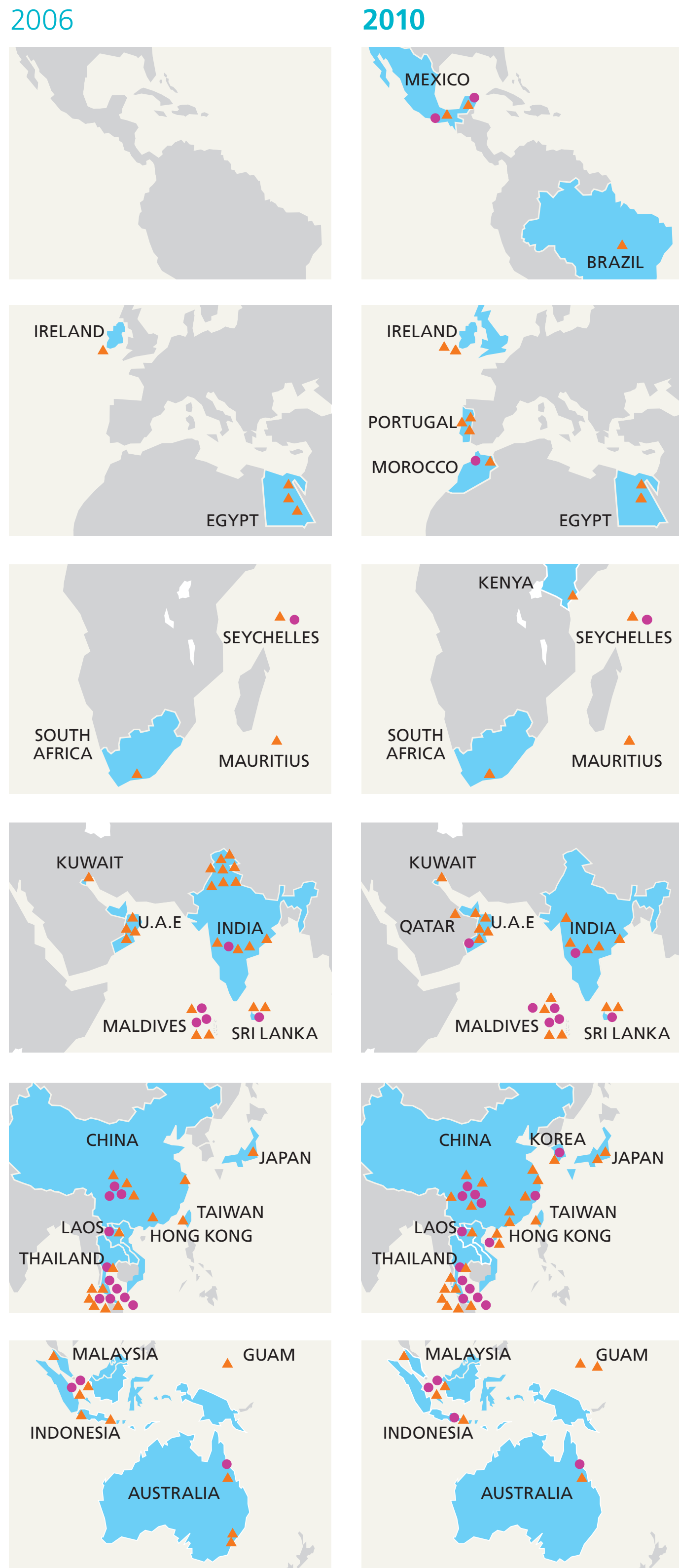
Banyan Tree Holdings Limited Annual Report 2010

Global Destination Makers
Strengthening Our Global Presence and Reach

BANYAN TREE

More Worldwide Destinations Today

Our Growing Regional Reach



New openings in 2010

Resorts *with* Minority Equity Interest

Banyan Tree
> Cabo Marqués, Mexico

Resorts *without* Equity Interest

Banyan Tree
> Club & Spa Seoul, Korea
> Samui, Koh Samui, Thailand

Angsana
> Fuxian Lake, Yunnan, China

Spas

Banyan Tree
> Cabo Marqués, Mexico
> Club & Spa Seoul, Korea
> Samui, Koh Samui, Thailand
> Estoril, Portugal

Angsana
> Nikko, Shanghai, China
> Sankara, Nairobi, Kenya
> Fuxian Lake, Yunnan, China

Banyan Tree Club & Spa Seoul
Korea

Banyan Tree Samui
Thailand

No. of Countries* from 20 to 27	No. of Hotels* from 20 to 29	No. of Keys/Rooms* from 2,198 to 3,223	No. of Owned Hotels* from 14 to 16	No. of Hotel Management Contracts* from 19 to 67	No. of Spas* from 53 to 65
+35%	+45%	+47%	+14%	+253%	+23%

* The above comparisions are between 2006 and 2010.

We want to build a globally recognised brand which, by inspiring exceptional experiences among our guests, instilling pride and integrity in our associates and enhancing both the physical and human environment in which we operate, will deliver attractive returns to our shareholders.

Total No. of Resorts*	Total No. of Spas*
29	65

Total No. of Gallery Outlets*	Total No. of Golf Courses*
81	3

* As at 31 December 2010

Banyan Tree Holdings Limited is a leading manager and developer of premium resorts, hotels and spas around the world. We have been listed on the Singapore Exchange since June 2006 and have been included in the FTSE ST Mid Cap Index since 10 January 2008.

As at 31 December 2010, we have 29 resorts, 65 spas, 81 gallery outlets and three golf courses.

Our strong brand, integrated capabilities and experienced and multi-disciplinary management team are key drivers in our success across diverse markets. Such cohesiveness is vital in ensuring a consistent branding identity synonymous with an established player in the hospitality industry that is constantly outdoing itself in its growth.

Contents

Cover picture: Banyan Tree Ungasan, Bali, Indonesia

Key Figures 2010

Full Year Figures

Revenue S$305.3m	EBITDA* S$101.4m	PATMI** S$15.7m	Cash Flow S$139.0m
-3%	+46%	+422 %	+82%

* EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation

** PATMI is defined as Profit after Taxation and Minority Interests

Quarterly Figures

Revenue (S$m)

1Q10	**96.3**
1Q09	88.3
2Q10	**60.7**
2Q09	59.8
3Q10	**66.3**
3Q09	71.2
4Q10	**82.0**
4Q09	94.0

EBITDA (S$m)

1Q10	**27.4**
1Q09	24.4
2Q10	**1.0**
2Q09	9.0
3Q10	**4.0**
3Q09	15.7
4Q10	**69.0**
4Q09	20.4

PATMI (S$m)

1Q10	**5.3**
1Q09	5.2
2Q10	**(9.2)**
2Q09	(4.2)
3Q10	**0.1**
3Q09	(1.0)
4Q10	**19.5**
4Q09	3.0

RevPAR (S$)

1Q10	**261**
1Q09	215
2Q10	**135**
2Q09	123
3Q10	**143**
3Q09	147
4Q10	**182**
4Q09	207

* RevPAR denotes revenue per available room

Tangible Net Worth (S$m)

1Q10	**701.0**
1Q09	786.5
2Q10	**682.1**
2Q09	772.3
3Q10	**671.2**
3Q09	751.6
4Q10	**715.6**
4Q09	679.7

Net Asset Value Per Share (S$)

1Q10	**0.69**
1Q09	0.76
2Q10	**0.67**
2Q09	0.75
3Q10	**0.66**
3Q09	0.73
4Q10	**0.69**
4Q09	0.67

Banyan Tree Holdings is a leading manager and developer of premium resorts, hotels and spas centered on our award-winning brands: Banyan Tree and Angsana. With effect from this year, we have streamlined the presentation of the Group's performance in three segments instead of seven:

Hotel Investments

We own and manage luxury hotels under our brands. We also own hotels that are managed by other world-class operators.

Hotel Residences

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

Laguna 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.

Hotel/Fund/Club Management

Besides managing hotels under the Banyan Tree and Angsana brands for other owners, we also manage an asset-backed destination club and two private equity funds.

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.

Gallery Operations

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

Design & 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.

Group Revenue

2010	32.0%	9.3%	28.7%
Hotel Investments	S$189.3m	+1%	
Property Sales	S$28.4m	-41%	
Fee-based	S$87.6m	+12%	

Hotel Investments

Key Facts
We hold equity Interest in 16 hotels, comprising over 2,000 keys.

We hold a minority interest in Banyan Tree Cabo Marqués in Mexico, which opened during the year.

Revenue

S$189.3m
+1%

2010	62.0%	
Hotel Investments	S$189.3m	+1%

Property Sales

Key Facts
Banyan Tree Residences are available in Phuket, Lijiang, Bintan, Bangkok, Mexico and Seychelles. The properties offer owners 6% p.a. fixed return for six years.

Laguna properties refer to townhomes and bungalows located in Laguna Phuket that are within the vicinity of our resorts but are not part of our hotel operations. Laguna properties on the rental programme are managed by Hawaiian resort operator Outrigger, and offer an attractive rental yield.

Revenue

S$28.4m
-41%

2010	40.8%	59.2%
Hotel Residences	S$11.6m	-50%
Property Sales	S$16.8m	-33%

Fee-based

Key Facts
New resorts, Banyan Tree Club & Spa Seoul in Korea, Banyan Tree Samui, in Koh Samui, Thailand and Angsana Fuxian Lake in Yunnan, China were opened during the year.

Banyan Tree China Hospitality Fund (I) achieved total capital commitment of RMB1.07 billion in its final closing in January 2011. This follows the successful close of Banyan Tree Indochina Hospitality Fund in 2009.

We have 65 spas worldwide and spa training facilities in Phuket, Bintan and Lijiang and 81 gallery outlets.

There are currently 9 different brand segments under the retail arm. The brand segments are Banyan Tree Gallery, Angsana Gallery, Elements Jewelry By Banyan Tree, Element Spa Essentials By Banyan Tree, Laguna Phuket Shops, Museum Shop By Banyan Tree, Banyan Tree & Angsana Spa Essentials and Angsana Colors.

Construction of new resorts determines revenue from design and technical assistance fees. We also operate golf clubs in Phuket, Bintan and Ras Al Khaimah.

Revenue

S$87.6m
+12%

2010	30.0%	42%	26%
Hotel/Fund/Club Manangment	S$26.3m	+11%	
Spa/Gallery Operations	S$36.8m	+8%	
Design and Others	S$24.5m	+19%	

Accelerating Asset Rebalance

Rebalancing and unlocking value of our asset portfolio and to re-deploy capital more efficiently

We are rebalancing our asset portfolio to reduce concentration and country-risk exposure from any single country, and to unlock the value of our mature assets. This will let us deploy capital to promising markets such as China to create greater value.

DIVESTMENT GAINS FROM MATURE ASSETS

- **S$67 million gain in Phuket**

  We were able to optimise and extract value from our mature assets, as demonstrated by the divestment of Dusit Laguna Phuket for S$112.3 million which represented 2.7 times the book value and generated S$67 million of additional profit before tax.

- **Sale of land in Seychelles**

  We augmented our net income by S$5 million by selling a piece of land in Seychelles.

DIVERSIFICATION OF PROFIT SOURCES

- **Greater contribution from outside Thailand**

  As part of our ongoing strategy to move away from politically unstable Thailand, we are actively diversifying our business across geographical regions, with focus on high growth markets. We aim to reduce the proportion of EBITDA generated by our biggest market, Thailand, to about 40% in 2013 from 52% in 2010*.

EXERCISING PRUDENCE IN CASH MANAGEMENT

- **S$63 million increase in cash and cash equivalent**

  With financial markets remaining volatile, we have and will continue to exercise prudence in our cash management. This is reflected by the increase in our cash and cash equivalent position in 2010 to S$139 million, 82% higher than the previous fiscal year, driven by both active cash management as well as the result of asset rebalancing. This liquidity also provides us the financial flexibility to deploy the necessary capital to strengthen our priority markets.

* EBITDA figure for 2010 excludes gain from the sale of Dusit Laguna Phuket.

Banyan Tree Seychelles
Seychelles

Banyan Tree Samui
Thailand

Banyan Tree Seychelles
Seychelles

Banyan Tree Sanya
China

Enlarging Our China Footprint

Quickening and pioneering a new wave of iconic and culturally rich destinations within China

The increasing affluence of Chinese consumers and their penchant for travel, both domestically and abroad, will be the new factors driving our growth. We focus on inland China with its rich architectural, cultural, historical and artistic heritage, and position our other resorts worldwide to serve the surging numbers of outbound Chinese tourists.

FURTHER TAPPING CHINA'S GROWTH POTENTIAL

- **Riding the wave**

  China continues to be the market that offers the greatest growth potential. It has been our largest market for two years running since 2009, contributing 18% to the Group's room revenue this year, up from just 8% in 2008. The growth in 2010 was broad based; with revenue in our resorts in China doubling from 2008 levels, benefitting from strong growth in domestic tourism, and revenue from Chinese guests in our resorts outside China boasting three-fold growth since 2008 aided by an expanding China outbound market. Our strategy of enlarging our China footprint will enable us to tap this growing market further.

SUCCESSFUL LAUNCH OF THE BANYAN TREE CHINA HOSPITALITY FUND (I)

- **RMB1.07 billion raised**

  Exploiting opportunities that are opening up in China, we have successfully raised RMB1.07 billion for the Banyan Tree China Hospitality Fund (I), which will enable the Group to establish a portfolio of resorts and hotels in the fast growing China market, in line with our expansion plans.

INVESTMENT FOCUS ON CHINA

- **60% of new projects are in China**

  Of the Group's 33 new projects in the pipeline, close to 60% are in China. This investment focus will significantly enlarge our China footprint, quadrupling the number of our resorts there to 25 by 2014. In the same period, the number of spas in China will also increase to 33 from just 12 today.

Banyan Tree Hangzhou, China

Banyan Tree Lijiang
China

Banyan Tree Ringha
China

Banyan Tree Hangzhou
China

Banyan Tree Sanya
China

Banyan Tree Lijiang
China

Increasing Worldwide Presence

Advancing brand presence and reach by strengthening our proven integrated business model

By leveraging our two iconic brands and focusing on growing our presence in markets that offer the best growth opportunities, we continue to accelerate our global expansion.

ENLARGING GLOBAL FOOTPRINT

- **4,200 more rooms with 33 hotels in 11 countries on 3 continents**

  We continue to judiciously expand our global footprint through a targeted pipeline of projects. By 2014 we will have an additional 4,200 rooms in 33 new hotels spread across 11 countries on 3 continents. This means by 2014, we would have doubled our room capacity from the current number.

- **Restructuring operations to best manage our growing portfolio**

  To support our global growth, we have restructured our operations based on three focus regions, namely EMEAA*, Asia Pacific and China, each led by a dedicated business head to ensure that strategies can be implemented effectively.

TAPPING ALTERNATIVE SOURCES OF FUNDING

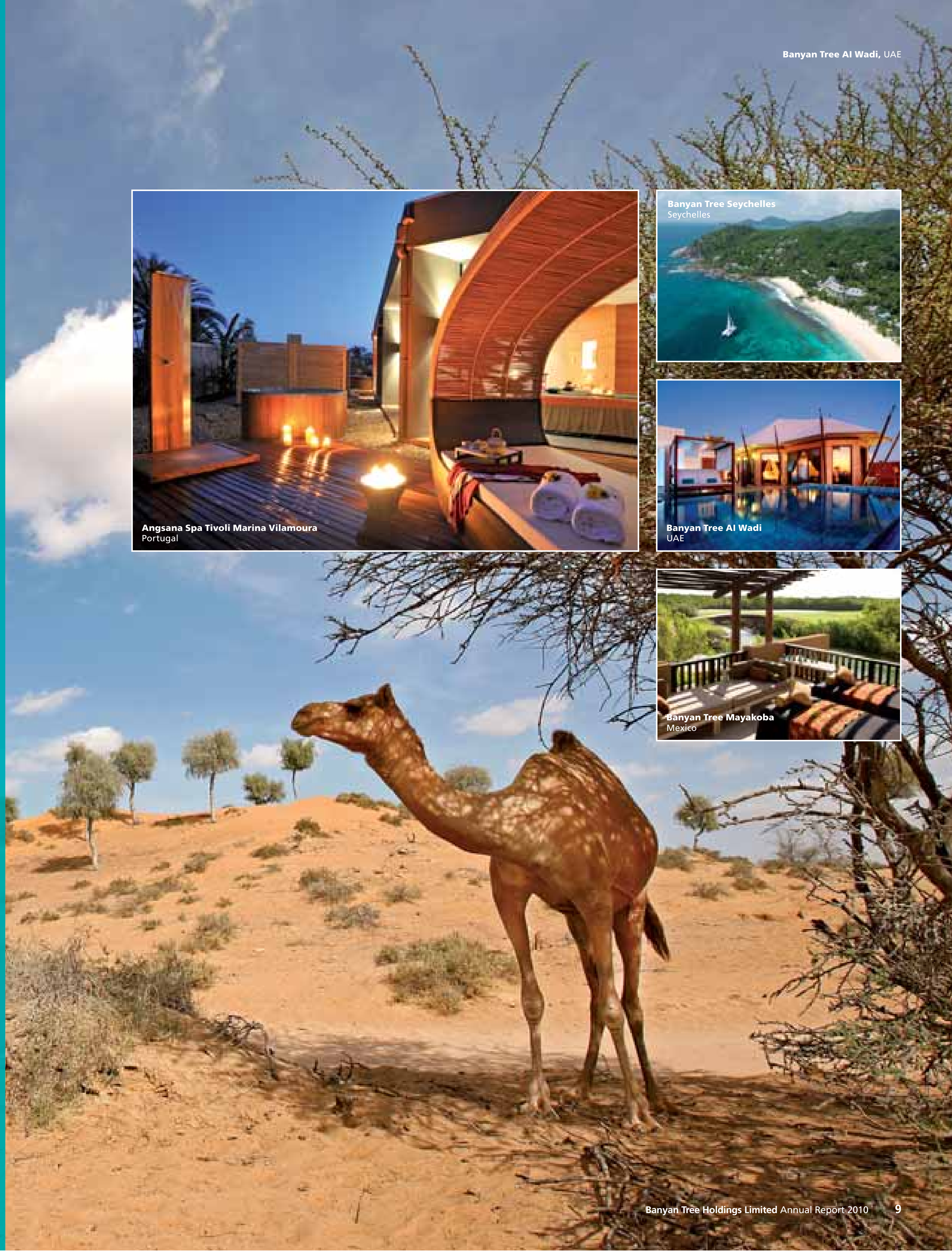
Our strong brands and adept planning enable us to tap alternative sources of funding for swift expansion in strategic locations around the world. This was demonstrated by the successful completion of the Banyan Tree Indochina Hospitality Fund in 2009, which raised US$283 million despite the financial crisis at the time. It was again demonstrated by the Banyan Tree China Hospitality Fund (I), an on-shore fund launched in 2010 which tapped wealthy domestic investors in China who recognise and trust our brand as well as growth potential.

GLOBAL RECOGNITION IN RESORTS EXCELLENCE AND SUSTAINABLE DEVELOPMENT

- **More than 600 awards thus far – a milestone of global recognition**

  As it has been in years before, our resorts and spas continue to be globally recognised for their excellence, not just in Asia but also in other markets. For example, Condé Nast Traveler named Banyan Tree Mayakoba in Mexico one of the hot hotels in 2010. We have also been lauded for our sustainable approach. The Economic Observer presented The Decade of Achievement Award for Sustainable Development to Banyan Tree Hotels and Resorts.

* Europe, Middle East, Africa and Americas



Banyan Tree Al Wadi, UAE

Angsana Spa Tivoli Marina Vilamoura
Portugal

Banyan Tree Seychelles
Seychelles

Banyan Tree Al Wadi
UAE

Banyan Tree Mayakoba
Mexico

Banyan Tree Mayakoba, Mexico
Banyan Tree Mayakoba is the perfect synthesis of modern Asian and Mexican tropical design, a premier destination for travellers seeking respite and a rejuvenating getaway

Executive Chairman's Statement

To say that the past two years have been exciting would be an understatement. After the financial rollercoaster ride of 2009, the world watched with bated breath for signs of economic recovery in 2010.

Europe, traditionally a strong market for the Group, continued its struggle to emerge from the economic quagmire. In Asia, the nascent recovery appeared to take hold, rapidly blooming into a convincing rebound. However, events in Thailand, which accounts for a large portion of Group revenue, cast a shadow on the regional tourism industry. Because of this, we are seeking to rebalance our asset portfolio in favour of markets outside of Thailand. Our divestment of Dusit Laguna Phuket in October marked the beginning of this process.

Meanwhile, to mitigate the effects of political turmoil in Thailand, we put in place a number of global promotion programmes. "Unbeatable Thailand", in which all Banyan Tree hotels in Thailand participated, succeeded in boosting revenue. The Group-wide "Karma" and "Abundance" campaigns also bolstered business during the traditionally slower second and third quarters.

A coordinated approach to e-business, public relations and marketing communications generated greater brand exposure for us, for example by nearly doubling the number of visitors to our proprietary websites. Realising the importance of having loyal advocates in the travel industry, we have also been recognising and rewarding those who endorse our brands and promote our products through the eXtraordinary Travel Consultants programme.

Our overall performance

The Group recorded total revenue of S$305.3 million in 2010. Compared to last year, this was 3% lower, mainly due to decreased revenue from property sales but cushioned by a stronger performance by the fee-based segment.

Revenue was also negatively affected by the sale of Dusit Laguna Phuket, as we ceased to receive revenue from that resort. However, the gain realised on the sale was largely responsible for the surge in EBITDA to S$101.4 million. This represented a year-on-year increase of 46%, which also enabled PATMI to grow by 422%.

The Group's overall performance would have been stronger if not for increased operating expenses. The latter resulted from lifting the temporary cost cutting measures that were implemented during the global financial crisis in 2009. This led to EBITDA declining across all three of our business segments in 2010.

Hotel Investments

Revenue from Group-owned properties increased by 1% over 2009, but higher operating expenses drove EBITDA down by 33% to S$29.3 million. As mentioned earlier, performance was also influenced by the exclusion of revenue from Dusit Laguna Phuket from 12 October 2010.

"Recent years have seen an explosion of tourism in China, a trend that will grow with the burgeoning middle class. It is therefore fitting that we are making China the central plank of our growth strategy."

Ho KwonPing, Executive Chairman

Region-wise, the Maldives continued to fare well, but our China resorts experienced a quieter year as travellers were diverted to the World Expo 2010 in Shanghai from May to October. In Thailand, knock-on effects of the political riots offset the positive impact of economic recovery in Asia.

Property Sales

The political instability in Thailand, combined with shrinking personal wealth and equity, also posed challenges for property sales. Moreover, the strong Thai Baht rendered our Phuket properties and Laguna Holiday Club memberships more expensive for foreign buyers. These factors contributed to the 41% drop in sales revenue and the accompanying 80% decline in EBITDA.

Fee-based Segment

The Group's fee-based business consists of hotel, fund and club management, spa operations, gallery operations, and design and other services. Our strategy of enlarging the Group's income stream through fee-based activities continued to pay off, with revenue for this segment growing 12% year on year. Contributing to this were management fees from new resorts, the opening of seven new spas and 13 new gallery outlets, higher architectural and design fees mainly from new projects in China, and higher fund management fees from the Banyan Tree China Hospitality Fund (I).

The increase in operating costs however more than offset the increase in revenue, causing a 39% drop in EBITDA for this segment.

Our strategy going forward

A question of balance

Thailand is currently responsible for about half of Group EBITDA. However, the frequent political events there have prompted us to accelerate the rebalancing of our asset portfolio to reduce reliance on Thailand and increase exposure in other markets.

In the course of reviewing our entire portfolio, we also realised that some assets were undervalued. This led us to draw up plans to unlock value from mature assets such as Dusit Laguna Phuket and a plot of land in Seychelles, both of which were divested in 2010. Such gains will be re-deployed to other markets with growth potential. We intend to continue this process of rebalancing and re-deployment in 2011, an example being the recent agreement signed in February 2011 to dispose of Laguna Beach Resort in Laguna Phuket.

China changes the game

Of these promising markets, China naturally leaps to mind. Recent years have seen an explosion of tourism in China, a trend that will grow with the burgeoning middle class. It is therefore fitting that we are making China the central plank of our growth strategy.

EBITDA (S$m)

2010	**101.4**
2009	69.5

PATMI (S$m)

2010	**15.7**
2009	3.0

Banyan Tree Lijiang
China

Executive Chairman's Statement

We intend to plant our presence in iconic, culturally rich destinations in China, which will prove alluring and meaningful to Chinese and international tourists alike. To support this, we launched our first capital raising effort in China, the Banyan Tree China Hospitality Fund (I) ("Fund"). When it closed on 16 January 2011, it had raised RMB1.07 billion. Its success is likely due to the fact that the Banyan Tree brand is highly regarded and gaining prominence in China through the numerous travel industry awards it has garnered. Also, there is great confidence in the outlook for China's inbound and outbound tourism.

Through the Fund, our own investments and management contracts signed to date, we are poised to enlarge our footprint in China substantially. By 2014, we are set to quadruple our resorts and triple our spa outlets there. To support this, we are planning to set up dedicated sales and marketing teams in Chengdu, Kunming, Guangzhou and elsewhere. These will complement our existing teams in Hong Kong, Shanghai and Beijing to build business from the China market.

Our global drive for growth

Growth from China is not confined to domestic tourism. Whereas in the past it was generally Europeans who visited exotic destinations, the Chinese are now overtaking them. To illustrate, revenue from Chinese visitors to our Maldives resorts more than doubled between 2009 and 2010. Tapping the maximum potential of the Chinese market therefore involves not only growing our presence in China but accelerating our global expansion too. This will also allow us to ride the wave of economic recovery around the world as it materialises.

To this end, we have a healthy pipeline of projects in development, which will double our room capacity by 2014. In so doing, we will remain faithful to our strategy of being destination-makers rather than followers. Throughout the Group's history, this approach has served us well, as the first-mover advantage compensated for the small scale of our operations.

Challenges remain for 2011

The immediate future will continue to be challenging. Economies in our traditional European markets are still moribund, while the political climate in Thailand remains unpredictable. The growing domestic and outbound travel from China will however compensate for these. To date, all indications are that hotel forward bookings are continuing to improve in 2011. I am therefore cautiously optimistic.

2011 will also prove to be an exciting year. New properties opening in Macau, Shanghai, Hangzhou will strengthen our China portfolio, and we expect to make our debut in Mauritius. By the end of the year, Banyan Tree Gallery will have close to 100 outlets worldwide. Ten more spas will come on stream, one of which will be our first flag in Singapore.

Destination Makers with a Difference

This year saw the Group win 117 awards and accolades, pushing the total past 600. This bumper crop is timely as we reinforce our position as a leading global player, beyond our comfort zone of Asia-Pacific.

The awards are more than a point of pride. They are a tangible indicator of our reputation. Such recognition makes hotel owners worldwide happy to entrust their properties to us to manage. It also gives investors confidence in the brand name "Banyan Tree". In the past, this has allowed us to set up our asset-backed destination club, Banyan Tree Private Collection. In recent years, it has enabled us to tap into new areas of financing such as our Indochina and China hospitality funds which were raised from private equity investors.

No less importantly, our numerous awards for CSR show our ability to uphold the idea of travel with a conscience, a philosophy that differentiates Banyan Tree from the competition.

Banyan Tree Ringha, China
Made of authentic Tibetan farmhouses that were selected, purchased and reconstructed in traditional style, Banyan Tree Ringha offers a unique experience and sense of place.

Meanwhile, the Group will continue to exercise prudence and astuteness in cash management. In 2010, we nearly doubled our cash and cash equivalent position. In view of continuing volatility in the financial markets, this liquidity will give us the financial muscle and flexibility to strengthen our operations in priority markets.

Recognition for CSR

While we fine-tune our strategies to pre-empt the evolving operating climate, our commitment to enhance both the physical and human environment in which we operate remains a constant.

In 2010, we began a phased roll-out of the EarthCheck sustainability benchmarking and certification system, a key initiative in resource conservation at our resorts. We also planted nearly 47,000 trees, while our Seedlings programme continued to support young people in communities where we operate. These and other corporate social responsibility (CSR) efforts were recognised by the Condé Nast Traveler USA's 2010 World Savers Awards, where Banyan Tree topped the overall "Doing It All" category.

Appreciation

My gratitude goes to our associates and management for their ingenuity and diligence, and our stakeholders, partners and guests for their continued support. I would also like to thank my fellow Board members for their wise counsel. In particular, I would like to express appreciation to Board member Mr Dilhan Pillay Sandrasegara, who stepped down in August after more than six years of service to the Group.

We have sown the seeds for future growth – may the coming years be fruitful.

Ho KwonPing
Executive Chairman

Banyan Tree Al Wadi, UAE
Banyan Tree Al Wadi is the first desert spa resort in Ras Al Khaimah that offers a private nature reserve within its grounds. Spread over 100 hectares, guests have a unique opportunity to interact with and observe local desert wildlife.

Angsana Velavaru, Maldives
Known also as 'Turtle Island' in the local Dhivehi language, Angsana Velavaru is feted for its stunning turquoise lagoon, and location in the secluded southern reaches of the Maldives.

Banyan Tree Bintan, Indonesia
Built on stilts overlooking striking views of the South China Sea, Banyan Tree Bintan is surrounded by one of the oldest coastal rainforests and stunning coastal rock formations.

Banyan Tree Hangzhou, China

Discover priceless tranquility in Banyan Tree Hangzhou, alongside the splendour of nature and age-old cultural heritage


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 30 April 2009.

Mr Ho is also Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited and Singapore Management University. He is a member of the Asia-Pacific Council of The Nature Conservancy, Global Advisory Council of London Business School, International Council and East Asia Council of INSEAD, International Council of 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 Standard Chartered PLC as well as Chairman of MediaCorp Pte. Ltd.

He holds a Bachelor of Arts (Economics) from the 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 the Group. He became a Director on 11 April 2000 and was last re-elected on 30 April 2010. 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 25 years of experience in the hotel industry.

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 an Independent Director on 8 June 2001 and became Lead Independent Director on 28 February 2007. Last re-elected on 30 April 2009, he is also Chairman of the Nominating & Remuneration Committee and a member of the Audit & Risk Committee since end August 2010.

On 1 May 2010, Mr Chia was appointed Chairman of Hup Soon Global Corporation Limited. Mr Chia also 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 Chairman – Asia for UBS Investment Bank. Since January 2004, he has been a Trustee of the Singapore Management University. Mr Chia was appointed as Senior Advisor of EQT Funds Management Ltd on 24 May 2010.

From 1986 to 2004, he was a Director of PAMA Group 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. He was previously a Director of F J Benjamin Holdings Ltd.

He holds a Bachelor of Science cum laude, majoring in Management, from the Fairleigh Dickinson University, USA.

Fang Ai Lian
Independent Director
Mrs Fang was appointed an Independent Director and Chairman of the Audit & Risk Committee on 1 May 2008 and was last re-elected on 30 April 2009. Since end August 2010, she has been a member of the Nominating & Remuneration Committee.

She is Chairman of Great Eastern Holdings Limited and its insurance subsidiaries in Singapore and Malaysia. Mrs Fang is also a Director of Singapore Telecommunications Limited, Metro Holdings Ltd, MediaCorp Pte. Ltd. and OCBC Bank. She is also Chairman of the Board of Directors for the Tax Academy of Singapore. In addition, Mrs Fang is Chairman of the Charity Council and President of the Home Nursing Foundation as well as a Member of the Board of Trustees of the Singapore University of Technology and Design.

Mrs Fang was previously with Ernst & Young for over 30 years until her retirement in March 2008, her last position being Chairman of Ernst & Young Singapore. She qualified as a Chartered Accountant in England and is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Certified Public Accountants in Singapore and a Member of the Malaysian Association of Certified Public Accountants.

Elizabeth Sam
Independent Director
Mrs Sam was appointed an Independent Director on 23 March 2004 and was last re-appointed on 30 April 2010. 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 Public Company Limited 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, 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 and served two three-year terms from 1987 to 1990 and 1993 to 1996 as its Chairman until its merger with the Stock Exchange of Singapore. She was also previously a Director of Nippecraft Limited and Chairman of ST Asset Management Limited. She has been a member of the Singapore Institute of Directors since April 1999.

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

(L to R)

Ho KwonPing
Executive Chairman

Ariel P Vera
Group Managing Director

Chia Chee Ming Timothy
Lead Independent Director

Fang Ai Lian
Independent Director

Elizabeth Sam
Independent Director

Banyan Tree Ungasan, Bali, Indonesia
Located on the cliff-top of the island's southernmost peninsula, Banyan Tree Ungasan offers stunning vistas of the Indian Ocean from its infinity pools, which are arguably the most expansive in Bali

Banyan Tree Al Wadi, UAE
Situated in the deserts of Ras Al Khaimah lies an exquisite desert spa resort, Banyan Tree Al Wadi, a unique retreat with its own nature reserve

Management Team

Chiang See Ngoh Claire
Managing Director, Retail Operations

Chiang See Ngoh, Claire is the Senior Vice President responsible for the strategic direction, management and operation of Banyan Tree and Angsana Galleries. She is also the Chairperson of the Banyan Tree Global Foundation, which was established in 2009. In 2010, she assumed the roles of Chairperson, China Business Development and Chairperson, Human Capital Development Task Force. Ms Chiang has served two terms as a Nominated Member of Parliament. She is the Director and Non-Executive Chairperson of the Wildlife Reserves Singapore and Chairperson of the Wildlife Reserves Singapore Conservation Fund. She sits on the Global Governing Board of the Caux Round Table as Vice-Chair for Asia. Following her appointment as Justice of the Peace in 2008, she was appointed to the Board of Visiting Justices in 2010. Her other duties include chairing the Employer's Alliance and the Shirin Fozdar Trust Fund, as well as co-chairing the Pro-Family Business Council and the Partner Connection Fund. Ms Chiang is a member of the Board of Governors of Raffles' Girls School, a member of the Singapore General Hospital Medifund Committee, and a mentor for the Young Women's Leadership Connection mentorship programme. She volunteers with Help Every Lone Parent and the People's Association. In 2010, she became a member of the Advisory Council, National Committee for United Nations Development Fund for Women (UNIFEM) in Singapore. She is married to the Executive Chairman, Mr Ho KwonPing.

Ho KwonCjan
Group Chief Designer

Ho KwonCjan is Senior Vice President and Group Chief Designer. He heads and oversees the project and design teams. Prior to March 2005, he was Joint Managing Director of LRH, a position he held from 1998. Mr Ho served as Vice Chairman of Thai Wah Public Company Limited 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 the 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 of 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.

