



BANYAN TREE POSTS MORE THAN TWO-FOLD INCREASE IN OPERATING PROFIT ON THE BACK OF RECORD REVENUE

Highlights:

- **Revenue increases 79% to S\$335.3 million**
- **Operating Profit increases 221% to S\$111.4 million**
- **Strong recovery from the Asian Tsunami**
- **Strong contribution from Property Sales business**



FY2006 Financial Results Snapshot (in S\$million) :

	FY2006	FY2005	Change (%)
Revenue	335.3	187.3	79 ↑
Operating Profit*	111.4	34.7	221 ↑
PBT and EI**	74.7	3.5	2034 ↑
Exceptional Item ("EI")	(7.8)	-	nm
PATMI before EI ***	33.5	1.0	3161 ↑

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

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

*** *PATMI before EI = Profit After Taxation and Minority Interests before Exceptional Item*

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Singapore, March 1, 2007 – Main-Board listed Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”), a leading manager and developer of premium resorts, hotels, spas and galleries, announced today a 221% increase in operating profit (“EBITDA”) to S\$111.4 million and a net profit before exceptional item (“PATMI before EI”) of S\$33.5 million for the financial year ended December 31, 2006 (“FY2006”).

This was on the back of a 79% increase in Group revenue to S\$335.3 million, largely driven by the property sales and hotel investment businesses, which recovered strongly post the December 2004 Asian Tsunami.

Mr Ho KwonPing, Executive Chairman of Banyan Tree said, “We are pleased to report the continued strong growth of our businesses. All of our business segments have delivered strong top and bottom line growth last year, particularly the last quarter, which has traditionally, together with the first quarter, been the high seasons of the year. By any financial benchmark, it is clear that we have recovered and our full year results at PATMI level before EI is at record high, better than that achieved in 2004 pre-Tsunami”.

The Group’s total operating expenses increased 47% in line with the increase in revenue, largely due to higher operating supplies, other operating expenses and sales and marketing expenses. Salaries and related expenses increased due to the growth in headcount to support the Group’s new hotel operations in Banyan Tree Ringha, Banyan Tree Lijiang and the re-branded Angsana Velavaru, new spa operations, and increased activities in its existing operations.

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Profit Growth

The Group's FY2006 EBITDA increased to S\$111.4 million, largely driven by the Group's expanding property sales segment in the last quarter of FY2006 ("4Q06").

The Group recorded a PBT and EI of S\$74.7 million in FY2006, up 2034% from S\$3.5 million in the previous corresponding period. PATMI before EI saw a sharp increase to S\$33.5 million in FY2006, compared to a small profit of S\$1.0 million in FY2005.

The Group's cash and cash equivalents increased by 118% to S\$81.5 million mainly due to the larger cashflow generated from the Group's operating activities as a result of higher operating profit and proceeds from the issuance of new shares pursuant to the Initial Public Offering in June 2006. Net cash flows from operating activities saw an increase to S\$55.6 million from S\$17.5 million in the previous corresponding period.

Business Segments Review

The Group's Property Sales segment saw the strongest revenue growth, increasing 254% to S\$109.7 million in FY2006 and 186% to S\$45.0 million for 4Q06. The strong growth in this segment was mainly due to the sales and recognition of revenue from the branded Banyan Tree Residences and also Laguna Townhomes and Residences. In line with higher revenue, EBITDA had also increased more than 5 times to S\$59.1 million in FY2006 and more than 3 times to S\$24.4 million in 4Q06.

Revenue from the Hotel Investment segment increased by 52% to S\$169.6 million in FY2006, while 4Q06 revenue grew 21% to reach S\$51.6 million. The increase in 4Q06 was mainly attributed to better performance in the Group's Phuket and Bangkok hotels and with the recent official opening of Banyan Tree Lijiang in October 2006. EBITDA increased by 129% to S\$49.7 million for FY2006, in line with the stronger hotel performance and greater flow through.

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The Hotel Management segment saw a 60% increase in revenue to S\$2.9 million in 4Q06, largely due to management fees from the Banyan Tree Private Collection, which was launched in that quarter. It has since seen encouraging response. FY2006 revenue also saw a 6% increase to S\$7.0 million. If the Group were to include the management fees of resorts in which the Group had majority interest but were eliminated on consolidation, EBITDA would be S\$9.5 million for FY2006, an increase of 15% compared to the previous corresponding period.

For the Group's Spa segment, FY2006 revenue increased by 26% to S\$22.1 million largely due to improved performance of outlets in Phuket, Maldives, Malaysia and South Africa and full year contributions from outlets in Dubai and Egypt. FY2006 EBITDA increased by 92% given the overall better performance.

Revenue and EBITDA for the Group's Gallery Sales segment increased 59% to S\$10.8 million and 133% to S\$1.2 million respectively, in FY2006. The increase was largely due to the improved operating performance from gallery outlets in Phuket as a result of higher hotel occupancies, coupled with the opening of the new outlet in Banyan Tree Lijiang.

