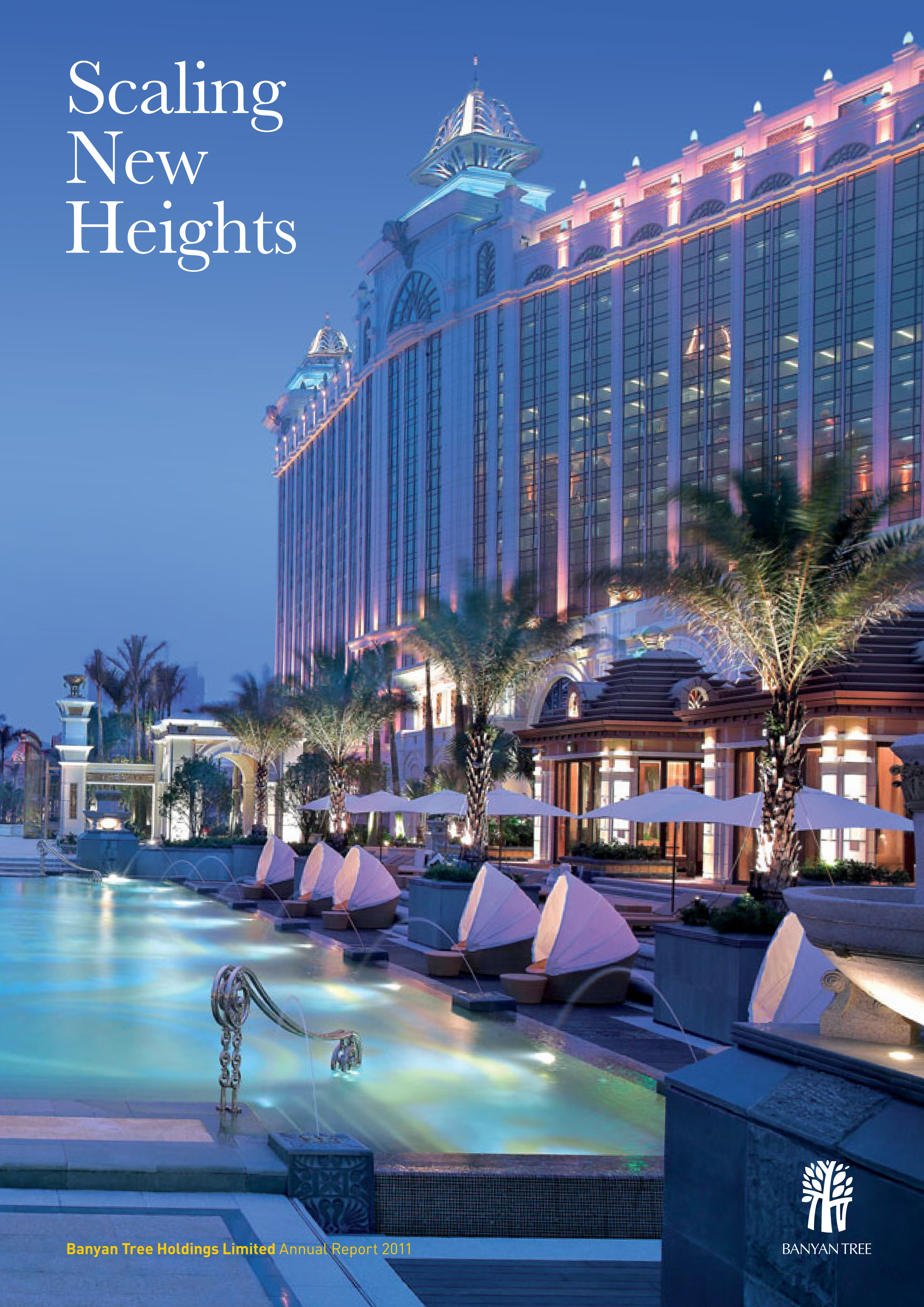


Scaling New Heights

Banyan Tree Holdings Limited Annual Report 2011

BANYAN TREE

Our Mission Statement

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

Our Pursuit of Excellence

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

Our Funds Positioned for Scaling Up

Banyan Tree has two hospitality funds totalling US$450m and is well positioned to scale up significantly by employing its business model of combining hospitality development, real estate development and capital management skills.

Contents

Cover Picture: Banyan Tree Macau, China

OUR KEY FIGURES FOR 2011

Full Year Figures

Revenue

S$329.5m

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

S$49.4m

Profit After Taxation and Minority Interests (PATMI)

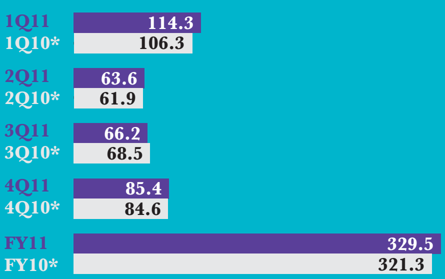
S$1.6m

Cash and Cash Equivalents

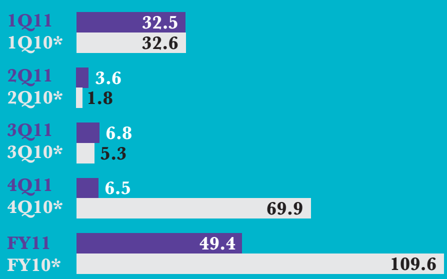
S$139.9m

Quarterly Figures

Revenue (S$m)

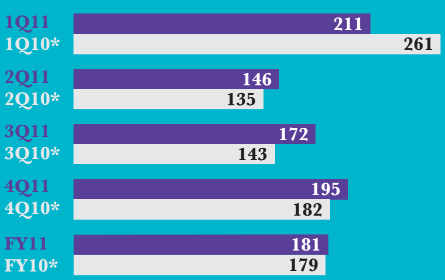


EBITDA (S$m)



PATMI (S$m)

RevPAR (S$)



Net Tangible Assets (S$m)

Net Asset Value Per Share (S$)

* 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 2010 for the Group have been restated as if the new accounting policy had always been applied.

Despite a difficult year for the global economy, the Group recorded revenue of S$329.5 million, versus S$321.3 million the previous year.

The increase was due to the contribution of the fee-based segment of our business.

REVENUE

S$329.5m

+3% YoY from S$321.3m

EBITDA

S$49.4m

–55% YoY from S$109.6m

EXECUTIVE CHAIRMAN'S STATEMENT

2011 was another difficult year for the global economy. While Europe's sovereign debt crisis unfolded, the US economy remained weak. Closer to home, many Asian economies performed relatively well. However, growth was unevenly distributed, with tourism suffering in several key markets.

The Tohoku earthquake and tsunami in March, for example, affected travel from Japan, which is a major source of outbound tourism. Meanwhile, the protracted political crisis in Thailand was resolved by peaceful general elections, raising expectations that the hospitality industry would recover. However, severe flooding hit central Thailand in October and November, affecting Bangkok, its domestic airport and Thailand in general. As a result, the Group's Thai properties experienced cancellations during what would usually be the high season in Thailand.

A series of Group-wide tactical campaigns helped to soften the impact of these events. Our "Karma Comes Around" and "Exceptional Summer Nights" campaigns ran in March and June respectively. Supported by a strong online and print advertising strategy, they succeeded in boosting business during the traditionally slower second and third quarters.

A third campaign in November, "Let Go. Let's Go." was designed specifically to counter the effects of the floods in Thailand and to push bookings in other destinations during the slower winter months.

Our newly revamped website was instrumental in creating more sustained exposure for our portfolio. Brand initiatives

A Quality Brand

The 128 awards that the Group won in 2011 brought the total to over 700 since our inception. Aside from the number itself, the range of awards was noteworthy. We received acclaim for our resorts and spas as well as their design. We also won recognition in the CSR, real estate and corporate areas, showing that we are well regarded for much more than our hospitality.

Significantly, the resorts that won awards were spread out geographically. This demonstrates our ability to maintain Banyan Tree's signature standards of service and luxury, even as the Group grows in size and reach.

These achievements have given property owners and investors confidence in our brand name, allowing us to raise more than RMB1 billion for our China Fund at its closing. Such financing, and a continued focus on quality, will enable the Group to scale greater heights in future.

Banyan Tree Lijiang, China

Banyan Tree Spa Marina Bay Sands, Singapore
Photo courtesy of Marina Bay Sands

launched in key markets generated a 50% increase in visits to the website during the year.

We also increased our marketing coverage by opening five new Regional Marketing Offices, bringing the total to 26 worldwide. Of the five new offices, three are in China. This reflects the continuing importance of China as our top-producing market. Since 2009, the overall contribution to room revenue by Chinese nationals has tripled, while the number of Chinese nationals visiting our resorts outside China has quadrupled.

Meanwhile, we continued with the strategic rebalancing of the Group's assets in order to avoid over-reliance on Thailand and to strengthen our presence in other markets. A major development during the year was the sale of Laguna Beach Resort in May, resulting in an actual transaction gain of S$16.7 million. Due to the accounting treatment of revaluation reserves, however, the accounting gain was only S$1.8 million. The sale followed the divestment of Dusit Laguna Phuket in October 2010 for which we recorded a transaction gain of S$95.9 million or an accounting gain of S$67.4 million. In retrospect, these decisions proved to be very favourable, as we were able to unlock the value of these assets before the full extent of the global financial crisis became evident.

Our Performance in 2011

Against this backdrop, the Group recorded revenue of S$329.5 million, versus S$321.3 million the previous year. The increase was due to the contribution of the fee-based segment of our business.

Due to the asset rebalancing exercise, Group EBITDA was halved to $49.4 million. If we were to exclude the one-off gains from the sale of Dusit Laguna Phuket in 2010 and Laguna Beach Resort in 2011, EBITDA would have increased by 13%.

Hotel Investments
Revenue from hotel investments decreased by 14% from S$189.3 million in 2010 to S$163.7 million in 2011. The stronger performance by our hotels in China and the Maldives was more than offset by weaker numbers from Thailand. Aside from the factors mentioned earlier, revenue from our Thai properties was also affected by the cessation of contributions from Dusit Laguna Phuket and Laguna Beach Resort following their divestment.

EBITDA for the segment fell from S$29.3 million to S$21.7 million because of lower revenue and fixed expenses incurred at Sheraton Grande Laguna Phuket during its five-month closure for renovation. The hotel was subsequently re-opened as Angsana Laguna Phuket in early December.

Property Sales
This segment saw revenue rise from S$44.4 million in 2010 to S$66.3 million in 2011. The increase was mainly due to the divestment of development sites in Lijiang, Yangshuo and Huangshan to our China Fund, but partially offset by lower revenue recognition for property sales.

EBITDA grew from S$11.5 million to S$19.2 million, on the back of higher revenue.

Fee-based Segment
Revenue from the fee-based segment was S$99.5 million, up from S$87.6 million a year ago. All categories of fee-based revenue rose except for club management fees, which were weighed down by fewer memberships sold under the Banyan Tree Private Collection.

The Banyan Tree China Hospitality Fund (I) reached a milestone in January 2011 with its final closing, having achieved a total fund size of RMB1 billion. This resulted in higher income from fund management fees. The Group's hotel management, spa and gallery operations also saw revenue improve, thanks to the opening of new resorts and new spa outlets. At the same time, new projects in China generated increased fees from architectural and design services.

Powered by higher revenue, EBITDA for the fee-based segment grew year on year from S$11.5 million to S$19.9 million.

The Outlook for 2012

Conditions are likely to remain challenging in the coming year. Europe, which is a major market for the Group, is still struggling to regain its economic footing. China's economy is also showing signs of a slowdown, but its tourism market, both inbound and outbound, is continuing to grow.

The currently stable political situation in Thailand, if maintained, bodes well for our hotels there. However, we foresee continuing weakness in property sales, as investor sentiment towards Thailand remains negative.

The current economic conditions make this an opportune time to explore how we can push the envelope and further broaden the Group's earnings base. In view of the uncertain outlook, we are adopting a three-pronged strategy to drive growth.

First, we will continue to expand our fee-based income from hotel design, hotel management and spa operations. We have developed this segment to a point where it has acquired a momentum of its own. This is evidenced by the number of upcoming projects we have in the pipeline.

In 2012, the Group is slated to open six new hotels in China, India and Vietnam. In the same period, we also expect to launch 12 new spas under management. In addition, we have recently entered into agreements to manage another three Banyan Tree branded resorts and one Angsana branded resort. We expect to double the number of keys under management by 2016, providing a significant boost to hotel management fees.

The second prong of our strategy going forward is to develop more private equity funds as an additional means to finance our expansion. Through the two funds – Banyan Tree China Hospitality Fund (I) and Banyan Tree Indochina Hospitality Fund – that the Group has already set up, we have raised some US$450 million. In 2012, the Indochina Fund will have completed two hotels and a golf course, and we will commence construction of two hotels in China under the China Fund. Next, we plan to extend our fund model to other locations, such as Indonesia, Mexico and the Philippines.

Third, we intend to continue the ongoing asset rebalancing. By selling off low-yield assets and optimising the geographical spread of our assets, we will be able to deploy capital to more promising markets. The Group is currently on track in executing the above, but time and patience are required before we see results.

Our Triple Bottom Line

Profitability is one barometer of performance. The Group's business model of sustainable development is based on a triple bottom line of economic, social and environmental success.

In 2011, our properties made further progress under the EarthCheck system of sustainability benchmarking and certification. As part of our green efforts, we planted more than 50,000 trees, bringing our five-year total to over 147,000 trees. Our resorts in the Maldives also reduced their consumption of plastic water bottles by one-third.

Following the Tohoku earthquake and tsunami and the floods in Thailand, our associates donated generously to the relief efforts, with the Group matching or exceeding their contributions. Meanwhile, 13 of our resorts participated in the Seedlings initiative this year, which supports young people in their communities. The initiative was recognised at the Travel + Leisure Global Vision Awards 2011, under the "Leadership: Education Initiative" category.

Our efforts to be a good corporate citizen also won us top ranking in the "Preservation – Environmental and/or Cultural" category of the Condé Nast Traveler World Savers Awards 2011.

Acknowledgments

Since 1994, Banyan Tree has earned over 700 awards and accolades for various achievements. I am pleased to note that in 2011 alone, we won 128 awards. Credit must go to our associates and management for their ideas, commitment and sheer hard work. I would also like to thank my fellow Board members, our guests, stakeholders and partners for their invaluable support.

Together, we have weathered major challenges including natural disasters and economic crises. Such setbacks have not derailed our plans. Instead, our business has grown more resilient and we have kept our standards high.
We can take heart from this as we begin a new year.

Ho KwonPing
Executive Chairman

Banyan Tree Hangzhou, China

Banyan Tree Spa Sanctuary, Phuket, Thailand

DoublePool Villas by Banyan Tree, Phuket, Thailand

Sale Consideration

S$112.3m

From the sale of Dusit Laguna Phuket

Sale Consideration

S$29.6m

From the sale of Laguna Beach Resort*

* 50% income sharing

Unlocking Value

Rebalancing asset portfolio and redeploying capital through strategic divestments.
To reduce over-reliance on Thailand and strengthen our presence in more promising markets, we embarked on a strategic rebalancing of our Group's assets. We are also exploring to sell off lower-yielding assets. We divested Dusit Laguna Phuket in October 2010 and Laguna Beach Resort in May 2011, raising about S$140 million from the divestments, and reducing Thai assets to 64% of our total portfolio from 79% in 2007. These far-sighted decisions were made before the full impact of the global financial crisis was felt. To maximise returns, the cash raised will be redeployed to high-growth markets like China.

Cash and Cash Equivalents

S$139.9m

As at 31 December 2011

Amount Raised

US$167m

Banyan Tree China Hospitality Fund (I)

Amount Raised

US$283m

Banyan Tree Indochina Hospitality Fund

Financing Our Expansion

Extending our reach through Hospitality Funds. To finance our expansion in promising markets, we set up the Banyan Tree China Hospitality Fund (I) ("China Fund") and Banyan Tree Indochina Hospitality Fund ("Indochina Fund"). We receive fees from managing the funds, as well as from design and management of hotel, spa, golf and other facilities, and royalties from the use of our brands in property sales. The China Fund, in which we have a 5% stake, will be utilised to tap the boom in domestic tourism in China, a country of rising affluence. In 2011, the Fund acquired several development sites from Banyan Tree for hotel development projects. Through this Fund and our own investments and management contracts, we are poised to enlarge our footprint substantially in China, where we expect to triple the number of resorts and double our spa outlets by 2016. We own 15.7% of the Indochina Fund, which was raised in 2009 at the height of the financial crisis to fund the development of the Laguna Lăng Cô integrated resort ("IR") in Central Vietnam. We expect to open two hotels and a golf course within the IR in 2012. We also intend to replicate this successful fund model in other countries such as Indonesia, Mexico and the Philippines.

Tripling Our Numbers in China

23

Hotels and Resorts by 2016

Banyan Tree Lijiang, China

Banyan Tree Spa Marina Bay Sands, Singapore

Photo courtesy of Marina Bay Sands

Crossing New Milestones

780*

Total Number of International Awards and Accolades since 1994

South East Asia Property Awards

Real Estate Personality of the Year 2011

Mr Ho KwonPing

Building on Our Brand Equity

Setting new benchmarks in a year of "firsts". We garnered another 128 international awards in 2011, bringing our tally to 780 since the Group's founding in 1994. These awards are a strong testimony of our quality and value to guests and stakeholders, and reinforce the Banyan Tree brand. Strong branding has been instrumental to our growth, leading to a projected two-fold increase in keys under management by 2016. It was also a year of "firsts": our first hotel-primary residence concept, Banyan Tree Signatures Pavilion Kuala Lumpur, Malaysia; our first Banyan Tree Spa in Singapore; and the opening of Macau's first five-star urban resort, Banyan Tree Macau.

* As at 31 December 2011

Increase in Hotel Keys Under Management

115%

By 2016

Banyan Tree Ungasan, Bali, Indonesia

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 and Singapore Management University. He is a member of the Asia-Pacific Council of The Nature Conservancy, Global Advisory Council of London Business School, International Council and East Asia Council of INSEAD, International Council of Asia Society, Management Board of the Middle East Institute at the National University of Singapore and Global Advisory Board of Moelis & Company.

Mr Ho previously served as a Director of Singapore Airlines Limited and Standard Chartered PLC as well as Chairman of MediaCorp Pte. Ltd.

He holds a Bachelor of Arts (Economics) from the University of Singapore and an Honorary Doctorate of Business Administration in Hospitality Management from Johnson & Wales University, USA.

Ariel P Vera
Group Managing Director

Mr Vera was designated Group Managing Director on 1 March 2004, assuming overall responsibility for the corporate well-being of all the companies in the Group. He became a Director on 11 April 2000 and was last re-elected on 30 April 2010. He is 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 also Chairman of the Nominating & Remuneration Committee and a member of the Audit & Risk Committee.

Mr Chia is Chairman of Hup Soon Global Corporation Limited. He also sits on the boards of several other private and public companies, including Fraser and Neave Ltd and SP Power Grid Limited. Since January 2004, he has been a Trustee of the Singapore Management University. Mr Chia was appointed as Senior Advisor of EQT Funds Management Ltd on 24 May 2010. In January 2012, he became Chairman, Asia for Coutts & Co Ltd, the private banking arm of the Royal Bank of Scotland Group.

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. Prior to that, he served as Vice President of the Investment Department of American International Assurance Company Limited from 1982 to 1986 and as President of Unithai Oxide Company Ltd from 1980 to 1981. He was previously a Director of F J Benjamin Holdings Ltd and Singapore Post Limited and also Chairman–Asia for UBS Investment Bank.

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

Fang Ai Lian
Independent Director

Mrs Fang was appointed an Independent Director and Chairman of the Audit & Risk Committee on 1 May 2008 and was last re-elected on 30 April 2009. She is also a member of the Nominating & Remuneration Committee.

Mrs Fang 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, as well as Chairman of the Board of Directors for the Tax Academy of Singapore. In addition, Mrs Fang is Chairman of the Charity Council and a Member of the Board of Trustees of the Singapore University of Technology and Design.

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

Elizabeth Sam
Independent Director

Mrs Sam was appointed an Independent Director on 23 March 2004 and was last re-appointed on 29 April 2011. She is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

Principally engaged in management consultancy, Mrs Sam is also a Director of Boardroom Limited, SC Global Development Ltd, AV Jennings Ltd, Kasikornbank Public Company Limited and The Straits Trading Company Limited. She has over 40 years of experience in the financial sector, having held the positions of Executive Vice President and Deputy President of OCBC Bank from 1988 to 1998, Director of Mercantile House Holdings plc (a company listed on the London Stock Exchange) from 1981 to 1987 and Chief Manager of the Monetary Authority of Singapore from 1976 to 1981.

She was a Director of the Singapore International Monetary Exchange and served two three-year terms from 1987 to 1990 and 1993 to 1996 as its Chairman until its merger with the Stock Exchange of Singapore. She was also previously Chairman of ST Asset Management Limited. She has been a member of the Singapore Institute of Directors since April 1999.

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

Banyan Tree Club & Spa Seoul, Korea

Angsana Ihuru, Maldives

MANAGEMENT TEAM

Chiang See Ngoh Claire
Senior Vice President, Chairperson, China Business Development and Managing Director, Retail Operations

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

Ho KwonCjan
Senior Vice President, Group Chief Designer

Mr Ho heads and oversees the Group's project and design teams. Prior to March 2005, he was Joint Managing Director of Laguna Resorts & Hotels Public Company Limited ("LRH"), a position he held from 1998. Mr Ho served as Vice Chairman of Thai Wah Public Company Limited in Thailand from 1997 to 2003. From 1996 to 1998, he was the Managing Director of Thai Wah Resorts Development Public Co., Ltd and from 1985 to 1992, the Project Manager of Thai Wah Resorts Development Public Co., Ltd. Prior to this, he worked at the architecture firm, Akitek Tenggara, in Singapore. Mr Ho holds a Bachelor of Architecture (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.

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

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

Eddy See Hock Lye
Senior Vice President, Chief Financial Officer

Mr See is the Group's Chief Financial Officer. 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.

Michael Ramon Ayling
Senior Vice President, Managing Director, LRH

Mr Ayling oversees the operations of LRH including the hotel, property sales and timeshare businesses. He joined LRH in 2000 as Assistant Vice President, Finance. He was promoted to Deputy Managing Director/Vice President, Finance in 2005 and to Managing Director, Laguna Phuket in 2006. He became Vice President and Managing Director, LRH in 2007 and Senior Vice President in February 2009. Prior to joining LRH, Mr Ayling was a Senior Audit Manager with KPMG, Sydney from 1998 to 2000, and KPMG, Port Moresby from 1992 to 1998 where he was responsible for the day-to-day running of the audit division and managing client audits. He is a member of the Institute of Chartered Accountants in England and Wales. Mr Ayling holds a Bachelor of Arts in Accounting and Finance (Honours) from Manchester Metropolitan University, UK.

MANAGEMENT TEAM

Shankar Chandran
Senior Vice President, Managing Director, Laguna Lăng Cô Vietnam and Spa Operations

Mr Chandran is responsible for establishing and overseeing the operations of Laguna Lăng Cô integrated resort. 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. 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, Managing Director, Design Services

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.

Steve Small
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. He launched and manages the Group's funds for Indochina (US$283 million) and China (RMB1 billion). Prior to joining the Group in 2008, he spent over 20 years in private equity investment and management in Asia. From 1991 to 2003, he was an Executive Director of Consolidated Resources Ltd, the Asian private equity investment vehicle of Anglo American plc and the De Beers Group. He was also engaged in private equity investment and consultancy services through a company he founded in Singapore in 1998 and 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. He joined the Group in 2001 as the Legal Manager of the Group, and was promoted to the position of Group Legal Manager in 2002 and Assistant Vice President, Head of Development in 2004. Prior to joining Banyan Tree, he worked in several top Singapore legal firms including Allen & Gledhill and Rajah & Tann. He holds a Bachelor of Laws (Honours) from the National University of Singapore.

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 Shangri-la. He holds a Bachelor of Finance and Accountancy from Trisakti University, Jakarta, Indonesia.

Michael Lee
Vice President, Chief Information Officer

Mr Lee is the Group's Chief Information Officer. He has been with the Group since 2006 and has over 20 years of experience in the travel, banking and hospitality sectors. 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 CFA Institute.

MANAGEMENT TEAM

Stefan Buchs
Vice President, Hotel Operations and Business Development (Europe, Middle East and Africa)

Mr Buchs is responsible for supervising all existing hotel operations and new hotel developments in Europe, Middle East and Africa ("EMEA") as well as in the Seychelles and Mauritius. He is also in charge of developing new business opportunities for the Group in EMEA. Prior to joining the Group in June 2011, he was Vice President for CHI Hotels & Resorts, a high-end management company and the exclusive operator and developer of the luxury Corinthia Hotel brand. Mr Buchs' experience includes developing large-scale premium properties with deluxe facilities and spas in Europe over the last 15 years. He has been at the helm of luxury hotels in London, St Petersburg, Lisbon, Budapest and Prague. Mr Buchs holds a degree in Hotel Management from the Hotel Management School, Les Roches, Switzerland.

Luca Deplano
Vice President, Marketing

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

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

Mr Huet oversees the operations of our properties in Phuket, Samui and Laos. A veteran hotelier, he previously served as Area General Manager of Banyan Tree Bintan and Angsana Bintan in Indonesia, and Banyan Tree Vabbinfaru and Angsana Ihuru in the Maldives. Before joining the Group in 2002, he was General Manager of Bora Bora Pearl Beach Resort in French Polynesia and spent 12 years of his career with the Inter-Continental group. Mr Huet did his apprenticeship with Relais & Chateaux, France, and attended the General Managers Program at the Cornell-Nanyang Institute of Hospitality Management in Singapore.

Emilio Llamas Carreras
Vice President and Deputy Managing Director, Laguna Phuket

Mr Carreras oversees the operations and hospitality services of Laguna Phuket, including the Angsana Laguna Phuket, Laguna Services Operations, Laguna Tours, Destination Marketing, Golf Operations, the China Sales Office, Estate Services and Rental Pool Operations. 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 and Area General Manager (Mexico)

Mr Lennkh leads and oversees the operations and day-to-day business of the Group's properties in Mexico. 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. Having gained experience in various aspects of hotel operations around the world, Mr Lennkh has a well-rounded hospitality background. He is fluent in German, English, Portuguese and Spanish, and holds various hotel management certifications, including one from London Business School.

Foong Pohmun
Vice President, People Development

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

MANAGEMENT TEAM

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. She 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 the Group's regional sales and marketing offices in China, generating domestic and outbound business for our hotels and resorts. She is also responsible for deployment planning and the set-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 hotel companies like Mandarin Oriental Hotel Group, Four Seasons Hotels & Resorts and Hilton Hotel Corporation. Ms Leung holds an Associate Degree in Business Administration from The Open University of Hong Kong.

