Gaining Momentum

Banyan Tree Holdings Limited
Annual Report 2012

BANYAN TREE

Our Ethos

In our view, the mission of business and the purpose of growth are to build a better society for all. We see **sustainability** not only in terms of the environment, but also in terms of the benefit to the communities we operate in. This has been Banyan Tree's ethos since the company was founded in 1994, and continues to be the **guiding principle** behind the operation and expansion of our hotels worldwide.

Simply put, our vision is to use tourism to stimulate holistic and sustainable development, creating value for multiple stakeholders. Part of this involves giving our guests authentic, memorable experiences and an appreciation of where they are when they stay with us. This is why our hotels faithfully reflect local heritage and culture. We believe that our business can do well and **do good** at the same time.

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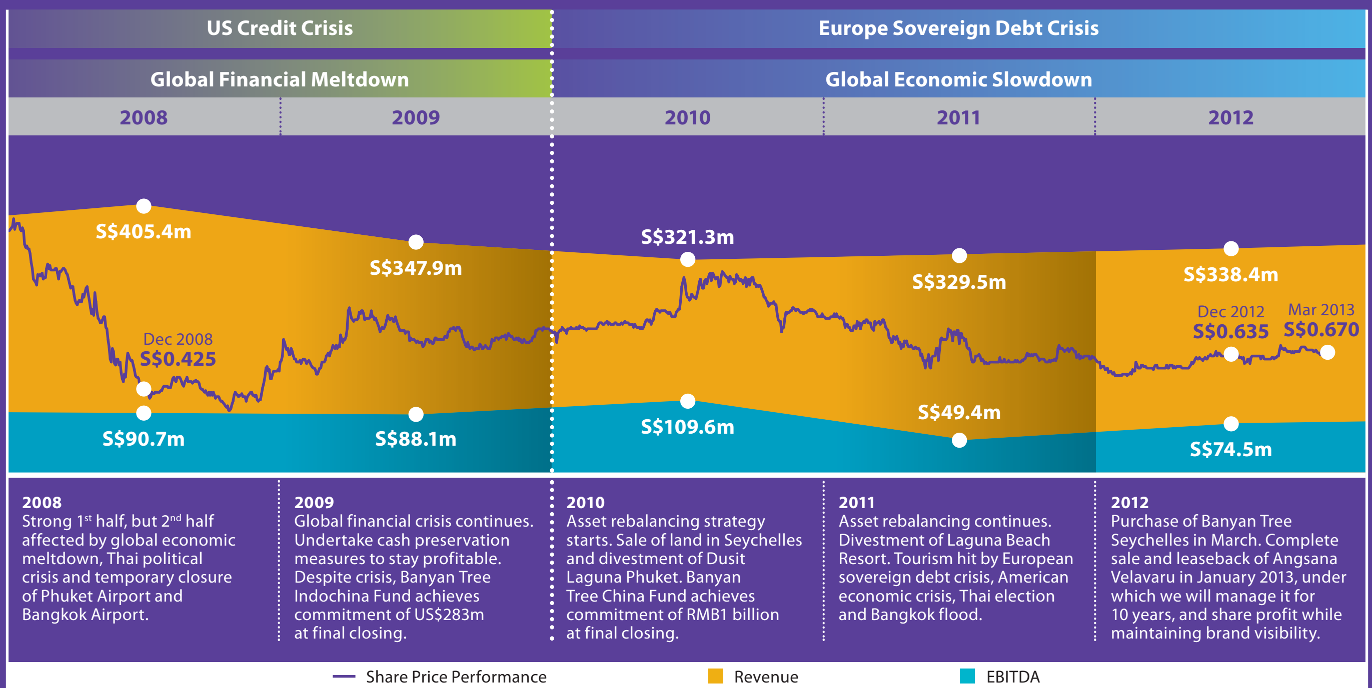
Our Path to Sustainable Growth (2008 – 2012)

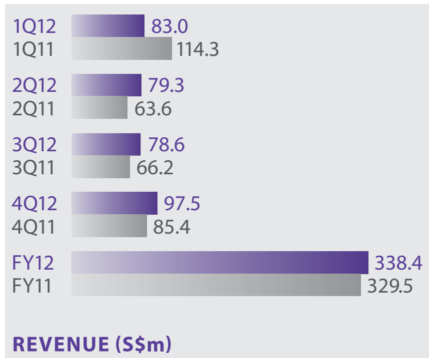


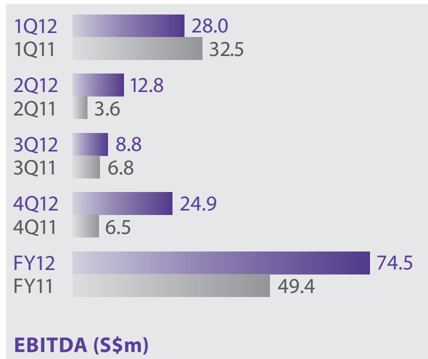
Key Figures for 2012

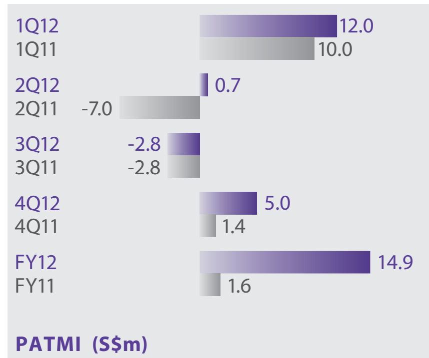
Full Year Figures	2012	2011	change*
Revenue	S$338.4m	S$329.5m	+3%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	S$74.5m	S$49.4m	+51%
Profit After Taxation and Minority Interests (PATMI)	S$14.9m	S$1.6m	+856%
Cash and Cash Equivalents	S$120.8m	S$139.9m	-14%

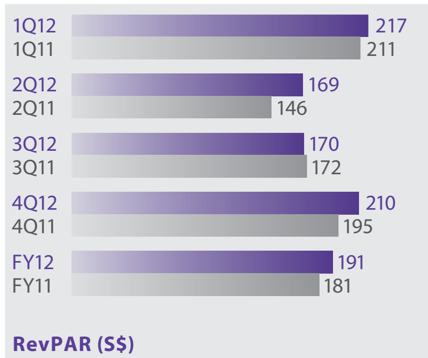
* Percentage change is computed to the nearest thousand.

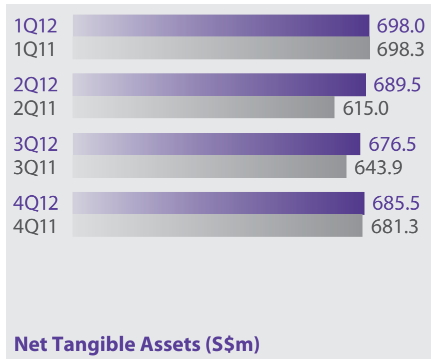
Quarterly Figures

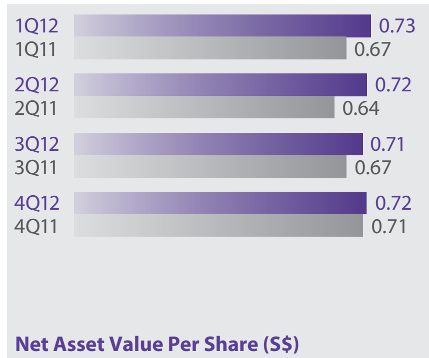












Executive Chairman's Statement

"The Group's various businesses gained momentum in 2012, with overall revenue growing 3% to S$338.4 million."

As 2012 drew to a close, we in the hospitality industry celebrated a year without any major event risk. In the past few years, such events risks as the Tohoku earthquake and tsunami, bird flu, floods and riots in Thailand have been hard on our industry, causing tourism as a whole to dry up in their wake. By comparison, economic recessions are part and parcel of the business cycle, which we are able to take in our stride and counter with a variety of measures.

During the year, the world remained mired in the European sovereign debt crisis and American economic weakness. Although these conditions affected our arrivals primarily from Europe, we were able to capitalise on the flourishing Chinese market. At our four resorts in the Maldives, for example, the number of Chinese guests surpassed those from Europe.

In our continuing efforts to rebalance the Group's assets, we made the bargain purchase of Banyan Tree Seychelles which gave rise to a net gain. We also sold and leased back Angsana Velavaru in January 2013. The hybrid structure of this deal is a first for Banyan Tree, and we are pleased with how it allows us to rebalance our portfolio while still participating in the profits from the operations of Angsana Velavaru.

HOW WE DID IN 2012

The Group's various businesses gained momentum in 2012, with overall revenue growing 3% to S$338.4 million. This was due to improved results from our hotel investments and fee-based businesses, as well as a higher contribution from completed sales of property units.

Group EBITDA was S$74.5 million, up 51% on the back of higher revenue and a gain on the bargain purchase of Banyan Tree Seychelles. This in turn resulted in PATMI increasing by 856% (S$14.9 million), tempered by higher finance costs and income tax expenses.

HOTEL INVESTMENTS

Our hotel investments delivered a stronger performance in 2012, with Group-owned hotels posting total revenue of S$187.7 million, up 15% from the previous year. This was due to the higher contribution from our Thai properties and the consolidation of revenue from Banyan Tree Seychelles from 2Q12 onwards. These gains were partially offset by lower revenue from our Maldives properties as Banyan Tree Vabbinfaru and Angsana Ihuru were temporarily closed for refurbishment. As a result of the increase in revenue, EBITDA for this segment grew by a healthy 69% to S$36.6 million.

PROPERTY SALES

Revenue from property sales was S$42.7 million. The 36% decrease was due to the sale of development sites in Lijiang, Yangshuo and Huangshan to our China Fund in 2011. Excluding those transactions, revenue and EBITDA from property sales saw growth of 43% and 74% respectively, thanks to a higher contribution from completed sales of property units.

FEE-BASED

Total revenue from our fee-based businesses registered growth of 9% to reach S$108.0 million. This was attributable to an increase in fees from hotel management and architectural and interior design and other services. Accordingly, EBITDA for our fee-based businesses grew by 23%.

HOW WE SEE 2013

2013 appears to be another challenging year for the global economy. We anticipate continued weakness in our European target markets. In Asia, which has been the world's economic engine these past four years, growth is likely to moderate.

Despite the cooling of China's economy, the tourism market both inbound and outbound is expected to continue to grow. The Chinese government is aggressively promoting domestic tourism as part of its strategy to increase domestic consumption, thereby cushioning the slowdown in export manufacturing. Banyan Tree's strong branding and rapidly expanding footprint in China will position us to take advantage of this trend. Our seven regional marketing offices in China will be invaluable in enabling us to tap the vast potential of this market and to enhance awareness of our hotels with key accounts in China.

Hotel forward bookings for 1Q13 for Group-owned hotels on a same-store basis are up by 33% compared to the same period last year. In Thailand, where the political situation is currently stable, bookings have risen by an even greater margin of 47%.

We are observing a similarly encouraging trend in property sales. The response to our new launches has been favourable, with deposits received. Barring any unforeseen event risks, the uptick in sales should continue.

Based on these developments, we are cautiously optimistic of better results in the coming year.

Our strategy going forward will include continuing with our asset rebalancing to unlock value and deploy capital to more promising markets. At the same time, we are exploring the possibility of extending the successful Fund model into other areas.

In terms of growing particular segments, we will be focusing on increasing income from our fee-based and property sales businesses. We have built the fee-based segment to a point where it now has an impetus of its own. On the property sales front, we plan to move into selling more primary and serviced residences.

We have already tested the waters by launching the first primary residences under the Banyan Tree brand, namely the Banyan Tree Signatures Pavilion Kuala Lumpur which sold out in 2012. We do not hold equity in this project but earned royalties from the sales. Likewise, properties launched by our Indochina and China Funds have been well received.

Executive Chairman's Statement

In our continuing efforts to rebalance the Group's assets, we made the bargain purchase of Banyan Tree Seychelles which gave rise to a net gain. We also sold and leased back Angsana Velavaru in January 2013.

Strongly associated with our brand is the concept of a triple bottom line. In our pursuit of economic, social and environmental success, we made major investments in resource conservation, training and benchmarking, greening and community efforts in 2012.

"We will also be going forward with the establishment of a third brand of residences to be wholly sold and managed by us."

These augur well for our planned primary residential sales in China. The first project will combine luxury homes and affordable condominiums on a site in the suburbs of Chengdu, in Sichuan Province. We chose this location because Sichuan is one of China's fastest growing provinces, whereas properties in the bigger cities of Shanghai and Beijing are probably already fully valued.

Rather than compete with local property developers, we will leverage our branding and design skills to market to a niche audience in China.

We will also be going forward with the establishment of a third brand of residences to be wholly sold and managed by us. Catering to an entirely new market of price-conscious buyers, these properties will be smaller in size yet deliver the quality and innovation that are hallmarks of Banyan Tree. Paving the way for this is the Group-owned Laguna Shores in Phuket, where sales have been encouraging. Within two-and-a-half months of its soft launch, we had sold 116 units or half of the total inventory for Phase 1. When the third brand is officially launched in mid-2013, we will re-brand Laguna Shores as the first property under its name. Subsequently, we plan to introduce the brand and this new property sales concept to Bintan, Lijiang and Sri Lanka.

HOW WE ARE DEVELOPING SUSTAINABLY

As we continue to diversify our revenue streams, we are conscious of the need to do so without diluting our brand name. A major factor in Banyan Tree's success to date has been our ability to export the same attention to detail and high standards to new business areas as we have always practised in our hotel operations.

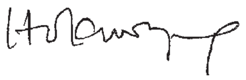
Strongly associated with our brand is the concept of a triple bottom line. In our pursuit of economic, social and environmental success, we made major investments in resource conservation, training and benchmarking, greening and community efforts in 2012. Under the EarthCheck system of sustainability certification, four of our resorts embarked on Silver certification, while one resort attained Gold Certified status during the year. We also planted more than 70,000 trees, bringing our six-year total to over 220,000 trees.

Our efforts to be an exemplary corporate citizen earned us the Global Tourism Business Award at the World Tourism & Travel Council's 2012 Tourism for Tomorrow Awards and the Gold Award for Best Annual Report at the Singapore Corporate Awards 2012.

ACKNOWLEDGMENTS

How we succeed is as important as whether we succeed, and I am consistently delighted by the creativity and commitment that our associates and management bring to the business. The 917 awards that Banyan Tree has won since 1994 are the direct result of their efforts.

I would like to welcome our two new independent directors, Mr Chan Heng Wing and Mr Tham Kui Seng, who both joined the Board on 1 June 2012. I would also like to thank all our Board members, guests, stakeholders and business partners. With your continued support, we look forward to an exciting year of expansion for Banyan Tree.



HO KWONPING
Executive Chairman

Greater Global Presence

"An increase of 40% from 20 countries at IPO in 2006 to 28 countries in 2012."

73% of our global portfolio is in Asia*, the world's fastest growing region. In 2006, we operated 20 hotels (14 owned), 53 spas and 62 galleries. Currently, we operate 33 hotels (17 owned), 68 spas and 83 galleries in Australia, Brazil, China, Egypt, Guam, Hong Kong, India, Indonesia, Ireland, Japan, Kenya, Korea, Kuwait, Laos, Macau, Malaysia, Maldives, Mauritius, Mexico, Morocco, Portugal, Qatar, Seychelles, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, UAE and Vietnam.

We actively pursue opportunities to deepen our roots. Over the next 12 months, we will be opening seven new resorts and 10 new spas in China and India.

* Asia refers to East Asia and South Asia

China
Banyan Tree Shanghai On The Bund

Higher **Fee-based Revenue**

"An increase of 93% from S$56m at IPO in 2006 to S$108m in 2012."

We are poised to build on this spectacular growth because Fee-based revenue is set to increase further in the next few years. Based on the hotel management contracts we have signed to date and their planned opening dates, hotel* keys under management are expected to increase from 3,619 keys in 2012 to 8,293 in 2016, a CAGR+ of 23%. In addition, 36 new spa outlets are expected to open in the next four years.

We are gearing up to pursue even more of the lucrative hotel management contracts and open more spa outlets.

* Banyan Tree and Angsana + Compound Annual Growth Rate

Mauritius
Angsana Balaclava Mauritius

Growing Hospitality Funds

"From no hospitality funds at IPO in 2006 to US$450m in 2012."

These comprise the US$167m Banyan Tree China Hospitality Fund (I) ("China Fund") which closed in 2010 and the US$283m Banyan Tree Indochina Hospitality Fund ("Indochina Fund") which closed in 2009.

We have gained experience from the successful launch of these hospitality funds and are in position to replicate this thriving model. To finance our expansion, we will be able to scale up more hospitality funds in new markets such as Indonesia, Mexico, the Philippines and Sri Lanka, including the possibility of a second fund in China.

Vietnam
Angsana Lăng Cô

More Property Sales Worldwide

"From property sales in one country at IPO in 2006 to six countries in 2012."

Initially, property sales involved secondary holiday homes sold predominantly in Thailand. By 2012, these had expanded to six countries – Thailand, Seychelles, China, Indonesia, Mexico and Vietnam.

We successfully penetrated the primary home market in 2012 with the launch of the hotel-primary residence concept, Banyan Tree Signatures Pavilion in Kuala Lumpur, Malaysia. All 441 units were sold. This augurs well for our planned primary residential sales in China as well as a new brand concept to be unveiled in 2013. This brand will cater to the more price-conscious buyer while delivering quality and experience. Laguna Shores in Phuket will become the first property under the new brand, and sales have been encouraging since its launch in December.

Thailand
DoublePool Villas by Banyan Tree, Phuket

Continuing Asset Rebalancing Strategy

"This unlocks value and redeploys capital to higher yield markets."

Since 2010, we have embarked on an ongoing series of strategic investments and divestments. In 2012, we acquired Banyan Tree Seychelles at a bargain of US$25m. It was one of the drivers for the 51% increase in EBITDA to S$74.5m.

In January 2013, we divested Angsana Velavaru for US$71m in a leaseback deal which allows us to continue to enjoy a share of the profit. We will retain our visibility in the robust Maldives market, and focus on the higher margin hotel management contract. All these moves followed the divestments of Dusit Laguna Phuket in 2010 and Laguna Beach Resort in 2011.

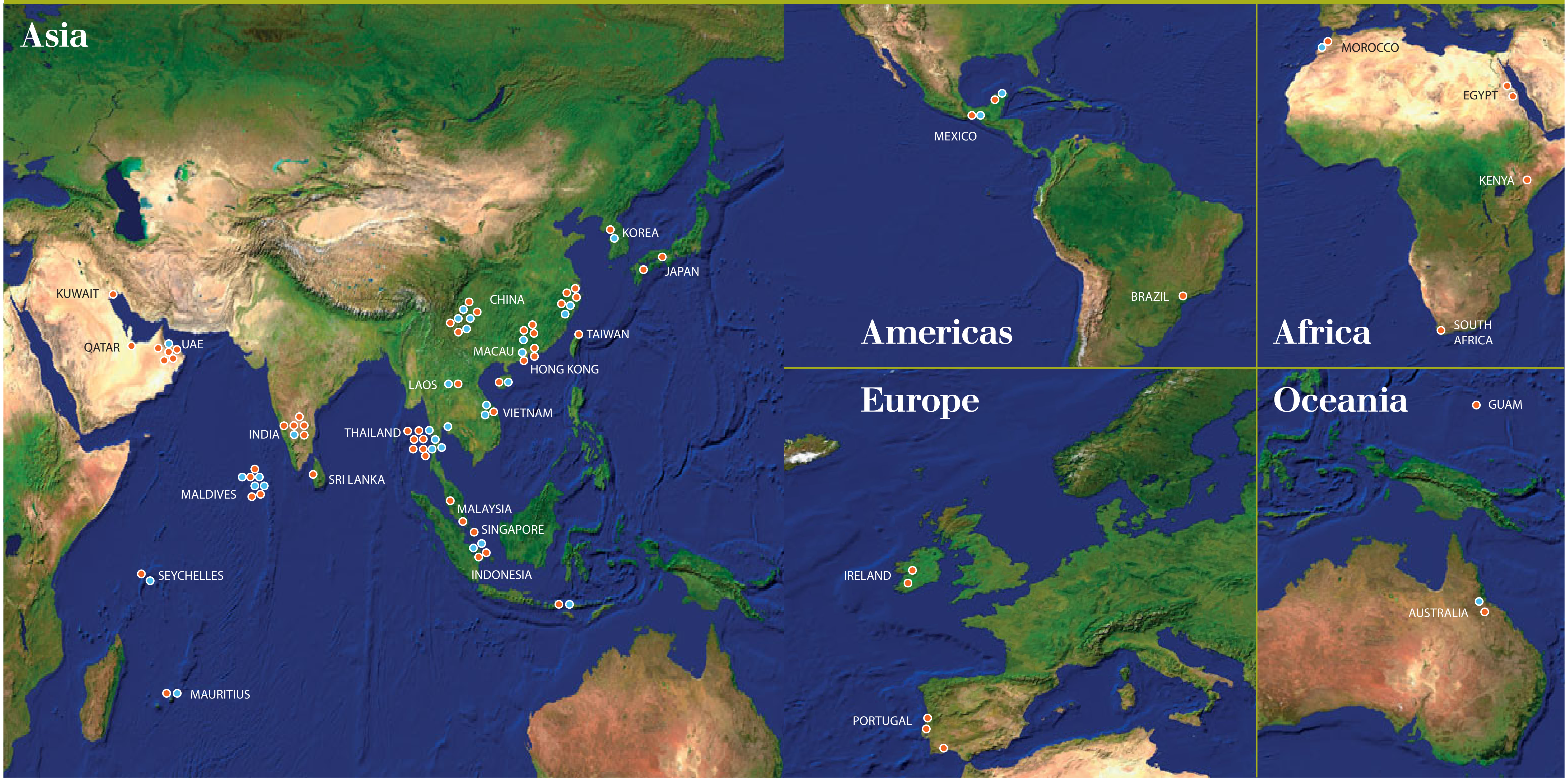
Seychelles
Banyan Tree Seychelles

Our Worldwide Destinations 2012

28	18	3,805	917	33	17	68	83
Countries*	Countries in Asia*	Keys & Rooms*	Awards Won To Date*	Hotels*	Owned Hotels*	Spas*	Gallery Outlets*

* As at 31st December 2012

HOTELS & RESORTS SPAS



India

Banyan Tree Kerala

Thailand

Banyan Tree Samui

Indonesia

Banyan Tree Ungasan, Bali

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 29 April 2011.

Mr Ho is also Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited, Singapore Management University and the School Advisory Committee of School of Hotel and Tourism Management. He is a non-executive Director of Diageo Plc. He is a member of the Asia-Pacific Council of The Nature Conservancy, International Council and East Asia Council of INSEAD, International Council of Asia Society, Management Board of the Middle East Institute at the National University of Singapore and Global Advisory Board of Moelis & Company, as well as a Governor of the London Business School.

Mr Ho previously served 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 2012. He is also a Director of Laguna Resorts & Hotels Public Company Limited.

Prior to joining the Group in 1995, 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.

Mr Vera is a Certified Public Accountant in the Philippines and holds a Bachelor of Science in Business Administration from the 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 29 April 2011, he is Chairman of the Nominating & Remuneration Committee and also a member of the Audit & Risk Committee.

Mr Chia is Chairman of Hup Soon Global Corporation Limited as well as Chairman – Asia for Coutts & Co Ltd., the private banking arm of the Royal Bank of Scotland Group. He also sits on the boards of several other private and public companies, including SP PowerAssets Limited and PowerGas Limited. He is a Trustee of the Singapore Management University and a Senior Advisor to EQT Funds Management Ltd. and JM Financial Singapore Pte. Ltd.

From 1986 to 2004, Mr Chia was a Director of PAMA Group where he was responsible for private equity investments and served as President from 1995 to 2004. He was previously a Director of Singapore Post Limited, SP Power Grid Limited, Fraser & Neave Ltd. and Chairman – Asia for UBS Investment Bank.

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 2012. She is also a member of the Nominating & Remuneration Committee.

She is Chairman of Great Eastern Holdings Limited and its insurance subsidiaries in Singapore and Malaysia. She is also a Director of Singapore Telecommunications Limited, Metro Holdings Ltd., MediaCorp Pte. Ltd. and OCBC Bank. In addition, she is Chairman of the Tax Academy, Charity Council and Board of Trustees of the Singapore Business Federation, 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 more than 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.

Board of Directors

ELIZABETH SAM
Independent Director

Mrs Sam was appointed an Independent Director on 23 March 2004 and was last re-appointed on 30 April 2012. 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 more than 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 Chairman of ST Asset Management Limited.

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

CHAN HENG WING
Independent Director

Mr Chan was appointed an Independent Director on 1 June 2012. He is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

He is a Senior Adviser in the Ministry of Foreign Affairs and the Non-Resident High Commissioner to the People's Republic of Bangladesh. He is a Director of Shanda Games Ltd., Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. which own Fullerton Hotel and Fullerton Bay Hotel respectively.

Mr Chan was Press Secretary to Prime Minister Goh Chok Tong and Director of the Media Division in the Ministry of Information and the Arts. His Foreign Service career included assignments in New York at the Singapore Permanent Mission to the UN, as Consul General to Hong Kong, Ambassador to Thailand and Consul General to Shanghai. When he retired from the Foreign Service in 2008, he joined Temasek Holdings as its Chief Representative in China until 2010 and then served as Managing Director for International Relations in Temasek International until 2011. Prior to his diplomatic career, he was a television journalist, producer and interviewer.

Mr Chan holds a Bachelor of Arts (Honours) and a Master of Arts from the University of Singapore as well as a Master of Science in Journalism from the Columbia Graduate School of Journalism in New York.

THAM KUI SENG
Independent Director

Mr Tham was appointed an Independent Director on 1 June 2012. He is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

He is a Non-Executive Director of Global Logistic Properties Limited, Sembcorp Industries Ltd, The Straits Trading Company Limited, SPI (Australia) Assets Pty Ltd and Maxwell Chambers Pte. Ltd. He is also a member of the Board of the Housing & Development Board.

Mr Tham was the former Chief Corporate Officer of CapitaLand Limited, overseeing the corporate services functions of the real estate group, from 2002 to 2008.

He previously served as a director of Alexandra Health Pte Ltd, Raffles Medical Group Ltd and CapitaLand China Holdings Pte Ltd.

He holds a Bachelor of Arts (First Class Honours) in Natural Science – Engineering Science from the University of Oxford, UK.

Seychelles
Banyan Tree Seychelles

Management Team

CLAIRE CHIANG
Senior Vice President, Chairperson, China Business Development and Managing Director, Retail Operations

A co-founder of Banyan Tree Hotels & Resorts, Ms Chiang pioneered the Group's retail business in 1996 and continues to oversee it. In addition, she is Chairperson for China Business Development, focusing on the acquisition of new management contracts, and Advisor to the Group on Human Capital Development. As the Chairperson of Banyan Tree Global Foundation, she directs and guides the Group's corporate social responsibility efforts in its mission to "Embrace the Environment, Empower the People". Ms Chiang is the Director and Non-Executive Chairperson of Wildlife Reserves Singapore, the holding company of Singapore Zoo, Night Safari, Jurong Bird Park and River Safari, as well as Chairperson of the Wildlife Reserves Singapore Conservation Fund. She serves on numerous Boards in the public and private sectors, and has won national and international awards for her advocacy in social and community issues. She is both a member of the Tripartite Committee on Work-Life Strategy led by Singapore's Ministry of Manpower, and Chairperson of the Employer Alliance, a network committed to creating an enabling work environment to enhance work-life integration. Ms Chiang is married to the Executive Chairman, Mr Ho KwonPing. Together, they received the Hospitality Lifetime Achievement Award at the 2009 China Hotel Investment Summit.

HO KWONCJAN
Senior Vice President and Group Chief Designer

Mr Ho heads and oversees the project and design teams. He has also been a Director of Laguna Resorts & Hotels Public Company Limited ("LRH") since 1 January 2012. 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. Before this, he worked at the architecture firm, Akitek Tenggara, in Singapore. Mr Ho holds a Bachelor of Architecture (Honours) 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.

ABID BUTT
Senior Vice President and Chief Executive Officer, Banyan Tree Hotels & Resorts

Mr Butt assumed his role in April 2012, marking a return to the Group after first joining Banyan Tree over a decade ago as Area General Manager for Banyan Tree Phuket, followed by his appointment as the first Vice President of Operations. With more than 25 years of experience in the hospitality industry, he was most recently Vice President of Asset Management for Host Hotels & Resorts in the USA. He holds a Master of Science in Real Estate from Johns Hopkins University, a Master of Business Administration from the University of Phoenix, San Diego, and double Bachelor of Science degrees in Food Service Management and Hotel, Restaurant & Institutional Management from Johnson & Wales University.

EDDY SEE HOCK LYE
Senior Vice President and Chief Financial Officer

Mr See is the Group's Chief Financial Officer. He was appointed to the Board of LRH in 2012. Before 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 the University of Auckland and is an Associate Chartered Accountant, New Zealand.

SHANKAR CHANDRAN
Senior Vice President and Managing Director, Laguna Lăng Cô Vietnam and Spa Operations

Mr Chandran is responsible for establishing and overseeing the operations of Laguna Lăng Cô Integrated Resorts. Overseeing the Spa Operations of the Group since 2005, he is responsible for the operations and growth of the Group's global portfolio of close to 70 spas. He was appointed to the Board of LRH in 2012. From 2001 to 2004, he served as Group Executive (Corporate) Director, and from 1997 to 2001 as Assistant Vice President, Finance. Prior to joining the Group, he was the Financial Controller and Deputy General Manager of Regent Plaza, London, and Regional Internal Auditor/Financial Controller of Hilton International Hotels, UK. Mr Chandran holds a Postgraduate Diploma in Management Studies from Kingston University (London) and a Higher National Diploma Finance from South West London College, UK.

DHARMALI KUSUMADI
Senior Vice President and Managing Director, Architrave

Mr Kusumadi 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, where he 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.

Management Team

STEVE SMALL
Vice President and Managing Director, Banyan Tree Capital

Mr Small 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 more than 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. Mr Small is a Fellow of the Institute of Chartered Accountants in England & Wales and has a Bachelor of Economics (Honours) from Durham University, UK.

PAUL CHONG
Vice President, Business Development and Group Legal
Joint Company Secretary

Mr Chong 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, was promoted to the position of Group Legal Manager in 2002 and then Assistant Vice President, Head of Development in 2004. He is also the joint Company Secretary of Banyan Tree Holdings Limited. Prior to joining Banyan Tree, he worked in several top legal firms in Singapore including Allen & Gledhill and Rajah & Tann. He holds a Bachelor of Laws (Honours) from the National University of Singapore.

LIM SEE BEE
Vice President and Managing Director of Group Project Services

Ms Lim oversees the development of all new projects by the Banyan Tree Group. She joined Banyan Tree in 1992 as Senior Manager, Projects. She has 27 years of experience in the design, 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 and Deputy Managing Director of LRH

Mr Reading is Vice President, Deputy Managing Director of LRH, and has served on the Board of LRH since 2006. He joined LRH in 2002 as Assistant Vice President, Finance & Administration and was responsible for the property sales and holiday club businesses finance function. He attained his current position in 2012. 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.

HOKAN LIMIN
Vice President, Hotel Finance

Mr Limin 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 Shangrila. He holds a Bachelor of Finance and Accountancy from Trisakti University, Jakarta, Indonesia.

SHELLY YEO
Vice President, Corporate Finance

Ms Yeo plays a key role in the overall running of the Finance Department in the Corporate Head Office, and maintaining statutory compliance of the Group. She also supports the Group's expansion in entity structuring, tax compliance requirements, audit and accounts reporting. Prior to joining the Group in 2001, she worked in several companies listed on the Singapore Stock Exchange including Cerebos Pacific Limited and Leeden Limited. She holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Management Team

EMILIO LLAMAS CARRERAS
Vice President, Operations and General Manager (Shanghai)

Mr Carreras oversees the operations and hospitality services of Banyan Tree Shanghai On The Bund. Mr Carreras' previous roles included Area General Manager for Banyan Tree Bintan, Indonesia, Banyan Tree Phuket, Thailand and Banyan Tree Mayakoba, Mexico. In December 2004, he was promoted to Vice President, Operations of Angsana Resorts & Spas. The portfolio includes properties in China, Laos, Sri Lanka, Australia, India and Maldives. 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
Vice President, Hotel Operations (Middle East, North Africa and Indian Ocean)

Mr Lennkh was appointed to his current position on 1 February 2012. He 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), guiding the successful opening of Banyan Tree Lijiang, Sanya and Hangzhou, with Banyan Tree Ringha and Gyalthang Dzong Hotel concurrently reporting to him. He became Area General Manager (Mexico) in 2010. With experience in 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.

ANDREW LANGSTON
Vice President, Hotel Operations (Asia Pacific)

Mr Langston joined the Group in 2008 and was appointed to his current position on 1 September 2012. He has 20 years of experience managing properties throughout the Asia Pacific region for major hotel companies including the Banyan Tree, Parkroyal and Inter-Continental Hotel groups. Mr Langston was previously employed in the food and beverage sector in the UK, where he was responsible for catering major events such as the Chelsea Flower Show and Royal Ascot. He also worked for the British Royal Family at Buckingham Palace and other royal residences. Mr Langston has a graduate certificate from South Australia University and is a Certified Hotel Administrator.

MICHAEL LEE
Vice President and Chief Information Officer

Mr Lee is the Group's Chief Information Officer. He has been with the Group since 2006 and has more than 20 years of experience in the travel, banking and hospitality sectors. Besides serving as CEO of Raffles Marina Limited, he previously held the 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 the 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 the Chartered Institute of Marketing, UK, and a member of the Chartered Financial Analyst Institute, USA.

