



BANYAN TREE HOLDINGS LIMITED

Company Registration No.: 200003108H

Unaudited results for the Second Quarter ended 30 June 2006

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	Group 3 months ended 30 Jun			Group 6 months ended 30 Jun		
		2006 (S\$'000)	2005 (S\$'000)	Incr/ (Decr) %	2006 (S\$'000)	2005 (S\$'000)	Incr/ (Decr) %
Revenue	1	71,421	33,981	110%	152,250	69,019	121%
Other operating income		275	52	429%	733	284	158%
Cost and expenses	2						
Operating supplies		(15,656)	(4,187)	274%	(28,388)	(8,773)	224%
Salaries and related expenses		(18,584)	(14,719)	26%	(35,580)	(28,713)	24%
Administrative expenses		(4,133)	(6,505)	-36%	(7,740)	(10,664)	-27%
Sales and marketing expenses		(2,940)	(2,128)	38%	(5,948)	(4,496)	32%
Other operating expenses		(11,509)	(7,529)	53%	(22,544)	(15,061)	50%
Total costs and expenses		(52,822)	(35,068)	51%	(100,200)	(67,707)	48%
Operating profit	3	18,874	(1,035)	nm	52,783	1,596	3207%
Depreciation of property, plant and equipment	4	(5,671)	(4,837)	17%	(11,046)	(9,352)	18%
Amortisation of lease rental	5	(981)	(522)	88%	(1,976)	(1,036)	91%
		12,222	(6,394)	nm	39,761	(8,792)	nm
Interest income	6	605	189	220%	974	440	121%
Interest costs	7	(4,148)	(2,392)	73%	(7,932)	(3,979)	99%
Share of results of associated companies	8	167	(28)	nm	456	374	22%
Share of results of joint venture companies		(3)	(1)	200%	(4)	(3)	33%
Profit before exceptional item		8,843	(8,626)	nm	33,255	(11,960)	nm
Exceptional item	9	(7,760)	-	nm	(7,760)	-	nm
Profit after exceptional item		1,083	(8,626)	nm	25,495	(11,960)	nm
Taxation	10	(3,131)	(338)	826%	(10,063)	(175)	5650%
Net profit after taxation	11	(2,048)	(8,964)	nm	15,432	(12,135)	nm
Attributable to:							
Equity holders of the Company	13	(2,667)	(5,992)	nm	8,412	(6,896)	nm
Minority interest	12	619	(2,972)	nm	7,020	(5,239)	nm
Net Profit for the Period		(2,048)	(8,964)	nm	15,432	(12,135)	nm

1(a)(ii) Explanatory notes on performance for 2Q 2006

1. Revenue

Revenue increased 110% from S\$34.0 million in 2Q05 to S\$71.4 million in 2Q06. All business segments achieved higher revenue compared to the corresponding period in 2005. This was largely due to a recovery from the 2004 Tsunami towards the end of 2005. The Tsunami adversely affected the performance of our resorts in Phuket and Maldives in 2005.

2. Costs and expenses

Total costs and expenses increased 51% from S\$35.1 million in 2Q05 to S\$52.8 million in 2Q06. The increase was mainly due to increase in operating supplies, other operating expenses and sales and marketing expenses which are in line with the increase in revenue.

Salaries and related expenses also increased as a result of an increase in headcount due to new spa operations and new hotel openings in Banyan Tree Ringha and Banyan Tree Lijiang. In addition, there was also an increase in headcount in existing operations to support the increased level of business activity.

Administrative expenses on the other hand decreased mainly due to unrealized exchange gain of S\$2.8 million as a result of translation of intercompany loans and marked to market US\$ foreign exchange forward contracts. In the corresponding period last year, the Group incurred an unrealized exchange loss of S\$1.5 million. Excluding the exchange differences, administrative expenses increased by 40% mainly due to increase in revenue related expenses such as management fees paid to Sheraton Grande Laguna Phuket and Dusit Laguna and rentals paid to Sheraton Island Villas and Banyan Tree Phuket unit owners.

3. Operating profit ("EBITDA")

EBITDA improved significantly from a loss of S\$1.0 million in 2Q05 to a profit of S\$18.9 million in 2Q06. This was mainly attributed to improved operating profit from our core segments as a result of the recovery from the 2004 Tsunami.

4. Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased due to additional depreciation of Velavaru Island resort (acquired in July 2005), Banyan Tree Ringha (started operation in September 2005), new restaurants in Banyan Tree Bangkok and Sheraton Grande 45 rooms expansion project.

5. Amortisation of lease rental

Amortisation of lease rental increased by S\$0.5 million due to amortisation of lease rental of Velavaru Island resort.

