entitled to participate in the Schemes.

The Schemes are administered by the Nominating and Remuneration Committee ("NRC") which comprises Chia Chee Ming Timothy, Dilhan Pillay Sandrasegara and Elizabeth Sam, all of whom are Independent Directors of the Company. The NRC has the power, from time to time, to make and vary such regulations for the implementation and administration of the Schemes as it thinks fit.

The aggregate number of shares when aggregated with the number of shares issued and issuable and/or transferred and transferable in respect of all options granted under the Share Option Scheme and any share awards granted under the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company subject to a maximum period of 10 years commencing from the date of the Schemes.

The Company has not issued any options to any eligible participants pursuant to the Share Option Scheme.

During the financial year, a tranche was granted to the Directors and eligible participants under the Plan, the details of which can be found in Note 43 to the financial statements. The Company has not issued any awards under the Plan to any of its controlling shareholders. Since the commencement of the Plan, no participant has been awarded 5% or more of the total shares available under the Plan.

Founder's Grant

Mr Ho KwonPing was earlier awarded a Founder's Grant which will be effective from 1 January 2010. Under the Founder's Grant, he shall be entitled to, for each financial year for a period of ten years beginning from the financial year ending 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act, Chapter 50 of Singapore, an interest in shares of the Company and related corporations (other than wholly-owned subsidiary companies), as stated below:

Name of directors and companies in which interests are held	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Banyan Tree Holdings Limited (Incorporated in Singapore) Ordinary shares				
Ho KwonPing	–	–	276,960,582	278,020,582
Ariel P Vera	589,200	689,200	310,000 ¹	650,000 ²
Chia Chee Ming Timothy	250,000	250,000	–	7,000 ³
Dilhan Pillay Sandrasegara	250,000	500,000	–	7,000 ³
Elizabeth Sam	150,000	150,000	–	6,000 ³
Bangtao Development Limited (Incorporated in Thailand) Ordinary shares				
Ho KwonPing	1	1	–	–
Phuket Resort Development Limited (Incorporated in Thailand) Ordinary shares				
Ho KwonPing	1	1	–	–
Twin Waters Development Company Limited (Incorporated in Thailand) Ordinary shares				
Ho KwonPing	2	2	–	–

¹ On 19 April 2007, the Company granted to Mr Ariel P Vera, a conditional award of 180,000 shares with an additional award of up to 130,000 shares, bringing the aggregate total to 310,000 shares under the Plan for the performance period from 1 January 2007 to 31 December 2009, subject to certain performance conditions being met and other terms and conditions.

² On 25 April 2008, the Company granted to Mr Ariel P Vera, a conditional award of 200,000 shares with an additional award of up to 140,000 shares, bringing the aggregate total to 340,000 shares under the Plan for the performance period from 1 January 2008 to 31 December 2010, subject to certain performance conditions being met and other terms and conditions.

³ The Company granted a conditional award of 7,000 shares each to Messrs Chia Chee Ming Timothy and Dilhan Pillay Sandrasegara as well as 6,000 shares to Mrs Elizabeth Sam under the Plan, subject to certain conditions being met.

There was no change in any of the above-mentioned interests in the Company or in related corporations between the end of the financial year and 21 January 2009 except as stated below:

Name of directors and companies in which interests are held	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
	At the end of financial year	At 21 January 2009	At the end of financial year	At 21 January 2009
Banyan Tree Holdings Limited (Incorporated in Singapore) Ordinary shares				
Ho KwonPing	–	–	278,020,582	280,432,582

By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, Mr Ho KwonPing is deemed to have interests in shares of the subsidiaries held by the Company.

Except as disclosed in the financial statements, since the end of the previous financial year, no Director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Report

Directors' contractual benefits

Except for the following as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

Contracts entered by the Company with its Directors are set out as follows:

- (i) Mr Ho KwonPing and Mr Ariel P Vera have employment relationships with the Company and have received remuneration in that capacity;
- (ii) Mr Dilhan Pillay Sandrasegara is the managing partner of the law firm WongPartnership LLP which provides legal services to the Group; and
- (iii) Mrs Elizabeth Sam, an independent director of Boardroom Limited of which its subsidiary, Boardroom Corporate & Advisory Services Pte. Ltd. is the share registrar and transfer agent of the Company.

On 7 December 2007, Laguna Resorts & Hotels Public Company Limited ("LRH"), a listed subsidiary of the Company granted loan of Baht 3,040,000 at an internal rate of 4.73% to Mr Ho KwonPing pursuant to a Financing Scheme adopted by the Company and offered to all Directors and employees. Principle and interest will be repayable monthly with the last instalment on 31 December 2012.

Audit and Risk Committee ("ARC")

The members of the ARC at the end of the financial year were as follows:

Fang Ai Lian (Chairman, appointed on 1 May 2008)
Dilhan Pillay Sandrasegara
Elizabeth Sam

All ARC members are non-executive independent directors.

The ARC has written terms of reference that are approved by the Board of Directors (the "Board") and clearly set out its responsibilities as follows:

- 1 assist the Board in the discharge of its statutory responsibilities on financial and accounting matters;
- 2 review of the audit plans, scope of work and results of the audits compiled by the internal and independent auditors;
- 3 review of the co-operation given by the Company's officers to the external auditors;
- 4 nomination of the external auditors for re-appointment;
- 5 review of the integrity of any financial information presented to the Company's shareholders;
- 6 review of interested person transactions;
- 7 review and evaluation of the Company's administrative, operating and internal accounting controls and procedures;
- 8 review of the risk management structure and oversight of the risk management processes and activities to mitigate and manage risk at levels that are determined to be acceptable to the Board; and
- 9 where necessary, commission and review of the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The ARC performed the functions specified in the Companies Act, Chapter 50 of Singapore. The functions performed are detailed in the Report on Corporate Governance.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Ho KwonPing
Director

Ariel P Vera
Director

Singapore
16 March 2009

Statement by Directors

We, Ho KwonPing and Ariel P Vera, being two of the Directors of Banyan Tree Holdings Limited, do hereby state that, in the opinion of the Directors:

- (a) the accompanying consolidated income statement, balance sheets, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Ho KwonPing
Director

Ariel P Vera
Director

Singapore
16 March 2009

Independent Auditors' Report

to the Members of Banyan Tree Holdings Limited

We have audited the accompanying financial statements of Banyan Tree Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 87 to 157, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company, the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Companies Act, Chapter 50 of Singapore (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and Certified Public Accountants

Singapore
16 March 2009

Consolidated Income Statement

for the financial year ended 31 December 2008

		GROUP	
	Note	2008 \$'000	2007 \$'000
Revenue	3	412,612	421,859
Other income	4	15,309	2,272
		427,921	424,131
Costs and expenses			
Operating supplies		(79,277)	(83,760)
Salaries and related expenses	5	(114,747)	(98,778)
Administrative expenses		(58,129)	(39,486)
Sales and marketing expenses		(19,980)	(21,327)
Other operating expenses	6	(62,039)	(58,237)
Total costs and expenses		(334,172)	(301,588)
Operating profit		93,749	122,543
Depreciation of property, plant and equipment		(33,335)	(26,243)
Amortisation of lease rental and land use rights		(4,689)	(4,137)
Profit from operations	7	55,725	92,163
Finance income	8	3,397	4,174
Finance costs	9	(18,096)	(16,421)
Share of results of associated companies		1,317	2,032
Share of results of joint venture companies		(5)	(6)
Profit before exceptional items		42,338	81,942
Exceptional item	10	-	44,535
Profit before taxation		42,338	126,477
Income tax expenses	11	(23,991)	(24,036)
Profit after taxation		18,347	102,441
Attributable to:			
Equity holders of the Company		7,026	81,866
Minority interests		11,321	20,575
		18,347	102,441
Earnings per share (in cents):			
Basic	12	0.93	10.76
Diluted	12	0.92	10.75

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2008

	Note	GROUP		COMPANY	
		2008 \$'000	2007 \$'000 (As restated)	2008 \$'000	2007 \$'000
Non-current assets					
Property, plant and equipment	13	979,658	976,627	13	23
Land use rights	14	21,783	6,144	–	–
Land awaiting for future development	15	34,065	18,581	–	–
Subsidiary companies	16	–	–	380,226	337,705
Associated companies	17	33,817	28,146	19,537	19,601
Joint venture companies	18	3,536	3,556	6,332	6,334
Prepaid island rental	19	23,342	25,386	–	–
Long-term trade receivables	20	52,180	10,321	–	–
Intangible assets	21	26,903	26,965	–	–
Long-term investments	22	16,775	9,052	–	–
Other non-current assets	23	8,992	4,416	–	–
Deferred tax assets	39	16,070	12,089	31	–
		1,217,121	1,121,283	406,139	363,663
Current assets					
Inventories	24	13,409	11,051	–	–
Trade receivables	25	66,595	76,096	–	–
Other receivables	26	49,867	48,264	1,950	8,247
Amounts due from subsidiary companies	27	–	–	6,723	4,853
Amounts due from associated companies	28	1,647	2,420	–	483
Amounts due from related parties	29	6,621	6,323	201	132
Property development costs	30	58,391	78,504	–	–
Cash and bank balances	31	53,712	115,716	2,012	25,149
		250,242	338,374	10,886	38,864
Total assets		1,467,363	1,459,657	417,025	402,527

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	GROUP		COMPANY	
		2008 \$'000	2007 \$'000 (As restated)	2008 \$'000	2007 \$'000
Current liabilities					
Trade payables		13,231	15,820	–	–
Other payables	32	94,986	86,085	4,899	4,057
Amounts due to subsidiary companies	27	–	–	30,427	41,074
Amounts due to associated companies	28	72	27	–	–
Amounts due to related parties	29	1,527	348	580	292
Interest-bearing loans and borrowings	33	78,118	94,077	11,129	12,125
Tax payable		9,845	9,489	118	112
Redeemable preference shares	37	1,954	–	1,954	–
		199,733	205,846	49,107	57,660
Net current assets/(liabilities)		50,509	132,528	(38,221)	(18,796)
Non-current liabilities					
Interest-bearing loans and borrowings	33	132,072	147,957	9,000	2,853
Deferred income	34	16,158	–	–	–
Loan stock	35	552	509	–	–
Notes payable	36	127,250	100,000	127,250	100,000
Redeemable preference shares	37	–	926	–	926
Other non-current liabilities	38	2,511	4,092	–	–
Deferred tax liabilities	39	198,778	194,164	–	–
Loan from minority shareholder of a subsidiary company	40	1,664	1,670	–	–
		478,985	449,318	136,250	103,779
Net assets		788,645	804,493	231,668	241,088
Equity attributable to equity holders of the Company					
Share capital	41	199,995	199,995	199,995	199,995
Treasury shares	42	(5,191)	(5,191)	(5,191)	(5,191)
Reserves	42	361,745	373,904	36,864	46,284
		556,549	568,708	231,668	241,088
Minority interests		232,096	235,785	–	–
Total equity		788,645	804,493	231,668	241,088

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2008

GROUP	Share capital \$'000	Treasury shares \$'000	Merger deficit \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Currency translation reserve \$'000	Fair value adjustment reserve \$'000	Legal reserve \$'000	Share based payment reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Minority interest \$'000	Total equity \$'000
At 1 January 2008 (as previously stated)	199,995	(5,191)	(18,038)	7,852	224,218	(23,745)	(547)	613	7,998	210,491	603,646	237,655	841,301
Effect of change in accounting policy (Note 2.2)	-	-	-	-	(34,938)	-	-	-	-	-	(34,938)	(1,870)	(36,808)
At 1 January 2008 (as restated)	199,995	(5,191)	(18,038)	7,852	189,280	(23,745)	(547)	613	7,998	210,491	568,708	235,785	804,493
Net surplus on revaluation of property, plant and equipment, net	-	-	-	-	162	-	-	-	-	-	162	(1,067)	(905)
Net change in fair value adjustment reserve	-	-	-	-	-	-	717	-	-	-	717	375	1,092
Exchange differences on translation of financial statements of overseas subsidiary and associated companies	-	-	-	-	-	(5,400)	-	-	-	-	(5,400)	(5,303)	(10,703)
Net income/(loss) recognised directly in equity	-	-	-	-	162	(5,400)	717	-	-	-	(4,521)	(5,995)	(10,516)
Net profit for the year	-	-	-	-	-	-	-	-	-	7,026	7,026	11,321	18,347
Total recognised income and expense for the year	-	-	-	-	162	(5,400)	717	-	-	7,026	2,505	5,326	7,831
Dividend paid	-	-	-	-	-	-	-	-	-	(15,168)	(15,168)	-	(15,168)
Dividend paid to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(7,987)	(7,987)
Dividend paid to loan stockholders of a subsidiary company	-	-	-	-	-	-	-	-	-	(43)	(43)	-	(43)
Acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(1,073)	(1,073)
Issue of Performance Share Grants to employees	-	-	-	-	-	-	-	-	547	-	547	-	547
Capital contribution by minority interest	-	-	-	-	-	-	-	-	-	-	-	45	45
Transfer to legal reserve	-	-	-	-	-	-	-	5,844	-	(5,844)	-	-	-
At 31 December 2008	199,995	(5,191)	(18,038)	7,852	189,442	(29,145)	170	6,457	8,545	196,462	556,549	232,096	788,645

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

GROUP	Share capital \$'000	Treasury shares \$'000	Merger deficit \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Currency translation reserve \$'000	Fair value adjustment reserve \$'000	Legal reserve \$'000	Share based payment reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Minority interest \$'000	Total equity \$'000
At 1 January 2007	199,995	-	(18,038)	7,852	26,071	(7,105)	(551)	613	7,760	142,454	359,051	152,121	511,172
Net surplus on revaluation of property, plant and equipment, net (as previously stated)	-	-	-	-	198,105	-	-	-	-	-	198,105	101,636	299,741
Effect of change in accounting policy (Note 2.2)	-	-	-	-	(34,938)	-	-	-	-	-	(34,938)	(1,870)	(36,808)
Net surplus on revaluation of property, plant and equipment, net (as restated)	-	-	-	-	163,167	-	-	-	-	-	163,167	99,766	262,933
Net change in fair value adjustment reserve	-	-	-	-	-	-	4	-	-	-	4	-	4
Exchange differences on translation of financial statements of overseas subsidiary and associated companies	-	-	-	-	42	(16,640)	-	-	-	-	(16,598)	(803)	(17,401)
Net income/(loss) recognised directly in equity (as restated)	-	-	-	-	163,209	(16,640)	4	-	-	-	146,573	98,963	245,536
Net profit for the year	-	-	-	-	-	-	-	-	-	81,866	81,866	20,575	102,441
Total recognised income and expense for the year	-	-	-	-	163,209	(16,640)	4	-	-	81,866	228,439	119,538	347,977
Dividend paid	-	-	-	-	-	-	-	-	-	(13,553)	(13,553)	-	(13,553)
Dividend paid to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(6,792)	(6,792)
Dividend paid to loan stockholders of a subsidiary company	-	-	-	-	-	-	-	-	-	(88)	(88)	-	(88)
Acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	-	-	-	(188)	(188)	(29,082)	(29,270)
Issue of Performance Share Grants to employees	-	-	-	-	-	-	-	-	238	-	238	-	238
Purchase of treasury shares	-	(5,191)	-	-	-	-	-	-	-	-	(5,191)	-	(5,191)
At 31 December 2007 (as restated)	199,995	(5,191)	(18,038)	7,852	189,280	(23,745)	(547)	613	7,998	210,491	568,708	235,785	804,493

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2008

COMPANY	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share based payment reserves \$'000	Accu- mulated profits \$'000	Total equity \$'000
At 1 January 2008	199,995	(5,191)	7,852	7,796	30,636	241,088
Net profit for the year	-	-	-	-	5,201	5,201
Total recognised income and expense for the year	-	-	-	-	5,201	5,201
Dividend paid	-	-	-	-	(15,168)	(15,168)
Issue of Performance Share Grants to employees	-	-	-	547	-	547
At 31 December 2008	199,995	(5,191)	7,852	8,343	20,669	231,668
At 1 January 2007	199,995	-	7,852	7,760	19,630	235,237
Net profit for the year	-	-	-	-	24,559	24,559
Total recognised income and expense for the year	-	-	-	-	24,559	24,559
Dividend paid	-	-	-	-	(13,553)	(13,553)
Issue of Performance Share Grants to employees	-	-	-	36	-	36
Purchase of treasury shares	-	(5,191)	-	-	-	(5,191)
At 31 December 2007	199,995	(5,191)	7,852	7,796	30,636	241,088