DAVID SPOONER
Vice President, Sales and Marketing

Mr Spooner joined the Group in September 2012 and oversees our Sales, Marketing, Distribution and Revenue Management strategies worldwide. With more than 20 years' experience in the luxury hospitality business, he started his career with Sheraton Luxury Collection before joining Four Seasons. He most recently worked for Mandarin Oriental as Vice President of Sales and Marketing (EMEA), One & Only Resorts as Senior Vice President of Sales, and Sanctuary Retreats as Executive Vice President of Marketing. Mr Spooner holds a Master of Business Administration from RMIT, Melbourne, Australia and a Bachelor's degree in Hotel Catering Administration from the University of Huddersfield, UK.

LUCA DEPLANO
Vice President, Marketing

Mr Deplano is responsible for reinforcing the Banyan Tree and Angsana brands. Mr Deplano joined the Group on 1 December 2010, bringing with him more than 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.

Management Team

FOONG POHMUN
Vice President, People Development

Ms Foong oversees operations at the Banyan Tree Management Academy, which aims to develop future leaders of the Group by focusing on 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 an honours degree in Economics from the University of London, and diplomas in Industrial Management, Building Science and Culinary Arts and Management.

SACHIKO SHIINA
Vice President (Japan and Korea)

Ms Shiina 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)

Ms Leung leads and oversees five of the Group's regional sales and marketing offices in China, generating domestic and outbound business for our properties worldwide. She is also responsible for deployment planning and the setting up of new regional marketing offices in China. Ms Leung has more than 20 years' experience in hospitality sales and marketing. Prior to joining the Group in 2008, she held senior regional sales and marketing positions at a number of hotel companies including Mandarin Oriental Hotel Group, Four Seasons Hotels & Resorts and Hilton Hotel Corporation. Ms Leung holds a Bachelor's degree in Business Administration from The Open University of Hong Kong.

ZHANG LI
Vice President and Managing Director of Banyan Tree Capital (Hong Kong)

Mr Zhang is Managing Director of Banyan Tree Capital (Hong Kong), a division of Banyan Tree Capital responsible for 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 more than 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 also 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.

DAVID HUANG
Vice President and Managing Director, Project Development, China Fund

Mr Huang is responsible for all aspects of the RMB1 billion construction of China Fund projects. He is also a member of the Investment Committee of the US$283 million Indochina Fund after serving as its Project Director. Mr Huang joined LRH as Assistant Vice President, Property Development in 2006 and was promoted to Vice President in 2011. Prior to joining the Group, he was a Project Manager with China State Construction and Engineering (Thailand) from 2004 to 2005 and a consultant with McArthur Vantell Ltd, Vancouver, Canada from 2001 to 2003. Prior to that, he was a project manager with China Resources Group, Thailand from 1996 to 1999. Mr Huang has built some of the most prestigious projects in Thailand, China, Vietnam and Canada. He holds a Bachelor of Architecture from Tianjin University, China, and a Master of Science in Urban Land and Housing Development from the Asian Institute of Technology, Thailand.

China
Banyan Tree Shanghai On The Bund

Five-Year Financial Highlights

	2008* Restated S$m	2009* Restated S$m	2010* Restated S$m	2011 S$m	2012 S$m
Revenue	405.4	347.9	321.3	329.5	**338.4**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	90.7	88.1	109.6	49.4	**74.5**
Profit before tax (PBT)	39.3	33.3	61.0	2.5	**24.7**
Profit after tax (PAT)	15.3	18.3	35.9	3.0	**15.4**
Profit after tax & minority interests (PATMI)	4.1	14.7	19.5	1.6	**14.9**
EBITDA margin	22%	25%	34%	15%	**22%**
PATMI margin	1%	4%	6%	0%	**4%**
Per Share ($)					
Basic earnings	0.005	0.019	0.026	0.002	**0.020**
Diluted earnings	0.005	0.019	0.026	0.002	**0.020**
Net tangible assets (including MI)*	0.963	0.874	0.929	0.897	**0.902**
Net tangible assets (excluding MI)*	0.668	0.620	0.645	0.672	**0.681**
Net debt equity ratio	0.37	0.44	0.29	0.40	**0.44**

* Due to a change in the Group's accounting policy to be in line with the new INT FRS 115 – Agreements for the Construction of Real Estate, a retrospective application is required under FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and hence the audited financial statements for the year ended 2008 to 2010 for the Group have been restated as if the new accounting policy had always been applied.

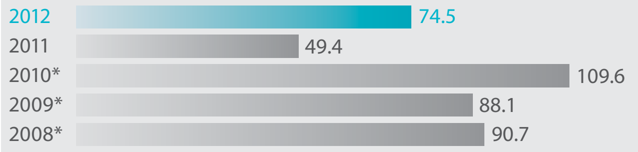
Indonesia
Banyan Tree Ungasan, Bali

Key Figures for 2008-2012

S$338.4m
Revenue

REVENUE (S$m)

S$74.5m
EBITDA



EBITDA (S$m)

S$14.9m
PATMI

PATMI (S$m)

S$0.020
Earnings Per Share

EARNINGS PER SHARE (S$)

S$685.5m
Net Tangible Assets (including MI)

NET TANGIBLE ASSETS (INCLUDING MI) (S$m)

* Due to a change in the Group's accounting policy to be in line with the new INT FRS 115 – Agreements for the Construction of Real Estate, a retrospective application is required under FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and hence the audited financial statements for the year ended 2008 to 2010 for the Group have been restated as if the new accounting policy had always been applied.

China

Angsana Hangzhou

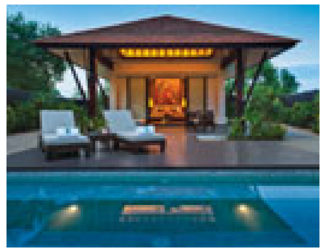
Milestones

2012

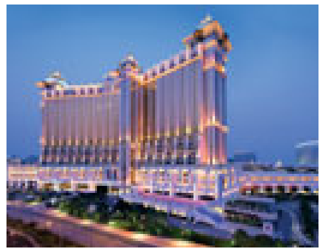
Banyan Tree Shanghai On The Bund, China, Banyan Tree Lăng Cô, Vietnam and Angsana Lăng Cô, Vietnam, open.

The Group acquires the remaining 70% stake in Banyan Tree Seychelles and 77.5 hectares of adjoining undeveloped freehold land for US$25 million (S$31.6 million).

The Group sells Angsana Velavaru, Maldives to CDL Hospitality Trusts for US$71 million (S$86.8 million) and leases it back for 10 years.



2011



Banyan Tree Macau, China, Banyan Tree Spa Marina Bay Sands, Singapore, Angsana Hangzhou, China and Angsana Balaclava Mauritius, Mauritius, open.

Sheraton Grande Laguna Phuket is renovated and rebranded as Angsana Laguna Phuket.

LRH sells all its shares in Laguna Beach Club Limited which holds Laguna Beach Resort, Thailand, to Laguna Phuket Club Co. Ltd. for THB717.2 million (S$29.6 million).

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.

2009

Banyan Tree Mayakoba, Mexico, Banyan Tree Hangzhou, China, Banyan Tree Ungasan, Bali, 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.

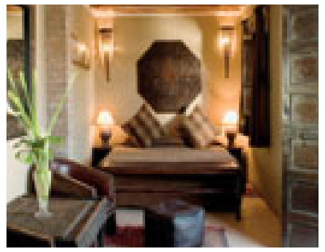
The Group launches the Banyan Tree Indochina Hospitality Fund, a real estate development fund primarily focusing on the hospitality sector in Vietnam, Cambodia and Laos. Its principal project is Laguna Lăng Cô, an integrated resort development in Central Vietnam.

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 the S$400-million Multicurrency Medium Term Note ("MTN") programme, and successfully places out S$100 million from this programme.



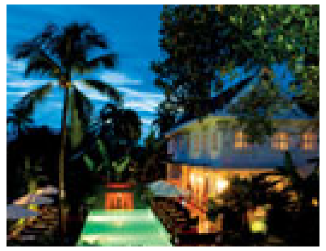
2006

Following its IPO, Banyan Tree Holdings Limited is listed on the Singapore Stock Exchange.

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.

2005-2004



The Group's first Banyan Tree resort in China – Banyan Tree Ringha – is launched in Yunnan.

Maison Souvannaphoum Hotel, Laos, opens.

The Group acquires Thai Wah Plaza, which houses Banyan Tree Bangkok in Thailand.

2003

Gyalthang Dzong Hotel in Shangrila, China, opens its doors.

2002

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

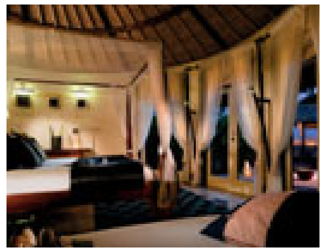
Angsana brand is launched with the opening of Angsana Bintan, Indonesia and Angsana Great Barrier Reef, Australia.

Banyan Tree Holdings Pte. Ltd. is established. Banyan Tree Hotels and Resorts Pte. Ltd. and several subsidiaries which own and operate resorts, spas, galleries and golf courses, become part of the Group.

1999-1994

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.

Banyan Tree Vabbinfaru, Maldives and Banyan Tree Bintan, Indonesia are launched.



1993

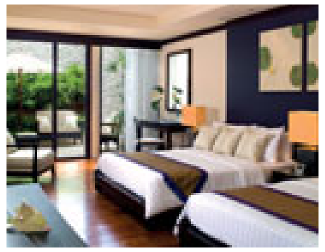
LRH lists its shares on the Stock Exchange of Thailand.

Banyan Tree Hotels and 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.

1992-1987

After extensive rehabilitation of the Phuket site, LRH launches Dusit Laguna Phuket 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.

Mauritius
Angsana Balaclava Mauritius

Mauritius
Angsana Balaclava Mauritius

Awards and Accolades

136
Total Awards Won during The Year 2012

917*
Total Awards Won To Date

As a leading international developer and operator of luxury resorts, residences, spas, galleries and golf courses, Banyan Tree Holdings was founded with the core value of driving sustainable development. We believe that the only way a business can succeed in the long term is to create value for all stakeholders. In 2012, we were pleased to receive 136 awards and accolades. This was an increase over last year, and brings the total to 917 since the Group began operations.

Highlights

Global Tourism Business Award
2012 Tourism for Tomorrow Awards
Banyan Tree Hotels & Resorts

Travel Business Leader of The Year 2012
CNBC Travel Business Leader Award Asia Pacific 2012
Mr. Ho KwonPing

Asia's Leading Resort Brand
World Travel Awards 2012
Banyan Tree Hotels & Resorts


BANYAN TREE AL WADI **UAE**


BANYAN TREE RINGHA **CHINA**


BANYAN TREE BANGKOK **THAILAND**

Travel

Asia's Leading Resort Brand
World Travel Awards 2012
Banyan Tree Hotels & Resorts

Middle East Leading Desert Spa Resort
World Travel Awards 2012
Banyan Tree Al Wadi

Mexico & Central America's Leading Spa Resort 2012
World Travel Awards 2012
Banyan Tree Cabo Marqués

Asia's Leading City Spa Hotel
World Travel Awards 2012
Banyan Tree Bangkok

Indonesia's Leading Luxury Resort
The Indonesia Travel and Tourism Awards 2012/13
Banyan Tree Ungasan, Bali

2012 China's Top 10 Most Popular Resort Hotels
9th Golden-Pillow Award of China Hotels
Banyan Tree Lijiang

2012 Gold Circle Award
2012 Gold Circle Awards – Agoda.com
Banyan Tree Bintan

Best New Hotel in China
Condé Nast Traveller UK's Hot List 2012
Banyan Tree Macau

Top 10 Honeymoon Hotels Worldwide
GAYOT.com
Banyan Tree Seychelles

Best Resort in China
TTG China Travel Awards 2012
Banyan Tree Lijiang

Best Sanya Hotel
2012 iDeal Shanghai Awards
Banyan Tree Sanya

Best Newly Opened Hotel
2012 Travel & Leisure Magazine Awards
Banyan Tree Shanghai On The Bund

Spa

Best Spa Operator (4th Consecutive Year)
7th China Hotel Starlight Awards 2012
Banyan Tree Spa

Best Spa Brand (6th Consecutive Year)
Hurun Report China Best of the Best Award 2012
Banyan Tree Spa

Education and Training
2012 Pacific Asia Travel Association Gold Awards
Banyan Tree Spa Academy

Best Spa in the World
UK Daily Telegraph ULTRAS Awards 2012
Banyan Tree Spa Phuket

Best Destination Spa – 1st place
Middle East Spa Awards 2012
Banyan Tree Spa Al Wadi

CSR

Global Tourism Business Award
2012 Tourism for Tomorrow Awards
Banyan Tree Hotels & Resorts

ASEAN Green Hotel Award 2012
ASEAN Green Hotel Recognition Awards 2012
Angsana Bintan

Best Environmentally Friendly Resort
2012 Golf Travel + Vacation Hotel Awards
Banyan Tree Ringha

2012 Corporate Social Responsiblity Awards
2012 Corporate Social Responsibility Conference
Banyan Tree Club and Spa Seoul

Real Estate

Best Villa Development (Thailand)
Thailand Property Awards 2012
Banyan Tree Residences (Phuket)

Best Villa Development (Phuket)
Thailand Property Awards 2012
Banyan Tree Residences

Corporate

Best Annual Report – Gold
Singapore Corporate Awards 2012
Banyan Tree Holdings Limited

Travel Business Leader of The Year 2012
CNBC Travel Business Leader Award Asia Pacific 2012
Mr. Ho KwonPing

Design

Best Spa Design of the Year
SpaChina Awards 2012
Banyan Tree Spa Macau

* As at 31 December 2012

Vietnam
Angsana Lăng Cô

Morocco
Angsana Riads Collection

China
Banyan Tree Macau

Portfolio
Existing Resorts in 2012

EXISTING RESORTS

Resorts/Hotels *with* Equity Interest	No. of Keys Resorts/Hotels	No. of Keys Residences Available for Sale*	Equity (%)
Banyan Tree			
Phuket, Thailand	173	13	65.8
Vabbinfaru, Maldives	48	–	100.0
Bangkok, Thailand	325	9	65.8
Ringha, China	32	–	96.0
Lijiang, China	124	9	83.2
Madivaru, Maldives	6	–	100.0
Seychelles, Seychelles	60	5	100.0
Mayakoba, Mexico	122	34	7.5
Cabo Marqués, Mexico	45	17	13.7
Lăng Cô, Vietnam[+]	49	14	15.7
Subtotal	**984**	**101**	
Angsana			
Ihuru, Maldives	45	–	100.0
Velavaru, Maldives[^]	113	–	93.4
Riads, Marrakech, Morocco	41	–	100.0
Laguna Phuket, Thailand	329	–	65.8
Lăng Cô, Vietnam[+]	128	40	15.7
Subtotal	**656**	**40**	
Others			
Gyalthang Dzong Hotel, China	47	–	80.0
Laguna Holiday Club Phuket Resort, Thailand	115	–	65.8
Subtotal	**162**	**–**	
Grand Total	**1,802**	**141**	

* Residences available for sale are part of resorts/hotels under sales and leaseback.
^ Under sales and leaseback arrangement w.e.f. 31 January 2013.
\+ Project developed by Banyan Tree Indochina Hospitality Fund. The Group's equity in this Fund is US$50 million, which will be progressively injected from 2009-2013.

EXISTING RESORTS

Resorts/Hotels *without* Equity Interest	No. of Keys Resorts/Hotels	No. of Keys Residences Available for Sale*
Banyan Tree		
Bintan, Indonesia	64	25
Sanya, Hainan, China	49	–
Ungasan, Bali, Indonesia	71	–
Hangzhou, China	72	–
Al Wadi, Ras Al Khaimah, UAE	133	–
Club & Spa Seoul, South Korea	50	–
Samui, Thailand	88	–
Macau, China	256	–
Shanghai On the Bund, Shanghai, China	130	–
Subtotal	**913**	**25**
Angsana		
Hangzhou, China	59	–
Balaclava Mauritius, Mauritius	52	–
Bintan, Indonesia	106	–
Great Barrier Reef, Australia	59	–
Bangalore, India	79	–
Fuxian Lake, Yunnan, China	711	–
Subtotal	**1,066**	**–**
Others		
Maison Souvannaphoum Hotel, Luang Prabang, Laos	24	–
Subtotal	**24**	**–**
Grand Total	**2,003**	**25**

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

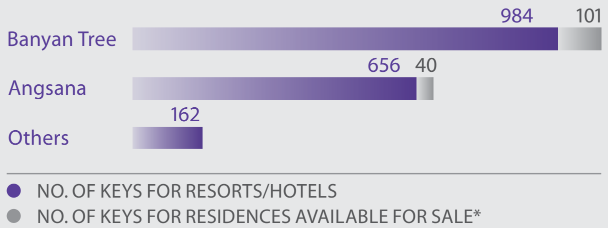
RESORTS/HOTELS WITH EQUITY INTEREST

17
Total Number of Resorts/Hotels

8
Total Number of Resorts/Hotels with Residences Available for Sale*

1,802
Total Number of Keys for Resorts/Hotels

141
Total Number of Keys for Residences Available for Sale*



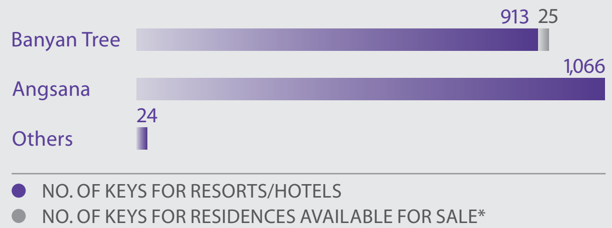
RESORTS/HOTELS WITHOUT EQUITY INTEREST

16
Total Number of Resorts/Hotels

1
Total Number of Resorts/Hotels with Residences Available for Sale*

2,003
Total Number of Keys for Resorts/Hotels

25
Total Number of Keys for Residences Available for Sale*



Portfolio
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 (%)	Year of Opening
Banyan Tree					
Yangshuo, Guilin, China++	142	–	320 – 485	5.0	2013
Huangshan, Anhui, China++	110	34	320 – 485	5.0	2013
Subtotal	**252**	**34**			
Grand Total	**252**	**34**			

@ Resorts in the pipeline are updated as at 31 December 2012.
* Residences planned for sale are part of resorts/hotels under sales and leaseback.
++ Project developed by Banyan Tree China Hospitality Fund (I). The Group's equity in this Fund is RMB57 million, which will be progressively injected from 2010-2013.

RESORTS IN THE PIPELINE@

Resorts/Hotels *without* Equity Interest	No. of Keys Resorts/ Hotels	No. of Keys Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Year of Opening
Banyan Tree				
Tianjin Riverside, Tianjin, China	159	–	175 – 865	2013
Chongqing Beibei, Chongqing, China	107	11**	300 – 1,000	2013
Shanghai Riverside, Shanghai, China	181	–	250 – 650	2013
Kerala, India	54	–	640 – 1,380	2013
Tamouda Bay, Tetouan, Morocco	92	–	TBA#	2014
Tengchong, Yunnan, China	68	12**	350 – 550	2014
Dali, Yunnan, China	195	–**	300 – 500	2014
Jiuzhaigou, Sichuan, China	376	TBA#	250 – 450	2014
Chengdu Panda Town, Chengdu, China	127	TBA#	300 – 485	2014
Qingdao Pearl Hill, Shandong, China	68	TBA#	350 – 700	2014
Goa, India	195	TBA**#	TBA#	2015
Xian Lishan, Shaanxi, China	119	–	350 – 550	2015
Anji, Zhejiang, China	153	–	300 – 700	2015
Batu Bay, Inner Mongolia, China	70	–	TBA#	2015
Chongqing Riverside, Chongqing, China	150	TBA#	TBA#	2015
Yangcheng Lake, Jiangsu, China	110	TBA#	TBA#	2015
Nanjing Tangshan, Jiangsu, China	TBA#	TBA#	TBA#	2015
Signatures Pavilion Kuala Lumpur, Malaysia	94	51**	TBA#	2016
Jilin Riverside, Jilin, China	TBA#	TBA#	TBA#	2017
Subtotal	**2,318**	**74**		

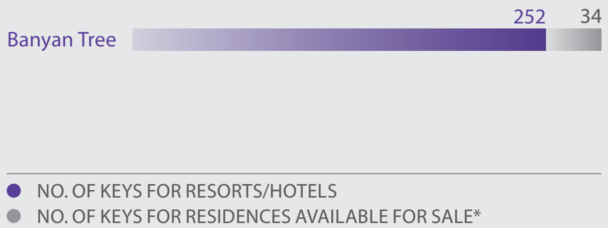
RESORTS/HOTELS WITH EQUITY INTEREST

2
Total Number of Resorts/Hotels

1
Total Number of Resorts/Hotels with Residences Planned for Sale*

252
Total Number of Keys for Resorts/Hotels

34
Total Number of Keys for Residences Planned for Sale*



RESORTS IN THE PIPELINE@

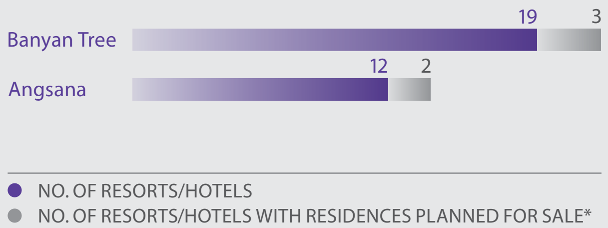
Resorts/Hotels *without* Equity Interest	No. of Keys Resorts/ Hotels	No. of Keys Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Year of Opening
Angsana				
Tengchong · Hot Spring Village, Yunnan, China	33	–	250 – 900	2013
Nanjing Tangshan, Jiangsu, China	199	–**	200 – 500	2014
Huizhou Luofushan, Guangdong, China	166	–**	250 – 800	2014
Penon del Lobo, La Herradura, Spain	200	20**	TBA#	2014
Sifah, Oman	198	–	200 – 250	2014
Tengchong, Yunnan, China	200	100**	200 – 400	2014
Chongqing Beibei, Chongqing, China	194	–	200 – 290	2014
Zhujiajiao, Shanghai, China	108	–	250 – 550	2014
Xian Lintong, Shaanxi, China	408	TBA**#	200 – 320	2014
Chengdu City Club, Sichuan, China	124	–	280 – 850	2014
Langfang, Hebei, China	74	–**	240 – 600	2014
Kunming North, Yunnan, China	200	TBA#	TBA#	2015
Subtotal	**2,104**	**120**		
Grand Total	**4,422**	**194**		

@ Resorts in the pipeline are updated as at 31 December 2012.
* Residences planned for sale are part of resorts/hotels under sales and leaseback.
** Excluding units which are not under the Group's management.
\# To be advised.

RESORTS/HOTELS WITHOUT EQUITY INTEREST

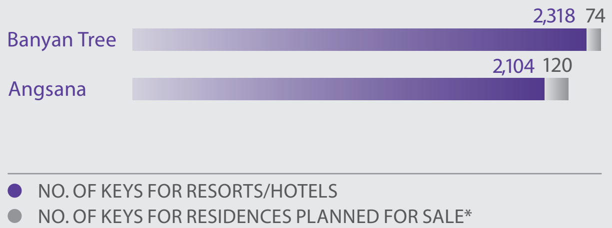
31
Total Number of Resorts/Hotels

5
Total Number of Resorts/Hotels with Residences Planned for Sale*



4,422
Total Number of Keys for Resorts/Hotels

194
Total Number of Keys for Residences Planned for Sale*



Portfolio
Existing Spas

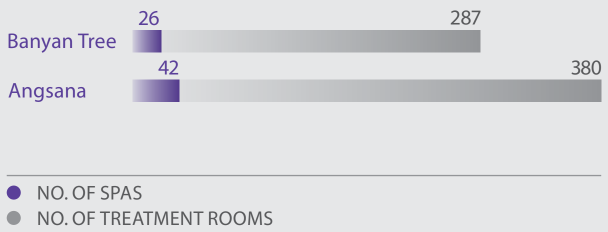
EXISTING SPAS

Name of Property	No. of Treatment Rooms
Banyan Tree	
Phuket, Thailand	25
Vabbinfaru, Maldives	5
Bintan, Indonesia	15
Seychelles, Seychelles	8
Bangkok, Thailand	16
Shanghai, China	13
Phoenix Seagaia Resort, Japan	10
Ringha, China	6
Lijiang, China	7
Madivaru, Maldives	6
Sanya, Hainan, China	12
Mayakoba, Mexico	16
Al Wadi, Ras Al Khimah, UAE	12
Hangzhou, China	10
Ungasan, Bali, Indonesia	9
Cabo Marqués, Mexico	6
Estoril, Portugal	10
Club & Spa Seoul, South Korea	11
Samui, Thailand	10
Macau, China	21
Marina Bay Sands, Singapore	15
Shanghai On the Bund, Shanghai, China	9
Lăng Cô, Vietnam	10
Subtotal	**262**

EXISTING SPAS

68
Total Number of Spas

667
Total Number of Treatment Rooms



EXISTING SPAS

Name of Property	No. of Treatment Rooms
Angsana	
Dusit Laguna Phuket, Thailand	8
Bintan, Indonesia	15
Great Barrier Reef, Australia	8
Laguna Phuket, Thailand	11
Ihuru, Maldives	8
Bangalore, India	6
Laguna Beach Resort, Thailand	8
Allamanda Laguna Phuket, Thailand	8
Park Island, Hong Kong, China	8
Gyalthang, China	4
Spa & Health Club Dubai Marina, Dubai, 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, Colombo, Sri Lanka	11
Emirates Hills, Dubai, UAE	20
Velavaru, Maldives	11
Bunratty, Ireland	5
Crowne Plaza, Kobe, Japan	8
The Garden Hotel, Guangzhou, China	12
Sheraton Guam, Guam	8
Riads Collection, Morocco	6
Prestige Ozone, Bangalore, India	6
Tivoli Marina Vilamoura, Portugal	11
UB City, Bangalore, India	11
Grand Regency Hotel, Doha, Qatar	8
Nikko, Shanghai, China	8
Sankara Nairobi, Kenya	7
Fuxian Lake, Yunnan, China	22
Sheraton Bangalore at Brigade Gateway, India	9
Hotel ICON, Hong Kong, China	4
Balaclava Mauritius, Mauritius	8
Caesar Park, Kenting, Taiwan	6
Nusajaya, Johor, Malaysia	6
Golkonda Resorts Hyderabad, India	6
Xiamen Seaview Resort, China	8
Fineland Tower, Guangzhou, China	9
Subtotal	**380**
Elements Spas By Banyan Tree	
Kuwait	8
Tivoli Victoria, Vilamoura, Portugal	7
Tivoli Sao Paulo, Brazil	10
Subtotal	**25**
Grand Total	**667**

Portfolio
Spas in the Pipeline

SPAS IN THE PIPELINE[@]

Year of Opening
2013

Banyan Tree
- Yangshuo, Guilin, China
- Huangshan, Anhui, China
- Shanghai Riverside, Shanghai, China
- Chongqing Beibei, Chongqing, China
- Kerala, India
- Tianjin Riverside, Tianjin, China

Angsana
- Lăng Cô, Vietnam
- Tengchong • Hot Spring Village, Yunnan, China
- Radisson Blu Plaza Mumbai, India
- Jinling Hotel Nanjing, China

Year of Opening
2014

Banyan Tree
- Jiuzhaigou, Sichuan, China
- Tamouda Bay, Tetouan, Morocco
- Chengdu Panda Town, Sichuan, China
- Tengchong, Yunnan, China
- Dali, Yunnan, China
- Qingdao Pearl Hill, Shandong, China

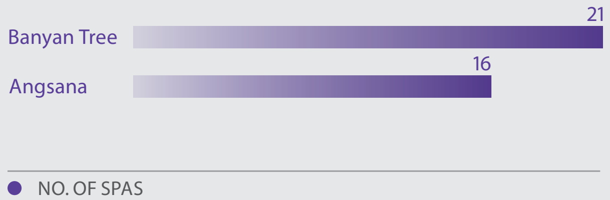
Angsana
- Sifah, Oman
- Langfang, Hebei, China
- Nanjing Tangshan, Nanjing, China
- Shanghai Zhujiajiao, Shanghai, China
- Chengdu City Club, Sichuan, China
- Penon del Lobo, La Herradura, Spain
- Huizhou Luofushan, Guangdong, China
- Tengchong, Yunnan, China
- Chongqing Beibei, Chongqing, China
- Xian Lintong, Shaanxi, China

[@] Spas in the pipeline are updated as at 31 December 2012.

SPAS IN THE PIPELINE

37

Total Number of Spas



SPAS IN THE PIPELINE[@]

Year of Opening
2015

Banyan Tree
- Goa, India
- Xian Lishan, Shaanxi, China
- Anji, Zhejiang, China
- Batu Bay, Inner Mongolia, China
- Chongqing Riverside, Chongqing, China
- Yangcheng Lake, Jiangsu, China
- Nanjing Tangshan, Jiangsu, China

Angsana
- Waterfront Ludhiana, India
- Kunming North, Yunnan, China

Year of Opening
2016

Banyan Tree
- Signatures Pavilion Kuala Lumpur, Malaysia

Year of Opening
2017

Banyan Tree
- Jilin Riverside, Jilin, China

[@] Spas in the pipeline are updated as at 31 December 2012.

Indonesia
Banyan Tree Ungasan, Bali

Indonesia
Banyan Tree Ungasan, Bali

Our Business in Brief

Banyan Tree

S$338.4

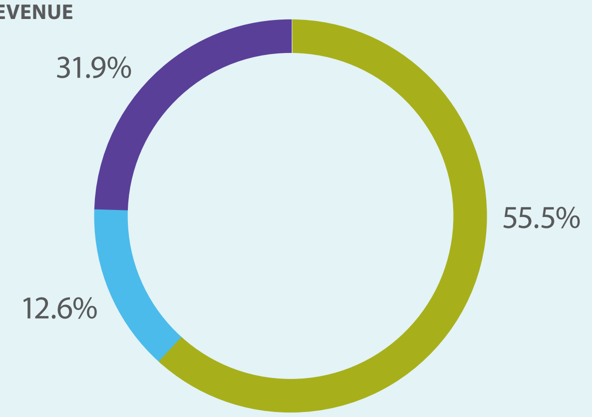
Million
Group Revenue increased 3% YoY
from S$329.5m

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.

Through the Banyan Tree brand and sister brand Angsana, we target two distinct customer segments, allowing us to expand the Group's customer base. We pioneered concepts that have become the signature features for many of our hotels and resorts, such as the tropical garden spa and pool villa.

The Group's revenue is generated from three core business segments: Hotel Investments, Property Sales and Fee-based.

GROUP REVENUE



HOTEL INVESTMENTS	S$187.7M	+15%
PROPERTY SALES	S$42.7M	-36%
FEE-BASED	S$108.0M	+9%

Hotel Investments

S$187.7

Million
Revenue increased 15% YoY
from S$163.7m

We own and manage hotels largely under our award-winning brands: Banyan Tree and Angsana.

We hold equity interest in 17 hotels, comprising over 1,800 keys.

In March 2012, the Group acquired the remaining 70% stake in Banyan Tree Seychelles and 77.5 hectares of adjoining undeveloped freehold land for US$25 million (S$31.6 million).

REVENUE

HOTEL INVESTMENTS	S$187.7M	+15%

Property Sales

S$42.7

Million
Revenue decreased 36% YoY
from S$66.3m

This segment consists of sales of hotel residences, Laguna properties and development projects/sites.

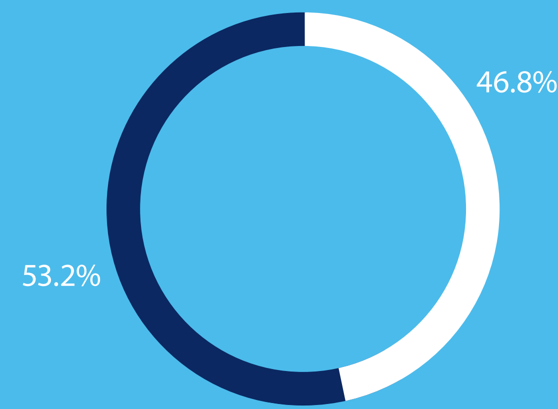
HOTEL RESIDENCES
Our hotel residence business comprises the sale of hotel villas or suites, which are part of our hotel operations, to investors under a compulsory leaseback scheme.

Hotel Residences, primarily sold under the brand name Banyan Tree Residences, are available in Thailand, Seychelles, China, Indonesia, Mexico and Vietnam.

LAGUNA PROPERTY SALES
Laguna property sales refer to sales of 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 under the rental programme are managed by Hawaiian resort operator, Outrigger.

DEVELOPMENT PROJECT/SITE SALES
Development project/site sales relate to pure development land sales or development land sales which are fully or partially developed with infrastructure.

REVENUE



HOTEL RESIDENCES	S$20.0M	+67%
LAGUNA PROPERTY SALES	S$22.7M	+26%
DEVELOPMENT PROJECT/SITE SALES	–	-100%

Fee-based

S$108.0

Million
Revenue increased 9% YoY
from S$99.5m

Our fee-based business comprises hotel, fund and club management, spa and gallery operations, and design and other services. We manage 16 resorts and hotels, and operate 68 spas, 83 gallery outlets and three golf courses.