(Top L to R)

Chiang See Ngoh Claire
Managing Director,
Retail Operations

Ho KwonCjan
Group Chief Designer

(Bottom)

Surapon Supratya
Deputy Chairman,
LRH

Bernold Olaf Schroeder

Managing Director, Hotel Operations (Europe, Middle East, Africa and Americas ("EMEAA")), Senior Vice President, Business Development (EMEAA)

Bernold O. Schroeder is Managing Director, Hotel Operations (EMEAA) and Senior Vice President, Business Development (EMEAA), a position that he assumed in October 2010 as part of the Group's efforts to support global growth. In these regions, he is responsible for all operational aspects in the Group's properties as well as sieving out new business opportunities for expansion. Mr Schroeder joined Banyan Tree Hotels and Resorts in 1997, as General Manager of the Group's properties in the Maldives. He subsequently served as Area Director of Indian Ocean, Vice President, Business Development and General Manager of Banyan Tree Bangkok and, from 2005 he held the position of Senior Vice President and Managing Director – Hotel Operations. Prior to joining the Group, Mr Schroeder worked at the Hyatt Corporation based in New York and the Holiday Inn Asia Pacific in Hong Kong. He received his initial training in hospitality in Germany. He has also undergone the executive programmes of Cornell University, Stamford University – Singapore Management University, and The Kellogg School of Management – Northwestern University. He holds a Certificate Expert in Hotel Business Matters from the Chamber of Industry and Commerce Karlsruhe, Germany, and a Director Certificate from the Thai Institute of Directors Association.

Arthur Kiong Kim Hock

Managing Director, Hotel Operations (Asia Pacific), Senior Vice President, Group Marketing Services

Arthur Kiong Kim Hock is Managing Director, Hotel Operations (Asia Pacific) and Senior Vice President, Group Marketing Services. In addition to overseeing hotel operations for Banyan Tree and Angsana branded hotels in Asia Pacific, he is also responsible for Group Marketing Services, which includes field performance support, worldwide sales, marketing communications, revenue management, global reservations operations, customer relationship management and e-business. Prior to joining the Group in 2008, Mr Kiong was Far East Organization's Director of Hospitality Operations, with a portfolio that included five operating hotels, three hotels in pre-opening and development phase, 11 serviced residences and one heritage restaurant. He has also held various regional and area sales and marketing positions with hotels such as the Mandarin Oriental Hong Kong, the Ritz-Carlton in Singapore and America, and the Grand Hyatt and Westin Stamford and Westin Plaza in Singapore. Mr Kiong holds a Higher Diploma in Hotel Management from the Singapore Hotel Association Training & Education Centre.

Eddy See Hock Lye

Chief Financial Officer

Eddy See Hock Lye is Senior 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.

(Top L to R)

Bernold Olaf Schroeder
Managing Director,
Hotel Operations
{EMEAA)

Senior Vice President,
Business Development
(EMEAA)

Arthur Kiong Kim Hock
Managing Director,
Hotel Operations
(Asia Pacific)
Senior Vice President,
Group Marketing Services

(Bottom)

Eddy See Hock Lye
Chief Financial Officer

Management Team

Michael Ramon Ayling
Managing Director, LRH

Michael Ramon Ayling is Senior Vice President, Integrated Resorts and Managing Director, LRH. He oversees 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.

Shankar Chandran
Managing Director, Spa Operations

Shankar Chandran is Senior Vice President and Managing Director, Spa Operations. Overseeing the Spa Operations of the Group since 2005, he is responsible for the operations and growth of the Group's global portfolio of over 65 spas. From 2001 to 2004, he served as Group Executive (Corporate) Director, and from 1997 to 2001 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.

Dharmali Kusumadi
Managing Director, Design Services

Dharmali Kusumadi is Senior Vice President and Managing Director, Design Services. He is responsible for the design and planning of properties managed by the Group. 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.

(Top L to R)

Michael Ramon Ayling
Managing Director, LRH

Shankar Chandran
Managing Director,
Spa Operations

(Bottom)

Dharmali Kusumadi
Managing Director,
Design Services

Steve Small

Managing Director, Banyan Tree Capital

Steve Small is Vice President and Managing Director of Banyan Tree Capital. He is responsible for leading and managing the Group's dedicated real estate fund management activities to fund its hotel, resort and private residence development programmes. Mr Small launched and manages the Group's funds for Indochina (US$283 million) and China (RMB1 billion). Prior to joining the Group in 2008, he 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.

Paul Chong

Vice President, Business Development and Group Legal

Paul Chong is Vice President, Business Development and Group Legal. He oversees the global development team and all legal matters related to the Group and its international expansion. 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.

Luca Deplano

Vice President, Marketing

Luca Deplano is Vice President, Marketing for Banyan Tree Hotels & Resorts. He is responsible for reinforcing the Banyan Tree and Angsana brands. Mr. Deplano joined the Group on 1 December 2010, bringing with him over 14 years of experience in business development as well as strategic planning in the sales and marketing of products under brands like American Express, Prada, Furla and Cerruti 1881, in both Asia and Europe. He holds a Master of Business Administration from Columbia Business School, and a Bachelor's Degree in Business Administration from Bologna University, Italy, where he majored in Marketing and Finance.

(Top L to R)

Steve Small
Managing Director,
Banyan Tree Capital

Paul Chong
Vice President,
Business Development and
Group Legal

(Bottom)

Luca Deplano
Vice President,
Marketing

Management Team

Hokan Limin
Vice President, Hotel Finance
Hokan Limin is Vice President, Hotel Finance. He is in charge of monitoring hotel performance and implementing policies and procedures. His main responsibilities are hotel finance, compliance, operational analysis, quality control and operational audit. He also supervises risk management. Prior to joining the Group in 1999, Mr Limin worked at hotel investment companies in Indonesia and several five-star resort chains including Hyatt, Inter-Continental and Shangri-la. He holds a Bachelor 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.

Michael Lee
Chief Information Officer
Michael Lee is Vice President and Chief Information Officer. He has been with the Group since 2006 and has over 20 years of experience in the travel, banking and hospitality sectors. He 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).

(Top L to R)

Hokan Limin
Vice President,
Hotel Finance

John Searby
Vice President,
Corporate
(Mexico)

(Bottom)

Michael Lee
Chief Information Officer

Emilio Llamas Carreras
Vice President, Hotel Operations
Emilio Llamas Carreras is Vice President, Hotel Operations. 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 (Mexico)
Maximilian Lennkh is Vice President and Area General Manager (Mexico), leading and overseeing the operations and day-to-day business of the Group's properties in Mexico. Mr Lennkh joined the group in 2001 as Area General Manager (Maldives), subsequently moving from there to open the Banyan Tree Seychelles in 2002. In 2005, he assumed the role of Area General Manager (Southern China). In that capacity, he guided the successful opening of Banyan Tree Lijiang, Sanya and Hangzhou, with Banyan Tree Ringha and Gyalthang Dzong Hotel concurrently reporting to him. Having gained experience in various aspects of hotel operations around the world, Mr Lennkh has a well-rounded hospitality background. He is fluent in German, English, Portuguese and Spanish, and holds various hotel management certifications, including one from the London Business School.

Francois Huet
Area General Manager (Phuket, Koh Samui and Laos)
Francois Huet is Vice President and 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.

(Top L to R)

Emilio Llamas Carreras
Vice President,
Hotel Operations

Maximilian Lennkh
Area General Manager
(Mexico)

(Bottom)

Francois Huet
Area General Manager
(Phuket, Koh Samui & Laos)

Management Team

Foong Pohmun
Vice President, People Development

Foong Pohmun is Vice President, People Development. She oversees operations at the Banyan Tree Management Academy, whose aim is to develop the future leaders of the Group by advancing people development, management excellence and learning. Prior to this appointment in 2009, she was Vice President, Projects. She joined the Group in 1990, and served in various positions overseeing the costing and project management of Banyan Tree Hotels. She was promoted to Assistant General Manager in 1995 and Assistant Vice President in 2000. Ms Foong holds a degree in Economics (Hons) from the University of London, and diplomas in Industrial Management, Building Science and Culinary Arts and Management.

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 2000, she became Director of Sales, Japan, and was promoted to Assistant Vice President, Sales & Business Development in 2006.

Elsie Leung
Vice President, Marketing (China)

Elsie Leung is Vice President, Marketing (China). She is in charge of developing both domestic and outbound business for the Group in mainland China and Hong Kong. The public relations and marketing teams in China and Hong Kong report directly to her. Ms Leung has more than 20-years' experience in hospitality sales and marketing. Prior to joining the Group in 2008, she held senior regional positions at hotel groups like Mandarin Oriental, Four Seasons Hotels & Resorts and Hilton Hotel Corporation. Ms Leung holds an Associate Degree in Business Administration from The Open University of Hong Kong.

(Top L to R)

Foong Pohmun
Vice President,
People Development

Sachiko Shiina
Vice President
(Japan)

(Bottom L to R)

Elsie Leung
Vice President,
Marketing
(China)

Lim See Bee

Vice President, Head of Group Project Services

Lim See Bee is Vice President and Head of Group Project Services, overseeing the development of all new projects by the Banyan Tree Group. She joined Banyan Tree in 1992 as Senior Manager, Projects. She has 25 years of experience in the construction and real estate industry, having practised in both the public and private sectors. Ms Lim is registered with the Board of Architects, Singapore, and is also a member of the Society of Project Managers and the Singapore Institute of Arbitrators. She holds a Bachelor of Arts and a Bachelor of Architecture from the National University of Singapore, a Master of Business Administration from Reading University, UK, and a Royal Institute of Chartered Surveyors Diploma in Project Management, from the College of Estate Management, UK.

Stuart Reading

Vice President, Finance, LRH

Stuart Reading is Vice President, Finance and Chief Financial Officer for LRH, and has served on the Board of LRH since 2006. He joined LRH in 2002 as Assistant Vice President, Finance & Administration responsible for the property sales and holiday club businesses finance function. He subsequently rose through the ranks, attaining his current position in 2010. Prior to joining the Group, Mr Reading spent more than 10 years with Pricewaterhouse Coopers in Australia and Papua New Guinea. From 1999 to 2002, he was a Director in the Assurance and Business Advisory Services division in Sydney. He is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Business degree in Accounting from the University of Western Sydney.

Zhang Li

Managing Director, Banyan Tree Capital (Hong Kong)

Zhang Li is Vice President and Managing Director of Banyan Tree Capital (Hong Kong), a division of Banyan Tree Capital which manages the Group's dedicated real estate fund management activities. Based in Hong Kong, he focuses on China-related fund management activities specific to the funding of the Group's hotel, resort and private residence development programmes in that region. Prior to joining the Group in 2009, Mr Zhang spent over 15 years working in the private equity and investment banking industries as well as the public sector. From 2001 to 2008, he worked at various investment banks, including Wachovia Securities, Standard Chartered Bank, Credit Suisse and Morgan Stanley. He was a Director at CDH Investments, focusing on real estate private equity investment. Mr Zhang is a CFA charterholder, and holds a Master of Business Administration from the Kellogg Graduate School of Management, Northwestern University.

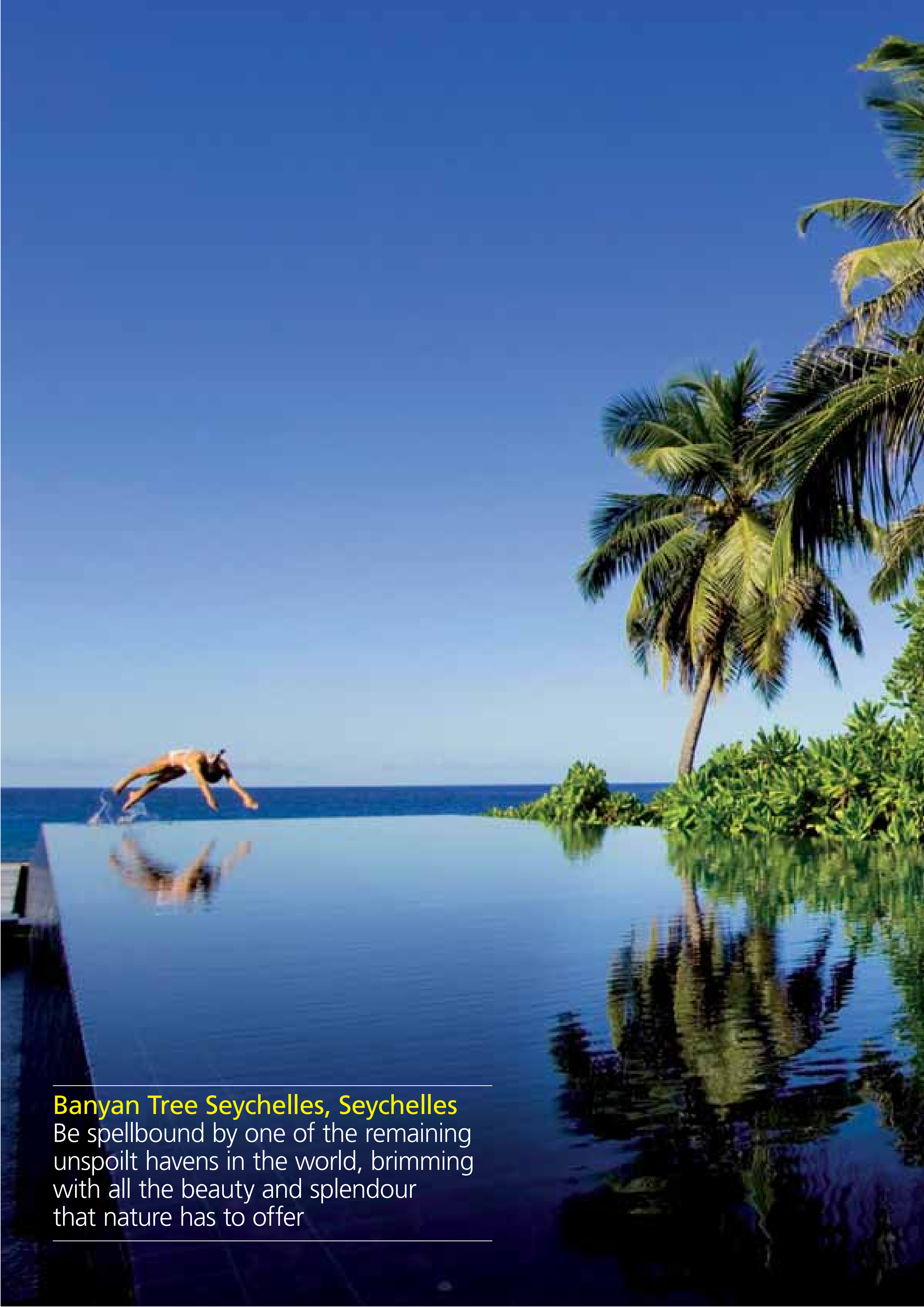
(Top L to R)

Lim See Bee
Vice President,
Head of Group
Project Services

Stuart Reading
Vice President,
Finance
LRH

(Bottom L to R)

Zhang Li
Managing Director,
Banyan Tree Capital
(Hong Kong)



Banyan Tree Seychelles, Seychelles
Be spellbound by one of the remaining unspoilt havens in the world, brimming with all the beauty and splendour that nature has to offer

5-Year Financial Highlights

	2006 S$m	2007 S$m	2008 S$m	2009 S$m	2010 S$m
Revenue	335.3	421.9	412.6	313.3	**305.3**
EBITDA	111.4	122.5	93.8	69.5	**101.4**
Profit before tax (PBT)	66.9	126.5	42.3	14.7	**52.8**
Profit before tax & before exceptional item (EI)	74.7	81.9	42.3	14.7	**52.8**
Profit after tax (PAT)	42.4	102.4	18.3	3.4	**30.1**
Profit after tax & minority interests (PATMI)	27.1	81.9	7.0	3.0	**15.7**
PATMI before EI	33.5	37.3	7.0	3.0	**15.7**
EBITDA margin	33%	29%	23%	22%	33%
PATMI margin	8%	19%	2%	1%	5%
PATMI before EI margin	10%	9%	2%	1%	5%
Per Share ($)					
Basic earnings	0.039	0.108	0.009	0.004	**0.021**
Diluted earnings	0.039	0.108	0.009	0.004	**0.021**
Net tangible asset (NTA) including minority interests (MI)*	0.636	1.025	1.004	0.896	**0.943**
NTA excluding MI*	0.436	0.714	0.698	0.635	**0.654**
Net debt equity ratio	0.29	0.28	0.36	0.43	**0.29**

* 2005 – 2006 NTA per share have been calculated based on the sub-division of each of our ordinary shares into two ordinary shares.

Banyan Tree's Share Price Performance (S$)

Highest: 1.20
Lowest: 0.68
Closing Price: 1.00
(As at 9 March 2011)

Key Figures from 2006 to 2010

Banyan Tree Seychelles, Seychelles

Revenue

S$305.3m

2010	**305.3**
2009	313.3
2008	412.6
2007	421.9
2006	335.3

EBITDA

S$101.4m

2010	**101.4**
2009	69.5
2008	93.8
2007	122.5
2006	111.4

PATMI before EI

S$15.7m

2010	**15.7**
2009	3.0
2008	7.0
2007	37.3
2006	33.5

Earnings Per Share

S$0.021

2010	**0.021**
2009	0.004
2008	0.009
2007	0.108
2006	0.039

Total Assets

S$1,417.6m

2010	**1,417.6**
2009	1,372.9
2008	1,467.4
2007	1,459.7
2006	911.3

Milestones

2010

Banyan Tree Cabo Marqués, Mexico, Banyan Tree Club and Spa Seoul, Korea, Banyan Tree Samui, Thailand and Angsana Fuxian Lake, China, open.

LRH sells the Dusit Laguna Phuket hotel in Phuket, Thailand, to Dusit Thani Public Company Limited for THB2.6 billion (S$112.3 million).

The Banyan Tree China Hospitality Fund (I) achieves a total capital commitment of RMB1 billion.

Banyan Tree places out a further S$50 million as part of the MTN programme. Series 001 (S$50 million) matures and is fully repaid in November. Total MTN outstanding as at 31 December 2010 is S$127.3 million.

2009

Banyan Tree Mayakoba, Mexico, Banyan Tree Hangzhou, China, Banyan Tree Ungasan, Indonesia and Banyan Tree Al Wadi, UAE open.

Angsana Velavaru, Maldives introduces new InOcean Villas.

Banyan Tree Indochina Hospitality Fund achieves a total capital commitment of US$283 million at final closing on 30 June 2009.

Banyan Tree Global Foundation is set up as a separate entity to house, manage and administer the funds raised by the Group's Green Imperative Fund; as well as to provide in-house corporate social responsibility consultancy services.

2008

Banyan Tree Sanya, China opens.

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, Cambodia and Laos. Its principal project is Laguna Lang Co, an integrated resort development in Central Vietnam.

2007

Banyan Tree Madivaru, Maldives and Angsana Riads Collection, Morocco open.

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

Banyan Tree establishes S$400 million MTN programme and successfully places out S$100 million from this programme.

2006

Following its IPO, Banyan Tree Holdings Limited is listed on the Singapore Exchange. It subsequently receives the Merit Award for the Most Transparent Company (New Issues category) at the 7th Investors' Choice Awards, awarded by the Securities Investors Association of Singapore.

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

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

Highlights

In a move to rebalance our portfolio and reduce the Group's exposure in Thailand, we have divested the hotel asset that had been operating under the name "Dusit Laguna Phuket".

As at final closing on 16 January 2011, the Banyan Tree China Hospitality Fund (I) stood at RMB1.07 billion. The fund will invest and develop hospitality-related projects in various iconic locations in China, furthering the Group's expansion in the fast-growing China market.

Banyan Tree Lijiang, China
Breathtaking views of the towering snow-capped peaks of the 5,600 metre Jade Dragon Snow Mountain, await you at Banyan Tree Lijiang.

2005
Maison Souvannaphoum Hotel opens in Laos. The Group's first Banyan Tree resort in China – Banyan Tree Ringha – is launched in Yunnan. The Group acquires Thai Wah Plaza, which houses Banyan Tree Bangkok in Thailand.

2004
Deer Park Hotel opens in Sri Lanka.

2003
International Enterprise Singapore names Banyan Tree 'Singapore's Strongest Brand'. Gyalthang Dzong Hotel in Shangri-la, China, opens its doors.

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
Banyan Tree Spa Academy is set up to train therapists and research new treatment recipes and techniques. Angsana Ihuru, Maldives and Angsana Bangalore, India open. The Green Imperative Fund is launched to formalise the Group's corporate social responsibility efforts.

2000
Angsana brand is launched with the opening of Angsana Bintan, Indonesia and Angsana Great Barrier Reef, Australia. Banyan Tree Holdings Pte Ltd is established. Banyan Tree Hotels & Resorts Pte. Ltd. and several subsidiaries which own and operate resorts, spas, galleries and golf courses, become part of the Group.

1995–1999
Banyan Tree Vabbinfaru, Maldives and Banyan Tree Bintan, Indonesia are launched.

1994
The Group's flagship resort – Banyan Tree Phuket – is launched in Thailand's 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.

Banyan Tree Ringha, China
Situated in the spectacular area of China's Yunnan province is the pathway to paradise, Tibetan-style. At 3,200 metres above sea level, experience the unique beauty and magic of Shangri-la at Banyan Tree Ringha.

Banyan Tree Hangzhou, China
Located in the historic Xixi National Wetland Park west of Hangzhou, guests enjoy priceless tranquillity at Banyan Tree Hangzhou. Designed in Jiang Nan style, the resort pays tribute to Hangzhou's rich history and culture.

Dusit Laguna Phuket, Thailand
Dusit Laguna Phuket opened in 1987 and was divested in October 2011 at 2.7 times book value.

Awards and Accolades

TRAVEL

"Best Hotels for Rooms – Asia"
Condé Nast Traveller UK Gold List 2010
Banyan Tree Phuket

"Hot List Hotels"
Condé Nast Traveler US Hot List 2010
Banyan Tree Mayakoba
Banyan Tree Ungasan

"45 Best New Hotels"
Travel + Leisure USA It List 2010
Banyan Tree Cabo Marqués

"Top 10 Luxury Hotels in Asia – 2nd"
TripAdvisor Awards 2010
Angsana Ihuru

"Top 10 Hotels for Romance in the Caribbean & Mexico – 1st"
"Top 10 Relaxation/Spa Hotels in the Caribbean & Mexico – 2nd"
"Top 10 Hotels for Service in the Caribbean & Mexico – 2nd"
"Top 10 Hotels for Romance in the World – 3rd"
"Top 10 Relaxation/Spa Hotels in the World – 2nd"
TripAdvisor Awards 2010
Banyan Tree Mayakoba

"Best Beach/ Hotel Resort – 2nd"
The Daily Telegraph/ UltraTravel Annual Awards
Banyan Tree Seychelles

"Best Spa Resort in China"
TTG China Travel Awards 2010
Banyan Tree Lijiang

"Best Resort Hotel in Asia Pacific"
Business Traveller Asia-Pacific – 2010 Readers' Poll
Banyan Tree Phuket

"Best Resort Hotel in China"
National Geographic Traveller China Readers' Choice Gold List 2010
Banyan Tree Lijiang

"Andrew Harper's Hideaway Report 2010"
Grand Awards 2010
Banyan Tree Ringha

"China's Top 10 Most Popular Resort Hotels of 2010"
21st Century Business Herald's Golden Pillow Awards
Banyan Tree Lijiang

"Top 10 Best Resorts in China"
5th China Hotel Starlight Awards 2009
Banyan Tree Sanya

"Best New Hotels of China"
5th China Hotel Starlight Awards 2009
Banyan Tree Hangzhou

"Region's Best New Hotels – Korea"
DestinAsian Luxe List 2010
Banyan Tree Club & Spa Seoul

"Region's Best New Hotels – Thailand"
DestinAsian Luxe List 2010
Banyan Tree Samui

"Best Hotels and Resorts in Phuket"
DestinAsian Readers Choice Awards 2010
Banyan Tree Phuket

"Best Hotels and Resorts in Bangkok"
DestinAsian Readers Choice Awards 2010
Banyan Tree Bangkok

SPA

"PATA Grand Award – Education and Training"
Pacific Asia Travel Association (PATA) Gold Award 2010
Banyan Tree Spa Academy

"Best Spa Brand Award"
Hurun Report Best of the Best Awards 2010
Banyan Tree Spa

"Best Spa Operator"
TTG Travel Awards 2010
Banyan Tree Spa

"Best Spa Operator"
5th China Hotel Starlight Awards 2009
Banyan Tree Spa

"Spa Academy of the Year"
AsiaSpa Awards 2010
Banyan Tree Spa Academy

Highlights

Banyan Tree Group garnered some 117 international awards and accolades in 2010, bringing the total number of awards it has received close to 640 since the first Banyan Tree property opened in Phuket in 1994.

In 2010, our flagship property Banyan Tree Phuket and its Spa continue to be recognised by industry experts, having won 14 prestigious awards and accolades. Our China properties have also performed exceptionally well, having secured 19 awards and accolades, with Banyan Tree Lijiang and Banyan Tree Hangzhou as the hot favourites. These awards and accolades further boost Banyan Tree's growing presence in China, which has a pipeline of some 20 properties to come online.

Banyan Tree Phuket, Thailand
Escape into an exclusive oasis that is your private resort at the DoublePool Villas at Banyan Tree Phuket.

"Favourite Overseas Hotel Spa – Winner"
Condé Nast Traveller UK Readers' Travel Awards 2010
Banyan Tree Spa Phuket

"Best Spa Academy of the Year"
SpaChina Awards 2010
Banyan Tree Spa Academy

"Hot Spas – Mexico"
Condé Nast Traveler USA Hot List 2010
Banyan Tree Spa Mayakoba

"Best Spa in Australasia & South Pacific – 3rd"
Condé Nast Traveller UK Readers Spa Awards 2010
Angsana Spa Great Barrier Reef

"Best Australian Spa – 1st"
Luxury Travel Gold List Awards 2010
Angsana Spa Great Barrier Reef

"Best Overseas Spa – 2nd "
Luxury Travel Gold List Awards 2010
Banyan Tree Spa Phuket

"Top Ten Hotel Spas Worldwide – 1st"
TripAdvisor Awards 2010
Banyan Tree Spa Vabbinfaru

CSR

"Winner – Overall 'Doing It All' Category for Large Hotels"
"Runner-up – Health Initiatives Category"
"Honorable Mention – Environmental/Cultural Preservation"
"Honorable Mention – Wildlife Conservation"
"Honorable Mention – Education Programs"
4th Annual Condé Nast Traveler World Savers Awards 2010
Banyan Tree Hotels & Resorts

"Leadership for the Environment"
Singapore Tatler Leadership Award 2010
Banyan Tree Hotels & Resorts

"World's Leading CSR Programme"
World Travel Awards 2010
Banyan Tree Hotels & Resorts

"Decade of Achievement Award for Sustainable Development 2010"
The Economic Observer
Banyan Tree Hotels & Resorts

CORPORATE

"Winner – Corporate Governance Asia Recognition Awards"
Corporate Governance Asia Recognition Awards 2010
Banyan Tree Holdings Limited

"American Creativity Association"
ACA Lifetime Creative Achievement Award
Ho KwonPing

"Most Transparent Company Award 2010"
SIAS Investors Choice Awards
Banyan Tree Hotels & Resorts

"Best Annual Report (Silver)"
Singapore Corporate Awards 2010
Banyan Tree Holdings Limited

"Best International Hotel Management Group in China"
5th China Hotel Starlight Awards 2009
Banyan Tree Hotels & Resorts

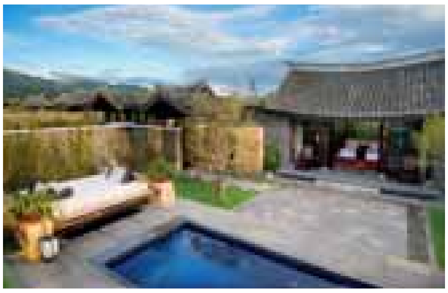
DESIGN

"The Best Landscape Design Award"
China Best Design Hotels Award 2010
Banyan Tree Lijiang

"Listed among 50 Favourite Interior Designs – Hotels"
50 Favourite Interior Designs 2010
Banyan Tree Al Wadi

On the CSR front, Banyan Tree Hotels and Resorts was named the overall winner among large hotel chains in the 'Doing It All' category in the prestigious 2010 World Savers Awards by the award-winning publication Condé Nast Traveler in the U.S.A. The awards honour airlines, cruise lines, resorts, hotel chains and tour operators that are dedicated to saving the world and giving back to their communities.

These awards are testimony to Banyan Tree's strong global brand and continued commitment to service standards as the Group embarks on its expansion globally.

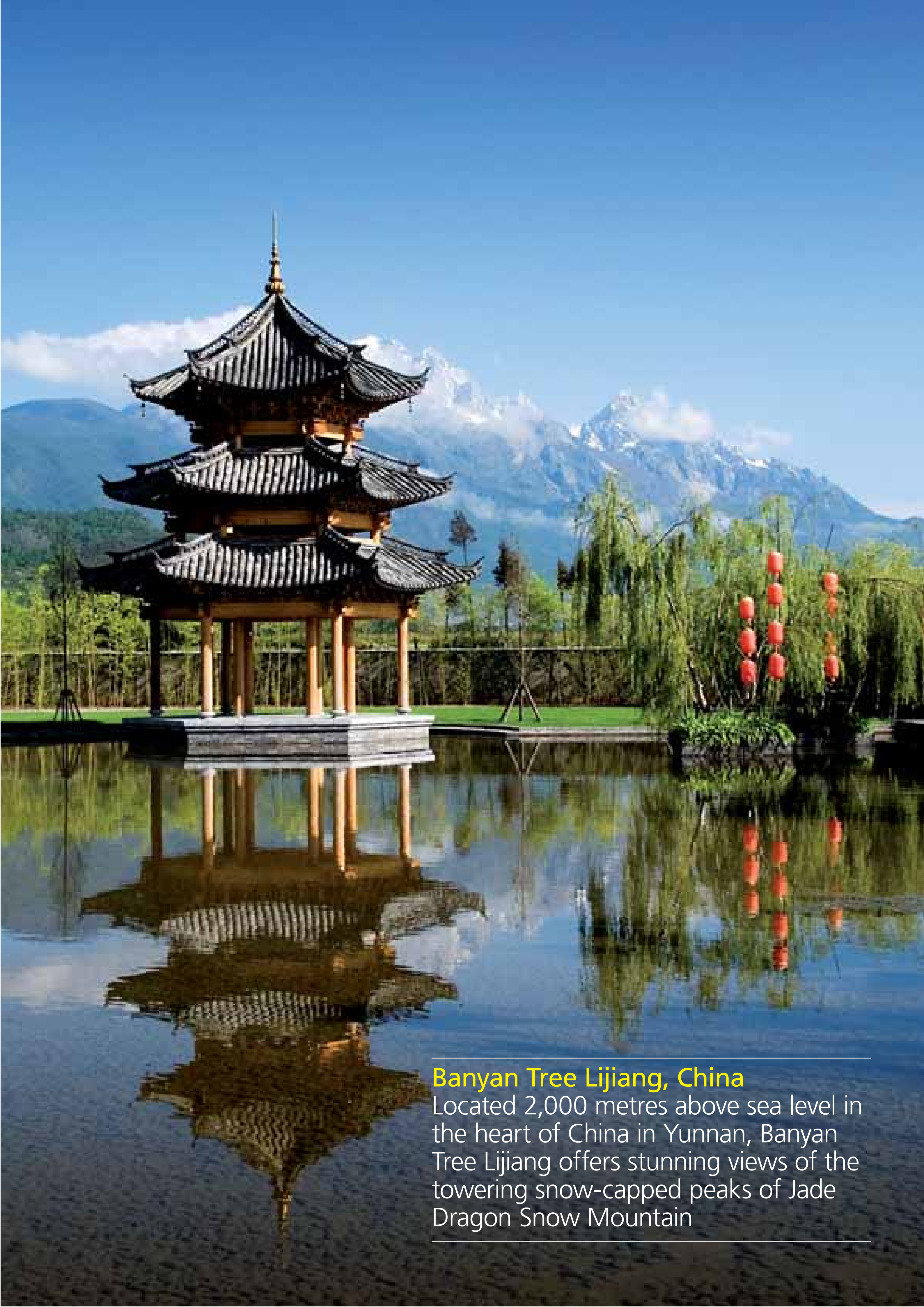


(Top and right)

Banyan Tree Lijiang, China
Step back in time to the ancient capital of the Naxi kingdom and soak in the architectural splendour at Banyan Tree Lijiang.

Banyan Tree Mayakoba, Mexico
Located on Mexico's pristine Riviera Maya, Banyan Tree Mayakoba blends the romance of travel with a unique sense of place and signature touches of Asian hospitality.

Angsana Velavaru, Maldives
Resting on the virtually untouched South Nilandhe Atoll, Angsana Velavaru features front-row views of the spectacular Indian Ocean from its land and InOcean villas



Banyan Tree Lijiang, China
Located 2,000 metres above sea level in the heart of China in Yunnan, Banyan Tree Lijiang offers stunning views of the towering snow-capped peaks of Jade Dragon Snow Mountain

Portfolio
Existing Resorts and Expansion in 2010

Existing Resorts

Resorts/Hotels *with* Equity Interest	No. of Keys: Resorts/ Hotels*	No. of Keys: Residences Available for Sale*	Equity (%)
Banyan Tree			
Madivaru, Maldives	6	–	100.0
Vabbinfaru, Maldives	48	–	100.0
Ringha, China	32	–	96.0
Lijiang, China	114	4	83.2
Bangkok, Thailand	327	11	65.8
Phuket, Thailand	173	25	65.8
Seychelles	60	5	30.0
Mayakoba, Meixco	107	46	11.1
Cabo Marqués, Meixco	45	17	13.7
Sub Total	912	108	
Angsana			
Riads Collection, Marrakech, Morocco	40	–	100.0
Ihuru, Maldives	49	–	100.0
Velavaru, Maldives	112	–	93.4
Sub Total	201	–	
Others			
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	–	80.0
Sub Total	712	–	
Grand Total	**1,825**	**108**	

* Residences available for sale are part of resorts/hotels under sales and lease back.
** To be rebranded as Angsana Laguna Phuket in July 2011.