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2008

	2008 \$'000	2007 \$'000
Cash flows from operating activities		
Profit before taxation	42,338	126,477
Adjustments for:		
Share of results of associated companies	(1,317)	(2,032)
Share of results of joint venture companies	5	6
Depreciation of property, plant and equipment	33,335	26,243
Loss on disposal of property, plant and equipment	741	14
(Reversal of)/provision for impairment loss in property, plant and equipment, net	(233)	301
Negative goodwill on acquisition of minority interests	(424)	(44,535)
Finance income	(3,397)	(4,174)
Finance costs	18,096	16,421
Impairment loss in other investment	2,160	–
Write back of impairment in land awaiting for future development	–	(1,007)
Currency realignment	619	(3,257)
Amortisation of lease rental and land use rights	4,689	4,137
Allowance for doubtful debts – trade, net	4,047	179
Gain on capital reduction of an associated company	(3,048)	–
(Write back of)/allowance for inventory obsolescence	(134)	146
Gain on disposal of subsidiary companies	(257)	–
Share based payment expenses	638	–
	55,520	(7,558)
Operating profit before working capital changes	97,858	118,919
Increase in inventories	(2,327)	(814)
Increase in trade and other receivables	(35,204)	(79,454)
Decrease/(increase) in amounts due from related parties	1,314	(2,325)
Increase in trade and other payables	16,697	28,849
	(19,520)	(53,744)
Cash flows generated from operating activities	78,338	65,175
Interest received	5,861	6,874
Interest paid	(19,551)	(18,429)
Tax paid	(14,928)	(12,869)
Net cash flows from operating activities	49,720	40,751

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2008

	Note	2008 \$'000	2007 \$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(58,821)	(92,664)
Proceeds from disposal of property, plant and equipment		482	217
Increase in investment in associated companies		(6,168)	(4,891)
Disposal of subsidiary companies, net of cash received	31	(41)	–
Payment of lease rental		(2,236)	(2,268)
Increase in long-term investments		(8,859)	–
Purchase of land awaiting for future development		(15,991)	–
Acquisition of minority interest		(650)	–
Cash received from capital reduction of an associated company		4,769	–
Net cash flows used in investing activities		(87,515)	(99,606)
Cash flows from financing activities			
Proceeds from bank loans		71,870	107,624
Repayment of bank loans		(99,715)	(95,082)
Proceeds from issuance of notes payable		27,250	100,000
Payment of dividends			
– by subsidiary companies to minority interests and preference shareholders		(7,987)	(6,792)
– by Company to shareholders		(15,168)	(13,553)
Payment to hire purchase creditors		–	(13)
Proceeds from share issue to minority interest of a subsidiary company		67	7,026
Purchase of treasury shares		–	(5,191)
Net cash flows (used in)/from financing activities		(23,683)	94,019
Net (decrease)/increase in cash and cash equivalents		(61,478)	35,164
Net foreign exchange difference		(526)	(971)
Cash and cash equivalents at beginning of year		115,716	81,523
Cash and cash equivalents at end of year	31	53,712	115,716

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2008

1 Corporate information

Banyan Tree Holdings Limited (“the Company”) is a limited liability Company, which is incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company is located at 211 Upper Bukit Timah Road, Singapore 588182.

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiary companies are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

(a) Revision in accounting policy for property, plant and equipment

The Group revised its accounting policy in respect of the revaluation of its leasehold land, leasehold buildings and land awaiting for future development with effect from 1 January 2008 as set out in Note 2.8 to the financial statements. As a result of the revision in accounting policy, impact to the net asset value per ordinary share is as below:

	GROUP	
	2007 As currently reported	2007 As previously reported
Net asset value per ordinary share (in cents)	0.75	0.80

The changes in other comparative figures are disclosed in Note 51 to the financial statements.

(b) Adoption of new FRS

The following FRS and INT FRS are effective for annual period beginning 1 January 2008:

Reference	Description
FRS 39	Financial Instruments – Amendments relating to Reclassification of Financial Assets Financial Instruments – Effective Date and Transition for Amendments relating to Reclassification of Financial Assets
FRS 107	Financial Instruments: Disclosures – Amendments relating to Reclassification of Financial Assets Financial Instruments: Disclosure – Effective Date and Transition for Amendments relating to Reclassification of Financial Assets
INT FRS 111	Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements
INT FRS 114	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group’s accounting policies and did not have any significant impact on the Group and the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

(c) Future changes in accounting policies

The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statements – Revised presentation	1 January 2009
	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 27	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items	1 July 2009
FRS 101	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	Share-based payment – Vesting conditions and cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	Distribution of Non-cash Assets to Owners	1 July 2009

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in a single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and trademarks, are given in Note 21 to the financial statements.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 and 50 years. The carrying amount of the Group's property, plant and equipment at 31 December 2008 was \$979,658,000 (2007: \$976,627,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that actual costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 30 to the financial statements.

(iv) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 48 (d) to the financial statements.

(v) Employee share grants

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share grants at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the grants, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the grant, volatility and dividend yield. The assumptions and model used are disclosed in Note 43.

(vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised tax losses at 31 December 2008 was \$13,132,000 (2007: \$8,901,000) and the unrecognised tax losses at 31 December 2008 was \$9,782,000 (2007: \$8,759,000).

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgements (continued)

(b) Critical judgements made in applying accounting policies

(i) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and net deferred tax liabilities at 31 December 2008 was \$9,845,000 (2007: \$9,489,000) and \$182,708,000 (2007: \$182,075,000) respectively.

(ii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

2.4 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary company.

(b) Foreign currency translation

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the income statement as a component of gain or loss on disposal.

2.5 Subsidiary companies and principles of consolidation

(a) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

2 Summary of significant accounting policies (continued)

2.5 Subsidiary companies and principles of consolidation (continued)

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiary companies are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Adjustments to those fair values relating to previously held interest are treated as a revaluation and recognised in equity.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.9 (a) below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger deficit.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

2.6 Associated companies

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the Board of Directors.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in an associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available financial statements of the associated companies are used by the Group in applying the equity method. The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses.

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.7 Joint venture companies

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group's investments in joint venture companies are accounted for using the equity method. Under the equity method, the investment in joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The Group's share of the profit or loss of the joint venture company is recognised in the consolidated income statement. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture company. The joint venture company is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture company.

The most recent available financial statements of the joint venture companies are used by the Group in applying the equity method. The reporting dates of the joint venture companies and the Group are identical and the joint venture companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

In the Company's separate financial statements, interests in joint venture companies are accounted for at cost less impairment losses.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Prior to 1 January 2008, the Group adopted the revaluation model whereby land, land awaiting for future development and buildings were subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. With effect from 1 January 2008, the Group segregates land, land awaiting for future development and buildings into two classes: leasehold and freehold. For leasehold land, land awaiting for future development and buildings, the Group adopts the cost model and no revaluation will be carried out on this class of assets. For freehold land, land awaiting for future development and buildings, the Group continues to adopt the revaluation model.

Revaluations are performed with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the revaluation reserve. However, the increase is recognised in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income statement. However, the decrease is debited directly to the revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings	– 40 to 50 years
Leasehold buildings	– 10 to 50 years
Furniture, fittings and equipment	– 3 to 20 years
Computers	– 3 years
Motor vehicles	– 5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2 Summary of significant accounting policies (continued)

2.9 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is as allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments which arose on acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

(b) Trademarks

The trademarks acquired are measured on initial recognition at cost. Following initial recognition, the trademarks are carried at cost less any accumulated impairment loss. The useful life of trademarks is estimated to be indefinite as management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the Group. As such, the trademarks are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful lives of the trademarks are reviewed annually to determine whether the useful life assessment continues to be supportable.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the income statement or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation reserve for that same asset.

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.11 Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(a) Financial assets at fair value through profit or loss

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. The accounting policy for derivative financial instruments is included in Note 2.28.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group and Company classify the following financial assets as loans and receivables:

- trade and other receivables, including amount due from subsidiary, associated, joint venture companies and related parties; and
- cash and bank balances.

(c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market and where fair value cannot be reliably determined, they are measured at cost, less impairment losses.

2.12 Long-term investments

Investment securities under long-term investments are classified as available-for-sale financial assets.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Summary of significant accounting policies (continued)

2.14 Property development costs

Property development cost is stated at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure and construction and related interest. Included in the property development costs are completed properties which are held for sale in the ordinary course of business.

Net realisable value represents the estimated selling price less costs to be incurred in selling.

2.15 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Food and beverage – cost of purchase on a first-in, first-out basis;
- Trading goods and supplies – cost of purchase on a weighted average basis; and
- Materials and others – cost of purchase on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.17 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other amounts payable, payable to related parties, interest-bearing loans and borrowings, redeemable preference shares and notes payable. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

Please see Note 2.21 (b) for policy on derecognition of financial liabilities.

2.18 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.19 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.20 Redeemable preference shares

The redeemable preference shares are non-convertible and are recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expense in the income statement. On issuance of the redeemable preference shares, the fair value is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a financial liability on the amortised cost basis until redemption.

2.21 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2 Summary of significant accounting policies (continued)

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.23 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.24 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes and defined contribution plans are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(c) Share-based payment

Performance share plan and restricted share plan

The Performance Share Plan (“PSP”) and Restricted Share Plan (“RSP”) are accounted using both equity-settled and cash-settled share-based payments.

The cost of these equity-settled transactions is measured at fair value at the date of grant. This cost is recognised in the income statement, with a corresponding increase in the share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of options that will ultimately vest. At every balance sheet date, the Group revises its estimates of the number of PSP shares that are expected to vest on vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting date. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The cost of cash-settled share-based payment transactions is measured initially at fair value at the grant date. This fair value is recognised in the income statement over the vesting period with recognition of a corresponding liability. At every balance sheet date, the Group revises its estimates of the number of RSP shares that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to liability over the remaining vesting period. Until the liability is settled, it is re-measured at each reporting date with change in fair value recognised in the income statement and a corresponding adjustment to liability for the period.

The share-based payment reserve is transferred to accumulated profits reserve upon expiry of the plan. Where shares are issued under the PSP, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the plan is satisfied by the reissuance of treasury shares.

No expense is recognised for shares under both PSP and RSP that do not ultimately vest, except where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.25 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

2.26 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term as stipulated in the respective land use rights agreements.

2.27 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The stage of completion is determined by reference to the proportion that actual costs incurred for work performed to date bear to the estimated total contract costs and surveys of work performed.

2.28 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the income statement for the year.

2.29 Deferred income

Deferred income relates to the government grants that are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments.

2.30 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Hotel investment

Revenue from hotel investment mainly comprises room rental, food and beverage sales and auxiliary activities, and represents the invoiced value of services rendered after deducting discounts. Revenue is recognised when the services are rendered.

2 Summary of significant accounting policies (continued)

2.30 Revenue (continued)

(b) Hotel management

Revenue from hotel management is recognised as and when the relevant services are rendered.

(c) Spa operation

Revenue from operating spas is recognised as and when the relevant services are rendered.

(d) Gallery operation

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, and generally coincides with delivery and acceptance of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

(e) Property sales and hotel residences

Revenue from property sales and hotel residences is recognised when a legally binding contract is signed, using the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred to date and the total anticipated construction costs, and estimations performed by independent engineers. Revenue recognition is discontinued when three consecutive instalments are overdue.

Revenue from entrance fees for club memberships is recognised when a legally binding contract is signed. Revenue from annual subscriptions for club memberships is recognised in the year that they are due.

(f) Project and design services

Revenue from the provision of project design and design services is recognised using the percentage of completion method. Under the percentage of completion method, contract revenue and expenses are recognised according to the stage of completion as certified by qualified professionals.

(g) Dividends

Dividend income is recognised in the income statement when the shareholder's right to receive payment is established.

(h) Interest

Interest income is recognised using the effective interest method.

2.31 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiary companies, associated companies and interests in joint venture companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Notes to the Financial Statements

for the financial year ended 31 December 2008

2 Summary of significant accounting policies (continued)

2.31 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.32 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.33 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

2.34 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3 Revenue

Revenue of the Group represents revenue from operation and management of hotels, operation of spas, gallery and property sales after eliminating intercompany transactions. The amount of each significant category of revenue recognised during the year is as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Hotel investment	205,111	215,018
Hotel management	15,246	14,698
Hotel residences	78,505	46,314
Spa operation	27,052	24,870
Gallery operation	10,787	10,697
Property sales	52,276	86,027
Design fees and others	23,635	24,235
	412,612	421,859

4 Other income

	GROUP	
	2008 \$'000	2007 \$'000
Compensation from contractors	67	123
Management and service fees	290	509
Course and academy fees	656	49
Write back of impairment in land awaiting for future development	–	1,007
Gain on capital reduction of an associated company	3,052	–
Negative goodwill on acquisition of minority interests	424	–
Tsunami insurance claim	7,910	–
Gain on disposal of subsidiary companies	257	–
Procurement income	675	–
Amortisation of deferred income (Note 34)	546	–
Others	1,432	584
	15,309	2,272

5 Salaries and related expenses (including directors)

	GROUP	
	2008 \$'000	2007 \$'000
Salaries, wages and other related costs	110,579	95,618
Share based payment	638	238
Central Provident Fund contributions	1,568	1,236
Contributions to other plans	1,962	1,686
	114,747	98,778

6 Other operating expenses

The following items have been included in arriving at other operating expenses:

	GROUP	
	2008 \$'000	2007 \$'000
Utilities and communication	17,761	15,897
Repair and maintenance	8,960	8,274
Printing and stationery	2,715	2,786
Travelling and transportation	5,653	4,164
Commission expenses	5,864	6,461
Laundry and valet	2,490	2,663
Guest expendable supplies	3,447	3,671

Notes to the Financial Statements

for the financial year ended 31 December 2008

7 Profit from operations

Profit from operations is stated after charging/(crediting):

	GROUP	
	2008 \$'000	2007 \$'000
Non-audit fees paid to auditors of the Company	124	28
Allowance for doubtful debts – trade, net	3,985	381
(Write back of)/allowance for inventory obsolescence	(134)	146
(Write back)/impairment loss in property, plant and equipment	(233)	301
Bad debts written off/(written back) – trade	62	(202)
Exchange loss/(gain)	727	(1,785)
Loss/(gain) on foreign currency contracts	820	(2,170)
Loss on disposal of property, plant and equipment	741	14
Impairment loss in other investment (Note 22)	2,160	–
Hotel management fees paid to other hotel operators	2,932	4,132
Cost of properties sold (inclusive of hotel residences)	51,605	55,446
Cost of inventories sold	5,871	3,679

8 Finance income

	GROUP	
	2008 \$'000	2007 \$'000
Interest received and receivable from:		
– banks	1,898	1,136
– related parties	56	318
– others	1,443	2,720
	3,397	4,174

The finance income of the Group is solely derived from loans and receivables.

9 Finance costs

	GROUP	
	2008 \$'000	2007 \$'000
Interest paid and payable to:		
– banks	11,738	15,363
– holders of redeemable preference shares	1,028	487
– holders of notes payable	5,187	493
– related parties	10	18
– others	133	60
	18,096	16,421

10 Exceptional item

For the year ended 31 December 2007, the exceptional item of \$44,535,000 relates to a one-off negative goodwill arising from the increase in the effective interest in Laguna Resorts & Hotels Public Company Limited ("LRH") from 51.78% to 65.75%, following LRH's Rights Issue exercise in July 2007. See Note 44 (c).