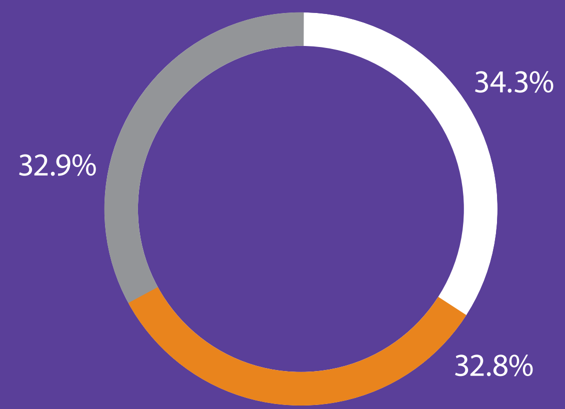
HOTEL/FUND/CLUB MANAGEMENT
Besides managing hotels under the Banyan Tree and Angsana brands for other owners, we manage an asset-backed destination club and two private equity funds.

The Group also derives royalties from the sale of properties in which we hold a minority or no interest.

SPA/GALLERY OPERATIONS
We pioneered the tropical garden spa concept, and manage spas within our own resorts and also resorts owned by other hotel/resort operators. The retail arm of the Group, Banyan Tree Gallery supports indigenous artistry, the livelihood of village artisans and environmental conservation.

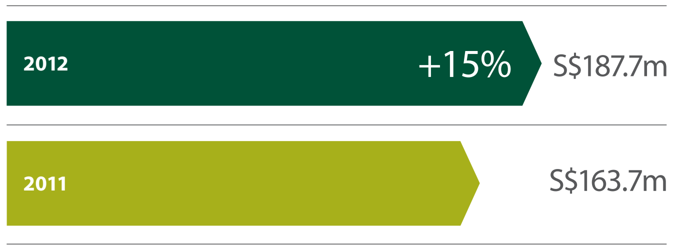
DESIGN FEES AND OTHERS
We receive fees for design services and income from operating golf clubs. Most of our resorts are planned and designed by our experienced in-house division.

REVENUE



HOTEL/FUND/CLUB MANAGEMENT	S$37.1M	+25%
SPA/GALLERY OPERATIONS	S$35.4M	-12%
DESIGN AND OTHERS	S$35.5M	+20%

Business Review
Hotel Investments



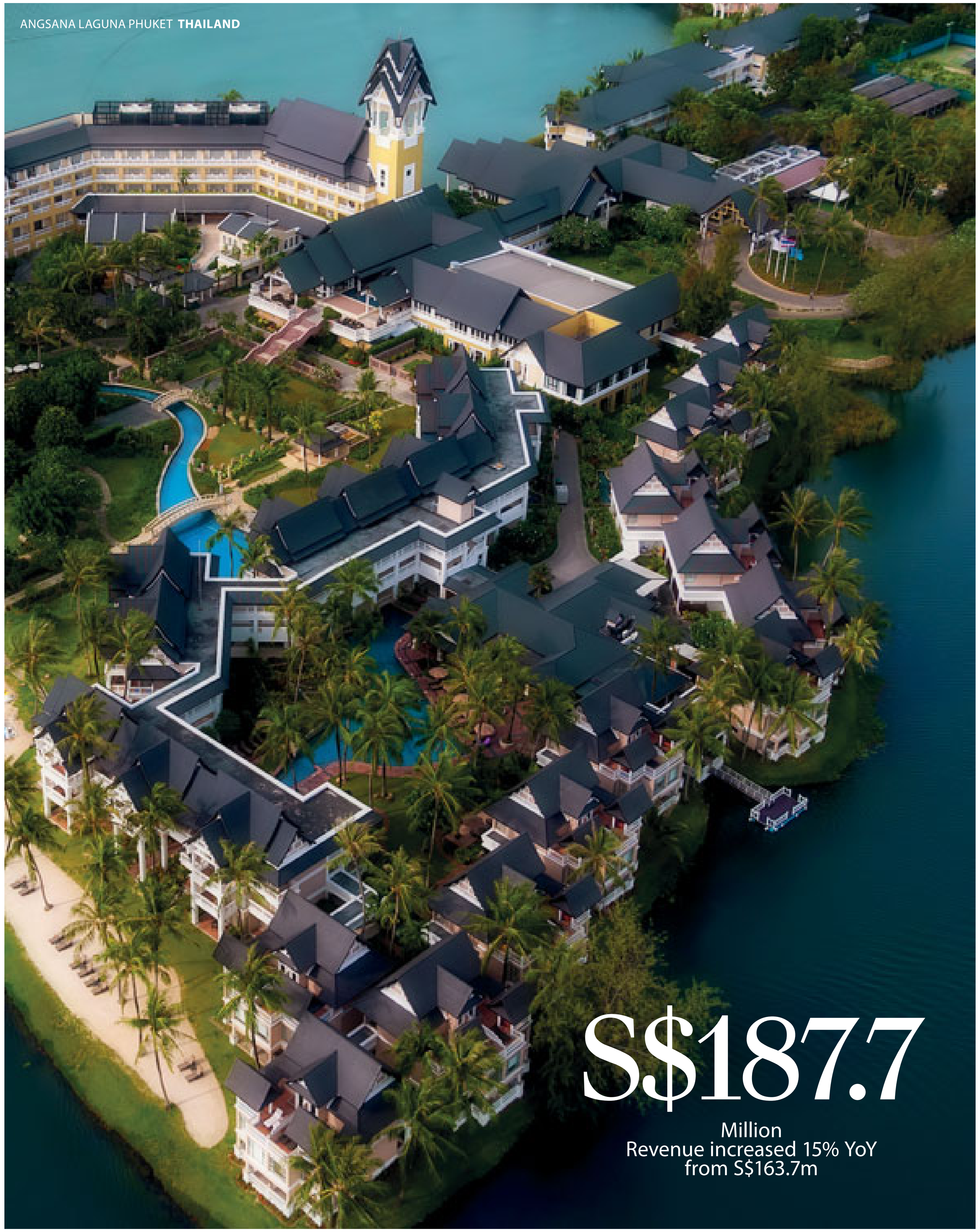
REVENUE

Revenue from Group-owned hotels registered an increase of S$24.0 million or 15% from S$163.7 million in 2011 to S$187.7 million in 2012. This was attributable mainly to the consolidation of revenue from Banyan Tree Seychelles from 2Q12 onwards, as well as the positive performance of our resorts in Thailand. These gains were partially offset by lower revenue from our Maldives properties due to the closure of Banyan Tree Vabbinfaru and Angsana Ihuru for renovation.

THAILAND

The political situation in Thailand remained relatively stable compared to recent years when uncertainty and local protests resulted in travel advisories. The country was also spared a repeat of last year's severe flooding.

Our Thai hotels benefited from the improved business climate. Revenue was S$117.0 million, up S$13.9 million or 13% from 2011. This was underpinned by higher occupancy and a full year of operations of the newly rebranded and renovated Angsana Laguna Phuket (previously Sheraton Grande Laguna Phuket), albeit dampened by the soft opening of the hotel during the high season which adversely impacted the room rate.



ANGSANA LAGUNA PHUKET **THAILAND**

S$187.7

Million
Revenue increased 15% YoY from S$163.7m

BANYAN TREE PHUKET **THAILAND**

Underscoring the importance of China as one of the largest inbound markets, Angsana Laguna Phuket and Banyan Tree Phuket successfully hosted 16,000 Amway delegates from China over four weeks, generating revenue of over US$2.3 million.

Arrivals into Phuket continued to recover from the downturn, helped by an increasing number of direct flights from regional markets. Meanwhile, the Russian market remained strong, especially during the high season. Underscoring the importance of China as one of the largest inbound markets, Angsana Laguna Phuket and Banyan Tree Phuket successfully hosted 16,000 Amway delegates from China over four weeks, generating revenue of over US$2.3 million. Banyan Tree Phuket also hosted a large Indian wedding.

Occupancy, RevPAR and revenue for Banyan Tree Phuket all grew significantly, but the average room rate increased only minimally because of continuing rate pressures, in particular the weak European markets.

Banyan Tree Bangkok posted double-digit increases in revenue and occupancy, thanks to a systematic approach targeting corporate groups. Room rates were however constrained by intense competition from new service apartments and hotel openings in Bangkok. From September to December, the property underwent a US$152,000 renovation of 50 Premier Rooms. We also invested approximately US$642,000 in renovating and expanding the food and beverage outlets.

Business Review
Hotel Investments

BANYAN TREE VABBINFARU **MALDIVES**

BANYAN TREE SEYCHELLES **SEYCHELLES**

MALDIVES
We took the opportunity to rejuvenate two of our resorts in the Maldives during the low season. Angsana Ihuru was closed to guests for a major refurbishment from 1 April to 30 June 2012. The re-launched property features 20% more indoor space for every villa, as well as a fully-equipped dive centre, including Snuba and diving at the Rannamaari Wreck. Meanwhile, Banyan Tree Vabbinfaru underwent a full renovation from 1 July to 30 August 2012. Each of its 48 villas now incorporates a private dipping pool adjacent to the jet pool. Angsana Velavaru performed strongly, achieving a year-on-year increase of 12% in room revenue and average daily rate.

Despite the temporary closures, overall revenue from our Maldives properties dipped by only S$1 million or 2%, from S$46.3 million to S$45.3 million, reflecting their strong performance during the year.

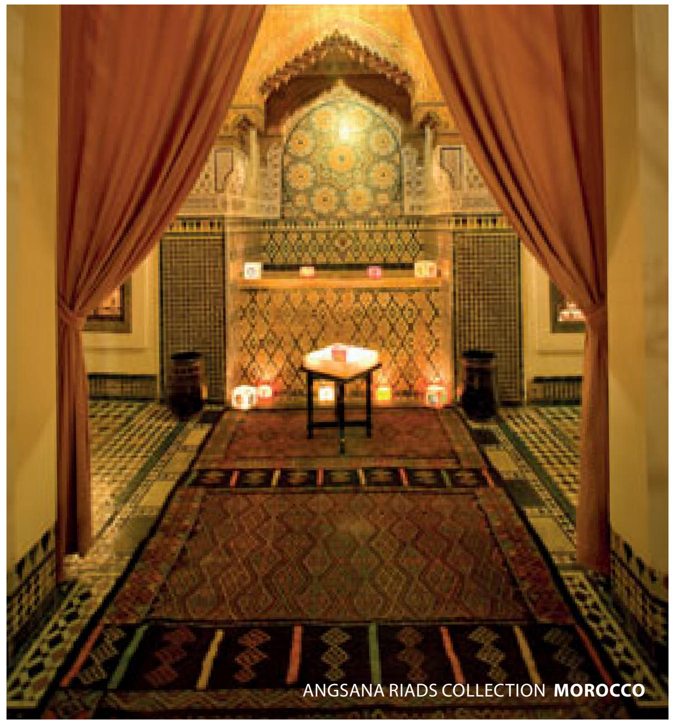
In January 2013, the Group entered into an agreement to sell Angsana Velavaru to Sanctuary Sands Maldives Pvt. Ltd. for US$71 million. The sale is in line with the Group's ongoing strategy to unlock the value of properties, accelerate the rebalancing of our asset portfolio and re-deploy capital to other growth regions. We concurrently entered into a lease agreement with the purchaser to lease back the property for a period of 10 years. Under this arrangement, the Group will pay a base rental and be entitled to a percentage of the gross operating profit based on an agreed formula. This not only allows us to continue participating in the earnings of Angsana Velavaru, but also enables us to maintain the "Angsana" brand presence in the Maldives.

CHINA
We now benefit from one of the most extensive regional sales office networks for a group of this size, with seven marketing offices in Shanghai, Beijing, Guangzhou, Kunming, Chengdu, Shenyang and Xi'an. However, political uncertainty and negative publicity surrounding government spending contributed to a slow first quarter, normally the busiest, for all hotels in China. Despite the impact of this slowdown, Group-owned hotels in China enjoyed a stronger average rate compared to 2011. As this was offset by a drop in occupancy, revenue held steady at S$18.0 million, a marginal increase from the previous year's S$17.9 million.

MOROCCO
The combination of political turmoil in the Middle East and North Africa and the protracted European financial crisis continued to negatively impact Angsana Riads Collection. Although occupancy remained stable at 37% in 2012, the average daily rate eroded by 11% from a year ago, and there was a corresponding 12% decrease in room revenue.

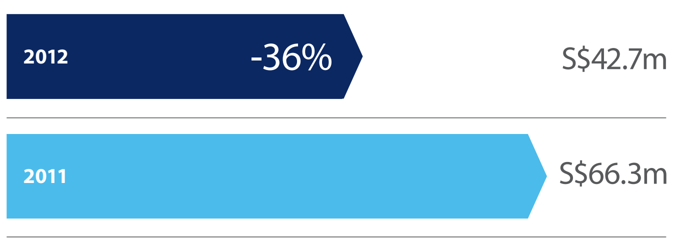
SEYCHELLES
As part of the Group's rebalancing strategy, we acquired the remaining 70% of Banyan Tree Seychelles in March 2012. The US$25 million (S$31.6 million) purchase included 77.5 hectares of adjoining freehold land which offers us the option to expand the resort in future.

Banyan Tree Seychelles accounted for S$12.0 million or 6.4% of overall revenue from Group-owned hotels in 2012. Contributing to the challenging operating conditions was the lacklustre European market. To counter this, our strategy going forward will be to attract more Chinese arrivals to the Seychelles, by tapping our strong global marketing network in China.



ANGSANA RIADS COLLECTION **MOROCCO**

Business Review
Property Sales



REVENUE

This segment consists of sales of hotel residences, Laguna properties, development projects/sites and Laguna holiday club memberships.

Overall property sales revenue was S$42.7 million, down 36% from S$66.3 million a year ago. This was mainly due to the inclusion last year of revenue from the sale of development sites in Lijiang, Yangshuo and Huangshan to the China Fund. Excluding those transactions, revenue for 2012 was 43% higher compared to 2011, resulting from higher contribution of property sales units from completion. 29 units were completed and recognised as compared to 21 the previous year. The number of units sold with deposits received also doubled from 13 to 27, representing a 292% rise in value terms. These units exclude the newly launched Laguna Shores, which sold 116 units worth S$28.8 million within two-and-a-half months.

The Group also derives royalties (reported under Fee-Based income) from the sale of properties in which we hold a minority or no interest. These include our first hotel-primary residence concept, Banyan Tree Signatures Pavilion Kuala Lumpur. Since its launch in late 2011, all 441 condominium units have been sold. In 2012, Laguna Lăng Cô, which is owned by the Banyan Tree Indochina Fund, was launched. Four Banyan Tree residences and three Angsana units have been sold there. Meanwhile, our China Fund has sold eight units of Banyan Tree residences at Huangshan and one at Lijiang. Banyan Tree Mayakoba also saw an increase in units sold during the year, from three to 11.

The above reflects our strong branding, and augurs well for our planned sales of primary residences in China and Thailand in the coming year.

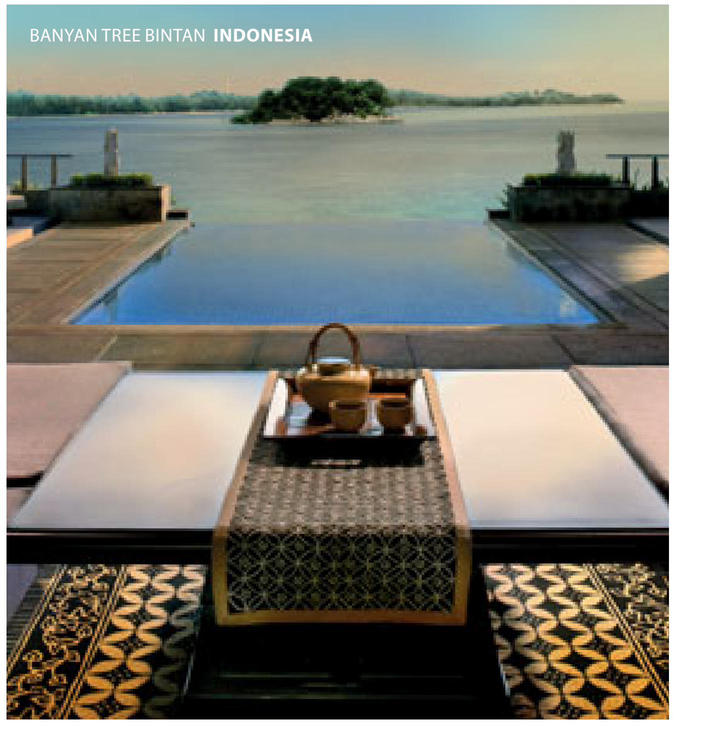
BANYAN TREE SIGNATURES PAVILION KUALA LUMPUR **MALAYSIA**

S$42.7
Million
Revenue decreased 36% YoY from S$66.3m

HOTEL RESIDENCES

During the year, we witnessed the gradual return of investor confidence in the secondary home market. Thailand, in particular, benefited from the absence of political upheaval and natural disasters. Revenue from hotel residences grew 67% from S$12 million to S$20 million. Revenue was recognised for a total of 11 units (five in Phuket, three in Bangkok, two in Lijiang and one in Bintan) compared with six units the previous year.

Ten units were sold with reservation deposits received, up from three units in 2011. They comprised:
- Two Banyan Tree Bangkok apartments (US$1.6 million);
- Three Banyan Tree Phuket two-bedroom Pool Villas (US$4.3 million);
- Two Banyan Tree Phuket DoublePool Villas (US$4.3 million);
- One Banyan Tree Bintan one-bedroom Pool Villa (US$1.6 million); and
- Two Banyan Tree Lijiang three-bedroom Pool Villas (US$4.7 million).



BANYAN TREE BINTAN **INDONESIA**

During the year, we witnessed the gradual return of investor confidence in the secondary home market. Thailand, in particular, benefited from the absence of political upheaval and natural disasters.

Business Review
Property Sales


BANYAN TREE LIJIANG **CHINA**


LAGUNA VILLAGE DELUXE RESIDENCES **THAILAND**

We continue to have an excellent range of residences available for sale including:
- Dusit Thani Laguna Phuket: a niche development of two-bedroom Pool Villas featuring unique rooftop pools with expansive lagoon view, priced at US$0.8 million;
- Banyan Tree Phuket: our largest development comprising two-bedroom Pool Villas priced at US$1.5 million, one-bedroom DoublePool Villas at US$1.9 million and two-bedroom Deluxe DoublePool Villas at US$3.0 million;
- Banyan Tree Lijiang: three-bedroom Naxi Residences priced at US$2.1 million and two-bedroom Townhouses at US$0.9 million and one-bedroom Garden Villas at US$0.8 million;
- Banyan Tree Bintan: one- and two-bedroom Bayfront Villas priced from US$0.8 million to US$1.8 million; and
- Banyan Tree Bangkok: two-bedroom apartments in our 61-storey hotel priced from US$0.8 million to US$1.1 million.

In addition, our Indochina and China Funds are offering the following properties:
- Laguna Lăng Cô: Banyan Tree Residences one-, two- and three-bedroom Hill Villas priced from US$0.7 million to US$1.0 million, and Angsana Residences one- and two-bedroom units priced from US$0.3 million to US$1.0 million;
- Banyan Tree Huangshan: one- and two-bedroom Villas priced from US$0.3 million to US$1.0 million; and
- Banyan Tree Lijiang: one-, two- and three-bedroom Villas priced from US$0.6 million to US$2.2 million.

Overall, interest appears to be stronger than in recent years. However, with potential buyers still cautious about buying into off-plan developments, we will continue to focus on selling our inventory of already completed Banyan Tree Residences.

LAGUNA PROPERTY SALES

Revenue from Laguna property sales in Laguna Phuket grew 26% from S$17.9 million to S$22.7 million. This was due to higher contribution of property sales units from completion, which was partially offset by the weaker performance of Laguna Holiday Club. Revenue was recognised for 18 units totalling S$16.7 million in 2012, versus 15 units totalling S$9.8 million in 2011.

We continued to sell the remaining completed inventory in Laguna Village, with 17 units now sold with deposits received compared to 10 units in the preceding year.

The units comprised:
- Two one- and two-bedroom Lofts (US$0.7 million);
- Seven Laguna Village three-bedroom Townhomes (US$5.0 million);
- Three Laguna Village four-bedroom Residences (US$2.8 million); and
- Five Laguna Village five-bedroom Deluxe Residences (US$8.6 million).

Given persistent global economic uncertainty, the market has experienced a shift from higher priced villas to lower priced apartments and condominiums. With foreigners continuing to dominate the market for secondary resort homes, the most active price segment is properties priced at US$350,000 or less.

With this in mind, we launched a new development, Laguna Shores, at the end of the year. Comprising one- and two-bedroom apartments ranging in size from 42 to 62 square metres, it aims to compete in the under-US$0.4 million price segment. While catering to the price-conscious buyer, Laguna Shores will deliver the high quality and unique experience that are associated with our properties. As at end February 2013, we had sold 116 units or half of the total inventory for Phase 1, amounting to a sales value of S$28.8 million.

LAGUNA HOLIDAY CLUB

Our holiday club business has remained subdued as hotels and resorts have seen significant rate pressures, which have impaired the financial logic of our product offering for now. This has resulted in lower levels of consumer confidence and discretionary spending on holiday club memberships. Revenue in 2012 was S$6 million, a 26% decrease from S$8.1 million a year ago. Pending an improvement in the operating environment, we have scaled back the business by closing some branches and reducing headcount.

Business Review
Fee-based

REVENUE

Our fee-based business comprises hotel, fund and club management, spa and gallery operations, and design and other services. Total revenue for this segment increased by 9% from S$99.5 million in 2011 to S$108.0 million in 2012. This was largely due to growth in hotel management and design and other services.

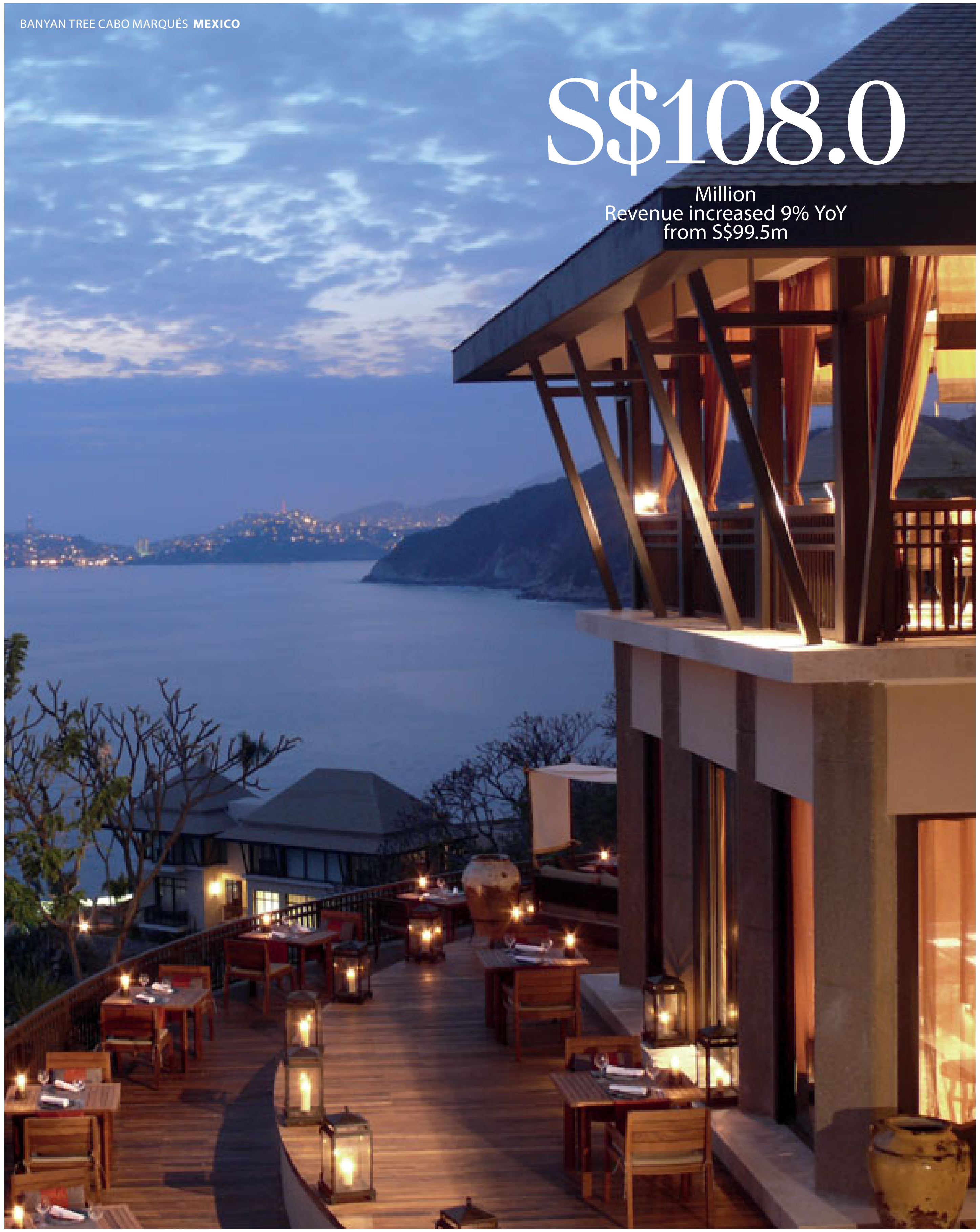
HOTEL MANAGEMENT

During the year, Laguna Lăng Cô opened under our management. This 288-hectare integrated resort and hotel development in Lăng Cô is our first managed property in Vietnam. It features the Banyan Tree Lăng Cô, a 49 all-pool villa resort that mirrors the glory of Vietnam's dynastic past, and the 128-room Angsana Lăng Cô, a modern retreat in a setting of natural beauty. In China, we opened the 130-room Banyan Tree Shanghai On The Bund, an urban retreat overlooking both Pudong and the Bund.

Revenue from hotel management was S$29.4 million, up S$10.5 million or 55%. The increase was largely attributable to royalty fees from the sale units at Banyan Tree Signatures Pavilion Kuala Lumpur and revenue from Banyan Tree Macau which enjoyed its first full year of operation. This was partially offset by the lower contribution from Banyan Tree Seychelles, as its results are now reflected in the Hotel Investments segment since it became a wholly-owned subsidiary in March 2012.

AMERICAS

Despite continuing challenges, both Banyan Tree Mayakoba and Banyan Tree Cabo Marqués performed strongly, with a 14% increase in revenue over 2011. Occupancy dropped by 2 percentage points but the average daily rate increased by 3%.



Revenue from hotel management increased by 55%, largely attributable to royalty fees from the sale units at Banyan Tree Signatures Pavilion Kuala Lumpur and revenue from Banyan Tree Macau.

The Mexican drug cartel situation continued to affect Banyan Tree Cabo Marqués, with the US maintaining an advisory against travel to Acapulco.

CHINA

With seven marketing offices in key feeder markets, the Group now has one of the most extensive regional sales office networks in China. This contributed to a 14% increase in room revenue, led by Angsana Fuxian Lake and Angsana Hangzhou (in its first full year of operation) which saw RevPAR increase by 18% and 168% respectively.

ASIA PACIFIC

In the Asia Pacific excluding China, properties under our management grew their room revenue by 40% over the previous year.

Banyan Tree Bintan started an extensive renovation to replace jet pools with relaxation pools in the villas. The renovation is expected to end by June 2013. Following the refurbishment of guest rooms and public areas at Angsana Bintan last year, the average daily rate and room revenue have risen by 14% and 29% respectively.

Business Review
Fee-based


ELEMENTS SPA BY BANYAN TREE **KUWAIT**


BANYAN TREE SPA SHANGHAI **CHINA**

We ran two Group-wide campaigns in 2012, namely "Good Things Come in Threes" in March and "The Hotter, The Better" in July. The latter promoted a special rate corresponding to the temperature of the day. This creative concept contributed to a total of 3,801 room nights and room revenue exceeding US$1.5 million within a three-week booking window. Both campaigns were supported by a strong online and print advertising strategy that targeted the Asia Pacific region, boosting business for the traditionally slower second and third quarters.

IN THE PIPELINE

In 2013, we plan to open seven hotels under our management, including the first Banyan Tree in India, Banyan Tree Kerala. This "one resort, one island" concept will be an all-Pool Villa resort on the famous Kerala backwaters of Kochi, India.

The remaining six hotels will be in China. Banyan Tree Tianjin Riverside, in Hebei district, will feature three towers of guest rooms, while Banyan Tree Shanghai Riverside in Shanghai's Huangpu riverfront will combine a modern low-rise hotel with courtyard-style villas. Banyan Tree Chongqing Beibei will be Banyan Tree's first hot spring resort. Nestled on Jin Yun Mountain, it will feature 107 contemporary suites and villas. We will also open Angsana Tengchong in the renowned hot spring resort area of Yunnan Province, Banyan Tree Yangshuo in Guangxi and Banyan Tree Huangshan in Anhui.

FUND MANAGEMENT

Overall revenue was S$7.4 million, down 18% on lower fees received from managing the Banyan Tree Indochina Fund. This was because the fees are based on a US$200 million capital commitment rather than the full sum of US$283 million, pending a suitable investment for the remaining US$83 million.

The Indochina Fund soft-opened Phase 1 of Laguna Lăng Cô in the fourth quarter of 2012. Comprising Banyan Tree Lăng Cô, Angsana Lăng Cô and a Nick Faldo championship golf course, clubhouse and central facilities, this phase will be officially opened in April 2013.

Construction is now underway at Lijiang, Yangshuo and Huangshan which were purchased by the China Fund last year. Banyan Tree Yangshuo and Banyan Tree Huangshan are expected to open in late 2013.

CLUB MANAGEMENT

Fees from managing the Banyan Tree Private Collection ("BTPC") fell from S$1.7 million to S$0.3 million. The decrease was due to fewer memberships sold (three compared to last year's 17). Because of the ongoing global financial crisis, potential customers were reluctant to commit to a lifetime membership and annual fees.

A new management team was put in place at BTPC in July 2012 and charged with streamlining operations, managing expenses in order to retain profitability and fostering closer integration with property sales efforts. To enhance the appeal of the Club for existing and new members, we renewed the two reciprocal agreements we signed in 2011, with one of the most prestigious European destination clubs and with the largest US-based destination club. These affiliations allow BTPC members to enjoy one of the widest selections of five-star accommodation around the world. We have also renewed efforts to penetrate the Chinese market where most of the growth is expected in the coming years.

SPA OPERATIONS

The opening of seven new spas marked the continuing expansion of the Group's spa operations in 2012. The new spas were Banyan Tree Spa Shanghai On The Bund in China, Banyan Tree Spa Lăng Cô in Vietnam, Angsana Spa Caesar Park Kenting in Taiwan, Angsana Spa Nusajaya in Malaysia, Angsana Spa Golkonda Resorts Hyderabad in India, Angsana Spa Seaview Xiamen and Angsana Spa Fineland Tower in China.

With these additions, we now own or manage 68 spas in 28 countries under the brands Banyan Tree Spa, Angsana Spa and Elements Spa By Banyan Tree.

Total spa revenue for 2012 was S$26.6 million, a 7% drop from last year's S$28.8 million. The decline was due to the closure of a spa outlet in Guam and the renovation of spas in the Maldives. Other factors were the lower capture rate in Bintan, Australia, Kuala Lumpur and China, a smaller number of spa guests in Dubai and political crises in Egypt and South Africa. However, revenue from our cluster of spas in Thailand showed a 9% improvement thanks to an increase in spa guests and average rate per hour.

The average rate per hour remained S$83 for Banyan Tree Spa and rose 8% to S$58 for Angsana Spa. Compared to the previous year, spa occupancy dropped by 7% across all key clusters.

Our spas won a bumper crop of 64 awards and accolades in 2012. Banyan Tree Spa was named Best Spa Brand at the prestigious Hurun Report China-Best of the Best Awards for the sixth straight year, Best Spa Operator in China at the China Hotel Starlight Awards for the fourth consecutive year and Best Spa Operator at the TTG Travel Awards for the eighth year in a row.

Business Review
Fee-based


BANYAN TREE GALLERY SHANGHAI ON THE BUND **CHINA**


BANYAN TREE MAYAKOBA **MEXICO**

The Banyan Tree Spa Academy received its share of recognition as well, winning the Gold Award 2012 for Education and Training from the Pacific Asia Travel Association. It was also named Best Spa Academy of The Year for the third consecutive year at the SpaChina Awards and Best In-Spa Training of The Year at the AsiaSpa Awards 2012.

During the year, we refreshed our spa menus with new treatments, and refined the signature service protocol and touch points of Banyan Tree and Angsana Spas. We are developing a new website for Angsana Spas, to be launched by May 2013. At the same time, we are focusing on heightening brand awareness for Banyan Tree and Angsana Spas, while maintaining consistently high service standards across all outlets through continual training.

Since our first spa opened, the number of spa guests has increased on average by 5% year on year. In 2012, our spas pampered close to 350,000 guests. With our portfolio set to grow to 78 spas in 2013, recruitment in China, Thailand and Indonesia will be a key task in the immediate term.

GALLERY OPERATIONS

Banyan Tree Gallery is the Group's socially-responsible retail arm. It helps to sustain villagers' livelihood and promote cultural and green awareness through its unique merchandise. The Gallery also provides design expertise, procurement and logistical services for the Group's resorts, hotels and spas, and is a proprietary developer and supplier of spa products, for sale and use in our spas.

The Gallery registered revenue of S$8.8 million in 2012. The 24% decline from 2011 was a result of the closure of six retail outlets and a decrease in export sales.