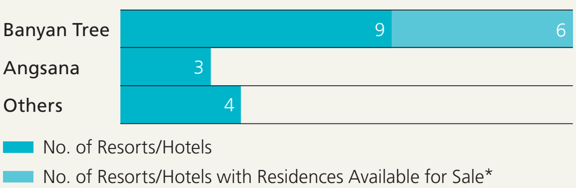
Resorts/Hotels *with* Equity Interest

Total Number of Resorts/Hotels

16

Total Number of Resorts/ Hotels with Residences Available for Sale*

6



Total Number of Keys for Resorts/Hotels

1,825

Total Number of Keys for Residences Available for Sale*

108

Existing Resorts

Resorts/Hotels *without* Equity Interest	No. of Keys	
	Resorts/ Hotels*	Residences Available for Sale*
Banyan Tree		
Bintan, Indonesia	61	27
Sanya, Hainan, China	49	–
Ungasan, Bali, Indonesia	71	–
Hangzhou, China	72	–
Al Wadi, Ras Al Khaimah, UAE	133	–
Club & Spa Seoul, Korea	50	–
Samui, Koh Samui, Thailand	88	–
Sub Total	524	27
Angsana		
Bintan, Indonesia	106	–
Great Barrier Reef, Australia	63	–
Bangalore, India	79	–
Fuxian Lake, Yunnan, China	525	–
Sub Total	773	–
Others		
Deer Park Hotel, Sri Lanka	77	–
Maison Souvannaphoum Hotel, Laos	24	–
Sub Total	101	–
Grand Total	**1,398**	**27**

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

Resorts/Hotels *without* Equity Interest

Total Number of Resorts/Hotels

13

Total Number of Keys for Resorts/Hotels

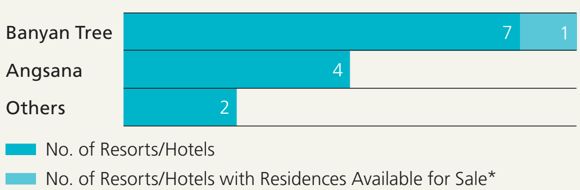
1,398

Total Number of Resorts/ Hotels with Residences Available for Sale*

1

Total Number of Keys for Residences Available for Sale*

27



Portfolio
Strong Pipeline of New Projects

Resorts in the Pipeline@

Resorts/Hotels *with* Equity Interest	No. of Keys: Resorts/ Hotels*	No. of Keys: Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Equity (%)	Equity (S$m)	Year of Opening
Banyan Tree						
Lang Co, Hue, Vietnam+	129	80	300 – 350	12.5	4	2012
Yangshuo, Guilin, China**	148	–	300 – 350	5.0	12	2013
Huangshan, China**	171	47	TBA#	5.0	TBA#	2013
Sub Total	448	127			16	
Angsana						
Lang Co, Hue, Vietnam+	197	48	160 – 210	12.5	7	2012
Lhasa, Tibet, China**	131	–	150 – 190	5.0	25	2013
Sub Total	328	48			32	
Grand Total	**776**	**175**			**48**	

@ Resorts in the pipeline are updated as at date of Annual Report.
* Residences planned for sale are part of resorts/hotels under sales and lease back.
** To be transferred to China Fund.
+ Total equity for this project is US$50 million which will be progressively injected from 2009 – 2013.
# To be advised.

Resorts/Hotels *with* Equity Interest

Total Number of Resorts/Hotels

5

Total Number of Keys for Resorts/Hotels

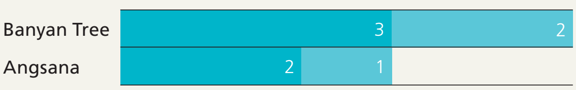
776

Total Number of Resorts/ Hotels with Residences Planned for Sale*

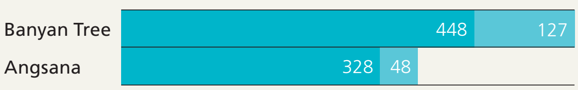
3

Total Number of Keys for Residences Planned for Sale*

175



No. of Resorts/Hotels
No. of Resorts/Hotels with Residences Planned for Sale*



No. of Keys for Resorts/Hotels
No. of Keys for Residences Planned for Sale*

Resorts in the Pipeline[@]

Resorts/Hotels *without* Equity Interest	No. of Keys		Range of Room Rate (US$)	Year of Opening
	Resorts/ Hotels*	Residences/ Properties Planned for Sale*		
Banyan Tree				
Macau, China	256	–	TBA[#]	2011
Riverside, Shanghai, China	181	–	180 – 700	2011
Kerala, India	61	18	420 – 470	2012
North Bund, Shanghai, China	130	–	200 – 350	2012
Tianjin, China	165	–	TBA[#]	2012
Alqueva, Maurao, Portugal	105	50	TBA[#]	2012
Jiuzhaigou, China	229	TBA[#]	150 – 350	2012
Costa Navarino, Pylos, Greece	119	–	550 – 600	2013
Tamouda Bay, Tetouan, Morocco	102	TBA[#]	TBA[#]	2013
Panda Town, Chengdu, China	170	TBA[#]	TBA[#]	2013
Sifah, Oman	135	89	570 – 620	2014
Tengchong, Yunnan, China	77	25	TBA[#]	2014
Beibei, Chongqing, China	TBA[#]	TBA[#]	TBA[#]	2014
Sveti Marko, Montenegro	54	54	TBA[#]	2014
Sub Total	1,784	236		
Angsana				
Hangzhou, China	59	–	140 – 220	2011
Balaclava, Mauritius	50	–	TBA[#]	2011
Santorini, Greece	111	–	280 – 320	2013
Allegria, Cairo, Egypt	100	–	180 – 280	2013
40 West, Cairo, Egypt	50	–	210 – 310	2013
Tangshan, Nanjing, China	209	–	TBA[#]	2013
City Club Langqiao, Chengdu, China	42	TBA[#]	TBA[#]	2013
Langfang, Hebei, China	120	TBA[#]	TBA[#]	2013
Punta de la Mona, La Herradura, Spain	238	58	TBA[#]	2014
Luofushan, Guangdong, China	171	TBA[#]	TBA[#]	2014
Sifah, Oman	150	–	200 – 250	2014
Tengchong, Yunnan, China	353	153	TBA[#]	2014
Beibei, Chongqing, China	TBA[#]	TBA[#]	TBA[#]	2014
Hong En Si, Chongqing, China	TBA[#]	TBA[#]	TBA[#]	2014
Sub Total	1,653	211		
Grand Total	**3,437**	**447**		

@ Resorts in the pipeline are updated as at date of Annual Report.
* Residences planned for sale are part of resorts/hotels under sales and lease back.
\# To be advised.

Resorts/Hotels *without* Equity Interest

Total Number of Resorts/Hotels

28

Total Number of Keys for Resorts/Hotels

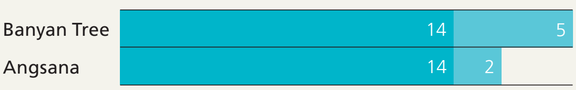
3,437

Total Number of Resorts/ Hotels with Residences Planned for Sale*

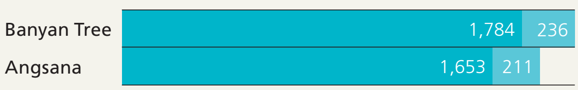
7

Total Number of Keys for Residences Planned for Sale*

447



No. of Resorts/Hotels
No. of Resorts/Hotels with Residences Planned for Sale*



No. of Resorts/Hotels
No. of Keys for Residences Planned for Sale*

Portfolio
Existing Spas

Existing Spas

Name of Property	No. of Treatment Rooms
Banyan Tree Brand	
Phuket, Thailand	25
Vabbinfaru, Maldives	5
Bintan, Indonesia	13
Seychelles	8
Bangkok, Thailand	16
Shanghai, China	13
Phoenix Seagaia Resort, Japan	10
Ringha, China	6
Lijiang, China	7
The World Spa by Banyan Tree at M.V. The World Cruise	4
Madivaru, Maldives	6
Sanya, Hainan, China	12
Mayakoba, Mexico	16
Al Wadi, Ras Al Khaimah, UAE	10
Hangzhou, China	10
Ungasan, Bali, Indonesia	9
Cabo Marqués, Mexico	7
Estoril, Portugal	13
Club & Spa Seoul, Korea	11
Samui, Thailand	10
Sub Total	211
Angsana Brand	
Dusit Laguna Phuket, Thailand	8
Bintan, Indonesia	15
Great Barrier Reef, Australia	7
Sheraton Grande Laguna Phuket, Thailand	11

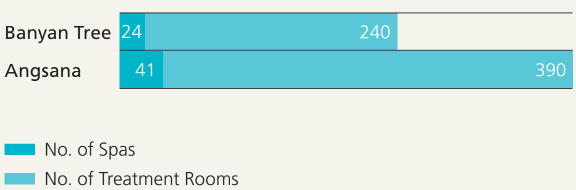
Existing Spas

Total Number of Spas

65

Total Number of Treatment Rooms

630



Existing Spas

	No. of Treatment Rooms
Angsana Brand	
Ihuru, Maldives	8
Bangalore, India	6
Green View Chiang Mai, Thailand	12
Laguna Beach Resort, Thailand	8
Allamanda Laguna Phuket, Thailand	8
Guam Marriott, Guam	9
Park Island, Hong Kong	8
City Club Taichung, Taiwan	13
Gyalthang, China	4
Deer Park, Sri Lanka	2
Spa & Health Club Dubai Marina, UAE	13
Kuala Lumpur, Malaysia	20
The Brehon, Ireland	9
Vineyard Hotel, Cape Town, South Africa	11
Luang Prabang, Laos	3
Arabian Ranches, Dubai, UAE	6
Movenpick Resort, El Gouna, Egypt	10
The Montgomerie, Dubai, UAE	6
Golf Club El Gouna, Egypt	8
City Club & Spa Crescat City, Sri Lanka	11
Emirates Hills, Dubai, UAE	20
Velavaru, Maldives	13
Bunratty, Ireland	5
Crown Plaza, Kobe, Japan	8
The Garden Hotel, Guangzhou, China	12
Narada, Sanya, China	12
Sheraton Guam, Guam	8
Riads Collection, Marrakech, Morocco	6
Prestige Ozone, Bangalore, India	6
Tivoli Marina Vilamoura, Portugal	11
UB City, Bangalore, India	11
Grand Regency Hotel, Doha, Qatar	8
Intercontinental, Mauritius	7
Udaipur, India	10
Nikko, Shanghai, China	8
Sankara Nairobi, Kenya	7
Fuxian Lake, Yunnan, China	22
Sub Total	390
Oberoi Spas By Banyan Tree	
Trident Hilton, India	4
Sub Total	4
Elements Spas By Banyan Tree	
Kuwait	8
Tivoli Victoria, Vilamoura	7
Tivoli Sao Paulo, Brazil	10
Sub Total	25
Grand Total	**630**

Portfolio
Spas in the Pipeline

Spas in the Pipeline[@]

Year of Opening 2011

Banyan Tree

Marina Bay Sands, Singapore

Macau, China

Riverside, Shanghai, China

Angsana

Balaclava, Mauritius

Sheraton Brigade, Bangalore, India

United Tower, Kuwait

Nusajaya, Malaysia

Hotel ICON, Hong Kong

La Maison Bleue, Egypt

Caesar Park, Kenting, Taiwan

Year of Opening 2012

Banyan Tree

Jiuzhaigou, China

Lang Co, Hue, Vietnam

Lhasa, Tibet, China

Dunhuang, China

North Bund, Shanghai, China

Tianjin, China

Alqueva, Maurao, Portugal

Kerala, India

Angsana

Lang Co, Hue, Vietnam

Guangzhou Oakwood, China

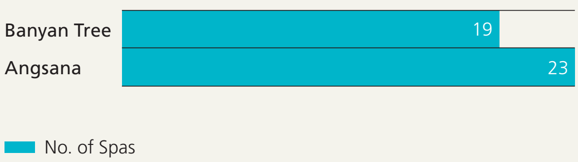
Crowne Plaza Yunnan Xi Shuang Ban Na, Yunnan, China

@ Spas in the pipeline are updated as at date of Annual Report.

Spas in the Pipeline

Total Number of Spas

42



Spas in the Pipeline[@]

Year of Opening 2013
Banyan Tree
Yangshuo, Guilin, China
Huangshan, China
Tamouda Bay, Tetouan, Morocco
Panda Town, Chengdu, China
Costa Navarino, Pylos, Greece
Angsana
Lhasa, Tibet, China
Santorini, Greece
Tangshan, Nanjing, China
Langqiao, Chengdu, China
Langfang, Hebei, China
Allegria, Cairo, Egypt
40 West, Cairo, Egypt
Gurgaon, India
Golkonda Resort & Spa, India
Year of Opening 2014
Banyan Tree
Tengchong, Yunnan, China
Sveti Marko, Montenegro
Sifah, Oman
Angsana
Punta de la Mona, La Herradura, Spain
Luofushan, Guangdong, China
Sifah, Oman
Tengchong, Yunnan, China

[@] Spas in the pipeline are updated as at date of Annual Report.

Banyan Tree Phuket, Thailand
Indulge your senses at Banyan Tree Phuket, an oasis of respite

Angsana Bintan, Indonesia

Enjoy a relaxing resort lifestyle amidst the charm of natural surroundings

Business Review
Hotel Investments

Revenue from Group-owned properties increased by 1% over 2009, with the group-wide Karma and Abundance campaigns boosting business during the traditionally slower second and third quarters. EBITDA was S$14.3 million, or 33% below last year, largely due to the lifting of certain cost-cutting measures that were implemented in 2009 during the global economic downturn.

Continued Challenges in Thailand

Despite challenging conditions, our Thai properties achieved overall occupancy of 56%, aided by the economic rebound in Asia and the successful Unbeatable Thailand global campaign. Revenue improved by 4% to S$136 million, while EBITDA was lower by 63%, due to higher expenses. This was because 2009 saw significant cost savings from an unpaid leave and cost reduction programme.

Political riots in April and May 2010 had a negative impact, culminating in the closure of Banyan Tree Bangkok for 16 days in May. The ensuing eight-month state of emergency caused many tourists and MICE groups to avoid Thailand throughout the year. Especially affected were the Sheraton Grande Laguna Phuket and Laguna Beach Resort which rely on MICE business during shoulder seasons. The strong Thai Baht also dampened business, particularly from Europe.

Performance would also have been better if not for the exclusion of revenue from Dusit Laguna Phuket from 12 October 2010. This followed its divestment as part of the Group's strategy to reduce reliance on operations in Thailand. The sale price of THB2.6 billion or 2.7 times book value demonstrates how the Group is able to extract value from mature assets which could then be channelled to other markets, particularly China.

Positive Performance in the Maldives

Our four Maldives resorts recorded total revenue of US$31.2 million, up 7% over 2009. Angsana Velavaru's InOcean Villas, which saw their first full operational year, contributed significantly. Amid intense competition from a growing number of resorts, ADR and RevPAR in US$ increased by 4% and 3% respectively.

In a continuing trend, traffic from China to the region rose steadily, with revenue from the China market more than doubled between 2009 and 2010. European business, however, remained weak with most major economies struggling to recover. Focus therefore continues to be on shorter-haul and Asian markets.

Temporary Setbacks for China

Group-owned hotels in China experienced a 4% increase in ADR. However, revenue slipped 7%, with RevPAR down 3% on lower occupancy as the World Expo 2010 in Shanghai diverted significant domestic and international travel, from the Yunnan region to Shanghai. The negative publicity generated by the Yunnan summer drought also adversely affected domestic visitor arrivals.

Weak Demand Affects Morocco

The lacklustre Eurozone economy weakened demand for luxury hotels in Morocco. This was compounded by snowstorms at London and Paris airports in December, resulting in a number of cancellations and no-shows at Angsana Riads Morocco. Revenue for the year was S$2.3 million, down 8% from 2009. RevPAR dipped 7%, while occupancy decreased from 56% to 51%.

Banyan Tree Phuket, Thailand

Angsana Ihuru
Maldives

Revenue (S$m)

+1%

2010	**189.3**
2009	186.6

Angsana Velavaru
Maldives

Business Review
Property Sales

Property Sales

This segment consists of sales of hotel residences, Laguna properties and Laguna holiday club memberships.

Overall property sales revenue was S$28.4 million, a decrease of 41% compared to last year's S$48.3 million. Performance was affected by the political uncertainty in Thailand, as well as a decline in personal wealth and equity due to the global economic crisis. The strong Thai Baht also made our properties in Phuket and membership in Laguna Holiday Club less affordable for the majority of our buyers who are foreigners.

Hotel Residences

Banyan Tree Residences remained an attractive investment; combining lifestyle benefits with attractive returns. Owners are guaranteed a 6% p.a. fixed return for six years for their investments.

Revenue recognised from hotel residences in 2010 was S$11.6 million, down from S$23.1 million in 2009. This was due to recognition of fewer villas in Dusit and Banyan Tree Phuket, as well as downgrades from the higher-priced Dusit Villas to lower priced Laguna Townhomes.

Eleven units were sold, the same number as last year. They comprised three apartments in Bangkok (US$3.2 million), one Bayfront Villa in Bintan (US$0.7 million), four two-bedroom townhouses (US$3.3 million) and two three-bedroom villas in Lijiang (US$4.3 million), and one two-bedroom DoublePool Villa in Phuket (US$2.1 million).

A Range of Residences Available

The following Banyan Tree Residences were available for sale in 2010:

> Banyan Tree Phuket: Our largest development comprising one- and two-bedroom DoublePool Villas priced from US$2.6 million, Deluxe Double Pool Villas being sold from US$3.3 million and two-bedroom Pool Villas at US$1.9 million.

> Banyan Tree Lijiang: Three-bedroom Naxi Residences priced from US$2.2 million and two-bedroom townhouses from US$0.8 million.

> Banyan Tree Bintan: One- and two-bedroom Bayfront Villas were offered at prices ranging from US$0.7 million to US$1.8 million.

> Banyan Tree Bangkok: Two-bedroom apartments in our 61-storey hotel were offered at prices ranging from US$1.0 million to US$1.4 million.

Residences to Launch in Vietnam

The new Banyan Tree and Angsana resorts, located in the master-planned integrated resort complex of Laguna Lang Co, will be launched later in 2011. Both resorts will offer properties for sale. Banyan Tree Residences will release a variety of investment properties in the form of individual pool villas, while Angsana Residences will offer condominium units. These properties will offer guaranteed returns and access to the 18-hole Nick Faldo-designed golf course.

China to Receive Strong Focus

The Group will establish a Banyan Tree Residences Property Sales Office in Shanghai in 2011. This will concentrate on selling our China properties, such as Lijiang, and help to promote overseas properties to Chinese buyers.

Exhibitions in 2010 were mostly put on hold due to the financial crisis, with the exception of joint events held with Laguna Property at the Private VIP event in Suzhou and @Lux Property Show in Shanghai. With the strong Chinese economy and the creation of the Shanghai Property Sales Office, private exhibitions and partner events will resume in 2011.

Banyan Tree Bintan, Indonesia

Banyan Tree Phuket
Thailand

Revenue (S$m)

-41%

2010	28.4
2009	48.3

Banyan Tree Lijiang
China

Business Review
Property Sales

Laguna Village Bungalow, Thailand

Laguna Village Bungalow
Thailand

Laguna Village Bungalow
Thailand

Laguna Property Sales

Revenue recognised from Laguna property sales was S$5.6 million lower than the previous year. Units sold with deposits received, however, increased from six in 2009 to 11 in 2010. These comprised six Lofts (US$1.6 million), one Villa (US$0.4 million), three Townhomes (US$1.9 million) and one Bungalow (US$1.0 million).

The majority of Laguna clients are foreigners looking to invest in a second home, displayed caution in 2010. Confidence in the Laguna brand nevertheless enabled us to outperform other developers in Phuket. In addition, the guaranteed returns on investment and the management of properties by Outrigger proved to be attractive, as evidenced by the sale of the six Loft units to buyers at an exhibition in China in October 2010.

To help move completed inventory, we introduced a 15-year payment plan requiring only a 30% down payment. This limited time offer was launched in December 2010, garnering interest from buyers and brokers.

Show units were completed in 2010 for the Laguna Village Deluxe Residence and the one-bedroom Executive and two-bedroom Lofts at Laguna Village. The new Laguna Village Clubhouse, scheduled for completion in June 2011, will provide a new restaurant, community pool, gym and children's area.

As buyers continue to opt for completed or nearly completed projects and developers concentrate on clearing existing inventory, we expect Phuket to see a limited number of project launches in the near future.

Laguna Offers Variety

The following properties were available for sale in 2010:

> Laguna Village Villas: Set within the master planned residential area of Laguna Phuket, these 2-story, two bedroom condos with adjacent large free-form swimming pool are an entry level product priced from US$460,000.

> Lofts at Laguna Village: Featuring stylish, contemporary design, the project comprises single-floor Executive apartments with one bedroom, two-storey Lofts with two bedrooms and open-floor plan, and Penthouse units with three bedrooms. Prices range from US$300,000 to US$1.1 million.

> Laguna Village Townhomes: These two-storey, four bedroom detached homes come with maid's quarters, private gardens and swimming pool wrapped around scenic lagoons with lush landscaping. Prices range from US$665,000 for a standard Townhome to US$800,000 for a Deluxe Townhome.

> Laguna Village Residences: These two-storey, four-bedroom detached homes with private swimming pools set amidst tropical gardens and interflowing lagoons are priced from US$1.1 million for a standard Bungalow to US$1.8 million for a Deluxe Residence. The latter is the most luxurious addition to the Laguna Village range of homes, with 5 bedrooms, swimming pool, private gardens and lagoon views.

With global economic recovery and improved political stability in Thailand expected in 2011, we anticipate a more conducive environment for property sales. Our priority will be to sell off completed inventories and to complete the construction of Loft Phase 1 in mid-2011.

Laguna Holiday Club

Membership revenue fell 21% from S$13.5 million in 2009 to S$10.6 million in 2010, although the average price per week held steady. The lower demand for holiday club memberships was due to curtailed discretionary spending by consumers, as well as increased competition from several new vacation ownership operations in Phuket during the year.

To address the significant decrease in branch profits, we have discontinued operations of non-performing branches.

Business Review
Fee-based

The Group's fee-based segment consists of hotel, fund and club management, spa operations, gallery operations, and design and other services. Overall revenue increased by 12% over 2009 largely contributed by higher management fees from hotel / fund management and higher revenue from spa/gallery operations.

Hotel Management

2010 saw the following additions to our portfolio of properties under management:

> Banyan Tree Cabo Marqués, the second Banyan Tree resort in the Americas, opened in March. This cliff-side resort comprising 45 private pool villas is located in the popular holiday destination of Acapulco, Mexico.

> The group's first development in Korea, Banyan Tree Club and Spa Seoul opened in June. An exclusive urban resort with 50 keys, it is Seoul's most exclusive private social club.

> Banyan Tree Samui opened in July, adding 88 pool villas to the Group's well-established presence in Thailand.

> The first phase of Angsana Fuxian Lake in Yunnan, China opened in August. With this, 525 of its 1,256 keys are now operational, with the remaining to open in phases in 2011 and 2012.

> In the UAE, Banyan Tree Al Wadi launched its new Beach Club featuring 32 beachfront pool villas.

At S$16.7 million, revenue was 25% higher than last year, mainly due to management fees from new resorts, including Banyan Tree Hangzhou and Banyan Tree Ungasan which opened at end 2009. This growth is in line with our strategy of enlarging the Group's income stream through hotel management contracts. Also contributing to revenue were royalty fees from property sales at Angsana Fuxian Lake.

Our healthy pipeline of projects includes four new resorts scheduled to open in 2011: Angsana Balaclava in Mauritius, as well as Banyan Tree Macau, Banyan Tree Riverside, Shanghai and Angsana Hangzhou in China. These will add 546 keys to our managed portfolio.

Fund Management

During the year, the Group conducted its first capital raising in China, launching the Banyan Tree China Hospitality Fund (I). By its final closing closing in January 2011, RMB1.07 billion had been raised, mostly from high-net worth Chinese individuals. Our own investment in the fund is part of the efforts to increase our stake in the high-growth Chinese market and reduce exposure in lower priority markets. The fund will pay for a pipeline of new resort and spa projects in China.

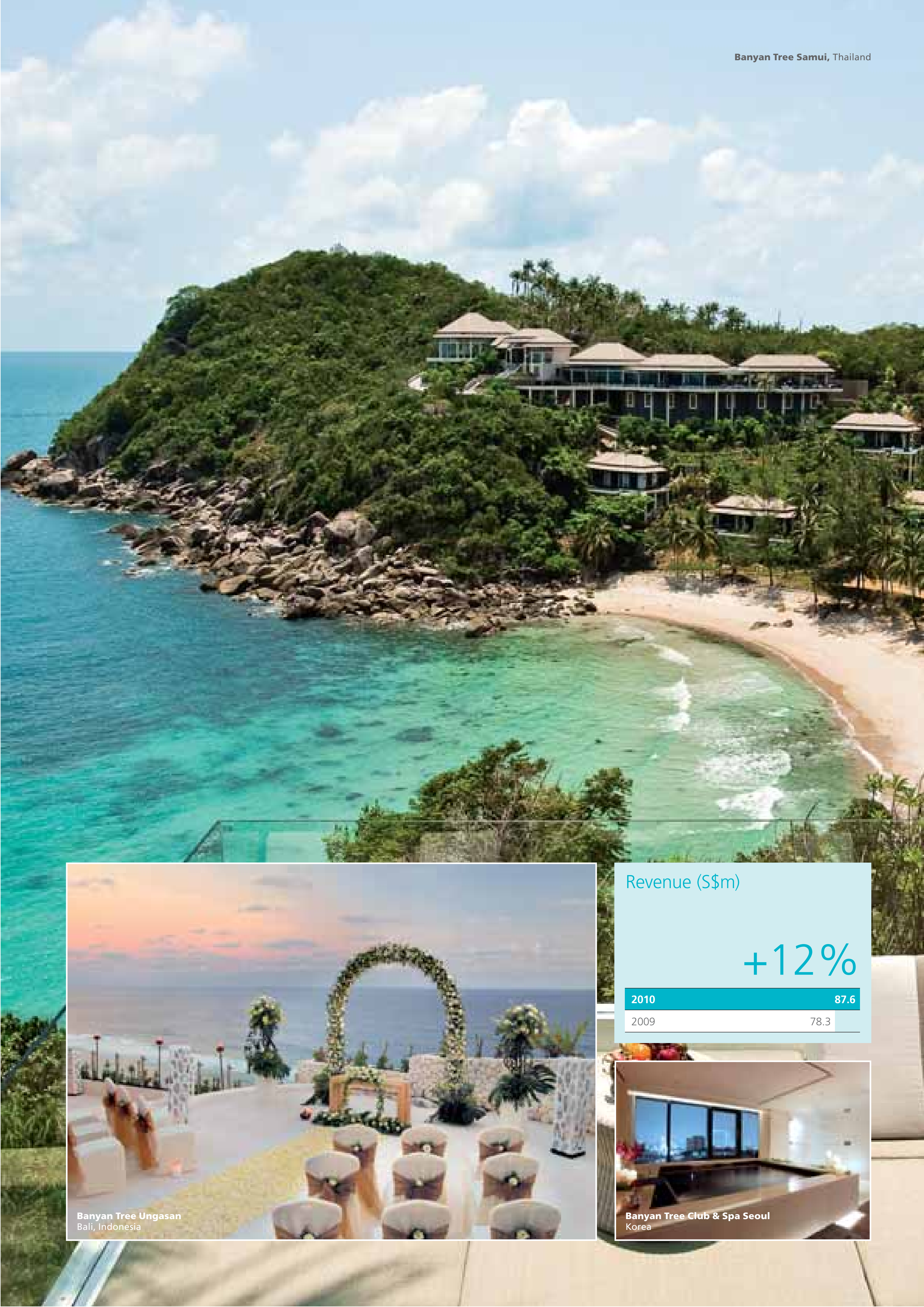
The successful closing followed that of our Indochina Fund, which achieved a total of US$283 million at final closing in 2009. Construction of Phase 1 of Laguna Lang Co commenced in May 2010, and a soft launch of property sales is expected by the second half of 2011.

The strong uptake of our private equity funds is attributable to confidence in the Banyan Tree brand. Fund management recorded revenue of S$6.7 million in 2010, a 15% increase from last year. The increase was largely due to fees received for managing the Banyan Tree China Hospitality Fund (I).

Club Management

Fees from managing Banyan Tree Private Collection (BTPC) amounted to S$3.0 million. The 34% decrease was because of lower memberships sold (26 versus 33 equivalent memberships in 2009).

During the year, we took several steps to enhance the appeal of BTPC. We signed a reciprocal agreement with the most exclusive destination club in Europe, adding locations where BTPC had no villas, such as Mauritius, Portugal, South Africa and Switzerland. We also encouraged members to upgrade their memberships from one to two weeks at a promotional rate, and offered Banyan Tree Capital Fund Investors membership on a trial basis.



Banyan Tree Samui, Thailand

Banyan Tree Ungasan
Bali, Indonesia

Revenue (S$m)

+12%

2010	**87.6**
2009	78.3

Banyan Tree Club & Spa Seoul
Korea

Banyan Tree Spa Sanya, China

Banyan Tree Spa Amenities

Banyan Tree Gallery Lijiang
China

Spa Operations

The Group opened seven new spas in 2010, comprising one Banyan Tree Spa each in Korea, Mexico, Portugal and Thailand, two Angsana Spas in China and one Angsana Spa in Kenya. With these, we now manage 65 spas in 27 countries. We also continued to reinforce our position as one of the world's premier spa operators, garnering over 40 awards during the year.

Total spa revenue was S$27.7 million, an increase from last year's S$26.9 million. Guam and South Africa experienced strong growth, with revenue growth of 26% and 17% respectively.

In 2010, the launch of new initiatives such as the Spa Café in Bangkok, Phuket and Samui and the revamp of The Rainforest concept contributed to the boost in capture rate. However, some key regions like Thailand, Indonesia, Indian Ocean and China saw declines due to local political instability and guests' lower spending power, resulting in a 3% reduction in overall spa capture rate.

The average rate per hour for Banyan Tree Spa was S$94, a 12% increase from 2009, while Angsana Spa held steady at S$58. Spa occupancy improved across all key clusters except for Bangkok which was affected by the political crisis, and newly opened spas where occupancy rates were still low.

We aim to increase our portfolio to over 100 spas in 30 countries by 2014. In the coming year, we will continue to strengthen the branding of Banyan Tree Spa, Angsana Spa and Banyan Tree Spa Academy, and target consistent service standards at all outlets.

We will also continue to create new experiential wellness concepts for guests seeking spa-driven vacations.

To grow revenue, we will forge stronger sales partnerships with hotels, tourism authorities and tour operators, while adopting strategies to charge optimal rates and offer selective discounts during slow periods.

Gallery Operations

Banyan Tree Gallery is a socially responsible retail enterprise that helps conserve cultural heritage while sustaining villagers' livelihoods. It also provides design expertise, procurement and logistical services to the Group's hotels and spas, as well as develops proprietary spa products both for retail and for use in spa operations.

One of the largest retail chains in the hospitality industry, Banyan Tree Gallery continued its steady pace of global expansion in 2010, opening 13 outlets in China, Indonesia, Kenya, Korea, Mexico, Portugal, Singapore and Thailand. This expanded the portfolio to 81 outlets, consisting of 17 gallery-managed, 29 spa-managed, five consignment, one hotel-managed and 29 direct purchase outlets.

Total turnover from retail, corporate, e-commerce, export and spa-managed shop sales grew 27% to S$9.1 million in 2010, while EBITDA surged 150% to S$1.0 million as a result of higher sales.

Export sales contributed significantly due to the opening of Banyan Tree properties in Seoul and Ras Al Khaimah and the pre-opening of Banyan Tree Macau. E-commerce sales also saw a substantial increase of 42% because of improved marketing communication strategies and a more efficient integrated customer relationship management system. Meanwhile, store-to-store retail sales recorded a 5% increase, attributable to the strong retail sales of Laguna Phuket outlets. The Museum Shop By Banyan Tree at the National Museum of Singapore also performed well, thanks to higher visitor volume.

Given the conservative global economic recovery, we anticipate lower spending power to persist. The focus for 2011 will therefore be on effective yield management, efficient merchandising and cost effectiveness, without compromising our product quality and socially responsible business principles.

Banyan Tree Club & Spa Seoul, Korea

Banyan Tree Cabo Marqués
Mexico

Banyan Tree Mayakoba
Mexico

Design and Other Services

An in-house team plans, designs and oversees the construction and maintenance of most of the resorts, hotels, spas and galleries owned or operated by the Group. This arrangement not only ensures high quality and a consistent brand identity, but also enables us to control the costs associated with a project and the time required to bring it on-stream.

Given our successful track record, owners who contract us to manage their resorts and hotels will, in most instances, appoint our team to supervise the entire design and construction process as well.

Aesthetically appealing, distinctive and luxurious, our properties are also designed to celebrate the unique local culture and display sensitivity to their environment. Over the years, this thoughtful approach has gained the approval of our guests and earned us numerous international awards. In 2010, for example, Banyan Tree Lijiang clinched the Bund Award for "Best Landscape Design", while Banyan Tree Al Wadi made it to Commercial Interior Design Magazine's list of "Favourite 50 Interior Designs".

This year, revenue from design fees and other services amounted to S$24.5 million, an increase of 19% over last year.

Architectural and project services recorded higher revenue due to new projects in Tamouda, Marina Bay Sands, Kaishidhoo, Yangshuo, Lhasa, Riverside Shanghai, Nanjing Tangshan, Jiuzhaigou and Tengchong. These were partially offset by lower billings for projects in Vietnam and Fuxian Lake.

We continued to receive management fees and incentive fees from the Group-owned Laguna Phuket Golf Club and management of Laguna Bintan Golf Club. Golf club revenue in 2010 benefited from higher green fees as well as an increase in the number of golfers at Laguna Phuket.

Meanwhile, revenue from operating the Canal Village Shopping Centre at Laguna Phuket increased with higher hotel occupancy during the year. The introduction of Quest Laguna Phuket Adventure, a corporate team-building programme, further boosted revenue.

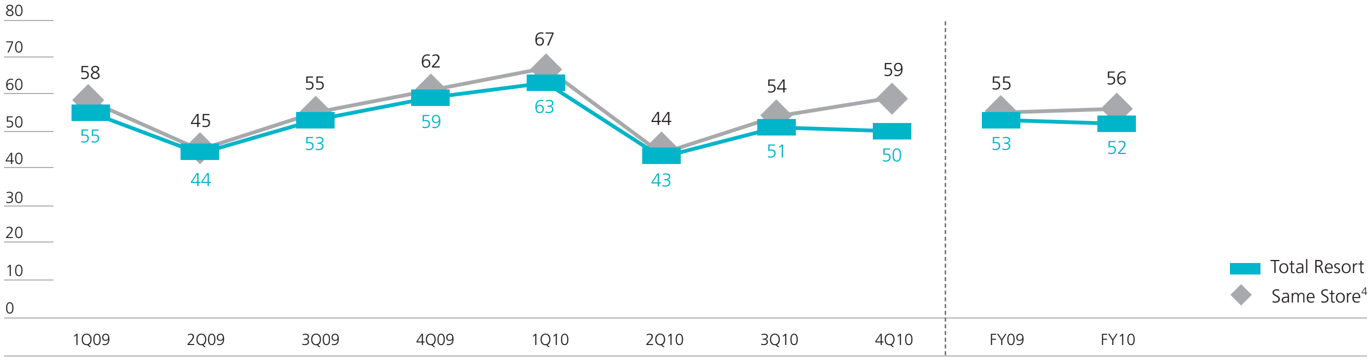
Despite higher revenue, however, EBITDA dropped 30% to S$2.4 million. This was mainly due to the capitalisation of time cost incurred on Angsana Velavaru last year, with no such corresponding capitalisation in 2010. Expenses were also lower in 2009 due to cost-cutting measures.

