

NEWS



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- Banyan Tree Maldives Vabbinfaru

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INTERIM OPERATING PROFIT INCREASES TO S\$52.8 MILLION ON THE BACK OF RECORD REVENUE

- Revenue increases 121% to S\$152.3 million
- Turnaround in profitability to achieve NPAT of S\$15.4 million
- Strong recovery from the 2004 Asian Tsunami
- 2QFY06 PBT and exceptional item of S\$8.8 million in line with expectations
- Exceptional one-off charge of S\$7.8 million management shares expense

1HFY06 Financial Results Highlights (in S\$million) :

	1HFY06	1HFY05	Change (%)
Revenue	152.3	69.0	121 ↑
Operating Profit*	52.8	1.6	3207 ↑
PBT and Exceptional Item**	33.3	(12.0)	nm
Exceptional Item	7.8	-	nm
NPAT***	15.4	(12.1)	nm

2QFY06 Financial Results Highlights (in S\$million) :

	2QFY06	2QFY05	Change (%)
Revenue	71.4	34.0	110 ↑
Operating Profit*	18.9	(1.0)	nm
PBT and Exceptional Item**	8.8	(8.6)	nm
Exceptional Item	7.8	-	nm
NPAT***	(2.0)	(9.0)	nm

* *Operating Profit = EBITDA (Earnings before interest, tax, depreciation & amortization)*

** *PBT and Exceptional Item = Profit Before Tax and Exceptional Item*

*** *NPAT = Net Profit After Tax*

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Singapore, August 14, 2006 – Main-Board listed Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”), a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, announced today a 3207 per cent or a 32-times increase in operating profit (“EBITDA”) to S\$52.8 million for the six months ended, June 30, 2006 (“1HFY06”).

This was on the back of a 121% increase in Group revenue to S\$152.3 million, largely driven by a strong recovery in the performance of core business segments in Phuket and Maldives, which were adversely affected by the December 2004 Asian Tsunami.

On a quarter on quarter comparison, the second quarter 2006 (“2QFY06”) revenue was 12 per cent lower than the S\$80.7 million recorded in 1QFY06 for the Group given the expected operational seasonality.

Mr Ho KwonPing, Executive Chairman of Banyan Tree, said, “We are pleased that we have recovered strongly from the effects of the Asian Tsunami of December 2004, as results for the first half of 2006 have shown. While results are satisfactory and in line with our expectations, we believe second quarter results could have been even better had hotel occupancies and the sale of resort properties not been affected by the FIFA World Cup. This exacerbated the results for the second quarter, which has traditionally, together with the third quarter, been the shoulder seasons for the year.”

The Group’s total operating expenses increased by 48 per cent, largely due to higher operating supplies and sales and marketing expenses, which are in tandem with the increase in revenue. There was also an increase in staff strength due to new spa operations and new hotel openings in Banyan Tree Ringha and Banyan Tree Lijiang.

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Sharp Turnaround in Profits

The Group recorded PBT and Exceptional Item of S\$33.3 million in 1HFY06, up from a loss of S\$12.0 million in the previous corresponding period. The exceptional item, a one-off expense charge arising from the issuance and granting of an aggregate 8 million new shares equivalent to S\$7.8 million to over 250 management staff, was recorded in 2QFY06.

Despite the exceptional expense charge, the Group recorded a sharp turnaround in NPAT to S\$15.4 million in 1HFY06, compared to a loss of S\$12.1 million in 1HFY05.

The 1HFY06 and 2QFY06 EBITDA increased to S\$52.8 million and S\$18.9 million, respectively, mainly attributed to improved operating profit from the Group's core business segments.

Net cash flows from operating activities rebounded from S\$8.8 million in the red in 1HFY05 to S\$34.5 million in 1HFY06, while overall cash and cash equivalents increased from S\$47.6 million in 1HFY05 to S\$112.3 million in 1HFY06 as a result of higher operating profit and proceeds from the issuance of new shares.

Business Segments Review

The Group's Property Sales segment saw the strongest revenue growth in 2QFY06, increasing 587 per cent to S\$24.2 million. The strong sales growth was mainly attributed to sales and recognition of revenue from branded Banyan Tree residences and also from Laguna Townhomes and Residences. Construction delays brought upon by the Tsunami had negatively affected property sales in the previous corresponding period. EBITDA for 2QFY06 increased significantly to S\$12.6 million, in line with the higher revenue.

Revenue from the Hotel Investments segment also reported a strong recovery in 2QFY06, increasing by 61 per cent to S\$33.7 million. 2QFY06 EBITDA also saw a turnaround, at S\$5.5 million compared to a loss of S\$1.0 million in the corresponding period. Occupancy and average room rates at the Phuket and Maldives resorts had dropped in the previous corresponding period as a result of the Tsunami.



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The Hotel Management segment experienced a 33 per cent increase in revenue to S\$1.3 million, largely as a result of higher fees received from two resorts in Bintan and from Banyan Tree Seychelles. If the Group were to include the management fees of those resorts in which the Group had majority interest but were eliminated on consolidation, EBITDA would be S\$1.6 million for 2QFY06, an increase of 97 per cent from S\$0.8 million compared to the corresponding period.