Overall store-to-store retail revenue, however, performed 14% better than the previous year. The guest satisfaction index reached a higher than expected 91%, reflecting healthy retail operations, particularly in China, Dubai, Indonesia, Singapore and Thailand. The average return per square metre of retail space and average spending in 2012 both reached their highest levels in five years, showing increases of 12% and 9% respectively compared to 2011. Cross-sales and marketing strategies as well as effective stock management of our best-selling merchandise were key success factors.

We also enhanced brand awareness with more direct sales to travel retail partners and online sales through well-established retail websites. As a result, direct sales revenue soared by 118% year on year. Effective networking and referral efforts yielded a 20% increase in corporate gifting, contributing significantly to the Gallery's revenue.

As of 31 December 2012, the Gallery owned or managed 83 outlets in 28 countries, making it one of the largest retail chains in the hospitality industry. With plans to add eight Banyan Tree Galleries and seven Angsana Galleries in 2013, this portfolio will continue to grow.

In the coming year, the Gallery will establish a Banyan Tree Gallery China website to drive online shopping and develop partnerships with online and retail outlets. We also plan to expand our third retail brand, Lek Lek, which we successfully launched in 2012. To grow revenue synergistically for the Gallery and the Group's spas and hotels, we will fine-tune tactical cross-sales and marketing strategies. In terms of cost management, the emphasis will be on pre-emptive and cost-effective merchandising strategies as well as cost control in procurement.

DESIGN FEES AND OTHER SERVICES

Having an in-house team to plan, design and oversee construction and maintenance of most of our resorts, spas and galleries helps us create a consistent brand identity and control the time and costs involved in bringing each project to market. Over the years, our designs have been lauded internationally, and hotel owners who appoint us to manage properties often entrust us with designing and constructing them as well.

In 2012, we signed a memorandum of understanding with tourism and environmental management advisory group EC3 Global to provide our expertise in planning, development, green technical advisory services and engineering technology. This will create another revenue stream for the Group as we leverage EC3 Global's portfolio of more than 1,300 hospitality and travel clients in 73 countries.

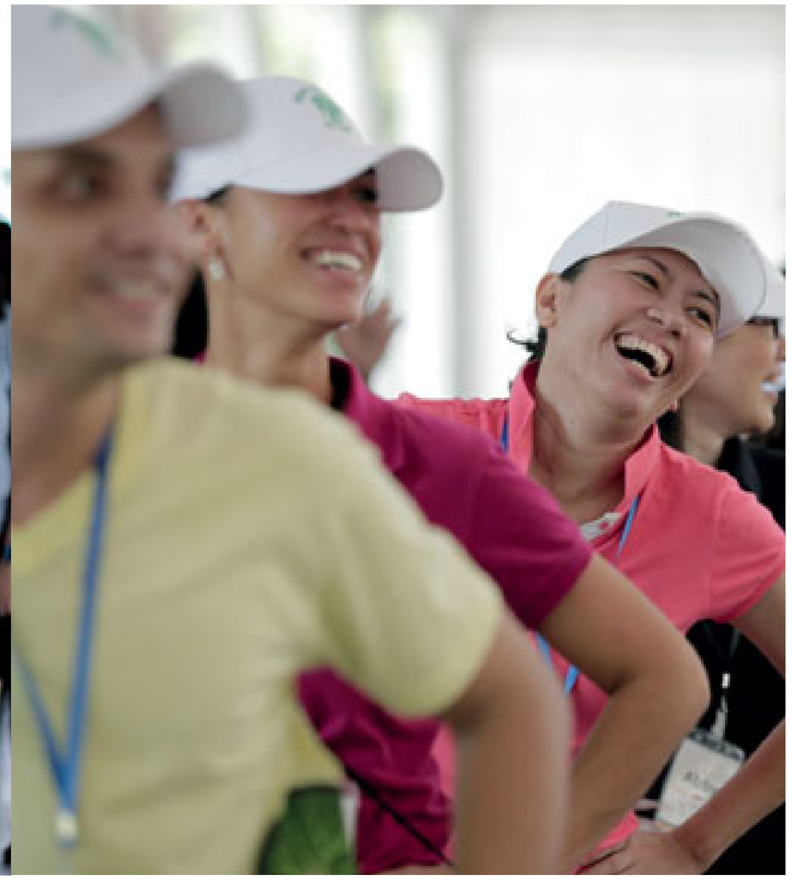
Total revenue for design and other services in 2012 was S$35.5 million, up S$5.9 million or 20%. This was due to increased revenue from design fees for new projects in China. Revenue from other services held steady. These included income from golf club operations and rental income from Thai Wah Plaza in Bangkok and Canal Village Shopping Centre at Laguna Phuket.

Despite higher revenue, EBITDA dipped by S$0.6 million because of increased expenses stemming from a higher headcount to support our expansion in China and heavier spending on taxes in China.

Mexico
Banyan Tree Mayakoba

Mexico
Banyan Tree Mayakoba

Banyan Tree Management Academy



A diverse workforce is one of the keys to Banyan Tree's success. Among our more than 9,000 associates, we count at least 35 nationalities, giving the Group a truly multicultural outlook and a unique brand of hospitality. In order to harness this diversity as a competitive advantage, it is essential to forge a common identity and sense of purpose among all of our associates.

Banyan Tree Management Academy (BTMA) helps us to achieve these aims, at the same time equipping our associates with the necessary skills to deliver the extraordinary experience that our guests have come to expect. Established in 2008, BTMA focuses on Advancing People Development, Management Excellence, and Learning with Integrity and Meaning. These are vital to our ability to sustain organisational effectiveness and fulfil the increasing demand for human resources as the Group continues to expand across the globe.

TRAINING OUR LEADERS

Recognising the importance of good leadership, one of BTMA's functions is to identify and nurture internal talent to manage our existing and upcoming properties. BTMA also plays a critical role in communicating the Group's vision and strategy to future managers, instilling in them the core values of the Banyan Tree brand.

In order to harness diversity as a competitive advantage, it is essential to forge a common identity and sense of purpose among all of our associates. BTMA helps us to achieve these aims.

The Fast Track Programme places select entry level associates through a structured training programme to prepare them for managerial positions in their respective divisions. Two signature courses by BTMA – the Management Development Programme and the Talent Management Programme – are designed to equip senior and new managers, respectively, to perform optimally in key and challenging roles.

These programmes include the use of case studies to instil in associates the Banyan Tree culture, and to impart the Group's collective experience and know-how. As part of their commitment to develop the next generation of leaders, members of our senior management team serve as in-house facilitators during these sessions.

Such programmes also present a valuable platform for associates from different properties and geographic regions to share best practices, and forge strong team spirit through shared experiences.

BTMA is quick to tailor specific programmes according to the Group's evolving needs. With the number of resorts in China alone set to more than double by 2015, there is a corresponding requirement for as many associates at the supervisory and middle management levels. With this in mind, BTMA has formulated an intensive four-day Intensive Supervisory Leadership Workshop that is conducted in Chinese. The workshop provides participants with a solid foundation in supervisory and leadership skills aligned with the Group's distinctive culture.

DEVELOPING OUR ASSOCIATES

As part of our efforts to enhance the knowledge of our associates worldwide, we currently offer more than 90 courses via the BTMA/eCornell online learning portal. The portal is a product of the Group's long-standing partnership with Cornell University, an academic institution renowned for its hospitality programmes.

At BTMA's base in Laguna Phuket, we continue to offer all associates a wide range of learning resources. These include essentials such as English language and IT courses which serve as a foundation for future career development. In addition to professional development, BTMA provides our associates with opportunities for personal growth through various life enrichment programmes.

BTMA is also responsible for Group Training Services which encompasses designing and reviewing training modules, facilitating the roll-out of new hotel operations initiatives, developing training managers who show potential and overseeing the implementation of, and adherence to, operational training standards in all properties across the Group.

Sustainability

220,631

Trees Planted since 2007

Banyan Tree Lijiang

BANYAN TREE VABBINFARU **MALDIVES**

BANYAN TREE MAYAKOBA **MEXICO**

THE TRIPLE BOTTOM LINE

With operations in diverse locations, Banyan Tree's concept of sustainability seeks to create long-term value for multiple stakeholders and destinations. Our triple bottom line of economic, social and environmental success helps direct sustainable development by:

- 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.

OUR VALUES IN ACTION

We continued to emphasise resource conservation in 2012. Banyan Tree Lijiang became the first entity in China to achieve EarthCheck Gold Certified status, while four other resorts (Banyan Tree Ungasan, Banyan Tree Vabbinfaru, Angsana Ihuru and Angsana Velavaru) began pursuing Silver Certified status. To support our EarthCheck coordinators, we trained six in-house EarthCheck Master Trainers.

Meanwhile, the Group's development management arm (GPS Development Services Pte. Ltd.) established frameworks and partnerships to ensure our hotels not only remain sustainably designed, but are also aligned with global leading sustainable design certification and benchmarking systems.

Our Greening Communities efforts during the year included the planting of 73,520 trees across 20 resorts. This brought our six-year total to 220,631, well above our 176,000 tree target. More than 30% of the trees were planted in collaboration with communities in the Maldives, and another 30% were mangroves planted in Thailand.

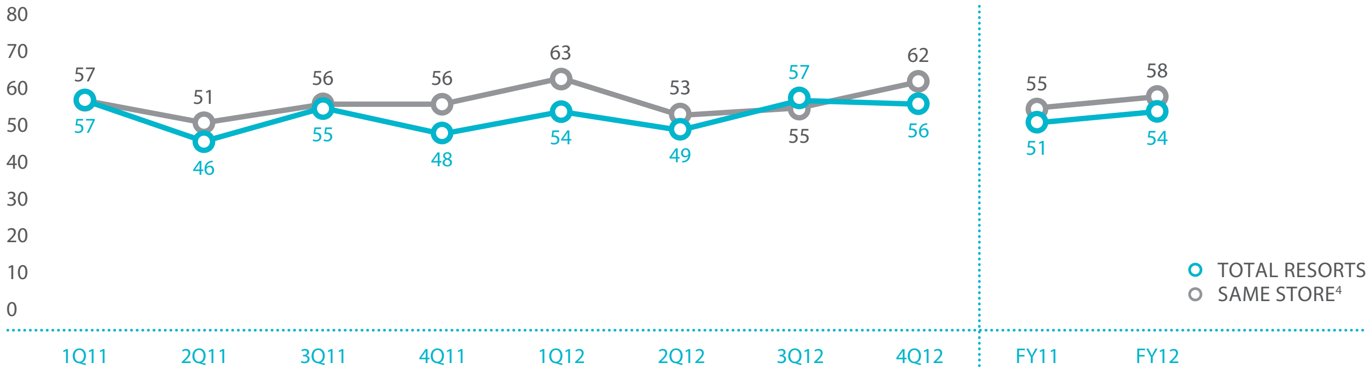
Under the Seedlings programme, our associates at 14 resorts voluntarily mentored 63 young people in 2012. To build up the capacity of the Seedlings programme, we have now incorporated mentor training in the Group's annual training curriculum.

Acclaim for our sustainability efforts this year included the Global Tourism Business Award at the World Tourism & Travel Council's 2012 Tourism for Tomorrow Awards, which recognises best practice in sustainable tourism.

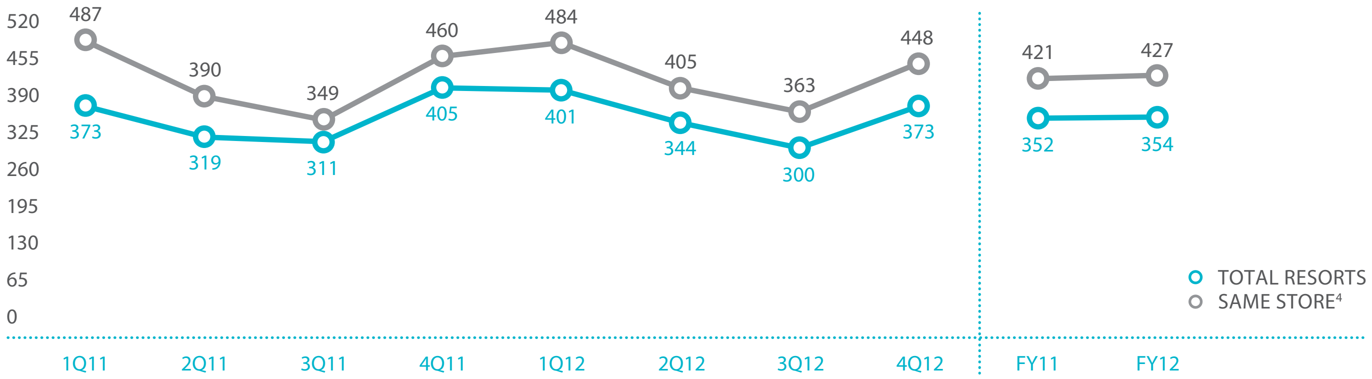
For more details, please refer to the accompanying 2012 Sustainability Report, or view it online at www.banyantree.com/csrpublications.

Key Statistics
All Hotels

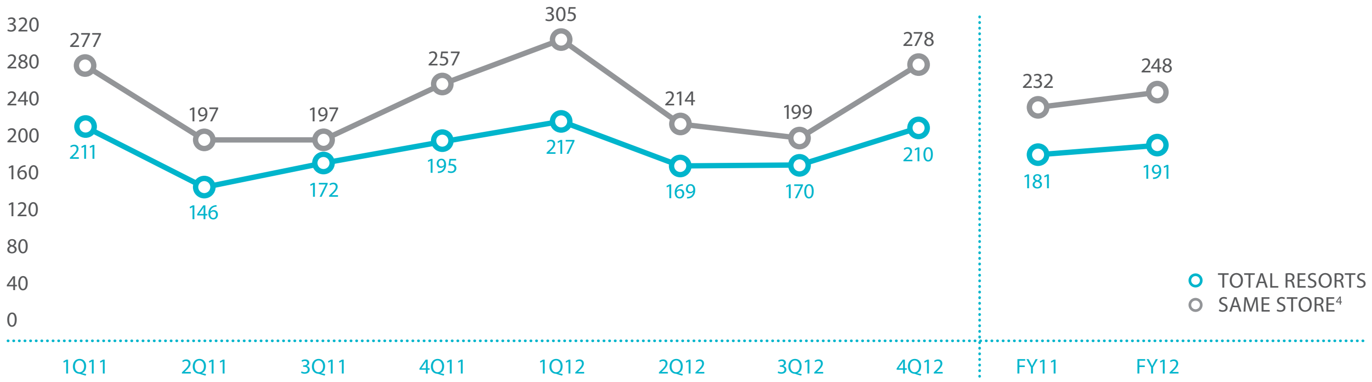
AVERAGE OCCUPANCY (%)



ARR[2] (S$)



REVPAR[3] (S$)

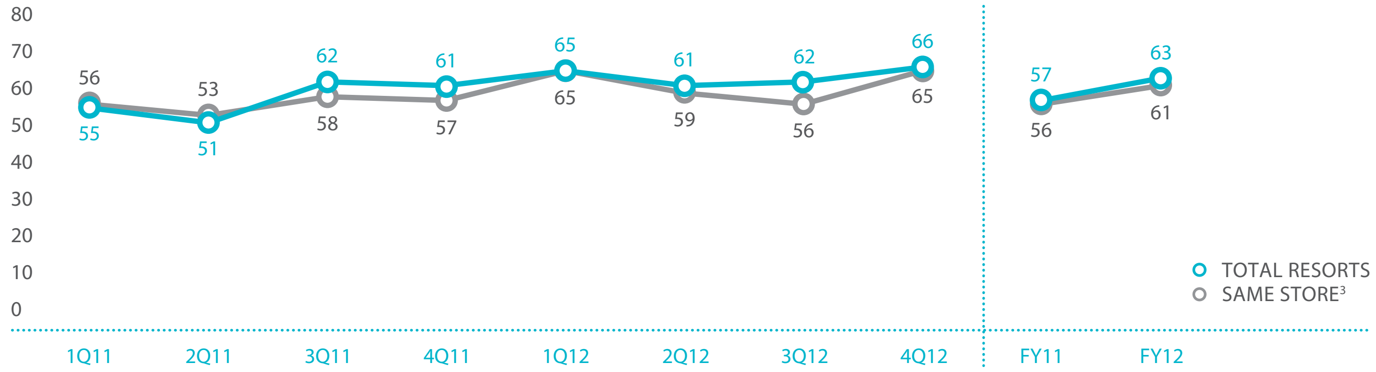


ALL HOTELS[1]

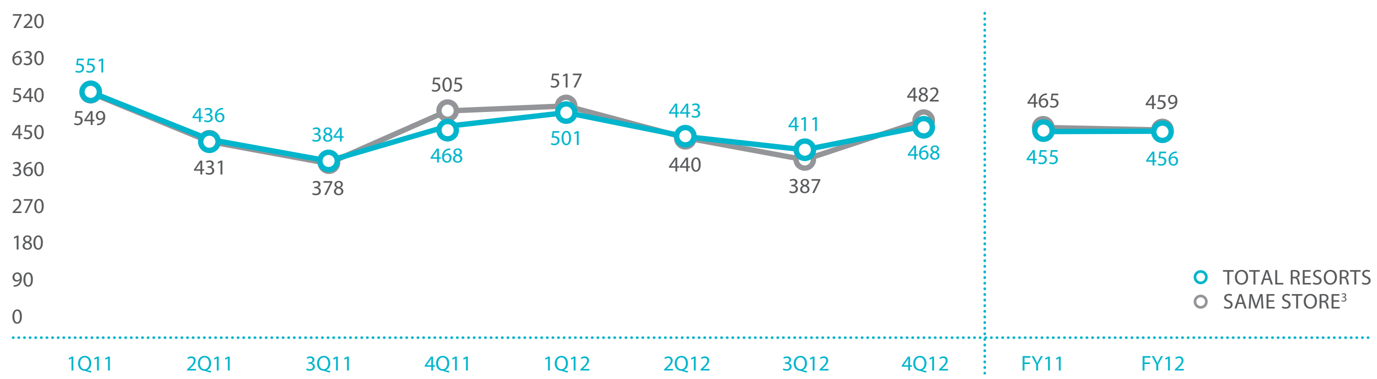
1 All Hotels refers to company total including hotels in Laguna Phuket, Banyan Tree & Angsana Resorts.
2 ARR denotes average room rates.
3 RevPAR denotes revenue per available room.
4 Same Store Concept exclude Laguna Beach Resort, Deer Park Hotel and all new resorts opened/rebranded in the past two years: Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui, Banyan Tree Macau, Banyan Tree Shanghai On The Bund, Banyan Tree Lăng Cô, Angsana Fuxian Lake, Angsana Hangzhou, Angsana Balaclava Mauritius, Angsana Laguna Phuket (previously Sheraton Grande Laguna Phuket) and non-conventional hotel: Banyan Tree Ringha (open for six months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Mayakoba, Banyan Tree Ungasan, Banyan Tree Hangzhou and Banyan Tree Al Wadi. Laguna Beach Resort and Deer Park Hotel have been excluded as they were sold in May 2011 and June 2011 respectively. Sheraton Grande Laguna Phuket was excluded as it was closed for renovation from July 2011 and rebranded as Angsana Laguna Phuket in December 2011.

Key Statistics
Banyan Tree Resorts

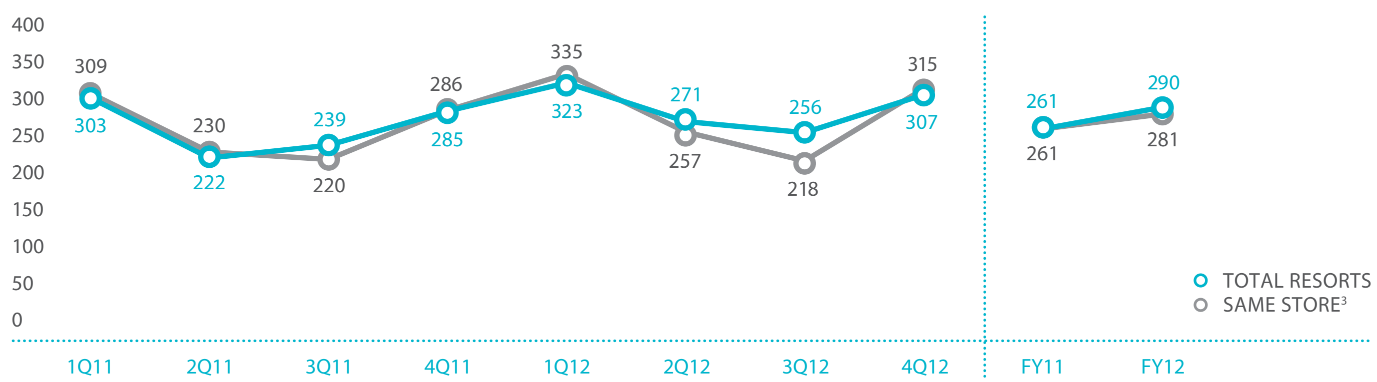
AVERAGE OCCUPANCY (%)



ARR[1] (S$)



REVPAR[2] (S$)

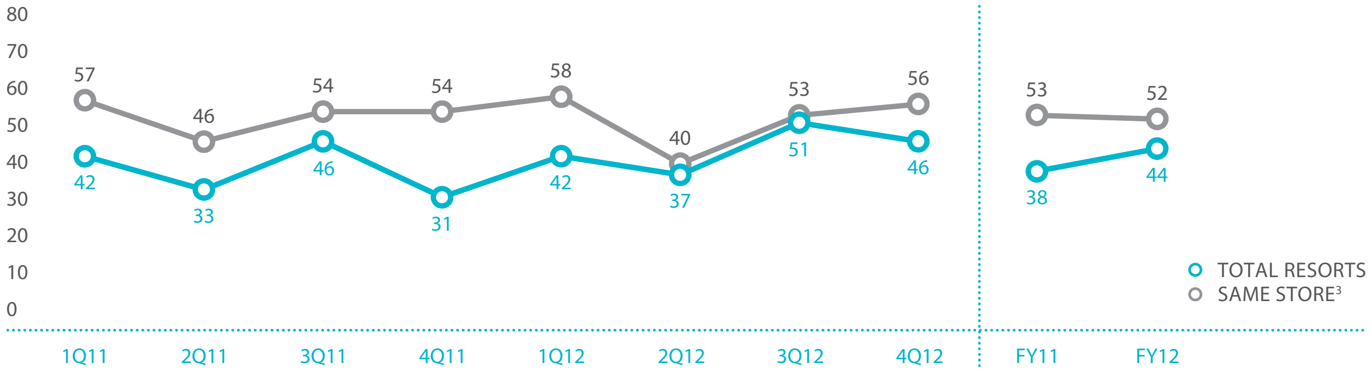


BANYAN TREE RESORTS

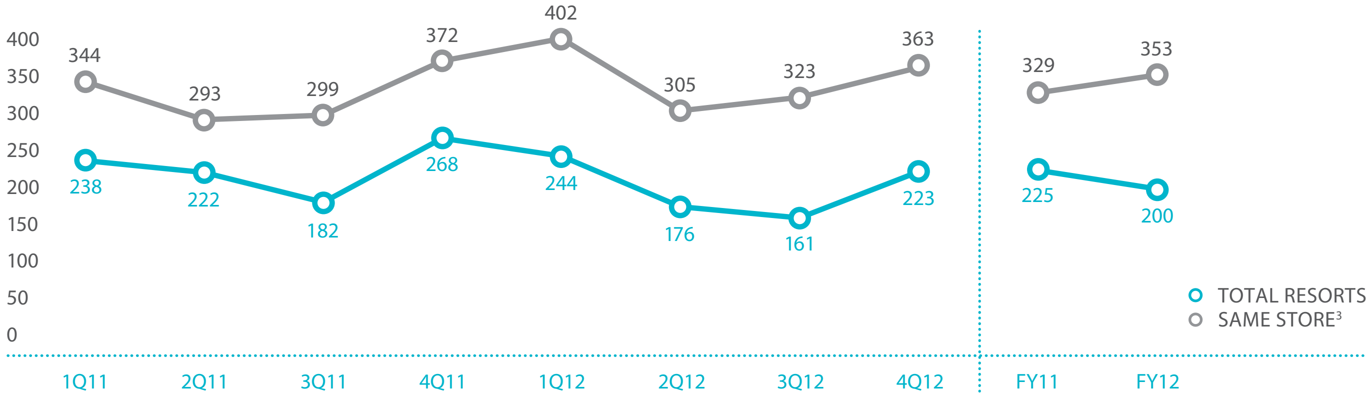
1 ARR denotes average room rates.
2 RevPAR denotes revenue per available room.
3 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui, Banyan Tree Macau, Banyan Tree Shanghai On The Bund, Banyan Tree Lăng Cô and non-conventional hotels: Banyan Tree Ringha (open for six months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Mayakoba, Banyan Tree Ungasan, Banyan Tree Hangzhou, Banyan Tree Al Wadi and Banyan Tree Bangkok.

Key Statistics
Angsana Resorts

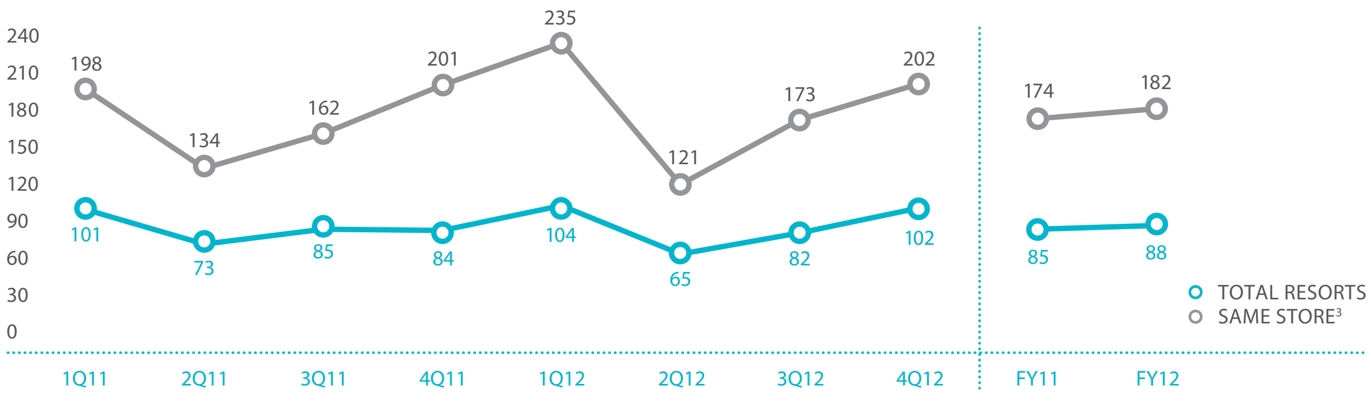
AVERAGE OCCUPANCY (%)



ARR[1] (S$)



REVPAR[2] (S$)



ANGSANA RESORTS

1 ARR denotes average room rates.
2 RevPAR denotes revenue per available room.
3 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Angsana Fuxian Lake, Angsana Hangzhou, Angsana Balaclava Mauritius and Angsana Laguna Phuket (previously Sheraton Grande Laguna Phuket).

Analytical Review

REVENUE

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	187,726	163,716	24,010	15%
Property Sales	42,656	66,253	(23,597)	-36%
– *Hotel Residences*	*19,979*	*11,987*	*7,992*	*67%*
– *Laguna Property Sales*	*22,677*	*17,930*	*4,747*	*26%*
– *Development Project/Site Sales*	*–*	*36,336*	*(36,336)*	*-100%*
Fee-based Segment	108,034	99,523	8,511	9%
– *Hotel/Fund/Club Management*	*37,095*	*29,623*	*7,472*	*25%*
– *Spa/Gallery Operations*	*35,414*	*40,292*	*(4,878)*	*-12%*
– *Design and Others*	*35,525*	*29,608*	*5,917*	*20%*
Total	**338,416**	**329,492**	**8,924**	**3%**

Revenue increased by S$8.9 million or 3% from S$329.5 million for the year ended 31 December 2011 to S$338.4 million for the year ended 31 December 2012. The better performance of the Group in 2012 was mainly contributed by Hotel Investments and Fee-based segments, but partially offset by Property Sales segments as there were no development site sales in 2012 as compared to 2011.

Hotel Investments segment registered an increase in revenue by S$24.0 million from S$163.7 million in 2011 to S$187.7 million in 2012. This was mainly due to the consolidation of Banyan Tree Seychelles' revenue following our acquisition of the remaining 70% interest in Hill View Resorts Holdings Limited and its subsidiaries ("HVRS Group") in March 2012 coupled with better performance from our resorts in Thailand. Last year, performances of Banyan Tree Phuket and Banyan Tree Bangkok were affected by the political instability due to the run-up to the Thai General Election in July 2011 as well as the flood crisis in Bangkok in October and November 2011. Angsana Laguna Phuket also performed better as it was closed for renovation from July to November 2011 before its soft opening in December 2011. The increase in revenue was however partially offset by cessation of revenue from Laguna Beach Resort following its sale in May 2011. Our resorts in Maldives also recorded lower revenue mainly due to closure of Banyan Tree and Angsana Maldives for renovation during the low seasons.

Revenue from Fee-based segment increased by S$8.5 million or 9% from S$99.5 million in 2011 to S$108.0 million in 2012. This was mainly due to royalty fees from the sale of condominium units at Banyan Tree Signatures Pavilion Kuala Lumpur and higher architectural and design fees for new projects in China, but partially offset by lower revenue from spa/gallery operations. Lower revenue from spa/gallery operations was mainly due to the closure of a spa outlet in Guam, temporary closure of an outlet in Phuket and outlets in Maldives as the hotels were under renovation, and lower revenue from an outlet in Egypt. There were also lower sales of gallery products to outlets in Macau, Al Wadi and Mayakoba.

Property Sales segment recorded revenue of S$42.7 million in 2012, a decrease of S$23.6 million or 36% compared to S$66.3 million in 2011, as there were no development site sales in 2012. In 2011, development sites in Lijiang, Yangshuo and Huangshan were sold to China Fund. The shortfall was however cushioned by higher contribution of property sales units from completion. In the current year, a total of 29 units of Lofts, Laguna Village condominium/townhome/bungalows, Dusit villa, Banyan Tree Phuket villas, Banyan Tree Lijiang villas, Banyan Tree Bintan villa and Banyan Tree Bangkok suites were completed and recognised, as opposed to a total of 21 units of Lofts, Laguna Village condominium/townhome/bungalows, Dusit villa, Banyan Tree Phuket villas and Banyan Tree Lijiang townhome/villas in 2011.

OTHER INCOME

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**22,874**	**7,627**	**15,247**	**200%**

Other income of S$22.9 million for the year ended 31 December 2012 was S$15.3 million higher compared to S$7.6 million recorded in 2011 due to net gain on bargain purchase of HVRS Group in March 2012 and fair valuation gain on investment properties in Thailand. This was however partially offset by gain on sale of Laguna Beach Resort and proceeds from Tsunami insurance claim in 2011.

COSTS AND EXPENSES

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Cost of operating supplies	25,958	25,077	881	4%
Cost of properties sold	18,450	33,178	(14,728)	-44%
Salaries and related expenses	111,595	108,086	3,509	3%
Administrative expenses	53,718	49,500	4,218	9%
Sales and marketing expenses	14,155	16,332	(2,177)	-13%
Other operating expenses	62,964	55,553	7,411	13%
Total	**286,840**	**287,726**	**(886)**	**0%**

COST OF OPERATING SUPPLIES

Operating supplies expenses increased by S$0.9 million from S$25.1 million for the year ended 31 December 2011 to S$26.0 million for the year ended 31 December 2012. This was largely due to consolidation of Banyan Tree Seychelles and higher occupancy-related expenses in line with the higher revenue from Hotel Investments segment, partially offset by lower cost of operating supplies in line with the lower revenue from spa/gallery operations.

COST OF PROPERTIES SOLD

Cost of properties sold decreased by S$14.7 million from S$33.2 million for the year ended 31 December 2011 to S$18.5 million for the year ended 31 December 2012. This was largely due to no development sites divested to China Fund.

SALARIES AND RELATED EXPENSES

Salaries and related expenses increased by S$3.5 million from S$108.1 million for the year ended 31 December 2011 to S$111.6 million for year ended 31 December 2012. This was mainly due to the consolidation of Banyan Tree Seychelles and higher headcounts to support increased activities in China.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by S$4.2 million from S$49.5 million for the year ended 31 December 2011 to S$53.7 million for the year ended 31 December 2012. This was mainly due to higher allowance of doubtful debts and higher exchange loss, but partially cushioned by lower management fees to Starwood Hotels and Resorts following the termination of hotel management contract of Sheraton Grande Laguna Phuket with effect from 1 July 2011.

SALES AND MARKETING EXPENSES

Sales and marketing expenses decreased by S$2.1 million from S$16.3 million for the year ended 31 December 2011 to S$14.2 million for the year ended 31 December 2012, mainly due to sale of Laguna Beach Resort in May 2011 and reduced marketing spending on promoting club memberships and property sales.

OTHER OPERATING EXPENSES

Other operating expenses increased by S$7.4 million from S$55.6 million for the year ended 31 December 2011 to S$63.0 million for the year ended 31 December 2012. This was largely due to consolidation of Banyan Tree Seychelles and higher occupancy related expenses in line with higher revenue from Hotel Investments segment.