6. Interest income

Interest income increased by 220% from S\$0.2 million in 2Q05 to S\$0.6 million in 2Q06. This increase was mainly due to an increase in interest received by our subsidiary, Laguna Resorts and Hotels Public Co Ltd ("LRH") as a result of higher average balance of interest-bearing assets in 2Q06 as compared to 2Q05. This was primarily due to introduction of interest-free offer in selling timeshare products in 2005 to stimulate demand after the tsunami. In 2006, these interest-free packages was discontinued.

7. Interest costs

Interest costs increased by 73% from S\$2.4 million in 2Q05 to S\$4.1 million in 2Q06 mainly due to new project financing on Velavaru Island resort and various construction projects in Laguna Phuket, Bangkok and China. The average interest rate also increased from 4.7% in 2Q05 to 5.8% in 2Q06.

8. Share of results of associated company

Share of results of associated companies relates to our 30% investment interest in Banyan Tree Seychelles Holdings Ltd (which owns Banyan Tree Seychelles). In 2Q06, Banyan Tree Seychelles Holdings Ltd profit was S\$0.6 million, compared to a loss of S\$0.1 million in 2Q05.

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9. Exceptional item

As disclosed in our IPO prospectus, in recognition of the staff contribution to the growth of the Group, the Company issued an aggregate of 8 million new ordinary shares at no consideration to over 250 management staff ("Management Shares") before the Company was admitted to the official list of the SGX-ST in June 2006. A one-off Management Shares expense equivalent to S\$7.8 million was charged in 2Q06 as an exceptional item.

10. Taxation

Taxation was significantly higher than the corresponding period in 2005 as a result of higher profit before exceptional items.

11. Net profit after taxation ("NPAT")

Net loss after taxation decreased from S\$9.0 million in 2Q05 to S\$2.0 million in 2Q06 mainly due to higher operating profit partially offset by exceptional item and higher taxation.

12. Minority interest

	Three months ended 30 Jun	
	2006 (S\$'000)	2005 (S\$'000)
Minority interest from continuing operations	1,963	(2,972)
Minority interest on exceptional item	(1,344)	-
Total Minority Interest	619	(2,972)

Minority interest from continuing operations increased from negative S\$3.0 million in 2Q05 to positive S\$2.0 million in 2Q06 mainly attributed to profit after tax generated by LRH in 2Q06 as compared to a loss after tax in 2Q05. Minority interest on exceptional item relates to Management Shares expense attributable to LRH.

13. Profit attributable to shareholders of the Company ("PATMI")

Loss attributable to shareholders was S\$2.7 million in 2Q06. Excluding the one-off exceptional item for shares issued to management net of minority interest of S\$6.4 million, PATMI in 2Q06 was S\$3.7 million, as compared to loss attributable to shareholders in 2Q05 of S\$6.0 million. This was mainly due to improved operating performance from our core business segments as a result of the recovery from the 2004 Tsunami.

14. Additional disclosures

	Group			Group		
	3 months ended 30 Jun			6 months ended 30 Jun		
	2006 (S\$'000)	2005 (S\$'000)	Incr/ (Decr) %	2006 (S\$'000)	2005 (S\$'000)	Incr/ (Decr) %
Operating profit						
Operating profit is stated after charging/ (crediting):						
Provision for doubtful debts	231	13	1677%	249	330	-25%
Write back of provision for doubtful debts	(15)	-	nm	(32)	(22)	45%
Provision/ (write back) for inventory obsolescence	24	28	-14%	(172)	44	nm
Bad debts (written back)/ written off - trade	(2)	58	nm	(13)	58	nm
Exchange (gain)/ loss	(2,849)	1,535	nm	(5,745)	1,966	nm
(Gain)/ loss in disposal of property, plant and equipment	(2)	-	nm	(1)	2	nm
Write off of property, plant and equipment	-	327	nm	-	327	nm