11 Income tax expense

Major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	GROUP	
	2008 \$'000	2007 \$'000
Current tax expense		
Current taxation	10,613	11,359
Under provision in respect of prior years	2,071	55
	12,684	11,414
Deferred tax expense		
Origination and movement in temporary differences	8,421	11,798
Benefits previously not recognised	(57)	(1,918)
	8,364	9,880
Withholding tax expense		
Current year provision	2,758	2,754
Under/(over) provision in respect of prior years	185	(12)
	2,943	2,742
Income tax expense	23,991	24,036

Reconciliation of effective tax rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2008 and 2007 are as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Accounting profit before taxation	42,338	126,477
Income tax using Singapore tax rate of 18% (2007: 18%)	7,621	22,766
Effect of different tax rates in other countries	2,418	8,062
Expenses not deductible for tax purposes	9,824	887
Utilisation of previously unrecognised tax losses	(57)	(516)
Tax exempt income	(1,964)	(10,395)
Double tax relief and tax rebate	–	(769)
Under provision in respect of prior years	2,071	55
Deferred tax assets not recognised	752	1,179
Withholding tax	2,943	2,742
Others	383	25
Income tax expense recognised in the income statement	23,991	24,036

Notes to the Financial Statements

for the financial year ended 31 December 2008

11 Income tax expense (continued)

The Group

Group services fees and management fee income derived from Indonesia and Thailand is subject to withholding tax at 15% (2007: 15%). The Group also incurred withholding tax on dividend income received from Thailand at 10% (2007: 10%).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

On 22 January 2009, the Singapore Government announced a 1% point reduction in statutory tax rate, from 18% to 17%, from Year of Assessment 2010 onwards.

12 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	GROUP	
	2008 \$'000	2007 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	7,026	81,866
Weighted average number of ordinary shares for basic earnings per share computation	758,402,280	761,110,294
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan	1,748,372	701,696
Weighted average number of ordinary shares for diluted earnings per share computation	760,150,652	761,811,990

13 Property, plant and equipment

GROUP	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Furniture, fittings and equipment \$'000	Computers \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
Cost or valuation (as restated):								
At 1 January 2007								
At cost	101,892	212,773	77,288	185,456	5,058	5,956	44,173	632,596
At valuation	74,027	28,652	–	28,036	–	–	–	130,715
	175,919	241,425	77,288	213,492	5,058	5,956	44,173	763,311
Additions	220,892	130,213	15,932	21,700	2,203	1,650	25,582	418,172
Disposals	(266)	(348)	(1,720)	(1,028)	(68)	(10)	(2,177)	(5,617)
Transfer from land awaiting for future development	14,328	–	–	–	–	–	–	14,328
Transfer to property development costs	–	–	(10,557)	–	–	–	–	(10,557)
Transfer in/(out)	–	26,117	7,684	14,806	30	831	(49,468)	–
Net exchange differences	(833)	(4,473)	(1,727)	(714)	(10)	46	(2,235)	(9,946)
At 31 December 2007 and 1 January 2008	410,040	392,934	86,900	248,256	7,213	8,473	15,875	1,169,691
Cost or valuation (as previously stated):								
At 1 January 2008								
At cost	365	139,339	31,899	246,063	7,213	8,473	15,875	449,227
At valuation	409,675	253,595	91,809	2,193	–	–	–	757,272
	410,040	392,934	123,708	248,256	7,213	8,473	15,875	1,206,499
Effect of change in accounting policy (Note 2.2)	–	–	(36,808)	–	–	–	–	(36,808)
Cost or valuation (as restated):								
At 1 January 2008								
At cost	365	139,339	86,900	246,063	7,213	8,473	15,875	504,228
At valuation	409,675	253,595	–	2,193	–	–	–	665,463
	410,040	392,934	86,900	248,256	7,213	8,473	15,875	1,169,691
Additions	1,135	9,871	12,972	8,839	3,293	1,914	30,102	68,126
Disposals	–	–	(944)	(1,245)	(323)	(253)	(180)	(2,945)
Transfer to land awaiting for future development	(79)	–	–	–	–	–	(34)	(113)
Transfer to property development costs	(7,059)	(2,968)	–	(828)	–	–	–	(10,855)
Transfer in/(out)	–	(13,808)	1,863	25,621	(84)	296	(13,888)	–
Net exchange differences	(9,341)	(8,490)	2,945	(9,399)	(40)	(71)	(21)	(24,417)
At 31 December 2008	394,696	377,539	103,736	271,244	10,059	10,359	31,854	1,199,487
At cost	352	25,515	103,736	209,808	10,059	10,359	31,854	391,683
At valuation	394,344	352,024	–	61,436	–	–	–	807,804
At 31 December 2008	394,696	377,539	103,736	271,244	10,059	10,359	31,854	1,199,487
Accumulated depreciation and impairment:								
At 1 January 2007								
Depreciation charge for the year	–	5,484	3,364	15,290	1,234	871	–	26,243
Disposals	–	–	(60)	(784)	(46)	(10)	–	(900)
Transfer in/(out)	–	–	(118)	(15)	15	–	–	(118)
Revaluation	–	(12,014)	–	(21,988)	–	–	–	(34,002)
Net exchange differences	–	(1,097)	(598)	(1,249)	(47)	(26)	–	(3,017)
At 31 December 2007 and 1 January 2008	–	33,668	14,723	136,402	3,897	4,374	–	193,064
Depreciation charge for the year	–	9,631	4,216	16,551	1,699	1,238	–	33,335
Disposals	–	–	(600)	(1,138)	(224)	(199)	–	(2,161)
Transfer to property development costs	–	–	–	(221)	–	–	–	(221)
Transfer in/(out)	–	(5,179)	(118)	5,326	(15)	(14)	–	–
Revaluation	–	(550)	–	–	–	–	–	(550)
Impairment loss	–	–	374	528	–	–	–	902
Net exchange differences	–	(1,205)	64	(3,380)	41	(60)	–	(4,540)
At 31 December 2008	–	36,365	18,659	154,068	5,398	5,339	–	219,829
Net carrying amount:								
At 31 December 2008	394,696	341,174	85,077	117,176	4,661	5,020	31,854	979,658
At 31 December 2007 (as restated)	410,040	359,266	72,177	111,854	3,316	4,099	15,875	976,627

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for the financial year ended 31 December 2008

13 Property, plant and equipment (continued)

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of Nil (2007: \$62,000) acquired under a hire purchase agreement.

Freehold land and buildings in Singapore were revalued in October 2008 by an accredited independent property valuer, at open market value.

The hotel properties, which comprise freehold land, freehold buildings and furniture, fittings and equipment in Thailand were reappraised by a professional independent appraisal company report dated 27 November 2007. The revaluation was conducted using the basis of market value and market value for the existing use.

If the freehold land, freehold buildings and furniture, fittings and equipment were measured using the cost model, the carrying amounts would be as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Freehold land at 31 December		
– Cost and net carrying amount	94,280	96,511
Freehold buildings at 31 December		
– Cost	209,995	221,502
– Accumulated depreciation	(48,406)	(49,386)
– Net carrying amount	161,589	172,116
Furniture, fittings and equipment at 31 December		
– Cost	214,574	189,731
– Accumulated depreciation	(148,827)	(136,300)
– Net carrying amount	65,747	53,431

As at 31 December 2008, certain properties with net book value amounting to \$663,311,000 (2007: \$667,212,000) were mortgaged to banks to secure credit facilities for the Group (Note 33).

The Group's freehold buildings and leasehold buildings include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the buildings. During the financial year, the borrowing costs capitalised as freehold buildings and leasehold buildings amounted to \$9,000 (2007: Nil) and \$350,000 (2007: Nil) respectively.

	Furniture, fittings and equipment \$'000	Computers \$'000	Total \$'000
COMPANY			
Cost:			
At 1 January 2007	11	108	119
Additions	2	9	11
At 31 December 2007 and 1 January 2008	13	117	130
Additions	–	3	3
At 31 December 2008	13	120	133
Accumulated depreciation:			
At 1 January 2007	4	92	96
Depreciation charge for the year	2	9	11
At 31 December 2007 and 1 January 2008	6	101	107
Depreciation charge for the year	3	10	13
At 31 December 2008	9	111	120
Net carrying amount:			
At 31 December 2008	4	9	13
At 31 December 2007	7	16	23

14 Land use rights

	GROUP	
	2008 \$'000	2007 \$'000
Cost:		
At 1 January	6,364	2,691
Additions	15,771	3,645
Net exchange differences	432	28
At 31 December	22,567	6,364
Accumulated amortisation:		
At 1 January	220	164
Amortisation for the year	585	95
Net exchange differences	(21)	(39)
At 31 December	784	220
Net carrying amount	21,783	6,144
Amount to be amortised:		
– Within 1 year	605	163
– Between 2 to 5 years	2,420	653
– After 5 years	18,758	5,328

The Group has land use rights over the following plots of land:

	TENURE	
	2008	2007
Location		
<i>China</i>		
Banyan Tree Lijiang	36 years	37 years
Banyan Tree Ringha	35 years	36 years
Zhongdian Jiantang Hotel (formerly known as Gyalthang Dzong Hotel)	40 years	41 years

15 Land awaiting future development

	GROUP	
	2008 \$'000	2007 \$'000
Location		
Mae Hong Sorn	554	567
Chiang Rai	2,811	2,878
Phuket	29,300	13,737
Chiang Mai	1,400	1,399
	34,065	18,581

Land awaiting future development in Mae Hong Sorn, Chiang Rai and Phuket province was revalued on a “Fair Market Value” basis by a professional independent appraisal company on 27 November 2007. The lands awaiting future development are freehold and are not subject to depreciation. In the prior year, the Group recorded a write-back of impairment of \$1,007,000.

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16 Subsidiary companies

	COMPANY	
	2008 \$'000	2007 \$'000
Unquoted shares, at cost	39,518	71,792
Quoted shares, at cost	72,263	72,263
Impairment losses	(1,565)	(3,647)
	110,216	140,408
Capital contribution through issue of ordinary shares to employees of subsidiary companies at no consideration under FRS 102 Share-based Payment	5,863	5,863
Loans and receivables		
Loans to subsidiary companies	264,147	191,434
	380,226	337,705
Market value of quoted shares	99,627	176,198

Loans to subsidiary companies are unsecured, interest-free, with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

At the balance sheet date, the Company has provided for an allowance of \$399,000 (2007: \$1,000,000) for impairment of the loans due from its subsidiary companies with a nominal amount of \$8,093,000 (2007: \$8,256,000). These subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2008 is \$5,799,000 (2007: \$5,400,000).

Details of the subsidiary companies at the end of the financial year are as follows:

Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group		
			2008 \$'000	2007 \$'000	2008 %	2007 %	
(i) Held by the Company							
1 Banyan Tree Hotels & Resorts Pte. Ltd.	Providing resort, spa, project and golf management services	Singapore	5,466	5,466	100	100	
1 Banyan Tree Properties Pte. Ltd.	Property holding	Singapore	10,673	10,673	100	100	
1 Banyan Tree Spas Pte. Ltd.	Operating spas	Singapore	**	**	100	100	
1 Banyan Tree Adventures Pte. Ltd.	Providing travel agency services	Singapore	736	736	100	100	
Enda Pte. Ltd. (Note 31)	Investment holding	Singapore	–	**	–	100	
1 Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	–	**	–	100	
1 Banyan Tree Jiuzhaigou (S) Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
1 Banyan Tree Chengdu Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
1 Banyan Tree China Holdings Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
1 Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	**	–	100	–	
1 Integrated Resort Management Co Pte. Ltd.	Integrated resorts facilities management services	Singapore	**	–	100	–	
1 Banyan Tree Architrave Services Pte. Ltd.	To carry on business as architect, planner, designer and consultant in connection with the development of hotels, resorts and other facilities	Singapore	**	–	100	–	
1 Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	–	100	–	
1 Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	–	100	–	
2 Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	71,619	71,619	65.75	65.75	

16 Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group		
			2008 \$'000	2007 \$'000	2008 %	2007 %	
(i) Held by the Company (continued)							
2	Banyan Tree Resorts & Spas (Thailand) Company Limited	Providing spa services	Thailand	6,446	6,446	100	100
2	Jiwa Renga Resorts Limited	Hotel construction and operation	China	–	7,923	–	96.00
2	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	5,097	5,097	100	100
2	Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	–	14,356	–	83.20
2	Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	–	4,131	–	100
2	Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	–	6,514	–	100
2	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	**	**	100	100
2, 11	Sanctuary Lijiang (Hong Kong) Limited	Investment holding	Hong Kong	–	**	–	100
2, 11	Sanctuary Jiwa Renga (Hong Kong) Limited	Investment holding	Hong Kong	–	**	–	100
2	Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	4,163	3,513	100	96.69
2	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	6,561	6,561	77.45	77.45
2	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	100	100
2	Maldives Sun Pvt Ltd	Property investment	Maldives	**	**	100	100
2	Maldives Sand Pvt Ltd	Property investment	Maldives	**	**	100	100
2	Maldives Shore Pvt Ltd	Property investment	Maldives	**	**	100	100
2	Banyan Tree Resorts & Spas (Morocco) S.A.	Provide management, operation services and ancillary services related to the hospitality industry	Morocco	54	54	100	100
4	Beruwela Walk Inn Limited	Operating hotel resorts	Sri Lanka	645	645	79.85	79.85
2	Maypole New Zealand Limited	Rental of apartments	New Zealand	21	21	100	100
2	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	300	300	100	100
12	Sanctuary Yangshuo (Cayman) Limited	Investment holding	Cayman Islands	–	**	–	100
				111,781	144,055		
(ii) Held through subsidiary companies							
1	Architrave Design & Project Services Pte Ltd	Providing consultancy services	Singapore			100	100
1	Hotelspa Pte. Ltd.	Investment holding	Singapore			100	100
1	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore			82.53	82.53
1	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore			100	–
1	Banyan Tree Yangshuo (S) Pte. Ltd.	Investment holding	Singapore			100	100
1	Sanctuary Lhasa (S) Pte. Ltd.	Investment holding	Singapore			100	100
1	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore			100	100
1	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore			100	100
2	TWR – Holdings Limited	Investment holding and property development	Thailand			65.75	65.75

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16 Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2008 %	2007 %
(ii) Held through subsidiary companies (continued)				
2 Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	65.75	65.75
2 Laguna (3) Limited	Property development	Thailand	65.75	65.75
2 Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	82.53	82.53
2 Pai Samart Development Company Limited	Property development	Thailand	65.75	65.75
2 Mae Chan Property Company Limited	Property development	Thailand	65.75	65.75
2 Phuket Resort Development Limited	Property development	Thailand	65.75	65.75
2 Laguna Grande Limited	Operating a golf club and property development	Thailand	65.75	65.75
2 Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	65.75	65.75
3, 10 Laguna Beach Club Limited	Hotel operations	Thailand	39.45	39.45
3, 10 Laguna (1) Limited	Property development	Thailand	39.45	39.45
2, 10 Talang Development Company Limited	Property development	Thailand	32.88	32.88
2 Twin Waters Development Company Limited	Property development	Thailand	65.75	65.75
2 Bangtao (1) Limited	Property development	Thailand	65.75	65.75
2 Bangtao (2) Limited	Property development	Thailand	65.75	65.75
2 Bangtao (3) Limited	Property development	Thailand	65.75	65.75
2 Bangtao (4) Limited	Property development	Thailand	65.75	65.75
2 Bangtao Development Limited	Property development	Thailand	65.75	65.75
2 Bangtao Grande Limited	Hotel operations	Thailand	65.75	65.75
2 Laguna Central Limited	Dormant	Thailand	55.82	65.75
2 Laguna Service Company Limited	Providing utilities and other services to hotels of LRH and its subsidiaries	Thailand	58.62	58.62
2 Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	65.75	65.75
2 Thai Wah Tower Company Limited	Lease of office building space	Thailand	65.75	65.75
2 Thai Wah Tower (2) Company Limited	Property development	Thailand	65.75	65.75
2, 10 Laguna Excursion Limited	Travel operations	Thailand	32.22	65.75
2 Laguna Lakes Limited	Property development	Thailand	62.40	–
2 Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	100	100
2 Zhongdian Jiantang Hotel (formerly known as Gyalthang Dzong Hotel)	Hotel services	China	80.00	79.20
2 Jiwa Renga Resorts Limited	Hotel construction and operation	China	96.00	–
2 Banyan Tree Hotels Management (Beijing) Co., Ltd	Provide operation and management services for property, spas and food and beverage, and consulting services for hotel design and tourism information	China	100	100
2 Lijiang Banyan Tree Property Service Company Limited	Hotel management	China	87.04	87.04
2 Yangshuo Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	100	100