Analytical Review

EBITDA

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	36,627	21,695	14,932	69%
Property Sales	8,690	19,199	(10,509)	-55%
– *Hotel Residences*	*8,261*	*4,433*	*3,828*	*86%*
– *Laguna Property Sales*	*1,022*	*575*	*447*	*78%*
– *Development Project/Site Sales*	*(593)*	*14,191*	*(14,784)*	*nm*
Fee-based Segment	24,450	19,894	4,556	23%
– *Hotel/Fund/Club Management*	*10,990*	*6,910*	*4,080*	*59%*
– *Spa/Gallery Operations*	*6,673*	*5,574*	*1,099*	*20%*
– *Design and Others*	*6,787*	*7,410*	*(623)*	*-8%*
Head Office Expenses	(18,191)	(19,022)	(831)	-4%
Other Income (net)	22,874	7,627	15,247	200%
Total	**74,450**	**49,393**	**25,057**	**51%**

EBITDA increased by S$25.1 million or 51%, from S$49.4 million for the year ended 31 December 2011 to S$74.5 million for the year ended 31 December 2012. This was mainly attributed to higher EBITDA from Hotel Investments and Fee-based segments, and higher other income as mentioned above, but partially offset by lower EBITDA from Property Sales segment due to absence of sale of development sites.

Head Office expenses decreased by S$0.8 million or 4% from S$19.0 million in 2011 to S$18.2 million in 2012, mainly attributed to lower staff and related costs.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**24,806**	**25,494**	**(688)**	**-3%**

Depreciation of property, plant and equipment decreased by S$0.7 million from S$25.5 million for the year ended 31 December 2011 to S$24.8 million for the year ended 31 December 2012 mainly due to lease extension in Maldives and certain assets being fully depreciated.

FINANCE INCOME

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**3,378**	**3,574**	**(196)**	**-5%**

Finance income decreased by S$0.2 million from S$3.6 million for the year ended 31 December 2011 to S$3.4 million for the year ended 31 December 2012, mainly due to lower outstanding receivables under the deferred instalment scheme on property sales and holiday clubs.

FINANCE COSTS

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**25,289**	**22,286**	**3,003**	**13%**

Finance costs increased by S$3.0 million from S$22.3 million for the year ended 31 December 2011 to S$25.3 million for the year ended 31 December 2012, mainly due to drawdown of additional bank loans.

SHARE OF RESULTS OF ASSOCIATED COMPANIES

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**137**	**576**	**(439)**	**-76%**

Share of results of associated companies decreased by S$0.5 million from S$0.6 million for the year ended 31 December 2011 to S$0.1 million for the year ended 2012, mainly due to the cessation of Hill View Resorts Holdings Limited (which holds Banyan Tree Seychelles) as the Group's associated companies following the Group's acquisition of the remaining 70% stake in March 2012.

SHARE OF RESULTS OF JOINT VENTURE COMPANIES

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**7**	**(14)**	**21**	**nm**

Share of results of joint venture companies mainly relates to our 50% investment interest in Seychelles Tropical Resorts Holdings Limited. For the year ended 31 December 2012, profit from Seychelles Tropical Resorts Holdings Limited was S$14,000.

INCOME TAX EXPENSE/ (CREDIT)

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**9,363**	**(459)**	**9,822**	**nm**

Income tax expense of S$9.4 million was recorded in 2012 as compared to income tax credit of S$0.5 million in 2011. Higher income tax expense was mainly due to higher profits in 2012 and reversal of deferred tax assets as a result of expiry of tax losses. Income tax credit in 2011 was mainly due to one-off adjustment of deferred tax liabilities made in prior years arising from the reduction in corporate tax rate in Thailand with effect from 2012.

NON-CONTROLLING INTERESTS

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**491**	**1,451**	**(960)**	**-66%**

Non-controlling interests' share of profits decreased by S$1.0 million from S$1.5 million for the year ended 31 December 2011 to S$0.5 million for the year ended 31 December 2012 due to lower share of profits in Lijiang Banyan Tree Hotel Co. Ltd ("LBTH") but partially offset by higher share of profits in LRH. Higher profit in LBTH last year was mainly attributable to the sale of development sites to China Fund.

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PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY ("PATMI")

	2012	2011	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**14,863**	**1,554**	**13,309**	**856%**

As a result of the foregoing, profit attributable to owners of the company increased by S$13.3 million from S$1.6 million for the year ended 31 December 2011 to S$14.9 million for the year ended 31 December 2012.

CASH FLOWS

	2012	2011
	S$'000	S$'000
Profit before taxation	24,717	2,546
Net increase from changes in working capital	4,917	4,773
Net interest paid, tax paid and others	(28,940)	(52,198)
Adjustment for non-cash items	30,269	37,175
Net cash flows generated from / (used in) operating activities	30,963	(7,704)
Net cash flows used in investing activities	(64,454)	(31,715)
Net cash flows generated from financing activities	17,888	42,146
Net change in cash and cash equivalents	(15,603)	2,727
Cash and cash equivalents at beginning of the year	139,877	138,989
Effects of exchange rate changes for balances in foreign currencies	(3,450)	(1,839)
Cash and cash equivalents at end of the year	**120,824**	**139,877**

The Group's cash and cash equivalents decreased by S$19.1 million or 14% from S$139.9 million as at 31 December 2011 to S$120.8 million as at 31 December 2012.

For the full year ended 31 December 2012, net cash flows generated from operating activities was S$31.0 million, mainly due to profit before taxation of S$24.7 million, adjustments for non-cash items of S$30.3 million and net increase in working capital of S$4.9 million, but partially reduced by net interest paid of S$22.0 million and income tax payments of S$6.0 million. Non-cash items relates mainly to depreciation and amortization of island rental of S$28.0 million and finance expenses of S$25.3 million, but partially offset by net gain on acquisition of HVRS Group of S$16.1 million.

The net cash flows used in investing activities was S$64.5 million, due largely to renovation of Angsana Laguna Phuket, Banyan Tree and Angsana Maldives, and other on-going purchases of furniture, fittings and equipment by our resorts for their operations of S$26.8 million, progressive equity investments in Indochina Fund of S$26.6 million and China Fund of S$4.3 million, and payment for the acquisition of HVRS Group, net of cash acquired, of S$3.8 million.

The net cash flows generated from financing activities amounted to S$17.9 million. This was mainly due to additional loan drawdown of S$83.7 million and proceeds of S$50.0 million from new notes issuance in May 2012 under the S$400 million Medium Term Notes programme, partially reduced by bank repayments of S$65.9 million and notes repayment of S$50.0 million upon maturity in November 2012.

Corporate Governance Report

Banyan Tree Holdings Limited ("BTH" or the "Company", and together with its subsidiaries, the "Group") remains committed to observing and maintaining high standards of corporate governance and sound corporate practices to promote accountability and transparency.

This report sets out BTH's main corporate governance practices which are substantially in line with the principles set out in the Code of Corporate Governance 2005 ("Code"). The Company has noted the revisions to the Code in May 2012 and while the revised Code will only be applicable to BTH from its financial year commencing 1 January 2013, BTH has already voluntarily started to implement a number of the key new recommendations under the revised Code, and will continue to adopt relevant changes during the course of the year where appropriate.

(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; approving the adequacy and effectiveness of internal controls including financial, operational, compliance and information technology controls, risk management and corporate governance practices; approving remuneration policies and guidelines as well as succession planning for the Board and Senior Management, appointment and re-appointment of Directors; 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. The Board's approval is required for all transactions where the value of the transaction exceeds these approval limits and on specific matters such as the issue of shares, dividend distributions, and other returns to shareholders.

Two Board Committees, namely the Audit and Risk Committee ("ARC") and Nominating and Remuneration Committee ("NRC"), have been constituted with defined Charters to assist the Board in the execution of its responsibilities. These Charters are reviewed on a regular basis to ensure their continued relevance. The members of both the ARC and NRC are all Independent Directors.

The Board and the Board Committees conduct regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Independent Directors also set aside time to meet, without the presence of Management (including Executive Directors), to review the latter's performance in meeting goals and objectives. Where necessary, the Directors also participate in Board meetings via telephonic attendance and video conferencing, as permitted under the Company's Articles of Association. Details of each Director's attendance at Board and Board Committee meetings held during the year are provided below.

Board Members	Board of Directors' Meeting		Audit & Risk Committee Meetings		Nominating & Remuneration Committee Meetings	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Ho KwonPing	5	5	4	–	5	1[1]
Ariel P Vera	5	5	4	4[1]	5	4[1]
Chia Chee Ming Timothy	5	5	4	4	5	5
Fang Ai Lian	5	5	4	4	5	5
Elizabeth Sam	5	4	4	3	5	4
Chan Heng Wing[2]	5	2	4	2	5	2
Tham Kui Seng[2]	5	3	4	2	5	2

[1] By invitation
[2] Appointed on 1 June 2012

Upon appointment, each new Director is issued with a formal letter of appointment setting out his duties and obligations along with materials pertaining to his obligations in relation to disclosure of interests in securities, conflicts of interest and restrictions on dealings in securities. Orientation programmes are also conducted for new Directors to familiarize themselves with the Group's businesses, operations, strategic directions, organization structure and get acquainted with Senior Management. When a Director is appointed to a Board Committee, he is provided with a copy of the Charter of the Board Committee.

The Company also provides the Board with updates on developments in laws and regulations or changes in regulatory requirements and financial reporting standards, which are relevant to or may affect the Group's businesses. In August 2012, the Company invited its external legal consultants to conduct a briefing to the Board on the changes to the Code. In addition, the Directors are also encouraged to attend appropriate relevant external programmes such as those conducted by the Singapore Institute of Directors.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

Currently, the Board comprises 7 Directors, 5 of whom are independent. As such, there is a strong and independent element in the Board. The Independent Directors are Mr Chia Chee Ming Timothy, Mrs Fang Ai Lian, Mrs Elizabeth Sam, Mr Chan Heng Wing and Mr Tham Kui Seng.

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 member has the appropriate mix of expertise, skills and attributes to discharge his/her responsibilities effectively. The NRC also ensures that there is an appropriate number of independent directors for the Board and each Board Committee. Taking into account the nature and scope of the Group's businesses and the regulatory requirements, the NRC is of the opinion that the current composition and size of the Board, as well as of each Board Committee, is appropriate and adequate.

The profile of each Director is given on pages 20 to 23 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 leading the Board in 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 General Meeting ("AGM"). 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 Board has appointed Mr Chia Chee Ming Timothy as the Lead Independent Director on 28 February 2007 to lead and co-ordinate the activities of the Independent Directors.

PRINCIPLE 4: BOARD MEMBERSHIP

The NRC is chaired by Mr Chia and comprises Mrs Fang, Mrs Sam, Mr Chan and Mr Tham, all of whom are Independent Directors. Mr Chia is not associated with any substantial shareholder.

The NRC's functions, which are set out in the Charter, include making recommendations to the Board on new Board appointments. The NRC's selection process for candidates to be proposed to the Board for new appointments takes into account various factors including the relevant expertise and experience of the candidates and how these would augment the Board and its existing Directors. Names of potential candidates are sought through networking contacts and recommendations. The NRC also makes recommendations to the Board on the re-appointment of Directors based on their contributions, a review of the range of expertise, performance, skills and attributes of current Board members and the needs of the Board.

The NRC also determines annually the independence of the Directors. The process includes the use of a self-assessment questionnaire which each Independent Director is required to complete and submit to the NRC for review. In its annual review, the NRC, having considered the guidelines set out in the Code including the requirements under the Principle 2 of the revised Code and its Guidelines has confirmed the status of the Directors as follows:

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)
Mr Chan Heng Wing (Independent)
Mr Tham Kui Seng (Independent)

Mr Chia has served on the Board for more than 9 years. However, his stint on the Board as an Independent Director has been since 2006, after the Company's initial public offering, a period of approximately 7 years. The NRC and the Board consider that he is independent from Management and has no business or other relationships with substantial shareholders, the Company or its related corporations which could interfere with the exercise of his independent business judgement, as stated under the Code. The NRC and the Board are of the opinion that his detailed knowledge of the Group's business continues to be of significant benefit to the Company, and his external experience sitting on the boards of other listed companies provides useful expertise and diversity to the Board.

Mrs Fang is the chairman of Great Eastern Holdings Limited ("Great Eastern"), which also insures certain policies taken up by the Group. The NRC and the Board consider Mrs Fang an Independent Director as these 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

Corporate Governance Report

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 2.3 (d) of the Code.

Although some Directors have multiple board representations, the NRC has considered and is satisfied that each of these Directors has dedicated sufficient time and attention to, is able to perform and has adequately performed his/her duties as a Director of the Company.

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 AGM. Directors who are over 70 years of age are subject to annual re-appointment pursuant to the requirements of the Companies Act. New directors appointed by the Board during the year shall also submit themselves for re-election at the next AGM.

PRINCIPLE 5: BOARD PERFORMANCE

The NRC has the responsibility of evaluating the Board's and Board Committees' effectiveness. During the year, the NRC evaluated the Board's performance based on a set of performance criteria, including 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. Each Director completes a Board Evaluation Questionnaire to facilitate the NRC in its assessment of the Board's performance as a whole. The NRC reviews the feedback received and presents the findings to the Board. 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. These include reports relating to the financial and operational performance of the Group, as well as matters for the decision or information of the Board. The Directors are also given research analysts' reports so that they are apprised of analysts' views on the Company's performance.

Each Director has separate and independent access to Senior Management and the Company Secretary. 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 and is also responsible for advising the Board on all matters relating to corporate governance. 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. This is to ensure competitive compensation and progressive policies, with suitable and attractive long-term incentives, are in place. No Director is involved in deciding his own remuneration or the remuneration of any employees who are related to them.

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 Independent 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 Independent Director's level of responsibility and contributions. The framework for determining Independent Directors' Fees was as follows:

Basic Retainer Fee	S$
Director	40,000 per annum
ARC Chairman	30,000 per annum
ARC Member	15,000 per annum
NRC Chairman	20,000 per annum
NRC Member	10,000 per annum
Attendance fee per Board Meeting	500 per meeting

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

Name of Director	Salary	Bonus	Other Benefits	Long-term share-based Incentives	Directors' Fees	Total
Executive Directors						
S$2,500,000 to S$2,750,000						
Ho KwonPing	40.29%	0.40%	57.91%[1]	–	1.40%[2]	100%
S$500,000 to S$750,000						
Ariel P Vera	59.01%	7.81%	16.61%	8.74%	7.83%[2]	100%
Non-Executive Directors						
S$250,000 and below						
Chia Chee Ming Timothy	–	–	2.99%	–	97.01%	100%
Fang Ai Lian	–	–	–	–	100.00%	100%
Elizabeth Sam	–	–	4.86%	–	95.14%	100%
Chan Heng Wing[3]	–	–	2.75%	–	97.25%	100%
Tham Kui Seng[3]	–	–	6.35%	–	93.65%	100%
Top 5 Key Executives						
S$550,000 to S$600,000						
Ho KwonCjan	65.80%	1.00%	30.31%	–	2.89%[2]	100%
S$450,000 to S$500,000						
Claire Chiang	68.18%	2.96%	28.86%	–	–	100%
S$250,000 to S$500,000						
Eddy See Hock Lye	67.24%	6.82%	19.44%	2.72%	3.78%[2]	100%
Shankar Chandran	47.75%	5.85%	37.52%	4.97%	3.91%[2]	100%
Abid Butt	62.20%	–	37.80%	–	–	100%

[1] Including Founder's Grant.
[2] Directors' fees received from LRH.
[3] Appointed on 1 June 2012.

The aggregate amount of the total remuneration paid to the top 5 key executives (who are not Directors or CEO) is S$2,284,890.

During the year, there were three employees, namely Mr Ho KwonCjan (brother), Ms Claire Chiang (spouse) and Mr Ho Ren Hua (son) who are immediate family members of the Executive Chairman. The disclosure of the remuneration of Mr Ho KwonCjan and Ms Claire Chiang which is made within bands of S$50,000 is shown above. Mr Ho Ren Hua's remuneration falls within the band of S$150,000 to S$200,000. Mr Ho KwonPing was not involved in the determination of his family members' remuneration.

LONG-TERM SHARE INCENTIVES

The NRC sets the remuneration guidelines of the Group for each annual period including 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 46 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 initial 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

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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. FY2010 was the first financial year in which the Founder's Grant was paid. For FY2012, Mr Ho shall be paid a Founder's Grant of S$1,300,888 in cash.

Details of the Founder's Grant can be found in the Directors' Report and Note 46 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 is chaired by Mrs Fang and comprises Mr Chia, Mrs Sam, Mr Chan and Mr Tham, all of whom are Independent Directors.

The ARC usually meets with the Head of Internal Audit first, followed by the External Auditors, prior to the commencement of each ARC meeting without the presence of Management. These meetings enable both the Head of Internal Audit and External Auditors to raise issues encountered in the course of their work directly to the ARC.

The ARC reviews, with the Head of Internal Audit and External Auditors, their audit plans, the system of internal controls, audit reports, management letter and the Company's management response. The ARC 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 key internal controls including financial, operational, compliance and information technology 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 oversees the Group's Whistle-Blowing Policy which provides the mechanism by which employees and the public 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. 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 Department ("IAD") is staffed by suitably qualified professional staff with the requisite skill sets and experience with 8 audit executives, including the Head of Internal Audit. The IAD assists the ARC and the Board by performing regular evaluations of the Group's internal controls, information technology, 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 ARC reviews IAD's reports on a quarterly basis. The ARC also reviews and approves the annual internal audit plans which are made in consultation with, but independent of, Management to ensure that IAD has the necessary manpower and resources to adequately perform its functions. These annual internal audit plans include *inter alia* the list of business units to be audited, type of audit, scope, resources and deliverables.

The Head of Internal Audit 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 IAD'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.

For FY2012, the ARC on behalf of the Board, has reviewed the effectiveness of the Group's system of internal controls including financial, operating, information technology and compliance controls, risk management policies and systems established by Management. Based on the IAD's reports 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 to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding the Shareholders' investment and the Group's assets.

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, which is not a Board Committee and comprises certain members of 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 holds quarterly 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(19) 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. They are also advised to be mindful of the law on insider trading and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

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 96 of this Annual Report.

Interested Person Transactions

		Aggregate value of all interested person transactions for FY2012 (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 FY2012 (excluding transactions less than S$100,000) (S$'000)
A.	**Transactions with the Tropical Resorts Limited Group ("TRG")**		
a	Provision of Resort Management and Related Services to TRG	–	4,313
b	Provision of Spa Management and Other Related Services to TRG	–	802
c	Provision of Golf Management and Other Related Services to TRG	–	180
d	Rental Income from TRG in respect of units in Banyan Tree Bintan and Angsana Bintan	–	2,048
e	Reimbursement of Expenses to TRG	–	1,179
B.	**Transactions with Qatar Investment Authority Group ("QIAG")**		
a	Royalty from QIAG in respect of sale of condominium units at Banyan Tree Signatures Pavilion Kuala Lumpur	8,814	–
b	Finance Costs to QIAG in respect of a bank loan	373	–
Total		**9,187**	**8,522**

Financial Statements

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Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Banyan Tree Holdings Limited ("the Company") and its subsidiary companies (collectively, "the Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2012.

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
Chan Heng Wing
Tham Kui Seng

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"). 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, Fang Ai Lian, Elizabeth Sam, Chan Heng Wing and Tham Kui Seng, 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 46 to the financial statements.

Founder's Grant

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"). Ho KwonPing shall be paid a total amount of S$1,300,888 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2012. Details of the Founder's Grant can be found in Note 46 to the financial statements.

* The term "controlling shareholder" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

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	839,000	919,600	793,100	699,400 [1]
Chia Chee Ming Timothy	257,000	257,000	–	–
Elizabeth Sam	156,000	156,000	–	–
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 FY2010 to FY2012 under the Plan, subject to performance 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 2013.

By virtue of Section 7 of the Companies Act, 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) Ho KwonPing and Ariel P Vera have employment relationships with the Company and have received remuneration in that capacity;

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

(iii) Elizabeth Sam is 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.

Laguna Resorts & Hotels Public Company Limited ("LRH"), a listed subsidiary of the Company granted loans aggregating Baht 51,640,380 with interest at LRH Group's cost of funds plus 0.5% per annum to Mr Ho KwonPing pursuant to a financing scheme which was offered to all the Directors and employees for the purchase of properties marketed by the Group. The principal and interest are payable monthly until these loans are settled in full. As at 31 December 2012, the amount outstanding under these loans is Baht 28,688,900.

Audit and Risk Committee ("ARC")

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

Fang Ai Lian (Chairman)
Chia Chee Ming Timothy
Elizabeth Sam
Chan Heng Wing
Tham Kui Seng

All ARC members are non-executive Independent Directors.

The ARC has adopted a Charter that is approved by the Board of Directors ("the Board") and which 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 reappointment as auditors.

On behalf of the Board of Directors,

Ho KwonPing	**Ariel P Vera**
Director	Director

Singapore
15 March 2013

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 2012 and the results of the business, 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
15 March 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of Banyan Tree Holdings Limited ("the Company") and its subsidiary companies ("the Group") set out on pages 103 to 187, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, the statements of changes in equity of the Group and 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 Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 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 the 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 2012 and of 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 subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
15 March 2013

Consolidated Income Statement

for the financial year ended 31 December 2012

	Note	GROUP 2012 $'000	GROUP 2011 $'000
Revenue	3	**338,416**	329,492
Other income	4	**22,874**	7,627
		361,290	337,119
Costs and expenses			
Cost of operating supplies		**(25,958)**	(25,077)
Cost of properties sold		**(18,450)**	(33,178)
Salaries and related expenses	5	**(111,595)**	(108,086)
Administrative expenses		**(53,718)**	(49,500)
Sales and marketing expenses		**(14,155)**	(16,332)
Other operating expenses	6	**(62,964)**	(55,553)
		(286,840)	(287,726)
Profit before interests, taxes, depreciation and amortisation		**74,450**	49,393
Depreciation of property, plant and equipment	12	**(24,806)**	(25,494)
Amortisation of lease rental and land use rights		**(3,160)**	(3,203)
Profit from operations and other gains	7	**46,484**	20,696
Finance income	8	**3,378**	3,574
Finance costs	9	**(25,289)**	(22,286)
Share of results of associated companies		**137**	576
Share of results of joint venture companies		**7**	(14)
Profit before taxation		**24,717**	2,546
Income tax (expense)/credit	10	**(9,363)**	459
Profit after taxation		**15,354**	3,005
Attributable to:			
Owners of the Company		**14,863**	1,554
Non-controlling interests		**491**	1,451
		15,354	3,005
Earnings per share attributable to owners of the Company (in cents):			
Basic	11	**1.96**	0.20
Diluted	11	**1.95**	0.20

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 2012

	GROUP	
	2012 $'000	2011 $'000
Profit after taxation	**15,354**	3,005
Other comprehensive income:		
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	**(23,669)**	(23,732)
Realisation of currency translation reserves	**8,819**	–
Adjustment on property revaluation reserve and deferred tax	**1,760**	49,466
Actuarial gains arising from defined benefit plan, net of deferred tax	**1,628**	35
Other comprehensive income for the year, net of tax	**(11,462)**	25,769
Total comprehensive income for the year	**3,892**	28,774
Total comprehensive income attributable to:		
Owners of the Company	**7,127**	23,839
Non-controlling interests	**(3,235)**	4,935
	3,892	28,774

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

Balance Sheets

as at 31 December 2012

		GROUP		COMPANY	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Non-current assets					
Property, plant and equipment	12	**729,558**	740,797	**18**	10
Land use rights	13	**13,499**	14,451	**–**	–
Investment properties	14	**60,184**	32,814	**–**	–
Subsidiary companies	15	**–**	–	**421,011**	364,990
Associated companies	16	**258**	22,185	**869**	17,123
Joint venture companies	17	**6,301**	7,632	**6,000**	6,000
Prepaid island rental	18	**22,911**	44,555	**–**	–
Long-term trade receivables	19	**21,783**	25,455	**–**	–
Intangible assets	20	**26,903**	26,903	**–**	–
Long-term investments	21	**74,046**	41,215	**–**	–
Prepayments		**3,425**	3,494	**–**	–
Other receivables	22	**10,239**	12,581	**–**	–
Deferred tax assets	42	**11,315**	13,469	**–**	974
		980,422	985,551	**427,898**	389,097
Current assets					
Inventories	23	**13,593**	12,779	**–**	–
Trade receivables	24	**85,096**	72,028	**726**	492
Prepayments and other non-financial assets	25	**17,601**	14,638	**319**	302
Other receivables	26	**12,709**	16,106	**436**	2,204
Amounts due from subsidiary companies	27	**–**	–	**62,695**	41,999
Amounts due from associated companies	28	**21**	719	**–**	18
Amounts due from related parties	29	**7,622**	7,640	**4**	–
Property development costs	31	**91,838**	104,550	**–**	–
Cash and cash equivalents	32	**120,824**	139,877	**19,297**	29,359
		349,304	368,337	**83,477**	74,374
Assets of disposal group classified as held for sale	33	**61,822**	–	**–**	–
		411,126	368,337	**83,477**	74,374
Total assets		**1,391,548**	1,353,888	**511,375**	463,471

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

Balance Sheets

as at 31 December 2012

	Note	GROUP 2012 $'000	GROUP 2011 $'000	COMPANY 2012 $'000	COMPANY 2011 $'000
Current liabilities					
Trade payables		**15,840**	15,244	**–**	–
Unearned income		**7,985**	8,205	**112**	2,077
Other non-financial liabilities	34	**25,554**	25,102	**94**	91
Other payables	35	**41,714**	39,845	**5,274**	5,342
Amounts due to subsidiary companies	27	**–**	–	**25,766**	9,314
Amounts due to associated companies	28	**4**	207	**–**	–
Amounts due to related parties	29	**1,669**	859	**1**	1
Interest-bearing loans and borrowings	36	**80,681**	61,984	**3,642**	4,892
Notes payable	39	**48,820**	48,814	**48,820**	48,814
Tax payable		**9,608**	9,071	**–**	–
		231,875	209,331	**83,709**	70,531
Net current assets/(liabilities)		**179,251**	159,006	**(232)**	3,843
Non-current liabilities					
Interest-bearing loans and borrowings	36	**186,143**	190,820	**38,850**	10,450
Deferred income	37	**6,567**	7,256	**–**	–
Loan stock	38	**719**	678	**–**	–
Notes payable	39	**118,817**	118,964	**118,817**	118,964
Deposits received		**1,574**	1,458	**–**	–
Amount due to a joint venture company	30	**6,301**	6,677	**6,301**	6,677
Other non-current liabilities	40	**20,562**	1,915	**18,318**	–
Defined and other long-term employee benefits	41	**2,573**	5,303	**–**	–
Deferred tax liabilities	42	**104,020**	103,241	**–**	–
		447,276	436,312	**182,286**	136,091
Total liabilities		**679,151**	645,643	**265,995**	206,622
Net assets		**712,397**	708,245	**245,380**	256,849
Equity attributable to owners of the Company					
Share capital	43	**199,995**	199,995	**199,995**	199,995
Treasury shares	44	**(2,172)**	(3,051)	**(2,172)**	(3,051)
Reserves	44	**346,661**	340,153	**47,557**	59,905
		544,484	537,097	**245,380**	256,849
Non-controlling interests		**167,913**	171,148	**–**	–
Total equity		**712,397**	708,245	**245,380**	256,849

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 2012

GROUP	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Legal reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Other reserves (Note 44) $'000	Accu-mulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2012	**199,995**	**(3,051)**	**9,091**	**9,689**	**165,361**	**(53,264)**	**(13,585)**	**222,861**	**537,097**	**171,148**	**708,245**
Profit after taxation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**14,863**	**14,863**	**491**	**15,354**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**1,530**	**(10,387)**	**–**	**1,121**	**(7,736)**	**(3,726)**	**(11,462)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,530**	**(10,387)**	**–**	**15,984**	**7,127**	**(3,235)**	**3,892**
Contributions by and distributions to owners											
Treasury shares reissued pursuant to Performance Share Plan	**–**	**879**	**(347)**	**–**	**–**	**–**	**(532)**	**–**	**–**	**–**	**–**
Issuance of Performance Share Grants to employees	**–**	**–**	**301**	**–**	**–**	**–**	**–**	**–**	**301**	**–**	**301**
Expiry of Performance Share Grants	**–**	**–**	**(152)**	**–**	**–**	**–**	**–**	**152**	**–**	**–**	**–**
Transfer to legal reserve	**–**	**–**	**–**	**51**	**–**	**–**	**–**	**(51)**	**–**	**–**	**–**
Total transactions with owners in their capacity as owners	**–**	**879**	**(198)**	**51**	**–**	**–**	**(532)**	**101**	**301**	**–**	**301**
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary company	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(41)**	**(41)**	**–**	**(41)**
Transfer to accumulated profits upon disposal of asset	**–**	**–**	**–**	**–**	**(201)**	**–**	**–**	**201**	**–**	**–**	**–**
Total other changes in equity	**–**	**–**	**–**	**–**	**(201)**	**–**	**–**	**160**	**(41)**	**–**	**(41)**
At 31 December 2012	**199,995**	**(2,172)**	**8,893**	**9,740**	**166,690**	**(63,651)**	**(14,117)**	**239,106**	**544,484**	**167,913**	**712,397**
At 1 January 2011, as previously reported	199,995	(4,438)	8,616	8,655	135,035	(39,126)	(12,945)	227,421	523,213	219,247	742,460
Effect of adopting INT FRS 115	–	–	–	–	–	–	–	(7,251)	(7,251)	(3,473)	(10,724)
At 1 January 2011, as restated	199,995	(4,438)	8,616	8,655	135,035	(39,126)	(12,945)	220,170	515,962	215,774	731,736
Profit after taxation	–	–	–	–	–	–	–	1,554	1,554	1,451	3,005
Other comprehensive income for the year	–	–	–	–	36,400	(14,138)	–	23	22,285	3,484	25,769
Total comprehensive income for the year	–	–	–	–	36,400	(14,138)	–	1,577	23,839	4,935	28,774
Contributions by and distributions to owners											
Dividends paid	–	–	–	–	–	–	–	(3,798)	(3,798)	–	(3,798)
Treasury shares reissued pursuant to Performance Share Plan	–	1,387	(747)	–	–	–	(640)	–	–	–	–
Issuance of Performance Share Grants to employees	–	–	1,222	–	–	–	–	–	1,222	–	1,222
Transfer to legal reserve	–	–	–	1,034	–	–	–	(1,034)	–	–	–
Total transactions with owners in their capacity as owners	–	1,387	475	1,034	–	–	(640)	(4,832)	(2,576)	–	(2,576)
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary company	–	–	–	–	–	–	–	(128)	(128)	–	(128)
Disposal of subsidiary companies	–	–	–	–	(6,074)	–	–	6,074	–	(21,785)	(21,785)
Dividends paid to non-controlling interests of a subsidiary company	–	–	–	–	–	–	–	–	–	(27,776)	(27,776)
Total other changes in equity	–	–	–	–	(6,074)	–	–	5,946	(128)	(49,561)	(49,689)
At 31 December 2011	199,995	(3,051)	9,091	9,689	165,361	(53,264)	(13,585)	222,861	537,097	171,148	708,245

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 2012

COMPANY	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Other reserves (Note 44) $'000	Accu-mulated profits $'000	Total equity $'000
At 1 January 2012	**199,995**	**(3,051)**	**9,091**	**6,773**	**44,041**	**256,849**
Profit after taxation	**–**	**–**	**–**	**–**	**(11,770)**	**(11,770)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(11,770)**	**(11,770)**
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Performance Share Plan	**–**	**879**	**(347)**	**(532)**	**–**	**–**
Issuance of Performance Share Grants to employees	**–**	**–**	**301**	**–**	**–**	**301**
Expiry of Performance Share Grants	**–**	**–**	**(152)**	**–**	**152**	**–**
Total transactions with owners in their capacity as owners	**–**	**879**	**(198)**	**(532)**	**152**	**301**
At 31 December 2012	**199,995**	**(2,172)**	**8,893**	**6,241**	**32,423**	**245,380**
At 1 January 2011	199,995	(4,438)	8,616	7,413	26,250	237,836
Profit after taxation	–	–	–	–	21,589	21,589
Total comprehensive income for the year	–	–	–	–	21,589	21,589
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(3,798)	(3,798)
Treasury shares reissued pursuant to Performance Share Plan	–	1,387	(747)	(640)	–	–
Issuance of Performance Share Grants to employees	–	–	1,222	–	–	1,222
Total transactions with owners in their capacity as owners	–	1,387	475	(640)	(3,798)	(2,576)
At 31 December 2011	199,995	(3,051)	9,091	6,773	44,041	256,849

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 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit before taxation		**24,717**	2,546
Adjustments for:			
Share of results of associated companies		**(137)**	(576)
Share of results of joint venture companies		**(7)**	14
Depreciation of property, plant and equipment	12	**24,806**	25,494
(Gain)/Loss on disposal of property, plant and equipment	7	**(1)**	223
Gain on disposal of subsidiary companies	4	**–**	(1,809)
Allowance for impairment loss in property, plant and equipment, net	12	**127**	184
Finance income	8	**(3,378)**	(3,574)
Finance costs	9	**25,289**	22,286
Amortisation of lease rental and land use rights		**3,160**	3,203
Allowance for doubtful debts – trade, net	7	**4,474**	2,129
Allowance for/(write-back of) inventory obsolescence	7	**80**	(70)
Defined and other long term employee benefits expense	41	**278**	1,606
Share-based payment expenses		**16**	1,222
Gain on bargain purchase on acquisition of HVR and LVL Group	4	**(16,050)**	–
Net fair value gains on investment properties	14	**(3,262)**	(908)
Currency realignment		**(5,126)**	(12,249)
		30,269	37,175
Operating profit before working capital changes		**54,986**	39,721
Decrease/(increase) in inventories		**623**	(1,091)
Decrease in trade and other receivables		**519**	10,798
Decrease in amounts due from related parties		**2,703**	287
Increase/(decrease) in trade and other payables		**1,072**	(5,221)
		4,917	4,773
Cash flows generated from operating activities		**59,903**	44,494
Interest received		**3,361**	3,646
Interest paid		**(25,356)**	(21,831)
Tax paid		**(5,990)**	(33,390)
Payment of employee benefits	41	**(881)**	(428)
Payment of cash settled share grants		**(74)**	(195)
Net cash flows generated from/(used in) operating activities		**30,963**	(7,704)

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 2012

	Note	2012 $'000	2011 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(26,802)**	(27,372)
Proceeds from disposal of property, plant and equipment		**201**	1,596
Disposal of subsidiary companies, net of cash received	45	**–**	26,695
Payment of lease rental	18	**(1,455)**	(27,156)
Increase in long-term investments		**(32,583)**	(5,478)
Acquisition of subsidiaries, net of cash acquired	15	**(3,815)**	–
Net cash flows used in investing activities		**(64,454)**	(31,715)
Cash flows from financing activities			
Proceeds from bank loans		**83,745**	96,707
Repayment of bank loans		**(65,857)**	(65,737)
Proceeds from issuance of notes payable		**50,000**	70,000
Repayments of notes payable		**(50,000)**	(27,250)
Payment of dividends			
– by subsidiary companies to non-controlling interests		**–**	(27,776)
– by Company to shareholders		**–**	(3,798)
Net cash flows generated from financing activities		**17,888**	42,146
Net (decrease)/increase in cash and cash equivalents		**(15,603)**	2,727
Net foreign exchange difference		**(3,450)**	(1,839)
Cash and cash equivalents at beginning of year		**139,877**	138,989
Cash and cash equivalents at end of year	32	**120,824**	139,877

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

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 15 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 $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

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 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013
Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	1 January 2013
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to the transition guidance of FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: *Investment Entities*	1 January 2014

Management expects 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 the following:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to income statement at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements (Revised)

FRS 110 establishes a single control model that applies to all entities (including special purpose entities). The changes introduced by FRS 110 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group is currently determining the impact of the changes to the concept of control.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2.3 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments 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 end of each reporting period, 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. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(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 20 to the financial statements.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 and 50 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2012 are $729,558,000 (2011: $740,797,000). 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) Impairment of loans and receivables

The Group assesses at the end of each reporting period 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 end of each reporting period are disclosed in Note 51 (d) to the financial statements.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iv) 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 judgment 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 2012 are $35,272,000 (2011: $34,079,000) and $15,852,000 (2011: $13,961,000) respectively.