15. Extraordinary items

Nil

16. Adjustments for under or over provision of tax in respect of prior years

Nil

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Notes	Group			Company		
		As at 30 Jun 06 (S\$'000)	As at 31 Dec 05 (S\$'000)	Incr/ (Decr) %	As at 30 Jun 06 (S\$'000)	As at 31 Dec 05 (S\$'000)	Incr/ (Decr) %
Non-current assets							
Property, plant and equipment	1	469,891	438,713	7%	19	12	58%
Land awaiting for future development		26,854	26,087	3%	-	-	-
Interest in Subsidiaries		-	-	-	157,930	123,140	28%
Interest in Associated companies		21,875	21,411	2%	20,587	35,230	-42%
Joint venture companies		3,954	4,163	-5%	6,367	6,384	0%
Prepaid island rental		33,682	32,095	5%	-	-	-
Long-term trade receivables		1,331	1,437	-7%	-	-	-
Intangible assets	2	27,152	2,778	877%	24,300	-	nm
Long-term investments		8,846	8,593	3%	-	-	-
Other non-current assets		731	805	-9%	-	-	-
Deferred tax assets		12,997	13,529	-4%	-	-	-
		607,313	549,611	10%	209,203	164,766	27%
Current assets							
Inventories		9,282	8,118	14%	-	-	-
Trade receivables		23,349	34,011	-31%	-	-	-
Other receivables		32,309	26,053	24%	2,314	5,295	-56%
Amounts due from Subsidiary companies		-	-	-	7,887	6,979	13%
Amounts due from related parties		4,449	3,935	13%	84	156	-46%
Property development costs		28,240	22,078	28%	-	-	-
Cash and cash equivalents		113,497	38,191	197%	73,821	2,433	2934%
		211,126	132,386	59%	84,106	14,863	466%
		818,439	681,997	20%	293,309	179,629	63%
Current liabilities							
Excess of progress billings over work-in-progress		-	30	nm	-	30	nm
Trade payables		13,022	11,802	10%	-	-	-
Other payables		40,507	49,960	-19%	5,613	9,316	-40%
Amounts due to subsidiaries		-	-	-	33,564	30,531	10%
Amounts due to related parties		683	439	56%	194	2	9600%
Interest-bearing loans and borrowings	3	73,701	68,730	7%	7,903	1,301	507%
Tax payable		5,438	2,056	164%	2	16	-88%
		133,351	133,017	0%	47,276	41,196	15%
Net current assets/ (liabilities)		77,775	(631)	nm	36,830	(26,333)	nm

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	Notes	Group			Company		
		As at 30 Jun 06 (S\$'000)	As at 31 Dec 05 (S\$'000)	Incr/ (Decr) %	As at 30 Jun 06 (S\$'000)	As at 31 Dec 05 (S\$'000)	Incr/ (Decr) %
Non-current liabilities							
Hire purchase creditors		103	31	232%	-	-	-
Interest-bearing loans and borrowings	3	134,869	128,332	5%	26,383	21,940	20%
Loan stock		52	421	-88%	-	-	-
Redeemable preference shares		30	27,100	-100%	30	27,100	-100%
Other non-current liabilities		2,960	2,915	2%	-	-	-
Deferred tax liabilities		72,282	67,439	7%	-	-	-
Loan from minority shareholders of a subsi co.		1,835	1,921	-4%	-	-	-
		212,131	228,159	-7%	26,413	49,040	-46%
Net assets		472,957	320,821	47%	219,620	89,393	146%
Equity attributable to equity shareholders of Co							
Share capital		189,563	30,096	530%	189,563	30,096	530%
Share premium		-	30,096	-100%	-	30,096	-100%
Reserves		140,743	128,631	9%	30,057	29,201	3%
		330,306	188,823	75%	219,620	89,393	146%
Minority interest		142,651	131,998	8%	-	-	-
Total equity		472,957	320,821	47%	219,620	89,393	146%

Explanatory notes on Balance Sheet

1. Property, Plant and Equipment

Property, Plant and Equipment increased by S\$31.2 million comprising mainly of increases arising from exchange adjustments on opening balance of S\$11.1 million and capital expenditure of S\$42.8 million which includes construction and renovation of various hotel projects, and decreases arising from the transfer of land to property development costs of S\$11.0 million and depreciation of S\$11.0 million during the period.

2. Intangible Assets

Intangible assets increased by S\$24.4 million mainly due to the acquisition of “Banyan Tree”, “Angsana”, “Elements”, “Yue Chun”, “Yue Rong” and “The Allamanda” trademarks.

3. Bank term loans (Short and long term)

Bank loans increased by S\$11.5 million mainly due to increases arising from exchange adjustments on opening balances of S\$3.4 million, drawdown of bank loans of S\$23.2 million to fund the various construction projects and net off repayment of S\$15.1 million during the period.

1(b)(ii) Aggregate amount of the group's borrowings and debts securities

	Group	
	As at	
	30 Jun 06 (S\$'000)	31 Dec 05 (S\$'000)
Amount repayable in one year or less, or on demand:-		
Secured	46,948	44,658
Unsecured	26,753	24,072
Sub-Total 1	73,701	68,730
Amount repayable after one year:-		
Secured	134,869	128,332
Unsecured	-	-
Sub-Total 2	134,869	128,332
Total Debt	208,570	197,062

Details of any collateral

Bank overdrafts facility of a subsidiary company is secured by deposits of US\$770,000 pledged by the Company. In addition, the long-term secured bank loans are secured by assets with the following net book values:

	Group	
	As at	
	30 Jun 06 (S\$'000)	31 Dec 05 (S\$'000)
Freehold land and buildings	281,271	263,575
Quoted shares in a subsidiary company	30,240	29,376
Land awaiting for future development	6,872	6,675
	318,383	299,626