We expect to maintain a steady stream of income from architectural and project services in 2011, thanks to a healthy pipeline of projects, particularly in China. At the same time, we anticipate higher revenue from golf club revenue in the coming year as hotel occupancy, which is likely to improve if, as expected, the political climate in Thailand stabilises in the coming year.

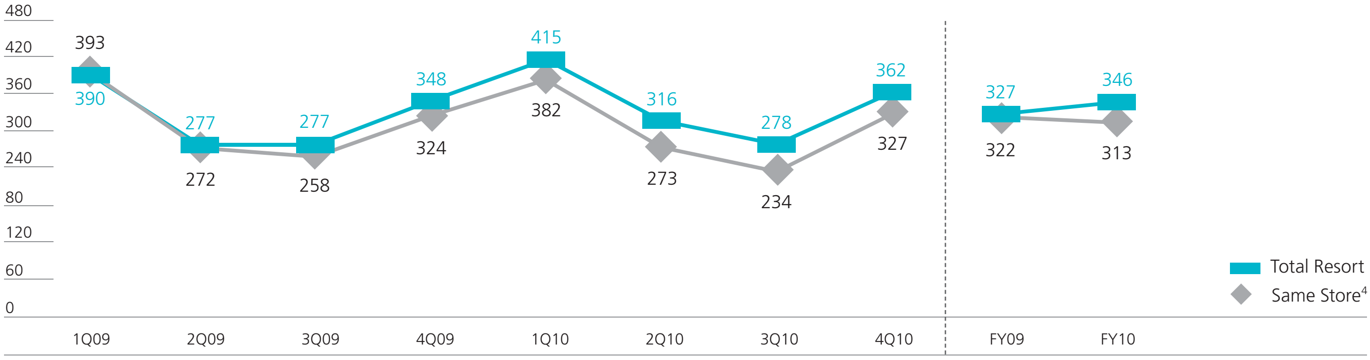
Banyan Tree Ungasan, Bali, Indonesia
Be cocooned in the luxury of time and space at Banyan Tree Ungasan, set high on the cliff-top in Bali

Key Statistics
All Hotels

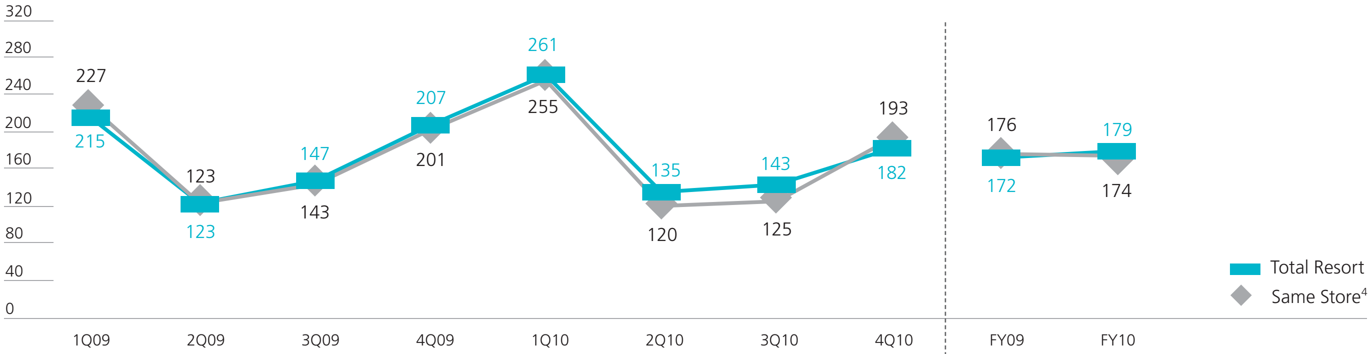
Average Occupancy (%)



ARR[2] (S$)



RevPAR[3] (S$)

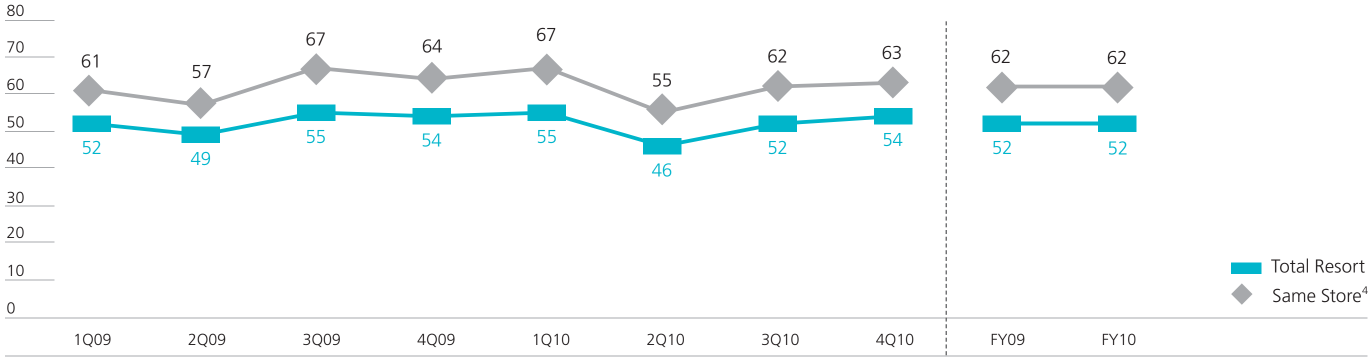


All Hotels[1]

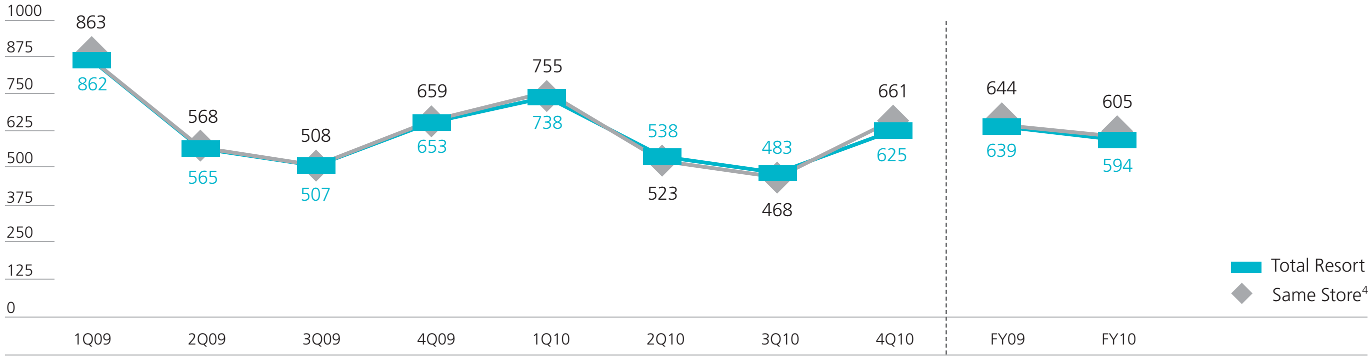
[1] All Hotels refers to company total including hotels in Laguna Phuket, Banyan Tree & Angsana Resorts.
[2] ARR denotes average room rates.
[3] RevPAR denotes revenue per available room.
[4] Same Store Concept excludes all new resort opened/rebranded in the past 2 years: Banyan Tree Sanya, Banyan Tree Mayakoba, Banyan Tree Ungasan, Banyan Tree Hangzhou, Banyan Tree Al Wadi, Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui, Angsana Fuxian Lake and abnormal hotels: Banyan Tree Ringha (open for 6 months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Madivaru and Angsana Riads Collection. Dusit Laguna Phuket was sold in 4Q10.

Key Statistics
Banyan Tree Resorts

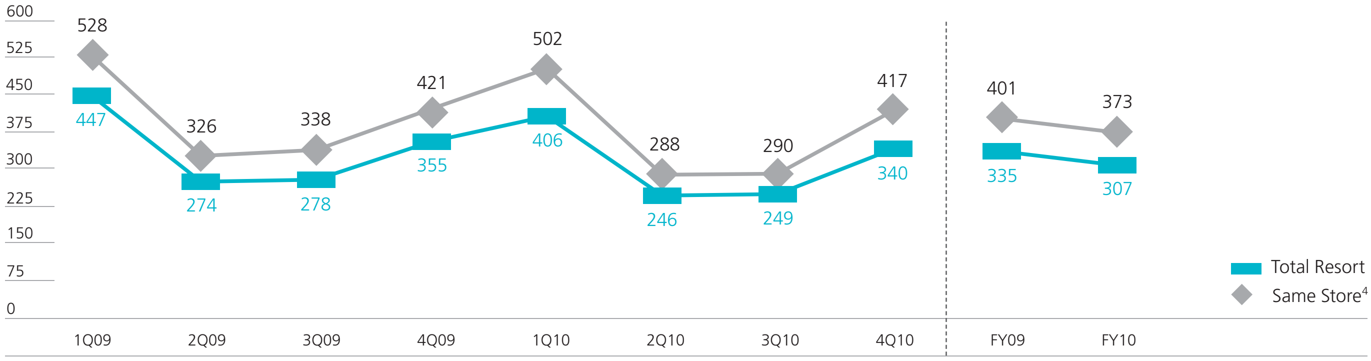
Average Occupancy (%)



ARR[2] (S$)



RevPAR[3] (S$)

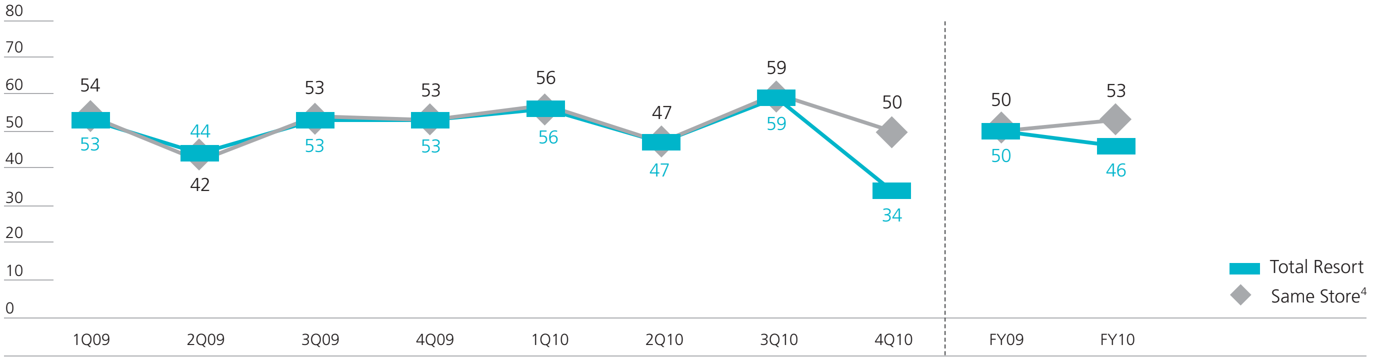


Banyan Tree Resorts[1]

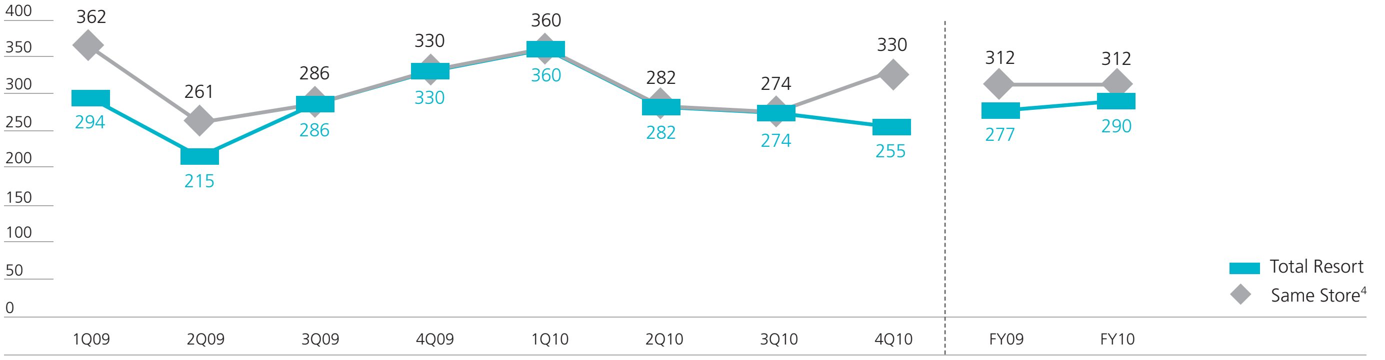
1 Bangkok is excluded from Banyan Tree Resorts as it is the only city hotel and thus not comparable with the resort type.
2 ARR denotes average room rates.
3 RevPAR denotes revenue per available room.
4 Same Store Concept excludes all new resort opened/rebranded in the past 2 years: Banyan Tree Sanya, Banyan Tree Mayakoba, Banyan Tree Ungasan, Banyan Tree Hangzhou, Banyan Tree Al Wadi, Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui and abnormal hotels: Banyan Tree Ringha (open for 6 months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Madivaru.

Key Statistics
Angsana Resorts

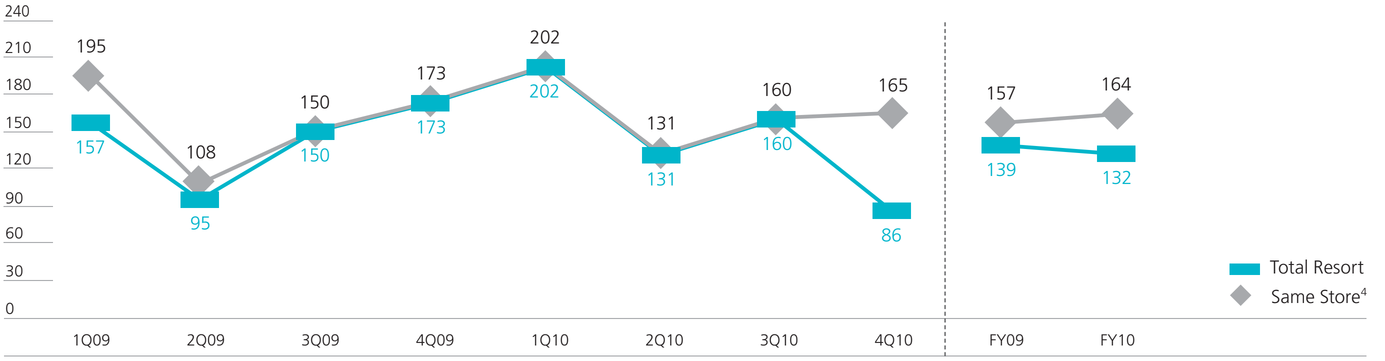
Average Occupancy (%)



ARR[2] (S$)

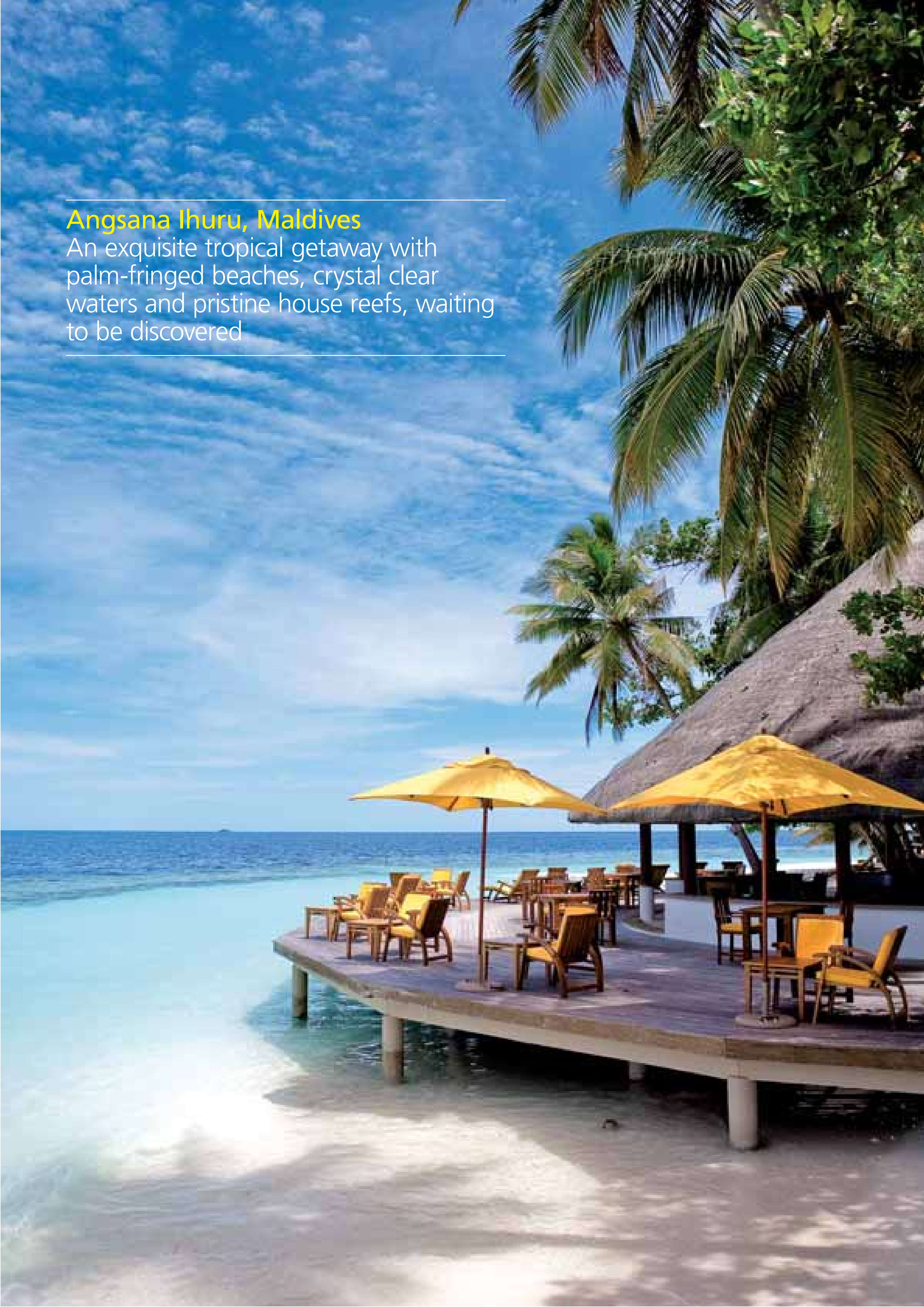


RevPAR[3] (S$)



Angsana Resorts[1]

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 Concept excludes all new resort opened/rebranded in the past 2 years: Angsana Fuxian Lake. Comparatives for Same Store concept for prior periods have been adjusted to include Angsana Riads Collection.



Angsana Ihuru, Maldives

An exquisite tropical getaway with palm-fringed beaches, crystal clear waters and pristine house reefs, waiting to be discovered

Revenue

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	189,327	186,620	2,707	1%
Property Sales	28,398	48,314	(19,916)	-41%
Hotel Residences	*11,623*	*23,098*	*(11,475)*	*-50%*
Laguna Property Sales	*16,775*	*25,216*	*(8,441)*	*-33%*
Fee-based Segment	87,578	78,317	9,261	12%
Hotel/Fund/Club Management	*26,336*	*23,665*	*2,671*	*11%*
Spa/Gallery Operations	*36,727*	*34,082*	*2,645*	*8%*
Design and Others	*24,515*	*20,570*	*3,945*	*19%*
Total	**305,303**	**313,251**	**(7,948)**	**-3%**

Revenue decreased by S$7.9 million or 3% from S$313.3 million for the year ended 31 December 2009 to S$305.3 million for the year ended 31 December 2010. Performance of the Group for 2010 continued to be affected by the political uncertainties in Thailand. A state of emergency was declared and several countries issued travel advisories on Thailand following the political riots that took place in April and May 2010. Lower revenue was also attributable to the cessation of revenue from Dusit Laguna Phuket ("Dusit") hotel following the completion of sale of the hotel in October 2010. This was however cushioned by better performance in 1Q10 due to the improvement in the global economy led by Asia and prior to the political uncertainties in Bangkok.

Hotel Investments segment registered higher revenue by S$2.7 million or 1% from S$186.6 million to S$189.3 million, helped by a strong first quarter performance due to the improvement in the global economy led by Asia and prior to the political uncertainties in Bangkok. The shortfall for the remaining quarters were mainly due to the cessation of Dusit revenue in 4Q10 following the sale of the hotel, lower revenue from Bangkok due to the political uncertainties, and lower revenue from China as many travellers preferred to go to the World Expo in Shanghai held from May to October.

Property Sales segment recorded revenue of S$28.4 million, a decrease of S$19.9 million or 41% compared to S$48.3 million in 2009, given the negative sentiments towards the country as a result of its political situation. As such, there were fewer units recognized for Laguna Village bungalows, Dusit villas, Banyan Tree Phuket villas compared to 2009. In addition, lower revenue for 2010 was also attributable to buyers downgraded from higher-priced Dusit villas to Laguna townhomes.

Fee-based segment registered an increase of S$9.3 million or 12% in revenue from S$78.3 million in 2009 to S$87.6 million in 2010 mainly attributed to higher hotel and fund management fees, higher revenue from Spa/Gallery operations, and higher architectural and design fees largely from new projects based on certain milestone achieved.

Higher fund management fees were earned from managing Banyan Tree China Hospitality Fund (I) which completed its first close in September 2010 and final close in January 2011 with RMB1.07 million (S$210 million). Higher hotel management fees and revenue from Spa/Gallery operations were attributable to the opening of new resorts such as Banyan Tree Hangzhou, Banyan Tree Ungasan, Banyan Tree Club and Spa Seoul, Banyan Tree Cabo Marqués, Banyan Tree Samui, coupled with royalty fees from property sales in Angsana Fuxian Lake.

Other Income

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**76,965**	**3,663**	**73,302**	**nm**

Other income of S$77.0 million for the year ended 31 December 2010 was S$73.3 million higher compared to S$3.7 million recorded in 2009, largely from gain on sale of Dusit and insurance proceeds arising from the final settlement of Tsunami claims.

Costs and Expenses

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Cost and operating supplies	25,834	24,821	1,013	4%
Cost of properties sold	6,650	12,885	(6,235)	-48%
Salaries and related expenses	117,159	91,041	26,118	29%
Administrative expenses	48,478	46,820	1,658	4%
Sales and marketing expenses	20,468	15,995	4,473	28%
Other operating expenses	62,278	55,812	6,466	12%
Total	**280,867**	**247,374**	**33,493**	**14%**

Cost of operating supplies

Operating supplies expenses increased by S$1.0 million from S$24.8 million for the year ended 31 December 2009 to S$25.8 million for the year ended 31 December 2010. This was largely due to higher occupancy-related expenses in line with higher revenue from Hotel Investments segment.

Cost of properties sold

Cost of properties sold decreased by S$6.2 million from S$12.9 million for the year ended 31 December 2009 to S$6.7 million for the year ended 31 December 2010. This was largely due to lower revenue recognition in Property Sales segments.

Salaries and related expenses

Salaries and related expenses increased by S$26.2 million from S$91.0 million for the year ended 31 December 2009 to S$117.2 million for year ended 31 December 2010. This was mainly due to the cessation of several cost saving measures undertaken in 2009 following the onset of the global financial crisis. Some of these cost cutting measures such as unpaid leave scheme, headcount and pay freeze have ceased since the end of 2009. Apart from these expenses, there were also higher provision for employee benefits and mandated founder's grant.

Administrative expenses

Administrative expenses increased by S$1.7 million from S$46.8 million for the year ended 31 December 2009 to S$48.5 million for the year ended 31 December 2010. This was mainly due to higher exchange loss, higher legal and professional fees, but partially offset by write-back of doubtful debts no longer required.

Sales and marketing expenses

Sales and marketing expenses increased by S$4.5 million from S$16.0 million for the year ended 31 December 2009 to S$20.5 million for the year ended 31 December 2010, mainly due to more aggressive marketing efforts undertaken by the hotels following the recovery of the global economy. In 2009, as part of the group cost saving measures, sales and marketing activities were substantially reduced.

Other operating expenses

Other operating expenses increased by S$6.5 million from S$55.8 million for the year ended 31 December 2009 to S$62.3 million for the year ended 31 December 2010. This was largely due to higher occupancy related expenses in line with higher revenue from Hotel Investments segment coupled with higher repair and maintenance costs on hotel buildings and facilities.

Analytical Review

EBITDA

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	29,284	43,550	(14,266)	-33%
Property Sales	3,308	16,301	(12,993)	-80%
Hotel Residences	*5,367*	*11,028*	*(5,661)*	*-51%*
Laguna Property Sales	*(2,059)*	*5,273*	*(7,332)*	*nm*
Fee-based Segment	11,544	18,827	(7,283)	-39%
Hotel/Fund/Club Management	*4,897*	*8,050*	*(3,153)*	*-39%*
Spa/Gallery Operations	*4,215*	*7,296*	*(3,081)*	*-42%*
Design and Others	*2,432*	*3,481*	*(1,049)*	*-30%*
Head Office Expenses	(19,700)	(12,952)	(6,748)	52%
Other Income (net)	76,965	3,814	73,151	nm
Total	**101,401**	**69,540**	**31,861**	**46%**

EBITDA increased by S$31.9 million or 46%, from S$69.5 million for the year ended 31 December 2009 to S$101.4 million for the year ended 31 December 2010. This was mainly due to gain on sale of Dusit, partially offset by lower revenue and higher operating expenses following the cessation of cost cutting measures at the end of 2009.

EBITDA of Hotel Investments reduced by S$14.3 million from S$43.6 million in 2009 to S$29.3 million in 2010, and EBITDA of Property Sales segment segments reduced by S$13.0 million from S$16.3 million in 2009 to S$3.3 million in 2010. This was largely due to lower revenue generated in Thailand as a result of political uncertainty coupled with cessation of hotel revenue from Dusit in 2010. In addition, there were also higher operating expenses due to cessation of several cost cutting measures undertaken in 2009.

Notwithstanding a higher revenue achieved, EBITDA from Fee-based segment decreased by S$7.3 million from S$18.8 million in 2009 to S$11.5 million in 2010. Lower EBITDA was largely due to higher expenses following the cessation of cost cutting measures implemented last year, pre-opening cost on new spa/gallery outlets, and higher expenses incurred in relation to the launch of Banyan Tree China Hospitality Fund (I). In addition, in 2009, there was a final capitalization of S$2.7 million for in-house design and project team time cost on the InOcean villa project in Maldives following its completion. There was no such capitalization of cost in 2010.

Head Office expenses increased by S$6.7 million or 52% from S$13.0 million in 2009 to S$19.7 million in 2010, mainly attributed to higher salary cost due to cessation of unpaid leave scheme, headcount and wage freeze implemented in 2009, and provision for mandated founder's grant and higher legal and professional fees.

Depreciation of Property, Plant and Equipment

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**34,219**	**35,533**	**(1,314)**	**-4%**

Depreciation of property, plant and equipment decreased by S$1.3 million from S$35.5 million for the year ended 31 December 2009 to S$34.2 million for the year ended 31 December 2010 mainly due to the disposal of Dusit, partially offset by full year depreciation of InOcean villas which was completed in mid 2009.

Finance Income

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**4,044**	**3,365**	**679**	**20%**

Finance income increased by S$0.6 million from S$3.4 million for the year ended 31 December 2009 to S$4.0 million for the year ended 31 December 2010, mainly from higher interest rate charge for deferred instalment on property sales.

Finance Costs

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**19,288**	**19,047**	**241**	**1%**

Finance costs of S$19.3 million for the year ended 31 December 2010, was almost in line with 2009.

Share of Results of Associated Companies

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**(101)**	**791**	**(892)**	**nm**

Share of results of associated companies mainly relates to our 30% investment interest in Banyan Tree Seychelles Holdings Limited (which holds Banyan Tree Seychelles). For the year ended 31 December 2010, share of profits from associated companies decreased by S$0.9 million due to lower profits recorded by Banyan Tree Seychelles as a result of lower average daily rate in view of keen competition.

Share of Results of Joint Venture Companies

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**5,070**	**1**	**5,069**	**nm**

Share of results of joint venture companies mainly relates to our 50% investment interest in Seychelles Tropical Resorts Holdings Limited (which holds Seytropical Resorts Limited). For the year ended 31 December 2010, share of profits from Seychelles Tropical Resorts Holdings Limited increased by S$5.1 million due to gain on disposal of a freehold land parcel of 68,830 square meters situated at Intendance, Mahe, Seychelles.

Income Tax Expenses

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**22,668**	**11,314**	**11,354**	**100%**

Income tax expenses increased by S$11.4 million, from S$11.3 million for the year ended 31 December 2009 to S$22.7 million. This was mainly due to tax attributable to gain on sale of Dusit.

Non-controlling Interests

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**14,434**	**423**	**14,011**	**nm**

Non-controlling interests' share of profits increased by S$14.0 million from S$0.4 million for the year ended 31 December 2009 to S$14.4 million for the year ended 31 December 2010 mainly due to higher profit after tax generated by LRH arising from sale of Dusit.

Analytical Review

Profit Attributable to Shareholders of the Company

	2010	2009	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**15,693**	**3,005**	**12,688**	**422%**

As a result of the foregoing, profit attributable to shareholders of the Company increased from S$3.0 million for the year ended 31 December 2009 to S$15.7 million for the year ended 31 December 2010.

Cash Flow

	2010	2009
	S$'000	S$'000
Profit before taxation	52,795	14,742
Net increase/(decrease) from changes in working capital	8,623	(14,285)
Net interest paid and tax paid	(23,848)	(23,697)
Adjustment for non-cash items	(26,344)	57,420
Net cash from operating activities	11,226	34,180
Net cash flows generated from/(used in) investing activities	82,599	(49,522)
Net cash flows (used in)/from financing activities	(30,280)	38,634
Net increase in cash and cash equivalents	63,545	23,292
Cash and cash equivalents at the beginning of the year	76,252	53,712
Net foreign exchange difference	(808)	(752)
Cash and cash equivalents at the end of the year	**138,989**	**76,252**

As at 31 December 2010, the Group's cash and cash equivalents increased by S$62.7 million or 82% to S$139.0 million compared to 31 December 2009. The increase in cash flow was largely due to proceeds received from sale of Dusit and lower funds used in investing activities.

During the year, the Group generated positive operating cash flow of S$11.2 million, mainly due to group's profit before tax of S$52.8 million and net increase in cash generated from working capital of S$8.6 million, but adjusted for non-cash items of S$26.3 million, and net interest and income tax payments of S$23.8 million. The non-cash items comprised mainly the gain on disposal of fixed assets of S$66.7 million, depreciation and amortization of island rental of S$38.3 million and finance expenses of S$19.3 million.

The net cash flows generated from investing activities amounted to S$82.6 million, largely due to proceeds from sale of Dusit, partly offset by on-going purchases of furniture, fittings and equipment by our resorts for their operations, progressive equity investments in Banyan Tree Indochina Hospitality Fund and initial equity investment in Banyan Tree China Hospitality Fund (I).

The net cash flows used in financing activities amounted to S$30.3 million. This was mainly due to loan drawdown of S$80.5 million, partially offset by bank repayments of S$105.4 million.

Banyan Tree Vabbinfaru, Maldives

Experience a sense of magic and romance at this quintessential Maldives resort

Banyan Tree Management Academy

The Banyan Tree Management Academy (BTMA) is the Group's centralised training facility. Established officially on 1 February 2008, it provides a consistent framework for learning. It supports our organisational goals through Advancing People Development, Management Excellence, and Learning with Integrity and Meaning.

BTMA supports the Group's expansion while helping us to maintain high standards throughout our properties. It does this by developing a critical mass of internal talents, and by equipping the Group's associates with the necessary leadership and management skills to meet the manpower requirements of our new and existing properties.

BTMA places great emphasis on providing a strong foundation, so as to instill the culture of lifelong learning among the Group's associates. At the same time, BTMA plays a pivotal role in developing emerging leaders at all levels, to meet the demands of rapid growth and to sustain organisational effectiveness. While the Group recognises the value of refreshing the talent pool by recruiting from outside, we give priority to promoting from within when there are qualified internal candidates. To this end, the People Development Unit in BTMA tracks high-potential associates within the middle and senior managers of the Group, giving them priority when positions open.

A Variety of Programmes

With demand for talent constantly exceeding supply, and with three generations of workforce co-existing with very different organisational and psychological needs, talent development is a challenging task. Rejecting the one-size-fits-all approach, BTMA runs a variety of programmes tailored for different profiles of associate.

> **Banyan Tree Signature Programmes**

These unique six-day programmes are designed to enhance the capabilities of our new managers and senior managers so that they are able to perform in key and challenging positions.

The two Signature Programmes conducted at BTMA on a yearly basis are the Management Development Programme for senior managers and the Talent Management Programme for new managers.

Using real-life case studies, the in-house facilitators, who are themselves members of the senior management team, impart Banyan Tree's distinctive culture and know-how. In addition, good practices are shared amongst the different properties, and team spirit is forged through shared experiences.

BTMA supports the Group's expansion while helping us to maintain high standards throughout our properties. It does this by developing a critical mass of internal talents, and by equipping the Group's associates with the necessary leadership and management skills to meet the manpower requirements of our new and existing properties.

> ### Cornell Tie-Up
Leveraging the expertise of an external academic institution, we are partnering Cornell University to provide the BTMA/e-Cornell learning portal. Through this platform, we encourage our management-level associates to seek continuous professional development through the more than 80 structured courses which are available to suit each individual's training needs and schedules.

> ### Fast-Track Programmes
Fast-Track Programmes are aimed at selected associates. Starting from entry level, they undergo a structured training path that prepares them to become assistant managers in their respective divisions.

BTMA has run such programmes for Front Office, F&B Service and F&B Culinary associates. In July 2010, the Housekeeping Fast-Track Programme was launched, involving a total of 18 associates. This brings to 138 the total number of associates currently on such programmes. BTMA tracks their training progress on a monthly basis.

> ### Bread & Butter Courses @ Laguna
For the associates at Laguna Phuket, where BTMA is located, we conduct both English language and information technology courses. Such training helps to provide these associates, who are mostly Thais, a foundation for their professional careers.

> ### Life Enrichment Programme
During the global financial crisis in 2009, BTMA launched the Advancing With Skills Programme for our more than 3,000 associates at Laguna Phuket. Turning the challenge of the downturn into an opportunity, many talented associates donated their time and energy on their days off, to train their colleagues. This affirmed their leadership qualities and a spirit of giving that are in line with the Banyan Tree's corporate values.

Following the success of the Advancing With Skills Programme, BTMA started the Life Enrichment Programme in 2010. Open to all associates at Laguna, the programme focuses on foreign languages and creative courses.

(Clockwise from L to R)

Signature Programmes

> Promoting team spirit

> Nurture interns/talents

> Sharing good practices

Sustainability

A Core Value

As a global hospitality group operating in diverse locations, Banyan Tree's concept of sustainability is to create long-term value for multiple stakeholders and destinations. 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.