Lim See Bee
Vice President, Head 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 25 years of experience in the construction and real estate industry, having practised in both the public and private sectors. Ms Lim is registered with the Board of Architects, Singapore, and is also a member of the Society of Project Managers and the Singapore Institute of Arbitrators. She holds a Bachelor of Arts and a Bachelor of Architecture from the National University of Singapore, a Master of Business Administration from Reading University, UK, and a Royal Institute of Chartered Surveyors Diploma in Project Management, from the College of Estate Management, UK.

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, Ms Yeo 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.

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

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

Stuart Reading
Vice President, Finance, LRH

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

David Huang
Vice President, 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.

Banyan Tree Macau, China

Angsana Balaclava, Mauritius

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2007* Restated	2008* Restated	2009* Restated	2010* Restated	2011
	S$m	S$m	S$m	S$m	S$m
Revenue	370.6	405.4	347.9	321.3	**329.5**
EBITDA	93.0	90.7	88.1	109.6	**49.4**
Profit before tax (PBT)	97.0	39.3	33.3	61.0	**2.5**
Profit before tax (PBT) & exceptional item (EI)	52.4	39.3	33.3	61.0	**2.5**
Profit after tax (PAT)	82.1	15.3	18.3	35.9	**3.0**
Profit after tax & minority interests (PATMI)	67.3	4.1	14.7	19.5	**1.6**
PATMI before EI	22.8	4.1	14.7	19.5	**1.6**
EBITDA margin	25%	22%	25%	34%	**15%**
PATMI margin	18%	1%	4%	6%	**0%**
PATMI before EI margin	6%	1%	4%	6%	**0%**
Per Share ($)					
Basic earnings	0.088	0.005	0.019	0.026	**0.002**
Diluted earnings	0.088	0.005	0.019	0.026	**0.002**
Net tangible assets (including MI)*	0.988	0.963	0.874	0.929	**0.897**
Net tangible assets (excluding MI)*	0.688	0.668	0.620	0.645	**0.672**
Net debt equity ratio	0.29	0.37	0.44	0.29	**0.40**

* 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 2007 to 2010 for the Group have been restated as if the new accounting policy had always been applied.

Banyan Tree's Share Price Performance (S$)

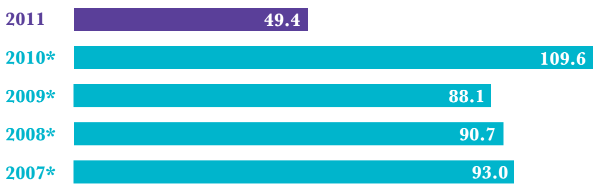
KEY FIGURES FROM 2007–2011

Revenue

S$329.5m

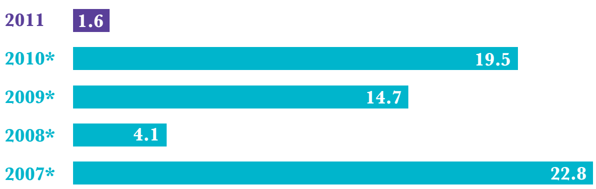
EBITDA

S$49.4m



PATMI Before EI

S$1.6m



Earnings Per Share

S$0.002

Net Tangible Assets (including MI)

S$681.3m

* 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 2007 to 2010 for the Group have been restated as if the new accounting policy had always been applied.

MILESTONES


Banyan Tree Hangzhou, China


Banyan Tree Mayakoba, Mexico

2011

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

Banyan Tree Macau, China

Banyan Tree Bangkok, Thailand

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 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.

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

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

2004
Deer Park Hotel opens in Sri Lanka.

2003
Gyalthang Dzong Hotel in Shangri-la, 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.

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

1994
The Group's flagship resort – Banyan Tree Phuket – is launched in Thailand's Laguna Phuket. The resort includes the first Banyan Tree Spa and Banyan Tree Gallery.

1993
LRH lists its shares on the Stock Exchange of Thailand. Banyan Tree Hotels 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.

1987–1992
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.

AWARDS AND ACCOLADES

Banyan Tree Al Wadi, UAE

Banyan Tree Vabbinfaru, Maldives

Total Awards Won in 2011	Total Awards Won To-Date
128	780*

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. The 780 awards and accolades we have received since 1994 are testament to this commitment.

Highlights

"Most Transparent Company Award 2011"
SIAS Investors Choice Awards 2011
Banyan Tree Hotels and Resorts

"Asia's Leading Resort Brand"
2011 World Travel Awards
Banyan Tree Hotels and Resorts

"Best Spa Operator"
TTG Travel Awards 2011
Banyan Tree Spa

* As at 31 December 2011

Travel

"Asia's Leading Resort Brand"
2011 World Travel Awards
Banyan Tree Hotels and Resorts

"Ras Al Khaimah's Leading Resort"
"UAE's Leading Villa Resort"
"Middle East's Leading Villa Resort"
2011 World Travel Awards
Banyan Tree Al Wadi

"Best for Location"
Condé Nast Traveler Gold List 2011
Banyan Tree Vabbinfaru

"Top 50 resorts in Mexico – 16th"
Condé Nast Traveler US Readers Choice Awards 2011
Banyan Tree Cabo Marqués

"Top 25 Spas, Hotels & Resorts – 5th"
"Top 25 Leisure Hotels & Resorts – 17th"
Smart Travel Asia - Best Asian Travel Brands 2011
Banyan Tree Phuket

"Best New Beach Resort Hotel"
TTG Travel Awards 2011
Banyan Tree Samui

"Best Resort Hotel"
National Geographic Traveler China Readers' Choice Gold List
Banyan Tree Lijiang

"Best Luxurious Hotels of China"
6th China Hotel Starlight Awards 2011
Banyan Tree Sanya

"China's Best Elegant and Luxury Resort Hotel of 2011"
8th Golden-Pillow Award of China Hotels
Banyan Tree Hangzhou

Banyan Tree Samui, Thailand

Banyan Tree Sanya, China

"Best City Resort"
Voyage Hotel & Resort Best Value Awards 2011
Banyan Tree Macau

Spa

"2011 Best Spa Hotel in China"
2011 Top Travel Ceremony
Banyan Tree Hotels and Resorts

"Best Spa Brand Award"
Hurun Report Best of the Best Awards 2011
Banyan Tree Spa

"Best Spa Operator"
TTG Travel Awards 2011
Banyan Tree Spa

"Asia's Leading City Spa Hotel"
World Travel Awards 2011
Banyan Tree Bangkok

"Best Luxury Resort Spa"
World Luxury Spa Awards 2011
Banyan Tree Mayakoba

CSR

"Winner – Preservation"
Condé Nast Traveler 5th Annual World Savers Awards 2011
Banyan Tree Hotels and Resorts

"Leadership: Education Initiative"
2011 Travel + Leisure Global Vision Award
Banyan Tree Hotels and Resorts

"Best Large Hotel"
"Overall Winner"
Thailand Green UK Travel Awards
Banyan Tree Phuket

"Sustainable Tourism"
National Geographic Traveler China Readers' Choice Gold List
Banyan Tree Ringha

"ASEAN Green Hotel Award – 4th"
ASEAN Green Hotel Award
Angsana Bintan

Real Estate

"Real Estate Personality of the Year"
South East Asia Property Awards 2011
Ho KwonPing

"Best Developer (Thailand)"
South East Asia Property Awards 2011
Laguna Resorts & Hotels

Corporate

"Most Transparent Company Award 2011"
SIAS Investors Choice Awards 2011
Banyan Tree Hotels and Resorts

"Best Annual Report (Silver)"
"Best Managed Board (Silver)"
Singapore Corporate Awards 2011
Banyan Tree Holdings Limited

Design

"The Best Design Award in Resort"
HA+D Awards
Banyan Tree Hangzhou

"DFA Bronze Award"
Design For Asia Award 2011
Banyan Tree Al Wadi

"Best Landscape Architectural Design Award – Banyan Tree Samui"
Thanachart Bank Thailand Property Award 2011
Architrave Design and Planning

Angsana Velavaru, Maldives

PORTFOLIO
EXISTING RESORTS IN 2011

Existing Resorts

Resorts/Hotels *with* Equity Interest	No. of Keys: Resorts/ Hotels	No. of Keys: Residences Available for Sale*	Equity (%)
Banyan Tree			
Madivaru, Maldives	6	–	100.0
Vabbinfaru, Maldives	48	–	100.0
Ringha, China	32	–	96.0
Lijiang, China	120	10	83.2
Bangkok, Thailand	327	11	65.8
Phuket, Thailand	173	19	65.8
Seychelles	60	5	30.0
Cabo Marqués, Mexico	45	17	13.7
Mayakoba, Mexico	107	40	7.7
Subtotal	**918**	**102**	
Angsana			
Ihuru, Maldives	45	–	100.0
Velavaru, Maldives	112	–	93.4
Riads Collection, Morocco	41	–	100.0
Laguna Phuket, Thailand	329	–	65.8
Subtotal	**527**	**–**	
Others			
Gyalthang Dzong Hotel, China	47	–	80.0
Laguna Holiday Club Phuket Resort, Thailand	116	–	65.8
Subtotal	**163**	**–**	
Grand Total	**1,608**	**102**	

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

Resorts/Hotels with Equity Interest

Total Number of Resorts/Hotels

15

Total Number of Keys for Resorts/Hotels

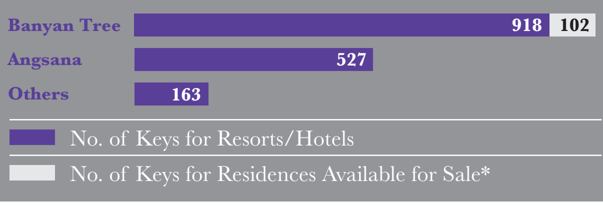
1,608

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

6

Total Number of Keys for Residences Available for Sale*

102



Existing Resorts

	No. of Keys	
Resorts/Hotels *without* Equity Interest	Resorts/ Hotels	Residences Available for Sale*
Banyan Tree		
Bintan, Indonesia	61	26
Sanya, China	49	–
Ungasan, Bali, Indonesia	71	–
Hangzhou, China	72	–
Al Wadi, Ras Al Khaimah, UAE	133	–
Club & Spa Seoul, Korea	50	–
Samui, Thailand	88	–
Macau, China	256	–
Subtotal	**780**	**26**
Angsana		
Bintan, Indonesia	106	–
Great Barrier Reef, Australia	60	–
Bangalore, India	79	–
Fuxian Lake, Yunnan, China	711	–
Hangzhou, China	59	–
Balaclava, Mauritius	52	–
Subtotal	**1,067**	**–**
Others		
Maison Souvannaphoum Hotel, Luang Prabang, Laos	25	–
Subtotal	**25**	**–**
Grand Total	**1,872**	**26**

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

Resorts/Hotels without Equity Interest

Total Number of Resorts/Hotels

15

Total Number of Keys for Resorts/Hotels

1,872

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

1

Total Number of Keys for Residences Available for Sale*

26

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					
Lăng Cô, Vietnam+	129	80	300 – 350	15.7	2012
Yangshuo, Guilin, China++	148	–	300 – 350	5.0	2013
Huangshan, China++	116	40	TBA#	5.0	2013
Subtotal	**393**	**120**			
Angsana					
Lăng Cô, Vietnam+	197	48	160 – 210	15.7	2012
Lhasa, Tibet, China+++	131	131	150 – 190	5.0	2013
Subtotal	**328**	**179**			
Grand Total	**721**	**299**			

@ Resorts in the pipeline are updated as at 31 December 2011.
* Residences planned for sale are part of resorts/hotels under sales and leaseback.
\+ 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.
++ 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.
+++ To be transferred to Banyan Tree China Hospitality Fund (I).
\# To be advised.

Resorts/Hotels with Equity Interest

Total Number of Resorts/Hotels

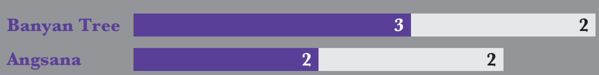
5

Total Number of Keys for Resorts/Hotels

721

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

4



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

Total Number of Keys for Residences Planned for Sale*

299

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

Resorts in the Pipeline[@]

Resorts/Hotels *without* Equity Interest	No. of Keys Resorts/ Hotels	No. of Keys Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Year of Opening
Banyan Tree				
Kerala, India	59	18	420 – 470	2012
North Bund, Shanghai, China	130	–	200 – 350	2012
Tianjin, China	159	–	TBA[#]	2012
Jiuzhaigou, China	380	TBA[#]	150 – 350	2013
Riverside, Shanghai, China	181	–	TBA[#]	2013
Tamouda Bay, Tetouan, Morocco	102	–	TBA[#]	2013
Panda Town, Chengdu, China	127	TBA[#]	TBA[#]	2013
Shanqin Bay, Hainan, China	TBA[#]	TBA[#]	TBA[#]	2013
Tengchong, Yunnan, China	81	25	TBA[#]	2014
Alqueva, Maurao, Portugal	105	50	TBA[#]	2014
Sveti Marko, Montenegro	54	54	TBA[#]	2014
Beibei, Chongqing, China	96	TBA[#]	TBA[#]	2014
Dali, Yunnan, China	286	TBA[#]	TBA[#]	2014
Pearl Hill, Qingdao, China	TBA[#]	TBA[#]	TBA[#]	2014
Goa, India	TBA[#]	TBA[#]	TBA[#]	2015
Lintong, Xi'an, China	TBA[#]	TBA[#]	TBA[#]	2015
Signatures Pavilion, Kuala Lumpur, Malaysia	TBA[#]	TBA[#]	TBA[#]	2016
Subtotal	**1,760**	**147**		
Angsana				
Tengchong · Hot Spring Village, Yunnan, China	33	–	TBA[#]	2012
Tangshan, Nanjing, China	202	–	TBA[#]	2013
City Club, Chengdu, China	38	–	TBA[#]	2013
Langfang, Hebei, China	83	33	TBA[#]	2013
Luofushan, Guangdong, China	188	22	TBA[#]	2014
Penon del Lobo, La Herradura, Spain	238	58	TBA[#]	2014
Sifah, Oman	208	8	200 – 250	2014
Tengchong, Yunnan, China	200	100	TBA[#]	2014
Beibei, Chongqing, China	112	TBA[#]	TBA[#]	2014
Acapulco, Mexico	108	48	TBA[#]	2014
Zhujiajiao, Shanghai, China	121	TBA[#]	TBA[#]	2014
Lintong, Xi'an, China	TBA[#]	TBA[#]	TBA[#]	2014
Subtotal	**1,531**	**269**		
Grand Total	**3,291**	**416**		

[@] Resorts in the pipeline are updated as at 31 December 2011.
* Residences planned for sale are part of resorts/hotels under sales and leaseback.
[#] To be advised.

Resorts/Hotels without Equity Interest

Total Number of Resorts/Hotels

29

Total Number of Keys for Resorts/Hotels

3,291

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

10

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

Total Number of Keys for Residences Planned for Sale*

416

No. of Keys for Resorts/Hotels
No. 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	8
Bangkok, Thailand	16
Shanghai, China	13
Phoenix Seagaia Resort, Japan	10
Ringha, China	6
Lijiang, China	7
The World Spa by Banyan Tree at M.V. The World Cruise	4
Madivaru, Maldives	6
Sanya, China	12
Mayakoba, Mexico	16
Al Wadi, Ras Al Khaimah, UAE	12
Hangzhou, China	10
Ungasan, Bali, Indonesia	9
Cabo Marqués, Mexico	6
Estoril, Portugal	10
Club & Spa Seoul, Korea	11
Samui, Thailand	10
Macau, China	21
Marina Bay Sands, Singapore	15
Subtotal	**247**
Angsana	
Dusit Laguna Phuket, Thailand	8
Bintan, Indonesia	15

Existing Spas

Total Number of Spas

65

Total Number of Treatment Rooms

647

Existing Spas

Name of Property	No. of Treatment Rooms
Angsana	
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
Guam Marriott, Guam	9
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	13
Bunratty, Ireland	5
Crown Plaza, Kobe, Japan	8
The Garden Hotel, Guangzhou, China	12
Narada, Sanya, Hainan, 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
InterContinental, Mauritius	7
Nikko, Shanghai, China	8
Sankara Nairobi, Kenya	7
Fuxian Lake, Yunnan, China	22
Sheraton Brigade, Bangalore, India	9
Hotel ICON, Hong Kong, China	4
Balaclava, Mauritius	8
Subtotal	**375**
Elements Spas By Banyan Tree	
Kuwait	8
Tivoli Victoria, Vilamoura, Portugal	7
Tivoli Sao Paulo, Brazil	10
Subtotal	**25**
Grand Total	**647**

PORTFOLIO
SPAS IN THE PIPELINE

Spas in the Pipeline[@]

Year of Opening
2012

Banyan Tree

Lăng Cô, Vietnam
Kerala, India
North Bund, Shanghai, China
Tianjin, China

Angsana

Lăng Cô, Vietnam
Tengchong · Hot Spring Village, Yunnan, China
Golkonda Resort & Spa, India
Xiamen Seaview, Xiamen, China
Nusajaya, Malaysia
Fineland, Guangzhou, China
Crowne Plaza Yunnan Xi Shuang Ban Na, Yunnan, China
Caesar Park, Kenting, Taiwan

Year of Opening
2013

Banyan Tree

Yangshuo, Guilin, China
Huangshan, China
Jiuzhaigou, China
Riverside, Shanghai, China
Tamouda Bay, Tetouan, Morocco
Panda Town, Chengdu, China
Shanqin Bay, Hainan, China

Angsana

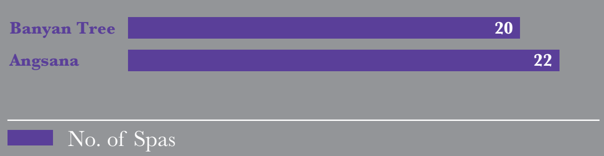
Lhasa, Tibet, China
Tangshan, Nanjing, China
City Club & Spa Chengdu, China
Langfang, Hebei, China
Ludhiana, India
Radisson Blu Mumbai, India

[@] Spas in the pipeline are updated as at 31 December 2011.

Spas in the Pipeline

Total Number of Spas

42



Spas in the Pipeline[@]

Year of Opening 2014
Banyan Tree
Alqueva, Maurao, Portugal
Tengchong, Yunnan, China
Sveti Marko, Montenegro
Beibei, Chongqing, China
Dali, Yunnan, China
Pearl Hill, Qingdao, China
Angsana
Sifah, Oman
Penon del Lobo, La Herradura, Spain
Luofushan, Guangdong, China
Tengchong, Yunnan, China
Acapulco, Mexico
Beibei, Chongqing, China
Zhujiajiao, Shanghai, China
Lintong, Xi'an, China

Year of Opening 2015
Banyan Tree
Goa, India
Lintong, Xi'an, China

Year of Opening 2016
Banyan Tree
Signatures Pavilion, Kuala Lumpur, Malaysia

[@] Spas in the pipeline are updated as at 31 December 2011.

Banyan Tree Madivaru, Maldives

Laguna Lăng Cô, Vietnam

OUR WORLDWIDE DESTINATIONS 2011

Number of Countries*

26

Number of Keys and Rooms*

3,480

Number of Hotel Management Contracts*

78

Number of Hotels*

30

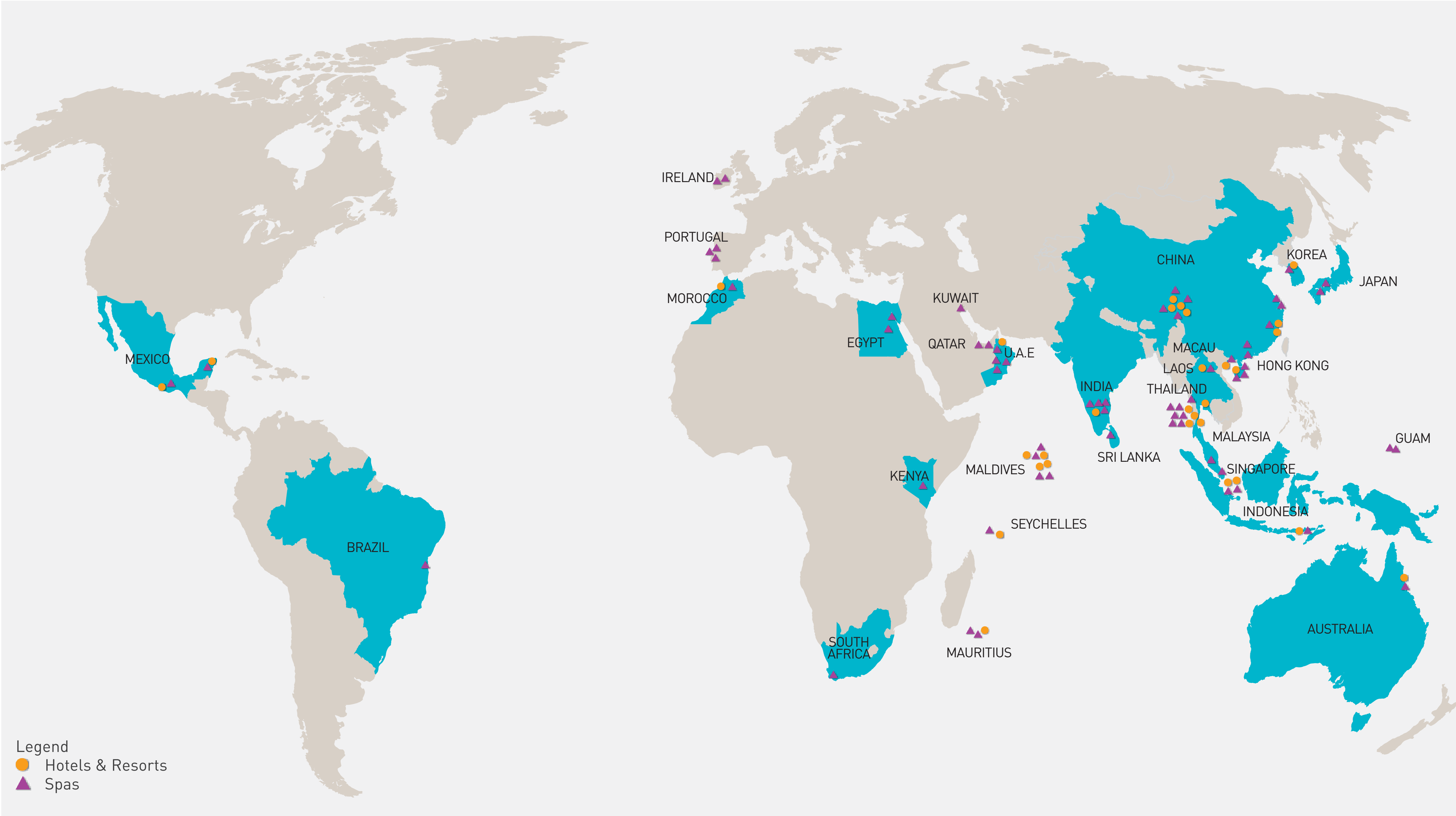
Number of Owned Hotels*

15

Number of Spas*

65

* As at 31 December 2011



New openings in 2011

Resorts *without* Equity Interest
Banyan Tree
- Macau, China

Angsana
- Hangzhou, China
- Balaclava, Mauritius

Spas
Banyan Tree
- Macau, China
- Marina Bay Sands, Singapore

Angsana
- Sheraton Brigade, Bangalore, India
- Hotel ICON, Hong Kong, China
- Balaclava, Mauritius

Banyan Tree Spa Marina Bay Sands, Singapore
Photo courtesy of Marina Bay Sands

Angsana Bangalore, India

Angsana Balaclava, Mauritius

Laguna Phuket, Thailand

Banyan Tree Ringha, China

Group Revenue

S$329.5m
+3%

Banyan Tree Holdings is a leading manager and developer of premium resorts, hotels, and spas centred 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 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

2011: 49.7% | 20.1% | 30.2%

Hotel Investments	S$163.7m	-14%
Property Sales	S$66.3m	+49%
Fee-based	S$99.5m	+14%

Hotel Investments

Revenue

S$163.7m
-14%

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

We hold equity interest in 15 hotels, comprising over 1,600 keys.

In December 2011, Sheraton Grande Laguna Phuket was rebranded as Angsana Laguna Phuket after extensive renovation. The flagship Angsana resort in Laguna Phuket offers 329 keys and a number of innovative F&B concepts.

Revenue

2011: 100.0%

Hotel Investments	S$163.7m	-14.0%

Property Sales

Revenue

S$66.3m
+49%

This segment comprises revenue from the following categories:

- **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 are available in Phuket, Seychelles, Lijiang, Bangkok, Bintan and Mexico.
- **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

2011: 18.1% | 27.0% | 54.9%

Hotel Residences	S$12.0m	-50%
Laguna Property Sales	S$17.9m	-12%
Development Project/Site Sales	S$36.4m	nm

Fee-based

Revenue

S$99.5m
+14%

Fee-based segment comprises revenue from the following categories:

- **Hotel/Fund/Club Management**
  Besides managing hotels under the Banyan Tree and Angsana brands for other owners, we also manage an asset-backed destination club and two private equity funds.
- **Spa/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 livelihoods of village artisans and environmental conservation.
- **Design Fees & Others**
  We receive fees for architectural and interior design services and income from operating golf clubs. Most of our resorts are planned and designed by our in-house design teams.

We manage 15 resorts and hotels, and operate 65 spas and 82 gallery outlets.

Revenue

2011: 29.8% | 40.5% | 29.7%

Hotel/Fund/Club Management	S$29.6m	+12%
Spa/Gallery Operations	S$40.3m	+10%
Design and Others	S$29.6m	+21%

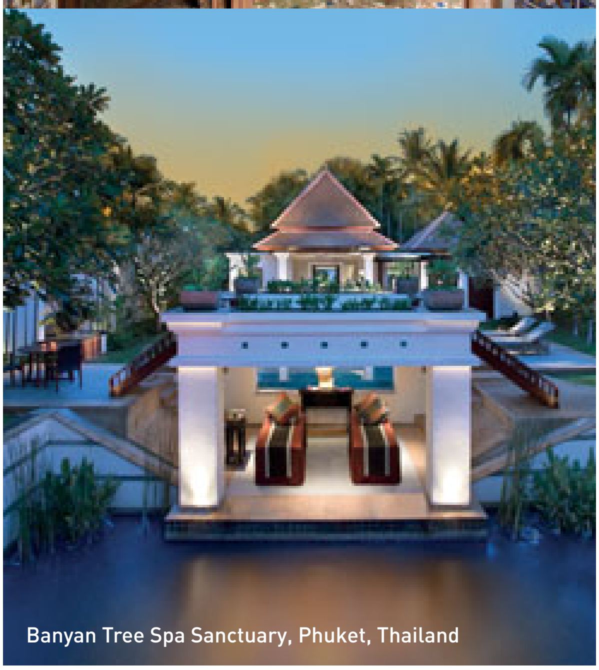
BUSINESS REVIEW
HOTEL INVESTMENTS

Angsana Velavaru, **Maldives**

Revenue (S$m)

-14%


Angsana Riads Collection Morocco


Banyan Tree Spa Sanctuary, Phuket, Thailand

Revenue from Group-owned hotels was S$163.7 million in 2011, or 14% lower than 2010. The decrease, which was mainly due to Thailand and Morocco, was partially cushioned by the Maldives and China.