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	6 months ended 30 Jun	
	2006	2005
	(S\$'000)	(S\$'000)
Cash Flows from Operating Activities		
Net profit before Tax and before MI	25,495	(11,960)
Adjustments for:		
Share of associate's results	(456)	(374)
Share of joint ventures' results	4	3
Depreciation	11,046	9,352
Management Share expense	7,760	-
Provision for bad debts	249	330
Gain on write-back of provision for doubtful debts	(32)	(22)
Bad debts (written back)/ written off	(13)	58
Gain on property sales recognition	-	(863)
Amortisation of prepaid island rental	1,976	1,154
Fixed assets written off	-	327
(Write-back)/ Provision for stock obsolescence	(172)	44
Interest income	(974)	(440)
Interest expenses	7,932	3,979
Currency Realignment	(2,544)	1,804
Operating profits before working capital changes	50,271	3,392
(Increase)/ Decrease in inventories	(554)	187
Decrease in trade and other receivables	8,421	8,569
Increase in amounts due from related parties	(2,578)	(329)
Decrease in trade and other payables	(4,581)	(13,721)
	708	(5,294)
Cash flow from operating activities and continuing operations	50,979	(1,902)
Income Tax paid	(2,506)	(4,626)
Interest received	943	651
Interest paid	(14,963)	(2,905)
Net Cash Flows from Operating Activities	34,453	(8,782)
Cash Flow from Investing Activities		
Purchase of Property plant and equipment	(42,768)	(21,969)
Acquisition of subsidiary, net of cash acquired	-	1,843
Proceeds on disposal of fixed assets	161	119
Acquisition of an associate	(959)	-
Acquisition of Long Term investments	-	(870)
Acquisition of trademarks	(9,215)	-
Dividend paid by a subsidiary to minority shareholders	-	(3,325)
Payment of Island Rental/ Long term lease rental	(4,409)	(665)
Net Cash Flows from Investing Activities	(57,190)	(24,867)
Cash Flow from Financing Activities		
Proceeds from bank loans	23,160	38,550
Repayment of long term bank loan	(15,068)	(6,599)
Proceeds from Share issue	93,801	-
Redemption of Pref B shares	(4,907)	-
Hire purchase creditors	72	-
Net Cash Flows from Financing Activities	97,058	31,951
Increase/(Decrease) in Cash & Cash Equivalents	74,321	(1,698)
Cash & Cash Equivalents at Beginning	37,349	49,912
Effects of exchange rate changes for balances in foreign currencies	673	(575)
Cash & Cash Equivalents at the end of the period	112,343	47,639

Explanatory notes on Consolidated Cash Flow

As at 30 June 2006, the Group cash and cash equivalents increased by 136% to S\$112.3 million compared to the corresponding period in 2005. This was mainly due to higher cashflow generated from operating activities as a result of higher operating profit and proceeds from issuance of new shares pursuant to the IPO.

The Group generated net cash flows from operating activities of S\$34.5 million mainly due to profit before tax of S\$25.5 million adjusted for non-cash items of S\$24.8 million, which comprised mainly of management shares expense of S\$7.8 million, depreciation and amortisation of lease rental of S\$13.0 million, and a net increase in cash generated from working capital changes of S\$0.7 million.

The net cash flows used in investing activities amounted to S\$57.2 million. This was mainly due to capital expenditure of S\$42.8 million which includes construction and renovation of various hotel projects. In addition, there was a payment of S\$1.0 million for a 20% equity interest in a joint venture company for the project in Mayakoba, Mexico, balance payment of S\$9.2 million for purchase of trademarks and S\$4.4 million for the payment of Island rentals in Maldives and long term lease rentals in Bintan.

The net cash flows generated from financing activities amounted to S\$97.1 million. These were mainly due to net proceeds from public offering of 101,828,563 shares of S\$93.8 million and long-term loans of S\$23.2 million. The increase was partially offset by scheduled bank repayment of S\$15.1 million and balance repayment for redemption of preference B shares for S\$4.9 million.