Thought Leadership

In 2010, Banyan Tree continued to promote sustainable business practices by engaging academic, business, and thought leaders to explore issues and implement solutions. Besides supporting the Caux Round Table global Dialogue in Beijing, Banyan Tree Global Foundation organised a number of Distinguished Lectures and Dialogue sessions attended by some 330 people.

GREENING COMMUNITIES
-A BANYAN TREE INITIATIVE-

Seedlings
-A BANYAN TREE INITIATIVE-

Group-wide Efforts

Our Group-wide initiatives achieved significant milestones in 2010:

Resource Conservation

Following Banyan Tree Lijiang's successful pilot, a phased roll-out of the EarthCheck sustainability benchmarking and certification system began. Of the 13 resorts under the EarthCheck system, five achieved Bronze Benchmarked status with one maintaining Silver Certified for the third consecutive year.

Greening Communities

We planted 46,980 trees across 17 resorts, up from 12 resorts last year. This brings our four-year total to 96,673 trees.

Seedlings

Our internal trainers completed University of Wales training to allow more associate mentors to support an additional 20 young people in 2010. With four more properties joining the scheme, a total of 46 youths are now under mentorship and scholarship.

International Recognition

Acclaim for our sustainability efforts this year included:

> Condé Nast Traveler World Savers Awards 2010 – Overall Winner for large hotel chains. We were also runner-up in the Health Initiatives category, and received honourable mentions for Education Programs, Preservation – Environmental and/or Cultural, and Wildlife Conservation.

> Most Transparent Company in the Hotel and Restaurant category of the Securities Investors Association (Singapore) Investor's Choice Awards, for the fourth year running.

For more details on our social and environmental endeavours, please refer to the accompanying 2010 Sustainability Report, or view it online at www.banyantree.com/csrpublications.

Angsana Ihuru, Maldives

Banyan Tree Vabbinfaru
Maldives

Banyan Tree Bintan
Indonesia

Corporate Governance Report

The Board and Management of Banyan Tree Holdings Limited ("BTH" or the "Company", and together with its subsidiaries, the "Group") remain committed to maintaining high standards of corporate governance and sound corporate practices within the Group to promote accountability and transparency. The Group adopts practices based on the Code of Corporate Governance 2005 ("the Code").

This Report sets out the main corporate governance practices that were in place or implemented during the financial year.

(A) Board Matters

Principle 1: The Board's Conduct of its Affairs

The Board's principal functions include the formulation of the Group's strategic direction, setting its values and standards, reviewing and approving annual budgets and financial plans, and monitoring the Group's performance; approving major investments, divestments and fund-raising exercises; reviewing the Group's financial performance, risk management and corporate governance practices; approving remuneration policies and guidelines for the Board and Senior Management, appointment of Directors and the long-term succession planning for Senior Management; and ensuring the Group's compliance with all laws and regulations as may be relevant to its businesses.

The Group has adopted a set of internal controls and guidelines setting out 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's approval is also required for all transactions where the value of the transaction exceeds these limits.

Two Board Committees, namely the Audit and Risk Committee ("ARC") and Nominating and Remuneration Committee ("NRC"), were constituted with clearly defined terms of reference to assist the Board in the execution of its responsibilities.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Non-Executive Directors also set aside time to meet, without the presence of Management, to review the latter's performance in meeting goals and objectives. Telephonic attendance and video conferencing at Board meetings are permitted under the Company's Articles of Association. Details of Directors' attendance at Board and Board Committee meetings held during the year under review are provided below.

Board Members	Board of Directors' Meeting		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	4	4	–	–	6	2[1]
Ariel P Vera	4	4	6	6[1]	6	4[1]
Chia Chee Ming Timothy[2]	4	4	6	2	6	6
Fang Ai Lian[3]	4	4	6	6	6	1
Dilhan Pillay Sandrasegara[4]	4	3	6	3	6	5
Elizabeth Sam	4	4	6	6	6	6

1 By invitation
2 Appointed as a member of the ARC on 31 August 2010
3 Appointed as a member of the NRC on 31 August 2010
4 Resigned as Independent Director and member of the ARC and the NRC on 31 August 2010

Directors are encouraged to attend programmes on Directors' duties and responsibilities where necessary. As part of the Company's ongoing familiarisation programme, Non-Executive Directors are given opportunities to visit key countries where the Group has operations and are provided with updates on new laws and regulations, as well as changing commercial risks, as deemed appropriate. A formal letter is issued to newly appointed Directors upon their appointment explaining their duties and responsibilities as Directors along with materials pertaining to, inter alia, their disclosure obligations in relation to interests in securities and conflicts of interest and restrictions on dealings in BTH's shares.

Principle 2: Board Composition and Balance

The Board comprises 5 Directors, 3 of whom are independent. As such, there is a strong and independent element in the Board. The Independent Directors are Messrs Chia Chee Ming Timothy, Fang Ai Lian and Elizabeth Sam. 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. Mr Chia is independent from Management and business relationships as defined under the Code.

Mrs Fang is the chairman of Great Eastern Holdings Limited ("Great Eastern"), which provides insurance to the Group. The NRC and the Board consider Mrs Fang an Independent Director as the insurance policies with Great Eastern were taken up on the recommendation by the Group's insurance broker based on its competitive rates. Mrs Fang has abstained and will continue to abstain from any decision relating to the choice of insurers.

Mrs Sam is also an independent director of Boardroom Limited, a company listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Boardroom Corporate & Advisory Services Pte. Ltd., a subsidiary of Boardroom Limited, is the share registrar and transfer agent of the Company since the Company's initial public offering in 2006. Notwithstanding this, the NRC and the Board consider Mrs Sam independent, as the aggregate payments made to Boardroom Corporate & Advisory Services Pte. Ltd. for each of the immediately preceding and current financial year were not considered significant as defined in paragraph 2.1 (d) of the Code.

The two Executive Directors are Mr Ho KwonPing, Executive Chairman, and Mr Ariel P Vera, Group Managing Director.

Each year, the NRC reviews the size and composition of the Board and Board Committees, and the skills and competencies of their members, to ensure that each has the appropriate mix of expertise, skills and attributes to discharge its responsibilities effectively. With the departure of Mr Pillay on 31 August 2010, the Board size was reduced from 6 to 5. Taking into account the nature and scope of the Group's businesses and the regulatory requirements, the NRC considers that the current composition and size of the Board is adequate to lead and govern the Company effectively and will look into increasing the Board size when necessary.

The profile of each Director is given on pages 18 and 19 of this Annual Report.

Principle 3: Role of Chairman and Chief Executive Officer

The Company has an Executive Chairman and a Group Managing Director. The Executive Chairman and the Group Managing Director are not related to each other. The 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, monitors the translation of the Board's decisions into executive actions, and fosters constructive dialogue with shareholders at the Company's Annual and Extraordinary General Meetings. The Group Managing Director reports to the Executive Chairman, and oversees the execution of the Company's corporate and business strategies and policies, and the conduct of the Group's businesses. The Company also has in place a Lead Independent Director who takes the lead in co-ordinating the activities of the Independent Directors.

Principle 4: Board Membership

The NRC comprises Independent Directors, namely Mr Chia (Chairman), Mrs Sam and Mrs Fang. Mrs Fang was appointed as a member of the NRC on 31 August 2010 following the resignation of Mr Pillay from the Board and the NRC on the same day. Mr Chia is not associated with any substantial shareholder.

The NRC's functions include considering and making recommendations to the Board on new Board appointments, the selection of which is evaluated by taking into account various factors including the relevant expertise of the candidates. Candidates may be put forward or sought through contacts and recommendations. The NRC also makes recommendations to the Board on re-appointments of Directors based on their contributions, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board as well as the remuneration of Directors and Senior Management, and determining 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)
Mrs Fang Ai Lian (Independent)
Mrs Elizabeth Sam (Independent)

The Company's Articles of Association require that every Director retires once every three years and that one-third of Directors shall 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. Both 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 Sam, who is over the age of 70, 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

During the financial year, 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, size and processes of the Board and the Board's access to information, Management and external experts outside meetings, as well as the effectiveness of the Board's oversight of the Company's performance were applied to evaluate the Board's performance as a whole. The assessment of the performance of the Executive Chairman and the Group Managing Director was undertaken by the NRC based on both qualitative and quantitative performance criteria, comprising profits, revenue growth and economic value added. There was no individual assessment for the Independent Directors. Each member of the NRC abstained from making any recommendations and/or participating in any deliberation of the NRC and 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 Board Papers in advance of each Board and Board Committee meeting to enable them to be properly informed of matters to be discussed and/or approved. Board Papers include reports on subsidiaries and associated companies, management accounts, budgets, forecasts, quarterly financial statements and management reports on the Company's projects, as well as matters for the decision or information of the Board. The Directors are also given analysts' reports so that they are apprised of analysts' views on the Company's performance.

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 Board procedures are observed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for 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 and such costs are borne by the Company.

(B) Remuneration Matters

Principle 7: Remuneration Policies

The NRC reviews matters concerning remuneration of the Board, Senior Management and other employees who are related to the controlling shareholders and/or our Directors. The NRC has access to the Head of Human Resources and may also seek expert advice from external consultants on executive compensation. 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 only although they are also eligible to participate in the Company's share-based incentive schemes. All Directors' Fees are subject to shareholders' approval at the Company's AGM.

The amount of Directors' Fees payable is dependent on the respective Non-Executive Directors' level of responsibility and contributions. The framework for determining the Directors' Fees remains unchanged as follows:–

Non-Executive Directors' Fees (S$)	Per Annum
Basic Retainer Fee	S$40,000
ARC Chairman	S$30,000
ARC Member	S$15,000
NRC Chairman	S$20,000
NRC Member	S$10,000

Executive Directors do not receive Directors' Fees. Their remuneration comprises a base salary, bonus and participation in the Company's share-based incentive schemes. The level and mix of each of the Executive Directors' remuneration in bands of S$250,000 are set out below. The names of the top 5 key executives (who are not also Directors) earning remuneration which falls within bands of S$250,000 are also set out below:–

Remuneration Bands of Directors and Top 5 Key Executives	Salary	Bonus	Other Benefits	Fees	Total
Executive Directors					
S$4,000,000 to S$4,250,000					
Ho KwonPing	25.56%	2.19%	72.25%[1, 2]	–	100%
S$500,000 to S$750,000					
Ariel P Vera	61.56%	5.52%	32.92%[1, 2]	–	100%
Non-Executive Directors					
S$250,000 and below					
Chia Chee Ming Timothy	–	–	10.09%[2]	89.91%	100%
Fang Ai Lian	–	–	–	100%	100%
Dilhan Pillay Sandrasegara[3]	–	–	13.99%[2]	86.01%	100%
Elizabeth Sam	–	–	13.78%[2]	86.22%	100%
Top 5 Key Executives					
S$750,000 to S$1,000,000					
Surapon Supratya	61.76%	4.75%	33.49%[1, 2]	–	100%
Bernold Olaf Schroeder	34.39%	3.46%	62.15%[1, 2]	–	100%
S$500,000 to S$750,000					
Ho KwonCjan	62.81%	4.93%	32.26%[1]	–	100%
S$250,000 to S$500,000					
Chiang See Ngoh Claire	67.21%	4.94%	27.85%	–	100%
Arthur Kiong Kim Hock	69.97%	6.38%	23.65%[2]	–	100%

1 Including directors' fees received from LRH.
2 Including benefits received pursuant to the long-term share incentives schemes.
3 Resigned as Board Member on 31 August 2010.

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 Share Option Scheme and the Banyan Tree Performance Share Plan (the "Plan"). The Plan comprises the Performance Share Plan ("PSP") and Restricted Share Plan ("RSP"). The 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 among 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 are determined at the discretion of the NRC. The NRC reviews and sets performance conditions and targets where it thinks appropriate and after considering prevailing business conditions.

Details of the Company's PSP and RSP can be found in the Directors' Report and Note 44 to the financial statements.

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

Founder's Grant

Prior to official listing on the SGX-ST, as stated in the prospectus dated 26 May 2006 for the Company's intial public offering, the independent shareholders of the Company approved the incentive for the Executive Chairman, Mr Ho KwonPing, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 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 ("Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. The first financial year in which the Founder's Grant is payable is the financial year ended 31 December 2010. Mr Ho was paid a total amount of S$2,778,691 in cash pursuant to the Founder's Grant in respect of the financial year ended 31 December 2010.

Details of the Founder's Grant can be found in the Directors' Report and Note 44 to the financial statements.

(C) Accountability and Audit

Principle 10: Accountability

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and clear assessment of the Group's performance and prospects on a quarterly basis.

Principle 11: Audit and Risk Committee

The ARC comprises Independent Directors, namely Mrs Fang (Chairman), Mrs Sam and Mr Chia. Mr Chia was appointed as a member of the ARC on 31 August 2010 following the resignation of Mr Pillay from the Board and the ARC on the same day.

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 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 the effectiveness of the Group's material internal controls. The ARC also reviews all interested person transactions.

The ARC 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 and/or financial position.

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

The ARC has full access to and the co-operation of Management and full discretion to invite any Director or the Company's Senior Management to attend its meetings. The Company has an internal audit team that, together with the external auditors, reports its findings and recommendations independently to the ARC. During the year, the ARC met with the internal and external auditors and discussed with them any issues of concern. In the year under review, the ARC 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 has undertaken a review of the nature and extent of all non-audit services performed by the external auditors during the 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 subsidiaries or significant associated companies.

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.

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 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 the internal audit schedules annually in consultation with, but independent of, Management. The Internal Auditor's 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 structure of internal controls consists of 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.

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

During the financial year, the ARC on behalf of the Board, has reviewed the effectiveness of the Group's system of internal controls in light of key business and financial risks affecting the operations. Based on the Internal Auditor's report and the various controls put in place by Management, the Board has reviewed, and is satisfied with, the adequacy of the Group's internal controls.

The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The Group Risk Management Committee, comprising certain members of our Senior Management, reports to the 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 the 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 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 currently not 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 the year is set out on page 84 of this Annual Report.

Interested Person Transactions

		Aggregate value of all interested person transactions for FY2010 (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate) (S$'000)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate for FY2010 (excluding transactions less than S$100,000) (S$'000)
A.	**Transactions with the Tropical Resorts Limited Group ('TR')**		
a	Provision of Resort Management and Related Services to TR		4,019
b	Provision of Spa Management and Other Related Services to TR		679
c	Returns from TR in respect of units in Banyan Tree Bintan and Angsana Bintan		2,402
d	Reimbursement of expenses		
	– from LRH		334
	– from BTH		353
e	Supply of Goods		
	– from LRH		193
B.	**Transactions with the Laguna Resorts & Hotel Public Company Limited Group ('LRH')**		
a	Provision of Resort Management and Related Services to LRH		9,676
b	Provision of Rent and Services		
	– from LRH		1,279
	– to LRH		983
c	Reimbursement of expenses		
	– from LRH		5,447
	– to LRH		3,444
d	Supply of Goods and Vouchers		
	– from LRH		2,091
	– to LRH		303
C.	**Transactions with Qatar Investment Authority**		
a	Term Loan Facility & Fees in respect of a bank loan to a subsidiary	14,210	–
Total		**14,210**	**31,203**

Financial Statements

Contents

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 2010.

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
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 Share Option Scheme, the Banyan Tree Performance Share Plan and the Founder's Grant.

Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan

There are two share based incentive schemes for its Directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"),(collectively, the "Schemes"). Mr Ho KwonPing, the Executive Chairman and controlling shareholder, is not entitled to participate in the Schemes.

At the date of this report, the Schemes are administered by the Nominating and Remuneration Committee ("NRC") which comprises Chia Chee Ming Timothy, Elizabeth Sam and Fang Ai Lian (appointed on 31 August 2010), all of whom are Independent Directors of the Company.

Under the Share Option Scheme, eligible participants are granted options to acquire shares in the Company whereas under the Plan, the Company's shares are issued to eligible participants. The Schemes enable eligible participants to participate in the equity of the Company with the aim of motivating them towards better performance.

More information about the Schemes and details of performance shares and awards granted to an Executive Director and eligible participants during the financial year under the Plan, can be found in Note 44 to the financial statements.

Founder's Grant

Mr Ho KwonPing is entitled to, for each financial year for a period of ten years beginning from the financial year ended 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 (the "Founder's Grant"). Mr Ho KwonPing was paid a total amount of S$2,778,691 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2010. Details of the Founder's Grant can be found in Note 44 to the financial statements.

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 ("Companies Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiary companies), as stated below:

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
Name of directors and companies in which interests are held	**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	–	–	286,232,582	286,232,582
Ariel P Vera	704,200	767,300	795,000	706,400 [1]
Chia Chee Ming Timothy	250,000	253,500	7,000	3,500 [2]
Elizabeth Sam	150,000	153,000	6,000	3,000 [2]
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 The number of shares represents performance shares granted from FY2007 to FY2010 under the Plan, subject to performance conditions.

2 The number of shares represents performance shares granted in FY2008 under the Plan, subject to certain conditions.

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 2011.

By virtue of Section 7 of the Companies Act, 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 at the end of the financial year.

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) Mrs Fang Ai Lian is the chairman of Great Eastern Holdings Limited which provides insurance to the Group;

(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. Principal 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)
Elizabeth Sam
Chia Chee Ming Timothy (appointed on 31 August 2010)

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 external 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. 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 2011

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, consolidated statement of comprehensive income, 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 2010 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 2011

Independent Auditors' Report
To the Members of Banyan Tree Holdings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Banyan Tree Holdings Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 91 to 178 which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the Act) and Singapore Financial Reporting Standards, and for 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 accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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, 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 2010 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries 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 2011

Consolidated Income Statement
for the financial year ended 31 December 2010

		GROUP	
	Note	2010 $'000	2009 $'000
Revenue	3	**305,303**	313,251
Other income	4	**76,965**	3,663
		382,268	316,914
Costs and expenses			
Cost of operating supplies		**(25,834)**	(24,821)
Cost of properties sold		**(6,650)**	(12,885)
Salaries and related expenses	5	**(117,159)**	(91,041)
Administrative expenses		**(48,478)**	(46,820)
Sales and marketing expenses		**(20,468)**	(15,995)
Other operating expenses	6	**(62,278)**	(55,812)
		(280,867)	(247,374)
Profit before interests, taxes, depreciation and amortisation		**101,401**	69,540
Depreciation of property, plant and equipment	12	**(34,219)**	(35,533)
Amortisation of lease rental and land use rights		**(4,112)**	(4,375)
Profit from operations and other gains	7	**63,070**	29,632
Finance income	8	**4,044**	3,365
Finance costs	9	**(19,288)**	(19,047)
Share of results of associated companies		**(101)**	791
Share of results of joint venture companies		**5,070**	1
Profit before taxation		**52,795**	14,742
Income tax expenses	10	**(22,668)**	(11,314)
Profit after taxation		**30,127**	3,428
Attributable to:			
Equity holders of the Company		**15,693**	3,005
Non-controlling interests		**14,434**	423
		30,127	3,428
Earnings per share attributable to equity holdings of the Company (in cents):			
Basic	11	**2.07**	0.40
Diluted	11	**2.06**	0.39

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

Consolidated Statement of Comprehensive Income
for the financial year ended 31 December 2010

	GROUP	
	2010 **$'000**	**2009** **$'000**
Profit after taxation	**30,127**	3,428
Other comprehensive income:		
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	**(1,008)**	(4,732)
Net change in fair value adjustment reserve	**70**	2
Adjustment on property revaluation reserve, net of deferred tax	**11,585**	(76,614)
Other comprehensive income for the year, net of tax	**10,647**	(81,344)
Total comprehensive income for the year	**40,774**	(77,916)
Total comprehensive income attributable to:		
Equity holders of the Company	**17,002**	(48,672)
Non-controlling interests	**23,772**	(29,244)
	40,774	(77,916)

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

Balance Sheets
as at 31 December 2010

		GROUP		COMPANY	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current assets					
Property, plant and equipment	12	**811,066**	876,964	**15**	25
Land use rights	13	**23,549**	20,484	**–**	–
Investment properties	14	**33,469**	–	**–**	–
Land awaiting future development	15	**–**	33,995	**–**	–
Subsidiary companies	16	**–**	–	**371,504**	384,726
Associated companies	17	**21,820**	23,814	**17,298**	19,008
Joint venture companies	18	**7,719**	3,422	**6,000**	6,323
Prepaid island rental	19	**19,986**	22,603	**–**	–
Long-term trade receivables	20	**40,799**	49,292	**–**	–
Intangible assets	21	**26,903**	26,903	**–**	–
Long-term investments	22	**36,178**	27,193	**–**	–
Prepayments		**3,610**	2,303	**–**	–
Other receivables	23	**11,623**	17,408	**–**	–
Deferred tax assets	41	**18,157**	13,810	**777**	31
		1,054,879	1,118,191	**395,594**	410,113
Current assets					
Inventories	24	**12,195**	12,247	**–**	–
Trade receivables	25	**62,311**	56,918	**–**	–
Prepayments and other non-financial assets	26	**13,290**	11,733	**44**	51
Other receivables	27	**21,411**	16,310	**2,078**	1,436
Amounts due from subsidiary companies	28	**–**	–	**7,819**	8,574
Amounts due from associated companies	29	**611**	1,374	**–**	8
Amounts due from related parties	30	**8,855**	10,079	**527**	250
Property development costs	32	**105,066**	69,765	**–**	–
Cash and cash equivalents	33	**138,989**	76,252	**13,050**	7,864
		362,728	254,678	**23,518**	18,183
Total assets		**1,417,607**	1,372,869	**419,112**	428,296

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

Balance Sheets
as at 31 December 2010

	Note	GROUP 2010 $'000	GROUP 2009 $'000	COMPANY 2010 $'000	COMPANY 2009 $'000
Current liabilities					
Trade payables		**22,228**	20,947	**–**	–
Unearned income		**6,745**	4,180	**2,077**	–
Other non-financial liabilities	34	**19,527**	15,295	**735**	104
Other payables	35	**40,007**	46,837	**5,331**	2,365
Amounts due to subsidiary companies	28	**–**	–	**19,562**	45,495
Amounts due to associated companies	29	**302**	372	**–**	–
Amounts due to related parties	30	**639**	813	**1**	282
Interest-bearing loans and borrowings	36	**51,413**	70,790	**6,466**	2,250
Notes payable	39	**26,746**	50,000	**26,746**	50,000
Tax payable		**31,454**	7,295	**–**	–
		199,061	216,529	**60,918**	100,496
Net current assets/(liabilities)		**163,667**	38,149	**(37,400)**	(82,313)
Non-current liabilities					
Interest-bearing loans and borrowings	36	**175,938**	184,528	**14,342**	11,542
Deferred income	37	**14,521**	15,367	**–**	–
Loan stock	38	**552**	552	**–**	–
Notes payable	39	**99,269**	77,250	**99,269**	77,250
Deposits received		**1,429**	1,200	**–**	–
Amount due to a joint venture company	31	**6,747**	–	**6,747**	–
Other non-current liabilities	40	**5,975**	1,504	**–**	–
Deferred tax liabilities	41	**171,655**	169,344	**–**	–
		476,086	449,745	**120,358**	88,792
Net assets		**742,460**	706,595	**237,836**	239,008
Equity attributable to equity holders of the Company					
Share capital	42	**199,995**	199,995	**199,995**	199,995
Treasury shares	43	**(4,438)**	(5,071)	**(4,438)**	(5,071)
Reserves	43	**327,656**	313,358	**42,279**	44,084
		523,213	508,282	**237,836**	239,008
Non-controlling interests		**219,247**	198,313	**–**	–
Total equity		**742,460**	706,595	**237,836**	239,008

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 2010

GROUP	Share capital $'000	Treasury shares $'000	Merger deficit $'000	Capital reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Fair value adjustment reserve $'000	Legal reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Share-based payment reserve $'000	Loss on reissuance of treasury shares $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010	**199,995**	**(5,071)**	**(18,038)**	**7,852**	**142,369**	**(33,751)**	**172**	**6,928**	**–**	**8,915**	**(85)**	**198,996**	**508,282**	**198,313**	**706,595**
Profit after taxation	–	–	–	–	–	–	–	–	–	–	–	**15,693**	**15,693**	**14,434**	**30,127**
Other comprehensive income for the year	–	–	–	–	**6,614**	**(5,375)**	**70**	–	–	–	–	–	**1,309**	**9,338**	**10,647**
Total comprehensive income for the year	–	–	–	–	**6,614**	**(5,375)**	**70**	–	–	–	–	**15,693**	**17,002**	**23,772**	**40,774**
Transfer to accumulated profits upon disposal of asset	–	–	–	–	**(13,948)**	–	–	–	–	–	–	**13,948**	–	–	–
Dividends paid to non-controlling interests of a subsidiary company	–	–	–	–	–	–	–	–	–	–	–	–	–	**(5,400)**	**(5,400)**
Acquisition of non-controlling interests' shares in a subsidiary company	–	–	–	–	–	–	–	–	**(2,562)**	–	–	–	**(2,562)**	**2,562**	–
Treasury shares reissued pursuant to Performance Share Plan	–	**633**	–	–	–	–	–	–	–	**(279)**	**(354)**	–	–	–	–
Issue of Performance Share Grants to employees	–	–	–	–	–	–	–	–	–	**491**	–	–	**491**	–	**491**
Expiry of Performance Share Grants to employees	–	–	–	–	–	–	–	–	–	**(511)**	–	**511**	–	–	–
Transfer to legal reserve	–	–	–	–	–	–	–	**1,727**	–	–	–	**(1,727)**	–	–	–
At 31 December 2010	**199,995**	**(4,438)**	**(18,038)**	**7,852**	**135,035**	**(39,126)**	**242**	**8,655**	**(2,562)**	**8,616**	**(439)**	**227,421**	**523,213**	**219,247**	**742,460**

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 2010

GROUP (continued)	Share capital $'000	Treasury shares $'000	Merger deficit $'000	Capital reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Fair value adjustment reserve $'000	Legal reserve $'000	Share-based payment reserve $'000	Loss on reissuance of treasury shares $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2009	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
Profit after taxation	–	–	–	–	–	–	–	–	–	–	3,005	3,005	423	3,428
Other comprehensive income for the year	–	–	–	–	(47,073)	(4,606)	2	–	–	–	–	(51,677)	(29,667)	(81,344)
Total comprehensive income for the year	–	–	–	–	(47,073)	(4,606)	2	–	–	–	3,005	(48,672)	(29,244)	(77,916)
Dividends paid to non-controlling interests of a subsidiary company	–	–	–	–	–	–	–	–	–	–	–	–	(6,156)	(6,156)
Treasury shares reissued pursuant to Performance Share Plan	–	120	–	–	–	–	–	–	(35)	(85)	–	–	–	–
Issue of Performance Share Grants to employees	–	–	–	–	–	–	–	–	405	–	–	405	–	405
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	1,617	1,617
Transfer to legal reserve	–	–	–	–	–	–	–	471	–	–	(471)	–	–	–
At 31 December 2009	199,995	(5,071)	(18,038)	7,852	142,369	(33,751)	172	6,928	8,915	(85)	198,996	508,282	198,313	706,595

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

COMPANY	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Share-based payment reserve $'000	Loss on reissuance of treasury shares $'000	Accumulated profits $'000	Total equity $'000
At 1 January 2010	**199,995**	**(5,071)**	**7,852**	**8,343**	**(85)**	**27,974**	**239,008**
Loss after taxation	**–**	**–**	**–**	**–**	**–**	**(1,967)**	**(1,967)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(1,967)**	**(1,967)**
Issue of Performance Share Grants to employees	**–**	**–**	**–**	**1,063**	**–**	**–**	**1,063**
Expiry of Performance Share Grants to employees	**–**	**–**	**–**	**(511)**	**–**	**243**	**(268)**
Treasury shares reissued pursuant to Performance Share Plan	**–**	**633**	**–**	**(279)**	**(354)**	**–**	**–**
At 31 December 2010	**199,995**	**(4,438)**	**7,852**	**8,616**	**(439)**	**26,250**	**237,836**
At 1 January 2009	199,995	(5,191)	7,852	8,343	–	20,669	231,668
Profit after taxation	–	–	–	–	–	7,305	7,305
Total comprehensive income for the year	–	–	–	–	–	7,305	7,305
Issue of Performance Share Grants to employees	–	–	–	35	–	–	35
Treasury shares reissued pursuant to Performance Share Plan	–	120	–	(35)	(85)	–	–
At 31 December 2009	199,995	(5,071)	7,852	8,343	(85)	27,974	239,008

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 2010

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Profit before taxation		**52,795**	14,742
Adjustments for:			
Share of results of associated companies		**101**	(791)
Share of results of joint venture companies		**(5,070)**	(1)
Depreciation of property, plant and equipment	12	**34,219**	35,533
(Gain)/loss on disposal of property, plant and equipment		**(66,743)**	316
Allowance for/(write back of) impairment loss in property, plant and equipment, net	12	**159**	(972)
Finance income		**(4,044)**	(3,365)
Finance costs		**19,288**	19,047
Amortisation of lease rental and land use rights		**4,112**	4,375
(Write back of)/allowance for doubtful debts - trade, net		**(1,214)**	2,640
Allowance for inventory obsolescence		**167**	62
Gain on disposal of other investment		**(1)**	–
Share-based payment expenses		**222**	405
Net fair value gains on investment properties		**(2,471)**	–
Currency realignment		**(5,069)**	171
		(26,344)	57,420
Operating profit before working capital changes		**26,451**	72,162
(Increase)/decrease in inventories		**(335)**	953
(Increase)/decrease in trade and other receivables		**(4,383)**	7,693
Decrease/(increase) in amounts due from related parties		**10,433**	(1,588)
Increase/(decrease) in trade and other payables		**2,908**	(21,343)
		8,623	(14,285)
Cash flows generated from operating activities		**35,074**	57,877
Interest received		**4,094**	3,471
Interest paid		**(18,169)**	(17,967)
Tax paid		**(9,773)**	(9,201)
Net cash flows from operating activities		**11,226**	34,180

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

	Note	2010 $'000	2009 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(18,164)**	(45,574)
Proceeds from disposal of property, plant and equipment		**112,456**	212
Increase in investment in associated companies		**–**	(4)
Payment of lease rental	19	**(2,198)**	(2,261)
Increase in long-term investments		**(9,495)**	(1,926)
Net cash inflow on acquisition of a subsidiary company	33	**–**	31
Net cash flows generated from/(used in) investing activities		**82,599**	(49,522)
Cash flows from financing activities			
Proceeds from bank loans		**80,507**	126,977
Repayment of bank loans		**(105,387)**	(79,139)
Proceeds from issuance of notes payable		**50,000**	–
Repayments of notes payable		**(50,000)**	–
Payment of dividends			
– by subsidiary companies to non-controlling interests and preference shareholders		**(5,400)**	(6,163)
Redemption of 'A' preference shares		**–**	(3,041)
Net cash flows (used in)/from financing activities		**(30,280)**	38,634
Net increase in cash and cash equivalents		**63,545**	23,292
Net foreign exchange difference		**(808)**	(752)
Cash and cash equivalents at beginning of year		**76,252**	53,712
Cash and cash equivalents at end of year	33	**138,989**	76,252

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 2010

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 adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for the annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as discussed below.

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interests even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

The effects of the adoption of the revised FRS 27 on the Group's consolidated financial statements, relating to the acquisition of additional 15.98% equity interest in Maldives Bay Pvt Ltd from its non-controlling interests on 18 June 2010 (Note 16) are as follows:

	GROUP 2010 $'000
Increase in:	
Consolidated balance sheet	
Other reserves – Premium paid on acquisition of non-controlling interests	**2,562**

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

Reference	Description	Effective for annual periods beginning on or after
FRS 24	Revision to FRS 24 – Related Party Disclosures	1 January 2011
FRS 32	Amendments to FRS 32 – Classification of Rights Issue	1 February 2010
INT FRS 114	Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115	Agreements for the Construction of Real Estate	1 January 2011
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Various	Improvements to FRSs 2010	1 July 2010, unless otherwise stated

The Directors expect that the adoption of the standards and interpretations above will have no material impact to the financial statements in the period of initial application, except for revised FRS 24 and INT FRS 115 as indicated below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significance influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

INT FRS 115 Agreements for the Construction of Real Estate

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

The Group's current accounting policy for all residential property sales is to recognise revenue using the percentage of completion method as construction progresses. The Group has considered the application of INT FRS 115 and concluded that certain 'pre-completion' sale contracts were not, in substance, construction contracts, and the legal terms are such that the construction does not represent the continuous transfer of work in progress to the purchaser.

Had the completion method been adopted, the possible impact on the financial statements for the financial years ended 31 December 2010 and 2009 would be as follows:

	GROUP Increase/(decrease)	
	2010 $'000	**2009 $'000**
Balance Sheet:		
Property development costs	**12,404**	19,859
Retained earnings	**(7,131)**	(11,031)
Income Statement:		
Revenue for the financial year	**5,932**	14,108
Profit attributable to the equity holders of the Company	**3,900**	10,981

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.

(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.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty (continued)

(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 amounts of the Group's property, plant and equipment at 31 December 2010 are $811,066,000 (2009: $876,964,000). 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 32 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 amounts of the Group's loans and receivables at the balance sheet date are disclosed in Note 49 (d) to the financial statements.

(v) 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 on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of recognised tax losses and unrecognised tax losses at 31 December 2010 are $14,553,000 (2009: $11,476,000) and $16,321,000 (2009: $11,214,000) respectively.

(vi) Revaluation of freehold properties

The Group carries its freehold properties at fair value, with changes in fair values being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 31 December 2010 for its freehold properties in Thailand. The fair value determined using the various valuation models is sensitive to the underlying assumptions used by the independent valuation specialists.

The valuation models used to determine the fair value of the freehold properties of the Group are stated in Note 12.

(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 amounts of the Group's income tax payables and net deferred tax liabilities at 31 December 2010 are $31,454,000 (2009: $7,295,000) and $153,498,000 (2009: $155,534,000) respectively.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgements (continued)

(b) Critical judgements made in applying accounting policies (continued)

(ii) 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 44.

(iii)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

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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 consolidated 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 other comprehensive income and accumulated under currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the consolidated income statement on disposal of the subsidiary company.

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
- Items of statement of comprehensive income are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised to other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement as a component of gain or loss on disposal.

2. Summary of significant accounting policies (continued)

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.

(b) Principles of consolidation

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements 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, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are 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.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.11(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (continued)

2.5 Subsidiary companies and principles of consolidation (continued)

(b) Principles of consolidation (continued)

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Business combination under common control

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.

2.6 Transaction with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.7 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.

2. Summary of significant accounting policies (continued)

2.7 Associated companies (continued)

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.

2.8 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.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. 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. The Group segregates land and buildings into two classes: leasehold and freehold. For leasehold land and buildings, the Group adopts the cost model and no revaluation will be carried out on these classes of assets. For freehold land and buildings, the Group adopts the revaluation model. Fair value is determined based on appraisal undertaken by professionally qualified valuers, using market-based evidence.