16 Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2008 %	2007 %
(ii) Held through subsidiary companies (continued)				
2 Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	83.20	–
2 Dunhuang Banyan Tree Hotels Company Limited	Develop, own and operate hotels and resorts in China	China	100	–
2 Banyan Tree Lijiang International Travel Service Co., Ltd	Provide travel agency services	China	83.20	–
9 Lijiang Banyan Tree Gallery Trading Company Limited	Trading and retailing of consumer goods in resorts	China	82.53	–
2 Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	100	–
2 Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	100	–
5 Cheer Golden Limited	Investment holding	Hong Kong	65.75	65.75
12 Triumph International Holdings Limited	Investment holding	Hong Kong	80.00	80.00
12 Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	100	100
12 Sanctuary Lhasa (Cayman) Limited	Investment holding	Cayman Islands	100	100
12 Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	100	100
12 Sanctuary Gyalthang Dzong (Cayman) Limited	Investment holding	Cayman Islands	100	100
12 Sanctuary Dunhuang (Cayman) Limited	Investment holding	Cayman Islands	100	–
12 Sanctuary Yangshuo (Cayman) Limited	Investment holding	Cayman Islands	100	–
1 Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	100	–
12 Jayanne International Limited	Investment holding	British Virgin Islands	100	100
12 Club Management Limited	Provision of resort & hotel management and operation services and ancillary services relating to the hospitality industry	British Virgin Islands	100	100
2 PT. AVC Indonesia	Holiday club membership	Indonesia	65.75	65.75
2 PT. Management Banyan Tree Resorts & Spas	Provide consultation and management services of the international hotels marketing	Indonesia	100	100
9 Banyan Tree MX S.A. De C.V.	To provide business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	100	–
9 Banyan Tree Servicios S.A. De C.V.	To provide business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	100	–

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16 Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2008 %	2007 %
(ii) Held through subsidiary companies (continued)				
2 Banyan Tree Guam Limited	Providing spa and other associated services	Guam	100	100
2 Banyan Tree Spas Sdn. Bhd.	Operating of spas	Malaysia	100	100
12 Banyan Tree Japan Yugen Kaisha	Operating of spas	Japan	100	100
2 Heritage Spas Egypt LLC	Operating and investing in resorts, spas and retail outlets	Egypt	100	100
2 Banyan Tree (Private) Limited	Operating of spas	Sri Lanka	100	100
7 Heritage Spas South Africa (Pty) Ltd	Operating and investing in resorts, spas and retail outlets	South Africa	100	100
2 Heritage Spas Dubai LLC	Operating of spas	Dubai	100	100
2 Maldives Angsana Pvt Ltd	Operating holiday resorts	Maldives	100	96.69
6 Keelbay Pty Ltd	Operating of spas	Australia	100	100
8 Jayanne (Seychelles) Limited	To own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	100	100
12 Banyan Tree Resorts (UK) Ltd	Provide marketing services	United Kingdom	100	100
12 Banyan Tree Hotels & Resorts USA, Inc	Provide marketing services	United States of America	100	100
Laguna (Vietnam) Co., Ltd. (Note 31)	Development and management of resorts	Vietnam	–	100
2 BT Investments Holdings Phils. Inc.	Investment holding	Philippines	97.85	–

1 Audited by Ernst & Young LLP, Singapore.

2 Audited by member firms of Ernst & Young Global in the respective countries.

3 Audited by KPMG, Thailand.

4 Audited by Tudor V.P. & Co.

5 Audited by RSM Nelson Wheeler.

6 Audited by KPMG, Cairns.

7 Audited by Grant Thornton.

8 Audited by AJ Shah & Associates, Seychelles.

9 Incorporated during the year and no auditors were appointed yet.

10 As at 31 December 2008, these companies are subsidiary companies of LRH which in turn is a subsidiary company of the Group. The Directors of the Group are of the view that these companies should be consolidated as subsidiaries in the consolidated financial statements as the Group has control over them through LRH.

11 In process of struck off.

12 Not required to be audited under the laws of country of incorporation.

** Cost of investment is less than \$1,000.

Acquisition of minority interests

On 30 May 2008, the Company acquired the remaining 3.31% equity interest in its subsidiary, Vabbinvest Maldives Pvt Ltd from its minority interests for a cash consideration of \$650,000. As a result of this acquisition, Vabbinvest Maldives Pvt Ltd became a wholly-owned subsidiary of the Company. On the date of acquisition, the book value of the additional interest acquired was \$1,073,000. The excess of the book value of the interest acquired over the consideration paid is reflected in the income statement as gain on acquisition of minority interests.

On 7 November 2008, the Group's subsidiary company, Triumph International Holdings Limited, acquired the remaining 0.68% equity interest in Zhongdian Jiantang Hotel (formerly known as Gyalthang Dzong Hotel) from its minority interests for a cash consideration of \$13,000. As a result of this acquisition, Zhongdian Jiantang Hotel became a wholly-owned subsidiary of Triumph International Holdings Limited. On the date of acquisition, the book value of the additional interest acquired was a net liability of \$3,000.

17 Associated companies

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Unquoted equity shares, at cost	9,513	5,870	889	889
Share of post-acquisition reserves	5,045	3,728	–	–
Impairment loss	(608)	–	–	–
Net exchange differences	(228)	(164)	–	–
Loans and receivables				
Loans to associated companies	20,095	18,712	18,648	18,712
	33,817	28,146	19,537	19,601

The loans to associated companies are unsecured, interest-free and with no fixed terms of repayment. The loans are not expected to be repaid within the next twelve months.

The extraordinary meeting of shareholders of Tropical Resorts Limited, held on 13 March 2008, approved the reduction of its registered and paid-up share capital from US\$50.5 million (50.5 million ordinary shares of US\$1 each) to US\$21.0 million (21.0 million ordinary shares of US\$1 each). The reduction in the US\$29.5 million of its registered and paid-up share capital comprised a decrease in paid-up share capital of US\$16.5 million, representing accumulated losses and the repayment of cash to the shareholders in the sum of US\$13.0 million. The reduction in capital was registered on 11 July 2008.

The details of the associated companies at the end of the financial year are as follows:

Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2008 %	2007 %
Held by the Company				
1 Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	30	30
Held through an associated company				
2 Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	30	30
Held through subsidiary companies				
3 Mayakoba Thai S.A. De C.V.	Resort development	Mexico	20	20
3 Lotes 3 Servicios S.A. De C.V.	Provide business management and services	Mexico	20	–
1 Tropical Resorts Limited	Resort investment and development	Hong Kong	17.02	–

1 Audited by Ernst & Young LLP, Singapore.

2 Audited by AJ Shah & Associates, Seychelles.

3 Audited by Deloitte Touche Tomatsu, Mexico.

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17 Associated companies (continued)

The summarised financial information of associated companies are as follows:

	2008 \$'000	2007 \$'000
Assets and liabilities:		
Current assets	40,461	14,129
Non-current assets	209,327	126,196
Total assets	249,788	140,325
Current liabilities	(51,625)	(47,570)
Non-current liabilities	(167,625)	(76,062)
Total liabilities	(219,250)	(123,632)
Results:		
Revenue	54,249	27,058
Profit for the year	4,238	6,857

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2007: Nil).

18 Joint venture companies

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Shares at cost	6,000	6,000	6,000	6,000
Share of post-acquisition reserves	(2,087)	(2,082)	–	–
Net exchange differences	(709)	(696)	–	–
Loans and receivables				
Loan to a joint venture company	332	334	332	334
	3,536	3,556	6,332	6,334

The loan to a joint venture company is unsecured and interest-free, with no fixed terms of repayment. The Company will not demand repayment within the next twelve months.

The details of the joint venture companies at the end of the financial year are as follows:

Name of joint venture company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2008 %	2007 %
Held by the Company				
1 Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	50	50
Held through a joint venture company				
2 Seytropical Resorts Limited	Resort development	Seychelles	50	50

1 Audited by Ernst & Young LLP, Singapore.

2 Audited by AJ Shah & Associates, Seychelles.

18 Joint venture companies (continued)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, and results related to the Group's interest in the joint venture companies are as follows:

	2008 \$'000	2007 \$'000
Assets and liabilities:		
Current assets	207	216
Non-current assets	7,987	8,015
Total assets	8,194	8,231
Current liabilities	(7)	(6)
Non-current liabilities	(665)	(667)
Total liabilities	(672)	(673)
Results:		
Revenue	15	15
Loss for the year	(10)	(12)

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil (2007: Nil).

19 Prepaid island rental

	GROUP	
	2008 \$'000	2007 \$'000
At 1 January	29,153	32,735
Net exchange differences	(145)	(1,808)
Payment of island rental during the year	2,236	2,268
	31,244	33,195
Less: Amount charged to expenses during the year	(4,104)	(4,042)
At 31 December	27,140	29,153
Amount chargeable within 1 year (Note 26)	3,798	3,767
Amount chargeable after 1 year	23,342	25,386
	27,140	29,153

The above amounts were paid to the owners of the Vabbinfaru Island, Ihuru Island, Velavaru Island, Madivaru Island and Haa Dhaalu Muiri Island as operating lease rentals.

The lease periods are as follows:

Island	Lease period
Vabbinfaru Island	1 May 1993 – 31 Oct 2019
Ihuru Island	16 Oct 2000 – 15 Oct 2015
Velavaru Island	24 Jul 2005 – 24 Aug 2022
Madivaru Island	5 May 2006 – 17 Aug 2022
Haa Dhaalu Muiri Island	17 Mar 2008 – 16 Mar 2029

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20 Long-term trade receivables

	GROUP	
	2008 \$'000	2007 \$'000
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 25)	14,456	12,792
Between 2 to 5 years	34,344	10,321
After 5 years	17,836	–
	52,180	10,321

Long-term trade receivables consist of:

- (i) Receivables from property sales bear interest at a rate of 5% per annum (2007: 5%) over the Singapore Inter Bank Offered Rate (“SIBOR”). The loan periods vary from 5 to 15 years.
- (ii) Receivables from property sales bear interest at rates ranging from 7.5% to 12% per annum (2007: 7.5% to 12%) and are repayable over an instalment period of 2 to 5 years.
- (iii) The Group has purchased certain properties on behalf of a third party who is in the business of selling club memberships. A subsidiary company of the Group acts as the manager of these properties on behalf of the third party. These properties amounted to \$13,070,000 (2007: Nil) which represents the principal amount that is repayable to the Group. The receivable bears interest rate of 6% per annum (2007: 6%) and are repayable over 13.5 to 15 years (2007: 2.5 years).

21 Intangible assets

	GROUP		
	Goodwill \$'000	Trademarks \$'000	Total \$'000
Cost:			
At 1 January 2007, 31 December 2007 and 1 January 2008	2,914	24,300	27,214
Net exchange differences	(62)	–	(62)
At 31 December 2008	2,852	24,300	27,152
Accumulated amortisation and impairment:			
At 1 January 2007, 31 December 2007, 1 January 2008 and 31 December 2008	(249)	–	(249)
Net carrying amount:			
At 31 December 2008	2,603	24,300	26,903
At 31 December 2007	2,665	24,300	26,965

Impairment testing of goodwill

Goodwill acquired through business combination was related to Thai Wah Plaza Limited, which has been identified as the single cash generating unit (“CGU”).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	Thai Wah Plaza Limited
Growth rate	0%
Discount rate	9.09%

21 Intangible assets (continued)

These assumptions have been used for analysis of the CGU. Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used is consistent with forecasts used in industry reports. The discount rates used reflect the specific risks relating to the relevant company.

Impairment testing of trademarks

Trademarks have been allocated to individual cash-generating units, which are reportable segments, for impairment testing as follows:

- Hotel management segment;
- Spa operation segment;
- Gallery operation segment; and
- Property sales segment.

Carrying amounts of trademarks are allocated to each of the Group's cash-generating units based on a valuation performed by a professional and independent valuer using the projected discounted cashflows on future royalties from each of the business segments. The allocated amounts to each cash-generating unit are as follows:

	Hotel Management Segment		Spa Operation Segment		Gallery Operation Segment		Property Sales Segment		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Carrying amount of trademarks	20,504	20,504	2,776	2,776	390	390	630	630	24,300	24,300

The recoverable amount for all the individual segments is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period.

The discount rate applied to the cash flow projections of each business segment is 10.1% (2007: 10.1%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 0% (2007: 5.0%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used is consistent with forecasts used in industry reports. The discount rates reflect specific risks relating to the relevant companies.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademarks:

- Budgeted hotel occupancy rates – the basis used to determine the budgeted hotel occupancy rates is the average hotel occupancy rates achieved in the previous year, adjusted for the forecast growth rate.
- Budgeted hotel room rates – the basis used to determine the budgeted hotel room rates is the average room rates achieved in the previous year, adjusted for the forecast growth rate.

22 Long-term investments

	GROUP	
	2008 \$'000	2007 \$'000
Quoted investments		
Equity shares, at fair value	2	950
Unquoted investments		
Equity shares, at cost	16,837	8,167
Less: Impairment in value of unquoted investments	(64)	(65)
Total unquoted investments	16,773	8,102
Total available-for-sale financial assets	16,775	9,052

Unquoted shares stated at cost have no market price and the fair value cannot be measured reliably using valuation techniques.

During the year, the Group recognised an impairment loss of \$2,160,000 (2007: Nil) pertaining to quoted equity instruments carried at fair value, reflecting the write-down in the fair value of this quoted investment in a Thailand company that was placed under receivership.

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23 Other non-current assets

	GROUP	
	2008 \$'000	2007 \$'000
Non-financial assets		
Prepayments	183	186
Others	1,448	706
	1,631	892
Loans and receivables		
Deposits	3,917	3,524
Loan	3,444	–
	8,992	4,416

The loan made to a third party is interest-free and secured by the share of assets and shareholder advances of the third party in an unquoted company. The loan has no fixed terms of repayment and is not expected to be repaid within the next twelve months.

24 Inventories

	GROUP	
	2008 \$'000	2007 \$'000
Food and beverage, at costs	2,406	3,016
Trading goods and supplies, at net realisable value	7,319	4,553
Materials, at cost	3,684	3,389
Others	–	93
	13,409	11,051

25 Trade receivables

	GROUP	
	2008 \$'000	2007 \$'000
Loans and receivables		
Trade receivables	58,785	66,271
Current portion of long-term trade receivables (Note 20)	14,456	12,792
	73,241	79,063
Less: Allowance for doubtful debts	(6,646)	(2,967)
	66,595	76,096

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

25 Trade receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$30,509,000 (2007: \$28,129,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Trade receivables past due:		
Less than 30 days	13,082	14,750
30 to 60 days	3,366	4,626
60 to 90 days	3,568	1,549
More than 90 days	10,493	7,204
	30,509	28,129
Neither past due nor impaired	36,086	47,967
	66,595	76,096

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Trade receivables – nominal amounts	6,646	2,967
Less: Allowance for doubtful debts	(6,646)	(2,967)
	–	–
Movement in allowance accounts:		
At 1 January	2,967	2,879
Charge for the year	4,070	597
Reversal of allowance	(85)	(241)
Utilised	(201)	(202)
Exchange differences	(105)	(66)
At 31 December	6,646	2,967

It is the Group's policy not to provide for general allowance in respect of doubtful debts and allowance is only made for debts that have been determined as uncollectible in accordance to Note 2.15 (a).

Trade receivables that are individually determined to be impaired at the balance sheet date relates to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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26 Other receivables

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-financial assets				
Prepayments	6,447	5,589	36	530
Prepaid island rental – current portion (Note 19)	3,798	3,767	–	–
Advances to suppliers	6,499	8,670	–	–
Others	4,544	3,124	82	13
	21,288	21,150	118	543
Loans and receivables				
Deposits	11,396	13,447	623	5,849
Interest receivable	184	311	–	6
Staff advances	1,768	1,729	–	8
Loan to a director of the Company	–	131	–	–
Goods and services tax/value-added tax receivable	2,009	2,130	–	84
Insurance recoverable	4,595	3,760	–	851
Tax recoverable	164	306	164	164
Other recoverable expenses	936	742	1,045	742
Other receivable	5,093	–	–	–
	26,145	22,556	1,832	7,704
Fair value through profit and loss				
Forward currency contracts receivable	2,434	4,558	–	–
	49,867	48,264	1,950	8,247

27 Amounts due from/(to) subsidiary companies

	COMPANY	
	2008 \$'000	2007 \$'000
Loans and receivables		
Amounts due from subsidiary companies – non-trade	6,723	4,853
Financial liabilities at amortised cost		
Amounts due to subsidiary companies – non-trade	(30,427)	(41,074)

The amounts due from/(to) subsidiary companies are unsecured and interest-free, with no fixed terms of repayment. At the balance sheet date, the Company has provided for an allowance of \$1,709,000 (2007: Nil) for impairment of the amounts due from its subsidiary companies with a nominal amount of \$3,227,000 (2007: \$1,717,000). The subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2008 is \$3,109,000 (2007: \$1,400,000).