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Share Capital (S\$'000)	Share Premium (S\$'000)	Merger Deficit (S\$'000)	Capital Reserve (S\$'000)	Revaluation Reserve (S\$'000)	Currency Translation Reserve (S\$'000)	Fair Value Adjustment Reserve (S\$'000)	Legal Reserve (S\$'000)	Share Based payment Reserve (S\$'000)	Accum. Profits (S\$'000)	Attrib. to Shrs Co. (S\$'000)	Minority Interests (S\$'000)	Total Equity (S\$'000)
Balance as at 1 January 2006	30,096	30,096	(18,038)	7,852	26,813	(2,994)	(551)	613	-	114,936	188,823	131,998	320,821
Exchange differences on translation of financial statements of overseas subsidiary and associated companies					(138)	(3,923)					(4,061)	3,574	(487)
Net profit for the period										8,413	8,413	7,019	15,432
Capital contribution by minority interest											-	60	60
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	30,096	(30,096)									-		-
Issue of new Shares as part consideration for the acquisition of trademarks	15,085										15,085		15,085
Conversion of 216,559,114 "B" preference shares into Ordinary Shares	22,163										22,163		22,163
Issue of Management Shares									7760		7,760		7,760
New Share issued pursuant to initial public offering	98,774										98,774		98,774
Share issue expenses	(6,651)										(6,651)		(6,651)
Balance as at 30 June 2006	189,563	-	(18,038)	7,852	26,675	(6,917)	(551)	613	7,760	123,349	330,306	142,651	472,957

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GROUP	Share Capital (S\$'000)	Share Premium (S\$'000)	Merger Deficit (S\$'000)	Capital Reserve (S\$'000)	Revaluation Reserve (S\$'000)	Currency Translation Reserve (S\$'000)	Fair Value Adjustment Reserve (S\$'000)	Legal Reserve (S\$'000)	Share Based payment Reserve (S\$'000)	Accum. Profits (S\$'000)	Attrib. to Shrs Co. (S\$'000)	Minority Interests (S\$'000)	Total Equity (S\$'000)
Balance as at 1 January 2005	30,096	30,096	(18,038)	7,852	28,260	(1,997)	8	463	-	114,474	191,214	139,880	331,094
Exchange differences on translation of financial statements of overseas subsidiary and associated companies						(1,192)					(1,192)	(3,699)	(4,891)
Net deficit on revaluation of property, plant and equipment					(1,427)						(1,427)	(1,329)	(2,756)
Net income recognized directly in equity	-	-	-	-	(1,427)	(1,192)	-	-	-	-	(2,619)	(5,028)	(7,647)
Capital contribution by minority interest											-	214	214
Dividend paid to minority Shareholder of a subsidiary company											-	(3,343)	(3,343)
Net profit for the period										(6,894)	(6,894)	(5,239)	(12,133)
Net change in FRS39 reserve							19				19	17	36
Balance as at 30 June 2005	30,096	30,096	(18,038)	7,852	26,833	(3,189)	27	463	-	107,580	181,720	126,501	308,221

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

COMPANY	Share Capital (S\$'000)	Share Premium (S\$'000)	Capital Reserve (S\$'000)	Accum. Profits (S\$'000)	Share Based payment Reserve (S\$'000)	Total Equity (S\$'000)
Balance as at 1 January 2006	30,096	30,096	7,852	21,349	-	89,393
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	30,096	(30,096)				-
Issue of new Shares as part consideration for the acquisition of trademarks	15,085					15,085
Conversion of 216,559,114 "B" preference shares into Ordinary Shares	22,163					22,163
Issue of Management Shares					7,760	7,760
New Share issued pursuant to initial public offering	98,774					98,774
Share issue expenses	(6,651)					(6,651)
Net profit for the period				(6,904)		(6,904)
Balance as at 30 June 2006	189,563	-	7,852	14,445	7,760	219,620
Balance as at 1 January 2005	30,096	30,096	7,852	20,277		88,321
Net profit for the period				(617)		(617)
Balance as at 30 June 2005	30,096	30,096	7,852	19,660		87,704

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued and fully paid	Date	No. of ordinary shares	S\$'000
Balance as at 31 December 2005		300,963,598	30,096
Transfer of share premium account to share capital account following amendments to Companies Act	01.01.2006	-	30,096
Sub-division of one (1) ordinary share into two (2) shares	28.04.2006	300,963,598	-
Issue of new shares as part consideration for the acquisition of trademarks	22.05.2006	15,552,000	15,085
Conversion of 216,559,114 "B" preference shares into Ordinary Shares	22.05.2006	22,848,000	22,163
Issue of Management Shares	14.06.2006	8,000,000	-
New Shares issued pursuant to the initial public offering	14.06.2006	101,828,563	98,774
Estimated Share Issue expenses	-	-	(6,651)
Balance as at 30 June 2006		750,155,759	189,563

- 2 **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the group auditors.

- 3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current period as those of the audited financial statement for the year ended 31 December 2005.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, the effect of, the change.

During the current year, the Group adopted the following Financial Reporting Standards ("FRS")

FRS 102 Share-based payment

As disclosed in our IPO prospectus, in recognition of the staff contribution to the growth of the Group, the Company issued an aggregate of 8 million new ordinary shares at no consideration to over 250 management staff before the Company was admitted to the official list of the SGX-ST in June.