Valuations are performed with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is credited to other comprehensive income and accumulated in equity under the property revaluation reserve. However, the increase is recognised in the consolidated 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 to other comprehensive income and accumulated in equity under the property 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 property revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

2. Summary of significant accounting policies (continued)

2.9 Property, plant and equipment (continued)

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.

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

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. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. Summary of significant accounting policies (continued)

2.11 Intangible assets (continued)

(a) Goodwill (continued)

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.

2.12 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the consolidated income statement or treated as a revaluation decrease in other comprehensive income 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.

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 consolidated income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the consolidated income statement is treated as a revaluation increase recognised in other comprehensive income. 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.

2.13 Financial assets

Financial assets 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.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

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 2.30.

(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, less impairment. Gains and losses are recognised in the consolidated 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 amounts due from subsidiary, associated, joint venture companies and related parties; and
- cash and cash equivalents.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income and accumulated under 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.

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 any impairment losses.

2.14 Long-term investments

Investment securities under long-term investments are classified as fair value through profit and loss and available-for-sale financial assets.

2.15 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.

2.16 Property development costs

Development properties are properties held or developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value. Costs comprise cost of land, design fee, infrastructure and construction and related interest and are assigned by using specific identification. Included in the property development costs are completed properties which are held for sale in the ordinary course of business.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2. Summary of significant accounting policies (continued)

2.17 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) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the consolidated 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 to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the consolidated income statement.

(b) Financial 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

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from other comprehensive income and recognised in the consolidated income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the consolidated income statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in consolidated income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed in consolidated income statement.

2. Summary of significant accounting policies (continued)

2.18 Inventories

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

Costs incurred in bringing the inventories to their present location and conditions 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.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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.

2.19 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other payables, amounts due to subsidiary, associated, joint venture and related companies, interest-bearing loans and borrowings, 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 2.23 (b) for policy on derecognition of financial liabilities.

2.20 Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 50, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 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 substantially completed for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 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 consolidated 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. **Summary of significant accounting policies** (continued)

2.23 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 has transferred substantially all the risks and rewards of the asset, or 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 the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised directly in equity is recognised in the consolidated income statement.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognised in the consolidated 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 consolidated 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 consolidated income statement.

2.24 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 consolidated 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.

2.25 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 consolidated 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 consolidated income statement.

2. Summary of significant accounting policies (continued)

2.26 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 reporting period.

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 share-based payment transactions is measured at fair value at the date of grant. This cost is recognised in the consolidated 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 and RSP shares that are expected to vest on vesting date. Any revision of this estimate is included in the consolidated income statement and a corresponding adjustment to equity over the remaining vesting date. The charge or credit to the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(c) Share-based payment

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 consolidated 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 PSP and RSP shares that are expected to vest by the vesting date. Any revision of this estimate is included in the consolidated 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 changes in fair value recognised in the consolidated 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 or RSP, 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 or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the consolidated income statement upon cancellation.

2. Summary of significant accounting policies (continued)

2.26 Employee benefits (continued)

(d) Post employment benefits and other long term employment benefits plans

The subsidiaries in Thailand operate two unfunded benefit schemes, Legal Severance Pay ("LSP") and Long Service Award ("LSA") for qualifying employees.

The LSP scheme is a defined benefit plan which pays employees a lump sum benefit computed based on their number of years of service and their basic salary upon retirement or early termination of their employment contracts.

The LSA scheme is a long-term employee benefit which rewards employees in cash and/or in gold. To be entitled to the award, employees will have to complete certain number of years of service with the Group.

The benefits schemes are assessed using the projected unit credit actuarial valuation method. The cost of providing for the employee benefits are charged to the income statement so as to spread the service cost over the service lives of employees in accordance with the actuarial valuation carried out during the year. The provision for the employee benefits is measured as the present value of the estimated future cash outflows by reference to the interest rates of government bonds in Thailand that have terms to maturity approximating the terms of the related liabilities. Actuarial gains and losses arising from LSP are recognised in other comprehensive income and for those arising from LSA to be recognised in the profit and loss account in the year these gains and losses arise. The employee benefit expenses are included as part of staff costs.

2.27 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

(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 consolidated 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 consolidated 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.

2.28 Prepaid island rental and land use rights

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

2. Summary of significant accounting policies (continued)

2.29 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 end of the reporting period, 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.

2.30 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, including exchange differences and interest, arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the consolidated income statement.

2.31 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 consolidated income statement over the expected useful life of the relevant asset by equal annual instalments.

2.32 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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Hotel investments

Revenue from hotel investments 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.

(b) Property sales

Revenue from property sales is recognised when a legally binding contract is signed and downpayment of at least 20% is received, 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.

(c) Management services

Management services comprises the management of hotels and resorts, the management of an asset-backed club, the management of private-equity funds and the management of golf courses.

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

(d) Spa operation

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

2. Summary of significant accounting policies (continued)

2.32 Revenue (continued)

(e) Merchandise sales

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.

(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 consolidated income statement when the Group's right to receive payment is established.

(h) Interest

Interest income is recognised using the effective interest method.

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2.33 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 end of the reporting period, in the countries where the Group operates and generates taxable income.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period 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 goodwill or 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; and
- 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 end of each reporting period 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 end of each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 end of each reporting period.

Deferred tax relating to items recognised outside the consolidated income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (continued)

2.33 Taxes (continued)

(b) Deferred tax (continued)

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.

2.34 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.

2.35 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. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transactions costs, is recognised in equity.

2.36 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Revenue

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

	GROUP	
	2010 $'000	2009 $'000
Hotel investments	**189,327**	186,620
Property sales	**28,398**	48,314
Management services	**26,336**	23,665
Spa operation	**27,675**	26,934
Project and design services	**22,557**	18,100
Merchandise sales	**9,052**	7,148
Rental income	**1,958**	2,470
	305,303	313,251

4. Other income

	GROUP	
	2010 $'000	2009 $'000
Management and service fees	**215**	257
Course and academy fees	**948**	502
Insurance claims	**4,012**	1,225
Gain on disposal of property, plant and equipment *	**66,743**	–
Net fair value gains on investment properties	**2,471**	–
Amortisation of deferred income (Note 37)	**399**	421
Rental income	**–**	421
Others	**2,177**	837
	76,965	3,663

* Gain on disposal of property, plant and equipment relates mainly to the gain on disposal of Dusit Laguna Phuket hotel through the Group's subsidiary, LRH in Thailand on 11 October 2010.

5. Salaries and related expenses

	GROUP	
	2010 $'000	2009 $'000
Salaries, wages and other related costs	**113,041**	87,574
Share-based payment expenses	**573**	430
Contributions to defined contribution plans	**3,545**	3,037
The above amounts include salaries and related expenses of Directors	**117,159**	91,041

6. Other operating expenses

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

	GROUP	
	2010 $'000	**2009 $'000**
Utilities and communication	**19,741**	17,440
Repair and maintenance	**10,973**	8,587
Printing and stationery	**2,484**	2,393
Travelling and transportation	**5,348**	3,634
Commission expenses	**4,431**	4,509
Laundry and valet	**2,564**	2,338
Guest expendable supplies	**3,454**	3,002

7. Profit from operations and other gains

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

	GROUP	
	2010 $'000	**2009 $'000**
Non-audit fees paid to auditors of the Company	**20**	9
(Write back of)/allowance for doubtful debts – trade, net	**(1,208)**	2,734
Allowance for inventory obsolescence	**167**	62
Allowance for /(write back of) impairment loss on property, plant and equipment	**159**	(972)
Bad debts written back – trade	**(6)**	(94)
Exchange loss	**1,201**	686
Gain on foreign currency contracts	**(606)**	(756)
(Gain)/loss on disposal of property, plant and equipment	**(66,743)**	316
Hotel management fees paid to other hotel operators	**2,020**	2,183

8. Finance income

	GROUP	
	2010 $'000	**2009 $'000**
Interest received and receivable from:		
– banks	**1,848**	1,464
– related parties	**34**	69
– others	**2,162**	1,832
	4,044	3,365

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

9. Finance costs

	GROUP	
	2010 $'000	2009 $'000
Interest paid and payable to:		
– banks	**12,386**	11,901
– holders of redeemable preference shares	**–**	1,087
– holders of notes payable	**6,853**	5,999
– others	**49**	60
	19,288	19,047

10. Income tax expense

Major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	GROUP	
	2010 $'000	2009 $'000
Current tax expense		
Current taxation	**29,920**	7,017
Under provision in respect of prior years	**598**	298
	30,518	7,315
Deferred tax expense		
Origination and movement in temporary differences	**(11,224)**	(215)
Benefits previously not recognised	**(186)**	(247)
Expiry of recognised tax losses	**1,406**	2,776
Effect of reduction in tax rate	**–**	(60)
	(10,004)	2,254
Withholding tax expense		
Current year provision	**2,154**	1,749
Over provision in respect of prior years	**–**	(4)
	2,154	1,745
Income tax expense recognised in the consolidated income statement	**22,668**	11,314

A deferred tax charge of $4,499,000 (2009: deferred tax credit of $29,717,000) relating to the adjustment on property revaluation reserve was recognised in other comprehensive income.

10. Income tax expense (continued)

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 2010 and 2009 are as follows:

	GROUP	
	2010 $'000	**2009 $'000**
Accounting profit before taxation	**52,795**	14,742
Income tax using Singapore tax rate of 17% (2009: 17%)	**8,975**	2,506
Effect of different tax rates in other countries	**7,730**	1,004
Expenses not deductible for tax purposes	**2,627**	6,021
Tax exempt income	**(2,259)**	(3,618)
Effect of reduction in tax rate	**–**	(60)
Under provision in respect of prior years	**598**	298
Utilisation of previously unrecognised tax losses	**(186)**	(247)
Deferred tax assets not recognised	**1,539**	830
Withholding tax	**2,154**	1,745
Expiry of recognised tax losses	**1,406**	2,776
Others	**84**	59
Income tax expense recognised in the consolidated income statement	**22,668**	11,314

The Group

Group royalty fees income derived from Indonesia and Thailand is subject to withholding tax at 15% (2009: 15%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2009: 20% and 10%).

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

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit, net of tax, 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, net of tax, 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 profit after taxation and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	GROUP	
	2010 $'000	**2009 $'000**
Profit, net of tax, attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	**15,693**	3,005
Weighted average number of ordinary shares for basic earnings per share computation	**758,659,322**	758,445,437
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan	**2,707,732**	2,570,100
Weighted average number of ordinary shares for diluted earnings per share computation	**761,367,054**	761,015,537

12. 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 :								
At 1 January 2009	394,696	377,539	103,736	271,244	10,059	10,359	31,854	1,199,487
Additions	–	1,270	20,804	7,661	1,327	18	14,494	45,574
Disposals	–	(282)	(13)	(429)	(399)	(93)	–	(1,216)
Revaluation deficit	–	(100,701)	–	(3,247)	–	–	–	(103,948)
Transfer to property development costs	(425)	(769)	–	(166)	–	–	–	(1,360)
Transfer in/(out)	–	10,330	15,698	9,249	369	–	(35,646)	–
Net exchange differences	(20)	(1,799)	(2,606)	(695)	(43)	(40)	(968)	(6,171)
At 31 December 2009 and 1 January 2010	394,251	285,588	137,619	283,617	11,313	10,244	9,734	1,132,366
Additions	–	1,861	821	5,710	2,152	389	7,231	18,164
Disposals	(23,666)	(25,191)	–	(27,526)	(596)	(473)	(636)	(78,088)
Revaluation surplus/(deficit)	35,749	(8,299)	–	(12,512)	–	–	–	14,938
Transfer to property development costs	–	–	–	(85)	–	–	(1,728)	(1,813)
Transfer to investment properties	–	–	–	(33,527)	–	–	–	(33,527)
Transfer in/(out)	–	1,355	7,165	(2,281)	(54)	(57)	(6,128)	–
Net exchange differences	9,130	3,820	(7,952)	4,169	(17)	77	(194)	9,033
At 31 December 2010	**415,464**	**259,134**	**137,653**	**217,565**	**12,798**	**10,180**	**8,279**	**1,061,073**
Accumulated depreciation and impairment losses:								
At 1 January 2009	–	36,365	18,659	154,068	5,398	5,339	–	219,829
Depreciation charge for the year	–	8,077	5,433	19,127	2,205	691	–	35,533
Disposals	–	(3)	–	(333)	(272)	(80)	–	(688)
Transfer to property development costs	–	(41)	–	–	–	–	–	(41)
Revaluation deficit/(surplus)	–	4,603	–	(884)	–	–	–	3,719
(Write-back of impairment)/ impairment loss	–	(816)	(176)	17	–	3	–	(972)
Net exchange differences	–	(66)	(482)	(1,383)	(32)	(15)	–	(1,978)
At 31 December 2009 and 1 January 2010	–	48,119	23,434	170,612	7,299	5,938	–	255,402
Depreciation charge for the year	–	6,518	6,331	17,875	2,155	1,340	–	34,219
Disposals	–	(11,006)	–	(21,845)	(534)	(440)	–	(33,825)
Transfer to investment properties	–	–	–	(6,909)	–	–	–	(6,909)
Revaluation surplus	–	(1,255)	–	(1,981)	–	–	–	(3,236)
Impairment loss	–	–	–	159	–	–	–	159
Transfer in/(out)	–	310	798	(1,684)	(91)	667	–	–
Net exchange differences	–	2,145	(1,506)	3,386	100	72	–	4,197
At 31 December 2010	**–**	**44,831**	**29,057**	**159,613**	**8,929**	**7,577**	**–**	**250,007**
Net carrying amount:								
At 31 December 2010	**415,464**	**214,303**	**108,596**	**57,952**	**3,869**	**2,603**	**8,279**	**811,066**
At 31 December 2009	394,251	237,469	114,185	113,005	4,014	4,306	9,734	876,964

The freehold land, freehold buildings and certain furniture, fittings and equipment of the Group are carried at valuation. The remaining items of property, plant and equipment are carried at cost.

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

12. Property, plant and equipment (continued)

The hotel properties, which comprise of freehold buildings and furniture, fittings and equipment in the freehold properties in Thailand were appraised by a professional independent appraisal company report on 24 December 2009, using a fair value approach. The freehold land in Thailand was appraised by a professional independent appraisal company dated 27 November 2007 using the market value basis. Certain of the above assets have been reappraised by a professional independent appraisal company in the report dated 30 November 2010. The basis of the revaluation was as follows:

- Land was revalued using the market value basis
- Hotel buildings and other buildings were revalued using a fair value approach
- Rental buildings were revalued using the residual value approach

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

	GROUP	
	2010 $'000	2009 $'000
Freehold land at 31 December		
– Cost and net carrying amount	**95,345**	94,274
Freehold buildings at 31 December		
– Cost	**213,528**	219,177
– Accumulated depreciation	**(55,095)**	(53,195)
– Net carrying amount	**158,433**	165,982
Furniture, fittings and equipment at 31 December		
– Cost	**192,233**	224,846
– Accumulated depreciation	**(148,771)**	(160,626)
– Net carrying amount	**43,462**	64,220

As at 31 December 2010, certain properties with net book value amounting to $473,790,000 (2009: $658,641,000) were mortgaged to banks to secure credit facilities for the Group (Note 36).

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 $Nil (2009: $112,000) and $346,000 (2009: $289,000) respectively.

12. Property, plant and equipment (continued)

COMPANY	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2009	13	120	133
Additions	–	25	25
At 31 December 2009 and 1 January 2010	13	145	158
Additions	–	2	2
At 31 December 2010	**13**	**147**	**160**
Accumulated depreciation:			
At 1 January 2009	9	111	120
Depreciation charge for the year	2	11	13
At 31 December 2009 and 1 January 2010	11	122	133
Depreciation charge for the year	1	11	12
At 31 December 2010	**12**	**133**	**145**
Net carrying amount:			
At 31 December 2010	**1**	**14**	**15**
At 31 December 2009	2	23	25

13. Land use rights

	GROUP	
	2010 $'000	2009 $'000
Cost:		
At 1 January	**21,807**	22,567
Additions	**4,842**	–
Net exchange differences	**(1,057)**	(760)
At 31 December	**25,592**	21,807
Accumulated amortisation and impairment losses:		
At 1 January	**1,323**	784
Amortisation for the year	**805**	547
Impairment loss	**–**	27
Net exchange differences	**(85)**	(35)
At 31 December	**2,043**	1,323
Net carrying amount	**23,549**	20,484
Amount to be amortised:		
– Within 1 year	**681**	569
– Between 2 to 5 years	**2,726**	2,276
– After 5 years	**20,142**	17,639

13. Land use rights (continued)

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

	Tenure	
	2010	**2009**
Location		
People's Republic of China		
Banyan Tree Lijiang	**34 years**	35 years
Banyan Tree Ringha	**33 years**	34 years
Zhongdian Jiantang Hotel	**38 years**	39 years
Tibet Lhasa Banyan Tree Resorts	**37 years**	–

14. Investment properties

	GROUP	
	2010 $'000	**2009 $'000**
Balance sheet:		
At 1 January	**–**	–
Transfer from property, plant and equipment	**26,618**	–
Transfer from land awaiting future development	**6,851**	–
At 31 December	**33,469**	–
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**3,922**	–
Direct operating expense (including repairs and maintenance) arising from:		
– Rental generating properties	**1,603**	–

Valuation of Investment properties

Investment properties are stated at fair value, which has been determined based on valuation report dated 30 November 2010. The revaluations were performed by Knight Frank Chartered (Thailand) Co., Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The basis of valuation was as follows:

– Land was revalued using the fair market approach.

– Shop rental building was revalued using the depreciated replacement cost approach.

– Office rental units were revalued using the residual value approach.

Properties pledged as security

Certain investment properties amounting to $23,222,000 are mortgaged to secure bank loans (Note 36).

The Investment properties held by the Group as at 31 December are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
Shopping centre with more than 50 leased outlets, Phuket, Thailand	Shops	Freehold	–
53 office units in a 24-storey office tower, Bangkok, Thailand	Offices	Freehold	–
Land located in Northern of Thailand	Land awaiting development	Freehold	–

15. Land awaiting future development

	GROUP	
	2010 **$'000**	**2009** **$'000**
Location		
Thailand		
Mae Hong Sorn	–	554
Chiang Rai	–	2,811
Phuket	–	29,230
Chiang Mai	–	1,400
	–	33,995

During the year, the land awaiting future development were transferred to investment properties and property development costs.

16. Subsidiary companies

	COMPANY	
	2010 **$'000**	**2009** **$'000**
Unquoted shares, at cost	**82,785**	47,594
Quoted shares, at cost	**72,263**	72,263
Impairment losses	**(1,565)**	(1,565)
	153,483	118,292
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
	159,346	124,155
Loans and receivables		
Loans to subsidiary companies	**212,158**	260,571
	371,504	384,726
Market value of quoted shares	**224,579**	198,894

Included in the loans made to subsidiary companies is an unsecured loan of $50,000,000 bearing interest at a rate of 6.3% with no fixed terms of repayment. Except for this loan, 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 written back an allowance of $1,347,000 (2009: provided an allowance of $1,697,000) for impairment of the loans due from its subsidiary companies with a nominal amount of $10,500,000 (2009: $19,155,000). These subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2010 is $6,149,000 (2009: $7,496,000).

On 18 June 2010, the Group acquired an additional 15.98% equity interest in Maldives Bay Pvt Ltd (MBPL) from its non-controlling interests for a cash consideration of $7,823,000. The carrying value of the net assets of MBPL at 18 June 2010 was $33,214,000 and the carrying value of the additional interest acquired was $5,261,000. The difference of $2,562,000 has been recognised as "Premium paid on acquisition of non-controlling interests" within the statement of changes in equity.

16. Subsidiary companies (continued)

The following summarises the effect of the change in the Group's ownership interest in MBPL on the equity attributable to owners of the parent:

	$'000
Consideration paid for acquisition of non-controlling interests	7,823
Decrease in equity attributable to non-controlling interests	(5,261)
Decrease in equity attributable to owners of the parent	2,562

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	
				2010 $'000	2009 $'000	2010 %	2009 %
(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 Investments Pte. Ltd. (formerly known as 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
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	**500**	**	**100**	100
1	Integrated Resort Management Co Pte. Ltd.	Integrated resorts facilities management services	Singapore	**	**	**100**	100
1	Brand Services (Singapore) Pte. Ltd. (formerly known as Banyan Tree Architrave Services Pte. Ltd.)	Owning and managing intellectual property for and on behalf of Banyan Tree Group	Singapore	**	**	**100**	100
1	Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
1	Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2010 $'000	Cost of investment 2009 $'000	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
	(i) Held by the Company (continued)						
[1,12]	Banyan Tree Properties (S) Pte. Ltd.	Property development and investments	Singapore	**	–	**100**	–
[2]	Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	**71,619**	71,619	**65.75**	65.75
[2]	Banyan Tree Resorts & Spas (Thailand) Company Limited	Providing spa services	Thailand	**6,446**	6,446	**100**	100
[2]	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	**5,097**	5,097	**100**	100
[2]	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	**	**	**100**	100
[2]	Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	**4,163**	4,163	**100**	100
[2]	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**46,754**	12,063	**93.43**	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.	Providing management, operation services and ancillary services related to the hospitality industry	Morocco	**2,649**	2,649	**100**	100
[4]	Beruwela Walk Inn PLC	Operating hotel resorts	Sri Lanka	**645**	645	**79.85**	79.85
[11]	Integrated Investments Limited	Investment holding	New Zealand	**	**	**100**	100
[2]	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	**300**	300	**100**	100
				155,048	119,857		

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
	(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**	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
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
3,9	Laguna Beach Club Limited	Hotel operations	Thailand	**39.45**	39.45
3,9	Laguna (1) Limited	Property development	Thailand	**39.45**	39.45
2,9	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	**55.89**	55.89
2	Laguna Service Company Limited	Providing utilities and other services to hotels of LRH and its subsidiaries	Thailand	**58.65**	58.65
2	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	**65.75**	65.75

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
	(ii) Held through subsidiary companies (continued)				
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
2,9	Laguna Excursion Limited	Travel operations	Thailand	**32.22**	32.22
2	Laguna Lakes Limited	Property development	Thailand	**62.46**	62.46
2	Laguna Village Limited	Hotel operations	Thailand	**65.75**	65.75
2	Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	**100**	100
2	Zhongdian Jiantang Hotel Limited	Hotel services	China	**80**	80
2	Jiwa Renga Resorts Limited	Hotel construction and operation	China	**96**	96
2	Banyan Tree Hotels Management (Beijing) Co., Ltd	Providing 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
2	Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	**83.20**	83.20
2	Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	**100**	100
2	Banyan Tree Lijiang International Travel Service Co., Ltd	Provide travel agency services	China	**83.20**	83.20
2	Lijiang Banyan Tree Gallery Trading Company Limited	Trading and retailing of consumer goods in resorts	China	**82.53**	82.53
2	Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	**100**	100
2	Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	**100**	100
5	Cheer Golden Limited	Investment holding	Hong Kong	**65.75**	65.75
2	Triumph International Holdings Limited	Investment holding	Hong Kong	**80**	80
10	Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Lhasa (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Gyalthang Dzong (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Dunhuang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Yangshuo (Cayman) Limited	Investment holding	Cayman Islands	**100**	100

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	2009 %
	(ii) Held through subsidiary companies (continued)				
1	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	**100**	100
10	Jayanne International Limited	Investment holding	British Virgin Islands	**100**	100
10	Club Management Limited	Providing 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	Providing consultation and management services of the international hotels marketing	Indonesia	**100**	100
10	Banyan Tree MX S.A. De C.V.	Providing business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
10	Banyan Tree Servicios S.A. De C.V.	Providing business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
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
10	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**	100
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
2	Banyan Tree Resorts (UK) Ltd	Providing marketing services	United Kingdom	**100**	100
10	Banyan Tree Hotels & Resorts USA, Inc	Providing marketing services	United States of America	**100**	100
2	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	**97.85**	97.85

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2010 %	2009 %
(ii) Held through subsidiary companies (continued)					
10	Sanctuary Anhui (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
1	Banyan Tree Anhui (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	**100**	100
2	LVCL (Thailand) Co., Ltd	Providing project development services	Thailand	**100**	100
2	Banyan Tree Hotels (Cyprus) Ltd	Providing management consultancy and hotel design services	Cyprus	**100**	100
14	Green Transportation SARL AU	Providing tourist transportation activities	Morocco	**100**	100
13	Maypole New Zealand Limited	Rental of apartments	New Zealand	**–**	100
2,12	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	**100**	–
2,12	Banyan Tree Indochina Co., Ltd.	Providing project supervision and management service	Vietnam	**100**	–
12,15	Banyan Tree Huangshan Tourism Development Co., Ltd.	Property owner, developer, operator and management of hotels, resorts and residences in China as well as ancillary services relating to the hospitality industry	China	**100**	–
12,16	Angsana Lijiang Real Estate Development Co., Ltd.	Property owner, development and hotel operator including all ancillary services relating to the hospitality industry	China	**83.20**	–
12,14	Banyan Tree Hotel Management (Tianjin) Co., Ltd.	Consultant and operator of hotels/ resorts, residences, spas, food and beverage including ancillary services relating to the hospitality industry	China	**100**	–

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 Cape Inc (Formerly known as Grant Thornton, South Africa).
8 Audited by BDO Seychelles.
9 As at 31 December 2010, these companies are subsidiary companies of LRH which in turn are subsidiary companies 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.
10 Not required to be audited under the laws of country of incorporation.
11 Audited by KPMG, New Zealand.
12 Incorporated during the year.
13 Amalgamated with Integrated Investments Limited on 12 July 2010.
14 Not required to be audited as the company has not commenced operation as at 31 December 2010.
15 Audited by Anhui Wanrui Certified Public Accountant.
16 Not required to be audited as company incorporated for less than 6 months as at 31 December 2010.
** Cost of investment is less than $1,000.

17. Associated companies

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Unquoted equity shares, at cost	**961**	763	**889**	889
Share of post-acquisition reserves	**5,830**	5,836	**–**	–
Impairment loss	**(615)**	(600)	**–**	–
Net exchange differences	**(765)**	(304)	**–**	–
Loans and receivables				
Loan to an associated company	**16,409**	18,119	**16,409**	18,119
	21,820	23,814	**17,298**	19,008

The loan to an associated company is unsecured, interest-free and with no fixed terms of repayment. The loan is not expected to be repaid within the next twelve months.

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 2010 %	Effective equity held by the Group 2009 %
	Held by the Company				
1	Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	**30**	30
	Held through an associated company				
3	Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	**30**	30
3	Ocean Estate (Seychelles) Limited	Development of residences for sale	Seychelles	**30**	30
	Held through subsidiary companies				
4	Lotes 3 Servicios S.A. De C.V.	Providing business management and services	Mexico	**20**	20
1, 5	Tropical Resorts Limited	Resort investment and development	Hong Kong	**17**	17
2, 5	Diwaran Resorts Phil. Inc.	Investment holding	Philippines	**9.09**	9.09

1 Audited by Ernst & Young LLP, Singapore.

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

3 Audited by BDO Seychelles.

4 Audited by Deloitte Touche Tomatsu, Mexico.

5 Companies are considered associates as the investments were held through subsidiaries which have significant influence over the operating and financial policies of these companies.

The Group has not recognised its share of losses and deficit in the currency translation reserve relating to Tropical Resorts Limited where its share of deficit in equity has exceeded the Group's interest in this associated company. At the balance sheet date, the Group's cumulative share of unrecognised losses and currency translation deficit were $983,000 (2009: $780,000) and $692,000 (2009: $210,000) respectively.

The Group has no obligation in respect of these losses.

17. Associated companies (continued)

The summarised financial information of associated companies, not adjusted for the proportion of ownership interests held by the Group, is as follows:

	2010 $'000	2009 $'000
Assets and liabilities:		
Current assets	**29,764**	35,493
Non-current assets	**106,371**	113,278
Total assets	**136,135**	148,771
Current liabilities	**(35,363)**	(37,133)
Non-current liabilities	**(101,154)**	(106,999)
Total liabilities	**(136,517)**	(144,132)
Results:		
Revenue	**46,521**	50,394
Loss for the year	**(6,884)**	(1,988)

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2009: Nil).

18. Joint venture companies

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Shares at cost	**6,000**	6,000	**6,000**	6,000
Share of post-acquisition reserves	**2,922**	(2,085)	**–**	–
Net exchange differences	**(1,203)**	(816)	**–**	–
	7,719	3,099	**6,000**	6,000
Loans and receivables				
Loan to a joint venture company	**–**	323	**–**	323
	7,719	3,422	**6,000**	6,323

The loan to a joint venture company is unsecured and interest-free, with no fixed terms of repayment.

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 2010 %	Effective equity held by the Group 2009 %
	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, 3	Seytropical Resorts Limited	Resort development	Seychelles	**50**	50

1 Audited by Ernst & Young LLP, Singapore.

2 Audited by BDO Seychelles.

3 In the process of voluntary liquidation.

18. Joint venture companies (contInued)

The summarised financial information of joint venture companies, not adjusted for the proportion of ownership interests held by the Group, is as follows:

	2010 $'000	2009 $'000
Assets and liabilities:		
Current assets	**27**	–
Non-current assets	**13,494**	8,006
Total assets	**13,521**	8,006
Current liabilities	**(7)**	(48)
Non-current liabilities	**–**	(646)
Total liabilities	**(7)**	(694)
Results:		
Revenue	**–**	17
Profit for the year	**10,140**	3

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil (2009: Nil).

19. Prepaid island rental

	GROUP	
	2010 $'000	2009 $'000
At 1 January	**24,853**	27,140
Net exchange differences	**(1,653)**	(720)
Payment of island rental during the year	**2,198**	2,261
	25,398	28,681
Less: Amount charged to expenses during the year	**(3,307)**	(3,828)
At 31 December	**22,091**	24,853
Amount chargeable within 1 year (Note 26)	**2,105**	2,250
Amount chargeable after 1 year	**19,986**	22,603
	22,091	24,853

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

The lease periods are as follows:

Island	Lease period
Maldives	
Vabbinfaru Island	1 May 1993 – 31 Oct 2019
Ihuru Island	16 Oct 2000 – 15 Oct 2015
Velavaru Island	24 Jul 2005 – 25 Aug 2032
Madivaru Island	5 May 2006 – 17 Aug 2022

20. Long-term trade receivables

	GROUP	
	2010 $'000	2009 $'000
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 25)	**9,894**	12,250
Between 2 to 5 years	**27,830**	32,421
After 5 years	**12,969**	16,871
	40,799	49,292

Long-term trade receivables consist of:

(i) Receivables from property sales bear interest at a rate of 5% per annum (2009: 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 (2009: 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. As at 31 December 2010, the amounts due from a third party are $24,061,000 (2009: $25,542,000). The receivable bears an interest rate of 6% per annum (2009: 6%) and are repayable over 13.5 to 15 years, commencing from 2008.

21. Intangible assets

	GROUP		
	Goodwill $'000	Trademarks $'000	Total $'000
Cost:			
At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010	2,852	24,300	27,152
Accumulated impairment losses:			
At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010	(249)	–	(249)
Net carrying amount:			
At 31 December 2009 and 31 December 2010	2,603	24,300	26,903

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	
	2010	2009
Growth rate	**0%**	0%
Discount rate	**7.40%**	7.40%

The above 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 discount rate reflects weighted average cost of capital rate used and is consistent with forecasts used in industry reports. The discount rate used reflects the specific risks relating to the relevant company.

21. Intangible assets (continued)

Impairment testing of trademarks

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

- Property Sales segment;
- Fee-based 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 reportable operating segments. The allocated amounts to each cash-generating unit are as follows:

	Property Sales Segment		Fee-based Segment		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Carrying amount of trademarks	**630**	630	**23,670**	23,670	**24,300**	24,300

The recoverable amount for all the individual reportable operating 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 reportable operating segment is 9.54% (2009: 9.47%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 4% (2009: 4%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate, which reflects weighted average cost of capital rate used, is consistent with forecasts used in industry reports. The discount rate reflects 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 years, 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 years, adjusted for the forecast growth rate.

22. Long-term investments

	GROUP	
	2010 $'000	2009 $'000
Quoted investments		
Equity shares, at fair value	**2**	4
Unquoted investments		
Equity shares, at cost	**36,241**	27,253
Less: Impairment in value of unquoted investments	**(65)**	(64)
Total unquoted investments	**36,176**	27,189
Total available-for-sale financial assets	**36,178**	27,193

Unquoted equity shares are stated at cost and have no market prices and the fair value cannot be reliably measured using valuation techniques. The unquoted equity shares represent ordinary shares in Mexican companies that are not quoted on any markets and do not have comparable industry peers that are listed.

23. Other receivables – non current

	GROUP	
	2010 $'000	2009 $'000
Loans and receivables		
Deposits	**3,984**	8,969
Loans to third parties	**7,639**	8,439
	11,623	17,408

Included in the loans made to third parties is an interest-free loan, amounting to $3,118,000 (2009: $3,346,000), which is secured by the share of assets and shareholder advances of the third party in an unquoted company and not expected to be repaid within the next twelve months.

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

24. Inventories

	GROUP	
	2010 $'000	2009 $'000
Food and beverage, at cost	**2,135**	2,589
Trading goods and supplies	**6,831**	5,901
Materials, at cost	**3,037**	3,674
Others	**192**	83
	12,195	12,247
Income statement inclusive of the following charge:		
– Inventories recognised as an expense in cost of sales	**25,834**	24,821
– Inventories written-down	**167**	62

25. Trade receivables

	GROUP	
	2010 $'000	2009 $'000
Loans and receivables		
Trade receivables	**59,860**	53,903
Current portion of long-term trade receivables (Note 20)	**9,894**	12,250
	69,754	66,153
Less: Allowance for doubtful debts	**(7,443)**	(9,235)
	62,311	56,918

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 $41,076,000 (2009: $34,877,000) 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	
	2010 $'000	2009 $'000
Trade receivables past due:		
Less than 30 days	**20,567**	13,069
30 to 60 days	**3,371**	3,491
60 to 90 days	**2,248**	1,370
More than 90 days	**14,890**	16,947
	41,076	34,877
Neither past due nor impaired	**21,235**	22,041
	62,311	56,918

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	
	2010 $'000	2009 $'000
Trade receivables – nominal amounts	**7,443**	9,235
Less: Allowance for doubtful debts	**(7,443)**	(9,235)
	–	–
Movement in allowance accounts:		
At 1 January	**9,235**	6,646
Charge for the year	**876**	3,059
Reversal of allowance	**(2,019)**	(441)
Utilisation	**(700)**	(15)
Exchange differences	**51**	(14)
At 31 December	**7,443**	9,235

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 2.17 (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.