Thailand

Revenue from Thailand fell 24% to S$33.3 million, mainly due to the sale of Dusit Laguna Phuket and Laguna Beach Resort in October 2010 and May 2011 respectively, and the five-month closure of the Sheraton Grande Laguna Phuket for major renovations. Banyan Tree Phuket also recorded lower revenue due to the shortfall from the European market.

The political situation in Thailand stabilised after peaceful general elections. However, our properties suffered the fallout from Thailand's worst floods in half a century, which affected Bangkok's domestic airport and resulted in several countries issuing travel alerts. This led to cancellations totalling 4,478 room nights and US$960,565 in room revenue for our Thai properties. Banyan Tree Bangkok was the worst hit, but nevertheless posted higher revenue than last year following aggressive tactical campaigns.

A milestone during the year was our rebranding of Sheraton Grande Laguna Phuket after its renovation as Angsana Laguna Phuket. Now the flagship Angsana resort, it offers 329 keys and a number of innovative F&B concepts.

Maldives

We succeeded in positioning our resorts to stand out in the competitive Maldives market, and boosted revenue by S$3.7 million in 2011. Angsana Velavaru was the key contributor, with its "No Lagoon Like It" campaign attracting Chinese visitors eager to experience activities within our lagoon and enjoy the beachfront and InOcean Villas. The focus for Banyan Tree Vabbinfaru is "Spa Indulgence", while Angsana Ihuru is known for being a premier dive-centric resort. The exclusivity and privacy of Banyan Tree Madivaru appeal especially to Russian guests.

China

China registered a S$2.0 million increase in revenue from the year before, partly because of increased MICE activity. To meet burgeoning demand from the increasing number of affluent Chinese travellers, we opened three new marketing offices in Chengdu, Kunming and Shenyang. We plan to open six more in 2012 in the secondary cities of Wuhan, Xi'an, Nanjing, Xiamen, Changsha and Qingdao.

Morocco

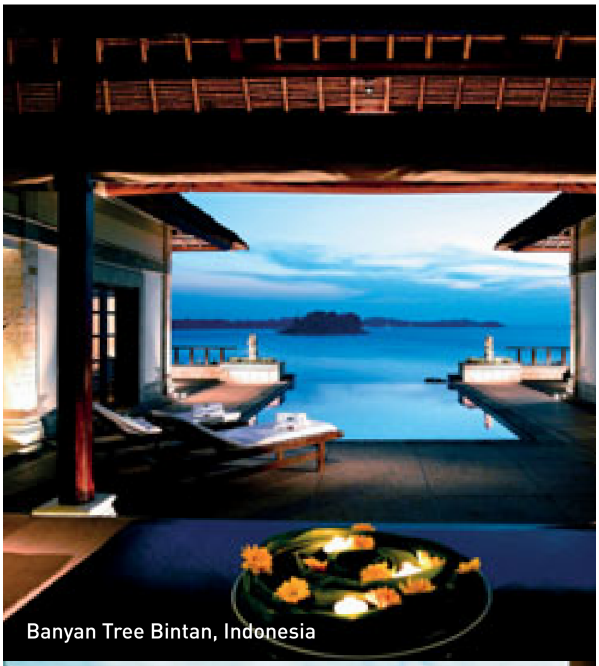
The combination of political turmoil in North Africa, the ongoing European financial crisis and keen competition caused revenue from Angsana Riads Collection Morocco to dip by S$0.7 million year on year. Occupancy declined from 51% to 38%, which in turn eroded RevPAR by 29% from US$76 to US$54. However, the property did well in online direct and partner bookings, with marked increases from Expedia and Booking.com. We expect online and group promotions to continue to be instrumental.

BUSINESS REVIEW
PROPERTY SALES

Banyan Tree Lijiang, China

Revenue (S$m)

+49%



Banyan Tree Bintan, Indonesia

DoublePool Villas by Banyan Tree, Phuket, Thailand

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

On 26 August 2010, the Accounting Standards Council issued INT FRS 115 with an accompanying note that clarifies when revenue and related expenses from sale of real estate should be recognised if an agreement between a developer and a buyer is reached before the real estate is completed. INT FRS 115 determines that contracts which are not classified as construction contracts in accordance with FRS 11 Construction Contracts can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of work in progress in its current state as construction progresses.

The Group has considered the application of INT FRS 115 and concluded that certain "pre-completion" sale contracts were not, in substance, construction contracts, and the legal terms are such that the construction does not represent the continuous transfer of work in progress to the purchaser. As such, with effect from FY2011, the Group has changed its revenue recognition method, from the "percentage of completion" method as construction progresses, to the "completion" method whereby revenue is recognised when significant risks and rewards are transferred to the buyer. Accordingly, the comparatives have also been restated.

Overall property sales revenue was S$66.3 million, up 49% from last year's S$44.4 million. The increase was attributable to the sale of development sites to the China Fund for S$36.3 million. Excluding this, the combined revenue from the sales of hotel residences, Laguna properties and Laguna holiday club memberships was 33% lower than last year. This was due to the ongoing global economic uncertainty as well as political unrest in Thailand, which adversely affected investor confidence, particularly in higher-priced hotel residences.

Hotel Residences

The resort investment property market remained soft in 2011 mainly for the reasons mentioned above. Overall, three units were sold in 2011 compared to 11 units in the previous year. They comprised:

- One Dusit Laguna Phuket Two-Bedroom Lagoon Pool Villa (US$0.9 million);
- One Banyan Tree Phuket Two-Bedroom Pool Villa (US$1.6 million); and
- One Banyan Tree Bintan One-Bedroom Bayfront Pool Villa (US$0.8 million).

With lower sales across all locations, revenue recognised from hotel residences in 2011 was S$12.0 million, down from S$24.1 million in 2010.

BUSINESS REVIEW
PROPERTY SALES


Dusit Laguna Phuket, Thailand


Banyan Tree Residences Phuket, Thailand

We continued to offer an excellent range of residences for sale including:

- Dusit Laguna Phuket: a niche development of Two-Bedroom Pool Villas featuring unique rooftop pools with expansive lagoon views, priced at US$0.9 million;
- Banyan Tree Phuket: our largest development comprising Two-Bedroom Pool Villas priced at US$1.7 million, One-Bedroom DoublePool Villas at US$2.2 million and Two-Bedroom Deluxe DoublePool Villas at US$3.3 million;
- Banyan Tree Lijiang: Three-Bedroom Naxi Residences priced at US$2.3 million, 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;
- Banyan Tree Bangkok: Two-Bedroom apartments in our 61-storey hotel priced from US$0.8 million to US$1.1 million; and
- Laguna Lăng Cô: villas at Banyan Tree Lăng Cô and One and Two-Bedroom apartments at Angsana Lăng Cô, all of which will be located in the integrated resort with its spectacular Nick Faldo-designed golf course.

There has been a general increase in interest in the closing months of the year, and we are hopeful of a stronger high season than in recent years. As potential buyers are now more cautious about buying into off-plan developments, we are focusing on selling our already-completed Banyan Tree Residences.

In the coming year, we intend to make further inroads into emerging regional markets such as China. We will also continue with innovative promotions and incentives such as long-term payment plans, and improving our excellent after-sales service.

Laguna Village Deluxe Residences, Thailand

Laguna Village Deluxe Residences, Thailand

Laguna Property Sales

Besides the impact of the global economic uncertainty and the political instability in Thailand, we faced competition from lower-priced resale properties. However, this was offset by the increase in sales activity following the peaceful mid-year elections in Thailand. As a result, revenue recognition from Laguna property sales rose to S$9.8 million, an increase of 2% when compared to last year's S$9.7 million.

We completed construction of the first phase of our new Lofts, which are designed to provide an entry-level investment into the Laguna Phuket property market. To date, these one-bedroom suites have attracted high levels of interest.

Overall, 10 units were sold in 2011 compared to 11 units the prior year. They comprised:

- Five Lofts;
- Two Laguna Village Two-Bedroom Condominiums;
- One Laguna Village Three-Bedroom Townhome;
- One Laguna Village Four-Bedroom Residence; and
- One Laguna Village Five-Bedroom Deluxe Residence.

Laguna Holiday Club

The economic conditions in 2011 were not conducive to our holiday club business. Revenue in 2011 was S$8.1 million, down 24% from S$10.6 million the previous year.

In addition to the adverse economic climate, hotels and resorts in general have seen significant rate pressures, which have temporarily impaired the financial logic of our product offering. This has translated into lower discretionary spend on products such as holiday club memberships. In such an operating environment, we have scaled back the business by closing some branches, and have reduced head count until the situation improves.

Banyan Tree Hangzhou, China

Revenue (S$m)

+14%


Angsana Balaclava, Mauritius


Banyan Tree Bintan, Indonesia

The Group's fee-based business consists of hotel, fund and club management, spa operations, gallery operations, and design and other services. With the exception of club management, all fee-based units registered year on year increases in revenue, resulting in overall revenue growth of 14%.

Hotel Management

During the year, the following properties were opened, adding to our portfolio under management:

- Featuring 246 suites and 10 pool villas, Banyan Tree Macau is part of the new integrated development, Galaxy Macau, located in vibrant Cotai City. The only hotel in the world to feature 10 resort villas with their own gardens and private, full-sized swimming pools atop the Galaxy podium, this property reflects our image as an innovator in the hospitality industry.
- The 59-room Angsana Hangzhou in China's Xixi National Wetland Park is our second property in the city following the launch of Banyan Tree Hangzhou in 2009.
- Our first development in Mauritius, Angsana Balaclava is a charming five-star boutique resort comprising of 52 suites and villa situated along the white sands of Baie aux Tortues (Turtle Bay).

Revenue from hotel management was S$18.9 million, up by $2.2 million from the previous year. The increase was mainly due to revenue from Banyan Tree Macau which opened in May 2011, as well as higher revenue from Banyan Tree Samui (opened July 2010), Angsana Fuxian Lake (opened October 2010) and Banyan Tree Ungasan (opened December 2009). This was partially offset by the absence of the one-time royalty fee recorded in 2010 for property sales at Angsana Fuxian Lake.

Americas

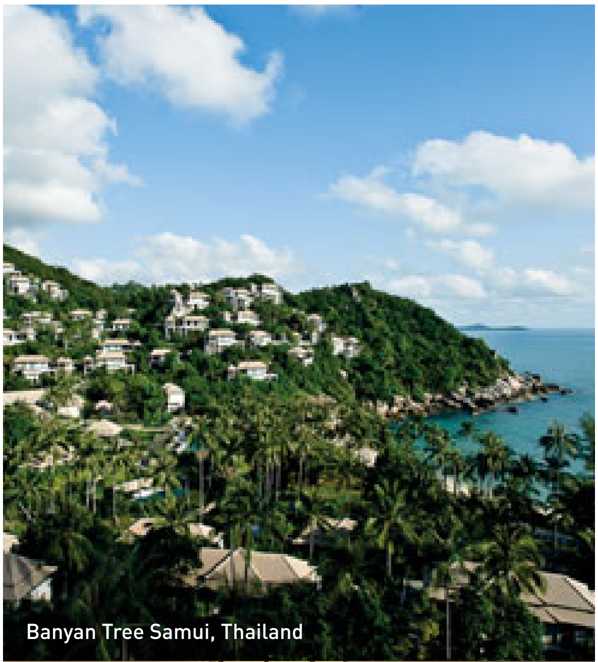
Banyan Tree Mayakoba and Banyan Tree Cabo Marqués performed well, growing room revenue by a stellar 41%. By lowering ADR by 12%, both properties were able to boost occupancy, generating a 31% increase in RevPAR over the previous year.

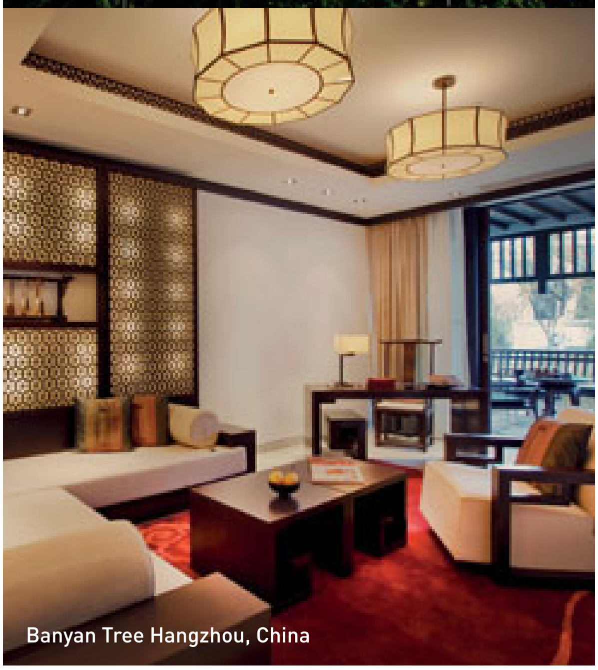
Throughout the year, however, Banyan Tree Cabo Marqués was severely impacted by Mexican drug cartel activity in the Acapulco area. Although room revenue grew by 42%, the property suffered a drop in group bookings from the USA, which had issued a travel warning for this area of Mexico.

China

Our managed properties in China saw a significant 55% improvement in room revenue. Occupancy rates held steady at Banyan Tree Sanya and Banyan Tree Hangzhou, although ADR rose by 17% and 14% respectively. The opening of Angsana Fuxian Lake in 2010 contributed to room revenue but caused the ADR of our managed properties in China to drop by 44%.

BUSINESS REVIEW
FEE-BASED


Banyan Tree Samui, Thailand


Banyan Tree Hangzhou, China

Asia Pacific
Although occupancy rose by only 5 percentage points, Group-managed properties in the Asia Pacific excluding China achieved increases of 143% in room revenue, 36% in RevPAR and 25% in ADR.

In the Pipeline
We continue to maintain a healthy pipeline of managed properties, including six to be opened in 2012. Of these, three will be in the fast-growing market of China: Banyan Tree Tianjin, Banyan Tree North Bund in Shanghai and Angsana Tengchong · Hot Spring Village in Yunnan. Aside from China, we will launch Banyan Tree Kerala in India, as well as Banyan Tree and Angsana Lăng Cô in Vietnam.

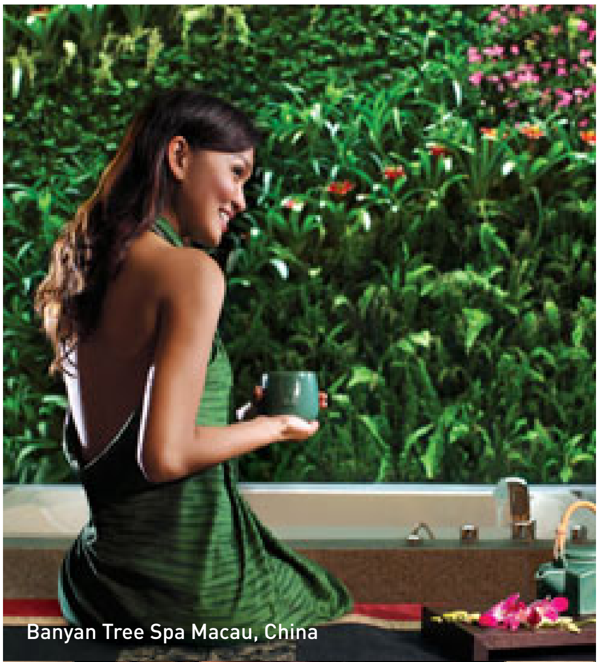
Fund Management
Overall revenue was S$9.0 million, up 35% mainly due to fees received from managing the China Fund, which was launched in September 2010. At final closing in January 2011, the fund had raised RMB1 billion, largely from high net-worth Chinese individuals.

During the year, the China Fund purchased development lands in Lijiang, Yangshuo and Huangshan from Banyan Tree. Construction will commence in 2012.

Construction is underway for the Banyan Tree and Angsana resorts owned by our Banyan Tree Indochina Hospitality Fund, which attained a final closing of US$283 million in 2009. Both resorts and the 18-hole golf course are expected to open in the second half of 2012.

Club Management
Fees from managing Banyan Tree Private Collection ("BTPC") amounted to S$1.7 million. The 42% decrease from last year was due to fewer memberships sold (17 compared to last year's 27). 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 2011, and charged with streamlining operations and managing expenses in order to retain profitability. To enhance the appeal of the club for existing and new members, we renewed the reciprocal agreement that we signed with a European destination club in 2010. We also finalised a new agreement with the largest US-based destination club. These reciprocal affiliations allow BTPC members to enjoy five-star accommodation around the world.



Banyan Tree Spa Macau, China

Banyan Tree Spa Phuket, Thailand

Spa Operations

The Group's spa operations continued to expand with the opening of five new spas in 2011. These were Banyan Tree Spa Macau in China, Angsana Spa Sheraton Bangalore at Brigade Gateway in India, Angsana Spa Hotel ICON in Hong Kong, Banyan Tree Spa Marina Bay Sands in Singapore, our first spa in the Group's home base, and Angsana Spa Balaclava, Mauritius.

With these additions, we now own or manage 65 spas in 26 countries under the brands Banyan Tree Spa, Angsana Spa and Elements Spa By Banyan Tree.

Total spa revenue for 2011 was S$28.8 million, a healthy increase from last year's S$27.7 million. Strong revenue contributors included China, Dubai, Guam, Indonesia, Malaysia, the Maldives, Mexico and Sri Lanka.

Guam observed a speedy recovery with the return of Japanese tourists following the tsunami crisis. Business at Banyan Tree Spa Bangkok also began to turn around as the political situation in Thailand stabilised; however, unforeseen heavy flooding in central Thailand slowed the recovery.

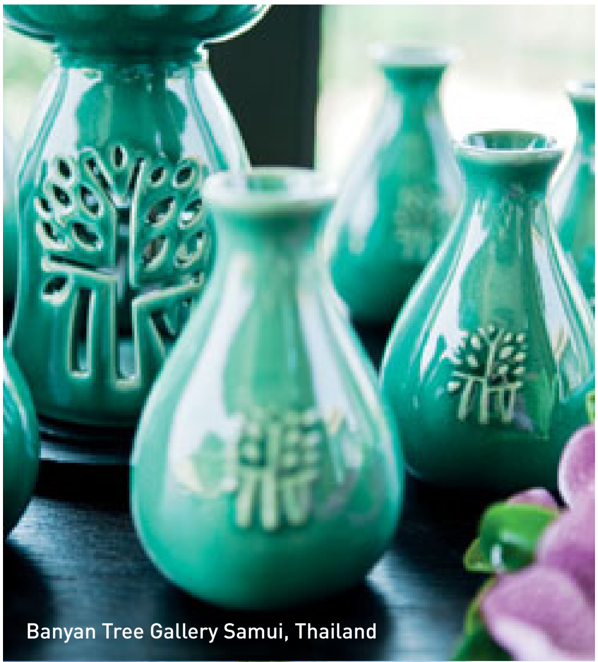
The average rate per hour dipped by 2% to S$83 for Banyan Tree Spa and 1% to S$56 for Angsana Spa. Compared to the previous year, spa occupancies at Banyan Tree and Angsana Spas rose across all key clusters, especially at outlets in Cabo Marqués, Guam, Maldives and South Africa.

The year saw us introduce several new offerings to delight our guests. In July, we soft-launched the Banyan Tree Spa Sanctuary. Managed by Banyan Tree Spa, the Banyan Tree Sanctuary features Spa Pool Villa accommodation infused with spa elements, healthy cuisine and spa and wellness activities. Each of the three packages offers a different level of pampering spa indulgence, and includes in-villa massages, a welcome foot ritual, a wellness consultation with an Ayurvedic doctor, and a range of complimentary activities.

Meanwhile, Banyan Tree Spa Academy in Phuket celebrated its 10th anniversary with the launch of its *Touch of Wellness* courses. These unique sessions are designed to impart skills in spa therapy and holistic wellness to our guests. We also refreshed our menu of facial treatments, with the gradual introduction of new treatments under the renowned Natura Bisse brand for Banyan Tree Spas and Anne Semonin brand for Angsana Spas.

In the past three years, our spas have pampered 2 million guests. With the large number of new openings planned, particularly in China, our portfolio is set to grow to 90 spas by 2013. Recruitment will therefore be a key task for the coming year, in China as well as in Thailand and Indonesia. We will also be focusing on heightening the brand awareness for Banyan Tree and Angsana Spas, and maintaining consistently high service standards across all outlets.

BUSINESS REVIEW
FEE-BASED


Banyan Tree Gallery Samui, Thailand


Angsana Gallery Bintan, Indonesia

Gallery Operations
As the Group's socially-responsible retail arm, Banyan Tree Gallery helps to sustain villagers' livelihoods and promote cultural and green awareness through its unique merchandise. It 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 performed well in 2011, with extensive development of new products, especially exclusive Banyan Tree merchandise. Gallery revenue climbed 27% to S$11.5 million in 2011, while EBITDA soared 179% to S$2.9 million.

Overall store-to-store retail revenue performed better than 2010 by 18%, with the guest satisfaction index exceeding the expectation level at 90.6%. The average return per square metre of retail space showed an increase of 12% compared to 2010, or a 24% increase from 2009. Tactical retail pricing and effective up-selling strategies boosted average spending by 9%, and resulted in a significant increase of 23% from 2008. The year also saw strong retail growth corresponding to the 23% increase in number of walk-in guests and 11% increase in number of transactions compared to last year, thanks to collaboration with the properties to enhance brand awareness. Hotel and spa-managed outlets, notably in China, Dubai, Indonesia, Maldives and Mexico, contributed strongly to retail revenue. Outlets managed by Gallery saw robust retail sales, especially at the three Singapore museum shops, two retail galleries and external sales kiosks in Bangkok, Elements Jewelry by Banyan Tree and Laguna Beach Resort outlets in Phuket, and Banyan Tree Gallery Lijiang.

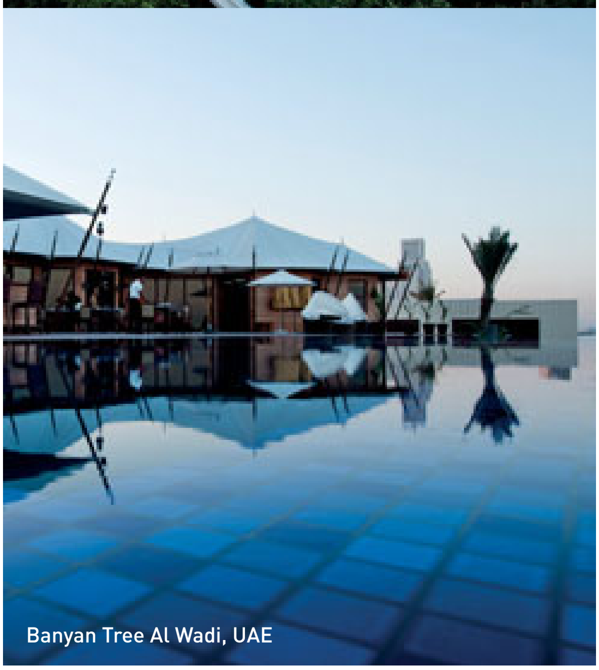
Key contributors included hotel and export sales, which grew 20%, aided by new hotel openings for which the Gallery undertook design development, supply and logistics. The Gallery was bolstered by a new centralised supply chain, the result of a two-year restructuring process, which supports the growth of Group properties worldwide.

Through collaborations with popular websites in China and Thailand, e-commerce revenue increased by a similar margin. These initiatives helped to generate online traffic and raise brand awareness among non-hotel guests.

As of 31 December 2011, Gallery owned or managed 82 outlets in 27 countries, making it one of the largest retail chains in the hospitality industry. With plans to add another six Banyan Tree Galleries and 10 Angsana Galleries in 2012, this portfolio will continue to grow.

The key business focus in 2012 will be on greater yield management, emphasising revenue and cost management, effective retail pricing and supply chain management. Gallery will extend its market reach by leveraging social media and strategic marketing platforms. More new and strategic partnerships will also be forged to increase brand exposure.


Banyan Tree Samui, Thailand


Banyan Tree Al Wadi, UAE

Design and Other Services

The Group employs an in-house team to plan, design and oversee construction and maintenance of most of our resorts, spas and galleries. This allows us to create a consistent brand identity throughout our portfolio, and also gives us better control over the time and costs involved in bringing each project to market.

Because of our reputation for aesthetic designs that are sensitive to the environment and surrounding culture, hotel owners who engage us to manage their properties often entrust us with the entire process of design and construction as well. Their confidence is well-founded, given the numerous international awards that our projects have garnered. In 2011, for example, Banyan Tree Al Wadi won the Design For Asia Bronze Award, Banyan Tree Hangzhou won in the Resort category of the HA+D Awards for Design Excellence, and Banyan Tree Samui clinched the Best Landscape Architectural Design Award at the Thanachart Bank Thailand Property Awards.

In 2011, design and other services registered revenue of S$29.6 million, up a healthy 21% from a year ago. Growth came mainly from architectural and design fees and rental income, pared by lower revenue from our golf and Canal Village retail operations. At S$7.4 million, EBITDA was more than triple that of last year's.

Revenue from architectural and design fees increased thanks to a new project in Chongqing and higher billings for Huangshan and Luofushan, all of which are located in China. These were partially offset by the completion of our spa at Marina Bay Sands and lower billings from the Angsana Fuxian Lake project.

We also received higher rental income during the year, mainly due to the signing of two new tenants for Thai Wah Plaza, a Group-owned commercial building in Bangkok.

Meanwhile, we registered lower revenue from our golf club operations and management of the Canal Village Shopping Centre at Laguna Phuket. This was mainly due to the five-month closure of Sheraton Grande Laguna Phuket for extensive renovations, which had the effect of reducing the number of guests as well as their average spending.

Banyan Tree Al Wadi, UAE

Banyan Tree Ringha, China

Advancing People Development, Management Excellence, and Learning with Integrity and Meaning are vital to our ability to sustain organisational effectiveness and meet the demands of the Group's rapid growth across the globe.