28 Amounts due from/(to) associated companies

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans and receivables				
Amounts due from associated companies				
– trade	1,391	2,145	–	483
– non-trade	256	275	–	–
	1,647	2,420	–	483
Financial liabilities at amortised cost				
Amounts due to associated companies				
– trade	(5)	–	–	–
– non-trade	(67)	(27)	–	–
	(72)	(27)	–	–

The amounts due from/(to) associated companies are unsecured and interest-free, with no fixed terms of repayment.

29 Amounts due from/(to) related parties

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans and receivables				
Amounts due from related parties				
– trade	3,926	5,655	–	–
– non-trade	2,695	668	201	132
	6,621	6,323	201	132
Financial liabilities at amortised cost				
Amounts due to related parties				
– trade	(861)	(30)	–	–
– non-trade	(666)	(318)	(580)	(292)
	(1,527)	(348)	(580)	(292)

The amounts due from/(to) related parties are unsecured and interest-free, with no fixed terms of repayment.

At the balance sheet date, the Group has provided for an allowance of Nil (2007: \$25,000) for impairment of the amounts due from a related party with a nominal amount of \$199,000 (2007: \$105,000). The allowance account for the financial year ended 31 December 2008 is \$23,000 (2007: \$25,000).

Notes to the Financial Statements

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30 Property development costs

	GROUP	
	2008 \$'000	2007 \$'000
Properties under development		
Cost incurred to date	141,403	84,575
Less: Allowance for foreseeable losses	(3,839)	(3,931)
	137,564	80,644
Attributable profit	139,280	88,985
Less: Progress billings	(233,923)	(116,985)
	42,921	52,644
Properties held for sale	15,470	25,860
	58,391	78,504

There were no retention monies due from customers as at 31 December 2008 and 31 December 2007.

During the financial year, borrowing costs of \$88,000 (2007: \$4,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development.

Details of the properties are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Residences	Bangkok, Thailand	99	Under construction	4,124	January 2009	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone A)	Phuket, Thailand	45	Under construction	5,062	December 2009	65.75
Dusit Residences	Phuket, Thailand	100	Held for sale	7,746	Completed	65.75
Laguna Townhomes Phase 3	Phuket, Thailand	43	Under construction	4,417	September 2009	65.75
Laguna Townhomes Phase 4	Phuket, Thailand	17	Under construction	8,188	September 2009	65.75
Banyan Tree Phuket Residences two-bedroom Phase 3	Phuket, Thailand	38	Under construction	8,359	February 2010	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone X)	Phuket, Thailand	0	Under construction	8,813	November 2009	65.75
Laguna Village Residences Phase 1	Phuket, Thailand	100	Held for sale	13,948	Completed	65.75
Laguna Village Residences Phase 3	Phuket, Thailand	100	Held for sale	17,929	Completed	65.75
Laguna Village Residences Phase 6	Phuket, Thailand	29	Under construction	11,293	September 2009	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	480	Completed	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	5,530	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,898	Completed	100
Kyoto Apartment	Kyoto, Japan	100	Held for sale	121	Completed	100

31 Cash and cash equivalents

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans and receivables				
Cash on hand and at bank	51,048	94,253	1,111	5,093
Fixed deposit, unsecured	2,664	21,463	901	20,056
	53,712	115,716	2,012	25,149
Significant foreign currency denominated balances				
US Dollars	19,509	16,205	1,377	1,972
Thai Baht	18,868	64,437	–	–
Chinese Renminbi	9,938	6,918	–	–

The cash and cash equivalents of the Group and the Company comprise of \$2,752,000 (2007: \$2,160,000) and \$1,081,000 (2007: \$497,000) respectively which are held in trust.

On 3 April 2008, the Company disposed off its 100% interest in Enda Pte. Ltd. and Laguna (Vietnam) Co., Ltd. for a cash consideration of \$1.

The value of assets and liabilities of these subsidiary companies recorded in the consolidated financial statements as at 3 April 2008, and the aggregate effects of the disposal on the cash flows of the Group were:

	GROUP Carrying amounts \$'000
Identifiable assets and liabilities	
Cash and cash equivalents	(42)
Trade and other receivables	(100)
Other non-current assets	(2,830)
	(2,972)
Trade and other payables	3,229
	257
Total consideration	1
Cash and cash equivalents of the subsidiary companies	(42)
Net cash outflow on disposal of subsidiary companies	(41)

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32 Other payables

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-financial liabilities				
Unearned income	4,344	2,335	–	–
Advanced received from customers	14,897	19,290	–	–
Others	4,008	3,641	156	1,791
	23,249	25,266	156	1,791
Financial liabilities at amortised cost				
Accrued operating expenses	37,690	36,081	3,486	1,004
Accrued service charges	2,277	2,926	–	–
Deposits	3,106	5,393	–	–
Hire purchase creditors	–	13	–	–
Construction payables	16,884	9,995	–	–
Goods and services tax/value added tax payable	3,181	3,100	–	–
Sundry creditors	8,067	3,311	1,257	1,262
	71,205	60,819	4,743	2,266
Financial liabilities at fair value				
Forward currency contracts payable	532	–	–	–
	94,986	86,085	4,899	4,057

33 Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial liabilities at amortised cost				
Non-current liabilities				
Secured bank loans	132,072	147,957	9,000	2,853
Current liabilities				
Short-term bank loans	–	45,066	–	8,000
Secured bank loans	78,118	49,011	11,129	4,125
	78,118	94,077	11,129	12,125

33 Interest-bearing loans and borrowings (continued)

The secured bank loans of the Group and the Company are secured by the assets with the following net book values:

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Freehold land and buildings	637,762	640,232	16,486	12,939
Quoted shares in a subsidiary company	2,463	30,272	–	–
Leasehold buildings	25,549	26,980	–	–
Unquoted shares in subsidiary companies	10,724	10,074	–	–
Inventories	1,436	1,622	–	–
Trade and other receivables	38,381	41,468	–	–
Prepaid island rental	25,720	27,610	–	–
Property development costs	7,858	–	–	–
Other assets	23,388	11,547	–	–
	773,281	789,805	16,486	12,939

The secured bank loan of the Company is secured by freehold land and buildings of its subsidiary companies.

34 Deferred income

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cost:				
At 1 January	–	–	–	–
Additions	16,723	–	–	–
At 31 December	16,723	–	–	–
Accumulated amortisation:				
At 1 January	–	–	–	–
Amortisation for the year (Note 4)	546	–	–	–
Net exchange differences	19	–	–	–
At 31 December	565	–	–	–
Net carrying amount	16,158	–	–	–

Deferred income relates to government grants received for the acquisition of land use rights for tourism related development activities undertaken by the Group's subsidiary company in People's Republic of China to promote the tourism industry. There are no unfulfilled conditions or contingencies attached to these grants.

35 Loan stock

Loan stock represents 102,218 (2007: 102,218) non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Company Limited, a subsidiary company, to minority shareholders at a par value of Baht 100 each. These preference shares carry a fixed cumulative preference dividend of 10% per annum.

36 Notes payable

Notes payable relates to \$50 million fixed rate notes due on 22 November 2010, \$27.25 million fixed rate notes due on 1 August 2011 and \$50 million fixed rate notes due on 22 November 2012. The notes bear interest rates of 4.25% per annum (2007: 4.25%), 5.5% per annum (2007: Nil) and 4.75% per annum (2007: 4.75%) respectively, payable semi-annually.

Notes to the Financial Statements

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37 Redeemable preference shares

	GROUP AND COMPANY	
	2008 \$'000	2007 \$'000
Financial liabilities at amortised cost		
301,108 "A" preference share of \$0.10 each (2007: 301,108)	30	30
Redeemable preference shares dividend payable upon maturity	1,924	896
	1,954	926

The "A" preference shares will be redeemed on 30 June 2009 at a redemption amount for each "A" preference share equal to the par value of \$0.10 and a premium of \$10.00. The total premium of "A" preference shares amounts to \$3,011,080. The premium is amortised to the income statement over a period of 6 years using the effective interest method. The balance of the unamortised premium will be charged to the income statement upon redemption should the redemption occur before the end of the 6-year period.

The holders of the above redeemable preference shares have no voting rights.

38 Other non-current liabilities

	GROUP	
	2008 \$'000	2007 \$'000
Non-financial liabilities		
Advance golf membership fees	958	1,123
Others	440	1,904
	1,398	3,027
Financial liabilities at amortised cost		
Deposits	1,113	1,065
	2,511	4,092

39 Deferred income tax

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(158,100)	(164,790)	–	–
Unearned income	(40,582)	(28,919)	–	–
Other items	(96)	(455)	–	–
	(198,778)	(194,164)	–	–
Deferred tax assets				
Unutilised tax losses	13,132	8,901	31	–
Other items	2,938	3,188	–	–
	16,070	12,089	31	–
Net deferred tax (liabilities)/assets	(182,708)	(182,075)	31	–

The Group has tax losses of \$9,782,000 as at 31 December 2008 (2007: \$8,759,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. These tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no income tax consequences of dividends to shareholders that were proposed by the Company, but not recognised as a liability in the consolidated financial statements (Note 50).

40 Loan from minority shareholder of a subsidiary company

The loan is unsecured, interest-free and not repayable within the next twelve months.

41 Share capital

	GROUP AND COMPANY			
	2008 No. of shares	2008 \$'000	2007 No. of shares	2007 \$'000
Issued and fully paid up				
At 1 January and 31 December	761,402,280	199,995	761,402,280	199,995

The holders of ordinary shares (except for treasury shares) are entitled to receive dividend as and when declared by the Company. All ordinary shares (except for treasury shares) carry one vote per share without restrictions. The shares of the Company have no par value.

42 Treasury shares and reserves

(a) Treasury shares

Treasury shares relates to ordinary shares of the Company that is held by the Company. In 2007, the Company acquired 3,000,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was \$5,191,475 and this was presented as a component within shareholders' equity.

(b) Merger deficit

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiary companies acquired.

(c) Capital reserve

The capital reserve comprises a waiver of debt by the joint venture company on amounts due by the Company and accounting of assets in subsidiary companies at their fair values as at the acquisition date and cannot be used for dividend payments.

(d) Revaluation reserve

The revaluation reserve is used to record increases in the fair value of revalued property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised.

(e) Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(f) Fair value adjustment reserve

The fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

(g) Legal reserve

The legal reserve is set up in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary company in Thailand.

(h) Share based payment reserve

The share based payment reserve represents the equity-settled share grants granted to employees (Note 43). The reserve is made up of (i) the issue of free shares to employees in 2006 and (ii) the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share grants.

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43 Equity compensation benefits

On 28 April 2006, the shareholders of the Company approved the adoption of two share based incentive schemes for its Directors and its employees, the Banyan Tree Employee Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). The Share Option Scheme and the Plan (collectively, the "Schemes") will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance.

The Schemes are administered by the Nominating and Remuneration Committee ("NRC") which comprises three Independent Directors with Mr Chia Chee Ming Timothy, as the Chairman and Mr Dilhan Pillay Sandrasegara and Mrs Elizabeth Sam as members.

The aggregate number of shares when aggregated with the number of shares issued and issuable and/or transferred and transferable in respect of all options granted under the Share Option Scheme and any share awards granted under the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company subject to a maximum period of 10 years commencing from the date of the Schemes.

The Company has not issued any options to any eligible participants pursuant to the Share Option Scheme.

The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). Plan participants who have attained the grade of level 5 and above are eligible to participate in the Plan. PSP is targetted at a Plan participant who is a key member of Senior Management who is able to drive the growth of the Company through innovation, creativity and superior performance whereas RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent. The selection of a Plan participant and the number of shares which are subject of each award to be granted to a Plan participant in accordance with the Plan shall be determined at the absolute discretion of the NRC, which shall take into account, criteria such as rank, job performance, level of responsibility and potential for future development and his contribution to the success and development of the Group. A Plan participant may be granted an award under the PSP and RSP although differing performance targets are likely to be set for each award.

Awards represent the right of a Plan participant to receive fully paid shares, their equivalent cash value or combinations thereof free of charge, upon the participant achieving prescribed performance target(s) and/or time-based service conditions. Awards are released once the NRC is satisfied that the prescribed performance target(s) and/or time-based service conditions have been achieved.

The Company has not issued any awards under the Plan to any of its controlling shareholders. Since the commencement of the Plan, no participant has been awarded 5% or more of the total shares available under the Plan.

The details of the Plan existed as at 31 December 2008 are set out as follows:

	PSP	RSP
Plan Description	Award of fully paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a two-year performance period.
Date of Grant:		
FY 2008 Grant	25 April 2008	25 April 2008
FY 2007 Grant	19 April 2007 & 4 May 2007	19 April 2007, 4 May 2007 & 16 July 2007
Performance Period:		
FY 2008 Grant	1 January 2008 to 31 December 2010	1 January 2008 to 31 December 2009
FY 2007 Grant	1 January 2007 to 31 December 2009	1 January 2007 to 31 December 2008
Performance Conditions:		
FY 2008 Grant	<ul style="list-style-type: none"> Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") Relative TSR against FTSE ST Mid Cap Index Relative TSR against selected hospitality listed peers 	<ul style="list-style-type: none"> Return on Equity ("ROE") EBITDA[#]
FY 2007 Grant	<ul style="list-style-type: none"> Absolute TSR outperform COE Relative TSR against Straits Times Index Relative TSR against selected hospitality listed peers 	<ul style="list-style-type: none"> ROE EBITDA[#] Margin

[#] EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

43 Equity compensation benefits (continued)

	PSP	RSP
Vesting Period:		
FY 2008 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest over the subsequent one year with fulfillment of service requirements.
FY 2007 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfillment of service requirements.
Payout:	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions for FY 2008 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	27.07%	27.07%
FTSE Mid Cap Index	20.42%	Not applicable
Risk-free interest rates		
Singapore Sovereign Term	1.37% 35.2 months	1.09% – 1.37% 23.2 to 35.2 months
BTH expected dividend yield	1.44%	1.44%
Share price at grant date	\$1.39	\$1.39

For non-market conditions, achievement factors have been estimated based on feedback from the NRC for the purpose of accrual for the RSP until the achievement of the targets can be reasonably ascertain.

The details of shares awarded, cancelled and released during the year pursuant to the Plan are as follows:

	PSP				Balance as at 31 December 2008	Estimated fair value at grant date
	Balance as at 1 January 2008	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year		
Grant date						
19 April 2007						
Executive Director (Ariel P Vera)	80,000 ¹	–	–	–	80,000	\$3.129
Other Participants	100,000	–	–	–	100,000	\$3.129
4 May 2007						
Other Participants	80,000	–	–	–	80,000	\$4.362
25 April 2008						
Executive Director (Ariel P Vera)	–	80,000 ¹	–	–	80,000	\$0.637
Other Participants	–	280,000	–	–	280,000	\$0.637
Total	260,000	360,000	–	–	620,000	

¹ A conditional award of 80,000 shares with an additional award of up to 80,000 shares under the Plan, subject to certain performance conditions being met and other terms and conditions.