The issuance of Management Shares resulted in a non-recurring adjustment to the financial statements as shown below:

	Group (S\$'000)	Company (S\$'000)
Net profit for the 6 months ended 30 June 2006	7,760	1,835
Net tangible assets as at 30 June 2006	7,760	1,835

The adoption of FRS 102 by the Group has no impact on the financial statements of previous financial periods and hence, no restatement is required.

Other than the issuance of Management Shares, the Group did not issue any other share-based incentives.

6 Earnings per ordinary share of the group for the current financial period reported and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	3 months ended 30 Jun		6 months ended 30 Jun	
	2006	2005	2006	2005
a) Based on the weighted average number of ordinary shares on issue (cents)	(0.42)	(1.00)	1.36	(1.15)
b) On fully diluted basis (cents)	(0.42)	(1.00)	1.36	(1.15)

(i) The basic earnings per ordinary share for the 3 months period and the same period last year have been calculated based on the weighted average number of 639,323,741 and 601,927,196 ordinary shares respectively.

The basic earnings per ordinary share for the 6 months period and the same period last year have been calculated based on the weighted average number of 620,728,774 and 601,927,196 ordinary shares respectively.

(ii) The diluted earnings per share are the same as basic earnings per share as there is no dilutive potential of ordinary shares.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group As at		Company As at	
	30 Jun 06 (Note 1)	31 Dec 05 (Note 2)	30 Jun 06 (Note 1)	31 Dec 05 (Note 2)
Net asset value* per ordinary share based on issued share capital at the end of the period (S\$)	0.44	0.63	0.29	0.30

**Represents total assets minus total liabilities as defined in Chapter 1002 of the SGX Listing Manual*

Notes:

1. Based on share capital of 750,155,759 ordinary shares in issue as at 30 June 2006.
2. Based on share capital of 300,963,598 ordinary shares in issue as at 31 December 2005.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

A) REVENUE

	Group				Group			
	2Q	2Q	Actual vs 2005		HY	HY	Actual vs 2005	
	June-06	June-05	Incr/(Decr)		June-06	June-05	Incr/(Decr)	
	SGD'000	SGD'000	SGD'000	%	SGD'000	SGD'000	SGD'000	%
Hotel Investment	33,742	20,960	12,782	61%	84,744	41,704	43,040	103%
Hotel Management	1,277	962	315	33%	2,505	3,177	(672)	-21%
Spa Operations	6,012	3,612	2,400	66%	11,336	7,021	4,315	61%
Property Sales	24,156	3,514	20,642	587%	40,917	8,502	32,415	381%
Gallery Sales	2,479	1,554	925	60%	4,899	2,900	1,999	69%
Design Fees and Others	3,755	3,379	376	11%	7,849	5,715	2,134	37%
Revenue	71,421	33,981	37,440	110%	152,250	69,019	83,231	121%

Revenue in 2Q06 registered a strong growth of 110% compared to the previous corresponding period. This was largely due to a recovery from the 2004 Tsunami towards the end of 2005. The Tsunami adversely affected the performance of our resorts in Phuket and Maldives in 2005. Although all segments contributed to the revenue improvement, the largest contributors are from property sales segment and hotel investment segment which contributed 89% to the overall increase in revenue. However, compared to revenue in 1Q06 of S\$80.7 million, revenue in 2Q06 was 12% lower due to the 2nd quarter being the traditional low season for our hotel operations in Phuket and Maldives.

Including the revenue growth of 131% registered in 1Q06, overall revenue increased by 121% from S\$69.0 million to S\$152.3 million in HY06. Apart from the factors as mentioned above, revenue in HY06 also included an additional 2 months' revenue of Thai Wah Plaza in Bangkok which we acquired in early March 2005.

B) PROFITABILITY

	Group				Group			
	2Q	2Q	Actual vs 2005		HY	HY	Actual vs 2005	
	June-06	June-05	Incr/(Decr)		June-06	June-05	Incr/(Decr)	
	SGD'000	SGD'000	SGD'000	%	SGD'000	SGD'000	SGD'000	%
<u>EBITDA</u>								
Hotel Investment	5,514	(975)	6,489	<i>nm</i>	28,377	1,188	27,189	2289%
Hotel Management	(399)	(575)	176	31%	(396)	75	(471)	<i>nm</i>
Spa Operations	2,329	(59)	2,388	<i>nm</i>	4,487	228	4,259	1868%
Property Sales	12,639	1,062	11,577	1090%	21,472	2,251	19,221	854%
Gallery Sales	156	68	88	129%	432	(235)	667	<i>nm</i>
Design Fees and Others	(1,578)	(808)	(770)	-95%	(2,145)	(2,353)	208	-9%
Unallocated Income	213	252	(39)	-15%	556	442	114	26%
EBITDA	18,874	(1,035)	19,909	<i>nm</i>	52,783	1,596	51,187	3207%
<u>PATMI</u>								
Operating PATMI	3,749	(5,992)	9,741	<i>nm</i>	14,828	(6,896)	21,723	<i>nm</i>
Exceptional item (net of MI)	(6,416)	-	(6,416)	<i>nm</i>	(6,416)	-	(6,416)	<i>nm</i>
Total	(2,667)	(5,992)	3,325	<i>nm</i>	8,412	(6,896)	15,307	<i>nm</i>

EBITDA

Operating profit ("EBITDA") increased from a loss of S\$1.0m in 2Q05 to profit of S\$18.9 million in 2Q06. This was largely due to higher EBITDA from our property sales segment and hotel investment segments.