Banyan Tree Management Academy
With more than 9,000 associates of over 50 nationalities, the diversity of our workforce is a key feature of the Group. It contributes to our multicultural outlook and strengthens our brand of hospitality. Harnessing this diversity as a competitive advantage requires us to forge a common identity and sense of purpose among all associates. At the same time, we are mindful of the need to equip our associates with the skills to deliver the extraordinary experience that Banyan Tree represents.

Banyan Tree Management Academy ("BTMA") was established in 2008 to support the organisational goals of the Group. It does this by focusing on Advancing People Development, Management Excellence, and Learning with Integrity and Meaning. These are vital to our ability to sustain organisational effectiveness and meet the demands of the Group's rapid growth across the globe. With the number of Banyan Tree resorts in China alone set to double by 2015, Asia Pacific will be the base from which we will nurture a talent pool to meet manpower needs at various levels of our Group.

Training Today's and Tomorrow's Leaders
At the leadership echelon, BTMA identifies and nurtures internal talent to perform the managerial functions at our current 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.

The Fast Track Programme places selected entry-level associates through a structured training programme to prepare them for managerial positions in their respective divisions. Two signature BTMA courses – the Management Development Programme and the Talent Management Programme – are uniquely designed to equip senior and new managers respectively, to perform in key and challenging roles. Through these programmes, Banyan Tree's distinctive culture and know-how are imparted using case studies. Members of our senior

management team serve as in-house facilitators during these sessions, demonstrating their commitment to developing the next generation of leaders.

These programmes also provide a valuable opportunity to share best practices amongst the Group's different properties and to cultivate a strong team spirit through shared experiences.

Developing Our Associates

To broaden the knowledge of associates worldwide, the Group has a partnership with Cornell University, an academic institution renowned for its hospitality programmes. During the year, we expanded the number of courses available via the BTMA/eCornell online learning portal to more than 90.

At Laguna Phuket, where BTMA is located, we offer all associates an array of life enrichment programmes and bread-and-butter courses, including English language and IT courses. These serve as a foundation for future career development, and contribute to the professional and personal growth of our associates.

In June 2011, Group Training Services was centralised under BTMA. Its main focus is to design and review training modules, facilitate the roll-out of new hotel operations initiatives, develop high-potential training managers, and oversee the implementation and adherence of operational training standards in all properties. Centralising these services will allow us to administer them more efficiently and consistently across the Group.

SUSTAINABILITY

Angsana Ihuru, Maldives

Banyan Tree Sanya, China

Banyan Tree Bintan, Indonesia

A Core Value

As a global hospitality group operating 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 aiming to inspire associates, guests, and partners to take a wider and more long-range view when making business decisions. This involves:

- Creating an enchantingly memorable experience for our guests and customers through our services and products;
- Providing our associates with fair and dignified employment that enhances their long-term ability to contribute to our growth as well as elevate their job prospects with Banyan Tree and beyond;
- Enabling long-term societal prosperity for 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 communities;
- 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 for our shareholders.

Highlights of 2011

Resource Conservation: Two more properties achieved EarthCheck Bronze Benchmarked status. Banyan Tree Lijiang also successfully maintained its Silver Certified status for the fourth consecutive year, and Laguna Phuket launched its pursuit of benchmarked status as an EarthCheck precinct. Our Maldives resorts also reduced their use of plastic water bottles by as much as 33%.

Greening Communities: We planted 50,438 trees across 18 resorts, bringing our five-year total to 147,111, exceeding our cumulative target by over 11,000 trees. The bulk were mangrove trees that help to protect vulnerable coastlines in Asia and fruit trees donated to local communities to provide additional sources of nutrition and income.

Seedlings: Spread across 13 participating resorts, 55 young people received an average of five hours of one-to-one guidance per month from our volunteer mentors. One of these young people is now attending university, fully funded by Banyan Tree.

Emergency Support: In addition to over US$30,000 for victims of the March 11 Tohoku earthquake and tsunami, Banyan Tree associates raised over US$70,000 for Thailand's post-flood recovery efforts. In both instances, Banyan Tree matched or exceeded associates' contributions.

International Recognition

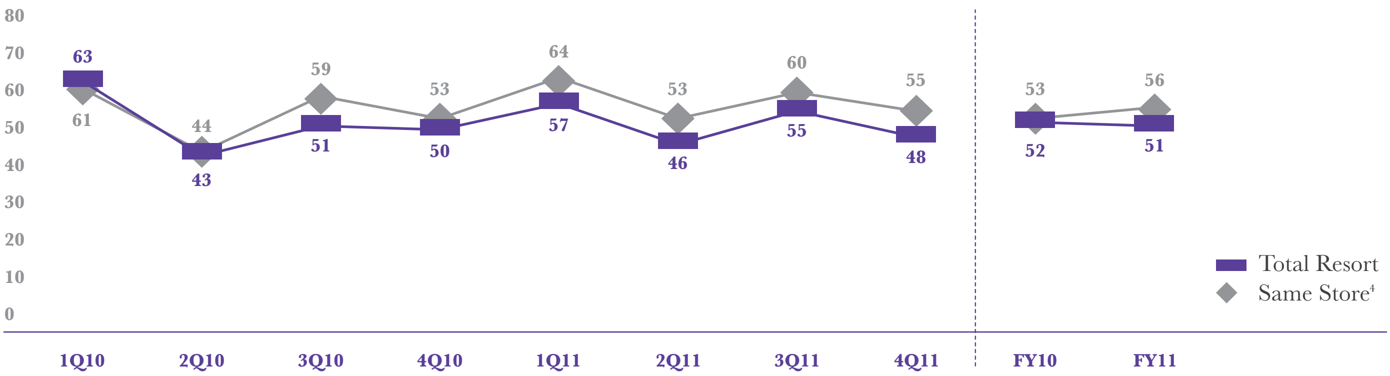
Acclaim for our sustainability efforts this year included:

- Condé Nast Traveler World Savers Awards 2011 – Winner for Preservation – Environmental and/or Cultural;
- Tourism Authority of Thailand UK Green Awards – Overall Winner and Winner, Large Hotel Category for Banyan Tree Phuket; and
- Travel + Leisure Global Vision Awards 2011 – Leadership: Education Initiative for Seedlings.

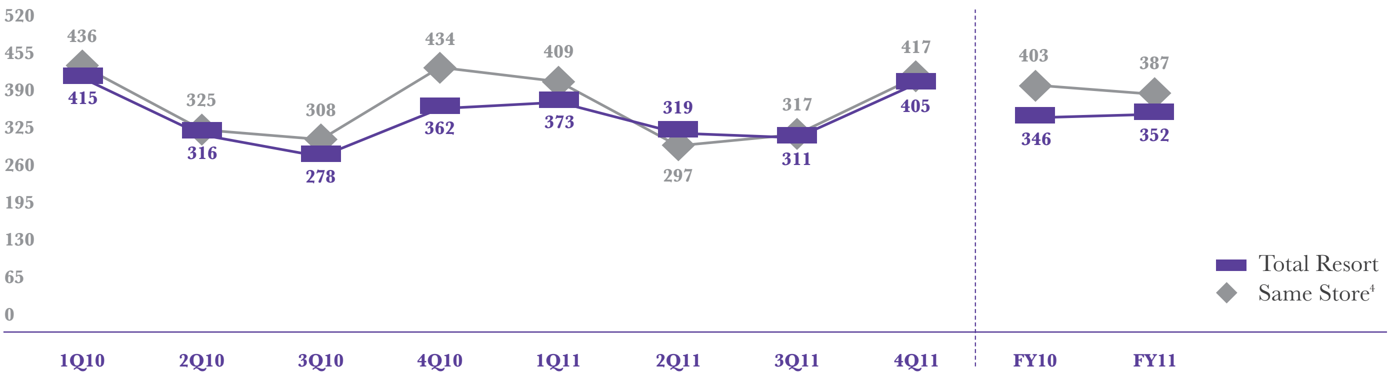
For more details on our social and environmental endeavours, please refer to the accompanying 2011 Sustainability Report, or view it online at www.banyantree.com/csrpublications.

KEY STATISTICS
ALL HOTELS

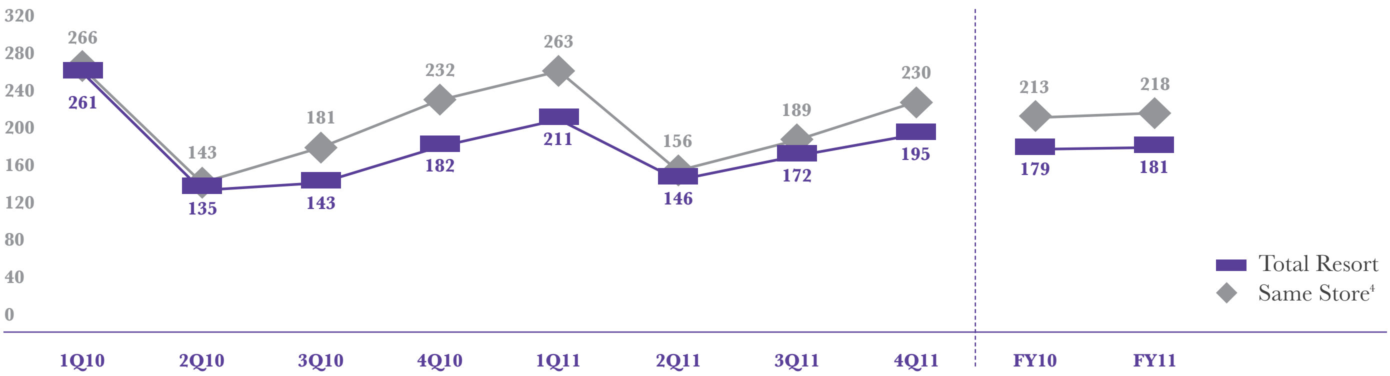
Average Occupancy (%)



ARR[2] (S$)



RevPAR[3] (S$)

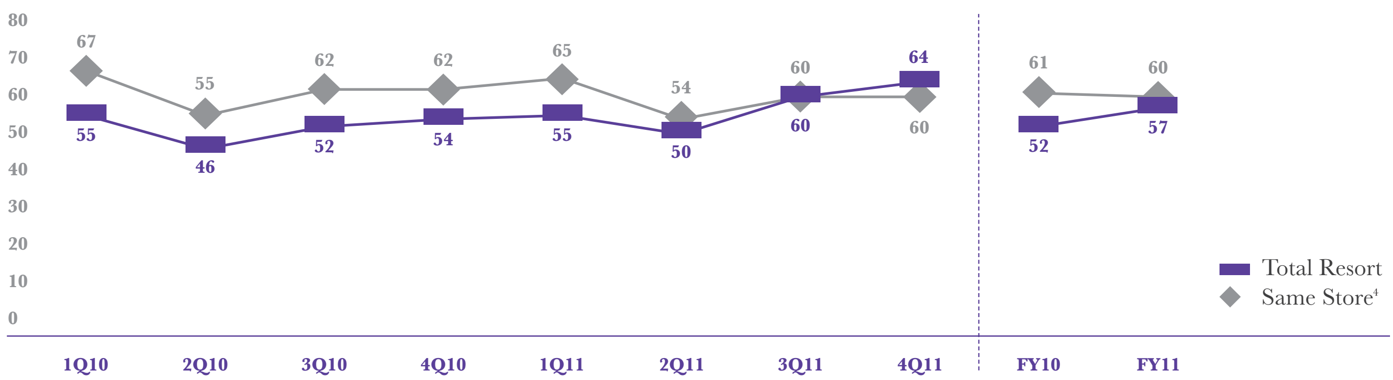


All Hotels[1]

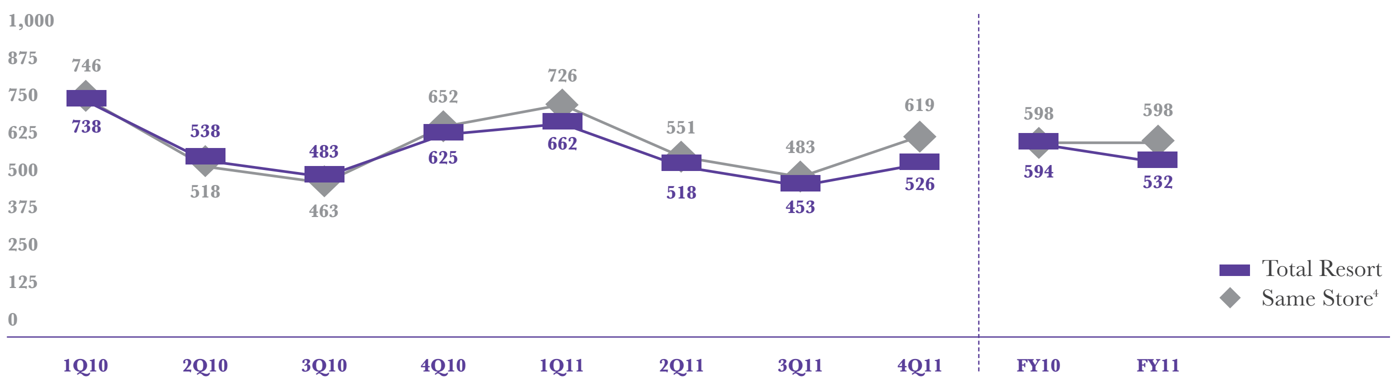
1 All Hotels refers to company total including hotels in Laguna Phuket, Banyan Tree and Angsana Resorts.
2 ARR denotes average room rates.
3 RevPAR denotes revenue per available room.
4 Same Store Concept excludes Dusit Laguna Phuket, which was sold in October 2010, and Laguna Beach Resort, which was sold in May 2011, and all new resorts opened/rebranded in the past two years: Banyan Tree Mayakoba, Banyan Tree Ungasan, Banyan Tree Hangzhou, Banyan Tree Al Wadi, Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui, Banyan Tree Macau, Angsana Fuxian Lake, Angsana Hangzhou, Angsana Balaclava, Angsana Laguna Phuket (previously Sheraton Grande Laguna Phuket) 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 Sanya. Dusit Laguna Phuket, Laguna Beach Resort and Deer Park have been excluded in both years as they were sold in October 2010, May 2011 and June 2011 respectively. Also, Sheraton Grande Laguna Phuket was excluded as it was closed for renovation from July onwards and rebranded as Angsana Laguna Phuket in December 2011.

KEY STATISTICS
BANYAN TREE RESORTS

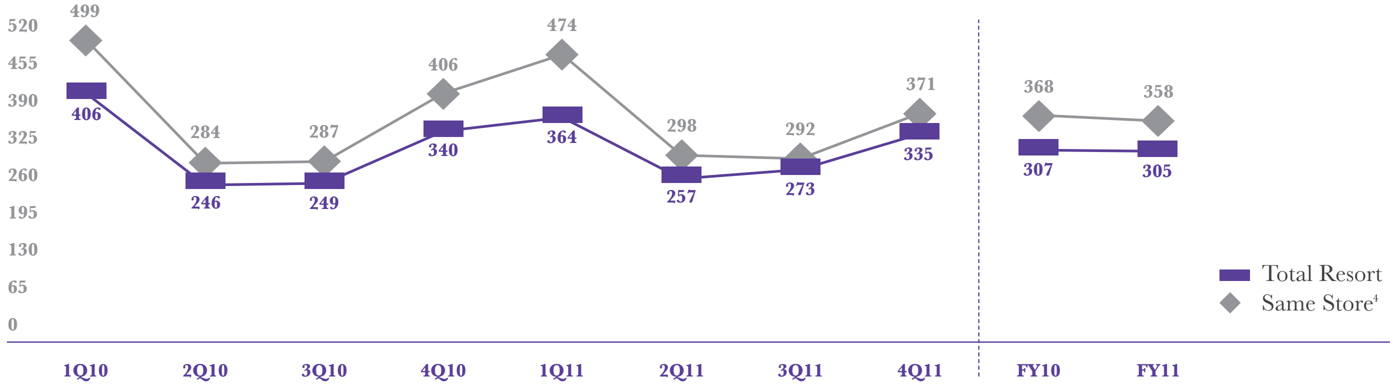
Average Occupancy (%)



ARR[2] (S$)



RevPAR[3] (S$)

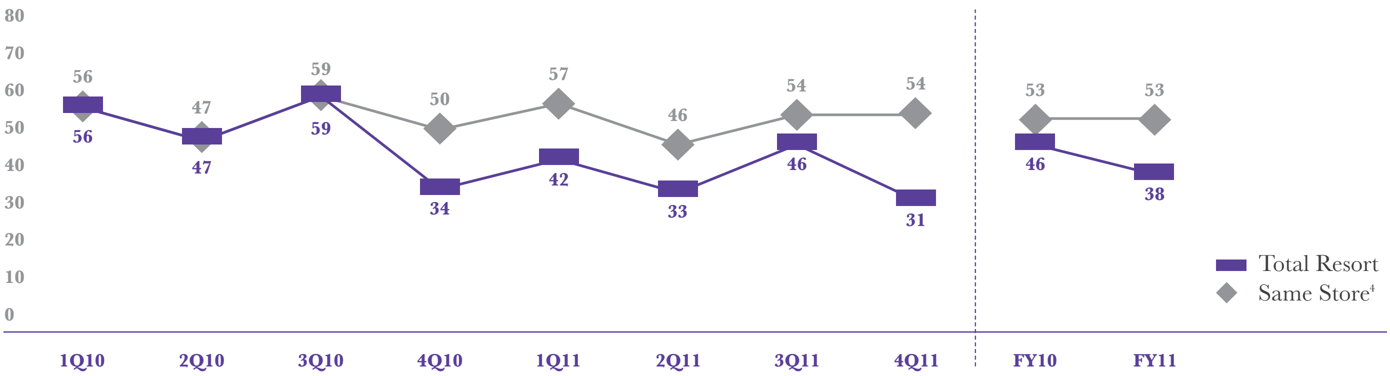


Banyan Tree Resorts[1]

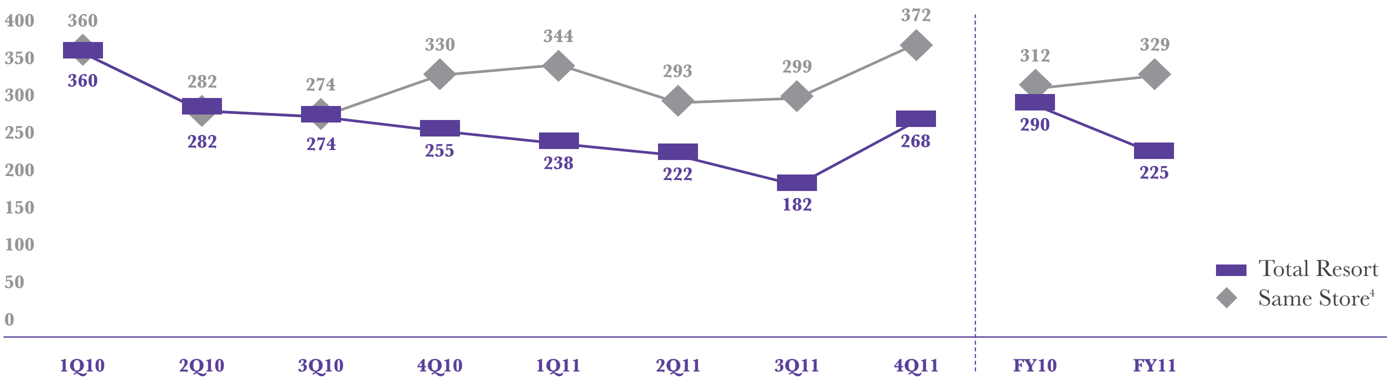
1 Bangkok is excluded from Banyan Tree Resorts as it is the only city hotel and thus not comparable with the resort type.
2 ARR denotes average room rates.
3 RevPAR denotes revenue per available room.
4 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Banyan Tree Mayakoba, Banyan Tree Ungasan, Banyan Tree Hangzhou, Banyan Tree Al Wadi, Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui, Banyan Tree Macau 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 Sanya.

KEY STATISTICS
ANGSANA RESORTS

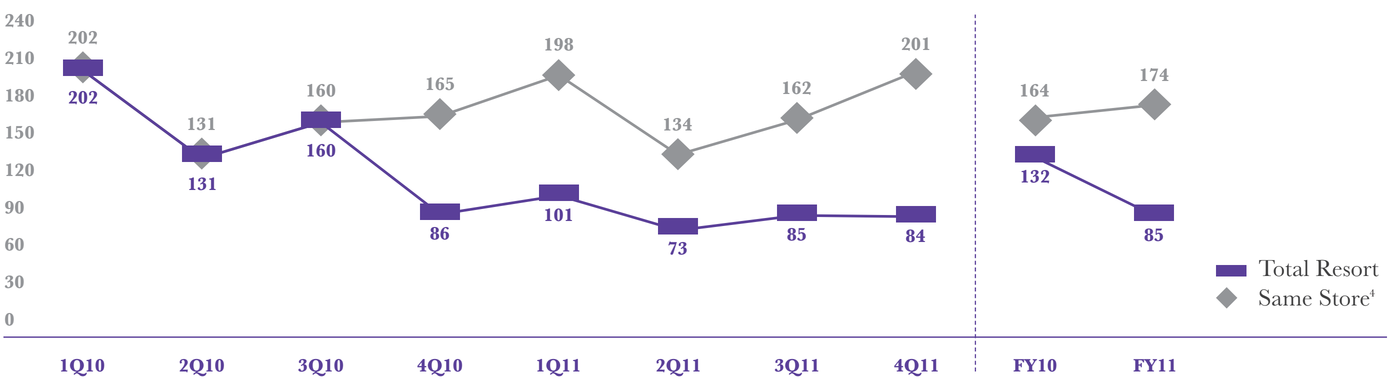
Average Occupancy (%)



ARR[2] (S$)



RevPAR[3] (S$)



Angsana Resorts[1]

1 Velavaru was rebranded as Angsana Velavaru in November 2006.
2 ARR denotes average room rates.
3 RevPAR denotes revenue per available room.
2 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Angsana Fuxian Lake, Angsana Hangzhou, Angsana Balaclava, Angsana Laguna Phuket (previously Sheraton Grande Laguna Phuket).

Angsana Velavaru, Maldives

ANALYTICAL REVIEW

Revenue

	2011	2010* (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	163,716	189,327	(25,611)	-14%
Property Sales	66,253	44,399	21,854	49%
– *Hotel Residences*	*11,987*	*24,096*	*(12,109)*	*-50%*
– *Laguna Property Sales*	*17,930*	*20,303*	*(2,373)*	*-12%*
– *Development Project/Site Sales*	*36,336*	*–*	*36,336*	*nm*
Fee-based Segment	99,523	87,578	11,945	14%
– *Hotel/Fund/Club Management*	*29,623*	*26,336*	*3,287*	*12%*
– *Spa/Gallery Operations*	*40,292*	*36,727*	*3,565*	*10%*
– *Design and Others*	*29,608*	*24,515*	*5,093*	*21%*
Total	**329,492**	**321,304**	**8,188**	**3%**

* 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 Income Statement for the Group for FY2010 have been restated as if the new accounting policy had always been applied.

Revenue increased by S$8.2 million or 3% from S$321.3 million for the year ended 31 December 2010 to S$329.5 million for the year ended 31 December 2011. The better performance of the Group in 2011 was mainly contributed by Fee-based segments from new resort/outlet openings, new architectural and design projects in China and the newly-launched China Fund, and from Property Sales segment for the divestment of development sites in China to China Fund. In contrast, Hotel Investments segment recorded lower revenue due to the cessation of hotel contribution from Dusit Laguna Phuket ("Dusit") and Laguna Beach Resort ("LBR") following their sale in October 2010 and May 2011 respectively. In addition, Sheraton Grande Laguna Phuket ("Sheraton") was closed for major renovation from July 2011 to November 2011 and re-opened as Angsana Laguna Phuket in December 2011.

Fee-based segment registered an increase of S$11.9 million or 14% in revenue from S$87.6 million in 2010 to S$99.5 million in 2011. Except for club management fees, all categories of Fee-based revenue were higher than 2010.

Higher fund management fees were mainly due to the final close of the China Fund in January 2011 with a total fund size of S$210 million. Higher hotel management fees and higher revenue from spa/gallery operations were mainly attributable to revenue from new resorts such as Banyan Tree Cabo Marqués (opened in April 2010), Banyan Tree Club & Spa Seoul (opened in June 2010), Banyan Tree Samui (opened in July 2010), Angsana Fuxian Lake (opened in October 2010) and Banyan Tree Macau (opened in May 2011), and sales of retail products to new outlets at Banyan Tree Spa Marina Bay Sands and Angsana Balaclava. Higher revenue from architectural and design fees were mainly for new projects in China. The increase in revenue was, however, partially offset by lower royalty fee from property sales and lower club management fees due to a lower number of memberships sold under the Banyan Tree Private Collection.

Property Sales segment recorded revenue of S$66.3 million, an increase of S$21.9 million or 49% compared to S$44.4 million in 2010, largely due to divestment of development sites in Lijiang, Yangshuo and Huangshan to the China Fund during the year. This was however partially offset by lower revenue recognition for property sales given the negative sentiments towards Thailand. In the current year, a total of 21 units of Lofts, Laguna Village condominium/townhome/bungalows, Dusit villa, Banyan Tree Phuket villas, Banyan Tree Lijiang townhome/villas were recognised, as opposed to a total of 28 units of Laguna Village condominium/villas/bungalows, Banyan Tree Phuket villas, Banyan Tree Bangkok suites, Banyan Tree Lijiang townhome/villas and Banyan Tree Bintan villas recognised in 2010.

Hotel Investments segment registered lower revenue by S$25.6 million or 14% from S$189.3 million to S$163.7 million. The shortfall was mainly attributable to the cessation of revenue contribution from Dusit, LBR and Sheraton. It was partially cushioned by better performance from Banyan Tree Bangkok, and our resorts in Maldives and China. Banyan Tree Bangkok posted higher revenue due to a more stabilised political situation, although the hotel was partially affected by the flood crisis in October/November 2011. Better performance from Maldives was mainly contributed by Angsana Velavaru, whose twinning promotional package of land villa and InOcean villa was well received especially from the China market. Our resorts in China also recorded higher revenue mainly boosted by higher ARR and stronger MICE business.

Other Income

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**7,627**	**76,965**	**(69,338)**	**-90%**

Other income of S$7.6 million for the year ended 31 December 2011 was S$69.4 million lower compared to S$77.0 million recorded in 2010 due to gain on sale of Dusit in 4Q10 but partially offset by gain on sale of LBR in 2Q11.