Revenue from Design Fees and Others segment increased by 30% to S\$5.6 million in 4Q06 and 16% to S\$16.1 million in FY2006. Higher fees from design projects recognized during this period and higher income from golf operations as a result of higher hotel occupancies led to the increase. FY2006 EBITDA of S\$5.6 million was 4% lower than in the previous year, due to lower rental income from the termination of leases for the conversion of 22nd-33rd floors of Thai Wah Plaza to hotel suites in Banyan Tree Bangkok.

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- Banyan Tree Gallery
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Outlook

Mr Ho said, “We are pleased with our performance in 2006. Barring any unforeseen circumstances, for the current year, we expect that the positive trends which resulted in a strong fourth quarter last year will continue into the first quarter of this financial year and we expect the results for this financial year to be better than last year.”

Hotel Operations

Given the strong economic growth in the Organisation for Economic Co-operation and Development (OECD) and Japan and increasing affluence in Asia, the outlook for the global hotel industry in 2007 is buoyant.

In addition to its existing 47 villas, Banyan Tree Seychelles has added 7 new beachfront villas at end 2006 and a further 6 two bedroom double pool villas by mid 2007. Thereby, this will add 28% more villas to a very strong destination/resort.

For Banyan Tree Lijiang which officially opened on October 28th 2006 with 55 keys, we are confident that the hotel performance will further improve in 2007 with greater consumer awareness and promotions. In 2007, we will also commence construction of Phase 2 comprising 75 additional keys.

In the current year, we will complete the last part of the refurbishment of Angsana Velavaru during the low season and start construction of Banyan Tree Velavaru.

The group is in the process of acquiring 6 Riads (traditional Moroccan houses) in Marrakech and in Essaouira. These will form the exclusive and unique Angsana Riads Collection and are expected to be launched by mid 2007. This will contribute positively to the segments’ results. Additional riads in these two areas as well as other Moroccan destinations will be purchased during the year.

Property sales

The Phuket property market performed particularly well in 2006 registering sales of more than two-fold increase from the previous year. Phuket is now firmly established as a global holiday home destination. In 2007, we will also be increasing our focus on sale of Banyan Tree Residences in Seychelles, Bangkok, Lijiang and Bintan. This will further boost our revenue and profitability of the property sales segment.

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- Banyan Tree Spa Bintan

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Management and design services

The outlook is very positive with strong pipeline of new management contracts coming onstream in the next few years.

In the current year, we expect to launch two new resorts under our management.- Angsana Suites in Dubai and Banyan Tree Bahrain and also the management of all non-clinical services of a luxurious high end maternity hospital, Royale Hayat in Kuwait. In addition, there will also be an estimated 4 new Banyan Tree spas and 11 Angsana spas expected in 2007. These will contribute positively to hotel and spa management fees and design fees in 2007.

New Projects

Our business development efforts continue to be the driving force in our quest for global expansion. Approximately 30 more resorts and hotels are slated to be opened by 2010 which we have already announced in the previous quarters. We have also signed the following new projects in 4Q 2006.

Middle East: Management and design agreements for an Angsana Residences in Jumeirah Dubai. This new project is slated to open by 2010.

Management and design agreements for a Banyan Tree and an Angsana resort in Sifa, Oman. This new project is slated to open by 2010.

China: Management agreements to manage 3 new hotels in China; Banyan Tree Hotel Beijing, Angsana Hotel Beijing and Banyan Tree Resort Hangzhou. Both Banyan Tree Beijing and Banyan Tree Resort Hangzhou are scheduled to open in 2009 and Angsana Beijing is scheduled to open in 2008.

Vietnam Memorandum of understanding for the construction of luxury hotels and resorts in Chan May- Lang Co Economic Zone, Thua Thien Hue Province at an estimated cost of US\$200 million. The actual amount and timeline are subject to the actual project scope.

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Mexico: Joint venture agreements were signed to invest in, design and operate Banyan Tree Chamela and Banyan Tree Los Cabos in Mexico. Both resorts are slated to open by end 2009. This is in addition to Banyan Tree Punta Diamante (Acapulco) and Banyan Tree Mayakoba (Riviera Maya) which are currently in development. Total development costs of the four projects will exceed US\$220 million.

Spas: Management contract was also signed for spas in Yilan, Taiwan and at a cruise ship, M.V. The World

Dividend

The directors are pleased to recommend a final tax exempt (one tier) dividend of 1.78 cents per share in respect of the financial year ended 31 December 2006 for approval by shareholders at the next Annual General Meeting to be convened.

A total dividend of S\$13.6 million which is equivalent to 50% of the Group PATMI will be paid out when approved. The payout is in line with the proposed dividend for 2006 stated in our listing prospectus.

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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 20 resorts and hotels, 53 spas, 62 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 300 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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