Revenue from the Spa segment saw a rebound by 66 per cent to S\$6.0 million in 2QFY06, led by the recovery of Tsunami affected spa outlets in Laguna Phuket and Maldives, as well as additional revenue from new outlets in Egypt, Velavaru Island resort, Banyan Tree Ringha, and compensation fees received for termination of lease at BT Spa Hakone in Japan when the owner sold the property. Consequently, EBITDA for this segment increased to S\$2.3 million in 2QFY06 from the S\$0.1 million loss in the previous corresponding period.

Outlook

Mr Ho said, "The Group's interim results for 1HFY06 have been in line with expectations, and the outlook for the next six months remain broadly positive. At the macro level, the general environment for tourism and travel remains favourable, though the uncertainties arising from the possibly slower global growth and costlier air travel remains a potential drag on growth. For the Group itself, we are cautiously optimistic that the performance in the 2nd half of 2006 will be better than the first half."

The outlook for various parts of the Group's business is as follows:

Hotel business: Other than the property-specific issues discussed below, it is clear that there has been a full recovery from the 2004 Tsunami and this has been felt in all the Group's resorts. Except for unforeseen circumstances, the 2006 peak season should return to or even exceed pre-Tsunami levels.



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The property-specific issues to note: The Group's major markets are rebounding after a slightly greater than expected downturn in occupancies due to the FIFA World Cup. However, the rate of rebound is slightly less than expected, though not at a rate to cause any concern as yet. The continuing absence of direct flights from Japan and Hong Kong to Phuket, which ceased after the 2004 Tsunami, may place capacity constraints on growth. The decision to fully close the Velavaru Island Resort, Maldives in 2nd quarter 2006 in order to accelerate the renovation programme in time for a re-opening in 4th quarter 2006 (as against a re-opening in 2nd quarter of 2007), rather than continue to operate the resort during the renovations, will reduce available inventory for 3rd quarter 2006 and increase operating expenses in the Maldives.

Property sales business: Property sales remain positive in Phuket. New inventory, such as the Dusit Residences, were introduced and the response has been good, but income recognition will not be until the next financial year. Existing unbranded products (units such as townhouses and bungalows which are not part of hotel operation) continue to sell steadily. The new ultra-luxurious Double Pool Villas under the Banyan Tree brand were very well received and should continue to sell well, though probably mainly in the last quarter of this financial year.

Delays may occur in some other property sales projects. It remains unclear whether the Group can launch property sales in Lijiang in the second half of 2006 as originally projected, due to new central government restrictions on sales of residential properties in China. The deferral of the conversion of office floors into hotel and residential floors at Banyan Tree Bangkok, with renovation works likely to start only in 4Q, may improve occupancies for the hotel in 2006 but also defer property sales income to the following year. Property sales for the Group's Seychelles development should commence very soon, but income recognition based on percentage of completion will only commence next year. However, all these projects have a relatively insignificant impact on the Group's expected profits this year.

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Management and design services: The outlook is very positive, with the rapidly growing pipeline of projects contributing to hotel and spa management fees, and design fees. However, the pressure on operating profit margins may increase temporarily, arising from the need to hire more staff to support the rapid growth

For business development: The outlook for development projects remains very positive. Three new resort/hotel projects in India, and four new spa projects in Ireland, India, Australia and China, were secured in the last three months, bringing the total number of hotel projects under development to 24 and spa projects to 36.

The pipeline for new projects in the remainder of the year also remains very positive with a number of projects at an advanced stage of negotiations.

Current development of hotel projects are on track and there has been no revision in the timetable for project openings, except for Angsana Velavaru which is now brought forward.



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About Banyan Tree Holdings Limited

Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”) is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 19 resorts and hotels, 50 spas, 54 galleries and two golf courses. The Group manages and/or have ownership interests in niche resorts and hotels. The resorts each typically has between 50 and 100 rooms and commands room rates at the high end of each property’s particular market.

Banyan Tree has six operating business segments: hotel investment, hotel management, spa operations, gallery operations, property sales, design fees and others (design and project management, golf course operations and other businesses).

The Group’s primary business is the management, development and ownership of resorts and hotels. This is centred around two award-winning brands: Banyan Tree and Angsana, of which the latter includes the Colours of Angsana product line. Banyan Tree also operates the leading integrated resort in Thailand – Laguna Phuket, through the Group’s subsidiary, Laguna Resorts & Hotels Public Company Limited.

As a leading operator of spas in the Asia Pacific, Banyan Tree’s spas are one of the key features in their resorts and hotels. Banyan Tree galleries, which complement their resorts, hotels and spas, help to extend the reach and scope of their brands.

Since the launch of the first Banyan Tree resort, Banyan Tree Phuket, in 1994, Banyan Tree has received over 250 awards and accolades for the resorts, hotels and spas that the Group manages. The Group has also received recognition for its commitment to environmental protection and emphasis on corporate social responsibility.

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DBS Bank Ltd and UBS AG, acting through its business group, UBS Investment Bank, were the joint global co-ordinators and bookrunners of the initial public offering of the shares in Banyan Tree Holdings Limited.

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