EBITDA contributions from Property sales segment increased significantly from S\$1.1 million in 2Q05 to S\$12.6 million in 2Q06 as a result of increase in sales and construction activity following the recovery from the 2004 Tsunami. EBITDA from our hotel investment segment increased from a loss of S\$1.0 million in 2Q05 to profit of S\$5.5 million in 2Q06 largely due to better operating performance from our resorts in Phuket and Maldives.

In HY06, the Group achieved an overall EBITDA of S\$52.8 million significantly above the EBITDA of S\$1.6 million achieved in the corresponding period.

PATMI

On an operating basis, profit attributable to shareholders ("PATMI") was S\$3.7 million in 2Q06 compared to a loss of S\$6.0 million in 2Q05 due to improved operating performance from our core business segments.

In HY06, PATMI on an operating basis was S\$14.8 million as compared to loss of S\$6.9 million in 2Q05.

C) BUSINESS SEGMENTS REVIEW

i) Hotel Investment segment

Hotel investment revenue increased by 61% from S\$21.0 million in 2Q05 to S\$33.7 million in 2Q06. This increase was due to recovery from the 2004 Tsunami towards the end of 2005. The Tsunami significantly and adversely impacted the occupancy and average room rates at our resorts in Phuket and the Maldives in 2005. Revenue from our resorts in Phuket and Maldives increased by S\$7.8 million and S\$1.5 million respectively in 2Q06. With respect to Banyan Tree Phuket, RevPar increased by 66% from S\$204 to S\$338. Revpar of our other resorts in Laguna Phuket increased by 57% from S\$51 to S\$80. For our two resorts in Maldives, RevPar increased by 41% from S\$277 to S\$391. Revenue from Banyan Tree Bangkok also increased by S\$1.3 million with RevPar increased by 22% from S\$129 to S\$158. Velavaru Island resort (acquired in July 2005) and Banyan Tree Ringha (launched in September 2005) each contributed S\$0.7 million in revenue.

In HY06, revenue increased by 103% to S\$84.7 million mainly due to the reasons mentioned above. In addition, as Banyan Tree Bangkok was only acquired in early March 2005, the hotel investment revenue in HY06 included additional 2 months revenue of Banyan Tree Bangkok amounting to S\$5.8 million.

As a result of higher revenue, EBITDA in 2Q06 was S\$5.5 million compared to loss of S\$1.0 million in 2Q05 and EBITDA in HY06 increased 23 times to S\$28.4 million.

ii) Hotel Management Segment

Hotel Management revenue increased by 33% from S\$1.0 million in 2Q05 to S\$1.3 million in 2Q06. This was largely due to higher fees received from our two resorts in Bintan and from Banyan Tree Seychelles as a result of higher RevPar achieved. RevPar from Banyan Tree Bintan increased by 16% from S\$307 to S\$357. RevPar from Angsana Bintan increased by 15% from S\$93 to S\$119. For Banyan Tree Seychelles, RevPar increased by 10% from S\$786 to S\$864.

In HY06, revenue decreased by 21% to S\$2.5 million mainly due to the elimination on consolidation of additional 2 months of management fees following our acquisition of Banyan Tree Bangkok in early March 2005.

Loss before interest, tax, depreciation and amortisation ("LBITDA") in 2Q06 was S\$0.4 million compared to LBITDA of S\$0.6 million in 2Q05. If we were to include management fees of those resorts which we have majority interest but were eliminated on consolidation amounting to approximately S\$2.0 million in 2Q06 and S\$1.4 million in 2Q05, EBITDA would be S\$1.6 million in 2Q06, an increase of 97% from S\$0.8 million in 2Q05.

Similarly in HY06, EBITDA would be S\$5.0 million if we were to include management fees of those resorts which we have majority interest but were eliminated on consolidation. This was an increase of 65% from S\$3.0 million in 2Q05.

iii) Spa segment

Spa Segment revenue increased by 66% to S\$6.0 million in 2Q06 and increased by 61% to S\$11.3 million in HY06. The increase was mainly due to recovery of Tsunami affected spa outlets in Laguna Phuket and Maldives, additional revenue from new spa outlets in Egypt, Velavaru Island resort and Banyan Tree Ringha and compensation fees received for termination of lease at BT Spa Hakone, Japan.