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43 Equity compensation benefits (continued)

	RSP					
	Balance as at 1 January 2008	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Balance as at 31 December 2008	Estimated fair value at grant date
Grant date						
19 April 2007	100,000 ¹	–	–	–	100,000	\$2.024 – \$2.076
Executive Director (Ariel P Vera)						
Other participants	441,000	–	(21,500)	–	419,500	\$2.024 – \$2.076
4 May 2007	283,750	–	(32,000)	–	251,750	\$2.428 – \$2.507
Other Participants						
16 July 2007	8,000	–	–	–	8,000	\$2.024 – \$2.076
One participant						
25 April 2008	–	120,000 ²	–	–	120,000	\$1.314 – \$1.344
Executive Director (Ariel P Vera)						
Independent Director (Chia Chee Ming Timothy)	–	7,000 ³	–	–	7,000	\$1.314 – \$1.344
Independent Director (Dilhan Pillay Sandrasegara)	–	7,000 ³	–	–	7,000	\$1.314 – \$1.344
Independent Director (Elizabeth Sam)	–	6,000 ³	–	–	6,000	\$1.314 – \$1.344
Other Participants	–	1,580,000	(186,000)	–	1,394,000	\$1.314 – \$1.344
Total	832,750	1,720,000	(239,500)	–	2,313,250	

¹ A conditional award of 100,000 shares with an additional award of up to 50,000 shares under the Plan, subject to certain performance conditions being met and other terms and conditions.

² A conditional award of 120,000 shares with an additional award of up to 60,000 shares under the Plan, subject to certain performance conditions being met and other terms and conditions.

³ A conditional award of 7,000 shares each to Messrs Chia Chee Ming Timothy and Dilhan Pillay Sandrasegara as well as 6,000 shares to Mrs Elizabeth Sam under the Plan, subject to certain conditions being met.

The number of contingent shares granted but not released as at 31 December 2008 were 620,000 and 2,313,250 (2007: 260,000 and 832,750) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,240,000 and 3,459,875 (2007: 520,000 and 1,249,125) for PSP and RSP respectively.

44 Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Capital commitments in respect of property, plant and equipment	58,096	38,239
Capital commitments in respect of Banyan Tree Indochina Hospitality Fund	67,636	–

44 Commitments and contingencies (continued)

(b) Operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	GROUP	
	2008 \$'000	2007 \$'000
Payable:		
Within 1 year	4,772	2,397
Between 2 to 5 years	34,931	9,462
After 5 years	10,027	11,820
	44,958	21,282
	49,730	23,679

Certain subsidiary companies, entered into operating agreements with certain hotel operators whereby these companies are to manage the subsidiary companies' hotels and golf business. In consideration for such services, the subsidiary companies are committed to pay management fees contingent upon revenue earned in accordance with the terms specified in the agreements.

(c) Contingent liabilities

Guarantees

As at the balance sheet date, the Company had issued the following outstanding guarantees:

	COMPANY	
	2008 \$'000	2007 \$'000
Guarantees issued on banking facilities of a subsidiary company	1,252	2,752

Litigation

- (i) On 4 July 2007, the shareholders of LRH, a listed subsidiary company of the Company, had passed a resolution at an extraordinary general meeting ("EGM") relating to an issue of shares to its shareholders in connection with the non-renounceable rights issue undertaken by LRH and the cancellation of the registration of these resolutions with the Public Companies Registrar of Thailand. TMB Bank Public Company Limited ("TMB") is a security agent acting on behalf of the creditors of Thai Wah Public Company Limited ("Thai Wah Public") which is a shareholder of LRH, holding 27,983,542 shares. Prior to the EGM, TMB applied to the Southern Bangkok Civil Court for a court order to allow it to attend the EGM on Thai Wah Public's behalf but TMB's application was dismissed. Subsequently, TMB brought a case in the Court of First Instance of Thailand against LRH for the revocation of the resolution and the cancellation of the registration of the resolution with the Public Companies Registrar of Thailand. TMB alleged that it had a direct interest in attending and voting at LRH's EGM but was not allowed to attend the EGM. LRH maintains that the EGM was duly held and approved the resolution in compliance with its Articles of Association and applicable laws. A decision on the case from the Court of First Instance is currently pending. The consequence of a decision against LRH would be that all previous acts in relation to the increase in LRH's capital via the non-renounceable rights issue would be revoked and cancelled and that LRH would have to ensure that all of its shareholders are reinstated to the position they were in at the outset as if there had been no capital increase. In that event, LRH would have to indemnify its shareholders against the payments made to acquire the newly issued shares. The consequence of this is that the Group's shareholding interest in LRH will revert to 51.78% from the current 65.75%. As a result of the increase in shareholding, the Group has recorded an exceptional item gain of \$44.5 million in prior year and an accumulated profit attributable to equity holders of the Company of \$8.1 million as at 31 December 2008.
- (ii) On 3 July 2008, Avenue Asia Capital Partners, L.P., one of six plaintiffs, filed a lawsuit against LRH, a listed subsidiary company of the Company, as one of six defendants at the Southern Bangkok Civil Court. The plaintiffs claimed that they are the creditors of a shareholder of LRH. The plaintiffs alleged that in arranging the Extraordinary General Meeting No. 1/2007 and approving its proposed capital increase where some shareholders did not subscribe for newly issued shares, LRH acted jointly with certain shareholders to commit a tort against the plaintiffs. Thus, the plaintiffs claim damages of approximately S\$22.6 million (Baht 539,052,407) with interest of 7.5% per annum and the costs of legal proceedings.

The case is currently pending at the Court of First Instance. LRH maintains that it did not commit a tort against the plaintiffs and has not made a provision in its accounts. LRH is vigorously defending this lawsuit.

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45 Related party transactions

An entity or individual is considered a related party of the Group for the purpose of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

Related parties consist of companies which have common directors with the Group.

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	GROUP	
	2008 \$'000	2007 \$'000
(a) Sale and purchase of goods and services		
Associated companies:		
– Management and service fee income	3,858	3,635
– Reservation fee income	260	236
– Architectural fee income	7	155
– Spa gallery income	172	–
Related parties:		
– Management and service fee income	4,838	5,479
– Rental income	30	32
– Reservation fee income	1,082	348
(b) Lease of villas from a related party	–	3,474
(c) Property and hotel residences:		
– Sale to a Director of the Company	1,187	1,307
– Sale to related parties	–	11,243
(d) Compensation of key management personnel:		
– Salaries and employee benefits	5,260	4,841
– Central Provident Fund contributions	117	98
– Other short-term benefits	1,076	898
Total compensation paid to key management personnel	6,453	5,837
<i>Comprise amounts paid to:</i>		
• Directors of the Company	3,012	2,779
• Other key management personnel	3,441	3,058
	6,453	5,837

46 Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

46 Financial risk management objectives and policies (continued)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including long-term investments, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- a nominal amount of \$1,252,000 (2007: \$2,752,000) relating to corporate guarantees provided by the Company for the bank loan taken by a subsidiary company.

Information regarding credit enhancements for other non-current receivables and trade receivables is disclosed in Note 23 and Note 25 respectively.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment and geographical profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

GROUP	Note	2008 \$'000	2008 % of total	2007 \$'000	2007 % of total
By geographical:					
South East Asia		80,175	68	66,963	77
Indian Oceania		7,099	6	3,606	4
Middle East		1,075	1	4,964	6
North East Asia		10,122	8	4,269	5
Rest of the world		20,304	17	6,615	8
		118,775	100	86,417	100
By industry sectors:					
Hotel investment		17,530	14	23,066	27
Hotel management		8,194	7	5,084	6
Hotel residences		34,175	29	15,903	18
Spa operation		2,865	2	2,235	3
Gallery operation		750	1	1,214	1
Property sales		42,414	36	28,173	33
Design fees and others		12,847	11	10,742	12
		118,775	100	86,417	100
Trade receivables					
Non-current	20	52,180		10,321	
Current	25	66,595		76,096	
		118,775		86,417	

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46 Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Included in trade receivables are amounts due from a third party of \$28,234,000 (2007: \$12,553,000). The third party is in the business of selling club memberships. A subsidiary company of the Group provides management services to manage the club operation on behalf of the third party.

The receivables from this third party bear interest rate of 6% per annum (2007: 6%) and are repayable in equal instalments over 13.5 to 15 years (2007: 2.5 years).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, long-term investments and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22 and Note 25.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from the inability to repay financial liabilities as and when they are due. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Board and the management of the Group constantly reviews its cash and borrowing position to ensure that the Group maintains sufficient liquidity to meet its obligations as and when they fall due.

At the balance sheet date, approximately 23.2% (2007: 27.5%) of the Group's interest-bearing loans and borrowings (Note 33) will mature in less than one year based on the carrying amount reflected in the financial statements. 7.6% (2007: 10.5%) of the Company's loans and borrowings will mature in less than one year at the balance sheet date.

The table in Note 48 (b) summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing financial liabilities.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the balance sheet date, approximately 56% (2007: 52%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 48 (b) summarises the interest-bearing financial liabilities of the Group and the Company.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 75 (2007: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$1,122,000 (2007: \$1,222,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, US Dollars (USD), Thai Baht (Baht) and Chinese Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly USD. As at 31 December 2008, approximately 71% (2007: 58%) of the Group's trade receivables are denominated in foreign currencies.

To minimise the foreign currency risk exposure on the Group's Thailand subsidiaries where Baht is their functional currency, the Group enters into forward currency contracts to mitigate the currency exposure from USD.

As at 31 December 2008, the Group had hedged 100% (2007: 100%) of its USD denominated trade receivables held by its Thailand subsidiaries. Excluding the receivables which are hedged, approximately 46% (2007: 13%) of the Group's trade receivables are denominated in foreign currencies.

46 Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

In addition, the Group has a Currency Management Plan which aims to mitigate impact on the Group's revenue from unfavourable exchange rates movements. The plan requires all operating entities in the Group to list its major wholesalers and their respective currencies. All contracts should endeavour to be in the currency of the market source. Market source refers to the country of origin or domicile of the business. The contracts are then reviewed and managed on a quarterly basis to mitigate the exposure of the Group's operations to foreign currency fluctuation.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Thailand and People's Republic of China ("PRC"). The Group's net investments in Thailand and PRC are not hedged as currency positions in Thai Baht and Chinese Renminbi are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit net of tax	
	2008 \$'000	2007 \$'000
GROUP		
USD/Baht – strengthened 9% (2007: 3%)	160	850
– weakened 3% (2007: 3%)	(53)	(850)
USD/SGD – strengthened 7% (2007: 3%)	9,447	1,334
– weakened 3% (2007: 3%)	(4,048)	(1,334)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group has limited exposure to equity price risk from its investment in quoted equity instruments and does not have exposure to commodity price risk.

The maximum exposure of the Group is represented by its quoted investments which are held as available-for-sale financial assets (Note 22).

47 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As disclosed in Note 42 (g), a subsidiary company of the Group is required to set aside a Legal Reserve in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. The imposed capital requirement has been complied with by the above-mentioned subsidiary company for the financial years ended 31 December 2008 and 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to keep the gearing ratio below 100%. The Group includes within net debt, interest-bearing loans and borrowings, notes payable, redeemable preference shares less cash and cash equivalents. Total capital refers to the total equity of the Group.

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for the financial year ended 31 December 2008

47 Capital management (continued)

	GROUP	
	2008 \$'000	2007 \$'000 (As restated)
Loans and borrowings (Note 33)	210,190	242,034
Notes payable (Note 36)	127,250	100,000
Redeemable preference shares (Note 37)	1,954	926
Less: Cash and cash equivalents (Note 31)	(50,960)	(113,556)
Net debt	288,434	229,404
Total capital	788,645	804,493
Gearing ratio	37%	29%

48 Financial instruments

(a) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, amounts due to and from subsidiary, associated companies and related parties, current trade and other payables, and current interest-bearing loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Long-term trade receivables, notes payable and non-current loans and borrowings, carry interest which approximates market interest rate. Accordingly their notional amount approximates their fair values.

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the financial statements at other than fair values as at 31 December.

	GROUP AND COMPANY			
	Carrying amount		Fair value	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial liabilities:				
Redeemable preference shares (inclusive of dividends payable)	1,954	926	2,946	2,775

The loans due from subsidiary, associated and joint venture companies have no repayment terms and are repayable only when the cash flows of the borrowers permit. Accordingly, the Directors are of the view that the fair values of these loans are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

Unquoted shares and loan stock are stated at cost and have no market prices and the fair value cannot be reliably measured using valuation techniques.

The loan due to a minority shareholder of a subsidiary company has no repayment terms and is repayable only when the cash flows of the subsidiary company permits. Accordingly, the Directors are of the view that the fair value of the loan is not determinable as the timing of the future cash flows arising to repay the loan cannot be estimated reliably.

The non-current deposits classified within non-current assets and non-current liabilities have no terms of maturity. Accordingly, the Directors are of the view that the fair values of these deposits are not determinable as the timing of the future cash flows arising from the deposits cannot be estimated reliably.

48 Financial instruments (continued)

(a) Fair values (continued)

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follows:

Financial assets and liabilities

- Long-term investments (quoted shares)
- Redeemable preference shares

Methods and assumptions

Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.

Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

(b) Financial liabilities maturity table

The following table summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments except for financial liabilities where the timing of repayment cannot be reliably estimated as disclosed in the respective notes above.

Note	Effective rate %	2008				2007					
		1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000	Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000	
GROUP											
Financial liabilities											
Trade payables	-	(13,231)	-	-	(13,231)	-	(15,820)	-	-	(15,820)	
Other payables	32	(71,737)	-	-	(71,737)	-	(60,806)	-	-	(60,806)	
Hire purchase creditors	-	-	-	-	-	4.99	(13)	-	-	(13)	
Loans and borrowings											
- S\$ floating rate loan	33	-	-	-	-	COF + 2	(8,385)	-	-	(8,385)	
- S\$ floating rate loan	33	1.5 above SGD swap cost	(790)	(2,261)	-	(3,051)	1.5 above SGD swap cost	(827)	(3,199)	-	(4,026)
- S\$ floating rate loan	33	COF + 2	(1,366)	(5,314)	(5,912)	(12,592)	COF + 2	(4,311)	(2,982)	-	(7,293)
- US\$ floating rate loan	33	COF + 2	(10,154)	-	-	(10,154)	-	-	-	-	
- US\$ fixed rate loan	33	4.47 - 8.4	(10,144)	(39,937)	-	(50,081)	7.70 - 8.53	(10,676)	(45,277)	-	(55,953)
- BHT fixed rate loan	33	4.64	(21,359)	-	-	(21,359)	2.0	(38,027)	-	-	(38,027)
- BHT floating rate loan	33	MLR - 1 to MLR - 2	(46,282)	(89,996)	(22,422)	(158,700)	MLR - 1 to MLR - 2	(43,205)	(110,501)	(16,766)	(170,472)
Notes payable	36	4.25 - 5.5	(5,999)	(139,497)	-	(145,496)	4.25 - 4.75	(4,500)	(113,750)	-	(118,250)
Redeemable preference shares	37	111.0	(3,011)	-	-	(3,011)	111.0	-	(3,011)	-	(3,011)
Other non-current liabilities	38	-	-	(1,113)	-	(1,113)	-	-	(1,065)	-	(1,065)
			(184,073)	(278,118)	(28,334)	(490,525)		(186,570)	(279,785)	(16,766)	(483,121)

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48 Financial instruments (continued)

(b) Financial liabilities maturity table (continued)

Note	Effective rate %	2008				2007					
		1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000	Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000	
COMPANY											
Financial liabilities											
Other payables	32	–	(4,743)	–	–	(4,743)	–	(2,266)	–	–	(2,266)
Loans and borrowings											
– S\$ floating rate loan	33	–	–	–	–	–	4.77 – 5.87	(8,385)	–	–	(8,385)
Secured bank loan											
– S\$ floating rate loan	33	COF + 2	(1,366)	(5,314)	(5,912)	(12,592)	COF + 2	(4,311)	(2,982)	–	(7,293)
– US\$ floating rate loan	33	COF + 2	(10,154)	–	–	(10,154)	–	–	–	–	–
Notes payable	36	4.25 – 5.5	(5,999)	(139,497)	–	(145,496)	4.25 – 4.75	(4,500)	(113,750)	–	(118,250)
Redeemable preference shares	37	111.0	(3,011)	–	–	(3,011)	111.0	–	(3,011)	–	(3,011)
			(25,273)	(144,811)	(5,912)	(175,996)		(19,462)	(119,743)	–	(139,205)

SIBOR: Singapore inter-bank offered rate

MLR: Minimum lending rate

COF: Cost of fund of lending bank

(c) Forward currency contracts

Forward currency contracts included in the balance sheets at 31 December are as follows:

	2008			2007		
	Contract notional amount \$'000	Assets \$'000	Liabilities \$'000	Contract notional amount \$'000	Assets \$'000	Liabilities \$'000
GROUP						
Forward currency contracts	31,111	2,434	532	43,996	4,558	–

The Group entered into forward currency contracts to sell United States Dollars and purchase Thai Baht. Details of the outstanding forward currency contracts of the Group are set out below:

As at 31 December 2008

Foreign currency	Amount	Maturity
United States Dollars	6.4 million	US\$1.6 million payable quarterly from 31 January 2009 to 31 October 2009.
United States Dollars	3.3 million	US\$1.7 million payable quarterly from 31 January 2010 to 30 April 2010.
United States Dollars	11.8 million	US\$0.9 million payable quarterly from 31 March 2009 to 31 December 2009, US\$1.0 million payable quarterly from 31 March 2010 to 31 December 2010 and US\$1.1 million payable quarterly from 31 March 2011 to 31 December 2011.