(v) Revaluation of freehold and investment properties

The Group carries its freehold and investment properties at fair value, with changes in fair values being recognised in other comprehensive income and income statement respectively. The Group engaged independent valuation specialists to determine the fair values for its freehold properties and investment properties in Singapore, Thailand and Morocco on a regular basis. The fair value is determined using recognised valuation techniques which require the use of estimates such as future cash flows and discount rates applicable to these assets. These estimates are based on local market conditions existing at each valuation date.

The valuation techniques used to determine the fair value of the freehold and investment properties of the Group are stated in Note 12 and Note 14 respectively.

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

The cost of post employment benefits plan and other long term employment benefits plan are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, post employment benefits and other long term employment benefits are highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The net benefit liability as at 31 December 2012 is $2,573,000 (2011: $5,303,000). Further details are provided in Note 41.

The post employment benefits and other long term employment benefit plans pertains mainly to the Group's operations in Thailand.

In determining the appropriate discount rate, management considers the interest rates of Thailand government bonds with duration similar to that of the liabilities are used instead.

The mortality rate is based on publicly available mortality tables for Thailand and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates for Thailand.

Further details about the assumptions used are provided in Note 41.

(b) Critical judgments made in applying accounting policies

(i) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment 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 2012 are $9,608,000 (2011: $9,071,000) and $92,705,000 (2011: $89,772,000) respectively.

(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 at which they are granted. Judgment 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 judgment 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 46.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgments (continued)

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

(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, judgment 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

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the 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.

(a) Transactions and balances

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 rate of exchange ruling at the end of the reporting period. 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 end of the reporting period 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 operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the consolidated income statement of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their income statement are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the consolidated income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to consolidated income statement.

2.5 Subsidiary companies

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

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

2. Summary of significant accounting policies (continued)

2.6 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies 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 and dividends are eliminated in full.

Subsidiary companies 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.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it:

– de-recognises the assets (including goodwill) and liabilities for the subsidiary company at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in income statement;

– re-classifies the Group's share of components previously recognised in other comprehensive income to income statement or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) Business combinations

Business combinations from 1 January 2010

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 income statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

2. Summary of significant accounting policies (continued)

2.6 Basis of consolidation and business combinations (continued)

(b) Business combinations (continued)

Business combinations from 1 January 2010 (continued)

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 income statement.

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's 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 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in income statement on the acquisition date.

Business combinations prior to 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. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would 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 adjustments to the contingent consideration were recognised as part of 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 equity of the acquired entity is reflected within the equity as merger reserve.

2.7 Transaction with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies 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's ownership interest in a subsidiary company 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 company. 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 Company.

2.8 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.

2. Summary of significant accounting policies (continued)

2.8 Associated companies (continued)

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 in other comprehensive income by the associated company, the Group recognises its share of such changes in other comprehensive income. 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 included as income in the determination of the Group's share of results of the associated company in the period in which the investment is acquired.

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

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

Upon loss of significant influence over the associated company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in income statement.

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

2.9 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. Where there has been a change recognised in other comprehensive income by the joint venture company, the Group recognises its share of such changes in other comprehensive income. 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.

Goodwill relating to a joint venture company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the joint venture company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the joint venture company in the period in which the investment is acquired.

When the Group's share of losses in a joint venture company equals or exceeds its interest in the joint venture 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 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.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in income statement.

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

2. Summary of significant accounting policies (continued)

2.10 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 2.22. 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 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.

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.

2.11 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 income statement 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 income statement 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 2.10 up to the date of change in use.

2. Summary of significant accounting policies (continued)

2.12 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 acquiree 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 income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

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

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

(b) Trademarks

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

2.13 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the 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.

2. Summary of significant accounting policies (continued)

2.13 Impairment of non-financial assets (continued)

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

2.14 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 when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

(a) 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 income statement when the loans and receivables are derecognised or impaired, and 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.

(b) 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.

2.15 Long-term investments

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

2.16 Cash and cash equivalents

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

2. Summary of significant accounting policies (continued)

2.17 Property development costs

Development properties are properties acquired or being constructed 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 of the development properties 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 development properties recognised in income statement on disposal are 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.

2.18 Impairment of financial assets

The Group assesses at each reporting 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 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 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 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.

2. Summary of significant accounting policies (continued)

2.18 Impairment of financial assets (continued)

(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 income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the 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 income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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 income statement, the impairment loss is reversed in income statement.

2.19 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.

2.20 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 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 2.24 (b) for policy on derecognition of financial liabilities.

2.21 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 52, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (continued)

2.22 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.

2.23 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.

2.24 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 'past-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 income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

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

2.25 Provisions

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

Provisions are reviewed at each reporting period 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. Summary of significant accounting policies (continued)

2.26 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 in accordance with the terms of a debt instrument.

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

2.27 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 the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting period.

(c) Share-based payment

Performance share plan and restricted share plan

The Group's Performance Share Plan ("PSP") and Restricted Share Plan ("RSP") are both equity-settled and cash-settled share-based payment transactions.

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 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 shares 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 income statement and a corresponding adjustment to equity over the remaining vesting date. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

The share-based payment reserve is transferred to accumulated profits reserve upon expiry of the plan. Where shares are issued under the PSP 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 income statement upon cancellation.

2. Summary of significant accounting policies (continued)

2.27 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 consolidated income statement in the year these gains and losses arise. The employee benefit expenses are included as part of staff costs.

The unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a scheme, past service costs are recognised immediately.

2.28 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, even if that right is not explicity specified in an arrangement.

(a) As lessee

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

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

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

(b) As lessor

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

2.29 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.

2.30 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. Summary of significant accounting policies (continued)

2.31 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and prepaid island rental once classified as held for sale are not depreciated or amortised.

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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding 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

– ***Sale of completed development property***

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

– ***Sale of development property under construction***

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the management consider when the contract comprises:

– A contract to construct a property; or

– A contract for the sale of completed property

(i) Where a contract is regarded to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(ii) Where the contract is regarded to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(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.

2. Summary of significant accounting policies (continued)

2.32 Revenue (continued)

(d) Spa operation

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

(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 at 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 assets 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 period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. Summary of significant accounting policies (continued)

2.33 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside the 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.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction of goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in income statement.

(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. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

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.

2. Summary of significant accounting policies (continued)

2.37 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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	
	2012 $'000	2011 $'000
Hotel investments	**187,726**	163,716
Property sales	**42,656**	66,253
Management services	**37,095**	29,623
Spa operation	**26,628**	28,770
Project and design services	**31,808**	27,278
Merchandise sales	**8,786**	11,522
Rental Income	**3,717**	2,330
	338,416	329,492

4. Other income

	GROUP	
	2012 $'000	2011 $'000
Management and service fees	**89**	99
Course and academy fees	**781**	994
Insurance claims	**–**	2,647
Net fair value gains on investment properties (Note 14)	**3,262**	908
Gain on bargain purchase on acquisition of HVR and LVL Group (Note 15)	**16,050**	–
Amortisation of deferred income (Note 37)	**192**	216
Gain on disposal of subsidiary companies (Note 45)	**–**	1,809
Others	**2,500**	954
	22,874	7,627

5. Salaries and related expenses

	GROUP	
	2012 $'000	2011 $'000
Salaries, wages and other related costs	**106,996**	101,525
Defined and other long term benefit expenses (Note 41)	**278**	1,606
Share-based payment expenses	**16**	1,185
Contributions to defined contribution plans	**4,305**	3,770
The above amounts include salaries and related expenses of key management personnel	**111,595**	108,086

6. Other operating expenses

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

	GROUP	
	2012 $'000	2011 $'000
Utilities and communication	**18,796**	18,161
Repair and maintenance	**11,399**	8,799
Printing and stationery	**2,423**	2,177
Travelling and transportation	**3,139**	3,526
Commission expenses	**5,514**	4,172
Laundry and valet	**1,752**	1,685
Guest expendable supplies	**4,087**	3,126

7. Profit from operations and other gains

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

	GROUP	
	2012 $'000	2011 $'000
Audit fees:		
– Auditors of the Company	**413**	372
– Other auditors	**799**	784
Non-audit fees:		
– Auditors of the Company	**50**	168
– Other auditors	**61**	34
Allowance for doubtful debts – trade, net (Note 24)	**4,474**	2,129
Allowance for/(write-back of) inventory obsolescence (Note 23)	**80**	(70)
Impairment loss on property, plant and equipment (Note 12)	**127**	184
Exchange loss	**4,274**	381
Gain on foreign currency contracts	**–**	(13)
(Gain)/loss on disposal of property, plant and equipment	**(1)**	223
Hotel management fees paid to other hotel operators	**–**	1,098

8. Finance income

	GROUP	
	2012 $'000	2011 $'000
Interest received and receivable from:		
– banks	**1,545**	1,672
– related parties	**539**	8
– others	**1,294**	1,894
	3,378	3,574

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

9. Finance costs

	GROUP	
	2012 $'000	2011 $'000
Interest paid and payable to:		
– banks	**14,035**	11,506
– holders of notes payable	**10,956**	9,461
– others	**298**	1,319
	25,289	22,286

10. Income taxes

Major components of income taxes for the years ended 31 December 2012 and 2011 are:

	GROUP	
	2012 $'000	2011 $'000
Current tax expense/(credit)		
Current taxation	**4,441**	8,278
Under/(over) provision in respect of prior years	**488**	(680)
	4,929	7,598
Deferred tax expense/(credit)		
Origination and movement in temporary differences	**2,384**	(2,716)
Utilisation of previously unrecognised tax losses	**–**	(2,239)
Expiry of recognised tax losses	**48**	1,740
Effect of reduction in tax rate	**(210)**	(9,675)
	2,222	(12,890)
Withholding tax expense		
Current year provision	**2,166**	4,806
Under provision in respect of prior years	**46**	27
	2,212	4,833
Income tax expense/(credit) recognised in the consolidated income statement	**9,363**	(459)

A deferred tax credit of $25,000 (2011: $36,197,000) relating to a reduction in corporate tax rate in Thailand with effect from 2012 was recognised in other comprehensive income.

A deferred tax charge of $195,000 (2011: Nil) relating to the adjustment on property revaluation reserve was recognised in other comprehensive income.

A deferred tax charge of $380,000 (2011: Nil) relating to actuarial gain on LSP (Note 41) was recognised in other comprehensive income.

10. Income taxes (continued)

Reconciliation of effective tax rate

A reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 respectively are as follows:

	GROUP	
	2012 $'000	2011 $'000
Accounting profit before taxation	**24,717**	2,546
Income tax using Singapore tax rate of 17% (2011: 17%)	**4,202**	433
Effect of different tax rates in other countries	**386**	(229)
Expenses not deductible for tax purposes	**5,823**	6,425
Tax exempt income	**(4,497)**	(2,946)
Effect of reduction in tax rate	**(210)**	(9,675)
Under/(over) provision in respect of prior years	**488**	(680)
Utilisation of previously unrecognised tax losses	**–**	(2,239)
Deferred tax assets not recognised	**911**	1,829
Withholding tax	**2,212**	4,833
Expiry of recognised tax losses	**48**	1,740
Others	**–**	50
Income tax expense/(credit) recognised in the consolidated income statement	**9,363**	(459)

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

Group royalty fees income derived from Indonesia and Thailand is subject to withholding tax at 15% (2011: 15%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2011: 20% and 10%).

11. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit after taxation for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue 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	
	2012 $'000	2011 $'000
Profit after taxation attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	**14,863**	1,554
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	**760,019,586**	759,428,527
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan	**2,280,229**	2,618,355
Weighted average number of ordinary shares for diluted earnings per share computation	**762,299,815**	762,046,882

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 2011	415,464	259,134	137,653	217,565	12,798	10,180	8,279	1,061,073
Additions	–	1,636	217	5,297	1,907	377	17,938	27,372
Disposals	(51)	–	(1,197)	(2,103)	(249)	(316)	(2,511)	(6,427)
Disposal of subsidiaries (Note 45)	(35,132)	(28,386)	–	(18,910)	(572)	(60)	(5)	(83,065)
Revaluation surplus	9,080	4,165	–	–	–	–	–	13,245
Elimination of accumulated depreciation on revaluation	–	(715)	–	–	–	–	–	(715)
Transfer in/(out)	–	124	–	743	–	221	(1,088)	–
Net exchange differences	(18,554)	(9,665)	962	(9,370)	(168)	(332)	(229)	(37,356)
At 31 December 2011 and 1 January 2012	370,807	226,293	137,635	193,222	13,716	10,070	22,384	974,127
Additions	–	–	6,373	6,466	1,238	616	12,109	26,802
Disposals	–	–	(71)	(1,298)	(338)	(695)	(8)	(2,410)
Acquisition of subsidiaries (Note 15)	12,299	46,792	–	1,265	–	650	–	61,006
Transfer to Assets of disposal group classified as held for sale (Note 33)	–	–	(47,846)	(9,673)	–	–	(561)	(58,080)
Revaluation surplus/(deficit)	3,164	(1,234)	–	–	–	–	–	1,930
Elimination of accumulated depreciation on revaluation	–	(3,095)	–	–	–	–	–	(3,095)
Transfer to Property development costs	(1,256)	(2,961)	–	(559)	–	–	(262)	(5,038)
Transfer to Investment properties (Note 14)	(7,833)	–	–	–	–	–	–	(7,833)
Transfer in/(out)	23,911	(6,751)	109	8,526	831	125	(26,751)	–
Net exchange differences	(9,448)	(6,953)	(5,335)	(7,423)	926	(277)	(92)	(28,602)
At 31 December 2012	**391,644**	**252,091**	**90,865**	**190,526**	**16,373**	**10,489**	**6,819**	**958,807**
Accumulated depreciation and impairment losses:								
At 1 January 2011	–	44,831	29,057	159,613	8,929	7,577	–	250,007
Depreciation charge for the year	–	5,240	4,367	12,390	2,214	1,209	74	25,494
Disposals	–	–	(1,029)	(1,952)	(224)	(299)	–	(3,504)
Disposal of subsidiaries (Note 45)	–	(10,907)	–	(16,371)	(448)	(47)	–	(27,773)
Elimination of accumulated depreciation on revaluation	–	(715)	–	–	–	–	–	(715)
Impairment loss (Note 7)	–	–	–	–	–	–	184	184
Transfer in/(out)	–	–	–	(1)	1	–	–	–
Net exchange differences	–	(2,665)	(27)	(7,300)	(129)	(247)	5	(10,363)
At 31 December 2011 and 1 January 2012	–	35,784	32,368	146,379	10,343	8,193	263	233,330
Depreciation charge for the year	–	8,358	3,364	9,939	2,160	985	–	24,806
Disposals	–	–	(51)	(1,175)	(324)	(660)	–	(2,210)
Transfer to Assets of disposal group classified as held for sale (Note 33)	–	–	(8,112)	(6,488)	–	–	–	(14,600)
Elimination of accumulated depreciation on revaluation	–	(3,095)	–	–	–	–	–	(3,095)
Impairment loss (Note 7)	–	–	–	–	–	–	127	127
Transfer to Property development costs	–	(351)	–	(559)	–	–	–	(910)
Transfer in/(out)	–	–	109	(159)	50	–	–	–
Net exchange differences	–	(1,311)	(1,650)	(5,254)	255	(215)	(24)	(8,199)
At 31 December 2012	**–**	**39,385**	**26,028**	**142,683**	**12,484**	**8,303**	**366**	**229,249**
Net carrying amount:								
At 31 December 2012	**391,644**	**212,706**	**64,837**	**47,843**	**3,889**	**2,186**	**6,453**	**729,558**
At 31 December 2011	370,807	190,509	105,267	46,843	3,373	1,877	22,121	740,797

12. Property, plant and equipment (continued)

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 2011 by an accredited independent property valuer, at open market value.

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

The hotel properties, which comprise of freehold land and buildings in Morocco was appraised by a professional independent appraisal company dated 30 December 2012 using the income approach basis.

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	
	2012 $'000	2011 $'000
Freehold land at 31 December		
– Cost and net carrying amount	**92,023**	69,887
Freehold buildings at 31 December		
– Cost	**241,079**	182,038
– Accumulated depreciation	**(52,286)**	(47,530)
– Net carrying amount	**188,793**	134,508
Furniture, fittings and equipment at 31 December		
– Cost	**171,703**	167,667
– Accumulated depreciation	**(133,292)**	(131,868)
– Net carrying amount	**38,411**	35,799

As at 31 December 2012, certain properties with net book value amounting to $471,445,000 (2011: $470,570,000) were mortgaged to banks to secure credit facilities for the Group (Note 36).

12. Property, plant and equipment (continued)

COMPANY	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2011	13	147	160
Additions	–	5	5
At 31 December 2011 and 1 January 2012	13	152	165
Additions	–	21	21
At 31 December 2012	**13**	**173**	**186**
Accumulated depreciation:			
At 1 January 2011	12	133	145
Depreciation charge for the year	1	9	10
At 31 December 2011 and 1 January 2012	13	142	155
Depreciation charge for the year	–	13	13
At 31 December 2012	**13**	**155**	**168**
Net carrying amount:			
At 31 December 2012	**–**	**18**	**18**
At 31 December 2011	–	10	10

13. Land use rights

	GROUP	
	2012 $'000	2011 $'000
Cost:		
At 1 January	**16,125**	25,592
Disposals	**–**	(9,885)
Net exchange differences	**(633)**	418
At 31 December	**15,492**	16,125
Accumulated amortisation:		
At 1 January	**1,674**	2,043
Amortisation for the year	**389**	463
Disposals	**–**	(881)
Net exchange differences	**(70)**	49
At 31 December	**1,993**	1,674
Net carrying amount	**13,499**	14,451
Amount to be amortised:		
– Within 1 year	**410**	426
– Between 2 to 5 years	**1,640**	1,704
– After 5 years	**11,449**	12,321

13. Land use rights (continued)

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

Location	Tenure 2012	2011
People's Republic of China		
Banyan Tree Lijiang	**32 years**	33 years
Banyan Tree Ringha	**31 years**	32 years
Zhongdian Jiantang Hotel	**36 years**	37 years
Tibet Lhasa Banyan Tree Resorts	**35 years**	36 years

14. Investment properties

	GROUP 2012 $'000	2011 $'000
Balance sheet:		
At 1 January	**32,814**	33,469
Net gains from fair value adjustments recognised in consolidated income statement (Note 4)	**3,262**	908
Transfer from property, plant and equipment (Note 12)	**7,833**	–
Acquisition of subsidiaries (Note 15)	**17,696**	–
Net exchange differences	**(1,421)**	(1,563)
At 31 December	**60,184**	32,814
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**3,593**	3,524
Direct operating expense (including repairs and maintenance) arising from:		
– Rental generating properties	**1,702**	1,489
– Non-rental generating properties	**38**	38

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuation report dated 19 October 2012. 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 and office rental units were revalued using the income approach.

14. Investment properties (continued)

Properties pledged as security

Certain investment properties amounting to $27,640,000 (2011: $25,502,000) are mortgaged to secure bank loans (Note 36).

The investment properties held by the Group as at 31 December 2012 are as follows:

Description and Location	Existing Use	Tenure
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 at the shopping centre, Phuket, Thailand	Land for shopping centre	Freehold
Land located in Northern of Thailand	Land awaiting development	Freehold
Land located in the Eastern side of Hill View Resorts (Seychelles)	Land awaiting development	Freehold
Land located in Takamaka Valley, Quatre Borne Hillside	Land awaiting development	Freehold
Land located in South Intendance Hillside	Senior Housing	Freehold

15. Subsidiary companies

	COMPANY	
	2012 $'000	2011 $'000
Unquoted shares, at cost	**110,382**	90,058
Quoted shares, at cost	**72,263**	72,263
Impairment losses	**(1,998)**	(2,566)
	180,647	159,755
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
	186,510	165,618
Loans and receivables		
Loans to subsidiary companies	**234,501**	199,372
	421,011	364,990
Market value of quoted shares	**128,617**	182,876

In appointing the auditing firms for the Company, subsidiary companies, significant associated and joint venture companies, the Group have complied with Listing Rules 712 and 715.

Included in the loans made to subsidiary companies is an unsecured loan of $41,000,000 (2011: $30,000,000) bearing interest at a rate of 3% to 6.3% (2011: 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 provided an allowance of $Nil (2011: provided an allowance of $1,979,000) for impairment of the loans due from its subsidiary companies with a nominal amount of $12,859,000 (2011: $12,451,000). These subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2012 is $8,128,000 (2011: $8,128,000).

Acquisition of subsidiary

On 30 March 2012, the Group acquired the remaining 70% equity interest in its 30% owned associated companies, Hill View Resorts Holdings Limited (HVR) and its subsidiary companies (HVR Group). Upon becoming a wholly-owned subsidiary of the Group, HVR acquired 100% equity interest in Lindere Villas Limited (LVL) and its subsidiary companies (LVL Group). Upon completion of the acquisition, the Group is the owner of Banyan Tree Seychelles resort.

The Group has acquired HVR Group and LVL Group as part of its continuing efforts to rebalance the Group's assets.

15. Subsidiary companies (continued)

The fair value of the identifiable assets and liabilities of HVR Group and LVL Group as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment (Note 12)	61,006
Investment properties (Note 14)	17,696
Inventories	1,930
Trade receivables	1,450
Cash and cash equivalents	6,929
	89,011
Trade payables	(846)
Other payables	(1,471)
Interest-bearing loans and borrowings	(5,279)
Deferred tax liabilities	(2,302)
Amounts due to subsidiaries of the Group	(16,449)
	(26,347)
Total identifiable net assets at fair value	62,664
Gain on bargain purchase on acquisition of HVR Group and LVL Group (Note 4)	(16,050)
	46,614
Consideration transferred for the acquisition of HVR Group and LVL Group	
Cash paid	10,744
Deferred cash settlement	18,932
Cost of banker's guarantee included in the consideration	1,087
Total consideration transferred	30,763
Fair value of equity interest in HVR Group held by the Group immediately before acquisition	6,880
Less: Gain on remeasurement of 30% of HVR Group at fair value before acquisition	(1,207)
Add: Other related expenses	10,178
	46,614

15. Subsidiary companies (continued)

	$'000
Effect of the acquisition of HVR Group and LVL Group on cash flows	
Total consideration for the equity interest acquired	30,763
Less: Deferred cash settlement	(18,932)
Less: Banker's guarantee included in the consideration	(1,087)
Consideration settled in cash	10,744
Less: Cash and cash equivalents of subsidiary acquired	(6,929)
Net cash outflow on acquisition	(3,815)

Impact of the acquisition on profit or loss

From the acquisition date, HVR Group and LVL Group have contributed $11,927,000 of revenue and $1,218,000 to the Group's profit after taxation for the year. If the business combination had taken place at the beginning of the year, the revenue of the Group from continuing operations would have been $343,101,000 and the Group's profit after taxation from continuing operations, would have been $15,613,000.

Gain on bargain purchase

The acquisition of the above subsidiaries has resulted in a gain on bargain purchase as the fair value of the identifiable net assets acquired exceeds the aggregate of the purchase consideration and the acquisition date fair value of the Group's previously held equity interest. The assets acquired consist primarily of the hotel property and investment properties, and were valued at $77,989,000 by HVS Consulting & Valuation in their report dated 3 April 2012. HVS Consulting & Valuation is an independent valuer with recognised and relevant professional qualification and experience to perform the valuation. In arriving at the fair value of the hotel property and investment properties, the valuer has taken into account the estimated future cash flows to be generated from these properties.

A gain on bargain purchase of $16,050,000 has been recognised in "Other income" line item in the Group's income statement for the year ended 31 December 2012.

Gain on remeasuring previously held equity interest in HVR Group at acquisition date

Included in the gain on bargain purchase is a gain of $1,207,000 as a result of remeasuring at fair value the Group's 30% equity interest in HVR Group held before the business combination.

Trade receivables acquired

Trade receivables acquired of $1,450,000 represents both the fair value and gross contractual amounts. The entire amount is expected to be collected.

15. Subsidiary companies (continued)

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 2012 $'000	Cost of investment 2011 $'000	Effective equity held by the Group 2012 %	Effective equity held by the Group 2011 %
(i)	**Held by the Company**						
1	Banyan Tree Corporate Pte. Ltd.	Provision of resort, spa, project and golf management services	Singapore	**5,466**	5,466	**100**	100
1	Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	**10,673**	10,673	**100**	100
1	Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	**	**	**100**	100
1	Banyan Tree Adventures Pte. Ltd.	Provision of travel agency services	Singapore	**736**	736	**100**	100
1	Banyan Tree Marketing Group (Worldwide) Pte. Ltd. (formerly known as Canopy Marketing Group (Worldwide) Pte. Ltd. which was also formerly known as Banyan Tree Jiuzhaigou (S) Pte. Ltd.)	Investment holding	Singapore	–*	**	–	100
1	Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd. (formerly known as Banyan Tree Chengdu Pte. Ltd.)	Investment holding	Singapore	–*	**	–	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**	500	**100**	100
1	Banyan Tree Hotels & Resorts Pte. Ltd. (formerly known as Banyan Tree Hotels Management Pte. Ltd. which was also formerly known as Integrated Resort Management Co Pte. Ltd.)	Hotel management consultancy services	Singapore	–*	**	–	100
1	Brand Services (Singapore) Pte. Ltd.	Own and manage 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

15. **Subsidiary companies** (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2012 $'000	Cost of investment 2011 $'000	Effective equity held by the Group 2012 %	Effective equity held by the Group 2011 %
(i)	**Held by the Company** (continued)						
1	Laguna Tours and Travel Pte. Ltd. (formerly known as Banyan Tree Properties (S) Pte. Ltd.)	Property development and investments	Singapore	**	**	**100**	100
1	Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	**	**100**	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	Provision of spa services	Thailand	–*	6,446	–	100
12	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	**39**	39	**100**	100
2	Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	**	**100**	100
2	Vabbinvest Maldives Pvt Ltd	Operation of 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**	46,754	**93.43**	93.43
2	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	**100**	100
2, 16	Maldives Sun Pvt Ltd	Dormant	Maldives	–	**	–	100
2, 16	Maldives Sand Pvt Ltd	Dormant	Maldives	–	**	–	100
2, 16	Maldives Shore Pvt Ltd	Dormant	Maldives	–	**	–	100
9, 18	Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	**25,751**	–	**100**	–
2	Banyan Tree Resorts & Spas (Morocco) S.A.	Provision of management, operation services and ancillary services related to the hospitality industry	Morocco	**9,883**	9,883	**100**	100
3	Beruwela Walk Inn PLC	Operation of hotel resorts	Sri Lanka	**645**	645	**79.85**	79.85
10	Integrated Investments Limited	Investment holding	New Zealand	**	**	**100**	100
2	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	**1,319**	300	**100**	100
				182,645	162,321		

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2012 %	2011 %
	(ii) Held through subsidiary companies				
1	Resort Planning Services Pte. Ltd. (formerly known as Architrave Design & Project Services Pte Ltd)	Provision of 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	Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd. (formerly known as Banyan Tree Yangshuo (S) Pte. Ltd.)	Investment holding	Singapore	**100**	100
1	Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd. (formerly known as 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
1	Sanctuary Chengdu Development Company No. 2 (S) Pte. Ltd. (formerly known as 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
1	Architrave Design & Planning Services Pte. Ltd. (formerly known as Banyan Tree Architrave & Design Services Pte. Ltd.)	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	**100**	100
1	GPS Development Services Pte. Ltd. (formerly known as Banyan Tree Group Project Services Pte. Ltd.)	Provision of purchasing and project services for hotels, resorts and spas	Singapore	**100**	100
1, 11	Banyan Tree Marketing Group Pte. Ltd. (formerly known as Canopy Marketing Group Pte. Ltd.)	Provision of marketing services	Singapore	**100**	–
1	Banyan Tree Hotels & Resorts Pte. Ltd. (formerly known as Banyan Tree Hotels Management Pte. Ltd. which was also formerly known as Integrated Resort Management Co Pte. Ltd.)	Hotel management consultancy services	Singapore	**100***	–
1	Banyan Tree Marketing Group (Worldwide) Pte. Ltd. (formerly known as Canopy Marketing Group (Worldwide) Pte. Ltd. which was also formerly known as Banyan Tree Jiuzhaigou (S) Pte. Ltd.)	Investment holding	Singapore	**100***	–
1	Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd. (formerly known as Banyan Tree Chengdu Pte. Ltd.)	Investment holding	Singapore	**100***	–
1, 11	Banyan Tree Mkg (HK) Limited (formerly known as Canopy Mkg (HK) Limited which was also formerly known as Banyan Tree Hotel & Resorts (HK) Limited)	Provision of marketing services	Hong Kong	**100**	–
2	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	**100***	–
1, 11	Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	**100**	–

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2012 %	2011 %
	(ii) Held through subsidiary companies (continued)				
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	Operation of 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
2, 8	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, 8	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	**47.93**	47.93
2	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	**65.75**	65.75
2	Thai Wah Tower Company Limited	Lease of office building space	Thailand	**65.75**	65.75
2	Thai Wah Tower (2) Company Limited	Property development	Thailand	**65.75**	65.75
2, 8	Laguna Excursions Limited	Travel operations	Thailand	**32.22**	32.22
2	Laguna Lakes Limited	Property development	Thailand	**62.40**	62.40
2	Laguna Village Limited	Hotel operations	Thailand	**65.75**	65.75
17	LVCL (Thailand) Co., Ltd	Provision of project development services	Thailand	**100**	100
2	Wanyue Leisure Health (Shanghai) Co., Ltd	Operation 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	Provision of 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	Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	**83.20**	83.20
14	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	Provision of travel agency services	China	**83.20**	83.20
2	Lijiang Banyan Tree Gallery Trading Company Limited	Provision of trading and retailing of consumer goods in resorts	China	**82.53**	82.53

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2012 %	Effective equity held by the Group 2011 %
	(ii) Held through subsidiary companies (continued)				
2	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	**100**	100
2	Banyan Tree Hotels Management (Tianjin) Co., Ltd.	Consultant and operator of hotels/resorts, residences, spas, food and beverage including ancillary services related to the hospitality industry	China	**100**	100
11	Yueliang Architectural Design Consulting (Shanghai), Co. Ltd	Provision of spas architect & design services	China	**100**	–
11	Xiangrong Business Consulting (Shanghai) Co., Ltd	Provision of project management and materials procurement services	China	**100**	–
2	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	**100**	100
2	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	**100**	100
4	Cheer Golden Limited	Investment holding	Hong Kong	**65.75**	65.75
2	Triumph International Holdings Limited	Investment holding	Hong Kong	**80**	80
9	Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
9, 17	Sanctuary Chengdu Development Company No. 1 (Cayman) Limited (formerly known as Sanctuary Lhasa (Cayman) Limited)	Investment holding	Cayman Islands	**100**	100
9	Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
9	Sanctuary Gyalthang Dzong (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
9	Sanctuary Dunhuang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
9, 17	Sanctuary Chengdu Development Company No. 3 (Cayman) Limited (formerly known as Sanctuary Yangshuo (Cayman) Limited)	Investment holding	Cayman Islands	**100**	100
1	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	**100**	100
9, 17	Sanctuary Chengdu Development Company No. 2 (Cayman) Limited (formerly known as Sanctuary Anhui (Cayman) Limited)	Investment holding	Cayman Islands	**100**	100
9	Jayanne International Limited	Investment holding	British Virgin Islands	**100**	100
9	Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	**100**	100
9, 11	Lindere Villas Limited	Investment holding	British Virgin Islands	**100**	–
15	PT. AVC Indonesia	Holiday club membership	Indonesia	**65.75**	65.75
2	PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	**100**	100
11	PT. Banyan Tree Management	Provision of hotel management services	Indonesia	**100**	–
2	Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2012 %	2011 %
	(ii) Held through subsidiary companies (continued)				
9	Banyan Tree Servicios S.A. De C.V.	Provision of 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	Provision of spa and other associated services	Guam	**100**	100
2	Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	**100**	100
9	Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	**100**	100
2	Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	**100**	100
2	Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	**100**	100
6	Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	**100**	100
2	Heritage Spas Dubai LLC	Operation of spas	Dubai	**100**	100
2	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	**100**	100
5	Keelbay Pty Ltd	Operation of spas	Australia	**100**	100
7	Jayanne (Seychelles) Limited	Own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	**100**	100
7, 18	Hill View Resorts (Seychelles) Limited	Resort development	Seychelles	**100**	–
7, 18	Ocean Estate (Seychelles) Limited	Development of residences for sale	Seychelles	**100**	–
7, 11	Lindere Villas (Seychelles) Limited	Investment holding	Seychelles	**100**	–
2	Banyan Tree Mkg (UK) Ltd (formerly known as Canopy Mkg (UK) Ltd which was formerly known as Banyan Tree Resorts (UK) Ltd)	Provision of marketing services	United Kingdom	**100**	100
9	Canopy Mkg (USA), Inc (formerly known as Banyan Tree Hotels & Resorts USA, Inc)	Provision of marketing services	United States of America	**100**	100
2	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	**97.85**	97.85
2	Banyan Tree Hotels (Cyprus) Ltd	Provision of management consultancy and hotel design services	Cyprus	**100**	100
13	Green Transportation SARL AU	Provision of tourist transportation activities	Morocco	**100**	100
2	Banyan Tree Indochina Co., Ltd.	Provision of project supervision and management service	Vietnam	**100**	100

1 Audited by Ernst & Young LLP, Singapore.
2 Audited by member firms of Ernst & Young Global in the respective countries.
3 Audited by Tudor V.P. & Co.
4 Audited by RSM Nelson Wheeler.
5 Audited by KPMG, Cairns in 2011. Not required to be audited in 2012 as the company exempted from audit.
6 Audited by Mazars.
7 Audited by BDO Seychelles.
8 These companies are subsidiary companies of LRH which in turn are subsidiary companies of the Group. Management of the Group is 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.
9 Not required to be audited under the laws of country of incorporation.
10 Audited by KPMG, New Zealand.
11 Incorporated/Acquired during the year.
12 Audited by Tibet Zhongrong Certified Public Accountant.
13 Not required to be audited as the company has not commenced operation as at 31 December 2012.
14 Audited by Dunhuang Fang Zheng Certified Public Accountant.
15 Audited by RSM AAJ Associates.
16 Liquidated during the year.
17 In the process of voluntary liquidation/striking off.
18 Acquired by the Group as a subsidiary company during the year. The company was an associated company previously (Note 16).
* Investment transferred from being held by the holding company to be held through a subsidiary company during the year.
** Cost of investment is less than $1,000.