Costs and Expenses

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Cost of operating supplies	25,077	25,834	(757)	-3%
Cost of properties sold	33,178	14,469	18,709	129%
Salaries and related expenses	108,086	117,159	(9,073)	-8%
Administrative expenses	49,500	48,478	1,022	2%
Sales and marketing expenses	16,332	20,468	(4,136)	-20%
Other operating expenses	55,553	62,278	(6,725)	-11%
Total	**287,726**	**288,686**	**(960)**	**0%**

Cost of operating supplies
Operating supplies expenses decreased by S$0.7 million from S$25.8 million for the year ended 31 December 2010 to S$25.1 million for the year ended 31 December 2011. This was largely due to lower occupancy-related expenses in line with lower revenue from Hotel Investments segment.

Cost of properties sold
Cost of properties sold increased by S$18.7 million from S$14.5 million for the year ended 31 December 2010 to S$33.2 million for the year ended 31 December 2011. This was largely due to cost of development sites divested to the China Fund.

Salaries and related expenses
Salaries and related expenses decreased by S$9.1 million from S$117.2 million for the year ended 31 December 2010 to S$108.1 million for year ended 31 December 2011. This was mainly due to the cessation of Dusit and LBR, lower provision for employee benefits and mandated founder's grant.

Administrative expenses
Administrative expenses increased by S$1.0 million from S$48.5 million for the year ended 31 December 2010 to S$49.5 million for the year ended 31 December 2011. This was mainly due to higher allowance of doubtful debts, partially offset by lower exchange loss and cessation of Dusit and LBR.

Sales and marketing expenses
Sales and marketing expenses decreased by S$4.2 million from S$20.5 million for the year ended 31 December 2010 to S$16.3 million for the year ended 31 December 2011, mainly due to cessation of Dusit and LBR.

Other operating expenses
Other operating expenses decreased by S$6.7 million from S$62.3 million for the year ended 31 December 2010 to S$55.6 million for the year ended 31 December 2011. This was largely due to lower occupancy related expenses in line with lower revenue from Hotel Investments segment.

ANALYTICAL REVIEW

EBITDA

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	21,695	29,284	(7,589)	-26%
Property Sales	19,199	11,490	7,709	67%
– *Hotel Residences*	*4,433*	*12,079*	*(7,646)*	*-63%*
– *Laguna Property Sales*	*575*	*(589)*	*1,164*	*nm*
– *Development Project/Site Sales*	*14,191*	*–*	*14,191*	*nm*
Fee-based Segment	19,894	11,544	8,350	72%
– *Hotel/Fund/Club Management*	*6,910*	*4,897*	*2,013*	*41%*
– *Spa/Gallery Operations*	*5,574*	*4,215*	*1,359*	*32%*
– *Design and Others*	*7,410*	*2,432*	*4,978*	*205%*
Head Office Expenses	(19,022)	(19,700)	678	-3%
Other Income (net)	7,627	76,965	(69,338)	-90%
Total	**49,393**	**109,583**	**(60,190)**	**-55%**

EBITDA decreased by S$60.2 million or 55%, from S$109.6 million for the year ended 31 December 2010 to S$49.4 million for the year ended 31 December 2011. This was mainly attributed to lower other income due to gain on sale of Dusit in 4Q10 partially offset by gain on sale of LBR in 2Q11. Hotel Investments segment also recorded lower EBITDA but partially offset by higher EBITDA from Fee-based and Property Sales segments, in line with the movement in revenue.

Head Office expenses decreased by S$0.7 million or 3% from S$19.7 million in 2010 to S$19.0 million in 2011, mainly attributed to lower provision for mandated founder's grant but partially offset by higher exchange loss.

Depreciation of Property, Plant and Equipment

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**25,494**	**34,219**	**(8,725)**	**-25%**

Depreciation of property, plant and equipment decreased by S$8.7 million from S$34.2 million for the year ended 31 December 2010 to S$25.5 million for the year ended 31 December 2011 mainly due to the disposal of Dusit and LBR.

Finance Income

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**3,574**	**4,044**	**(470)**	**-12%**

Finance income decreased by S$0.4 million from S$4.0 million for the year ended 31 December 2010 to S$3.6 million for the year ended 31 December 2011, mainly from lower average interest rate charge for deferred instalment scheme on property sales.

Finance Costs

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**22,286**	**19,288**	**2,998**	**16%**

Finance costs increased by S$3.0 million from S$19.3 million for the year ended 31 December 2010 to S$22.3 million for the year ended 31 December 2011, mainly due to issuance of S$70 million medium term notes in March 2011, and drawdown of new bank loans.

Share of Results of Associated Companies

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**576**	**(101)**	**677**	**nm**

Share of results of associated companies mainly relates to our 30% investment interest in Hill View Resorts Holdings Limited (formerly Banyan Tree Seychelles Holdings Limited), which holds Banyan Tree Seychelles. For the year ended 31 December 2011, share of profits from associated companies increased by S$0.7 million due to higher profits recorded by Banyan Tree Seychelles as a result of higher average daily rate.

Share of Results of Joint Venture Companies

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**(14)**	**5,070**	**(5,084)**	**nm**

Share of results of joint venture companies mainly relates to our 50% investment interest in Seychelles Tropical Resorts Holdings Limited (which holds Seytropical Resorts Limited). For the year ended 31 December 2011, share of profits from Seychelles Tropical Resorts Holdings Limited decreased by S$5.1 million due to gain on disposal of a freehold land parcel of 68,830 square metres situated at Intendance, Mahe, Seychelles recorded in 2010.

Income Tax (Credit)/Expenses

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**(459)**	**25,124**	**(25,583)**	**nm**

Income tax credit of S$0.5 million was recorded in 2011 as compared to income tax expenses of S$25.1 million in 2010. Income tax credit in 2011 was mainly due to adjustment of deferred tax liabilities made in prior years as a result of reduction in corporate tax rate in Thailand with effect from 2012. On the other hand, income tax expenses in 2010 comprised mainly the tax attributable to gain on sale of Dusit.

Non-controlling Interests

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**1,451**	**16,395**	**(14,944)**	**-91%**

Non-controlling interests' share of profits decreased by S$14.9 million from S$16.4 million for the year ended 31 December 2010 to S$1.5 million for the year ended 31 December 2011 due to lower share of profits in LRH, as 2010 included higher profit after tax generated by LRH arising from sale of Dusit.

ANALYTICAL REVIEW

Profit Attributable to Shareholders of the Company ("PATMI")

	2011	2010 (Restated)	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**1,554**	**19,458**	**(17,904)**	**-92%**

As a result of the foregoing, profit attributable to shareholders decreased from S$19.5 million for the year ended 31 December 2010 to S$1.6 million for the year ended 31 December 2011.

Cash Flow

	2011	2010 (Restated)
	S$'000	S$'000
Profit before tax	2,546	60,977
Net change in working capital	5,756	441
Net interest and tax paid	(51,575)	(23,848)
Adjustment for non-cash items	35,569	(26,344)
Net cash (used in)/generated from operating activities	(7,704)	11,226
Net cash (used in)/generated from investing activities	(31,715)	82,599
Net cash generated from/(used in) financing activities	42,146	(30,280)
Net change in cash and cash equivalents	2,727	63,545
Cash and cash equivalents at beginning of the year	138,989	76,252
Net foreign exchange difference	(1,839)	(808)
Cash and cash equivalents at end of the year	**139,877**	**138,989**

The Group's cash and cash equivalents increased by S$0.9 million or 1% from S$139.0 million as at 31 December 2010 to S$139.9 million as at 31 December 2011.

For the full year ended 31 December 2011, net cash flow used in operating activities was S$7.7 million, mainly due to profit before tax of S$2.5 million, adjusted for non-cash items of S$35.6 million and net increase in cash generated from working capital of S$5.7 million. The non-cash items comprised mainly depreciation and amortisation of island rental of S$28.7 million and finance expenses of S$22.3 million. This was, however, offset by net interest paid of S$18.2 million and income tax payments of S$33.4 million. The income tax payment relates mainly to sale of Dusit.

The net cash flows used in investing activities was S$31.7 million, due largely to renovation of Angsana Laguna Phuket and other ongoing purchases of furniture, fittings and equipment by our resorts for their operations of S$27.4 million, prepayment for the acquisition/extension of island leases in Maldives of S$27.2 million, and progressive equity investments in the Indochina Fund of S$5.5 million, partly offset by net proceeds from the sale of LBR of S$26.7 million.

The net cash flows from financing activities amounted to S$42.1 million. This was mainly due to loan drawdown of S$96.7 million and proceeds of S$70.0 million from notes issuance in March 2011 under the S$400 million Medium Term Notes programme, but partially reduced by scheduled bank repayments of S$65.7 million, notes repayment of S$27.3 million upon maturity, payment of dividend to its shareholders of S$3.8 million and payment of dividend by LRH to non-controlling shareholders of S$27.8 million.

Banyan Tree Bangkok, Thailand

CORPORATE GOVERNANCE REPORT

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

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

(A) Board Matters

Principle 1: The Board's Conduct of its Affairs

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

The Group has adopted a set of internal controls and guidelines setting out financial authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures. In addition to matters that specifically require the Board's approval, such as the issue of shares, dividend distributions, and other returns to shareholders, the Board's approval is also required for all transactions where the value of the transaction exceeds the approval limits.

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

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 the Executive Directors), to review the latter's performance in meeting goals and objectives. Where neccessary, the Directors also participate in Board Meetings via telephonic and video conferencing, as permitted under the Company's Articles of Association. Details of Directors' attendance at Board and Board Committee meetings held during the year under review are provided below.

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

[1] By invitation

Directors are encouraged to attend external programmes on Directors' duties and responsibilities where necessary. Within the Company, as part of the Company's ongoing commitment to keep the Directors engaged with its developments, it organises site visits and separate briefings on the Company's corporate policies, corporate governance practices and the regulatory regime. Directors are updated from time to time on changes in relevant laws and regulations, industry development and analyst commentaries on matters related to the Company. In FY2011, the Board went for an operational inspection visit to China to review and provide input on the Company's new projects there, which included projects of strategic importance for the Company, projects in operation and under development. In addition, the Board also met up with the business partners and government officials that the Group dealt with.

Upon appointment as Directors, the Executive Chairman sends them a formal letter explaining their duties and responsibilities as Directors along with materials pertaining to the Group's business operations as well as, *inter alia*, their disclosure obligations in relation to interests in securities and conflicts of interest and restrictions on dealings in BTH's shares. When a Director is appointed onto a Board Committee, he is provided with a copy of the terms of reference/charter of the Board Committee.

Principle 2: Board Composition and Balance

The Board comprises five Directors, three 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 and Mrs Elizabeth Sam. Mr Chia was appointed by the Board as the Lead Independent Director on 28 February 2007 to lead and coordinate the activities of the Independent Directors. The NRC and the Board consider Mr Chia to be independent from Management and free of any business or other relationships which may affect the exercise of his independent business judgement, in accordance with the provisions of the Code.

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 of the Group's insurance broker based on their competitive rates. Mrs Fang has abstained and will continue to abstain from discussion and voting on any decision of the Board 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 has been the share registrar and transfer agent of the Company since the Company's initial public offering in 2006. Notwithstanding this, the NRC and the Board consider Mrs Sam an Independent Director, 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 described in paragraph 2.1(d) of the Code.

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

Each year, the NRC reviews the size and composition of the Board and Board Committees, and the skills and competencies of their members, to ensure that each has the appropriate mix of expertise, skills and attributes to discharge its responsibilities effectively. Taking into account the nature and scope of the Group's businesses and the regulatory requirements, the NRC considers the current composition and size of the Board adequate to lead and govern the Company effectively and will look into increasing the Board size when necessary.

The profile of each Director is given on pages 16 and 17 of this Annual Report.

Principle 3: Role of Chairman and Chief Executive Officer
The Company has an Executive Chairman and a Group Managing Director. The Executive Chairman and the Group Managing Director are not related to each other. The Executive Chairman is responsible for charting the strategic direction and growth of the Group. He also facilitates and ensures active and comprehensive Board discussions on Company matters, monitors the translation of the Board's decisions into executive actions, and fosters constructive dialogue with shareholders at the Company's Annual and Extraordinary General Meetings. The Group Managing Director reports to the Executive Chairman, and oversees the execution of the Company's corporate and business strategies and policies, and the conduct of the Group's businesses. The Company also has in place a Lead Independent Director who takes the lead in co-ordinating the activities of the Independent Directors.

Principle 4: Board Membership
The NRC comprises Independent Directors, namely Mr Chia (Chairman), Mrs Sam and Mrs Fang. Mr Chia is not associated with any substantial shareholder of the Company.

The NRC's functions which are clearly spelt out in its terms of reference, include considering and making recommendations to the Board on new Board appointments, the selection of which is evaluated by taking into account various factors including the relevant expertise of the candidates. Candidates may be put forward or sought through contacts and recommendations. The NRC, in consultation, with the Board, identifies candidates for appointment as new Directors. The NRC then meets with the shortlisted potential candidates before nominating the most suitable candidate to the Board for appointment as Director. The NRC makes recommendations to the Board on re-appointments of Directors based on their contributions, a review of the range of expertise, skills and attributes of current Board members, the needs of the Board and also assists the Board in determining annually the independence of the Independent Directors. Notwithstanding some Directors' memberships on other boards, the NRC is satisfied that these Directors have been able to perform their duties effectively and has endorsed the following status of the Directors following its annual review:

Mr Ho KwonPing (Non-Independent)
Mr Ariel P Vera (Non-Independent)
Mr Chia Chee Ming Timothy (Independent)
Mrs Fang Ai Lian (Independent)
Mrs Elizabeth Sam (Independent)

The Company's Articles of Association require that every Director retires once every three years and that one-third of Directors shall retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") ("one-third rotation rule"). Retiring Directors are selected on the basis of their length of service since their last re-election, failing which they shall be selected by agreement or by lot. Both Mrs Fang and Mr Vera will submit themselves for retirement and re-election under the one-third rotation rule at the forthcoming AGM. New Directors appointed in the year are subject to retirement and re-election by shareholders at the next AGM after their appointment.

Mrs Sam, who is over the age of 70, will submit herself for retirement and re-appointment pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, at the forthcoming AGM.

Principle 5: Board Performance
During the financial year, the NRC evaluated the Board's performance and effectiveness as a whole. All Directors completed a Board Evaluation Questionnaire which sought to assess the effectiveness of the Board and the results were considered by the NRC, which has the responsibility of assisting the Board in the evaluation of the Board's effectiveness. Factors such as the structure, size and processes of the Board and the Board's access to information, Management and external experts outside meetings, as well as the effectiveness of the Board's oversight of the Company's performance, were applied to evaluate the Board's performance as a whole. Following the review of the Board's evaluation as a whole, and given the relatively small size of the Company's Board, the Board was of the view that the Board and its Board Committees operate effectively and each individual Director is contributing to the overall effectiveness of the Board, and that there is no need at present to conduct a formal individual assessment of the Independent Directors. The assessment of the Executive Chairman's and the Group Managing Director's performance was undertaken by the NRC based on both qualitative and quantitative criteria, comprising profits, revenue growth and economic value add. 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 their re-nomination as a Director.

Principle 6: Access to Information
The Directors are provided with Board Papers in advance of each Board and Board Committee meeting to enable them to be properly informed of matters to be discussed and/or approved. Board Papers include reports on subsidiaries and associated companies, management accounts, budgets, forecasts, quarterly financial statements and management reports on the Company's projects, as well as matters for the decision or information of the Board. The Directors are also given analysts' research reports so that they are apprised of analysts' views on the Company's performance.

Each Director has a separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary attends all Board and Board Committee meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with 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 related to the controlling shareholders and/or our Directors. The NRC has access to the Head of Human Resources and may also seek expert advice from external consultants on executive compensation. No Director is involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration
The employment contracts of the Executive Chairman and the Group Managing Director are automatically renewed every year, unless otherwise terminated by either party giving not less than six months' notice in writing. The terms of these employment contracts do not provide for benefits upon termination of employment with the Company.

The remuneration of the 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 the Directors' Fees remains unchanged as follows:

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

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

Name of Director	Salary	Bonus	Other Benefits	Fees	Total
Executive Directors					
S$1,500,000 to S$1,750,000					
Ho KwonPing	68.31%	7.63%	24.06%[1,3]	-	100.00%
S$500,000 to S$750,000					
Ariel P Vera	69.03%	9.93%	21.04%[1,2]	-	100.00%
Non-Executive Directors					
S$250,000 and below					
Chia Chee Ming Timothy	-	-	11.11%[2]	88.89%	100.00%
Fang Ai Lian	-	-	-	100.00%	100.00%
Elizabeth Sam	-	-	8.18%[2]	91.82%	100.00%
Top 5 Key Executives					
S$500,000 to S$750,000					
Surapon Supratya	58.74%	10.41%	30.85%[1,2]	-	100.00%
Ho KwonCjan	67.50%	7.24%	25.26%[1]	-	100.00%
Chiang See Ngoh Claire	65.35%	8.00%	26.65%	-	100.00%
Arthur Kiong Kim Hock	64.40%	8.72%	26.88%[2]	-	100.00%
S$250,000 to S$500,000					
Dharmali Kusumadi	64.97%	10.63%	24.40%[2]	-	100.00%

1 Including directors' fees received from LRH.
2 Including benefits received pursuant to the long-term share incentive schemes which were vested and paid in FY2011.
3 Including Founder's Grant.

During the year, there were only two employees, namely Mr Ho KwonCjan and Ms Chiang See Ngoh Claire, who are immediate family members of the Executive Chairman and whose remuneration exceeded S$150,000.

Long-Term Share Incentives

The 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 44 to the financial statements.

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

Founder's Grant

Prior to official listing on the SGX-ST, as stated in the prospectus dated 26 May 2006 for the Company's 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 tax of the Group for the financial year, 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 for which the Founder's Grant was payable and for which S$2,778,691 was paid in cash. For FY2011, Founder's Grant of S$127,304 has been awarded and was paid in cash.

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

(C) Accountability and Audit

Principle 10: Accountability

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

Principle 11: Audit and Risk Committee

The ARC comprises Independent Directors, namely Mrs Fang (Chairman), Mrs Sam and Mr Chia.

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. 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 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 auditing firms 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 a total team of 12 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, financial and accounting matters, compliance, business and risk management policies and procedures and ensuring that internal controls are adequate to meet the Group's requirements.

The ARC reviews the reports of the IAD 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.

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.

The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group's businesses. The Group Risk Management Committee, which is not a Board Committee, comprises certain members of Senior Management and reports to the ARC, on an annual basis, on the Group's strategic risks and the measures taken to address them. On a quarterly basis, all significant risks to the Group's businesses and/or its properties and assets are highlighted at the ARC meetings.

During the financial year, the ARC on behalf of the Board, has reviewed the effectiveness of the Group's system of internal controls including financial, operational 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 system of 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.

(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 in accordance with the listing rules.

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 attend 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 88 of this Annual Report.

		Aggregate value of all interested person transactions for FY2011 (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 FY2011 (excluding transactions less than S$100,000) (S$'000)
A.	**Transactions with the Tropical Resorts Limited Group ("TR")**		
a	Provision of Resort Management and Related Services to TR	–	4,317
b	Provision of Spa Management and Other Related Services to TR	–	913
c	Provision of Golf Management and Other Related Services to TR	–	137
d	Returns from TR in respect of units in Banyan Tree Bintan and Angsana Bintan	–	2,241
e	Reimbursement of Expenses		
	– from TR	–	101
	– to TR	–	224
B.	**Transactions with the Laguna Resorts & Hotel Public Company Limited Group ("LRH")**		
a	Provision of Resort Management and Related Services to LRH	–	8,667
b	Provision of Rent and Services		
	– from LRH	–	2,637
	– to LRH	–	452
c	Reimbursement of Expenses		
	– from LRH	–	5,518
	– to LRH	–	2,705
d	Supply of Goods and Vouchers		
	– from LRH	–	2,728
	– to LRH	–	319
C.	**Transactions with Qatar Investment Authority Group ("QIA")**		
a	Provision of Resort Management and Related Services to QIA	486	–
b	Finance Costs to QIA in respect of a bank loan	555	–
Total		**1,041**	**30,959**

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 2011.

Directors

The Directors of the Company in office at the date of this report are:

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Elizabeth Sam

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than pursuant to the Banyan Tree Share Option Scheme, the Banyan Tree Performance Share Plan and the Founder's Grant.

Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan

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

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

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

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

Founder's Grant

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 was paid a total amount of S$127,304 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2011. Details of the Founder's Grant can be found in Note 44 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	767,300	839,000	706,400	793,100 [1]
Chia Chee Ming Timothy	253,500	257,000	3,500	–
Elizabeth Sam	153,000	156,000	3,000	–
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 FY 2009 to FY 2011 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 2012.

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' REPORT

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.

On 7 December 2007, Laguna Resorts & Hotels Public Company Limited ("LRH"), a listed subsidiary of the Company granted loan of Baht 3,040,000 at an internal rate of 4.73% to Ho KwonPing pursuant to a Financing Scheme adopted by the Company and offered to all Directors and employees. Principal and interest will be repayable monthly with the last instalment on 31 December 2012.

Audit and Risk Committee ("ARC")

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

Fang Ai Lian (Chairman)
Elizabeth Sam
Chia Chee Ming Timothy

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 re-appointment as auditors.

On behalf of the Board of Directors,

Ho KwonPing
Director

Ariel P Vera
Director

Singapore
16 March 2012

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 2011 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
16 March 2012

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 subsidiaries ("the Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company 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 2011 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
16 March 2012

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	GROUP 2011 $'000	GROUP 2010 Restated $'000
Revenue	3	**329,492**	321,304
Other income	4	**7,627**	76,965
		337,119	398,269
Costs and expenses			
Cost of operating supplies		**(25,077)**	(25,834)
Cost of properties sold		**(33,178)**	(14,469)
Salaries and related expenses	5	**(108,086)**	(117,159)
Administrative expenses		**(49,500)**	(48,478)
Sales and marketing expenses		**(16,332)**	(20,468)
Other operating expenses	6	**(55,553)**	(62,278)
		(287,726)	(288,686)
Profit before interests, taxes, depreciation and amortisation		**49,393**	109,583
Depreciation of property, plant and equipment	12	**(25,494)**	(34,219)
Amortisation of lease rental and land use rights		**(3,203)**	(4,112)
Profit from operations and other gains	7	**20,696**	71,252
Finance income	8	**3,574**	4,044
Finance costs	9	**(22,286)**	(19,288)
Share of results of associated companies		**576**	(101)
Share of results of joint venture companies		**(14)**	5,070
Profit before taxation		**2,546**	60,977
Income tax credit/(expense)	10	**459**	(25,124)
Profit after taxation		**3,005**	35,853
Attributable to:			
Owners of the Company		**1,554**	19,458
Non-controlling interests		**1,451**	16,395
		3,005	35,853
Earnings per share attributable to owners of the Company (in cents):			
Basic	11	**0.20**	2.56
Diluted	11	**0.20**	2.56

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 2011

	GROUP	
	2011 $'000	2010 Restated $'000
Profit after taxation	**3,005**	35,853
Other comprehensive income:		
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	**(23,732)**	(1,008)
Net change in fair value adjustment reserve	**–**	70
Adjustment on property revaluation reserve and deferred tax	**49,466**	11,585
Actuarial gains arising from defined benefit plan	**35**	–
Other comprehensive income for the year, net of tax	**25,769**	10,647
Total comprehensive income for the year	**28,774**	46,500
Total comprehensive income attributable to:		
Owners of the Company	**23,839**	20,767
Non-controlling interests	**4,935**	25,733
	28,774	46,500

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

BALANCE SHEETS

AS AT 31 DECEMBER 2011

		GROUP			COMPANY	
		2011	2010 Restated	1.1.2010 Restated	2011	2010
	Note	$'000	$'000	$'000	$'000	$'000
Non-current assets						
Property, plant and equipment	12	**740,797**	811,066	876,964	**10**	15
Land use rights	13	**14,451**	23,549	20,484	**–**	–
Investment properties	14	**32,814**	33,469	–	**–**	–
Land awaiting future development		**–**	–	33,995	**–**	–
Subsidiary companies	15	**–**	–	–	**364,990**	371,504
Associated companies	16	**22,185**	21,820	23,814	**17,123**	17,298
Joint venture companies	17	**7,632**	7,719	3,422	**6,000**	6,000
Prepaid island rental	18	**44,555**	19,986	22,603	**–**	–
Long-term trade receivables	19	**25,455**	26,993	29,452	**–**	–
Intangible assets	20	**26,903**	26,903	26,903	**–**	–
Long-term investments	21	**41,215**	36,178	27,193	**–**	–
Prepayments		**3,494**	3,610	2,303	**–**	–
Other receivables	22	**12,581**	11,623	17,408	**–**	–
Deferred tax assets	40	**13,469**	21,609	19,718	**974**	777
		985,551	1,044,525	1,104,259	**389,097**	395,594
Current assets						
Inventories	23	**12,779**	12,195	12,247	**–**	–
Trade receivables	24	**72,028**	57,041	50,092	**492**	–
Prepayments and other non-financial assets	25	**14,638**	13,290	11,733	**302**	44
Other receivables	26	**16,106**	21,411	16,310	**2,204**	2,078
Amounts due from subsidiary companies	27	**–**	–	–	**41,999**	7,819
Amounts due from associated companies	28	**719**	611	1,374	**18**	–
Amounts due from related parties	29	**7,640**	8,855	10,079	**–**	527
Property development costs	31	**104,550**	117,106	89,252	**–**	–
Cash and cash equivalents	32	**139,877**	138,989	76,252	**29,359**	13,050
		368,337	369,498	267,339	**74,374**	23,518
Total assets		**1,353,888**	1,414,023	1,371,598	**463,471**	419,112