As at 31 December 2007

Foreign currency	Amount	Maturity
United States Dollars	12.0 million	US\$1.2 million payable quarterly from 31 January 2008 to 30 April 2008 and US\$1.6 million payable quarterly from 31 July 2008 to 31 October 2009.
United States Dollars	3.3 million	US\$1.7 million payable quarterly from 31 January 2010 to 30 April 2010.
United States Dollars	15.0 million	US\$0.8 million payable quarterly from 31 March 2008 to 31 December 2008, US\$0.9 million payable quarterly from 31 March 2009 to 31 December 2009, US\$1.0 million payable quarterly from 31 March 2010 to 31 December 2010 and US\$1.1 million payable quarterly from 31 March 2011 to 31 December 2011.

The Company did not enter into any forward currency contracts for the years ended 31 December 2008 and 2007.

48 Financial instruments (continued)

(d) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

	Note	Loans and receivables \$'000	Fair value through profit and loss \$'000	Available for sale \$'000	Non-financial assets \$'000	Total \$'000
GROUP						
Year ended 31 December 2008						
Non-current assets						
Property, plant and equipment	13	–	–	–	979,658	979,658
Land use rights	14	–	–	–	21,783	21,783
Land awaiting for future development	15	–	–	–	34,065	34,065
Associated companies	17	20,095	–	–	13,722	33,817
Joint venture companies	18	332	–	–	3,204	3,536
Prepaid island rental	19	–	–	–	23,342	23,342
Long-term trade receivables	20	52,180	–	–	–	52,180
Intangible assets	21	–	–	–	26,903	26,903
Long-term investments	22	–	–	16,775	–	16,775
Other non-current assets	23	7,361	–	–	1,631	8,992
Deferred tax assets	39	–	–	–	16,070	16,070
		79,968	–	16,775	1,120,378	1,217,121
Current assets						
Inventories	24	–	–	–	13,409	13,409
Trade receivables	25	66,595	–	–	–	66,595
Other receivables	26	26,145	2,434	–	21,288	49,867
Amounts due from associated companies	28	1,647	–	–	–	1,647
Amounts due from related parties	29	6,621	–	–	–	6,621
Property development costs	30	–	–	–	58,391	58,391
Cash and bank balances	31	53,712	–	–	–	53,712
		154,720	2,434	–	93,088	250,242
Total assets		234,688	2,434	16,775	1,213,466	1,467,363

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48 Financial instruments (continued)

(d) Classification of financial instruments (continued)

	Note	Liabilities at amortised cost \$'000	Liabilities at fair value \$'000	Non-financial liabilities \$'000	Total \$'000
GROUP					
Year ended 31 December 2008					
Current liabilities					
Trade payables		13,231	–	–	13,231
Other payables	32	71,205	532	23,249	94,986
Amounts due to associated companies	28	72	–	–	72
Amounts due to related parties	29	1,527	–	–	1,527
Interest-bearing loans and borrowings	33	78,118	–	–	78,118
Tax payable		–	–	9,845	9,845
Redeemable preference shares	37	1,954	–	–	1,954
		166,107	532	33,094	199,733
Non-current liabilities					
Interest-bearing loans and borrowings	33	132,072	–	–	132,072
Deferred income	34	–	–	16,158	16,158
Loan stock	35	–	–	552	552
Notes payable	36	127,250	–	–	127,250
Other non-current liabilities	38	1,113	–	1,398	2,511
Deferred tax liabilities	39	–	–	198,778	198,778
Loan from minority shareholder of a subsidiary company	40	1,664	–	–	1,664
		262,099	–	216,886	478,985
Total liabilities		428,206	532	249,980	678,718

48 Financial instruments (continued)

(d) Classification of financial instruments (continued)

	Note	Loans and receivables \$'000	Fair value through profit and loss \$'000	Available for sale \$'000	Non-financial assets \$'000	Total \$'000
GROUP						
Year ended 31 December 2007 (as restated)						
Non-current assets						
Property, plant and equipment	13	–	–	–	976,627	976,627
Land use rights	14	–	–	–	6,144	6,144
Land awaiting for future development	15	–	–	–	18,581	18,581
Associated companies	17	18,712	–	–	9,434	28,146
Joint venture companies	18	334	–	–	3,222	3,556
Prepaid island rental	19	–	–	–	25,386	25,386
Long-term trade receivables	20	10,321	–	–	–	10,321
Intangible assets	21	–	–	–	26,965	26,965
Long-term investments	22	–	–	9,052	–	9,052
Other non-current assets	23	3,524	–	–	892	4,416
Deferred tax assets	39	–	–	–	12,089	12,089
		32,891	–	9,052	1,079,340	1,121,283
Current assets						
Inventories	24	–	–	–	11,051	11,051
Trade receivables	25	76,096	–	–	–	76,096
Other receivables	26	22,556	4,558	–	21,150	48,264
Amounts due from associated companies	28	2,420	–	–	–	2,420
Amounts due from related parties	29	6,323	–	–	–	6,323
Property development costs	30	–	–	–	78,504	78,504
Cash and bank balances	31	115,716	–	–	–	115,716
		223,111	4,558	–	110,705	338,374
Total assets		256,002	4,558	9,052	1,190,045	1,459,657

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48 Financial instruments (continued)

(d) Classification of financial instruments (continued)

	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
GROUP				
Year ended 31 December 2007				
Current liabilities				
Trade payables		15,820	–	15,820
Other payables	32	60,819	25,266	86,085
Amounts due to associated companies	28	27	–	27
Amounts due to related parties	29	348	–	348
Interest-bearing loans and borrowings	33	94,077	–	94,077
Tax payable		–	9,489	9,489
		171,091	34,755	205,846
Non-current liabilities				
Interest-bearing loans and borrowings	33	147,957	–	147,957
Loan stock	35	–	509	509
Notes payable	36	100,000	–	100,000
Redeemable preference shares	37	926	–	926
Other non-current liabilities	38	1,065	3,027	4,092
Deferred tax liabilities	39	–	194,164	194,164
Loan from minority shareholder of a subsidiary company	40	1,670	–	1,670
		251,618	197,700	449,318
Total liabilities		422,709	232,455	655,164

48 Financial instruments (continued)

(d) Classification of financial instruments (continued)

	Note	Loans and receivables \$'000	Non-financial assets \$'000	Total \$'000
COMPANY				
Year ended 31 December 2008				
Non-current assets				
Property, plant and equipment	13	–	13	13
Subsidiary companies	16	264,147	116,079	380,226
Associated companies	17	18,648	889	19,537
Joint venture companies	18	332	6,000	6,332
Deferred tax assets	39	–	31	31
		283,127	123,012	406,139
Current assets				
Other receivables	26	1,832	118	1,950
Amounts due from subsidiary companies	27	6,723	–	6,723
Amounts due from related parties	29	201	–	201
Cash and bank balances	31	2,012	–	2,012
		10,768	118	10,886
Total assets		293,895	123,130	417,025
	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
COMPANY				
Year ended 31 December 2008				
Current liabilities				
Other payables	32	4,743	156	4,899
Amounts due to subsidiary companies	27	30,427	–	30,427
Amounts due to related parties	29	580	–	580
Interest-bearing loans and borrowings	33	11,129	–	11,129
Tax payable		–	118	118
Redeemable preference shares	37	1,954	–	1,954
		48,833	274	49,107
Non-current liabilities				
Interest-bearing loans and borrowings	33	9,000	–	9,000
Notes payable	36	127,250	–	127,250
		136,250	–	136,250
Total liabilities		185,083	274	185,357

Notes to the Financial Statements
for the financial year ended 31 December 2008

48 Financial instruments (continued)

(d) Classification of financial instruments (continued)

	Note	Loans and receivables \$'000	Non-financial assets \$'000	Total \$'000
COMPANY				
Year ended 31 December 2007				
Non-current assets				
Property, plant and equipment	13	–	23	23
Subsidiary companies	16	191,434	146,271	337,705
Associated companies	17	18,712	889	19,601
Joint venture companies	18	334	6,000	6,334
		210,480	153,183	363,663
Current assets				
Other receivables	26	7,704	543	8,247
Amounts due from subsidiary companies	27	4,853	–	4,853
Amounts due from associated companies	28	483	–	483
Amounts due from related parties	29	132	–	132
Cash and bank balances	31	25,149	–	25,149
		38,321	543	38,864
Total assets		248,801	153,726	402,527
	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
COMPANY				
Year ended 31 December 2007				
Current liabilities				
Other payables	32	2,266	1,791	4,057
Amounts due to subsidiary companies	27	41,074	–	41,074
Amounts due to related parties	29	292	–	292
Interest-bearing loans and borrowings	33	12,125	–	12,125
Tax payable		–	112	112
		55,757	1,903	57,660
Non-current liabilities				
Interest-bearing loans and borrowings	33	2,853	–	2,853
Notes payable	36	100,000	–	100,000
Redeemable preference shares	37	926	–	926
		103,779	–	103,779
Total liabilities		159,536	1,903	161,439

49 Segment information

Reporting format

The primary reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business is organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The hotel investment segment relates to hotel and restaurant operations.

The hotel management segment relates to the management of hotels and resorts.

The hotel residences segment relates to sale of branded hotel properties to investors under a compulsory leaseback scheme.

The spa operation segment relates to the management and operation of spas.

The gallery operation segment relates to sales of merchandise.

The property sales segment relates to property development operations.

Design fees and others segment includes mainly provision of design services, management and ownership of golf course and rental of retail outlets and offices.

The head office expense segment relates to expenses incurred by corporate office.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

The turnover by geographical segments is based on the location of customers where the products are produced and services rendered. The assets and capital expenditure are based on the location of those assets.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The South East Asia segment comprises countries such as Thailand, Indonesia, Singapore, Malaysia and Vietnam.

The Indian Oceania segment comprises countries such as Seychelles, Maldives, Sri Lanka and India.

The North East Asia segment comprises countries such as China, Japan, Hong Kong and Macau.

The rest of the world segment comprises countries such as Australia, New Zealand, Guam, Morocco, Dubai, West Indies and Americas.

Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Notes to the Financial Statements

for the financial year ended 31 December 2008

49 Segment information (continued)

(a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the years ended 31 December 2008 and 2007:

	Hotel investment \$'000	Hotel management \$'000	Hotel residences \$'000	Spa operation \$'000	Gallery operation \$'000	Property sales \$'000	Design fees and others \$'000	Head office expense \$'000	Total \$'000
Year ended 31 December 2008									
Revenue									
Segment revenue									
Sales	206,240	36,932	78,505	28,622	11,001	52,276	24,991	–	438,567
Inter-segment sales	(1,129)	(21,686)	–	(1,570)	(214)	–	(1,356)	–	(25,955)
Sales to external customers	205,111	15,246	78,505	27,052	10,787	52,276	23,635	–	412,612
Unallocated income									15,309
Total revenue									427,921
Results									
Segment results	14,476	(1,487)	40,285	1,550	618	11,327	(5,154)	(21,199)	40,416
Unallocated income									15,309
Profit from operations									55,725
Finance income									3,397
Finance costs									(18,096)
Share of results of associated companies									1,317
Share of results of joint venture companies									(5)
Profit before taxation									42,338
Income tax expenses									(23,991)
Profit for the year									18,347
Year ended 31 December 2007									
Revenue									
Segment revenue									
Sales	216,190	27,871	46,314	27,550	10,844	86,027	25,706	–	440,502
Inter-segment sales	(1,172)	(13,173)	–	(2,680)	(147)	–	(1,471)	–	(18,643)
Sales to external customers	215,018	14,698	46,314	24,870	10,697	86,027	24,235	–	421,859
Unallocated income									2,272
Total revenue									424,131
Results									
Segment results	37,016	1,257	21,143	4,159	1,734	33,118	6,039	(14,575)	89,891
Unallocated income									2,272
Profit from operations									92,163
Finance income									4,174
Finance costs									(16,421)
Share of results of associated companies									2,032
Share of results of joint venture companies									(6)
Exceptional item									44,535
Profit before taxation									126,477
Income tax expenses									(24,036)
Profit for the year									102,441

49 Segment information (continued)

(a) Business segments (continued)

The following tables present certain asset, liability and other information regarding the Group's business segments for the years ended 31 December 2008 and 2007:

	Hotel investment \$'000	Hotel management \$'000	Hotel residences \$'000	Spa operation \$'000	Gallery operation \$'000	Property sales \$'000	Design fees and others \$'000	Head office expense \$'000	Total \$'000
Year ended 31 December 2008									
Assets and liabilities:									
Segment assets	1,003,764	33,324	64,506	18,495	13,992	130,690	128,576	20,593	1,413,940
Investment in associated companies									33,817
Investment in joint venture companies									3,536
Deferred tax assets									16,070
Total assets									<u>1,467,363</u>
Segment liabilities	67,074	8,015	5,909	5,422	3,222	23,950	11,435	7,628	132,655
Current and deferred tax liabilities									208,623
Interest-bearing loans and borrowings									210,190
Notes payable									127,250
Total liabilities									<u>678,718</u>
Other segment information:									
Capital expenditure	50,985	1,981	–	750	234	3,257	1,611	3	58,821
Depreciation of property, plant and equipment	27,873	23	–	1,253	282	891	2,431	582	33,335
Amortisation of lease rental and land use rights	4,689	–	–	–	–	–	–	–	4,689
Other non-cash items	457	–	–	–	–	973	2,517	100	4,047
Year ended 31 December 2007 (as restated)									
Assets and liabilities:									
Segment assets	1,057,346	17,720	51,507	16,609	12,024	74,518	126,479	59,663	1,415,866
Investment in associated companies									28,146
Investment in joint venture companies									3,556
Deferred tax assets									12,089
Total assets									<u>1,459,657</u>
Segment liabilities	47,870	3,897	9,101	4,283	2,874	10,936	24,955	5,561	109,477
Current and deferred tax liabilities									203,653
Interest-bearing loans and borrowings									242,034
Notes payable									100,000
Total liabilities									<u>655,164</u>
Other segment information:									
Capital expenditure	77,710	1,478	111	1,496	1,156	1,316	12,396	11	95,674
Depreciation of property, plant and equipment	22,024	25	–	1,400	276	660	1,469	389	26,243
Amortisation of lease rental and use rights	4,137	–	–	–	–	–	–	–	4,137
Other non-cash items	294	23	–	116	–	–	164	–	597
Exceptional item	–	–	–	–	–	–	–	(44,535)	(44,535)

Notes to the Financial Statements

for the financial year ended 31 December 2008

49 Segment information (continued)

(b) Geographical segments

The following tables present revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the years ended 31 December 2008 and 2007:

	South East Asia \$'000	Indian Oceania \$'000	North East Asia \$'000	Rest of the world \$'000	Total \$'000
Year ended 31 December 2008					
Revenue:					
Segment revenue					
Sales to external customers	304,004	50,320	43,990	14,298	412,612
	304,004	50,320	43,990	14,298	412,612
Unallocated income					15,309
Total revenue					427,921
Other segment information:					
Segment assets	1,135,984	102,661	125,844	49,451	1,413,940
Investment in associated companies					33,817
Investment in joint venture companies					3,536
Deferred tax assets					16,070
Total assets					1,467,363
Capital expenditure	28,582	14,555	11,187	4,497	58,821
Year ended 31 December 2007					
Revenue:					
Segment revenue					
Sales to external customers	341,549	43,539	20,306	16,465	421,859
	341,549	43,539	20,306	16,465	421,859
Unallocated income					2,272
Total revenue					424,131
Other segment information (as restated):					
Segment assets	1,206,306	92,052	82,454	35,054	1,415,866
Investment in associated companies					28,146
Investment in joint venture companies					3,556
Deferred tax assets					12,089
Total assets					1,459,657
Capital expenditure	54,082	16,787	12,376	12,429	95,674

50 Dividends

	GROUP	
	2008 \$'000	2007 \$'000
Proposed but not recognised as a liability on 31 December 2008:		
Final exempt (one-tier) dividend for 2008: Nil (2007: 2.00 cents) per share	–	15,168

51 Comparative figures

Due to the revision in accounting policy for property, plant and equipment as stated in Note 2.2 (a), certain comparative figures have been reclassified to conform to the current year's presentation and to better reflect the nature of the transactions.