16. Associated companies

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Unquoted equity shares, at cost	**942**	961	**869**	889
Share of post-acquisition reserves	**32**	6,406	**–**	–
Impairment loss	**(586)**	(586)	**–**	–
Net exchange differences	**(130)**	(830)	**–**	–
Loans and receivables				
Loan to an associated company	**–**	16,234	**–**	16,234
	258	22,185	**869**	17,123

The loan to an associated company was unsecured, interest-free and with no fixed terms of repayment.

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 2012 %	2011 %
	Held by the Company				
6, 7	Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	**–**	30
	Held through an associated company				
3, 6	Hill View Resorts (Seychelles) Limited	Resort development	Seychelles	**–**	30
3, 6	Ocean Estate (Seychelles) Limited	Development of residences for sale	Seychelles	**–**	30
	Held through subsidiary companies				
4	Lotes 3 Servicios S.A. De C.V.	Provision of 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 subsidiary companies which have significant influence over the operating and financial policies of these companies.

6 Acquired by the Group as a subsidiary company during the year. The company is an associated company previously (Note 15).

7 Audited by Ernst & Young LLP, Singapore in 2011. In 2012, not required to be audited under the laws of country of incorporation.

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 $1,971,000 (2011: $1,884,000) and $799,000 (2011: $743,000) respectively.

The Group has no obligation in respect of these losses.

On 30 March 2012, the Group acquired the remaining 70% equity interest in its 30% owned associated companies, Hill View Resorts Holdings Limited (HVR) and its subsidiary companies (HVR Group). Upon the acquisition, HVR Group became a wholly-owned subsidiary of the Group (Note 15).

16. 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:

	2012 $'000	2011 $'000
Assets and liabilities:		
Current assets	**19,679**	30,667
Non-current assets	**53,263**	128,372
Total assets	**72,942**	159,039
Current liabilities	**(16,843)**	(17,690)
Non-current liabilities	**(59,047)**	(127,736)
Total liabilities	**(75,890)**	(145,426)
Results:		
Revenue	**32,112**	43,927
Loss for the year	**(16,052)**	(6,446)

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2011: Nil).

17. Joint venture companies

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Shares at cost	**6,000**	6,000	**6,000**	6,000
Share of post-acquisition reserves	**1,953**	2,908	**–**	–
Net exchange differences	**(1,652)**	(1,276)	**–**	–
	6,301	7,632	**6,000**	6,000

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 2012 %	Effective equity held by the Group 2011 %
	Held by the Company				
[1,3]	Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	**50**	50
	Held through a joint venture company				
[2,4]	Seytropical Resorts Limited	Resort development	Seychelles	**–**	50

[1] Not required to be audited under the laws of country of incorporation.
[2] Audited by BDO Seychelles.
[3] In the process of voluntary liquidation.
[4] Liquidated during the year.

17. 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:

	2012 $'000	2011 $'000
Assets and liabilities:		
Non-current assets	**12,602**	13,354
Total assets	**12,602**	13,354
Current liabilities	**–**	(14)
Total liabilities	**–**	(14)
Results:		
Profit/(loss) for the year	**14**	(28)

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil (2011: Nil).

18. Prepaid island rental

	GROUP	
	2012 $'000	2011 $'000
At 1 January	**46,949**	22,091
Net exchange differences	**(2,616)**	442
Payment of island rental during the year	**1,455**	27,156
	45,788	49,689
Less: Amount charged to expenses during the year	**(2,771)**	(2,740)
Less: Transfer to Assets of disposal group classified as held for sale (Note 33)	**(18,342)**	–
At 31 December	**24,675**	46,949
Amount chargeable within 1 year (Note 25)	**1,764**	2,394
Amount chargeable after 1 year	**22,911**	44,555
	24,675	46,949

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 Mar 2045
Ihuru Island	16 Oct 2000 – 22 Mar 2045
Velavaru Island	24 Jul 2005 – 25 Aug 2047
Madivaru Island	5 May 2006 – 17 Aug 2022

19. Long-term trade receivables

	GROUP	
	2012 $'000	2011 $'000
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 24)	**5,916**	6,339
Between 2 to 5 years	**10,706**	12,240
After 5 years	**11,077**	13,215
	21,783	25,455

Long-term trade receivables consist of:

(i) Receivables from property sales bear interest at rates ranging from 7% to 12%, Minimum Lending Rate (MLR) plus 0.5% to 1% and the Group's cost of funds plus 0.5% per annum (2011: 7 to 12%, MLR plus 0.5% to 1% and the Group's cost of funds plus 0.5% per annum) and are repayable over an instalment period of 3 to 15 years.

(ii) 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 2012, the amounts due from a third party are $14,173,000 (2011: $15,990,000). The receivable bears an interest rate of 6% per annum (2011: 6%) and are repayable over 13.5 to 15 years, commencing from 2008.

20. Intangible assets

GROUP	Goodwill $'000	Trademarks $'000	Total $'000
Cost:			
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	2,603	24,300	26,903
Accumulated impairment losses:			
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	–	–	–
Net carrying amount:			
At 31 December 2011 and 31 December 2012	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") for impairment testing.

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	
	2012	2011
Growth rate	**0%**	0%
Discount rate	**8.5%**	8.4%

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.

20. Intangible assets (continued)

Impairment testing of trademarks

The trademarks comprise of "Banyan Tree" and "Angsana" brands. 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 at acquisition date, 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'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 11.3% (2011: 10.4%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 2% (2011: 3%). 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.

21. Long-term investments

	GROUP	
	2012 $'000	2011 $'000
Quoted investments		
Equity shares, at fair value	**2**	2
Unquoted investments		
Equity shares, at cost	**74,107**	41,276
Less: Impairment in value of unquoted investments	**(63)**	(63)
Total unquoted investments	**74,044**	41,213
Total available-for-sale financial assets	**74,046**	41,215

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 companies that are not quoted on any markets and do not have comparable industry peers that are listed.

22. Other receivables – non current

	GROUP	
	2012 $'000	2011 $'000
Loans and receivables		
Deposits	**4,803**	4,940
Loans to third parties	**5,436**	7,641
	10,239	12,581

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.

23. Inventories

	GROUP	
	2012 $'000	2011 $'000
Food and beverage, at cost	**2,174**	2,132
Trading goods and supplies	**7,820**	7,650
Materials, at cost	**3,558**	2,961
Others	**41**	36
	13,593	12,779
Income statement inclusive of the following charge:		
– Inventories recognised as an expense in cost of sales	**25,958**	25,077
– Inventories written-down/(write-back of) (Note 7)	**80**	(70)

The write-back of inventories represent a reversal of amount previously written down and is recorded when related inventories were sold above their carrying amount.

24. Trade receivables

	GROUP	
	2012 $'000	2011 $'000
Loans and receivables		
Trade receivables	**92,153**	74,938
Current portion of long-term trade receivables (Note 19)	**5,916**	6,339
	98,069	81,277
Less: Allowance for doubtful debts	**(12,973)**	(9,249)
	85,096	72,028

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.

24. Trade receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $47,436,000 (2011: $55,550,000) 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	
	2012 $'000	2011 $'000
Trade receivables past due:		
Less than 30 days	**10,830**	12,279
30 to 60 days	**5,825**	11,347
60 to 90 days	**4,195**	2,074
More than 90 days	**26,586**	29,850
	47,436	55,550
Neither past due nor impaired	**37,660**	16,478
	85,096	72,028

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	
	2012 $'000	2011 $'000
Trade receivables – nominal amounts	**12,973**	9,249
Less: Allowance for doubtful debts	**(12,973)**	(9,249)
	–	–
Movement in allowance accounts:		
At 1 January	**9,249**	7,443
Charge for the year	**4,474**	2,515
Reversal of allowance	**–**	(386)
Utilisation	**(401)**	(313)
Exchange differences	**(349)**	(10)
At 31 December	**12,973**	9,249

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 2.18 (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.

25. Prepayments and other non-financial assets – current

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Prepayments	**6,783**	6,619	**51**	52
Prepaid island rental – current portion (Note 18)	**1,764**	2,394	**–**	–
Advances to suppliers	**1,614**	3,133	**–**	–
Others	**7,440**	2,492	**268**	250
	17,601	14,638	**319**	302

26. Other receivables – current

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Loans and receivables				
Deposits	**7,485**	2,683	**90**	22
Interest receivable	**37**	22	**3**	5
Staff advances	**298**	271	**–**	3
Insurance recoverable	**70**	67	**–**	–
Other recoverable expenses	**1,121**	76	**–**	6
Other receivables	**3,698**	12,987	**343**	2,168
	12,709	16,106	**436**	2,204

27. Amounts due from/(to) subsidiary companies

	COMPANY	
	2012 $'000	2011 $'000
Loans and receivables		
Amounts due from subsidiary companies – non-trade	**62,695**	41,999
Financial liabilities at amortised cost		
Amounts due to subsidiary companies – non-trade	**(25,766)**	(9,314)

The amounts due from/(to) subsidiary companies are unsecured and interest-free.

At the balance sheet date, the Company has written back an allowance of $841,000 (2011: $365,000) for impairment of the amounts due from its subsidiary companies with a nominal amount of $2,179,000 (2011: $3,038,000). The allowance account for the financial year ended 31 December 2012 in relation to the amounts due from the subsidiary companies is $2,179,000 (2011: $3,020,000).

28. Amounts due from/(to) associated companies

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Loans and receivables				
Amounts due from associated companies				
– trade	**21**	631	**–**	18
– non-trade	**–**	88	**–**	–
	21	719	**–**	18
Financial liabilities at amortised cost				
Amounts due to associated companies				
– trade	**(4)**	(132)	**–**	–
– non-trade	**–**	(75)	**–**	–
	(4)	(207)	**–**	–

The non-trade amounts due from/(to) associated companies are unsecured and non-interest bearing.

29. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Loans and receivables				
Amounts due from related parties				
– trade	**7,571**	7,346	**–**	–
– non-trade	**51**	294	**4**	–
	7,622	7,640	**4**	–
Financial liabilities at amortised cost				
Amounts due to related parties				
– trade	**(516)**	(812)	**–**	–
– non-trade	**(1,153)**	(47)	**(1)**	(1)
	(1,669)	(859)	**(1)**	(1)

The non-trade amounts due from/(to) related parties are unsecured and non-interest bearing.

30. Amount due to a joint venture company

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial liabilities at amortised cost				
Amount due to a joint venture company				
– non-trade	**(6,301)**	(6,677)	**(6,301)**	(6,677)

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

31. Property development costs

	GROUP	
	2012 $'000	2011 $'000
Properties under development		
Cost incurred to date	**45,664**	62,711
Less: Allowance for foreseeable losses	**(3,801)**	(3,748)
	41,863	58,963
Properties held for sale	**49,975**	45,587
	91,838	104,550

Details of the properties as at 31 December 2012 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 1	Phuket, Thailand	100	Held for sale	10,199	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	37	Under construction	11,076	December 2013	65.75
Laguna Townhomes Phase 6	Phuket, Thailand	100	Held for sale	11,293	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	4,970	Completed	65.75
Loft Building 1	Phuket, Thailand	100	Held for sale	8,516	Completed	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	701	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,368	Completed	100

31. Property development costs (continued)

Details of the properties as at 31 December 2011 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 1	Phuket, Thailand	100	Held for sale	10,199	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 6	Phuket, Thailand	99	Under construction	11,293	January 2012	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	4,970	Completed	65.75
Loft Building 1	Phuket, Thailand	65	Under construction	8,516	January 2012	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	701	Completed	83.20
Banyan Tree Lijiang Phase 2 extension	Lijiang, China	100	Held for sale	687	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,484	Completed	100

32. Cash and cash equivalents

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Loans and receivables				
Cash on hand and at bank	**93,343**	107,427	**4,571**	11,950
Fixed deposit, unsecured	**27,481**	32,450	**14,726**	17,409
	120,824	139,877	**19,297**	29,359
Significant foreign currency denominated balances				
US Dollars	**22,374**	42,469	**2,666**	11,346
Thai Baht	**25,819**	17,566	**–**	–
Chinese Renminbi	**38,401**	43,193	**–**	–

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

33. Assets of disposal group classified as held for sale

In 2012, management was in the final stage of finalising the sale of fixed assets and island lease of Maldives Bay Pvt Ltd ("MB"). As at 31 December 2012, the assets to be disposed have been presented in the balance sheet as "Assets of disposal group classified as held for sale". The sale was completed on 31 January 2013 (Note 54).

The major classes of assets classified as held for sale as at 31 December 2012 are as follows:

	GROUP
	2012 $'000
Property, plant and equipment (Note 12)	**43,480**
Prepaid island rental (Note 18)	**18,342**
Assets of disposal group classified as held for sale	**61,822**

34. Other non-financial liabilities

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Advances received from customers	**18,424**	20,324	**–**	–
Deferred membership fee	**967**	796	**–**	–
Others	**6,163**	3,982	**94**	91
	25,554	25,102	**94**	91

35. Other payables

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial liabilities at amortised cost				
Accrued operating expenses	**36,122**	30,333	**5,055**	4,886
Accrued service charges	**1,964**	1,334	**–**	–
Deposits	**661**	295	**–**	–
Sundry creditors	**2,967**	7,883	**219**	456
	41,714	39,845	**5,274**	5,342

36. Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial liabilities at amortised cost				
Non-current liabilities				
Secured bank loans	**156,143**	189,779	**8,850**	10,450
Unsecured bank loans	**30,000**	1,041	**30,000**	–
	186,143	190,820	**38,850**	10,450
Current liabilities				
Secured bank loans	**75,466**	28,333	**1,600**	1,600
Unsecured bank loans	**5,215**	33,651	**2,042**	3,292
	80,681	61,984	**3,642**	4,892

36. Interest-bearing loans and borrowings (continued)

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

	GROUP	
	2012 $'000	2011 $'000
Freehold land and buildings (Note 12)	**380,200**	376,917
Investment properties (Note 14)	**27,640**	25,502
Quoted shares in a subsidiary company	**6,576**	9,348
Leasehold buildings (Note 12)	**91,245**	93,653
Unquoted shares in subsidiary companies	**50,956**	50,917
Prepaid island rental	**42,131**	45,925
Property development costs	**14,778**	13,447
Other assets	**5,654**	17,786
	619,180	633,495

The secured bank loan of the Company is secured by freehold land and buildings of its subsidiary companies, amounting to $33,983,000 (2011: $34,080,000).

37. Deferred income

	GROUP	
	2012 $'000	2011 $'000
Cost		
At 1 January	**8,107**	15,830
Disposals	**–**	(7,892)
Net exchange differences	**(532)**	169
At 31 December	**7,575**	8,107
Accumulated amortisation		
At 1 January	**851**	1,309
Amortisation for the year (Note 4)	**192**	216
Disposals	**–**	(694)
Net exchange differences	**(35)**	20
At 31 December	**1,008**	851
Net carrying amount	**6,567**	7,256

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 (2011: 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 which are unsecured relates to the principal of the $50 million fixed rate notes due on 27 August 2013, $70 million fixed rate notes due on 14 March 2014 and $50 million fixed rate notes due on 30 May 2017. The notes bear interest rates of 6.25% per annum (2011: 6.25%), 5.5% per annum (2011: 5.5%) and 6.25% per annum (2011: Nil) respectively, payable semi-annually.

40. Other non-current liabilities

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred cash settlement	**18,318**	–	**18,318**	–
Others	**2,244**	1,915	**–**	–
	20,562	1,915	**18,318**	–

According to the sales and purchase agreement for the acquisition of HVR Group and LVL Group, part of the total purchase consideration is deferred and payable in three instalments. The payable is secured by a banker's guarantee with assets amounting to S$27,054,000 being pledged.

The carrying amount of the deferred cash settlement is measured based on future cash payments discounted at an effective interest rate of 5% per annum.

41. Defined and other long-term employee benefits

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

The following tables summarise the components of net benefit expense recognised in the consolidated income statement and amounts recognised in the balance sheets for the plans.

	GROUP					
	LSP		LSA		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Net benefit expense						
Current service cost	**545**	467	**509**	142	**1,054**	609
Interest cost on benefit obligation	**136**	127	**73**	50	**209**	177
Net actuarial (gain)/loss recognised in the year	**–**	–	**(1,238)**	820	**(1,238)**	820
Past service cost	**–**	–	**253**	–	**253**	–
Net benefit expense/(credit)	**681**	594	**(403)**	1,012	**278**	1,606
Net actuarial gain recognised in the other comprehensive income	**(2,008)**	(35)	**–**	–	**(2,008)**	(35)

Changes in present value of the LSP and LSA obligations are as follows:

	LSP		LSA		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
At 1 January	**3,186**	3,034	**2,117**	1,335	**5,303**	4,369
Interest cost	**136**	127	**73**	50	**209**	177
Current service cost	**545**	467	**509**	142	**1,054**	609
Benefits paid	**(512)**	(265)	**(369)**	(164)	**(881)**	(429)
Actuarial (gains)/ losses on obligation	**(2,008)**	(35)	**(1,238)**	820	**(3,246)**	785
Past service cost	**–**	–	**253**	–	**253**	–
Exchange differences	**(70)**	(142)	**(49)**	(66)	**(119)**	(208)
At 31 December	**1,277**	3,186	**1,296**	2,117	**2,573**	5,303

41. Defined and other long-term employee benefits (continued)

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

	2012	2011
Discount rates	**3.75%**	4.00%
Future salary increases	**3.00%**	3.00%
Gold price (per Baht weight of gold)	**THB 25,000**	THB 25,000
Gold inflation	**2.00%**	2.00%
Attrition rate	Based on LRH Group's withdrawal experiences in prior years	

Amounts for the LSP and LSA obligations for the current and previous two periods are as follows:

	GROUP		
	2012 $'000	2011 $'000	2010 $'000
LSP and LSA obligation	**2,573**	5,303	4,369
Experience adjustments on the plan liabilities	**(1,155)**	–	–

42. Deferred tax

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	**(70,698)**	(70,183)	**–**	–
Temporary differences arising from revenue recognition	**(27,608)**	(28,141)	**–**	–
Other items	**(5,714)**	(4,917)	**–**	–
	(104,020)	(103,241)	**–**	–
Deferred tax assets				
Unutilised tax losses	**6,881**	8,902	**–**	502
Other items	**4,434**	4,567	**–**	472
	11,315	13,469	**–**	974
Net deferred tax (liabilities)/ assets	**(92,705)**	(89,772)	**–**	974

Unrecognised tax losses

The Group has tax losses of $15,852,000 as at 31 December 2012 (2011: $13,961,000) 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.

Unrecognised temporary differences relating to investments in subsidiary companies

At the end of the reporting period, no deferred tax liability (2011: Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiary companies, as:

– The Group has determined that the majority of the undistributed earnings of its subsidiary companies will not be distributed in the foreseeable future. The tax impact arising from any potential distribution will not be significant to the Group.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $126,508,000 (2011: $121,585,000). The unrecognised deferred tax liability is estimated to be $12,119,000 (2011: $11,628,000).

Tax consequences of proposed dividends

There are no income tax consequences (2011: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 53).

43. Share capital

	GROUP AND COMPANY			
	2012		2011	
	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.

44. 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.

As of 31 December 2012, there are 1,255,000 (2011: 1,763,000) treasury shares held by the Company.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 46). 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.

(c) 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 subsidiary companies 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.

(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) Currently 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) Other reserves

Other reserves include the following:

(i) 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.

(ii) 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.

44. Treasury shares and reserves (continued)

(f) Other reserves (continued)

(iii) 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.

(iv) 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.

A breakdown of the Group's and Company's other reserves is as follows:

GROUP	Merger deficit $'000	Capital reserve $'000	Fair value adjustment reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Loss on reissuance of treasury shares $'000	Total Other reserves $'000
At 1 January 2012	**(18,038)**	**7,852**	**242**	**(2,562)**	**(1,079)**	**(13,585)**
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Performance Share Plan	**–**	**–**	**–**	**–**	**(532)**	**(532)**
Total transactions with owners in their capacity as owners	**–**	**–**	**–**	**–**	**(532)**	**(532)**
At 31 December 2012	**(18,038)**	**7,852**	**242**	**(2,562)**	**(1,611)**	**(14,117)**
At 1 January 2011	(18,038)	7,852	242	(2,562)	(439)	(12,945)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Performance Share Plan	–	–	–	–	(640)	(640)
Total transactions with owners in their capacity as owners	–	–	–	–	(640)	(640)
At 31 December 2011	(18,038)	7,852	242	(2,562)	(1,079)	(13,585)

COMPANY	Capital reserve $'000	Loss on reissuance of treasury shares $'000	Total Other reserves $'000
At 1 January 2012	**7,852**	**(1,079)**	**6,773**
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Performance Share Plan	**–**	**(532)**	**(532)**
Total transactions with owners in their capacity as owners	**–**	**(532)**	**(532)**
At 31 December 2012	**7,852**	**(1,611)**	**6,241**
At 1 January 2011	7,852	(439)	7,413
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Performance Share Plan	–	(640)	(640)
Total transactions with owners in their capacity as owners	–	(640)	(640)
At 31 December 2011	7,852	(1,079)	6,773

45. Disposal of subsidiary companies

On May 2011, the Group disposed of Laguna Beach Club Limited and Laguna (1) Limited at their carrying value. The disposal consideration was fully settled in cash.

The value of assets and liabilities of Laguna Beach Club Limited and Laguna (1) Limited recorded in the consolidated financial statements as at 10 May 2011, and the cash flow effect of the disposal were:

	2011 $'000
Non-current assets	
Property, plant and equipment	55,292
Other receivables	1,020
Deferred tax assets	8
Current assets	
Inventories	206
Trade receivables	515
Other receivables	208
Amounts due from related parties	75
Cash and cash equivalents	2,656
Current liabilities	
Trade payables	(581)
Other payables	(2,015)
Tax payable	(1,576)
Non-current liabilities	
Deferred tax liabilities	(6,481)
	49,327
Non-controlling interests	(21,785)
Carrying value of net assets	27,542
Disposal consideration	29,351
Cash and cash equivalents of the subsidiary companies	(2,656)
Net cash inflow on disposal of subsidiary companies	26,695
Disposal consideration	29,351
Carrying value of net assets disposed (as above)	(27,542)
Gain on disposal of subsidiary companies (Note 4)	1,809

46. 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. 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 five Independent Directors with Chia Chee Ming Timothy, as the Chairman, Fang Ai Lian, Elizabeth Sam, Chan Heng Wing and Tham Kui Seng 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.

* The term "controlling shareholder" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

46. Equity compensation benefits (continued)

The details of the Plan existed as at 31 December 2012 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 one-year performance period.
Date of Grant:		
FY 2012 Grant	2 April 2012	2 April 2012
FY 2011 Grant	6 April 2011	6 April 2011
FY 2010 Grant	15 June 2010	15 June 2010
Performance Period:		
FY 2012 Grant	1 January 2012 to 31 December 2014	1 January 2012 to 31 December 2012
FY 2011 Grant	1 January 2011 to 31 December 2013	1 January 2011 to 31 December 2011
FY 2010 Grant	1 January 2010 to 31 December 2012	1 January 2010 to 31 December 2010
Performance Conditions:		
FY 2012 Grant, FY 2011 Grant and 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#
Vesting Period:		
FY 2012 Grant, FY 2011 Grant and 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 fulfilment 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

46. Equity compensation benefits (continued)

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 2012 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	33.69%	33.69%
FTSE Mid Cap Index	26.25%	Not applicable
Risk-free interest rates		
Singapore Sovereign	0.28%	0.15% – 0.31%
Term	36 months	12 to 36 months
BTH expected dividend yield	0.74%	0.74%
Share price at grant date	$0.675	$0.675

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.

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 2012[1]	Shares granted during financial year[1]	Shares cancelled during financial year[2]	Shares released during financial year	Balance as at 31 December 2012[1]	Estimated fair value at grant date
Grant date						
15 May 2009						
Executive Director (Ariel P Vera)	80,000	–	(45,600)	(34,400)	–	$0.556
Other Participants	280,000	–	(185,400)	(94,600)	–	$0.556
15 June 2010						
Executive Director (Ariel P Vera)	99,000	–	–	–	99,000	$0.781
Other Participants	494,000	–	(247,000)	–	247,000	$0.781
6 April 2011						
Executive Director (Ariel P Vera)	100,000	–	–	–	100,000	$0.622
Other Participants	400,000	–	(220,000)	–	180,000	$0.622
2 April 2012						
Executive Director (Ariel P Vera)	–	75,000	–	–	75,000	$0.612
Other Participants	–	206,300	(60,000)	–	146,300	$0.612
Total	1,453,000	281,300	(758,000)	(129,000)	847,300	

[1] The number of shares represents performance shares granted from FY2009 to FY2012 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 due to forfeiture arising from not achieving the pre-set performance conditions or resignation during the performance period.

46. Equity compensation benefits (continued)

	RSP					
	Balance as at 1 January 2012[1]	Shares granted during financial year[1]	Shares cancelled during financial year[2]	Shares released during financial year	Balance as at 31 December 2012[1]	Estimated fair value at grant date
Grant date						
15 May 2009						
Executive Director (Ariel P Vera)	7,200	–	–	(7,200)	–	$0.49
Other Participants	98,900	–	(2,800)	(96,100)	–	$0.49
15 June 2010						
Executive Director (Ariel P Vera)	77,900	–	–	(39,000)	38,900	$0.821 – $0.836
Other Participants	1,051,850	–	–	(522,950)	528,900	$0.821 – $0.836
6 April 2011						
Executive Director (Ariel P Vera)	100,000	–	(100,000)	–	–	$0.595 – $0.601
Other Participants	1,491,000	–	(1,491,000)	–	–	$0.595 – $0.601
2 April 2012						
Executive Director (Ariel P Vera)	–	75,000	–	–	75,000	$0.660 – $0.669
Other Participants	–	1,555,900	(166,900)	–	1,389,000	$0.660 – $0.669
Total	2,826,850	1,630,900	(1,760,700)	(665,250)	2,031,800	

[1] The number of shares represents performance shares granted from FY2009 to FY2012 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 due to forfeiture arising from not achieving the pre-set performance conditions or resignation during the performance period.

The number of contingent shares granted but not released as at 31 December 2012 were 847,300 and 2,031,800 (2011: 1,453,000 and 2,826,850) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,694,600 and 2,763,800 (2011: 2,906,000 and 3,622,350) for PSP and RSP respectively.

Founder's Grant

On 2 May 2006, the independent shareholders of the Company approved the incentive for the Executive Chairman, 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 Group's profit before tax and before provision of the expense for Founder's Grant is $26,017,758 (2011: $2,546,083) for the financial year ended 31 December 2012. Accordingly, the amount payable pursuant to the Founder's Grant is $1,300,888 (2011: $127,304).

The NRC and the Board met and approved on 19 February 2013 and 27 February 2013 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 shall be paid a total amount of $1,300,888 (2011: $127,304) in cash pursuant to the Founder's Grant in respect of the financial year ended 31 December 2012.

47. 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	
	2012 $'000	2011 $'000
Capital commitments in respect of property, plant and equipment	**432**	524
Capital commitments in respect of Banyan Tree Indochina Hospitality Fund	**17,626**	47,653
Capital commitments in respect of Banyan Tree China Hospitality Fund	**3,352**	8,140

(b) Operating lease commitments

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

	GROUP	
	2012 $'000	2011 $'000
Payable:		
Within 1 year	**2,994**	3,103
Between 2 to 5 years	**8,817**	9,664
After 5 years	**48,726**	55,028
	57,543	64,692
	60,537	67,795

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

(c) Contingent liabilities

Guarantees

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

	COMPANY	
	2012 $'000	2011 $'000
Guarantees issued on banking facilities of subsidiary companies	**84,218**	101,941

47. Commitments and contingencies (continued)

(c) Contingent liabilities (continued)

Litigation

(i) 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 a common 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.

The total amount of the claim is approximately $7.7 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 its statement of defense and believe that the plaintiffs' claims are invalid and therefore no provision has been made in the financial statements.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose or amend the status of the nine plots of land in dispute with the land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

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

(ii) On 19 September 2012, the Company made an announcement on SGX on an update on the Arbitration proceedings initiated by its wholly owned subsidiary, Banyan Tree Corporate Pte Ltd. ("BTC" and formerly known as Banyan Tree Hotels & Resorts Pte. Ltd.) against Al Areen Desert Spa and Resorts Holding Company B.S.C. (closed) ("Al Areen") for the numerous breaches of the Hotel Management Agreement dated 19 March 2005 for Banyan Tree Bahrain ("HMA") and for the wrongful termination of the HMA. The Arbitration proceedings have drawn to a close and the parties are presently awaiting a decision from the Arbitrator.

BTC has made an aggregate claim of approximately S$22,403,076 against Al Areen for outstanding debts and for damages arising from numerous breaches of the HMA. Al Areen has in the course of the Arbitration proceedings filed a counterclaim against BTC. The quantification of the counterclaim by Al Areen has been inconsistent throughout the course of the arbitration proceedings and has been subject to frequent changes. The quantification has ranged from S$74,781,700 to S$135,254,439. "Moral damages" remains to be assessed.

Based on legal advice provided by the Company's counsel and information available to the Company, the Company has reasonable grounds to believe that Al Areen will not be successful in its counterclaim. Accordingly, no provision has been made in the financial statements.

48. Related party transactions

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	
		2012 $'000	2011 $'000
(a)	Sale and purchase of goods and services		
	Associated companies:		
	– Management and service fee income	**369**	1,607
	– Reservation fee income	**32**	139
	– Architectural fee income	**–**	37
	– Spa gallery income	**159**	819
	– Others	**–**	39
	Related parties:		
	– Management and service fee income	**1,565**	1,317
	– Rental income	**2,223**	2,250
	– Reservation fee income	**170**	180
	– Architectural fee income	**–**	95
	– Spa gallery income	**110**	612
	– Royalty income	**596**	558
	– Others	**–**	120
(b)	Compensation of key management personnel:		
	– Salaries and employee benefits	**4,482**	3,870
	– Central Provident Fund contributions	**110**	109
	– Share-based payment expenses	**109**	217
	– Other short-term benefits [1]	**1,555**	984
	Total compensation paid to key management personnel	**6,256**	5,180
	Comprise amounts paid to:		
	• Directors of the Company	**3,598**	2,522
	• Other key management personnel	**2,658**	2,658
		6,256	5,180

[1] Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of $1,300,888 (2011: $127,304).