26. Prepayments and other non-financial assets – current

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Prepayments	**6,113**	5,141	**41**	33
Prepaid island rental – current portion (Note 19)	**2,105**	2,250	**–**	–
Advances to suppliers	**2,221**	2,750	**–**	–
Others	**2,851**	1,592	**3**	18
	13,290	11,733	**44**	51

27. Other receivables – current

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans and receivables				
Deposits	**11,414**	5,916	**22**	178
Interest receivable	**98**	80	**1**	4
Staff advances	**888**	1,326	**–**	–
Goods and services tax/value-added tax receivable	**1,748**	2,118	**–**	–
Insurance recoverable	**15**	30	**–**	–
Other recoverable expenses	**983**	593	**90**	1,254
Other receivables	**5,572**	5,169	**1,965**	–
	20,718	15,232	**2,078**	1,436
Fair value through profit and loss				
Forward currency contracts receivable	**693**	1,078	**–**	–
	21,411	16,310	**2,078**	1,436

28. Amounts due from/(to) subsidiary companies

	COMPANY	
	2010 $'000	2009 $'000
Loans and receivables		
Amounts due from subsidiary companies		
– non-trade	**7,819**	8,574
Financial liabilities at amortised cost		
Amounts due to subsidiary companies		
– non-trade	**(19,562)**	(45,495)

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 $ Nil (2009: $276,000) for impairment of the amounts due from its subsidiary companies with a nominal amount of $3,761,000 (2009: $3,530,000). The subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2010 is $3,385,000 (2009: $3,385,000).

29. Amounts due from/(to) associated companies

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans and receivables				
Amounts due from associated companies				
– trade	**503**	1,374	**–**	8
– non-trade	**108**	–	**–**	–
	611	1,374	**–**	8
Financial liabilities at amortised cost				
Amounts due to associated companies				
– trade	**(7)**	(5)	**–**	–
– non-trade	**(295)**	(367)	**–**	–
	(302)	(372)	**–**	–

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

30. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans and receivables				
Amounts due from related parties				
– trade	**8,005**	5,295	**–**	–
– non-trade	**850**	4,784	**527**	250
	8,855	10,079	**527**	250
Financial liabilities at amortised cost				
Amounts due to related parties				
– trade	**(519)**	(496)	**–**	–
– non-trade	**(120)**	(317)	**(1)**	(282)
	(639)	(813)	**(1)**	(282)

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

31. Amount due to a joint venture company

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial liabilities at amortised cost				
Amount due to a joint venture company				
– non-trade	**(6,747)**	–	**(6,747)**	–
	(6,747)	–	**(6,747)**	–

The amount due to a joint venture company is unsecured and interest-free, with no fixed terms of repayment.

32. Property development costs

	GROUP	
	2010 $'000	**2009 $'000**
Properties under development		
Cost incurred to date	**132,738**	112,309
Less: Allowance for foreseeable losses	**(3,931)**	(3,840)
	128,807	108,469
Attributable profit	**169,628**	127,830
Less: Progress billings	**(244,647)**	(206,995)
	53,788	29,304
Properties held for sale	**51,278**	40,461
	105,066	69,765

There were no retention monies due from customers as at 31 December 2010 and 31 December 2009.

During the financial year, borrowing costs of $Nil (2009: $12,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development.

Details of the properties as at 31 December 2010 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	100	Held for sale	4,124	Completed	65.75
Banyan Tree Double Pool Villas Phase 1	Phuket, Thailand	100	Held for sale	10,798	Completed	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone A)	Phuket, Thailand	100	Held for sale	5,062	Completed	65.75
Laguna Townhomes Phase 3	Phuket, Thailand	100	Held for sale	4,417	Completed	65.75
Banyan Tree Phuket Residences two bedroom Phase 3	Phuket, Thailand	100	Held for sale	8,359	Completed	65.75
Laguna Townhomes Phase 5	Phuket, Thailand	100	Completed	11,076	Completed	65.75
Laguna Townhomes Phase 6	Phuket, Thailand	100	Completed	11,293	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	480	Completed	65.75
Loft Club House	Phuket, Thailand	55	Under construction	2,539	May 2011	65.75
Loft Building 1	Phuket, Thailand	65	Under construction	8,516	June 2011	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	1,178	Completed	83.20
Banyan Tree Lijiang Phase 2 extension	Lijiang, China	100	Held for sale	1,374	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,484	Completed	100

32. Property development costs (continued)

Details of the properties as at 31 December 2009 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	100	Held for sale	4,124	Completed	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone A)	Phuket, Thailand	100	Held for sale	5,062	Completed	65.75
Laguna Townhomes Phase 3	Phuket, Thailand	100	Held for sale	4,417	Completed	65.75
Laguna Townhomes Phase 4a	Phuket, Thailand	100	Held for sale	8,188	Completed	65.75
Laguna Townhomes Phase 5	Phuket, Thailand	12	Under construction	11,076	September 2010	65.75
Laguna Townhomes Phase 6	Phuket, Thailand	85	Under construction	11,293	May 2010	65.75
Banyan Tree Phuket Residences two bedroom Phase 3	Phuket, Thailand	100	Completed	8,359	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	480	Completed	65.75
Loft Club House	Phuket, Thailand	1	Under construction	2,539	June 2011	65.75
Loft Building 1	Phuket, Thailand	3	Under construction	8,516	May 2011	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	3,134	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,600	Completed	100
Kyoto Apartment	Kyoto, Japan	100	Held for sale	121	Completed	100

33. Cash and cash equivalents

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans and receivables				
Cash on hand and at bank	**127,011**	63,444	**3,045**	2,502
Fixed deposit, unsecured	**11,978**	12,808	**10,005**	5,362
	138,989	76,252	**13,050**	7,864
Significant foreign currency denominated balances				
US Dollars	**11,568**	12,034	**610**	6,904
Thai Baht	**86,748**	21,045	**–**	–
Chinese Renminbi	**21,013**	21,337	**–**	–

In 2009, the Group, through one of its subsidiary company, purchased 100% interest in LVCL (Thailand) Co., Ltd for a cash consideration of $1,075.

The fair value of the identifiable assets and liabilities of the new subsidiary company as at the date of acquisition in 2009 were:

	Recognised on date of acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	50	50
Trade receivables	339	339
Cash and cash equivalents	32	32
Other current assets	22	22
	443	443
Trade and other payables	(442)	(442)
Net identifiable assets	1	1

Effect of acquisition on cash flows is as follows:	
Cash and cash equivalents of subsidiary company acquired	32
Less: Consideration settled in cash	(1)
Net cash inflow on acquisition	31

34. Other non-financial liabilities

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Advances received from customers	**14,960**	11,335	**–**	–
Deferred membership fee	**674**	609	**–**	–
Others	**3,893**	3,351	**735**	104
	19,527	15,295	**735**	104

35. Other payables

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial liabilities at amortised cost				
Accrued operating expenses	**32,503**	34,915	**5,270**	2,204
Accrued service charges	**2,089**	2,595	**–**	–
Deposits	**295**	1,026	**–**	–
Goods and services tax/value added tax payable	**2,795**	3,468	**39**	44
Sundry creditors	**2,311**	4,815	**22**	117
	39,993	46,819	**5,331**	2,365
Financial liabilities at fair value				
Forward currency contracts payable	**14**	18	**–**	–
	40,007	46,837	**5,331**	2,365

36. Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial liabilities at amortised cost				
Non-current liabilities				
Secured bank loans	**171,355**	177,445	**12,050**	8,001
Unsecured bank loans	**4,583**	7,083	**2,292**	3,541
	175,938	184,528	**14,342**	11,542
Current liabilities				
Secured bank loans	**45,297**	68,290	**1,600**	1,000
Unsecured bank loans	**6,116**	2,500	**4,866**	1,250
	51,413	70,790	**6,466**	2,250

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

	GROUP	
	2010 $'000	2009 $'000
Freehold land and buildings	**379,451**	552,838
Investment properties	**23,222**	–
Quoted shares in a subsidiary company	**11,558**	4,130
Leasehold buildings	**94,339**	105,803
Unquoted shares in subsidiary companies	**50,917**	16,226
Inventories	**1,502**	1,738
Trade and other receivables	**28,696**	32,700
Prepaid island rental	**20,969**	23,542
Property development costs	**13,452**	7,004
Other assets	**10,038**	14,626
	634,144	758,607

The secured bank loan of the Company is secured by freehold land and buildings of its subsidiary companies, amounting to $24,440,000 (2009: $16,339,000).

37. Deferred income

	GROUP	
	2010 **$'000**	**2009** **$'000**
Cost		
At 1 January	**16,327**	16,723
Additions	**216**	–
Exchange differences	**(713)**	(396)
At 31 December	**15,830**	16,327
Accumulated amortisation		
At 1 January	**960**	565
Amortisation for the year (Note 4)	**399**	421
Net exchange differences	**(50)**	(26)
At 31 December	**1,309**	960
Net carrying amount	**14,521**	15,367

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 companies in PRC to promote the tourism industry. There are no unfulfilled conditions or contingencies attached to these grants.

38. Loan stock

Loan stock represents 102,218 (2009: 102,218) non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Company Limited, a subsidiary company, to non-controlling shareholders at a par value of Baht 100 each. These preference shares carry a fixed cumulative preference dividend of 10% per annum.

39. Notes payable

Notes payable relates to the principal of the $27.25 million fixed rate notes due on 1 August 2011, $50 million fixed rate notes due on 22 November 2012 and $50 million fixed rate notes due on 27 August 2013. The notes bear interest rates of 5.5% per annum (2009: 5.5%), 4.75% per annum (2009: 4.75%) and 6.25% per annum (2009: Nil) respectively, payable semi-annually.

40. Other non-current liabilities

The subsidiaries in Thailand operate two unfunded benefit schemes, Legal Severance Pay ("LSP") and Long Service Award ("LSA") for qualifying employees.

As at year ended 31 December 2010, included in the other non-current liabilities are provisions for LSP, a post employment benefit and LSA of $3,083,000 and $1,355,000 respectively. During the year, the service cost and interest expense for LSP are $2,961,000 and $122,000 respectively, while the service cost and interest expense for LSA are $1,304,000 and $51,000 respectively. The service cost of these schemes are included in the salaries and related expenses in the income statement, and the current year charge made up the total amount of provisions as at year end.

The principal assumptions used in determining the Group's employee benefits are as follows:

Discount rates	4.75%
Future salary increases	3.00%
Gold price (per Baht weight of gold)	THB 18,000
Gold inflation	2.00%
Attrition rate	Based on LRH Group's withdrawal experiences in prior years

41. Deferred tax

	GROUP		COMPANY	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	**(127,111)**	(126,291)	**–**	–
Temporary differences arising from revenue recognition	**(44,373)**	(42,846)	**–**	–
Other items	**(171)**	(207)	**–**	–
	(171,655)	(169,344)	**–**	–
Deferred tax assets				
Unutilised tax losses	**14,553**	11,476	**305**	31
Other items	**3,604**	2,334	**472**	–
	18,157	13,810	**777**	31
Net deferred tax (liabilities)/assets	**(153,498)**	(155,534)	**777**	31

The Group has tax losses of $16,321,000 as at 31 December 2010 (2009: $11,214,000) 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.

42. Share capital

	GROUP AND COMPANY			
	2010		2009	
	No. of shares	$'000	No. of shares	$'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.

43. 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. There was no such acquisition during the year.

The Company reissued 366,000 (2009: 69,700) treasury shares pursuant to its Performance Share Plan at a weighted average share price of $1.73 (2009: $1.73) each.

As of 31 December 2010, there are 2,564,300 (2009: 2,930,300) treasury shares held by the Company.

(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) Property revaluation reserve

The property revaluation reserve is used to record increases in the fair value of revalued properties, net of deferred tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(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 and exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies.

(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 with the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand and the Foreign Enterprise Law applicable to subsidiaries in the People's Republic of China (PRC).

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.

At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the Statutory Reserve Fund ("SRF") until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(h) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 44). 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.

(i) Gain/(loss) on reissuance of treasury shares

This represents the gain or loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

44. Equity compensation benefits

Banyan Tree 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 employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). Under the Share Option Scheme, eligible participants are granted options to acquire shares in the Company whereas under the Plan, the Company's shares are issued to eligible participants. 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.

At the date of this report, 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, Mrs Elizabeth Sam and Mrs Fang Ai Lian (appointed on 31 August 2010) 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 targeted at a Plan participant who is a key member of Senior Management with the ability 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.

44. Equity compensation benefits (continued)

The details of the Plan existed as at 31 December 2010 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 for FY 2007 Grant and FY 2008 Grant and one-year performance period for FY 2009 Grant and FY 2010 Grant.
Date of Grant:		
FY 2010 Grant	15 June 2010	15 June 2010
FY 2009 Grant	15 May 2009	15 May 2009
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 2010 Grant	1 January 2010 to 31 December 2012	1 January 2010 to 31 December 2010
FY 2009 Grant	1 January 2009 to 31 December 2011	1 January 2009 to 31 December 2009
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 2010 Grant	• 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	• Return on Invested Capital ("ROIC") • EBITDA #
FY 2009 Grant and FY 2008 Grant	• Absolute TSR outperform COE • Relative TSR against FTSE ST Mid Cap Index • Relative TSR against selected hospitality listed peers	• Return on Equity ("ROE") • EBITDA #
FY 2007 Grant	• Absolute TSR outperform COE • Relative TSR against Straits Times Index • Relative TSR against selected hospitality listed peers	• ROE • EBITDA # Margin
Vesting Period:		
FY 2010 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfillment of service requirements.
FY 2009 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfillment of service requirements.

44. Equity compensation benefits (continued)

	PSP	RSP
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.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

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 2010 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	37.17%	37.17%
FTSE Mid Cap Index	22.72%	Not applicable
Risk-free interest rates		
Singapore Sovereign	0.55%	0.49% – 0.55%
Term	33.5 months	9.5 to 33.5 months
BTH expected dividend yield	–	–
Share price at grant date	$0.83	$0.83

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 ascertained.

44. Equity compensation benefits (continued)

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

	PSP					
	Balance as at 1 January 2010 [1]	Shares granted during financial year [1]	Shares cancelled during financial year [2]	Shares released during financial year	Balance as at 31 December 2010	Estimated fair value at grant date
Grant date						
19 April 2007						
Executive Director (Ariel P Vera)	80,000	–	(49,600)	(30,400)	–	$3.129
Other Participants	100,000	–	(62,000)	(38,000)	–	$3.129
4 May 2007						
Other Participants	80,000	–	(49,600)	(30,400)	–	$4.362
25 April 2008						
Executive Director (Ariel P Vera)	80,000	–	–	–	80,000	$0.637
Other Participants	280,000	–	–	–	280,000	$0.637
15 May 2009						
Executive Director (Ariel P Vera)	80,000	–	–	–	80,000	$0.556
Other Participants	340,000	–	–	–	340,000	$0.556
15 June 2010						
Executive Director (Ariel P Vera)	–	99,000	–	–	99,000	$0.781
Other Participants	–	568,000	–	–	568,000	$0.781
Total	**1,040,000**	**667,000**	**(161,200)**	**(98,800)**	**1,447,000**	

1 The number of shares represents performance shares granted from FY2007 to FY2010 under the Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 200% depending on the level of achievement of pre-set performance conditions over the performance period.

2 The number of shares cancelled at the end of the performance period based on the level of achievement of pre-set performance conditions.

44. Equity compensation benefits (continued)

	RSP					
	Balance as at 1 January 2010	Shares granted during financial year [1]	Shares cancelled during financial year [2]	Shares released during financial year	Balance as at 31 December 2010	Estimated fair value at grant date
Grant date						
19 April 2007						
Executive Director (Ariel P Vera)	15,000 [3]	–	–	(7,500)	7,500	$2.024 – $2.076
Other Participants	57,200 [3]	–	–	(25,800)	31,400	$2.024 – $2.076
4 May 2007						
Other Participants	37,700 [3]	–	–	(21,300)	16,400	$2.428 – $2.507
16 July 2007						
One Participant	1,200 [3]	–	–	(600)	600	$2.024 – $2.076
25 April 2008						
Executive Director (Ariel P Vera)	120,000 [1]	–	(84,000)	(18,000)	18,000	$1.314 – $1.344
Independent Director (Chia Chee Ming Timothy)	7,000 [3]	–	–	(3,500)	3,500	$1.314 – $1.344
Independent Director (Elizabeth Sam)	6,000 [3]	–	–	(3,000)	3,000	$1.314 – $1.344
Other Participants	1,305,250 [1]	–	(969,950)	(206,000)	129,300	$1.314 – $1.344
15 May 2009						
Executive Director (Ariel P Vera)	80,000 [1]	–	(58,400)	(7,200)	14,400	$0.49
Other Participants	1,495,500 [1]	–	(1,083,000)	(137,100)	275,400	$0.49
15 June 2010						
Executive Director (Ariel P Vera)	–	99,000	–	–	99,000	$0.821 – $0.836
Other Participants	–	2,142,250	(157,750)	–	1,984,500	$0.821 – $0.836
Total	3,124,850	2,241,250	(2,353,100)	(430,000)	2,583,000	

1 The number of shares represents performance shares granted from FY2008 to FY2010 under the Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 150% depending on the level of achievement of pre-set performance conditions over the performance period.

2 The number of shares cancelled at the end of the performance period based on the level of achievement of pre-set performance conditions under the Plan.

3 The number of shares represents performance shares granted in FY2007 and FY2008 under the Plan, subject to certain conditions.

The number of contingent shares granted but not released as at 31 December 2010 were 1,447,000 and 2,583,000 (2009: 1,040,000 and 3,124,850) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,894,000 and 3,624,750 (2009: 2,080,000 and 4,621,725) for PSP and RSP respectively.

44. Equity compensation benefits (continued)

Founder's Grant

On 2 May 2006, the independent shareholders of the Company approved the incentive for the Executive Chairman, Mr Ho KwonPing, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 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 (the "Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. The first financial year in which the Founder's Grant is payable is the financial year ended 31 December 2010. The Group's profit before tax and before provision of expense for Founder's Grant is $55,573,812 for the financial year ended 31 December 2010. Accordingly, the amount payable pursuant to the Founder's Grant is S$2,778,691.

The NRC and the Board met and approved on 16 February 2011 and 23 February 2011 respectively, the payment of the Founder's Grant to Mr Ho. The Board also approved the Founder's Grant to be paid in cash. Accordingly, Mr Ho was paid a total amount of S$2,778,691 in cash pursuant to the Founder's Grant in respect of the financial year ended 31 December 2010.

45. 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	
	2010 $'000	2009 $'000
Capital commitments in respect of property, plant and equipment	**9,256**	14,069
Capital commitments in respect of Banyan Tree Indochina Hospitality Fund	**53,453**	64,077
Capital commitments in respect of Banyan Tree China Hospitality Fund	**6,895**	–

(b) Operating lease commitments

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

	GROUP	
	2010 $'000	2009 $'000
Payable:		
Within 1 year	**4,284**	4,846
Between 2 to 5 years	**12,771**	15,795
After 5 years	**20,043**	25,322
	32,814	41,117
	37,098	45,963

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.

45. Commitments and contingencies (continued)

(c) Contingent liabilities

Guarantees

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

	COMPANY	
	2010 $'000	2009 $'000
Guarantees issued on banking facilities of subsidiary companies	**56,979**	41,872

Litigation

(i) On 4 July 2007, the shareholders of LRH, a listed subsidiary 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 the resolution was approved in compliance with its Articles of Association and applicable laws. Upon application, this matter was subsequently dismissed by the President of the Supreme Court on the ground that it is a matter under the jurisdiction of the Bankruptcy Court. On 5 August 2009, the plaintiffs brought this case to the Central Bankruptcy Court. The case 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 years and an accumulated profit attributable to equity holders of the Company of $13.5 million as at 31 December 2010.

(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 claimed damages of approximately $23.2 million (Baht 539 million) with interest of 7.5% per annum amounting to $4.4 million 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 financial statements. LRH is vigorously defending this lawsuit.

(iii) A case was brought to the Phuket Provincial Court on 8 October 2009, in which four of LRH's affiliated companies and ten directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991–1995. The plaintiffs alleged that the Sale and Purchase Agreement ("Agreement") called for an area of approximately 20 Rais, but the Allamanda 1 Condominium was registered with only 9 Rais 2 Ngans 9 Square Wahs. The plaintiffs alleged that therefore the defendants have breached the Sale and Purchase Agreement.

As a result, the plaintiffs request that the defendants completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 Rais 3 Ngans 97.1 Square Wahs to Allamanda (1) Juristic Person, as the tenth plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also request for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium.

45. Commitments and contingencies (continued)

(c) Contingent liabilities (continued)

Litigation (continued)

(iii) (continued)

The total amount of claim is approximately $8.1 million (Baht 188 million) with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors of those LRH's subsidiaries as the fifth to fourteenth defendants were the representatives of those LRH's subsidiaries being the first to fourth defendants, and therefore must also be jointly liable with those LRH's subsidiaries.

The defendants have lodged their statement of defense and believe that the plaintiffs' claims are invalid and therefore no provision has been made in its financial statements.

The case is currently pending at the Phuket Provincial Court of First Instance.

46. 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.

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	
	2010 $'000	**2009 $'000**
(a) Sale and purchase of goods and services		
Associated companies:		
– Management and service fee income	**1,831**	2,277
– Reservation fee income	**151**	194
– Architectural fee income	**14**	3
– Spa gallery income	**800**	863
– Others	**62**	7
Related parties:		
– Management and service fee income	**3,488**	2,217
– Rental income	**2,273**	2,482
– Reservation fee income	**508**	306
– Architectural fee income	**5**	3
– Spa gallery income	**3,756**	3,423
– Royalty income	**582**	640
– Others	**193**	15
(b) Compensation of key management personnel:		
– Salaries and employee benefits	**3,986**	3,664
– Central Provident Fund contributions	**105**	123
– Other short-term benefits [1]	**4,115**	1,198
Total compensation paid to key management personnel	**8,206**	4,985
Comprise amounts paid to:		
• Directors of the Company	**5,144**	1,934
• Other key management personnel	**3,062**	3,051
	8,206	4,985

[1] Other short-term benefit includes amount payable to Mr Ho KwonPing under the Founder's Grant of $2,778,691 and share-based payment expenses of $198,000. Share-based payment expenses are computed based on the estimated fair value of the shares at grant date taking into account the vesting period and the vesting condition. The actual shares awarded may differ depending on the level of achievement of pre-set performance conditions over the performance period. Please refer to Note 44 for details on the schemes.

47. 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.

(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 $56,979,000 (2009: $41,872,000) relating to corporate guarantees provided by the Company for the bank loan taken by its subsidiary companies.

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

47. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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 receivables at the balance sheet date is as follows:

		2010		2009	
	Note	$'000	% of total	$'000	% of total
GROUP					
By geographical:					
South East Asia		**59,349**	**57**	67,279	63
Indian Oceania		**3,133**	**3**	4,229	4
Middle East		**4,990**	**5**	5,311	5
North East Asia		**13,389**	**13**	4,847	5
Rest of the world		**22,249**	**22**	24,544	23
		103,110	**100**	106,210	100
By industry sectors:					
Hotel Investments		**30,239**	**29**	17,415	16
Property Sales		**38,510**	**38**	63,088	60
Fee-based Segment		**34,361**	**33**	25,707	24
		103,110	**100**	106,210	100
Trade receivables					
Non-current	20	**40,799**		49,292	
Current	25	**62,311**		56,918	
		103,110		106,210	

Included in trade receivables are amounts due from a third party of $24,061,000 (2009: $25,542,000). 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 (2009: 6%) and are repayable in equal instalments over 13.5 to 15 years, commencing from 2008.

47. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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 23, Note 25 and Note 27.

(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 Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. Management finances the Group's liquidity through internally generated cash flows and minimizes liquidity risk by keeping committed stand-by credit facilities available.

At the balance sheet date, approximately 22.1% (2009: 31.6%) of the Group's notes payable, interest-bearing loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 22.6% (2009: 37.0%) of the Company's notes payable, interest-bearing loans and borrowings will mature in less than one year at the balance sheet date.

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.

47. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

		2010					2009				
	Note	Effective rate %	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 $'000
GROUP											
Financial liabilities											
Trade payables		**–**	**(22,228)**	**–**	**–**	**(22,228)**	–	(20,947)	–	–	(20,947)
Other payables	35	**–**	**(39,993)**	**–**	**–**	**(39,993)**	–	(46,819)	–	–	(46,819)
Loans and borrowings											
– S$ floating rate loan	36	**–**	**–**	**–**	**–**	**–**	1.5 above SGD Swap cost	(604)	(1,564)	–	(2,168)
– S$ floating rate loan	36	**COF + 2**	**(2,943)**	**(7,547)**	**(6,255)**	**(16,745)**	COF + 2	(1,484)	(4,810)	(4,506)	(10,800)
– S$ floating rate loan	36	**SIBOR + 3.75**	**(4,813)**	**(10,444)**	**–**	**(15,257)**	–	–	–	–	–
– S$ fixed rate loan	36	**5**	**(2,854)**	**(5,003)**	**–**	**(7,857)**	5	(2,717)	(8,146)	–	(10,863)
– US$ floating rate loan	36	**COF + 2**	**(2,666)**	**–**	**–**	**(2,666)**	–	–	–	–	–
– US$ fixed rate loan	36	**5.05 – 8.4**	**(15,896)**	**(21,015)**	**–**	**(36,911)**	5.05 – 8.4	(16,273)	(41,717)	–	(57,990)
– BHT fixed rate loan	36	**–**	**–**	**–**	**–**	**–**	2.78	(22,447)	–	–	(22,447)
– BHT floating rate loan	36	**MLR – 1 to MLR – 1.75**	**(20,840)**	**(34,292)**	**(10,737)**	**(65,869)**	MLR – 0.5 to MLR – 2	(38,532)	(71,791)	(42,088)	(152,411)
– BHT floating rate loan	36	**Saving deposit rate + 1.25**	**(7,774)**	**(22,463)**	**(32,707)**	**(62,944)**	–	–	–	–	–
– MAD floating rate loan	36	**5.91**	**(1,051)**	**(8,340)**	**–**	**(9,391)**	5.84	(1,276)	(12,395)	–	(13,671)
– RMB floating rate loan	36	**5.94**	**(2,106)**	**(30,450)**	**(15,032)**	**(47,588)**	5.94	(2,203)	(24,827)	(24,817)	(51,847)
Notes payable	39	**4.75 – 6.25**	**(33,673)**	**(106,584)**	**–**	**(140,257)**	4.25 – 5.5	(55,999)	(83,499)	–	(139,498)
			(156,837)	**(246,138)**	**(64,731)**	**(467,706)**		(209,301)	(248,749)	(71,411)	(529,461)
GROUP											
Derivatives – Forward currency contracts											
Gross payments		**–**	**(5,689)**	**–**	**–**	**(5,689)**	–	(10,160)	(6,106)	–	(16,266)
Gross receipts		**–**	**6,351**	**–**	**–**	**6,351**	–	11,162	6,203	–	17,365
COMPANY											
Financial liabilities											
Other payables	35	**–**	**(5,331)**	**–**	**–**	**(5,331)**	–	(2,365)	–	–	(2,365)
Secured bank loan											
– S$ floating rate loan	36	**COF + 2**	**(2,943)**	**(7,547)**	**(6,255)**	**(16,745)**	COF + 2	(1,484)	(4,810)	(4,506)	(10,800)
– S$ fixed rate loan	36	**5**	**(1,427)**	**(2,502)**	**–**	**(3,929)**	–	–	–	–	–
– US$ floating rate loan	36	**COF + 2**	**(2,666)**	**–**	**–**	**(2,666)**	–	–	–	–	–
Notes payable	39	**4.75 – 6.25**	**(33,673)**	**(106,584)**	**–**	**(140,257)**	4.25 – 5.5	(55,999)	(83,499)	–	(139,498)
			(46,040)	**(116,633)**	**(6,255)**	**(168,928)**		(59,848)	(88,309)	(4,506)	(152,663)

US$: United States Dollar

BHT: Thai Baht

MAD: Morocco Dirham

RMB: Chinese Renminbi

SIBOR: Singapore inter-bank offered rate

MLR: Minimum lending rate

COF: Cost of fund of lending bank

47. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

The table below shows the maximum amount of financial guarantee contracts, allocated to the earliest period in which the guarantee could be called.

	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
COMPANY				
2010				
Financial guarantees	**56,979**	**–**	**–**	**56,979**
2009				
Financial guarantees	41,872	–	–	41,872

(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 47% (2009: 53%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 47 (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 (2009: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,408,000 (2009: $1,266,000) 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, United States 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 2010, approximately 29% (2009: 42%) of the Group's trade receivables are denominated in foreign currencies.

To minimise the foreign currency risk exposure on the Group's Thailand subsidiary companies where Baht is their functional currency, the Group enters into forward currency contracts to mitigate the currency exposure from USD.

As at 31 December 2010, the Group had hedged 100% (2009: 100%) of its USD denominated trade receivables held by its Thailand subsidiary companies. Excluding the receivables which are hedged, approximately 23% (2009: 30%) of the Group's trade receivables are denominated in foreign currencies.

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 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.

47. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after taxation 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.

	GROUP	
	Profit after taxation	
	2010 $'000	2009 $'000
USD/Baht – strengthened 5% (2009: 3%)	**228**	354
– weakened 5% (2009: 3%)	**(228)**	(354)
USD/SGD – strengthened 5% (2009: 3%)	**2,391**	2,054
– weakened 5% (2009: 3%)	**(2,391)**	(2,054)

Forward currency contracts

Forward currency contracts included in the balance sheets at 31 December are as follows:

	GROUP					
	2010			2009		
	Contract notional amount $'000	Assets $'000	Liabilities $'000	Contract notional amount $'000	Assets $'000	Liabilities $'000
Forward currency contracts	**5,685**	**693**	**14**	16,169	1,078	18

The Group entered into forward currency contracts to sell USD and purchase Baht. Details of the outstanding forward currency contracts of the Group are set out below:

As at 31 December 2010

Foreign currency	Amount	Maturity
USD	4.4 million	US$1.1 million payable quarterly from 31 March 2011 to 31 December 2011.

As at 31 December 2009

Foreign currency	Amount	Maturity
USD	3.3 million	US$1.7 million payable quarterly from 31 January 2010 to 30 April 2010.
USD	8.2 million	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.

47. Financial risk management objectives and policies (continued)

(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).

48. 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 dividends payment to shareholders, return capital to shareholders or issue new shares.

As disclosed in Note 43 (g), subsidiary companies of the Group are required to set aside Legal Reserves in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand and the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC). The imposed capital requirement has been complied with by the subsidiary companies for the financial years ended 31 December 2010 and 2009.

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.

	GROUP	
	2010 $'000	**2009 $'000**
Interest-bearing loans and borrowings (Note 36)	**227,351**	255,318
Notes payable (Note 39)	**126,015**	127,250
Less: Cash and cash equivalents (Note 33)	**(138,668)**	(75,926)
Net debt	**214,698**	306,642
Total capital	**742,460**	706,595
Gearing ratio	**29%**	43%

49. Financial instruments

(a) Fair values of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

GROUP	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable (Level 3) $'000	Total $'000
Year ended 31 December 2010					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	22	2	–	–	2
Derivatives					
– Forward currency contracts	27	–	693	–	693
At 31 December 2010		2	693	–	695
Financial liabilities:					
Derivatives					
– Forward currency contracts	35	–	14	–	14
At 31 December 2010		–	14	–	14
Year ended 31 December 2009					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	22	4	–	–	4
Derivatives					
– Forward currency contracts	27	–	1,078	–	1,078
At 31 December 2009		4	1,078	–	1,082
Financial liabilities:					
Derivatives					
– Forward currency contracts	35	–	18	–	18
At 31 December 2009		–	18	–	18

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer from Level 1 and Level 2 during the financial years ended 2010 and 2009.

49. Financial instruments (continued)

(a) **Fair values of financial instruments that are carried at fair value** (continued)

Methods and assumptions used to determine fair values

The methods and assumptions used by Management to determine fair values of financial instruments carried at fair values, are as follows:

Financial instruments	***Methods and assumptions***
• Long-term investments (quoted equity shares)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Derivatives (Forward currency contracts)	Fair value has been determined by reference to current forward prices for contracts with similar maturity profiles.

(b) **Fair values of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values**

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables, amounts due to and from subsidiary, associated companies and related parties, current trade and other payables, current notes payable 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 interest-bearing loans and borrowings, carry interest which approximates market interest rate. Accordingly their notional amounts approximate their fair values.

(c) **Fair values of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values**

Fair value information has not been disclosed for the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair values, because the fair values cannot be measured reliably.

The loans due from subsidiary, associated, joint venture companies and third parties (classified within non-current assets) 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.

The loans due to a joint venture company have no fixed terms of repayment. Accordingly, the Directors are of the view that the fair value of this loan is not determinable as the timing of the future cash flows due from the loan cannot be estimated reliably.

Unquoted equity shares are stated at cost and have no market prices and the fair value cannot be reliably measured using valuation techniques. The unquoted equity shares represent ordinary shares in Mexican companies that are not quoted on any markets and do not have comparable industry peers that are listed. The Group does not intend to dispose of these investments in the foreseeable future.

The non-current deposits classified within non-current assets 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.