	GROUP		COMPANY	
	2007 As currently reported \$'000	2007 As previously reported \$'000	2007 As currently reported \$'000	2007 As previously reported \$'000
Non-current assets				
Property, plant and equipment	976,627	1,013,435	–	–
Equity				
Revaluation reserve	189,280	224,218	–	–
Minority interests	235,785	237,655	–	–

52 Authorisation of financial statements

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Directors on 16 March 2009.

Shareholdings Statistics

as at 16 March 2009

Share Capital

Issued and Paid-up Capital	\$199,994,894
Class of Shares	Ordinary Shares
Voting Rights	One vote per share except for treasury shares

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	44	1.27	10,643	0.00
1,000 – 10,000	2,690	77.63	11,922,607	1.57
10,001 – 1,000,000	718	20.72	29,881,945	3.94
1,000,001 and above	13	0.38	716,587,085	94.49
Total	3,465	100.00	758,402,280*	100.00

* The total number of issued shares excludes the 3,000,000 treasury shares. Percentage of 3,000,000 treasury shares against total number of issued shares (excluding treasury shares) is 0.4%.

Substantial Shareholders (As shown in the Register of Substantial Shareholders)

	Direct interests No. of shares	% ⁴	Deemed interests No. of shares	% ⁴
Ho KwonPing ¹	–	–	281,832,582	37.16
Chiang See Ngoh Claire ¹	–	–	281,832,582	37.16
Ho KwonCjan ²	16,000,000	2.11	275,832,582	36.37
Bibace Investments Ltd	275,832,582	36.37	–	–
Recourse Investments Ltd. ³	6,000,000	0.79	275,832,582	36.37
KAP Holdings Ltd. ³	–	–	275,832,582	36.37
Qatar Investment Authority	149,103,943	19.66	–	–
Henderson Global Investors Ltd	38,339,000	5.05	–	–

¹ Ho KwonPing and Chiang See Ngoh Claire are each deemed to have an interest in the shares held by Recourse Investments Ltd. and Bibace Investments Ltd.

² Ho KwonCjan is deemed to have an interest in the shares held by Bibace Investments Ltd.

³ KAP Holdings Ltd. and Recourse Investments Ltd. are each deemed to have an interest in the shares held by Bibace Investments Ltd.

⁴ Percentage shareholding is based on issued share capital (excluding treasury shares) as at 16 March 2009.

Twenty Largest Shareholders (As shown in the Register of Members and Depository Register)

Name	No. of shares	%
1 BIBACE Investments Ltd	270,460,582	35.66
2 DBS Nominees Pte Ltd	240,981,066	31.77
3 HSBC (Singapore) Nominees Pte Ltd	45,414,969	5.99
4 Morgan Stanley Asia (Singapore) Securities Pte Ltd	36,496,000	4.81
5 Wah-Chang Offshore (Hong Kong) Company Limited	31,000,000	4.09
6 DBSN Services Pte Ltd	20,050,692	2.64
7 Citibank Nominees Singapore Pte Ltd	20,040,626	2.64
8 Ho KwonCjan	16,000,000	2.11
9 United Overseas Bank Nominees Pte Ltd	12,045,350	1.59
10 Freesia Investments Ltd	10,000,000	1.32
11 Recourse Investments Ltd.	6,000,000	0.79
12 Raffles Nominees Pte Ltd	4,977,800	0.66
13 Kim Eng Securities Pte. Ltd.	3,120,000	0.41
14 Merrill Lynch (Singapore) Pte Ltd	923,900	0.12
15 OCBC Securities Private Ltd	854,000	0.11
16 Ariel P Vera	689,200	0.09
17 Bernold Olaf Schroder	682,000	0.09
18 Phillip Securities Pte Ltd	638,000	0.08
19 Ko Oon Han	400,000	0.05
20 DB Nominees (Singapore) Pte Ltd	361,000	0.05
Total	721,135,185	95.07

As at 16 March 2009, approximately 30.07% of the Company's issued ordinary shares (excluding treasury shares) is held by the public and, therefore Rule 723 of the Listing Manual is complied with.

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Angsana Hotels and Resorts Global Marketing Network

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Asia Pacific

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China South
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Hong Kong
Tel: 800 903 881

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Korea
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Singapore
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Thailand
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Italy
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Spain
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United Kingdom
Tel: 00 800 3002 0000

Middle East

Bahrain
Tel: 800 04336

Saudi Arabia
Tel: 800 865 6033

United Arab Emirates
Tel: 800 065 0586

Corporate Information

Board of Directors

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Dilhan Pillay Sandrasegara
Elizabeth Sam

Executive Officers

Chiang See Ngoh Claire
Ho KwonCjan
Surapon Supratya
Bernold Olaf Schroeder
Arthur Kiong Kim Hock
Tee Hwee Liang
Michael Ramon Ayling
Shankar Chandran
Steve Small
Eddy See Hock Lye
Dharmali Kusumadi
Paul Chong
Hokan Limin
John Searby
Emilio Llamas Carreras
Maximilian Lennkh
Aileen Tay
Marina Kleiman
Sachiko Shiina
Michael Lee
Elsie Leung
Francois Huet

Registered Address

Banyan Tree Holdings Limited
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Fax: +65 6462 0186

Share Registrar

Boardroom Corporate & Advisory
Services Pte. Ltd.
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Samsung Hub
Singapore 049483

Auditors

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge
(since financial year ended
31 December 2005)
Tan Chian Khong

Solicitors

WongPartnership LLP

Bankers

Hong Kong & Shanghai Banking
Corporation Ltd
Maybank Group
Standard Chartered Bank
Bank of East Asia Ltd

Company Secretary

Jane Teah
AVP, Company Secretary
Tel: +65 6849 5886
jane.teah@banyantree.com

Business Development

Paul Chong
VP, Business Development
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Group Sales & Marketing

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Notice of Annual General Meeting

Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200003108H)

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Thursday, 30 April 2009 at 2.30 p.m. to transact the following business:

Ordinary Business

- 1 To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2008 and the Auditors' Report thereon.
- 2 To re-elect Mr Chia Chee Ming Timothy as a Director retiring by rotation under Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
- 3 To re-elect Mr Ho KwonPing as a Director retiring by rotation under Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
- 4 To re-elect Mrs Fang Ai Lian as a Director retiring by rotation under Article 99 of the Company's Articles of Association and who, being eligible, offers herself for re-election.
- 5 To re-appoint Mrs Elizabeth Sam as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting.
- 6 To approve payment of Directors' fees of \$225,971 for the financial year ended 31 December 2008 (FY2007: \$220,000).
- 7 To approve and ratify the conditional awards of an aggregate of 20,000 fully paid shares of the Company under the Banyan Tree Performance Share Plan to the following Non-Executive Directors:

Name of Non-Executive Director	No. of Shares
Chia Chee Ming Timothy	7,000
Dilhan Pillay Sandrasegara	7,000
Elizabeth Sam	6,000

- 8 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

Special Business

- 9 To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

- 9.1 That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 9.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 9.1 was in force,

provided that:

(1) (aa) save and except as set out in sub-paragraph (1)(bb) below, the aggregate number of Shares to be issued pursuant to this Resolution 9.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9.1) does not exceed 50 per cent of the issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9.1) does not exceed 20 per cent of the issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below); and

(bb) the aggregate number of Shares to be issued pursuant to this Resolution 9.1 on a *pro rata* basis to shareholders of the Company by way of a renounceable issue (other than a bonus issue)(including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9.1) does not exceed 100 per cent (or such other limit permitted by the Singapore Exchange Securities Trading Limited ("SGX-ST") from time to time) of the issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), and in determining whether such 100 per cent limit has been reached, all Shares to be issued pursuant to this Resolution 9.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9.1) shall be taken into account (unless the SGX-ST's prevailing regulations and requirements otherwise provide);

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares (excluding treasury shares) shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution 9.1 is passed, after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution 9.1 is passed; and
 - (ii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution 9.1, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore, and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 9.1 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
- 9.2 That without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in, Resolution 9.1, authority be and is hereby given to the Directors of the Company to issue Shares other than on a *pro rata* basis to shareholders of the Company, at a discount to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), exceeding 10 per cent but not more than 20 per cent, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,
- provided that:
- (a) in exercising the authority conferred by this Resolution 9.2, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore, and the Articles of Association for the time being of the Company; and
 - (b) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 9.2 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
- 9.3 That the Directors be and are hereby authorised to:
- (a) offer and grant options in accordance with the provisions of the Banyan Tree Employee Share Option Scheme and/or grant awards in accordance with the provisions of the Banyan Tree Performance Share Plan (together the "Share Plans"); and
 - (b) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Banyan Tree Employee Share Option Scheme and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Banyan Tree Performance Share Plan,
- provided always that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
- 10 To transact any other business as may properly be transacted at an Annual General Meeting.

By Order of the Board

Jane Teah
Company Secretary

Singapore
15 April 2009

Notice of Annual General Meeting

Explanatory Notes

In relation to Ordinary Resolutions 2 to 5, Mr Chia Chee Ming Timothy will, upon re-election, continue to serve as Lead Independent Director and Chairman of the Nominating & Remuneration Committee (“NRC”), Mr Ho KwonPing will, upon re-election, continue to serve as Executive Chairman of the Company, Mrs Fang Ai Lian will, upon re-election, continue to serve as Chairman of the Audit & Risk Committee (“ARC”) and Mrs Elizabeth Sam will, upon re-appointment, continue to serve as a member of the ARC and NRC.

In relation to Ordinary Resolutions 6 and 7, payment of the Directors’ fees and the conditional awards of an aggregate of 20,000 fully paid shares of the Company under the Banyan Tree Performance Share Plan, are made for services rendered by them as Directors on the Board as well as the various Board Committees.

Statement pursuant to Article 56 of the Company’s Articles of Association

Ordinary Resolution 9.1 is to empower the Directors, from the date of the passing of Ordinary Resolution 9.1 to the date of the next Annual General Meeting, to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the issued Shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20 per cent of the issued Shares (excluding treasury shares) for issues other than on a *pro rata* basis to shareholders. The foregoing is subject to the exception that where the Company undertakes a renounceable *pro rata* issue of Shares (including Shares to be issued pursuant to such instruments), the maximum number of such Shares that can be issued is 100 per cent of the issued Shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution 9.1 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 9.1 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares. In exercising the authority conferred by Ordinary Resolution 9.1, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore, and the Company’s Articles of Association. Rule 806 of the SGX-ST Listing Manual presently allows a listed issuer to seek a general mandate from shareholders for *inter alia* issuance of new shares and convertible securities on a *pro rata* basis amounting to not more than 50 per cent of its issued share capital (excluding treasury shares). On 19 February 2009, the SGX-ST released a press release of new measures effective on 20 February 2009 (the “Press Release”); the new measures include allowing issuers to issue up to 100 per cent of its issued share capital via a *pro rata* renounceable rights issue, subject to the condition that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in its annual report. The Press Release states that this new measure will be in effect until 31 December 2010 when it will be reviewed by the SGX-ST.

Ordinary Resolution 9.2 is to empower the Directors, pursuant to the general mandate to issue Shares set out in Ordinary Resolution 9.1, to issue Shares other than on a *pro rata* basis to shareholders of the Company, at a discount to the weighted average price of the Shares on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), exceeding 10 per cent but not more than 20 per cent. In exercising the authority conferred by Ordinary Resolution 9.2, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore, and the Company’s Articles of Association. Rule 811(1) of the SGX-ST Listing Manual presently provides that an issue of shares must not be priced at more than 10 per cent discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day). The Press Release also included a new measure allowing issuers to undertake placements of new shares using the general mandate to issue shares, priced at discounts of up to 20 per cent, subject to the conditions that the issuer seeks shareholders’ approval in a separate resolution at a general meeting to issue new shares on a non *pro rata* basis at a discount exceeding 10 per cent but not more than 20 per cent, and the general share issue mandate resolution is not conditional on this resolution. Ordinary Resolution 9.2 has been included following this new measure. The Press Release states that this new measure will also be in effect until 31 December 2010 when it will be reviewed by the SGX-ST.

Ordinary Resolution 9.3 is to empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant options and/or awards, and to issue new Shares in the capital of the Company, pursuant to the Share Plans, provided that the aggregate number of new Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.

Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 211 Upper Bukit Timah Road, Singapore 588182, not less than 48 hours before the time appointed for the Annual General Meeting.

Proxy Form

Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200003108H)

IMPORTANT:

- For investors who have used their CPF monies to buy Banyan Tree Holding Limited's Shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name)

of _____ (Address)

being a member/members of Banyan Tree Holdings Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings %	
			No. of Shares	%

and/or (please delete as appropriate)

			No. of Shares	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting (the "AGM") of the Shareholders of the Company to be held on Thursday 30 April 2009 at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM, as indicated hereunder for me/us on my/our behalf of the AGM and at any adjournment thereof.

Resolution No.	Resolutions Relating to:	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
	As Ordinary Business				
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2008				
2	Re-election of Mr Chia Chee Ming Timothy as Director				
3	Re-election of Mr Ho KwonPing as Director				
4	Re-election of Mrs Fang Ai Lian as Director				
5	Re-appointment of Mrs Elizabeth Sam as Director				
6	Approval of Directors' fees				
7	Approval and ratification of the conditional awards of an aggregate of 20,000 fully paid shares to the Non-Executive Directors				
8	Re-appointment of Ernst & Young LLP as Auditors				
	As Special Business				
9.1	Authority to issue new Shares				
9.2	Authority to issue Shares at a discount to the weighted average price				
9.3	Authority to offer and grant options and/or awards and to allot and issue Shares under the Share Plans				

* Please indicate your Vote "For" or "Against" with an "X" within the box provided.

** If you wish to exercise all your Votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of Votes as appropriate.

Dated this _____ day of _____ 2009

Total No. of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Member	

Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse carefully before completing this form.

Affix
postage
stamp

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Attention: Company Secretary

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A Member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Such proxy need not be a member of the Company. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100 per cent of the shareholding and the second named proxy shall be deemed as an alternate to the first named proxy.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 211 Upper Bukit Timah Road, Singapore 588182, not less than 48 hours before the time appointed for the Annual General Meeting.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the member, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Note about printing:

In line with Banyan Tree's continuing efforts to promote environment sustainability, this report is printed on 9lives paper (with 55% recycled content) and is a Forest Stewardship Council (FSC) certified print job.

If you would like additional copies or to share this report, we encourage you to download the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (pdf) soft copy is available for download via Banyan Tree's website (www.banyantree.com).

About the Forest Stewardship Council

The Forest Stewardship Council (FSC) is an international organisation that brings people together to find solutions which promote responsible stewardship of the world's forests. Its trademark provides international recognition to organisations that support the growth of responsible forest management. Its Chain of Custody (COC) certificate provides a guarantee about the production of FSC-certified products. COC is the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution. From a customer perspective, the FSC label represents a promise that is being made to them. COC standards are the mechanism FSC has to ensure that 'promise' is delivered.

For more information, please visit: www.fsc.org/en/about/about_fsc/benefits

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strategic communicator and visual creator
greymatter williams and phoa (asia)



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