In line with the higher revenue, EBITDA was S\$2.3 million in 2Q06 compared to loss of S\$0.1 million in 2Q05 and EBITDA in HY06 increased 19 times to S\$4.5 million.

iv) Property sales segment

Property sales segment revenue increased significantly from S\$3.5 million in 2Q05 to S\$24.2 million in 2Q06 and for HY06, revenue increased 4 times to S\$40.9 million. The strong sales growth was mainly due to sales and recognition of revenue from branded Banyan Tree Residences and also from Laguna Townhomes and Residences. In the corresponding period last year, there were construction delays due to the impact of Tsunami.

In line with the higher revenue, EBITDA increased 11 times to S\$12.6 million in 2Q06 and 9 times to S\$21.5 million in HY06.

v) Gallery sales segment

The Increase in revenue and EBITDA for gallery sales segment in both 2Q06 and HY06 was largely due to better operating performance from our gallery outlets in Phuket and Maldives as a result of higher hotel occupancies.

vi) Design fees and Others segment

Design fees and others segment revenue increased by 11% from S\$3.4 million in 2Q05 to S\$3.8 million in 2Q06 largely due to increase in design fees as a result of design projects in Mexico, Barbados, Hainan and phase 3 Banyan Tree project in Seychelles. In addition, we received higher revenue from our golf operations as a result of higher hotel occupancies. The increase in revenue was partially offset by lower rental income as a result of cancelled rental contracts in preparation for the conversion of a few office floors at Thai Wah Plaza in Bangkok to hotel suites.

In HY06, revenue increased 37% to S\$7.8 million mainly due to higher design fees and higher revenue from golf operations. In addition, as Thai Wah Plaza was only acquired in early March 2005, revenue in HY06 also included additional 2 months of rental income from Thai Wah Plaza.

LBITDA increased by 95% from LBITDA of S\$0.8 million in 2Q05 to LBITDA of S\$1.6 million in 2Q06 mainly due to higher head office expenses. This was largely due to higher salaries and related expenses as a result of increase in headcount to support the increased level of business activity and increased corporate expenses upon listing of the company. The loss recorded in HY06 was however lower compared to the corresponding period last year mainly due to higher revenue generated.

9 Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10 A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's interim results for the first half of 2006 have been in line with expectations, and the outlook for the next six months remains broadly positive.

At the macro level, the general environment for tourism and travel remains favourable, though the uncertainties arising from 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 our business is as follows:

- For our 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 our resorts. Except for unforeseen circumstances, the 2006 peak season should return to or even exceed pre-tsunami levels.

The property-specific issues to note: Our 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.

- For our 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 we 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 our 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.

- For our 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.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? No.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books disclosure date

Not applicable.

12 If no dividend has been declared/ recommended, a statement to that effect.

No dividend has been declared/ recommended by the company for the current financial period reported on.

13 **Interested Persons Transactions for 2Q ended 30 June 2006**

		Aggregate value of all interested parties transactions during the financial quarter under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate) S\$'000	Aggregate value of all interested parties transactions conducted under Shareholders' Mandate (excluding transactions less than S\$100,000) S\$'000
A	Transactions with the Tropical Resorts Limited Group (TRL)		
a.	Provision of Resort Management and Related Services to TRL		1,416
b.	Provision of Spa Management and Other Related Services to TRL		644
c.	Lease of Banyan Tree Bintan Villas and Units at Angsana Resort and Spa Bintan from TRL		2,171
B	Transactions with Tropical Resorts Limited Group, Mr KP Ho, Maypole, Chang Fung Company Limited and Li-Ho Holdings Limited (Private) Limited		
a.	Redemption of "B" Preference Shares and the Repayment of cumulative dividend		36,615
C	Transactions with the Laguna Resorts & Hotel Public Company Limited Group (LRH)		
a.	Provision of Resort Management and Related Services to LRH		1,924
b.	Leases of Premises from LRH		235
c.	Provision of Resort & Spa related services from LRH		192
d.	Reimbursement of expenses - from LRH		339
	- to LRH		1,506
e.	Supply of Goods from LRH		822
f.	Provision of interest-bearing loan to LRH		6,322
D	Transactions with Phuket Hotel Limited		
a.	Provision of Resort Management and Related Services to Tropical Resorts Limited Group		204
E	Transactions with Tropical Resorts Management Company Limited (TRMC) and The Allamanda Residential Suites Limited (TARS)		
a.	Acquisition of Trademarks from TRMC & TARS		24,300
b.	Royalties paid to TRMC		194
	Total		76,884

BY ORDER OF THE BOARD

Joyce Khoo Phaik Lian
 Company Secretary
 14 August 2006

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.