49. 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:

GROUP	Note	Loans and receivables $'000	Fair value through profit and loss $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2010						
Non-current assets						
Property, plant and equipment	12	–	–	–	811,066	811,066
Land use rights	13	–	–	–	23,549	23,549
Investment properties	14	–	–	–	33,469	33,469
Associated companies	17	16,409	–	–	5,411	21,820
Joint venture companies	18	–	–	–	7,719	7,719
Prepaid island rental	19	–	–	–	19,986	19,986
Long-term trade receivables	20	40,799	–	–	–	40,799
Intangible assets	21	–	–	–	26,903	26,903
Long-term investments	22	–	2	36,176	–	36,178
Prepayments		–	–	–	3,610	3,610
Other receivables	23	11,623	–	–	–	11,623
Deferred tax assets	41	–	–	–	18,157	18,157
		68,831	2	36,176	949,870	1,054,879
Current assets						
Inventories	24	–	–	–	12,195	12,195
Trade receivables	25	62,311	–	–	–	62,311
Prepayments and other non-financial assets	26	–	–	–	13,290	13,290
Other receivables	27	20,718	693	–	–	21,411
Amounts due from associated companies	29	611	–	–	–	611
Amounts due from related parties	30	8,855	–	–	–	8,855
Property development costs	32	–	–	–	105,066	105,066
Cash and cash equivalents	33	138,989	–	–	–	138,989
		231,484	693	–	130,551	362,728
Total assets		**300,315**	**695**	**36,176**	**1,080,421**	**1,417,607**

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Liabilities at fair value $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2010					
Current liabilities					
Trade payables		22,228	–	–	22,228
Unearned income		–	–	6,745	6,745
Other non-financial liabilities	34	–	–	19,527	19,527
Other payables	35	39,993	14	–	40,007
Amounts due to associated companies	29	302	–	–	302
Amounts due to related parties	30	639	–	–	639
Interest-bearing loans and borrowings	36	51,413	–	–	51,413
Notes payable	39	26,746	–	–	26,746
Tax payable		–	–	31,454	31,454
		141,321	14	57,726	199,061
Non-current liabilities					
Interest-bearing loans and borrowings	36	175,938	–	–	175,938
Deferred income	37	–	–	14,521	14,521
Loan stock	38	–	–	552	552
Notes payable	39	99,269	–	–	99,269
Deposits received		–	–	1,429	1,429
Amounts due to a joint venture company	31	6,747	–	–	6,747
Other non-current liabilities	40	–	–	5,975	5,975
Deferred tax liabilities	41	–	–	171,655	171,655
		281,954	–	194,132	476,086
Total liabilities		**423,275**	**14**	**251,858**	**675,147**

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Loans and receivables $'000	Fair value through profit and loss $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2009						
Non-current assets						
Property, plant and equipment	12	–	–	–	876,964	876,964
Land use rights	13	–	–	–	20,484	20,484
Land awaiting future development	15	–	–	–	33,995	33,995
Associated companies	17	18,119	–	–	5,695	23,814
Joint venture companies	18	323	–	–	3,099	3,422
Prepaid island rental	19	–	–	–	22,603	22,603
Long-term trade receivables	20	49,292	–	–	–	49,292
Intangible assets	21	–	–	–	26,903	26,903
Long-term investments	22	–	4	27,189	–	27,193
Prepayments		–	–	–	2,303	2,303
Other receivables	23	17,408	–	–	–	17,408
Deferred tax assets	41	–	–	–	13,810	13,810
		85,142	4	27,189	1,005,856	1,118,191
Current assets						
Inventories	24	–	–	–	12,247	12,247
Trade receivables	25	56,918	–	–	–	56,918
Prepayments and other non-financial assets	26	–	–	–	11,733	11,733
Other receivables	27	15,232	1,078	–	–	16,310
Amounts due from associated companies	29	1,374	–	–	–	1,374
Amounts due from related parties	30	10,079	–	–	–	10,079
Property development costs	32	–	–	–	69,765	69,765
Cash and cash equivalents	33	76,252	–	–	–	76,252
		159,855	1,078	–	93,745	254,678
Total assets		244,997	1,082	27,189	1,099,601	1,372,869

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Liabilities at fair value $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2009					
Current liabilities					
Trade payables		20,947	–	–	20,947
Unearned income		–	–	4,180	4,180
Other non-financial liabilities	34	–	–	15,295	15,295
Other payables	35	46,819	18	–	46,837
Amounts due to associated companies	29	372	–	–	372
Amounts due to related parties	30	813	–	–	813
Interest-bearing loans and borrowings	36	70,790	–	–	70,790
Notes payable	39	50,000	–	–	50,000
Tax payable		–	–	7,295	7,295
		189,741	18	26,770	216,529
Non-current liabilities					
Interest-bearing loans and borrowings	36	184,528	–	–	184,528
Deferred income	37	–	–	15,367	15,367
Loan stock	38	–	–	552	552
Notes payable	39	77,250	–	–	77,250
Deposits received		–	–	1,200	1,200
Other non-current liabilities	40	–	–	1,504	1,504
Deferred tax liabilities	41	–	–	169,344	169,344
		261,778	–	187,967	449,745
Total liabilities		451,519	18	214,737	666,274

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2010				
Non-current assets				
Property, plant and equipment	12	–	15	15
Subsidiary companies	16	212,158	159,346	371,504
Associated companies	17	16,409	889	17,298
Joint venture companies	18	–	6,000	6,000
Deferred tax assets	41	–	777	777
		228,567	167,027	395,594
Current assets				
Prepayments and other non-financial assets	26	–	44	44
Other receivables	27	2,078	–	2,078
Amounts due from subsidiary companies	28	7,819	–	7,819
Amounts due from related parties	30	527	–	527
Cash and cash equivalents	33	13,050	–	13,050
		23,474	44	23,518
Total assets		**252,041**	**167,071**	**419,112**

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2010				
Current liabilities				
Unearned income		–	2,077	2,077
Other non-financial liabilities	34	–	735	735
Other payables	35	5,331	–	5,331
Amounts due to subsidiary companies	28	19,562	–	19,562
Amounts due to related parties	30	1	–	1
Interest-bearing loans and borrowings	36	6,466	–	6,466
Notes payable	39	26,746	–	26,746
		58,106	2,812	60,918
Non-current liabilities				
Interest-bearing loans and borrowings	36	14,342	–	14,342
Notes payable	39	99,269	–	99,269
Amount due to a joint venture company	31	6,747	–	6,747
		120,358	–	120,358
Total liabilities		**178,464**	**2,812**	**181,276**

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2009				
Non-current assets				
Property, plant and equipment	12	–	25	25
Subsidiary companies	16	260,571	124,155	384,726
Associated companies	17	18,119	889	19,008
Joint venture companies	18	323	6,000	6,323
Deferred tax assets	41	–	31	31
		279,013	131,100	410,113
Current assets				
Prepayments and other non-financial assets	26	–	51	51
Other receivables	27	1,436	–	1,436
Amounts due from subsidiary companies	28	8,574	–	8,574
Amounts due from associated companies	29	8	–	8
Amounts due from related parties	30	250	–	250
Cash and cash equivalents	33	7,864	–	7,864
		18,132	51	18,183
Total assets		297,145	131,151	428,296

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2009				
Current liabilities				
Other non-financial liabilities	34	–	104	104
Other payables	35	2,365	–	2,365
Amounts due to subsidiary companies	28	45,495	–	45,495
Amounts due to related parties	30	282	–	282
Interest-bearing loans and borrowings	36	2,250	–	2,250
Notes payable	39	50,000	–	50,000
		100,392	104	100,496
Non-current liabilities				
Interest-bearing loans and borrowings	36	11,542	–	11,542
Notes payable	39	77,250	–	77,250
		88,792	–	88,792
Total liabilities		189,184	104	189,288

50. Segment information

For management purposes, the Group is organised into business units based on the nature of products and services provided, with each reportable operating segment representing strategic business units that offers different products and serves different markets. The reportable operating segments are as follows:

The Hotel Investments Segment relates to hotel and restaurant operations.

The Property Sales Segment comprises hotel residences and Laguna property sales. Hotel residences business relates to the sale of hotel villas or suites which are part of hotel operations, to investors under a compulsory leaseback scheme. Laguna property sales business relates to the development and sale of properties which are standalone vacation homes in Laguna Phuket.

The Fee-based Segment comprises the management of hotels and resorts, the management of an asset-backed destination club, the management of private-equity funds, the management and operation of spas, the sales of merchandise, the provision of architectural and design services, the management and ownership of golf courses, and rental of retail outlets and offices.

The Head Office Segment relates to expenses incurred by corporate office.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained below, is measured differently from operating profit or loss in the consolidated financial statements.

Geographical information

The Group's geographical information on revenue and non-current assets are based on the geographical location of the Group's customers and assets respectively.

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 Middle East segment comprises countries such as Dubai, Egypt and UAE.

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, 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. Income taxes are managed on a group basis and are not allocated to operating segments. Unallocated income comprises of other sources of income which are not directly attributable to the identified operating segments.

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.

Information about major customers

There is no concentration of revenue derived from any one single customer for both years ended 31 December 2009 and 2010.

50. Segment information (continued)

(a) Operating segments

The following tables present revenue and results information regarding the Group's reportable operating segments for the years ended 31 December 2010 and 2009:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2010					
Revenue:					
Segment revenue					
Sales	189,652	28,398	127,041	–	345,091
Inter-segment sales	(325)	–	(39,463)	–	(39,788)
Sales to external customers	189,327	28,398	87,578	–	305,303
Results:					
Segment results	(3,187)	2,563	7,530	(20,801)	(13,895)
Unallocated income					76,965
Profit from operations and other gains					63,070
Finance income	1,220	2,246	433	145	4,044
Finance costs	(10,950)	(301)	(437)	(7,600)	(19,288)
Share of results of associated companies	(17)	(22)	–	(62)	(101)
Share of results of joint venture companies	5,073	–	–	(3)	5,070
Profit before taxation					52,795
Income tax expenses					(22,668)
Profit for the year					30,127

50. Segment information (continued)

(a) Operating segments (continued)

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2009					
Revenue:					
Segment revenue					
Sales	186,980	48,314	114,585	–	349,879
Inter-segment sales	(360)	–	(36,268)	–	(36,628)
Sales to external customers	186,620	48,314	78,317	–	313,251
Results:					
Segment results	9,860	15,454	14,711	(14,056)	25,969
Unallocated income					3,663
Profit from operations and other gains					29,632
Finance income	76	1,964	1,121	204	3,365
Finance costs	(10,826)	(439)	(86)	(7,696)	(19,047)
Share of results of associated companies	841	–	58	(108)	791
Share of results of joint venture companies	(3)	–	–	4	1
Profit before taxation					14,742
Income tax expenses					(11,314)
Profit for the year					3,428

50. Segment information (continued)

(a) **Operating segments** (continued)

The following tables present certain assets, liabilities and other information regarding the Group's reportable operating segments for the years ended 31 December 2010 and 2009:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2010					
Assets and liabilities:					
Segment assets	939,142	175,000	174,953	80,816	1,369,911
Investment in associated companies	4,564	–	43	17,213	21,820
Investment in joint venture companies	6,799	–	–	920	7,719
Deferred tax assets	4,286	10,071	2,073	1,727	18,157
Total assets					1,417,607
Segment liabilities	62,515	15,144	22,286	18,727	118,672
Interest-bearing loans and borrowings	181,583	3,440	17,979	24,349	227,351
Notes payable	–	–	–	126,015	126,015
Current and deferred tax liabilities	135,188	51,810	15,183	928	203,109
Total liabilities					675,147
Other segment information:					
Capital expenditure	14,987	15	2,096	1,066	18,164
Depreciation of property, plant and equipment	28,360	745	4,014	1,100	34,219
Amortisation of lease rental and land use rights	4,112	–	–	–	4,112
Other non-cash items	4	(1,650)	381	51	(1,214)

50. Segment information (continued)

(a) Operating segments (continued)

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2009					
Assets and liabilities:					
Segment assets	925,889	154,177	207,766	43,991	1,331,823
Investment in associated companies	4,913	–	66	18,835	23,814
Investment in joint venture companies	3,697	–	–	(275)	3,422
Deferred tax assets					13,810
Total assets					1,372,869
Segment liabilities	59,079	19,810	20,496	7,682	107,067
Interest-bearing loans and borrowings	234,761	–	961	19,596	255,318
Notes payable	–	–	–	127,250	127,250
Current and deferred tax liabilities					176,639
Total liabilities					666,274
Other segment information:					
Capital expenditure	44,702	16	856	–	45,574
Depreciation of property, plant and equipment	29,316	848	4,367	1,002	35,533
Amortisation of lease rental and land use rights	4,375	–	–	–	4,375
Other non-cash items	19	935	860	826	2,640

50. Segment information (continued)

(b) Geographical information

The following tables present revenue and non-current assets information based on the geographical location of customers and assets respectively:

	Revenue		Non-current assets	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
South East Asia	**199,054**	214,096	**812,032**	868,388
Indian Oceania	**49,574**	49,989	**94,679**	109,013
Middle East	**3,565**	8,595	**39**	62
North East Asia	**41,550**	31,072	**91,114**	92,093
Rest of the world	**11,560**	9,499	**57,015**	48,635
	305,303	313,251	**1,054,879**	1,118,191

51. Dividends

	COMPANY	
	2010 $'000	2009 $'000
Proposed but not recognised as a liability on 31 December 2010		
Final exempt (one-tier) dividend for 2010: 0.5 cents (2009: Nil) per share	**3,794**	–

52. Subsequent event

On 22 February 2011, the shareholders of LRH, a listed subsidiary company of the Company, approved the sale of Laguna Beach Club Limited (the "Sale"), in which LRH group has 60% shareholding (BTH Group's effective shareholding of 39.45%), for a purchase consideration of $31.3 million (Baht 723.6 million). To complete the Sale, certain conditions precedent specified in the Share Purchase Agreement (the "Agreement") must be satisfied before the completion date, which is 3 months after signing of the Agreement or such other date as mutually agreed by the parties. The current completion date is expected to be 10 May 2011.

53. Authorisation of financial statements

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 16 March 2011.

Statistics of Shareholdings
as at 15 March 2011

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	59	1.86	21,725	0.00
1,000 – 10,000	2,433	76.53	10,990,646	1.45
10,001 – 1,000,000	672	21.14	32,029,222	4.22
1,000,001 and above	15	0.47	715,796,387	94.33
Total	**3,179**	**100.00**	**758,837,980***	**100.00**

* The total number of issued shares excludes the 2,564,300 treasury shares. Percentage of 2,564,300 treasury shares against total number of issued shares (excluding treasury shares) is 0.34%.

Substantial Shareholders (As shown in the Register of Substantial Shareholders)

	Direct interests No. of shares	%[7]	Deemed interests No. of shares	%[7]
Ho KwonPing[1]	–	–	286,232,582	37.72
Chiang See Ngoh Claire[1]	–	–	286,232,582	37.72
Ho KwonCjan[2]	16,000,000	2.11	286,726,582	37.79
Bibace Investments Ltd	270,460,582	35.64	9,772,000	1.29
Recourse Investments Ltd.[3]	6,000,000	0.79	280,232,582	36.93
KAP Holdings Ltd.[3]	–	–	280,232,582	36.93
Qatar Holding LLC[4]	–	–	190,934,443	25.16
Qatar Investment Authority[5]	–	–	190,934,443	25.16
Citigroup Global Markets Limited ("CGML") and the following entities by virtue of their interest in CGML: Citigroup Inc., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc. and Citigroup Global Markets Europe Limited[6]	1	0.00	149,103,942	19.65

1 Ho KwonPing and Chiang See Ngoh Claire are each deemed to have an interest in the shares held by Recourse Investments Ltd., Bibace Investments Ltd ("Bibace") and Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace).

2 Ho KwonCjan is deemed to have an interest in the shares held by Bibace, Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace) and HSBC (Singapore) Nominees Pte Ltd (acting as nominee for Li-Ho Holdings (Private) Limited).

3 Recourse Investments Ltd. and KAP Holdings Ltd. are each deemed to have an interest in the shares held by Bibace and Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace).

4 Qatar Holding LLC ("QH") is deemed to have an interest in the shares held through thirty party nominees.

5 Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

6 CGML is deemed to have an interest in the shares held by Citibank Nominees Singapore Pte Ltd (acting as nominee for QH).

7 Percentage shareholding is based on issued share capital as at 15 March 2011 (excluding treasury shares).

Twenty Largest Shareholders (As shown in the Register of Members and Depository Register)

	Name	No. of shares	%
1.	Bibace Investments Ltd	270,460,582	35.64
2.	Citibank Nominees Singapore Pte Ltd	215,824,518	28.44
3.	DBSN Services Pte Ltd	86,312,405	11.37
4.	HSBC (Singapore) Nominees Pte Ltd	47,880,731	6.31
5.	Wah-Chang Offshore (Hong Kong) Company Limited	31,000,000	4.09
6.	Ho KwonCjan	16,000,000	2.11
7.	Freesia Investments Ltd	10,000,000	1.32
8.	DBS Nominees Pte Ltd	9,463,151	1.25
9.	BNP Paribas Securities Services Singapore	7,030,000	0.93
10.	Recourse Investments Ltd.	6,000,000	0.79
11.	United Overseas Bank Nominees Pte Ltd	4,160,000	0.55
12.	Goodview Properties Pte Ltd	3,996,000	0.53
13.	Kim Eng Securities Pte. Ltd.	3,676,000	0.48
14.	Raffles Nominees (Pte) Ltd	2,989,000	0.39
15.	OCBC Securities Private Ltd	1,004,000	0.13
16.	Merrill Lynch (Singapore) Pte Ltd	947,640	0.12
17.	Ariel P Vera	767,300	0.10
18.	Bernold Olaf Schroder	745,100	0.10
19.	UOB Kay Hian Pte Ltd	695,000	0.09
20.	Phillip Securities Pte Ltd	692,000	0.09
	Total	**719,643,427**	**94.83**

As at 15 March 2011, approximately 28.6% 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.

Worldwide Resorts and Offices

Banyan Tree Hotels and Resorts

Africa

Banyan Tree Seychelles

P.O. Box 2086
Anse Aux Pins
Mahé Island
Republic of Seychelles
Tel: +248 383 500
Fax: +248 383 600
seychelles@banyantree.com

Amadeus	– BY SEZ030
Galileo	– BY 12661
Sabre	– BY 62616
Worldspan	– BY 6030

Americas

Banyan Tree Cabo Marqués

Blvd. Cabo Marqués, Lote 1
Col. Punta Diamante
Acapulco, Guerrero 39907
Mexico
Tel: +52 744 434 0100
Fax: +52 744 434 0101
cabomarques@banyantree.com

Banyan Tree Mayakoba

Carretera Federal Chetumal-
Puerto Juárez Km. 298
Playa del Carmen
Quintana Roo 77710
Mexico
Tel: +52 984 877 3688
Fax: +52 984 877 3689
mayakoba@banyantree.com

Amadeus	– BY CUNMAY
Galileo	– BY 99289
Sabre	– BY 51899
Worldspan	– BY CUNMK

Asia Pacific

Banyan Tree Bangkok

21/100 South Sathon Road
Sathon
Bangkok 10120
Thailand
Tel: +66 2 679 1200
Fax: +66 2 679 1199
bangkok@banyantree.com

Amadeus	– BY BKK800
Galileo	– BY 12675
Sabre	– BY 29728
Worldspan	– BY 1800

Banyan Tree Bintan

Jalan Teluk Berembang
Laguna Bintan Resort
Lagoi 29155
Bintan Resorts
Indonesia
Tel: +62 770 693 100
Fax: +62 770 693 200
bintan@banyantree.com

Amadeus	– BY SINBTB
Galileo	– BY 67415
Sabre	– BY 22153
Worldspan	– BY SINBT

Banyan Tree Club & Spa Seoul

San 5-5, Jang Chung-Dong 2-Ga
Jung-Gu
Seoul 100-857
Korea
Tel: +82 2 2250 8000
Fax: +82 2 2250 8009
clubandspa-seoul@banyantree.com

Banyan Tree Hangzhou

2 Westbrook Resort
Zijingang Road
Hangzhou
Zhejiang Province 310030
People's Republic of China
Tel: +86 571 8586 0000
Fax: +86 571 8586 2222
hangzhou@banyantree.com

Amadeus	– BY HGHBTH
Galileo	– BY 83242
Sabre	– BY 59881
Worldspan	– BY HGHBT

Banyan Tree Lijiang

Yuerong Road, Shuhe
Gucheng District
Lijiang
Yunnan Province 674100
People's Republic of China
Tel: +86 888 533 1111
Fax: +86 888 533 2222
lijiang@banyantree.com

Amadeus	– BY LJG899
Galileo	– BY 12616
Sabre	– BY 48673
Worldspan	– BY 1899

Banyan Tree Macau

Galaxy Macau Resort
Avenida Marginal Flor de Lotus
Cotai, Macau
People's Republic of China
Tel: +853 8883 6888
Fax: +853 8883 0123
macau@banyantree.com

Banyan Tree Phuket

33, 33/27 Moo 4 Srisoonthorn Road
Cherngtalay, Amphur Talang
Phuket 83110
Thailand
Tel: +66 76 372 400
Fax: +66 76 324 375
phuket@banyantree.com

Amadeus	– BY HKT887
Galileo	– BY 12654
Sabre	– BY 177
Worldspan	– BY 1887

Banyan Tree Ringha

Hong Po Village
Jian Tang Town
Shangri-La County
Diqing Tibetan Autonomous Prefecture
Yunnan Province 674400
People's Republic of China
Tel: +86 887 828 8822
Fax: +86 887 828 8911
ringha@banyantree.com

Amadeus	– BY KMGBTR
Galileo	– BY 14853
Sabre	– BY 7158
Worldspan	– BY KMGBT

Banyan Tree Samui

99/9 Moo 4, Maret, Samui
Surat Thani 84310
Thailand
Tel: +66 77 915 333
Fax: +66 77 915 388
samui@banyantree.com

Banyan Tree Sanya

No. 6 Luling Road
Sanya
Hainan 572000
People's Republic of China
Tel: +86 898 8860 9988
Fax: +86 898 8860 1188
sanya@banyantree.com

Amadeus	– BY SYXBTT
Galileo	– BY 81509
Sabre	– BY 79610
Worldspan	– BY SYXBT

Banyan Tree Ungasan

Jl. Melasti, Banjar Kelod
Ungasan, Bali 80364
Indonesia
Tel: +62 361 300 7000
Fax: +62 361 300 7777
ungasan@banyantree.com

Middle East

Banyan Tree Al Wadi

Al Mazraa, P.O. Box 35288
Ras Al Khaimah
United Arab Emirates
Tel: +971 7 206 7777
Fax: +971 7 243 5000
alwadi@banyantree.com

South Asia

Banyan Tree Madivaru

AA. Ethere Madivaru
North Ari Atoll
Republic of Maldives
Tel: +960 666 0760
Fax: +960 666 0761
madivaru-maldives@banyantree.com

Amadeus	– BY MLEMM
Galileo	– BY 11742
Sabre	– BY 74301
Worldspan	– BY MLEMM

Banyan Tree Vabbinfaru

Vabbinfaru Island
North Malé Atoll
Republic of Maldives
Tel: +960 664 3147
Fax: +960 664 3843
vabbinfaru@banyantree.com

Amadeus	– BY MLE896
Galileo	– BY 12644
Sabre	– BY 39760
Worldspan	– BY 1896

Angsana Hotels and Resorts

Africa

Angsana Riads Collection Morocco

Riad Dar Zaouia
N1 Riad Zitoun Jdid Derb NaKouss Derb Zaouia
40000 Marrakech
Morocco
Tel: +212 524 388 905/6
Fax: +212 524 386 611
marrakech@angsana.com

Amadeus	– BY RAKANN
Galileo	– BY 13790
Sabre	– BY 81704
Worldspan	– BY RAKAN

Angsana Riad Bab Firdaus

N. 57 -58 Rue de la Bahia
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Angsana Riad Blanc

N. 25 Derb Si Said
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Angsana Riad Lydines

N. 45 Derb Abda, Kasbah
40000 Marrakech
Morocco

Angsana Riad Si Said

N. 1-2-4 Derb Abbes El Fassi
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Angsana Riad Tiwaline

N. 10 Derb El Arsa
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Asia Pacific

Angsana Bintan

Jalan Teluk Berembang
Laguna Bintan Resort
Lagoi 29155
Bintan Resorts
Indonesia
Tel: +62 770 693 111
Fax: +62 770 693 222
bintan@angsana.com

Amadeus	– BY SINANG
Galileo	– BY 11741
Sabre	– BY 55936
Worldspan	– BY 80378

Angsana Fuxian Lake

No 8 Huanhu Beilu
Chengjiang
Yunnan Province 652500
People's Republic of China
Tel: +86 877 681 8888
Fax: +86 877 681 8889
fuxianlake@angsana.com

Angsana Great Barrier Reef

1 Veivers Road
Palm Cove, Cairns
Queensland 4879
Australia
Tel: +61 7 4055 3000
Fax: +61 7 4059 0166
cairns@angsana.com

Amadeus	– BY CNSANG
Galileo	– BY 36629
Sabre	– BY 56299
Worldspan	– BY ANBR

Worldwide Resorts and Offices

South Asia

Angsana Bangalore

Northwest Country
Main Doddaballapur Road
Rajankunte
Bangalore 560064
India
Tel: +91 80 2846 8892
Fax: +91 80 2846 8897
bangalore@angsana.com

Amadeus	– WV BLRAOS
Galileo	– WV 69850
Sabre	– WV 34458
Worldspan	– WV BLRAO

Angsana Ihuru

North Malé Atoll
Republic of Maldives
Tel: +960 664 3502
Fax: +960 664 5933
ihuru@angsana.com

Amadeus	– WW MLEANG
Galileo	– WW 37922
Sabre	– WW 60405
Worldspan	– WW MLEAN

Angsana Velavaru

South Nilandhe Atoll (Dhaalu Atoll)
Republic of Maldives
Tel: +960 676 0028
Fax: +960 676 0029
velavaru@angsana.com

Amadeus	– BY MLEANN
Galileo	– BY 13765
Sabre	– BY 74305
Worldspan	– BY MLEAN

Angsana Affiliated Hotels

South Asia

Deer Park Hotel

Giritale
Polonnaruwa
Sri Lanka
Tel: +9427 224 6272/ 6432/ 7685/ 7686
Fax: +9427 224 6470
deerpark@angsana.com

Amadeus	– WV CMBDPH
Galileo	– WV 69845
Sabre	– WV 34427
Worldspan	– WV CMBDP

Asia Pacific

Maison Souvannaphoum Hotel

Rue Chao Fa Ngum
Ban Thatluang, PO Box 741
Luang Prabang
Laos
People Democratic Republic
Tel: +856 71 254 609
Fax: +856 71 212 577
maison@angsana.com

Amadeus	– BY LPQMSH
Galileo	– BY 20916
Sabre	– BY 38056
Worldspan	– BY VTEMS

Other Hotel

Asia Pacific

Gyalthang Dzong Hotel

Zhongdian Shangri-La
Diqing Tibetan Autonomous Prefecture
Yunnan Province 674400
People's Republic of China
Tel: +86 887 822 3646
Fax: +86 887 822 3620
reservations-gyalthang@gyalthangdzong.com

Amadeus	– WV DIG445
Galileo	– WV 335
Sabre	– WV 77589
Worldspan	– WV SHAGY

Corporate Office

Banyan Tree Hotels and Resorts

Group Marketing Services
211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5899
Fax: +65 6462 2800
corporate@banyantree.com

Global Marketing Network

Americas

Mexico

Tel: +52 55 5004 0101
Fax: +52 55 5281 5542
sales-mexico@banyantree.com

United States – Los Angeles

Tel: +1 805 212 8148
sales-losangeles@banyantree.com

United States – New York

Tel: +1 212 515 5693
Fax: +1 212 515 5848
sales-newyork@banyantree.com

Asia Pacific

Australia

Tel: +61 2 9411 5576
Fax: +61 2 9411 5534
sales-sydney@banyantree.com

China – Beijing

Tel: +86 10 8515 1828
Fax: +86 10 8587 0308
sales-beijing@banyantree.com

China – Chengdu

Tel: +86 13 980 081 350
sales-chengdu@banyantree.com

China – Shanghai

Tel: +86 21 6335 2929
Fax: +86 21 6335 0658
sales-shanghai@banyantree.com

Hong Kong

Tel: +852 2312 1815
Fax: +852 2312 2317
sales-hongkong@banyantree.com

Japan & Korea

Tel: +81 3 3548 0333
Fax: +81 3 3548 0334
sales-tokyo@banyantree.com

Southeast Asia

Tel: +65 6849 5800
Fax: +65 6462 2463
sales-singapore@banyantree.com

Taiwan

Tel: +886 2 2717 1999
Fax: +886 2 2547 7000
sales-taiwan@banyantree.com

Europe

France

Tel: +33 1 4013 0760
Fax: +33 1 4272 1823
sales-paris@banyantree.com

Germany, Austria & Switzerland

Tel: +49 30 700 140 215
Fax: +49 30 700 140 160
sales-germany@banyantree.com

Italy

Tel: +39 02 669 9271
Fax: +39 02 669 2648
sales-italy@banyantree.com

Russia

Tel: +7 495 935 8927
Fax: +7 495 937 5435
sales-russia@banyantree.com

Spain

Tel: +34 91 411 0747
Fax: +34 91 563 8062
sales-spain@banyantree.com

Ukraine

Tel: +380 44 278 7767
Fax: +380 44 278 7767
sales-ukraine@banyantree.com

United Kingdom

Tel: +44 20 7841 2781
Fax: +44 20 7841 1009
sales-london@banyantree.com

Middle East

United Arab Emirates

Tel: +971 4286 5586
Fax: +971 4286 5589
sales-middleeast@banyantree.com

South Asia

India

Tel: +91 11 2373 7311
Fax: +91 11 2335 0270
sales-india@banyantree.com

Corporate Office

Angsana Hotels and Resorts

Group Services Marketing
211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5799
Fax: +65 6463 2800
corporate@angsana.com

Global Marketing Network

Americas

Mexico

Tel: +52 55 5004 0101
Fax: +52 55 5281 5542
sales-mexico@angsana.com

United States – Los Angeles

Tel: +1 805 212 8148
sales-losangeles@angsana.com

United States – New York

Tel: +1 212 515 5693
Fax: +1 212 515 5848
sales-newyork@angsana.com

Asia Pacific

Australia

Tel: +61 2 9411 5576
Fax: +61 2 9411 5534
sales-sydney@angsana.com

China – Beijing

Tel: +86 10 8515 1828
Fax: +86 10 8587 0308
sales-beijing@angsana.com

China – Chengdu

Tel: +86 13 980 081 350
sales-chengdu@angsana.com

China – Shanghai

Tel: +86 21 6335 2929
Fax: +86 21 6335 0658
sales-shanghai@angsana.com

Hong Kong

Tel: +852 2312 1815
Fax: +852 2312 2317
sales-hongkong@angsana.com

Japan & Korea

Tel: +81 3 3548 0333
Fax: +81 3 3548 0334
sales-tokyo@angsana.com

Southeast Asia

Tel: +65 6849 5788
Fax: +65 6462 2463
sales-singapore@angsana.com

Taiwan

Tel: +886 2 2717 1999
Fax: +886 2 2547 7000
sales-taiwan@angsana.com

Europe

France

Tel: +33 1 4013 0760
Fax: +33 1 4272 1823
sales-paris@angsana.com

Germany, Austria & Switzerland

Tel: +49 30 700 140 215
Fax: +49 30 700 140 160
sales-germany@angsana.com

Italy

Tel: +39 02 669 9271
Fax: +39 02 669 2648
Email: sales-italy@angsana.com

Russia

Tel: +7 495 935 8927
Fax: +7 495 937 5435
sales-russia@angsana.com

Spain

Tel: +34 91 411 0747
Fax: +34 91 563 8062
sales-spain@angsana.com

Ukraine

Tel: +380 44 278 7767
Fax: +380 44 278 7767
sales-ukraine@angsana.com

United Kingdom

Tel: +44 20 7841 2781
Fax: +44 20 7841 1009
sales-london@angsana.com

Middle East

United Arab Emirates

Tel: +971 4286 5586
Fax: +971 4286 5589
sales-middleeast@angsana.com

South Asia

India

Tel: +91 11 2373 7311
Fax: +91 11 2335 0270
sales-india@angsana.com

Corporate Information

Board of Directors

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

Executive Officers

Chiang See Ngoh Claire
Ho KwonCjan
Surapon Supratya
Bernold Olaf Schroeder
Arthur Kiong Kim Hock
Eddy See Hock Lye
Michael Ramon Ayling
Shankar Chandran
Dharmali Kusumadi
Steve Small
Paul Chong
Luca Deplano
Hokan Limin
John Searby
Michael Lee
Emilio Llamas Carreras
Maximilian Lennkh
Francois Huet
Foong Pohmun
Sachiko Shiina
Elsie Leung
Lim See Bee
Stuart Reading
Zhang Li

Registered Address

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5888
Fax: +65 6462 0186

Share Registrar

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

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 2010)
Simon Yeo

Solicitors

WongPartnership LLP

Bankers

Hong Kong & Shanghai Banking
Corporation Ltd
Malayan Banking Berhad
Qatar National Bank SAQ
Bank of East Asia Ltd

Company Secretary

Jane Teah
Assistant Vice President,
Company Secretary
Tel: +65 6849 5886
Fax: +65 6462 0186
jane.teah@banyantree.com

Business Development

Paul Chong
Vice President,
Business Development
Tel: +65 6849 5716
Fax: +65 6462 0186
paul.chong@banyantree.com

Group Sales & Marketing

211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5899
Fax: +65 6462 2800
pr@banyantree.com

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 Eleventh Annual General Meeting of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Friday, 29 April 2011 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 2010 and the Auditors' Report thereon.

2 To declare a first and final tax exempt (one-tier) dividend of 0.5 cents per ordinary share for the year ended 31 December 2010 (FY2009: NIL).

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 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.

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 ("Companies Act"), 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 $246,667 for the financial year ended 31 December 2010 (FY2009: $234,000).

7 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

8 To consider and, if thought fit, to pass, the following Ordinary Resolutions, with or without modifications:

8.1 That authority be and is hereby given to the Directors of the Company, pursuant to Section 161 of the Companies Act to:

(a) (i) issue 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) securities, 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 8.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 8.1 was in force,

(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution 8.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8.1) shall not exceed 50 per cent of the total number of issued Shares (excluding treasury shares) (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 8.1) shall not exceed 20 per cent of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution 8.1 is passed, after adjusting for:

(i) any 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 8.1 is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 8.1, 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 ("Listing Manual") 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 and otherwise, 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 8.1 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.

8.2 That the Directors be and are hereby authorised to:

(a) offer and grant options in accordance with the provisions of the Banyan Tree 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 as may be required to be issued pursuant to the exercise of options under the Banyan Tree 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) 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.

9 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, 13 April 2011

Explanatory Notes

In relation to Ordinary Resolutions 3 to 5, Mr Ho KwonPing will, upon re-election, continue to serve as Executive Chairman of the Company, Mr Chia Chee Ming Timothy will, upon re-election, continue to serve as Chairman of the Nominating & Remuneration Committee ("NRC") and a member 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 Resolution 6, payment of the Directors' fees is 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 8.1 is to empower the Directors, from the date of the passing of Ordinary Resolution 8.1 to the date of the next Annual General Meeting, to issue Shares 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 total number of issued Shares (excluding treasury shares), with a sub-limit of 20 per cent of the total number of issued Shares (excluding treasury shares) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that Ordinary Resolution 8.1 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 8.1 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution 8.2 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, 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) 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.

This page is intentionally left blank.

This page is intentionally left blank.

This page is intentionally left blank.

Proxy Form
Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

IMPORTANT:

1. 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.
2. 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 Friday, 29 April 2011 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, as he/they will on any other matter arising at the AGM and at any adjournment thereof. 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 and, if necessary, to demand a poll, at 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 2010				
2	Payment of a first and final tax exempt (one-tier) dividend				
3	Re-election of Mr Ho KwonPing as Director				
4	Re-election of Mr Chia Chee Ming Timothy as Director				
5	Re-appointment of Mrs Elizabeth Sam as Director				
6	Approval of Directors' fees				
7	Re-appointment of Ernst & Young LLP as Auditors				
	As Special Business				
8.1	Authority to issue new Shares				
8.2	Authority to offer and grant options and/or grant 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 ____________________ 2011

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse carefully before completing this form.

1ST FOLD ALONG LINE

Affix
postage
stamp

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Attention: Company Secretary

2ND FOLD ALONG LINE

Notes:

1. Please insert the total number of ordinary shares in the Company ("**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 (the "**Companies Act**")), 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 AGM.

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 AGM, in accordance with Section 179 of the Companies Act.

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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Note About Printing:
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 independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests. FSC certification provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value.

For more information, please visit: www.fsc.org

strategic communicator and visual creator
greymatter williams and phoa (asia)

Banyan Tree Holdings Limited
Reg. No.: 200003108H

211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5888
Fax: +65 6462 0186

banyantree.com