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

BALANCE SHEETS

AS AT 31 DECEMBER 2011

		GROUP			COMPANY	
	Note	2011 $'000	2010 Restated $'000	1.1.2010 Restated $'000	2011 $'000	2010 $'000
Current liabilities						
Trade payables		**15,244**	22,228	20,947	**–**	–
Unearned income		**8,205**	6,745	4,180	**2,077**	2,077
Other non-financial liabilities	33	**25,102**	27,029	30,836	**91**	735
Other payables	34	**39,845**	39,845	46,675	**5,342**	5,331
Amounts due to subsidiary companies	27	**–**	–	–	**9,314**	19,562
Amounts due to associated companies	28	**207**	302	372	**–**	–
Amounts due to related parties	29	**859**	639	813	**1**	1
Interest-bearing loans and borrowings	35	**61,984**	51,413	70,790	**4,892**	6,466
Notes payable	38	**48,814**	26,746	50,000	**48,814**	26,746
Tax payable		**9,071**	31,254	7,095	**–**	–
		209,331	206,201	231,708	**70,531**	60,918
Net current assets/(liabilities)		**159,006**	163,297	35,631	**3,843**	(37,400)
Non-current liabilities						
Interest-bearing loans and borrowings	35	**190,820**	175,938	184,528	**10,450**	14,342
Deferred income	36	**7,256**	14,521	15,367	**–**	–
Loan stock	37	**678**	552	552	**–**	–
Notes payable	38	**118,964**	99,269	77,250	**118,964**	99,269
Deposits received		**1,458**	1,429	1,200	**–**	–
Amount due to a joint venture company	30	**6,677**	6,747	–	**6,677**	6,747
Other non-current liabilities		**1,915**	1,606	1,504	**–**	–
Defined and other long-term employee benefits	39	**5,303**	4,369	–	**–**	–
Deferred tax liabilities	40	**103,241**	171,655	169,344	**–**	–
		436,312	476,086	449,745	**136,091**	120,358
Total liabilities		**645,643**	682,287	681,453	**206,622**	181,276
Net assets		**708,245**	731,736	690,145	**256,849**	237,836
Equity attributable to owners of the Company						
Share capital	41	**199,995**	199,995	199,995	**199,995**	199,995
Treasury shares	42	**(3,051)**	(4,438)	(5,071)	**(3,051)**	(4,438)
Reserves	42	**340,153**	320,405	302,342	**59,905**	42,279
		537,097	515,962	497,266	**256,849**	237,836
Non-controlling interests		**171,148**	215,774	192,879	**–**	–
Total equity		**708,245**	731,736	690,145	**256,849**	237,836

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 2011

2011 GROUP	Share capital $'000	Treasury shares $'000	Merger deficit $'000	Capital reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Fair value adjustment reserve $'000	Legal reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Share-based payment reserve $'000	Loss on reissuance of treasury shares $'000	Accu-mulated profits $'000	Equity attributable to owners of the company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011, as previously reported	199,995	(4,438)	(18,038)	7,852	135,035	(39,126)	242	8,655	(2,562)	8,616	(439)	227,421	523,213	219,247	742,460
Effect of adopting INT FRS 115	–	–	–	–	–	–	–	–	–	–	–	(7,251)	(7,251)	(3,473)	(10,724)
At 1 January 2011, as restated	199,995	(4,438)	(18,038)	7,852	135,035	(39,126)	242	8,655	(2,562)	8,616	(439)	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)	–	–	–	–
Issue 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	–	–	–	–	–	1,034	–	475	(640)	(4,832)	(2,576)	–	(2,576)
Other changes in equity															
Dividend 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-nontrolling 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)	(18,038)	7,852	165,361	(53,264)	242	9,689	(2,562)	9,091	(1,079)	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 2011

2010 GROUP	Share capital $'000	Treasury shares $'000	Merger deficit $'000	Capital reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Fair value adjustment reserve $'000	Legal reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Share-based payment reserve $'000	Loss on reissuance of treasury shares $'000	Accumulated profits $'000	Equity attributable to owners of the company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010, as previously reported	199,995	(5,071)	(18,038)	7,852	142,369	(33,751)	172	6,928	–	8,915	(85)	198,996	508,282	198,313	706,595
Effect of adopting INT FRS 115	–	–	–	–	–	–	–	–	–	–	–	(11,016)	(11,016)	(5,434)	(16,450)
At 1 January 2010, as restated	199,995	(5,071)	(18,038)	7,852	142,369	(33,751)	172	6,928	–	8,915	(85)	187,980	497,266	192,879	690,145
Profit after taxation	–	–	–	–	–	–	–	–	–	–	–	19,458	19,458	16,395	35,853
Other comprehensive income for the year	–	–	–	–	6,614	(5,375)	70	–	–	–	–	–	1,309	9,338	10,647
Total comprehensive income for the year	–	–	–	–	6,614	(5,375)	70	–	–	–	–	19,458	20,767	25,733	46,500
Contributions by and distributions to owners															
Treasury shares reissued pursuant to Performance Share Plan	–	633	–	–	–	–	–	–	–	(279)	(354)	–	–	–	–
Issue of Performance Share Grants to employees	–	–	–	–	–	–	–	–	–	491	–	–	491	–	491
Expiry of Performance Share Grants to employees	–	–	–	–	–	–	–	–	–	(511)	–	511	–	–	–
Transfer to legal reserve	–	–	–	–	–	–	–	1,727	–	–	–	(1,727)	–	–	–
Total transactions with owners in their capacity as owners	–	633	–	–	–	–	–	1,727	–	(299)	(354)	(1,216)	491	–	491
Other changes in equity															
Acquisition of non-controlling interests' shares in a subsidiary company	–	–	–	–	–	–	–	–	(2,562)	–	–	–	(2,562)	2,562	–
Dividends paid to non-controlling interests of a subsidiary company	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,400)	(5,400)
Transfer to accumulated profits upon disposal of asset	–	–	–	–	(13,948)	–	–	–	–	–	–	13,948	–	–	–
Total other changes in equity	–	–	–	–	(13,948)	–	–	–	(2,562)	–	–	13,948	(2,562)	(2,838)	(5,400)
At 31 December 2010	199,995	(4,438)	(18,038)	7,852	135,035	(39,126)	242	8,655	(2,562)	8,616	(439)	220,170	515,962	215,774	731,736

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

COMPANY	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Share-based payment reserve $'000	Loss on reissuance of treasury shares $'000	Accu-mulated profits $'000	Total equity $'000
At 1 January 2011	**199,995**	**(4,438)**	**7,852**	**8,616**	**(439)**	**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)**
Issue of Performance Share Grants to employees	**–**	**–**	**–**	**1,222**	**–**	**–**	**1,222**
Treasury shares reissued pursuant to Performance Share Plan	**–**	**1,387**	**–**	**(747)**	**(640)**	**–**	**–**
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)**	**7,852**	**9,091**	**(1,079)**	**44,041**	**256,849**
At 1 January 2010	199,995	(5,071)	7,852	8,343	(85)	27,974	239,008
Loss after taxation	–	–	–	–	–	(1,967)	(1,967)
Total comprehensive income for the year	–	–	–	–	–	(1,967)	(1,967)
Contributions by and distributions to owners							
Issue of Performance Share Grants to employees	–	–	–	1,063	–	–	1,063
Expiry of Performance Share Grants to employees	–	–	–	(511)	–	243	(268)
Treasury shares reissued pursuant to Performance Share Plan	–	633	–	(279)	(354)	–	–
Total transactions with owners in their capacity as owners	–	633	–	273	(354)	243	795
At 31 December 2010	199,995	(4,438)	7,852	8,616	(439)	26,250	237,836

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 2011

	Note	2011 $'000	2010 Restated $'000
Cash flows from operating activities			
Profit before taxation		**2,546**	60,977
Adjustments for:			
Share of results of associated companies		**(576)**	101
Share of results of joint venture companies		**14**	(5,070)
Depreciation of property, plant and equipment	12	**25,494**	34,219
Loss/(gain) on disposal of property, plant and equipment		**223**	(66,743)
Gain on disposal of subsidiary companies		**(1,809)**	–
Allowance for impairment loss in property, plant and equipment, net	12	**184**	159
Finance income		**(3,574)**	(4,044)
Finance costs		**22,286**	19,288
Amortisation of lease rental and land use rights		**3,203**	4,112
Allowance for/(write back) of doubtful debts – trade, net		**2,129**	(1,214)
(Write back)/allowance for inventory obsolescence		**(70)**	167
Gain on disposal of other investment		**–**	(1)
Share-based payment expenses		**1,222**	222
Net fair value gains on investment properties	14	**(908)**	(2,471)
Currency realignment		**(12,249)**	(5,069)
		35,569	(26,344)
Operating profit before working capital changes		**38,115**	34,633
Increase in inventories		**(1,091)**	(335)
Decrease/(increase) in trade and other receivables		**10,603**	(3,353)
Decrease in amounts due from related parties		**287**	10,433
Decrease in trade and other payables		**(4,043)**	(6,304)
		5,756	441
Cash flows generated from operating activities		**43,871**	35,074
Interest received		**3,646**	4,094
Interest paid		**(21,831)**	(18,169)
Tax paid		**(33,390)**	(9,773)
Net cash flows (used in)/generated from operating activities		**(7,704)**	11,226

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

	Note	2011 $'000	2010 Restated $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(27,372)**	(18,164)
Proceeds from disposal of property, plant and equipment		**1,596**	112,456
Disposal of subsidiary companies, net of cash received	43	**26,695**	–
Payment of lease rental	18	**(27,156)**	(2,198)
Increase in long-term investments		**(5,478)**	(9,495)
Net cash flows (used in)/generated from investing activities		**(31,715)**	82,599
Cash flows from financing activities			
Proceeds from bank loans		**96,707**	80,507
Repayment of bank loans		**(65,737)**	(105,387)
Proceeds from issuance of notes payable		**70,000**	50,000
Repayments of notes payable		**(27,250)**	(50,000)
Payment of dividends			
– by subsidiary companies to non-controlling interests		**(27,776)**	(5,400)
– by Company to shareholders		**(3,798)**	–
Net cash flows generated from/(used in) financing activities		**42,146**	(30,280)
Net increase in cash and cash equivalents		**2,727**	63,545
Net foreign exchange difference		**(1,839)**	(808)
Cash and cash equivalents at beginning of year		**138,989**	76,252
Cash and cash equivalents at end of year	32	**139,877**	138,989

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 $).

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 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as discussed below.

INT FRS 115 Agreements for the Construction of Real Estate

On 1 January 2011, the Group adopted INT FRS 115 Agreements for the Construction of Real Estate.

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

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

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

The change in accounting policy has been applied retrospectively. The effects of adoption on the financial statements are as follows:

	GROUP		
	As at 31 December 2011 $'000	As at 31 December 2010 $'000	As at 1 January 2010 $'000
(Decrease)/increase in:			
Consolidated balance sheet			
Long-term trade receivables	**(6,174)**	(13,806)	(19,840)
Deferred tax assets	**1,138**	3,452	5,908
Trade receivables	**(777)**	(5,270)	(6,826)
Property development costs	**4,308**	12,040	19,487
Other non-financial liabilities	**3,214**	7,502	15,541
Other payables	**(162)**	(162)	(162)
Tax payable	**(200)**	(200)	(200)
Retained earnings	**(3,065)**	(7,251)	(11,016)
Non-controlling interests	**(1,292)**	(3,473)	(5,434)

	2011 $'000	2010 $'000
Consolidated income statement		
Revenue	**16,413**	16,001
Cost of properties sold	**7,732**	7,819
Income tax expenses	**2,314**	2,456
Profit attributable to:		
– Owners of the Company	**4,186**	3,765
– Non-controlling interests	**2,181**	1,961
Basic earnings per share (cents)	**0.55**	0.49
Diluted earnings per share (cents)	**0.55**	0.50

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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

Reference	Description	Effective for annual periods beginning on or after
FRS 107	Amendments to FRS 107 Disclosures – Transfer of Financial Assets	1 July 2011
FRS 12	Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 1	Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	Revision to FRS 19 – Employee Benefits	1 January 2013
FRS 27	Revision to FRS 27 – Separate Financial Statements	1 January 2013
FRS 28	Revision to FRS 28 – Investments in Associates and Joint Ventures	1 January 2013
FRS 110	FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111	FRS 111 Joint Arrangements	1 January 2013
FRS 112	FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113	FRS 113 Fair Value Measurements	1 January 2013

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.

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.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

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. The Group is currently determining the impact of the disclosure requirements. As this a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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:

(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 2011 are $740,797,000 (2010: $811,066,000). 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.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty (continued)

(iii) Impairment of loans and receivables

The Group assesses at 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 49 (d) to the financial statements.

(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 judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of recognised tax losses and unrecognised tax losses at 31 December 2011 are $34,079,000 (2010: $52,381,000) and $13,961,000 (2010: $16,321,000) 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 in Singapore and investment properties in Thailand as at 31 December 2011. The fair value determined using the various valuation models is sensitive to the underlying assumptions used by the independent valuation specialists.

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

(b) Critical judgements made in applying accounting policies

(i) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payables and net deferred tax liabilities at 31 December 2011 are $9,071,000 (2010 restated: $31,254,000) and $89,772,000 (2010 restated: $150,046,000) 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 on which they are granted. Judgement is required in determining the most appropriate valuation model for the grants, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the grant, volatility and dividend yield. The assumptions and model used are disclosed in Note 44.

(iii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on Management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

2. Summary of significant accounting policies (continued)

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 subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

- De-recognises the assets (including goodwill) and liabilities for the subsidiary 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.

2. Summary of significant accounting policies (continued)

2.6 Basis of consolidation and business combinations (continued)

(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.

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 share capital of the acquired entity is reflected within equity as merger deficit.

2. Summary of significant accounting policies (continued)

2.7 Transaction with non-controlling interests

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

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

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in an associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is 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. 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.

2. Summary of significant accounting policies (continued)

2.9 Joint venture companies (continued)

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 aggregate of the fair value 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.

2.10 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 consolidated income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income statement. However, the decrease is debited to other comprehensive income and accumulated in equity under the property revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the property revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

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. Summary of significant accounting policies (continued)

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.

2.12 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 consolidated 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. Summary of significant accounting policies (continued)

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.

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 consolidated income statement or treated as a revaluation decrease in other comprehensive income for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation reserve for that same asset.

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

2.14 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 after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(a) Financial assets at fair value through profit or loss

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. The accounting policy for derivative financial instruments is included in Note 2.30.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group and Company classify the following financial assets as loans and receivables:

- trade and other receivables, including amounts due from subsidiary, associated, joint venture companies and related parties; and
- cash and cash equivalents.

2. Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

(c) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income and accumulated under fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market and where fair value cannot be reliably determined, they are measured at cost, less any impairment losses.

2.15 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.

2.17 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 end of the reporting period 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.

2. Summary of significant accounting policies (continued)

2.18 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the consolidated income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the consolidated income statement.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

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

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

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

2. Summary of significant accounting policies (continued)

2.19 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 50, including the factors used to identify the reportable segments and the measurement basis of segment information.

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. Summary of significant accounting policies (continued)

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 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised directly in equity is recognised in the consolidated income statement.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognised in the consolidated income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the consolidated income statement. Net gains or losses on derivatives include exchange differences.

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

2.25 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 consolidated 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.

2.26 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 consolidated income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.27 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.

Performance share plan and restricted share plan

The Performance Share Plan ("PSP") and Restricted Share Plan ("RSP") are accounted using both equity-settled and cash-settled share-based payments.

The cost of these equity-settled share-based payment transactions is measured at fair value at the date of grant. This cost is recognised in the consolidated income statement, with a corresponding increase in the share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of 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 consolidated income statement and a corresponding adjustment to equity over the remaining vesting date. The charge or credit to the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(c) Share-based payment

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

The share-based payment reserve is transferred to accumulated profits reserve upon expiry of the plan. Where shares are issued under the PSP or RSP, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the plan is satisfied by the reissuance of treasury shares.

No expense is recognised for shares under both PSP and RSP that do not ultimately vest, except where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the consolidated income statement upon cancellation.

2. Summary of significant accounting policies (continued)

2.27 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.

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 explicitly 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 consolidated income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) As lessor

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

2.29 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 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

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

2. Summary of significant accounting policies (continued)

2.31 Deferred income

Deferred income relates to the government grants that are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is amortised to the consolidated income statement over the expected useful life of the relevant asset by equal annual instalments.

2.32 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, 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.

– *Sales 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.

(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.

2. Summary of significant accounting policies (continued)

2.32 Revenue (continued)

(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 asset is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting 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.

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

Deferred tax relating to items recognised outside the consolidated income statement is recognised outside the consolidated 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 consolidated income statement.

2. Summary of significant accounting policies (continued)

2.33 Taxes (continued)

(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.

2.37 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 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.

2. Summary of significant accounting policies (continued)

2.37 Related parties (continued)

(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	
	2011 $'000	2010 Restated $'000
Hotel investments	**163,716**	189,327
Property sales	**66,253**	44,399
Management services	**29,623**	26,336
Spa operation	**28,770**	27,675
Project and design services	**27,278**	22,557
Merchandise sales	**11,522**	9,052
Rental Income	**2,330**	1,958
	329,492	321,304

4. Other income

	GROUP	
	2011 $'000	2010 $'000
Management and service fees	**99**	215
Course and academy fees	**994**	948
Insurance claims	**2,647**	4,012
Gain on disposal of property, plant and equipment *	**–**	66,743
Net fair value gains on investment properties (Note 14)	**908**	2,471
Amortisation of deferred income (Note 36)	**216**	399
Gain on disposal of subsidiary companies (Note 43)	**1,809**	–
Others	**954**	2,177
	7,627	76,965

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

5. Salaries and related expenses

	GROUP	
	2011 $'000	2010 $'000
Salaries, wages and other related costs	**101,525**	108,672
Legal Severence Pay and Long Service Award expenses	**1,606**	4,369
Share-based payment expenses	**1,185**	573
Contributions to defined contribution plans	**3,770**	3,545
The above amounts include salaries and related expenses of key management personnel	**108,086**	117,159

6. Other operating expenses

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

	GROUP	
	2011 $'000	2010 $'000
Utilities and communication	**18,161**	19,741
Repair and maintenance	**8,799**	10,973
Printing and stationery	**2,177**	2,484
Travelling and transportation	**3,526**	5,348
Commission expenses	**4,172**	4,431
Laundry and valet	**1,685**	2,564
Guest expendable supplies	**3,126**	3,454

7. Profit from operations and other gains

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

	GROUP	
	2011 $'000	2010 $'000
Audit fees:		
– Auditors of the Company	**372**	370
– Other auditors	**784**	830
Non-audit fees:		
– Auditors of the Company	**168**	93
– Other auditors	**34**	48
Allowance for/(write back of) doubtful debts – trade, net	**2,129**	(1,208)
(Write back of)/allowance for inventory obsolescence	**(70)**	167
Allowance for impairment loss on property, plant and equipment	**184**	159
Bad debts written back – trade	**–**	(6)
Exchange loss	**381**	1,201
Gain on foreign currency contracts	**(13)**	(606)
Loss/(gain) on disposal of property, plant and equipment	**223**	(66,743)
Hotel management fees paid to other hotel operators	**1,098**	2,020

8. Finance income

	GROUP	
	2011 $'000	2010 $'000
Interest received and receivable from:		
– banks	**1,672**	1,848
– related parties	**8**	34
– others	**1,894**	2,162
	3,574	4,044

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

9. Finance costs

	GROUP	
	2011 $'000	2010 $'000
Interest paid and payable to:		
– banks	**11,506**	12,386
– holders of notes payable	**9,461**	6,853
– others	**1,319**	49
	22,286	19,288

10. Income taxes

Major components of income taxes for the years ended 31 December 2011 and 2010 are:

	GROUP	
	2011 $'000	2010 Restated $'000
Current tax expense/(credit)		
Current taxation	**8,278**	29,920
(Over)/under provision in respect of prior years	**(680)**	598
	7,598	30,518
Deferred tax expense/(credit)		
Origination and movement in temporary differences	**(2,716)**	(8,768)
Utilisation of previously unrecognised tax losses	**(2,239)**	(186)
Expiry of recognised tax losses	**1,740**	1,406
Effect of reduction in tax rate	**(9,675)**	–
	(12,890)	(7,548)
Withholding tax expense		
Current year provision	**4,806**	2,154
Under provision in respect of prior years	**27**	–
	4,833	2,154
Income tax (credit)/expense recognised in the consolidated income statement	**(459)**	25,124

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

In 2010, a deferred tax charge of $4,499,000 relating to the adjustment on property revaluation reserve was recognised in other comprehensive income.

10. Income taxes (continued)

Reconciliation of effective tax rate

A reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 respectively are as follows:

	GROUP	
	2011 $'000	2010 Restated $'000
Accounting profit before taxation	**2,546**	60,977
Income tax using Singapore tax rate of 17% (2010: 17%)	**433**	10,366
Effect of different tax rates in other countries	**(229)**	8,795
Expenses not deductible for tax purposes	**6,425**	2,627
Tax exempt income	**(2,946)**	(2,259)
Effect of reduction in tax rate	**(9,675)**	–
(Over)/under provision in respect of prior years	**(680)**	598
Utilisation of previously unrecognised tax losses	**(2,239)**	(186)
Deferred tax assets not recognised	**1,829**	1,539
Withholding tax	**4,833**	2,154
Expiry of recognised tax losses	**1,740**	1,406
Others	**50**	84
Income tax (credit)/expense recognised in the consolidated income statement	**(459)**	25,124

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% (2010: 15%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2010: 20% and 10%).

11. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares 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	
	2011 $'000	2010 Restated $'000
Profit, net of tax, attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	**1,554**	19,458
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic earnings per share computation	**759,428,527**	758,659,322
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan	**2,618,355**	2,707,732
Weighted average number of ordinary shares for diluted earnings per share computation	**762,046,882**	761,367,054

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 2010	394,251	285,588	137,619	283,617	11,313	10,244	9,734	1,132,366
Additions	–	1,861	821	5,710	2,152	389	7,231	18,164
Disposals	(23,666)	(25,191)	–	(27,526)	(596)	(473)	(636)	(78,088)
Revaluation surplus/(deficit)	35,749	(8,299)	–	(12,512)	–	–	–	14,938
Transfer to property development costs	–	–	–	(85)	–	–	(1,728)	(1,813)
Transfer to investment properties	–	–	–	(33,527)	–	–	–	(33,527)
Transfer in/(out)	–	1,355	7,165	(2,281)	(54)	(57)	(6,128)	–
Net exchange differences	9,130	3,820	(7,952)	4,169	(17)	77	(194)	9,033
At 31 December 2010 and 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	(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	**370,807**	**226,293**	**137,635**	**193,222**	**13,716**	**10,070**	**22,384**	**974,127**
Accumulated depreciation and impairment losses:								
At 1 January 2010	–	48,119	23,434	170,612	7,299	5,938	–	255,402
Depreciation charge for the year	–	6,518	6,331	17,875	2,155	1,340	–	34,219
Disposals	–	(11,006)	–	(21,845)	(534)	(440)	–	(33,825)
Transfer to investment properties	–	–	–	(6,909)	–	–	–	(6,909)
Revaluation surplus	–	(1,255)	–	(1,981)	–	–	–	(3,236)
Impairment loss	–	–	–	159	–	–	–	159
Transfer in/(out)	–	310	798	(1,684)	(91)	667	–	–
Net exchange differences	–	2,145	(1,506)	3,386	100	72	–	4,197
At 31 December 2010 and 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	–	(10,907)	–	(16,371)	(448)	(47)	–	(27,773)
Elimination of accumulated depreciation on revaluation	–	(715)	–	–	–	–	–	(715)
Impairment loss	–	–	–	–	–	–	184	184
Transfer in/(out)	–	–	–	(1)	1	–	–	–
Net exchange differences	–	(2,665)	(27)	(7,300)	(129)	(247)	5	(10,363)
At 31 December 2011	**–**	**35,784**	**32,368**	**146,379**	**10,343**	**8,193**	**263**	**233,330**
Net carrying amount:								
At 31 December 2011	**370,807**	**190,509**	**105,267**	**46,843**	**3,373**	**1,877**	**22,121**	**740,797**
At 31 December 2010	415,464	214,303	108,596	57,952	3,869	2,603	8,279	811,066

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.

12. Property, plant and equipment (continued)

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

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

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

	GROUP	
	2011 $'000	2010 $'000
Freehold land at 31 December		
– Cost and net carrying amount	**69,887**	95,345
Freehold buildings at 31 December		
– Cost	**182,038**	213,528
– Accumulated depreciation	**(47,530)**	(55,095)
– Net carrying amount	**134,508**	158,433
Furniture, fittings and equipment at 31 December		
– Cost	**167,667**	192,233
– Accumulated depreciation	**(131,868)**	(148,771)
– Net carrying amount	**35,799**	43,462

As at 31 December 2011, certain properties with net book value amounting to $470,570,000 (2010: $473,790,000) were mortgaged to banks to secure credit facilities for the Group (Note 35).

The Group's freehold buildings and leasehold buildings include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the buildings. During the financial year, the borrowing costs capitalised as freehold buildings and leasehold buildings amounted to $Nil (2010: $Nil) and $Nil (2010: $346,000) respectively.

12. Property, plant and equipment (continued)

COMPANY	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2010	13	145	158
Additions	–	2	2
At 31 December 2010 and 1 January 2011	13	147	160
Additions	–	5	5
At 31 December 2011	**13**	**152**	**165**
Accumulated depreciation:			
At 1 January 2010	11	122	133
Depreciation charge for the year	1	11	12
At 31 December 2010 and 1 January 2011	12	133	145
Depreciation charge for the year	1	9	10
At 31 December 2011	**13**	**142**	**155**
Net carrying amount:			
At 31 December 2011	**–**	**10**	**10**
At 31 December 2010	1	14	15

13. Land use rights

	GROUP	
	2011 $'000	2010 $'000
Cost:		
At 1 January	**25,592**	21,807
Additions	**–**	4,842
Disposals	**(9,885)**	–
Net exchange differences	**418**	(1,057)
At 31 December	**16,125**	25,592
Accumulated amortisation:		
At 1 January	**2,043**	1,323
Amortisation for the year	**463**	805
Disposals	**(881)**	–
Net exchange differences	**49**	(85)
At 31 December	**1,674**	2,043
Net carrying amount	**14,451**	23,549
Amount to be amortised:		
– Within 1 year	**426**	681
– Between 2 to 5 years	**1,704**	2,726
– After 5 years	**12,321**	20,142

13. Land use rights (continued)

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

	Tenure	
Location	2011	2010
People's Republic of China		
Banyan Tree Lijiang	**33 years**	34 years
Banyan Tree Ringha	**32 years**	33 years
Zhongdian Jiantang Hotel	**37 years**	38 years
Tibet Lhasa Banyan Tree Resorts	**36 years**	37 years

14. Investment properties

	GROUP	
	2011 $'000	2010 $'000
Balance sheet:		
At 1 January	**33,469**	–
Net gains from fair value adjustments recognised in consolidated income statement (Note 4)	**908**	2,471
Transfer from property, plant and equipment	**–**	25,962
Transfer from land awaiting future development	**–**	5,036
Net exchange differences	**(1,563)**	–
At 31 December	**32,814**	33,469
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**3,524**	3,922
Direct operating expense (including repairs and maintenance) arising from:		
– Rental generating properties	**1,489**	1,603
– Non-rental generating properties	**38**	–

Valuation of Investment properties

Investment properties are stated at fair value, which has been determined based on valuation report dated 6 December 2011. The revaluations were performed by Knight Frank Chartered (Thailand) Co., Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The basis of valuation was as follows:

- Land was revalued using the fair market approach.
- Shop rental building was revalued using the depreciated replacement cost approach.
- Office rental units were revalued using the residual value approach.