49. 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 and foreign currency 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

49. Financial risk management objectives and policies (continued)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including long-term investments and cash and cash equivalents), 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; and
- a nominal amount of $84,218,000 (2011: $101,941,000) relating to corporate guarantees provided by the Company for the bank loan taken by its subsidiary companies.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

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:

		GROUP			
		2012		2011	
	Note	$'000	% of total	$'000	% of total
By geographical:					
South East Asia		**35,789**	**33**	28,843	30
Indian Oceania		**2,599**	**2**	2,351	2
Middle East		**2,667**	**3**	3,037	3
North East Asia		**36,160**	**34**	31,452	32
Rest of the world		**29,664**	**28**	31,800	33
		106,879	**100**	97,483	100
By industry sectors:					
Hotel Investments		**18,198**	**17**	11,734	12
Property Sales		**35,145**	**33**	44,304	45
Fee-based segment		**53,536**	**50**	41,445	43
		106,879	**100**	97,483	100
Trade receivables					
Non-current	19	**21,783**		25,455	
Current	24	**85,096**		72,028	
		106,879		97,483	

49. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Included in trade receivables are amounts due from a third party of $14,173,000 (2011: $15,990,000). 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 (2011: 6%) and are repayable in equal instalments over 13.5 to 15 years, commencing from 2008.

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 24.

(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 29.8% (2011: 26.4%) 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. 25.0% (2011: 29.3%) 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 profiles 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.

49. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

GROUP	Note	2012 Effective rate %	2012 1 year $'000	2012 2 to 5 years $'000	2012 After 5 years $'000	2012 Total $'000	2011 Effective rate %	2011 1 year $'000	2011 2 to 5 years $'000	2011 After 5 years $'000	2011 Total $'000
Financial assets											
Trade receivables	19/24	**–**	**85,096**	**10,706**	**11,077**	**106,879**	–	72,028	12,240	13,215	97,483
Other receivables	22/26	**–**	**12,709**	**–**	**10,239**	**22,948**	–	16,106	–	12,581	28,687
Amounts due from associated companies	28	**–**	**21**	**–**	**–**	**21**	–	719	–	–	719
Amounts due from related parties	29	**–**	**7,622**	**–**	**–**	**7,622**	–	7,640	–	–	7,640
Cash and cash equivalents	32	**–**	**120,824**	**–**	**–**	**120,824**	–	139,877	–	–	139,877
Total undiscounted financial assets			**226,272**	**10,706**	**21,316**	**258,294**		236,370	12,240	25,796	274,406
Financial liabilities											
Trade payables		**–**	**(15,840)**	**–**	**–**	**(15,840)**	–	(15,244)	–	–	(15,244)
Other payables	35	**–**	**(41,714)**	**–**	**–**	**(41,714)**	–	(39,845)	–	–	(39,845)
Other non-current liabilities	40	**5**	**–**	**(20,180)**	**–**	**(20,180)**	–	–	–	–	–
Amounts due to associated companies	28	**–**	**(4)**	**–**	**–**	**(4)**	–	(207)	–	–	(207)
Amounts due to related parties	29	**–**	**(1,669)**	**–**	**–**	**(1,669)**	–	(859)	–	–	(859)
Loans and borrowings											
– SCR floating rate loan	36	**12**	**(2,388)**	**–**	**–**	**(2,388)**	–	–	–	–	–
– S$ floating rate loan	36	**COF + 1.75**	**(1,030)**	**–**	**–**	**(1,030)**	COF + 1.75	(1,031)	–	–	(1,031)
– S$ floating rate loan	36	**COF + 2**	**(1,892)**	**(7,125)**	**(2,907)**	**(11,924)**	COF + 2	(1,925)	(7,262)	(4,725)	(13,912)
– S$ floating rate loan	36	**SIBOR + 3.75**	**(5,678)**	**–**	**–**	**(5,678)**	SIBOR + 3.75	(4,622)	(5,721)	–	(10,343)
– S$ floating rate loan	36	**SIBOR + 3.50**	**(1,164)**	**(33,394)**	**–**	**(34,558)**	–	–	–	–	–
– S$ fixed rate loan	36	**5**	**(2,170)**	**–**	**–**	**(2,170)**	5	(3,771)	(1,085)	–	(4,856)
– US$ fixed rate loan	36	**5.62 – 6.24**	**(46,101)**	**–**	**–**	**(46,101)**	5.62 – 6.24	(5,962)	(60,176)	–	(66,138)
– BHT floating rate loan	36	**MLR – 1.25 to MLR – 1.50**	**(25,550)**	**(111,474)**	**(40,323)**	**(177,347)**	MLR – 0.50 to MLR – 1.50	(21,450)	(87,314)	(29,263)	(138,027)
– BHT fixed rate loan	36	**–**	**–**	**–**	**–**	**–**	4.55 – 5.24	(30,535)	–	–	(30,535)
– MAD floating rate loan	36	**5.95**	**(803)**	**(2,477)**	**–**	**(3,280)**	5.91	(939)	(5,335)	–	(6,274)
– RMB floating rate loan	36	**6.80**	**(7,089)**	**(29,967)**	**–**	**(37,056)**	7.05	(7,151)	(35,018)	(4,224)	(46,393)
Loan stock	38	**10**	**–**	**–**	**(719)**	**(719)**	10	–	–	(678)	(678)
Notes payable	39	**5.50 – 6.25**	**(59,059)**	**(131,479)**	**–**	**(190,538)**	4.75 – 6.25	(59,152)	(126,575)	–	(185,727)
Total undiscounted financial liabilities			**(212,151)**	**(336,096)**	**(43,949)**	**(592,196)**		(192,693)	(328,486)	(38,890)	(560,069)
Total net undiscounted financial assets/(liabilities)			**14,121**	**(325,390)**	**(22,633)**	**(333,902)**		43,677	(316,246)	(13,094)	(285,663)

49. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

COMPANY	Note	2012 Effective rate %	2012 1 year $'000	2012 2 to 5 years $'000	2012 After 5 years $'000	2012 Total $'000	2011 Effective rate %	2011 1 year $'000	2011 2 to 5 years $'000	2011 After 5 years $'000	2011 Total $'000
Financial assets											
Trade receivables	24	–	**726**	–	–	**726**	–	492	–	–	492
Other receivables	26	–	**436**	–	–	**436**	–	2,204	–	–	2,204
Amounts due from subsidiary companies	27	–	**62,695**	–	–	**62,695**	–	41,999	–	–	41,999
Amounts due from associated companies	28	–	–	–	–	–	–	18	–	–	18
Amounts due from related parties	29	–	**4**	–	–	**4**	–	–	–	–	–
Cash and cash equivalents	32	–	**19,297**	–	–	**19,297**	–	29,359	–	–	29,359
Total undiscounted financial assets			**83,158**	–	–	**83,158**		74,072	–	–	74,072
Financial liabilities											
Other payables	35	–	**(5,274)**	–	–	**(5,274)**	–	(5,342)	–	–	(5,342)
Other non-current liabilities	40	**5**	–	**(20,180)**	–	**(20,180)**	–	–	–	–	–
Amounts due to subsidiary companies	27	–	**(25,766)**	–	–	**(25,766)**	–	(9,314)	–	–	(9,314)
Amounts due to related parties	29	–	**(1)**	–	–	**(1)**	–	(1)	–	–	(1)
Loans and borrowings											
– S$ floating rate loan	36	**COF + 1.75**	**(1,030)**	–	–	**(1,030)**	COF + 1.75	(1,031)	–	–	(1,031)
– S$ floating rate loan	36	**COF + 2**	**(1,892)**	**(7,125)**	**(2,907)**	**(11,924)**	COF + 2	(1,925)	(7,262)	(4,725)	(13,912)
– S$ floating rate loan	36	**SIBOR + 3.50**	**(1,164)**	**(33,394)**	–	**(34,558)**	–	–	–	–	–
– S$ fixed rate loan	36	**5**	**(1,085)**	–	–	**(1,085)**	5	(2,406)	–	–	(2,406)
Notes payable	39	**5.50 – 6.25**	**(59,059)**	**(131,479)**	–	**(190,538)**	4.75 – 6.25	(59,152)	(126,575)	–	(185,727)
Total undiscounted financial liabilities			**(95,271)**	**(192,178)**	**(2,907)**	**(290,356)**		(79,171)	(133,837)	(4,725)	(217,733)
Total net undiscounted financial liabilities			**(12,113)**	**(192,178)**	**(2,907)**	**(207,198)**		(5,099)	(133,837)	(4,725)	(143,661)

US$: United States Dollar
BHT: Thai Baht
MAD: Morocco Dirham
RMB: Chinese Renminbi
SCR: Seychellois Rupee
SIBOR: Singapore inter-bank offered rate
MLR: Minimum lending rate
COF: Cost of fund of lending bank

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

COMPANY	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2012				
Financial guarantees	**84,218**	–	–	**84,218**
2011				
Financial guarantees	101,941	–	–	101,941

49. Financial risk management objectives and policies (continued)

(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 39% (2011: 48%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 49 (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 (2011: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been $1,993,000 (2011: $1,653,000) 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 2012, approximately 22% (2011: 27%) 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 has previously entered into forward currency contracts to mitigate the currency exposure from USD. From 2011 onwards, the Thailand subsidiary companies have changed some of the sales currency from USD to Baht, thus reducing its currency risk exposure.

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, PRC and Maldives. The Group's net investments in Thailand, PRC and Maldives are not hedged as currency positions in Thai Baht, Chinese Renminbi and United States Dollar are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities arising from cash and cash equivalents, trade receivables and trade payables, with all other variables held constant.

		GROUP	
		Profit before taxation	
		2012 $'000	2011 $'000
USD/Baht	– strengthened 5% (2011: 3%)	**28**	64
	– weakened 5% (2011: 3%)	**(28)**	(64)
USD/SGD	– strengthened 5% (2011: 3%)	**2,029**	1,946
	– weakened 5% (2011: 3%)	**(2,029)**	(1,946)

50. 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. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 2011.

As disclosed in Note 44 (c), 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 companies 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 2012 and 2011.

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 less cash and cash equivalents. Total capital refers to the total equity of the Group.

	GROUP	
	2012 $'000	2011 $'000
Interest-bearing loans and borrowings (Note 36)	**266,824**	252,804
Notes payable (Note 39)	**167,637**	167,778
Less: Cash and cash equivalents (Note 32)	**(120,824)**	(139,877)
Net debt	**313,637**	280,705
Total capital	**712,397**	708,245
Gearing ratio	**44%**	40%

51. 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 2012					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	21	**2**	**–**	**–**	**2**
At 31 December 2012		**2**	**–**	**–**	**2**
Year ended 31 December 2011					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	21	2	–	–	2
At 31 December 2011		2	–	–	2

51. Financial instruments (continued)

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

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 31 December 2012 and 2011.

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.

(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, current 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 short-term in nature or are repriced frequently.

Long-term trade receivables, notes payable, non-current interest-bearing loans and borrowings and deferred cash settlement classified within other non-current liabilities 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 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. Similarly the loans due to a joint venture company has no fixed terms of repayment. The non-current deposits classified within non-current assets have no terms of maturity. Accordingly, management is of the view that the fair values of these loans and deposits are not determinable as the timing of the future cash flows arising from the loans and deposits 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 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.

51. 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	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2012					
Non-current assets					
Property, plant and equipment	12	–	–	729,558	729,558
Land use rights	13	–	–	13,499	13,499
Investment properties	14	–	–	60,184	60,184
Associated companies	16	–	–	258	258
Joint venture companies	17	–	–	6,301	6,301
Prepaid island rental	18	–	–	22,911	22,911
Long-term trade receivables	19	21,783	–	–	21,783
Intangible assets	20	–	–	26,903	26,903
Long-term investments	21	–	74,046	–	74,046
Prepayments		–	–	3,425	3,425
Other receivables	22	10,239	–	–	10,239
Deferred tax assets	42	–	–	11,315	11,315
		32,022	74,046	874,354	980,422
Current assets					
Inventories	23	–	–	13,593	13,593
Trade receivables	24	85,096	–	–	85,096
Prepayments and other non-financial assets	25	–	–	17,601	17,601
Other receivables	26	12,709	–	–	12,709
Amounts due from associated companies	28	21	–	–	21
Amounts due from related parties	29	7,622	–	–	7,622
Property development costs	31	–	–	91,838	91,838
Cash and cash equivalents	32	120,824	–	–	120,824
		226,272	–	123,032	349,304
Assets of disposal group classified as held for sale	33	–	–	61,822	61,822
		226,272	–	184,854	411,126
Total assets		258,294	74,046	1,059,208	1,391,548

51. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2012				
Current liabilities				
Trade payables		15,840	–	15,840
Unearned income		–	7,985	7,985
Other non-financial liabilities	34	–	25,554	25,554
Other payables	35	41,714	–	41,714
Amounts due to associated companies	28	4	–	4
Amounts due to related parties	29	1,669	–	1,669
Interest-bearing loans and borrowings	36	80,681	–	80,681
Notes payable	39	48,820	–	48,820
Tax payable		–	9,608	9,608
		188,728	43,147	231,875
Non-current liabilities				
Interest-bearing loans and borrowings	36	186,143	–	186,143
Deferred income	37	–	6,567	6,567
Loan stock	38	719	–	719
Notes payable	39	118,817	–	118,817
Deposits received		–	1,574	1,574
Amount due to a joint venture company	30	6,301	–	6,301
Other non-current liabilities	40	18,318	2,244	20,562
Defined and other long-term employee benefits	41	–	2,573	2,573
Deferred tax liabilities	42	–	104,020	104,020
		330,298	116,978	447,276
Total liabilities		519,026	160,125	679,151

51. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Loans and receivables $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2011					
Non-current assets					
Property, plant and equipment	12	–	–	740,797	740,797
Land use rights	13	–	–	14,451	14,451
Investment properties	14	–	–	32,814	32,814
Associated companies	16	16,234	–	5,951	22,185
Joint venture companies	17	–	–	7,632	7,632
Prepaid island rental	18	–	–	44,555	44,555
Long-term trade receivables	19	25,455	–	–	25,455
Intangible assets	20	–	–	26,903	26,903
Long-term investments	21	–	41,215	–	41,215
Prepayments		–	–	3,494	3,494
Other receivables	22	12,581	–	–	12,581
Deferred tax assets	42	–	–	13,469	13,469
		54,270	41,215	890,066	985,551
Current assets					
Inventories	23	–	–	12,779	12,779
Trade receivables	24	72,028	–	–	72,028
Prepayments and other non-financial assets	25	–	–	14,638	14,638
Other receivables	26	16,106	–	–	16,106
Amounts due from associated companies	28	719	–	–	719
Amounts due from related parties	29	7,640	–	–	7,640
Property development costs	31	–	–	104,550	104,550
Cash and cash equivalents	32	139,877	–	–	139,877
		236,370	–	131,967	368,337
Total assets		290,640	41,215	1,022,033	1,353,888

51. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2011				
Current liabilities				
Trade payables		15,244	–	15,244
Unearned income		–	8,205	8,205
Other non-financial liabilities	34	–	25,102	25,102
Other payables	35	39,845	–	39,845
Amounts due to associated companies	28	207	–	207
Amounts due to related parties	29	859	–	859
Interest-bearing loans and borrowings	36	61,984	–	61,984
Notes payable	39	48,814	–	48,814
Tax payable		–	9,071	9,071
		166,953	42,378	209,331
Non-current liabilities				
Interest-bearing loans and borrowings	36	190,820	–	190,820
Deferred income	37	–	7,256	7,256
Loan stock	38	678	–	678
Notes payable	39	118,964	–	118,964
Deposits received		–	1,458	1,458
Amount due to a joint venture company	30	6,677	–	6,677
Other non-current liabilities	40	–	1,915	1,915
Defined and other long-term employee benefits	41	–	5,303	5,303
Deferred tax liabilities	42	–	103,241	103,241
		317,139	119,173	436,312
Total liabilities		484,092	161,551	645,643

51. 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 2012				
Non-current assets				
Property, plant and equipment	12	–	18	18
Subsidiary companies	15	234,501	186,510	421,011
Associated companies	16	–	869	869
Joint venture companies	17	–	6,000	6,000
		234,501	193,397	427,898
Current assets				
Trade receivables	24	726	–	726
Prepayments and other non-financial assets	25	–	319	319
Other receivables	26	436	–	436
Amounts due from subsidiary companies	27	62,695	–	62,695
Amounts due from related parties	29	4	–	4
Cash and cash equivalents	32	19,297	–	19,297
		83,158	319	83,477
Total assets		317,659	193,716	511,375

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2012				
Current liabilities				
Unearned income		–	112	112
Other non-financial liabilities	34	–	94	94
Other payables	35	5,274	–	5,274
Amounts due to subsidiary companies	27	25,766	–	25,766
Amounts due to related parties	29	1	–	1
Interest-bearing loans and borrowings	36	3,642	–	3,642
Notes payable	39	48,820	–	48,820
		83,503	206	83,709
Non-current liabilities				
Interest-bearing loans and borrowings	36	38,850	–	38,850
Notes payable	39	118,817	–	118,817
Amount due to a joint venture company	30	6,301	–	6,301
Other non-current liabilities	40	18,318	–	18,318
		182,286	–	182,286
Total liabilities		265,789	206	265,995

51. 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 2011				
Non-current assets				
Property, plant and equipment	12	–	10	10
Subsidiary companies	15	199,372	165,618	364,990
Associated companies	16	16,234	889	17,123
Joint venture companies	17	–	6,000	6,000
Deferred tax assets	42	–	974	974
		215,606	173,491	389,097
Current assets				
Trade receivables	24	492	–	492
Prepayments and other non-financial assets	25	–	302	302
Other receivables	26	2,204	–	2,204
Amounts due from subsidiary companies	27	41,999	–	41,999
Amounts due from associated companies	28	18	–	18
Cash and cash equivalents	32	29,359	–	29,359
		74,072	302	74,374
Total assets		289,678	173,793	463,471

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2011				
Current liabilities				
Unearned income		–	2,077	2,077
Other non-financial liabilities	34	–	91	91
Other payables	35	5,342	–	5,342
Amounts due to subsidiary companies	27	9,314	–	9,314
Amounts due to related parties	29	1	–	1
Interest-bearing loans and borrowings	36	4,892	–	4,892
Notes payable	39	48,814	–	48,814
		68,363	2,168	70,531
Non-current liabilities				
Interest-bearing loans and borrowings	36	10,450	–	10,450
Notes payable	39	118,964	–	118,964
Amount due to a joint venture company	30	6,677	–	6,677
		136,091	–	136,091
Total liabilities		204,454	2,168	206,622

52. 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, Laguna property sales and development project/site 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. Development project/site sales relates to pure development land sales or development land sales which are fully or partially developed with infrastructure.

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 2012 and 2011.

52. 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 2012 and 2011:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2012					
Revenue:					
Segment revenue					
Sales	**187,974**	**42,656**	**170,355**	**–**	**400,985**
Inter-segment sales	**(248)**	**–**	**(62,321)**	**–**	**(62,569)**
Sales to external customers	**187,726**	**42,656**	**108,034**	**–**	**338,416**
Results:					
Segment results	**15,336**	**5,558**	**21,554**	**(18,838)**	**23,610**
Unallocated income					**22,874**
Profit from operations and other gains					**46,484**
Finance income	**378**	**1,913**	**749**	**338**	**3,378**
Finance costs	**(13,288)**	**–**	**(517)**	**(11,484)**	**(25,289)**
Share of results of associated companies	**111**	**–**	**28**	**(2)**	**137**
Share of results of joint venture companies	**–**	**–**	**–**	**7**	**7**
Profit before taxation					**24,717**
Income tax expenses					**(9,363)**
Profit for the year					**15,354**

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2011					
Revenue:					
Segment revenue					
Sales	164,027	66,253	137,900	–	368,180
Inter-segment sales	(311)	–	(38,377)	–	(38,688)
Sales to external customers	163,716	66,253	99,523	–	329,492
Results:					
Segment results	(1,937)	18,539	16,654	(20,187)	13,069
Unallocated income					7,627
Profit from operations and other gains					20,696
Finance income	1,607	1,560	87	320	3,574
Finance costs	(11,276)	(68)	(749)	(10,193)	(22,286)
Share of results of associated companies	609	–	18	(51)	576
Share of results of joint venture companies	–	–	–	(14)	(14)
Profit before taxation					2,546
Income tax expenses					459
Profit for the year					3,005

52. 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 2012 and 2011:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2012					
Assets and liabilities:					
Segment assets	**877,685**	**147,985**	**221,485**	**126,519**	**1,373,674**
Associated companies	**1**	**–**	**83**	**174**	**258**
Joint venture companies	**–**	**–**	**–**	**6,301**	**6,301**
Deferred tax assets	**5,217**	**4,595**	**1,367**	**136**	**11,315**
Total assets					**1,391,548**
Segment liabilities	**41,785**	**23,791**	**32,495**	**32,991**	**131,062**
Interest-bearing loans and borrowings	**215,291**	**–**	**8,000**	**43,533**	**266,824**
Notes payable	**–**	**–**	**–**	**167,637**	**167,637**
Current and deferred tax liabilities	**58,626**	**24,565**	**28,364**	**2,073**	**113,628**
Total liabilities					**679,151**
Other segment information:					
Capital expenditure	**24,109**	**–**	**2,358**	**335**	**26,802**
Depreciation of property, plant and equipment	**18,384**	**90**	**5,695**	**637**	**24,806**
Amortisation of lease rental and land use rights	**3,160**	**–**	**–**	**–**	**3,160**
Other non-cash items	**512**	**(138)**	**4,084**	**16**	**4,474**

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2011					
Assets and liabilities:					
Segment assets	823,927	160,756	206,035	119,884	1,310,602
Associated companies	5,152	–	55	16,978	22,185
Joint venture companies	–	–	–	7,632	7,632
Deferred tax assets	5,595	4,710	1,299	1,865	13,469
Total assets					1,353,888
Segment liabilities	56,574	14,127	24,413	17,635	112,749
Interest-bearing loans and borrowings	222,142	–	13,029	17,633	252,804
Notes payable	–	–	–	167,778	167,778
Current and deferred tax liabilities	59,135	25,112	26,929	1,136	112,312
Total liabilities					645,643
Other segment information:					
Capital expenditure	25,945	–	1,062	365	27,372
Depreciation of property, plant and equipment	20,429	660	3,240	1,165	25,494
Amortisation of lease rental and land use rights	3,203	–	–	–	3,203
Other non-cash items	15	(160)	2,274	–	2,129

52. 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
South East Asia	**199,382**	182,630	**725,568**	736,310
Indian Oceania	**62,186**	53,836	**122,442**	118,932
Middle East	**5,995**	4,163	**26**	29
North East Asia	**62,650**	77,488	**84,226**	81,916
Rest of the world	**8,203**	11,375	**48,160**	48,364
	338,416	329,492	**980,422**	985,551

53. Dividends

	COMPANY	
	2012 $'000	2011 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2012: Nil cents (2011: 0.5 cents) per share	–	3,798
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2012: 0.651 cents (2011: Nil cents) per share	**4,949**	–

54. Events occurring after the reporting period

On 31 January 2013, the Group's 93.43% owned subsidiary, Maldives Bay Pvt Ltd ("MB") completed the sale of fixed assets and prepaid island lease of Angsana Velavaru ("the Property") in Maldives to Sanctuary Sand Maldives Pvt Ltd ("the Purchaser") for US$71.0 million. Profit arising from this sale is estimated at about S$14.0 million.

As part of the sale, MB has concurrently entered into a lease agreement with the Purchaser to lease back the Property for a period of 10 years and to continue to manage the Property under the "Angsana" brand. Pursuant to the lease agreement, MB will pay a base rental and is entitled to a percentage of the gross operating profit based on agreed formula.

55. Authorisation of financial statements

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 15 March 2013.

Worldwide Resorts

Banyan Tree Hotels And Resorts

Africa

Banyan Tree Seychelles

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Sabre – BY 62616
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Sabre – BY 48673
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Sabre – BY 138120
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Galileo – BY 12654
Sabre – BY 177
Worldspan – BY 1887

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Sabre – BY 7158
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Sabre – BY 79610
Worldspan – BY SYXBT

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Sabre – BY 59603
Worldspan – BY RKTBT

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Sabre – BY 74301
Worldspan – BY MLEMM

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Galileo – BY 12644
Sabre – BY 39760
Worldspan – BY 1896

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Worldwide Resorts

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Angsana Riad Si Said

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Angsana Riad Tiwaline

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Sabre – BY 74305
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Singapore

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Germany

Tel: 00 800 3002 0000

Spain

Tel: 00 800 3002 0000

United Kingdom

Tel: 00 800 3002 0000

Middle East

United Arab Emirates

Tel: 800 065 0586

Corporate Information

Board of Directors

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Elizabeth Sam
Chan Heng Wing
Tham Kui Seng

Executive Officers

Claire Chiang
Ho KwonCjan
Abid Butt
Eddy See Hock Lye
Shankar Chandran
Dharmali Kusumadi
Steve Small
Paul Chong
Lim See Bee
Stuart Reading
Hokan Limin
Shelly Yeo
Emilio Llamas Carreras
Maximilian Lennkh
Andrew Langston
Michael Lee
David Spooner
Luca Deplano
Foong Pohmun
Sachiko Shiina
Elsie Leung
Zhang Li
David Huang

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Certified Public Accountants
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North Tower Level 18
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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
Bank of China Ltd

Joint Company Secretaries

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Statistics of Shareholdings

As At 15 March 2013

Share Capital

Issued and Paid-up Capital	$199,994,894
Class of Shares	Ordinary Shares
Voting Rights	One vote per share except for treasury shares

Size of shareholdings	No. of shareholders	%	No. of shares	%
1–999	44	1.36	10,125	0.00
1,000–10,000	2,359	73.01	10,778,977	1.42
10,001–1,000,000	811	25.10	36,714,571	4.83
1,000,001 AND ABOVE	17	0.53	712,643,607	93.75
Total	**3,231**	**100.00**	**760,147,280***	**100.00**

* The total number of issued shares excludes the 1,255,000 treasury shares. Percentage of 1,255,000 treasury shares against total number of issued shares (excluding treasury shares) is 0.17%.

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

	Direct interests No. of shares	% [6]	Deemed interests No. of shares	% [6]
Ho KwonPing [1]	–	–	286,232,582	37.65
Claire Chiang [1]	–	–	286,232,582	37.65
Estate of Ho Lien Fung, Deceased [2]	–	–	38,095,000	5.01
Bibace Investments Ltd	270,460,582	35.58	9,772,000	1.29
Recourse Investments Ltd. [3]	6,000,000	0.79	280,232,582	36.87
KAP Holdings Ltd. [3]	–	–	280,232,582	36.87
Qatar Holding LLC [4]	–	–	205,187,443	26.99
Qatar Investment Authority [5]	–	–	205,187,443	26.99

1 Ho KwonPing and Claire Chiang 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 Estate of Ho Lien Fung, Deceased is deemed to have an interest in the shares held by ICD (HK) Limited (formerly known as Wah-Chang Offshore (Hong Kong) Company Limited) 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 third party nominees.

5 Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

6 Percentage shareholding is based on issued share capital as at 15 March 2013 (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	35.58
2.	DBSN Services Pte Ltd	238,843,378	31.42
3.	Citibank Nominees Singapore Pte Ltd	67,010,578	8.82
4.	ICD (HK) Limited (formerly known as Wah-Chang Offshore (Hong Kong) Company Limited)	31,000,000	4.08
5.	HSBC (Singapore) Nominees Pte Ltd	25,994,780	3.42
6.	Goodview Properties Pte Ltd	25,194,000	3.31
7.	Ho KwonCjan	16,000,000	2.10
8.	Freesia Investments Ltd	10,000,000	1.32
9.	Recourse Investments Ltd.	6,000,000	0.79
10.	DBS Nominees Pte Ltd	4,615,216	0.61
11.	United Overseas Bank Nominees (Private) Limited	3,780,000	0.50
12.	Maybank Kim Eng Securities Pte Ltd	3,615,603	0.48
13.	BNP Paribas Securities Services Singapore Branch	3,011,320	0.40
14.	Merrill Lynch (Singapore) Pte Ltd	2,401,150	0.32
15.	Raffles Nominees (Pte) Ltd	2,311,000	0.30
16.	CIMB Securities (Singapore) Pte Ltd	1,223,000	0.16
17.	Bank Of Singapore Nominees Pte Ltd	1,183,000	0.16
18.	Ariel P Vera	919,600	0.12
19.	UOB Kay Hian Private Limited	652,000	0.09
20.	Leong Hong Cheong	620,000	0.08
	Total	**714,835,207**	**94.06**

As at 15 March 2013, approximately 26.41% 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.

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 Thirteenth Annual General Meeting ("**AGM**") of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Monday, 29 April 2013 at 3.00 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 2012 and the Auditors' Report thereon.

2 To declare a first and final tax exempt (one-tier) dividend of 0.651 cents per ordinary share for the year ended 31 December 2012 (FY2011: NIL).

3 To re-elect the following directors who are retiring by rotation in accordance with Articles 93 and 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

(i) Mr Ho KwonPing

(ii) Mr Chia Chee Ming Timothy

4 To re-elect the following directors who will cease to hold office in accordance with Article 99 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

(i) Mr Chan Heng Wing

(ii) Mr Tham Kui Seng

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 AGM until the next AGM.

6 To approve payment of Directors' fees of S$294,500 for the financial year ended 31 December 2012 (FY2011: S$220,000).

7 To re-appoint Ernst & Young LLP as the Auditors of the Company to hold office until the next AGM 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,

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 Singapore Exchange Securities Trading Limited (the "**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 AGM of the Company or the date by which the next AGM 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 AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

8.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 11 April 2013 (the "**Letter**"), with any person who falls within the classes of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for interested person transactions as set out in the Appendix to the Letter (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM of the Company is held or required by law to be held, whichever is the earlier;

(c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

8.4 That:

(a) for the purposes of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM is held or required by law to be held; and

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing not more than 1 per cent. of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105 per cent. of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Highest Last Dealt Price,

where:

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

9 To transact any other business as may properly be transacted at an AGM.

By Order of the Board

Jane Teah & Paul Chong
Joint Company Secretaries
Singapore, 11 April 2013

Notice of Annual General Meeting
Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

Explanatory Notes

In relation to Ordinary Resolution 3(i), Mr Ho KwonPing will, upon re-election as Director, continue to serve as Executive Chairman of the Company.

In relation to Ordinary Resolution 3(ii), Mr Chia Chee Ming Timothy will, upon re-election as Director, continue to serve as Chairman of the Nominating & Remuneration Committee ("**NRC**") and as a member of the Audit & Risk Committee ("**ARC**"), and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 4(i), Mr Chan Heng Wing will, upon re-election as Director, continue to serve as a member of the ARC and as a member of the NRC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 4(ii), Mr Tham Kui Seng will, upon re-election as Director, continue to serve as a member of the ARC and as a member of the NRC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 5, Mrs Elizabeth Sam will, upon re-appointment as Director, continue to serve as a member of the ARC and as a member of the NRC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

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, if passed, will empower the Directors, from the date of the passing of Ordinary Resolution 8.1 to the date of the next AGM, 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, if passed, will empower the Directors, from the date of this AGM until the next AGM, or the date by which the next AGM 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 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.

Ordinary Resolution 8.3, if passed, will authorise the Interested Person Transactions as described in the Letter to Shareholders dated 11 April 2013 (the "**Letter**") and recurring in the year, and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is or is required by law to be held, whichever is the earlier.

Ordinary Resolution 8.4, if passed, will empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) shares of the Company on the terms of the Share Buyback Mandate as set out in the Letter. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is or is required by law to be held, whichever is the earlier.

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchases or acquisitions of shares. The Directors of the Company do not propose to exercise the Share Buyback Mandate to such extent that it would result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The amount of financing required for the Company to purchase its shares pursuant to the Share Buyback Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of shares purchased and the purchase prices paid at the relevant times.

An illustration of the financial impact of the share purchases by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Group for the financial year ended 31 December 2012 is set out in the Letter.

Notes

1. A member of the Company entitled to attend and vote at the AGM 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 AGM.

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 Monday, 29 April 2013 at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, at 3.00 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 2012					
2	Payment of a first and final tax exempt (one tier) dividend					
3	Re-election of Directors pursuant to Articles 93 and 94	(i) Mr Ho KwonPing				
		(ii) Mr Chia Chee Ming Timothy				
4	Re-election of Directors pursuant to Articles 99	(i) Mr Chan Heng Wing				
		(ii) Mr Tham Kui Seng				
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					
8.3	The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions					
8.4	The Proposed Share Buyback Mandate					

* 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 __________________ 2013

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:

In line with Banyan Tree's continuing efforts to promote environmental sustainability, this report is printed on 9Lives paper (with 55% recycled content) and is a Forest Stewardship Council™ (FSC™) certified print job.

If you would like additional copies or to share this report, we encourage you to join the bulk of our shareholders and enjoy 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 organisation 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.

This is an FSC-certified publication.

strategic communicator and visual creator
greymatter williams and phoa (asia)

BANYAN TREE LIJIANG **CHINA**

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