Properties pledged as security

Certain investment properties amounting to $25,502,000 (2010:$23,222,000) are mortgaged to secure bank loans (Note 35).

The Investment properties held by the Group as at 31 December 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 in Northern of Thailand	Land awaiting development	Freehold

15. Subsidiary companies

	COMPANY	
	2011 $'000	**2010 $'000**
Unquoted shares, at cost	**90,058**	82,785
Quoted shares, at cost	**72,263**	72,263
Impairment losses	**(2,566)**	(1,565)
	159,755	153,483
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
	165,618	159,346
Loans and receivables		
Loans to subsidiary companies	**199,372**	212,158
	364,990	371,504
Market value of quoted shares	**182,876**	224,579

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

Included in the loans made to subsidiary companies is an unsecured loan of $30,000,000 (2010: $50,000,000) bearing interest at a rate of 6.3% (2010: 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 $1,979,000 (2010: written back an allowance of $1,347,000) for impairment of the loans due from its subsidiary companies with a nominal amount of $12,451,000 (2010: $10,500,000). These subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2011 is $8,128,000 (2010: $6,149,000).

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

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

	2010 $'000
Consideration paid for acquisition of non-controlling interests	7,823
Decrease in equity attributable to non-controlling interests	(5,261)
Decrease in equity attributable to owners of the parent	2,562

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		Effective equity held by the Group	
				2011 $'000	2010 $'000	2011 %	2010 %
(i)	**Held by the Company**						
1	Banyan Tree Corporate Pte. Ltd. (formerly known as Hotels Support Services Pte. Ltd. which was also formerly known as Banyan Tree Hotels & Resorts 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 Jiuzhaigou (S) Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
1	Banyan Tree Chengdu Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
1	Banyan Tree China Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
1	Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	**500**	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**	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
1	Banyan Tree Properties (S) Pte. Ltd.	Property development and investments	Singapore	**	**	**100**	100

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group	
				2011 $'000	2010 $'000	2011 %	2010 %
(i)	**Held by the Company** (continued)						
12, 16	Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	–	100	–
2	Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	**71,619**	71,619	**65.75**	65.75
2	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	**6,446**	6,446	**100**	100
13	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**	**	**100**	100
2	Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	–	**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, 21	Maldives Sun Pvt Ltd	Dormant	Maldives	**	**	**100**	100
2, 21	Maldives Sand Pvt Ltd	Dormant	Maldives	**	**	**100**	100
2, 21	Maldives Shore Pvt Ltd	Dormant	Maldives	**	**	**100**	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**	2,649	**100**	100
4	Beruwela Walk Inn PLC	Operation of hotel resorts	Sri Lanka	**645**	645	**79.85**	79.85
11	Integrated Investments Limited	Investment holding	New Zealand	**	**	**100**	100
2	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	**300**	300	**100**	100
				162,321	155,048		

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
(ii)	**Held through subsidiary companies**				
[1]	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]	Banyan Tree Yangshuo (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
[1]	Sanctuary Lhasa (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
[1]	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
[1]	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
[1]	Banyan Tree Anhui (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
[1]	Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	**100**	100
[12, 16]	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**	–
[12, 16]	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**	–
[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
[3, 9, 20]	Laguna Beach Club Limited	Hotel operations	Thailand	**–**	39.45
[3, 9, 20]	Laguna (1) Limited	Property development	Thailand	**–**	39.45
[2, 9]	Talang Development Company Limited	Property development	Thailand	**32.88**	32.88
[2]	Twin Waters Development Company Limited	Property development	Thailand	**65.75**	65.75
[2]	Bangtao (1) Limited	Property development	Thailand	**65.75**	65.75
[2]	Bangtao (2) Limited	Property development	Thailand	**65.75**	65.75
[2]	Bangtao (3) Limited	Property development	Thailand	**65.75**	65.75

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
(ii)	**Held through subsidiary companies** (continued)				
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, 9	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	**47.93**	58.65
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, 9	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
21	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	Provision of 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, 20	Yangshuo Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	**–**	100
2	Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	**83.20**	83.20
17	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
2	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	**100**	100
15, 20	Banyan Tree Huangshan Tourism Development Co., Ltd.	Property owner, developer, operator and management of hotels, resorts and residences in China as well as ancillary services related to the hospitality industry	China	**–**	100

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2011 %	2010 %
	(ii) Held through subsidiary companies (continued)				
20	Angsana Lijiang Real Estate Development Co., Ltd.	Property owner, development and hotel operator including all ancillary services related to the hospitality industry	China	**–**	83.20
18	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
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
5	Cheer Golden Limited	Investment holding	Hong Kong	**65.75**	65.75
2	Triumph International Holdings Limited	Investment holding	Hong Kong	**80**	80
10	Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Lhasa (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Gyalthang Dzong (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Dunhuang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Sanctuary Yangshuo (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
1	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	**100**	100
10	Sanctuary Anhui (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
10	Jayanne International Limited	Investment holding	British Virgin Islands	**100**	100
10	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
19	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
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
10	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

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
	(ii) Held through subsidiary companies (continued)				
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
10	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
7	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
6	Keelbay Pty Ltd	Operation of spas	Australia	**100**	100
8	Jayanne (Seychelles) Limited	Own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	**100**	100
2	Banyan Tree Resorts (UK) Ltd	Provision of marketing services	United Kingdom	**100**	100
10	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
14	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 KPMG, Thailand.
4 Audited by Tudor V.P. & Co.
5 Audited by RSM Nelson Wheeler.
6 Audited by KPMG, Cairns.
7 Audited by Grant Thornton Cape Inc (formerly known as Grant Thornton, South Africa).
8 Audited by BDO Seychelles.
9 These companies are subsidiary companies of LRH which in turn are subsidiary companies of the Group. Management of the Group are of the view that these companies should be consolidated as subsidiaries in the consolidated financial statements as the Group has control over them through LRH.
10 Not required to be audited under the laws of country of incorporation.
11 Audited by KPMG, New Zealand.
12 Incorporated during the year.
13 Audited by Tibet Zhongrong Certified Public Accountant.
14 Not required to be audited as the company has not commenced operation as at 31 December 2011.
15 Audited by Anhui Wanrui Certified Public Accountant.
16 Not required to be audited as company incorporated for less than 6 months as at 31 December 2011.
17 Audited by Dunhuang Fang Zheng Certified Public Accountant.
18 Audited by Tianjin Huaxiang Joint Accounting Firm.
19 Audited by RSM AAJ Associates.
20 Disposed during the year.
21 In the process of voluntary liquidation.
** Cost of investment is less than $1,000.

16. Associated companies

	GROUP		COMPANY	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Unquoted equity shares, at cost	**961**	961	**889**	889
Share of post-acquisition reserves	**6,406**	5,830	**–**	–
Impairment loss	**(586)**	(615)	**–**	–
Net exchange differences	**(830)**	(765)	**–**	–
Loans and receivables				
Loan to an associated company	**16,234**	16,409	**16,234**	16,409
	22,185	21,820	**17,123**	17,298

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

The details of the associated companies at the end of the financial year are as follows:

	Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
	Held by the Company				
1	Hill View Resorts Holdings Limited (formerly known as Banyan Tree Seychelles Holdings Limited)	Investment holding	British Virgin Islands	**30**	30
	Held through an associated company				
3	Hill View Resorts (Seychelles) Limited (formerly known as Banyan Tree Resorts (Seychelles) Limited)	Resort development	Seychelles	**30**	30
3	Ocean Estate (Seychelles) Limited	Development of residences for sale	Seychelles	**30**	30
	Held through subsidiary companies				
4	Lotes 3 Servicios S.A. De C.V.	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 subsidiaries which have significant influence over the operating and financial policies of these companies.

The Group has not recognised its share of losses and deficit in the currency translation reserve relating to Tropical Resorts Limited where its share of deficit in equity has exceeded the Group's interest in this associated company. At the balance sheet date, the Group's cumulative share of unrecognised losses and currency translation deficit were $1,884,000 (2010: $983,000) and $743,000 (2010: $692,000) respectively.

The Group has no obligation in respect of these losses.

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:

	2011 $'000	2010 $'000
Assets and liabilities:		
Current assets	**30,667**	29,764
Non-current assets	**128,372**	106,371
Total assets	**159,039**	136,135
Current liabilities	**(17,690)**	(35,363)
Non-current liabilities	**(127,736)**	(101,154)
Total liabilities	**(145,426)**	(136,517)
Results:		
Revenue	**43,927**	46,521
Loss for the year	**(6,446)**	(6,884)

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2010: Nil).

17. Joint venture companies

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Shares at cost	**6,000**	6,000	**6,000**	6,000
Share of post-acquisition reserves	**2,908**	2,922	**–**	–
Net exchange differences	**(1,276)**	(1,203)	**–**	–
	7,632	7,719	**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 2011 %	Effective equity held by the Group 2010 %
	Held by the Company				
1	Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	**50**	50
	Held through a joint venture company				
2, 3	Seytropical Resorts Limited	Resort development	Seychelles	**50**	50

1 Audited by Ernst & Young LLP, Singapore.

2 Audited by BDO Seychelles.

3 In the process of voluntary liquidation.

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:

	2011 $'000	2010 $'000
Assets and liabilities:		
Current assets	**–**	27
Non-current assets	**13,354**	13,494
Total assets	**13,354**	13,521
Current liabilities	**(14)**	(7)
Total liabilities	**(14)**	(7)
Results:		
(Loss)/profit for the year	**(28)**	10,140

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil (2010: Nil).

18. Prepaid island rental

	GROUP	
	2011 $'000	2010 $'000
At 1 January	**22,091**	24,853
Net exchange differences	**442**	(1,653)
Payment of island rental during the year	**27,156**	2,198
	49,689	25,398
Less: Amount charged to expenses during the year	**(2,740)**	(3,307)
At 31 December	**46,949**	22,091
Amount chargeable within 1 year (Note 25)	**2,394**	2,105
Amount chargeable after 1 year	**44,555**	19,986
	46,949	22,091

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	
	2011 $'000	2010 Restated $'000
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 24)	**6,339**	9,894
Between 2 to 5 years	**12,240**	14,024
After 5 years	**13,215**	12,969
	25,455	26,993

Long-term trade receivables consist of:

(i) Receivables from property sales bear interest at a rate of 5% per annum (2010: 5%) over the Singapore Inter Bank Offered Rate ("SIBOR"). The loan periods vary from 5 to 15 years.

(ii) Receivables from property sales bear interest at rates ranging from 7% to 12%, MLR plus 0.5% to 1% and the group's cost of funds plus 0.5% per annum (2010: 7.5% to 12%) and are repayable over an instalment period of 3 to 15 years.

(iii) The Group has purchased certain properties on behalf of a third party who is in the business of selling club memberships. A subsidiary company of the Group acts as the manager of these properties on behalf of the third party. As at 31 December 2011, the amounts due from a third party are $15,990,000 (2010: $16,676,000). The receivable bears an interest rate of 6% per annum (2010: 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 2010, 31 December 2010, 1 January 2011 and 31 December 2011	2,603	24,300	26,903
Accumulated impairment losses:			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	–	–	–
Net carrying amount:			
At 31 December 2010 and 31 December 2011	2,603	24,300	26,903

Impairment testing of goodwill

Goodwill acquired through business combination was related to Thai Wah Plaza Limited, which has been identified as the single cash generating unit ("CGU").

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

20. Intangible assets (continued)

Key assumptions used for value-in-use calculations:

	Thai Wah Plaza Limited	
	2011	**2010**
Growth rate	**0%**	0%
Discount rate	**8.4%**	7.4%

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.

Impairment testing of trademarks

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

- Property Sales Segment;
- Fee-based Segment

Carrying amounts of trademarks are allocated to each of the Group's cash-generating units based on a valuation performed by a professional and independent valuer using the projected discounted cashflows on future royalties from each of the reportable operating segments. The allocated amounts to each cash-generating unit are as follows:

	Property Sales Segment		Fee-based Segment		Total	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**	**2011 $'000**	**2010 $'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 10.37% (2010: 9.54%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 3% (2010: 4%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate, which reflects weighted average cost of capital rate used, is consistent with forecasts used in industry reports. The discount rate reflects specific risks relating to the relevant companies.

The following describes each key assumption on which Management has based its cash flow projections to undertake impairment testing of trademarks:

- Budgeted hotel occupancy rates – the basis used to determine the budgeted hotel occupancy rates is the average hotel occupancy rates achieved in the previous years, adjusted for the forecast growth rate.
- Budgeted hotel room rates – the basis used to determine the budgeted hotel room rates is the average room rates achieved in the previous years, adjusted for the forecast growth rate.

21. Long-term investments

	GROUP	
	2011 $'000	2010 $'000
Quoted investments		
Equity shares, at fair value	**2**	2
Unquoted investments		
Equity shares, at cost	**41,276**	36,241
Less: Impairment in value of unquoted investments	**(63)**	(65)
Total unquoted investments	**41,213**	36,176
Total available-for-sale financial assets	**41,215**	36,178

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	
	2011 $'000	2010 $'000
Loans and receivables		
Deposits	**4,940**	3,984
Loans to third parties	**7,641**	7,639
	12,581	11,623

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	
	2011 $'000	2010 $'000
Food and beverage, at cost	**2,132**	2,135
Trading goods and supplies	**7,650**	6,831
Materials, at cost	**2,961**	3,037
Others	**36**	192
	12,779	12,195
Income statement inclusive of the following charge:		
– Inventories recognised as an expense in cost of sales	**25,077**	25,834
– Inventories (write back of)/written-down	**(70)**	167

24. Trade receivables

	GROUP	
	2011 $'000	2010 Restated $'000
Loans and receivables		
Trade receivables	**74,938**	54,590
Current portion of long-term trade receivables (Note 19)	**6,339**	9,894
	81,277	64,484
Less: Allowance for doubtful debts	**(9,249)**	(7,443)
	72,028	57,041

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $55,550,000 (2010 restated: $37,456,000) 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	
	2011 $'000	2010 Restated $'000
Trade receivables past due:		
Less than 30 days	**12,279**	18,331
30 to 60 days	**11,347**	3,371
60 to 90 days	**2,074**	1,641
More than 90 days	**29,850**	14,113
	55,550	37,456
Neither past due nor impaired	**16,478**	19,585
	72,028	57,041

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	
	2011 $'000	2010 $'000
Trade receivables – nominal amounts	**9,249**	7,443
Less: Allowance for doubtful debts	**(9,249)**	(7,443)
	–	–
Movement in allowance accounts:		
At 1 January	**7,443**	9,235
Charge for the year	**2,515**	876
Reversal of allowance	**(386)**	(2,019)
Utilisation	**(313)**	(700)
Exchange differences	**(10)**	51
At 31 December	**9,249**	7,443

24. Trade receivables (continued)

Receivables that are impaired (continued)

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Prepayments	**6,619**	6,113	**52**	41
Prepaid island rental – current portion (Note 18)	**2,394**	2,105	**–**	–
Advances to suppliers	**3,133**	2,221	**–**	–
Others	**2,492**	2,851	**250**	3
	14,638	13,290	**302**	44

26. Other receivables – current

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Loans and receivables				
Deposits	**2,683**	11,414	**22**	22
Interest receivable	**22**	98	**5**	1
Staff advances	**271**	888	**3**	–
Goods and services tax/value-added tax receivable	**3,799**	1,748	**141**	–
Insurance recoverable	**67**	15	**–**	–
Other recoverable expenses	**76**	983	**6**	90
Other receivables	**9,188**	5,572	**2,027**	1,965
	16,106	20,718	**2,204**	2,078
Fair value through profit or loss				
Forward currency contracts receivable	**–**	693	**–**	–
	16,106	21,411	**2,204**	2,078

27. Amounts due from/(to) subsidiary companies

	COMPANY	
	2011 $'000	2010 $'000
Loans and receivables		
Amounts due from subsidiary companies – non-trade	**41,999**	7,819
Financial liabilities at amortised cost		
Amounts due to subsidiary companies – non-trade	**(9,314)**	(19,562)

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

At the balance sheet date, the Company has written back an allowance of $365,000 (2010: $Nil) for impairment of the amounts due from its subsidiary companies with a nominal amount of $3,038,000 (2010: $3,761,000). The allowance account for the financial year ended 31 December 2011 in relation to the amounts due from the subsidiary companies is $3,020,000 (2010: $3,385,000).

28. Amounts due from/(to) associated companies

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Loans and receivables				
Amounts due from associated companies				
– trade	**631**	503	**18**	–
– non-trade	**88**	108	**–**	–
	719	611	**18**	–
Financial liabilities at amortised cost				
Amounts due to associated companies				
– trade	**(132)**	(7)	**–**	–
– non-trade	**(75)**	(295)	**–**	–
	(207)	(302)	**–**	–

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

29. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Loans and receivables				
Amounts due from related parties				
– trade	**7,346**	8,005	**–**	–
– non-trade	**294**	850	**–**	527
	7,640	8,855	**–**	527
Financial liabilities at amortised cost				
Amounts due to related parties				
– trade	**(812)**	(519)	**–**	–
– non-trade	**(47)**	(120)	**(1)**	(1)
	(859)	(639)	**(1)**	(1)

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

30. Amount due to a joint venture company

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Financial liabilities at amortised cost				
Amount due to a joint venture company				
– non-trade	**(6,677)**	(6,747)	**(6,677)**	(6,747)
	(6,677)	(6,747)	**(6,677)**	(6,747)

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 2011 $'000	GROUP 2010 Restated $'000
Properties under development		
Cost incurred to date	**62,711**	59,051
Less: Allowance for foreseeable losses	**(3,748)**	(3,931)
	58,963	55,120
Properties held for sale	**45,587**	61,986
	104,550	117,106

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	99	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

31. Property development costs (continued)

Details of the properties as at 31 December 2010 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Residences	Bangkok, Thailand	100	Held for sale	4,124	Completed	65.75
Banyan Tree Double Pool Villas Phase 1	Phuket, Thailand	100	Held for sale	10,798	Completed	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone A)	Phuket, Thailand	100	Held for sale	5,062	Completed	65.75
Laguna Townhomes Phase 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	June 2011	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	1,178	Completed	83.20
Banyan Tree Lijiang Phase 2 extension	Lijiang, China	100	Held for sale	1,374	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,484	Completed	100

32. Cash and cash equivalents

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Loans and receivables				
Cash on hand and at bank	**107,427**	127,011	**11,950**	3,045
Fixed deposit, unsecured	**32,450**	11,978	**17,409**	10,005
	139,877	138,989	**29,359**	13,050
Significant foreign currency denominated balances				
US Dollars	**42,469**	11,568	**11,346**	610
Thai Baht	**17,566**	86,748	**–**	–
Chinese Renminbi	**43,193**	21,013	**–**	–

33. Other non-financial liabilities

	GROUP		COMPANY	
	2011 $'000	2010 Restated $'000	2011 $'000	2010 $'000
Advances received from customers	**20,324**	22,462	**–**	–
Deferred membership fee	**796**	674	**–**	–
Others	**3,982**	3,893	**91**	735
	25,102	27,029	**91**	735

34. Other payables

	GROUP		COMPANY	
	2011 $'000	2010 Restated $'000	2011 $'000	2010 $'000
Financial liabilities at amortised cost				
Accrued operating expenses	**30,333**	32,503	**4,886**	5,270
Accrued service charges	**1,334**	2,089	**–**	–
Deposits	**295**	295	**–**	–
Goods and services tax/value added tax payable	**2,812**	2,795	**–**	39
Sundry creditors	**5,071**	2,149	**456**	22
	39,845	39,831	**5,342**	5,331
Financial liabilities at fair value				
Forward currency contracts payable	**–**	14	**–**	–
	39,845	39,845	**5,342**	5,331

35. Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Financial liabilities at amortised cost				
Non-current liabilities				
Secured bank loans	**189,779**	171,355	**10,450**	12,050
Unsecured bank loans	**1,041**	4,583	**–**	2,292
	190,820	175,938	**10,450**	14,342
Current liabilities				
Secured bank loans	**28,333**	45,297	**1,600**	1,600
Unsecured bank loans	**33,651**	6,116	**3,292**	4,866
	61,984	51,413	**4,892**	6,466

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

	GROUP	
	2011 $'000	2010 $'000
Freehold land and buildings	**376,917**	379,451
Investment properties	**25,502**	23,222
Quoted shares in a subsidiary company	**9,348**	11,558
Leasehold buildings	**93,653**	94,339
Unquoted shares in subsidiary companies	**50,917**	50,917
Prepaid island rental	**45,925**	20,969
Property development costs	**13,447**	13,452
Other assets	**17,786**	40,236
	633,495	634,144

The secured bank loan of the Company is secured by freehold land and buildings of its subsidiary companies, amounting to $34,080,000 (2010: $24,440,000).

36. Deferred income

	GROUP	
	2011 $'000	2010 $'000
Cost		
At 1 January	**15,830**	16,327
Additions	**–**	216
Disposals	**(7,892)**	–
Exchange differences	**169**	(713)
At 31 December	**8,107**	15,830
Accumulated amortisation		
At 1 January	**1,309**	960
Amortisation for the year (Note 4)	**216**	399
Disposals	**(694)**	–
Net exchange differences	**20**	(50)
At 31 December	**851**	1,309
Net carrying amount	**7,256**	14,521

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.

37. Loan stock

Loan stock represents 102,218 (2010: 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.

38. Notes payable

Notes payable which are unsecured relates to the principal of the $50 million fixed rate notes due on 22 November 2012 and $50 million fixed rate notes due on 27 August 2013, $70 million fixed rate notes due on 14 March 2014. The notes bear interest rates of 4.75% per annum (2010: 4.75%), 6.25% per annum (2010: 6.25%) and 5.5% per annum (2010: Nil) respectively, payable semi-annually.

39. Defined and other long-term employee benefits

The subsidiaries 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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Net benefit expense						
Current service cost	**467**	2,926	**142**	1,290	**609**	4,216
Interest cost on benefit obligation	**127**	108	**50**	45	**177**	153
Net actuarial loss recognised in the year	**–**	–	**820**	–	**820**	–
Net benefit expense	**594**	3,034	**1,012**	1,335	**1,606**	4,369
Net actuarial gain recognised in the other comprehensive income	**(35)**	–	**–**	–	**(35)**	–

Changes in present value of defined benefit obligations are as follows:

	LSP		LSA		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At 1 January	**3,034**	–	**1,335**	–	**4,369**	–
Interest cost	**127**	108	**50**	45	**177**	153
Current service cost	**467**	2,926	**142**	1,290	**609**	4,216
Benefits paid	**(265)**	–	**(164)**	–	**(429)**	–
Actuarial (gains)/losses on obligation	**(35)**	–	**820**	–	**785**	–
Exchange differences	**(142)**	–	**(66)**	–	**(208)**	–
At 31 December	**3,186**	3,034	**2,117**	1,335	**5,303**	4,369

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

	2011	2010
Discount rates	**4.00%**	4.75%
Future salary increases	**3.00%**	3.00%
Gold price (per Baht weight of gold)	**THB 25,000**	THB 18,000
Gold inflation	**2.00%**	2.00%
Attrition rate	Based on LRH Group's withdrawal experiences in prior years	

40. Deferred tax

	GROUP		COMPANY	
	2011	2010 Restated	2011	2010
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	**(70,183)**	(127,111)	**–**	–
Temporary differences arising from revenue recognition	**(28,141)**	(44,373)	**–**	–
Other items	**(4,917)**	(171)	**–**	–
	(103,241)	(171,655)	**–**	–
Deferred tax assets				
Unutilised tax losses	**8,902**	14,553	**502**	305
Other items	**4,567**	7,056	**472**	472
	13,469	21,609	**974**	777
Net deferred tax (liabilities)/assets	**(89,772)**	(150,046)	**974**	777

The Group has tax losses of $13,961,000 as at 31 December 2011 (2010: $16,321,000) 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.

41. Share capital

	GROUP and COMPANY			
	2011		2010	
	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.

42. 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 2011, there are 1,763,000 (2010: 2,564,300) treasury shares held by the Company.

(b) Merger deficit

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiary companies acquired.

(c) Capital reserve

The capital reserve comprises a waiver of debt by the joint venture company on amounts due by the Company and accounting of assets in subsidiary companies at their fair values as at the acquisition date and cannot be used for dividend payments.

42. Treasury shares and reserves (continued)

(d) Property revaluation reserve

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

(e) Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies.

(f) Fair value adjustment reserve

The fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

(g) Legal reserve

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

The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary company in Thailand.

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

(h) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 44). The reserve is made up of (i) the issue of free shares to employees in 2006 and (ii) the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share grants.

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

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

43. Disposal of subsidiary companies

The Group disposed of Laguna Beach Club Limited and Laguna (1) Limited on 10 May 2011 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:

	$'000
Non-current assets	
Property, plant and equipment	55,291
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	(2,014)
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

44. Equity compensation benefits

Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan

On 28 April 2006, the shareholders of the Company approved the adoption of two share based incentive schemes for its Directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). Under the Share Option Scheme, eligible participants are granted options to acquire shares in the Company whereas under the Plan, the Company's shares are issued to eligible participants. The Share Option Scheme and the Plan (collectively, the "Schemes") will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance. The Schemes form an integral and important component of the compensation plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, is not entitled to participate in the Schemes.

At the date of this report, the Schemes are administered by the Nominating and Remuneration Committee ("NRC") which comprises three Independent Directors with Chia Chee Ming Timothy, as the Chairman, Elizabeth Sam and Fang Ai Lian 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.

44. Equity compensation benefits (continued)

The details of the Plan existed as at 31 December 2011 are set out as follows:

	PSP	RSP
Plan Description	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a two-year performance period for FY 2007 Grant and FY 2008 Grant and one-year performance period for FY 2009 Grant, FY 2010 Grant and FY 2011 Grant.
Date of Grant:		
FY 2011 Grant	6 April 2011	6 April 2011
FY 2010 Grant	15 June 2010	15 June 2010
FY 2009 Grant	15 May 2009	15 May 2009
FY 2008 Grant	25 April 2008	25 April 2008
FY 2007 Grant	19 April 2007 & 4 May 2007	19 April 2007, 4 May 2007 & 16 July 2007
Performance Period:		
FY 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
FY 2009 Grant	1 January 2009 to 31 December 2011	1 January 2009 to 31 December 2009
FY 2008 Grant	1 January 2008 to 31 December 2010	1 January 2008 to 31 December 2009
FY 2007 Grant	1 January 2007 to 31 December 2009	1 January 2007 to 31 December 2008
Performance Conditions:		
FY 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 #
FY 2009 Grant and FY 2008 Grant	• Absolute TSR outperform COE • Relative TSR against FTSE ST Mid Cap Index • Relative TSR against selected hospitality listed peers	• Return on Equity ("ROE") • EBITDA #
FY 2007 Grant	• Absolute TSR outperform COE • Relative TSR against Straits Times Index • Relative TSR against selected hospitality listed peers	• ROE • EBITDA # Margin
Vesting Period:		
FY 2011 Grant, FY 2010 Grant and FY 2009 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfilment of service requirements.

44. Equity compensation benefits (continued)

	PSP	RSP
FY 2008 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest over the subsequent one year with fulfillment of service requirements.
FY 2007 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfillment of service requirements.
Payout:	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions for FY 2011 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	37.25%	37.25%
FTSE Mid Cap Index	24.53%	Not applicable
Risk-free interest rates		
Singapore Sovereign	0.54%	0.41% – 0.54%
Term	36 months	12 to 36 months
BTH expected dividend yield	–	–
Share price at grant date	$0.96	$0.96

For non-market conditions, achievement factors have been estimated based on feedback from the NRC for the purpose of accrual for the RSP until the achievement of the targets can be reasonably ascertained.

44. Equity compensation benefits (continued)

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

	PSP					
	Balance as at 1 January 2011 [1]	Shares granted during financial year [1]	Shares cancelled during financial year [2]	Shares released during financial year	Balance as at 31 December 2011 [1]	Estimated fair value at grant date
Grant date						
25 April 2008						
Executive Director (Ariel P Vera)	80,000	–	(80,000)	–	–	$0.637
Other Participants	280,000	–	(280,000)	–	–	$0.637
15 May 2009						
Executive Director (Ariel P Vera)	80,000	–	–	–	80,000	$0.556
Other Participants	340,000	–	(60,000)	–	280,000	$0.556
15 June 2010						
Executive Director (Ariel P Vera)	99,000	–	–	–	99,000	$0.781
Other Participants	568,000	–	(74,000)	–	494,000	$0.781
6 April 2011						
Executive Director (Ariel P Vera)	–	100,000	–	–	100,000	$0.622
Other Participants	–	460,000	(60,000)	–	400,000	$0.622
Total	1,447,000	560,000	(554,000)	–	1,453,000	

[1] The number of shares represents performance shares granted from FY 2008 to FY 2011 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 or resignation at the end of the performance period based on the level of achievement of pre-set performance conditions.

44. Equity compensation benefits (continued)

	RSP					
	Balance as at 1 January 2011 [1]	Shares granted during financial year [1]	Shares cancelled during financial year [2]	Shares released during financial year	Balance as at 31 December 2011 [1]	Estimated fair value at grant date
Grant date						
19 April 2007						
Executive Director (Ariel P Vera)	7,500	–	–	(7,500)	–	$2.024 – $2.076
Other Participants	31,400	–	–	(31,400)	–	$2.024 – $2.076
4 May 2007						
Other Participants	16,400	–	–	(16,400)	–	$2.428 – $2.507
16 July 2007						
One Participant	600	–	(600)	–	–	$2.024 – $2.076
25 April 2008						
Executive Director (Ariel P Vera)	18,000	–	–	(18,000)	–	$1.314 – $1.344
Independent Director (Chia Chee Ming Timothy)	3,500	–	–	(3,500)	–	$1.314 – $1.344
Independent Director (Elizabeth Sam)	3,000	–	–	(3,000)	–	$1.314 – $1.344
Other Participants	129,300	–	(30,000)	(99,300)	–	$1.314 – $1.344
15 May 2009						
Executive Director (Ariel P Vera)	14,400	–	–	(7,200)	7,200	$0.49
Other Participants	275,400	–	(55,800)	(120,700)	98,900	$0.49
15 June 2010						
Executive Director (Ariel P Vera)	99,000	17,900	–	(39,000)	77,900	$0.821 – $0.836
Other Participants	1,984,500	–	(289,750)	(642,900)	1,051,850	$0.821 – $0.836
6 April 2011						
Executive Director (Ariel P Vera)	–	100,000	–	–	100,000	$0.595 – $0.601
Other Participants	–	1,694,100	(203,100)	–	1,491,000	$0.595 - $0.601
Total	2,583,000	1,812,000	(579,250)	(988,900)	2,826,850	

1 The number of shares represents performance shares granted from FY 2008 to FY 2011 under the Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 150% depending on the level of achievement of pre-set performance conditions over the performance period.

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

44. Equity compensation benefits (continued)

The number of contingent shares granted but not released as at 31 December 2011 were 1,453,000 and 2,826,850 (2010: 1,447,000 and 2,583,000) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,906,000 and 3,622,350 (2010: 2,894,000 and 3,624,750) 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 $2,546,083 (2010: $55,573,812) for the financial year ended 31 December 2011. Accordingly, the amount payable pursuant to the Founder's Grant is $127,304 (2010: $2,778,691).

The NRC and the Board met and approved on 22 February 2012 and 23 February 2012 respectively, the payment of the Founder's Grant to Mr Ho. The Board also approved the Founder's Grant to be paid in cash. Accordingly, Mr Ho was paid a total amount of S$127,304 (2010: $2,778,691) in cash pursuant to the Founder's Grant in respect of the financial year ended 31 December 2011.

45. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	GROUP	
	2011 $'000	2010 $'000
Capital commitments in respect of property, plant and equipment	**524**	9,256
Capital commitments in respect of Banyan Tree Indochina Hospitality Fund	**47,653**	53,453
Capital commitments in respect of Banyan Tree China Hospitality Fund	**8,140**	6,895

(b) Operating lease commitments

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

	GROUP	
	2011 $'000	2010 $'000
Payable:		
Within 1 year	**3,103**	4,284
Between 2 to 5 years	**9,664**	12,771
After 5 years	**55,028**	20,043
	64,692	32,814
	67,795	37,098

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

45. Commitments and contingencies (continued)

(c) Contingent liabilities

Guarantees

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

	COMPANY	
	2011 $'000	2010 $'000
Guarantees issued on banking facilities of subsidiary companies	**101,941**	56,979

Litigation

(i) On 3 July 2008, Avenue Asia Capital Partners, L.P., one of six plaintiffs, filed a lawsuit against LRH, a listed subsidiary company of the Company, as one of six defendants at the Southern Bangkok Civil Court. The plaintiffs claimed that they are the creditors of a shareholder of LRH. The plaintiffs alleged that in arranging the Extraordinary General Meeting No. 1/2007 and approving its proposed capital increase where some shareholders did not subscribe for newly issued shares, LRH acted jointly with certain shareholders to commit a tort against the plaintiffs. Thus, the plaintiffs claimed damages of approximately $22.1 million (Baht 539 million) with interest of 7.5% per annum amounting to $5.8 million and the costs of legal proceedings.

On 22 December 2011, the plaintiffs filed a petition for withdrawal of the plaint. The petition for withdrawal of the plaint is pending on consideration of the Court of First Instance.

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

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

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

On 5 April 2011, the plaintiffs filed a petition with the Phuket Provincial Court seeking the Court's interim injunction of which the defendants shall not dispose or amend the status of nine plots of land in dispute with the land registry office during the trial. On 20 January 2012, the Phuket Provincial Court granted the interim injunction for the plaintiff and ordered the defendant not to dispose or amend the status of nine plots of land in dispute.

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

46. 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	
	2011 $'000	2010 $'000
(a) Sale and purchase of goods and services		
Associated companies:		
– Management and service fee income	**1,607**	1,831
– Reservation fee income	**139**	151
– Architectural fee income	**37**	14
– Spa gallery income	**819**	800
– Others	**39**	62
Related parties:		
– Management and service fee income	**1,317**	3,488
– Rental income	**2,250**	2,273
– Reservation fee income	**180**	508
– Architectural fee income	**95**	5
– Spa gallery income	**612**	3,756
– Royalty income	**558**	582
– Others	**120**	193
(b) Compensation of key management personnel:		
– Salaries and employee benefits	**3,870**	3,986
– Central Provident Fund contributions	**109**	105
– Other short-term benefits [1]	**1,201**	4,115
Total compensation paid to key management personnel	**5,180**	8,206
Comprise amounts paid to:		
• Directors of the Company	**2,522**	5,144
• Other key management personnel	**2,658**	3,062
	5,180	8,206

[1] Other short-term benefit includes amount payable to Ho KwonPing under the Founder's Grant of $127,304 (2010: $2,778,691).

47. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including long-term investments, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- a nominal amount of $101,941,000 (2010: $56,979,000) relating to corporate guarantees provided by the Company for the bank loan taken by its subsidiary companies.

Information regarding credit enhancements for other non-current receivables is disclosed in Note 22.

47. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment and geographical profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

		2011		2010	
	Note	$'000	% of total	$'000	% of total
Group					
By geographical:					
South East Asia		**28,843**	**30**	59,349	57
Indian Oceania		**2,351**	**2**	3,133	3
Middle East		**3,037**	**3**	4,990	5
North East Asia		**31,452**	**32**	13,389	13
Rest of the world		**31,800**	**33**	22,249	22
		97,483	**100**	103,110	100
By industry sectors:					
Hotel Investments		**11,734**	**12**	13,563	13
Property Sales		**44,304**	**45**	55,744	54
Fee-based segment		**41,445**	**43**	33,803	33
		97,483	**100**	103,110	100
Trade receivables					
Non-current	19	**25,455**		40,799	
Current	24	**72,028**		62,311	
		97,483		103,110	

Included in trade receivables are amounts due from a third party of $15,990,000 (2010: $16,676,000). 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 (2010: 6%) and are repayable in equal instalments over 13.5 to 15 years, commencing from 2008.

47. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, long-term investments and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22, Note 24 and Note 26.

(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 26.4% (2010: 22.1%) 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. 29.3% (2010: 22.6%) 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.

47. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	Note	2011 Effective rate %	2011 1 year $'000	2011 2 to 5 years $'000	2011 After 5 years $'000	2011 Total $'000	2010 Effective rate %	2010 1 year $'000	2010 2 to 5 years $'000	2010 After 5 years $'000	2010 Total $'000
GROUP											
Financial liabilities											
Trade payables		**–**	**(15,244)**	**–**	**–**	**(15,244)**	–	(22,228)	–	–	(22,228)
Other payables	34	**–**	**(39,845)**	**–**	**–**	**(39,845)**	–	(39,845)	–	–	(39,845)
Loans and borrowings											
– S$ floating rate loan	35	**COF + 1.75**	**(1,031)**	**–**	**–**	**(1,031)**	–	–	–	–	–
– S$ floating rate loan	35	**COF + 2**	**(1,925)**	**(7,262)**	**(4,725)**	**(13,912)**	COF + 2	(2,943)	(7,547)	(6,255)	(16,745)
– S$ floating rate loan	35	**SIBOR + 3.75**	**(4,622)**	**(5,721)**	**–**	**(10,343)**	SIBOR + 3.75	(4,813)	(10,444)	–	(15,257)
– S$ fixed rate loan	35	**5**	**(3,771)**	**(1,085)**	**–**	**(4,856)**	5	(2,854)	(5,003)	–	(7,857)
– US$ floating rate loan	35	**–**	**–**	**–**	**–**	**–**	COF + 2	(2,666)	–	–	(2,666)
– US$ fixed rate loan	35	**5.62 – 6.24**	**(5,962)**	**(60,176)**	**–**	**(66,138)**	5.05 – 8.4	(15,896)	(21,015)	–	(36,911)
– BHT floating rate loan	35	**MLR – 0.50 to MLR – 1.50**	**(21,450)**	**(87,314)**	**(29,263)**	**(138,027)**	MLR – 1 to MLR – 1.75	(20,840)	(34,292)	(10,737)	(65,869)
– BHT floating rate loan	35	**–**	**–**	**–**	**–**	**–**	Saving deposit rate + 1.25	(7,774)	(22,463)	(32,707)	(62,944)
– BHT fixed rate loan	35	**4.55 – 5.24**	**(30,535)**	**–**	**–**	**(30,535)**	–	–	–	–	–
– MAD floating rate loan	35	**5.91**	**(939)**	**(5,335)**	**–**	**(6,274)**	5.91	(1,051)	(8,340)	–	(9,391)
– RMB floating rate loan	35	**7.05**	**(7,151)**	**(35,018)**	**(4,224)**	**(46,393)**	5.94	(2,106)	(30,450)	(15,032)	(47,588)
Notes payable	38	**4.75 – 6.25**	**(59,152)**	**(126,575)**	**–**	**(185,727)**	4.75 – 6.25	(33,673)	(106,584)	–	(140,257)
			(191,627)	**(328,486)**	**(38,212)**	**(558,325)**		(156,689)	(246,138)	(64,731)	(467,558)
GROUP											
Derivatives – Forward currency contracts											
Gross payments		**–**	**–**	**–**	**–**	**–**	–	(5,689)	–	–	(5,689)
Gross receipts		**–**	**–**	**–**	**–**	**–**	–	6,351	–	–	6,351
COMPANY											
Financial liabilities											
Other payables	34	**–**	**(5,342)**	**–**	**–**	**(5,342)**	–	(5,331)	–	–	(5,331)
Secured bank loan											
– S$ floating rate loan	35	**COF + 1.75**	**(1,031)**	**–**	**–**	**(1,031)**	–	–	–	–	–
– S$ floating rate loan	35	**COF + 2**	**(1,925)**	**(7,262)**	**(4,725)**	**(13,912)**	COF + 2	(2,943)	(7,547)	(6,255)	(16,745)
– S$ fixed rate loan	35	**5**	**(2,406)**	**–**	**–**	**(2,406)**	5	(1,427)	(2,502)	–	(3,929)
– US$ floating rate loan	35	**–**	**–**	**–**	**–**	**–**	COF + 2	(2,666)	–	–	(2,666)
Notes payable	38	**4.75 – 6.25**	**(59,152)**	**(126,575)**	**–**	**(185,727)**	4.75 – 6.25	(33,673)	(106,584)	–	(140,257)
			(69,856)	**(133,837)**	**(4,725)**	**(208,418)**		(46,040)	(116,633)	(6,255)	(168,928)

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

47. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

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

	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
COMPANY				
2011				
Financial guarantees	**101,941**	**–**	**–**	**101,941**
2010				
Financial guarantees	56,979	–	–	56,979

(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 48% (2010: 47%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 47 (b) summarises the interest-bearing financial liabilities of the Group and the Company.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 75 (2010: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,653,000 (2010: $1,408,000) 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 2011, approximately 27% (2010: 29%) 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.

As at 31 December 2011, the Group had hedged Nil (2010: 100%) of its USD denominated trade receivables held by its Thailand subsidiary companies. Excluding the receivables which are hedged, approximately 27% (2010: 23%) of the Group's trade receivables are denominated in foreign currencies.

In addition, the Group has a Currency Management Plan which aims to mitigate impact on the Group's revenue from unfavourable exchange rates movements. The plan requires all operating entities in the Group to list its major wholesalers and their respective currencies. All contracts should endeavour to be in the currency of the market source. Market source refers to the country of origin or domicile of the business. The contracts are then reviewed and managed on a quarterly basis to mitigate the exposure of the Group's operations to foreign currency fluctuation.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Thailand and PRC. The Group's net investments in Thailand and PRC are not hedged as currency positions in Thai Baht and Chinese Renminbi are considered to be long-term in nature.

47. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

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

	GROUP	
	Profit after taxation	
	2011 $'000	2010 $'000
USD/Baht – strengthened 3% (2010: 5%)	**64**	228
– weakened 3% (2010: 5%)	**(64)**	(228)
USD/SGD – strengthened 3% (2010: 5%)	**1,946**	2,391
– weakened 3% (2010: 5%)	**(1,946)**	(2,391)

Forward currency contracts

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

	GROUP					
	2011			2010		
	Contract notional amount $'000	Assets $'000	Liabilities $'000	Contract notional amount $'000	Assets $'000	Liabilities $'000
Forward currency contracts	**–**	**–**	**–**	5,685	693	14

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

As at 31 December 2010

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

(e) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group has limited exposure to equity price risk from its investment in quoted equity instruments and does not have exposure to commodity price risk.

The maximum exposure of the Group is represented by its quoted investments which are held as available-for-sale financial assets (Note 21).

48. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders or issue new shares.

As disclosed in Note 42 (g), subsidiary companies of the Group are required to set aside Legal Reserves in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand and the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC). The imposed capital requirement has been complied with by the subsidiary companies for the financial years ended 31 December 2011 and 2010.

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	
	2011 $'000	2010 Restated $'000
Interest-bearing loans and borrowings (Note 35)	**252,804**	227,351
Notes payable (Note 38)	**167,778**	126,015
Less: Cash and cash equivalents (Note 32)	**(139,877)**	(138,989)
Net debt	**280,705**	214,377
Total capital	**708,245**	731,736
Gearing ratio	**40%**	29%

49. Financial instruments

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

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

GROUP	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable (Level 3) $'000	Total $'000
Year ended 31 December 2011					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	21	**2**	**–**	**–**	**2**
At 31 December 2011		**2**	**–**	**–**	**2**
Year ended 31 December 2010					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	21	2	–	–	2
Derivatives					
– Forward currency contracts	26	–	693	–	693
At 31 December 2010		2	693	–	695
Financial liabilities:					
Derivatives					
– Forward currency contracts	34	–	14	–	14
At 31 December 2010		–	14	–	14

49. 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 2011 and 2010.

Methods and assumptions used to determine fair values

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

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

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

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables, 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 and non-current interest-bearing loans and borrowings, carry interest which approximates market interest rate. Accordingly their notional amounts approximate their fair values.

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

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

The loans due from subsidiary, associated companies and third parties (classified within non-current assets) have no repayment terms and are repayable only when the cash flows of the borrowers permit. Accordingly, Management is of the view that the fair values of these loans are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

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

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

The non-current deposits classified within non-current assets have no terms of maturity. Accordingly, Management is of the view that the fair values of these deposits are not determinable as the timing of the future cash flows arising from the deposits cannot be estimated reliably.

49. Financial instruments (continued)

(d) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

GROUP	Note	Loans and receivables $'000	Fair value through profit or loss $'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	40	–	–	–	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**

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Liabilities at fair value $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2011					
Current liabilities					
Trade payables		15,244	–	–	15,244
Unearned income		–	–	8,205	8,205
Other non-financial liabilities	33	–	–	25,102	25,102
Other payables	34	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	35	61,984	–	–	61,984
Notes payable	38	48,814	–	–	48,814
Tax payable		–	–	9,071	9,071
		166,953	–	42,378	209,331
Non-current liabilities					
Interest-bearing loans and borrowings	35	190,820	–	–	190,820
Deferred income	36	–	–	7,256	7,256
Loan stock	37	–	–	678	678
Notes payable	38	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		–	–	1,915	1,915
Defined and other long-term employee benefits	39	–	–	5,303	5,303
Deferred tax liabilities	40	–	–	103,241	103,241
		316,461	–	119,851	436,312
Total liabilities		**483,414**	**–**	**162,229**	**645,643**

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Loans and receivables $'000	Fair value through profit or loss $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2010 Restated						
Non-current assets						
Property, plant and equipment	12	–	–	–	811,066	811,066
Land use rights	13	–	–	–	23,549	23,549
Investment properties	14	–	–	–	33,469	33,469
Associated companies	16	16,409	–	–	5,411	21,820
Joint venture companies	17	–	–	–	7,719	7,719
Prepaid island rental	18	–	–	–	19,986	19,986
Long-term trade receivables	19	26,993	–	–	–	26,993
Intangible assets	20	–	–	–	26,903	26,903
Long-term investments	21	–	–	36,178	–	36,178
Prepayments		–	–	–	3,610	3,610
Other receivables	22	11,623	–	–	–	11,623
Deferred tax assets	40	–	–	–	21,609	21,609
		55,025	–	36,178	953,322	1,044,525
Current assets						
Inventories	23	–	–	–	12,195	12,195
Trade receivables	24	57,041	–	–	–	57,041
Prepayments and other non-financial assets	25	–	–	–	13,290	13,290
Other receivables	26	20,718	693	–	–	21,411
Amounts due from associated companies	28	611	–	–	–	611
Amounts due from related parties	29	8,855	–	–	–	8,855
Property development costs	31	–	–	–	117,106	117,106
Cash and cash equivalents	32	138,989	–	–	–	138,989
		226,214	693	–	142,591	369,498
Total assets		281,239	693	36,178	1,095,913	1,414,023

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Liabilities at fair value $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2010 Restated					
Current liabilities					
Trade payables		22,228	–	–	22,228
Unearned income		–	–	6,745	6,745
Other non-financial liabilities	33	–	–	27,029	27,029
Other payables	34	39,831	14	–	39,845
Amounts due to associated companies	28	302	–	–	302
Amounts due to related parties	29	639	–	–	639
Interest-bearing loans and borrowings	35	51,413	–	–	51,413
Notes payable	38	26,746	–	–	26,746
Tax payable		–	–	31,254	31,254
		141,159	14	65,028	206,201
Non-current liabilities					
Interest-bearing loans and borrowings	35	175,938	–	–	175,938
Deferred income	36	–	–	14,521	14,521
Loan stock	37	–	–	552	552
Notes payable	38	99,269	–	–	99,269
Deposits received		–	–	1,429	1,429
Amount due to a joint venture company	30	6,747	–	–	6,747
Other non-current liabilities		–	–	1,606	1,606
Defined and other long-term employee benefits	39	–	–	4,369	4,369
Deferred tax liabilities	40	–	–	171,655	171,655
		281,954	–	194,132	476,086
Total liabilities		423,113	14	259,160	682,287

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 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	40	–	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	33	–	91	91
Other payables	34	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	35	4,892	–	4,892
Notes payable	38	48,814	–	48,814
		68,363	2,168	70,531
Non-current liabilities				
Interest-bearing loans and borrowings	35	10,450	–	10,450
Notes payable	38	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

49. Financial instruments (continued)

(d) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2010				
Non-current assets				
Property, plant and equipment	12	–	15	15
Subsidiary companies	15	212,158	159,346	371,504
Associated companies	16	16,409	889	17,298
Joint venture companies	17	–	6,000	6,000
Deferred tax assets	40	–	777	777
		228,567	167,027	395,594
Current assets				
Prepayments and other non-financial assets	25	–	44	44
Other receivables	26	2,078	–	2,078
Amounts due from subsidiary companies	27	7,819	–	7,819
Amounts due from related parties	29	527	–	527
Cash and cash equivalents	32	13,050	–	13,050
		23,474	44	23,518
Total assets		252,041	167,071	419,112

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2010				
Current liabilities				
Unearned income		–	2,077	2,077
Other non-financial liabilities	33	–	735	735
Other payables	34	5,331	–	5,331
Amounts due to subsidiary companies	27	19,562	–	19,562
Amounts due to related parties	29	1	–	1
Interest-bearing loans and borrowings	35	6,466	–	6,466
Notes payable	38	26,746	–	26,746
		58,106	2,812	60,918
Non-current liabilities				
Interest-bearing loans and borrowings	35	14,342	–	14,342
Notes payable	38	99,269	–	99,269
Amount due to a joint venture company	30	6,747	–	6,747
		120,358	–	120,358
Total liabilities		178,464	2,812	181,276

50. Segment information

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

The Hotel Investments Segment relates to hotel and restaurant operations.

The Property Sales Segment comprises hotel residences, 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 2011 and 2010.

50. Segment information (continued)

(a) Operating segments

The following tables present revenue and results information regarding the Group's reportable operating segments for the years ended 31 December 2011 and 2010:

	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**

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2010 Restated					
Revenue:					
Segment revenue					
Sales	189,652	44,399	127,041	–	361,092
Inter-segment sales	(325)	–	(39,463)	–	(39,788)
Sales to external customers	189,327	44,399	87,578	–	321,304
Results:					
Segment results	(3,187)	10,745	7,530	(20,801)	(5,713)
Unallocated income					76,965
Profit from operations and other gains					71,252
Finance income	1,220	2,246	433	145	4,044
Finance costs	(10,950)	(301)	(437)	(7,600)	(19,288)
Share of results of associated companies	(17)	(22)	–	(62)	(101)
Share of results of joint venture companies	5,073	–	–	(3)	5,070
Profit before taxation					60,977
Income tax expenses					(25,124)
Profit for the year					35,853

50. Segment information (continued)

(a) Operating segments (continued)

The following tables present certain assets, liabilities and other information regarding the Group's reportable operating segments for the years ended 31 December 2011 and 2010:

	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**
Investment in associated companies	**5,152**	**–**	**55**	**16,978**	**22,185**
Investment in 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**

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2010 Restated					
Assets and liabilities:					
Segment assets	923,361	184,300	174,398	80,816	1,362,875
Investment in associated companies	4,564	–	43	17,213	21,820
Investment in joint venture companies	6,799	–	–	920	7,719
Deferred tax assets	4,286	13,523	2,073	1,727	21,609
Total assets					1,414,023
Segment liabilities	62,515	22,484	22,286	18,727	126,012
Interest-bearing loans and borrowings	181,583	3,440	17,979	24,349	227,351
Notes payable	–	–	–	126,015	126,015
Current and deferred tax liabilities	135,188	51,610	15,183	928	202,909
Total liabilities					682,287
Other segment information:					
Capital expenditure	14,987	15	2,096	1,066	18,164
Depreciation of property, plant and equipment	28,360	745	4,014	1,100	34,219
Amortisation of lease rental and land use rights	4,112	–	–	–	4,112
Other non-cash items	4	(1,650)	381	51	(1,214)

50. Segment information (continued)

(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	
	2011 $'000	2010 Restated $'000	2011 $'000	2010 Restated $'000
South East Asia	**182,630**	215,055	**736,310**	801,679
Indian Oceania	**53,836**	49,574	**118,932**	94,679
Middle East	**4,163**	3,565	**29**	39
North East Asia	**77,488**	41,550	**81,916**	91,114
Rest of the world	**11,375**	11,560	**48,364**	57,014
	329,492	321,304	**985,551**	1,044,525

51. Dividends

	COMPANY	
	2011 $'000	2010 $'000
Proposed but not recognised as a liability on 31 December		
Final exempt (one-tier) dividend for 2011: Nil cents (2010: 0.5 cents) per share	**–**	3,798

52. Authorisation of financial statements

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 16 March 2012.

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United States

Tel: 1 800 591 0439

Asia Pacific

Australia

Tel: 1 800 050 019

China

Tel: 400 120 1161

Hong Kong

Tel: 800 903 881

Japan

Tel: 0120 778 187

Singapore

Tel: 1 800 232 5599

Europe

France

Tel: 00 800 3002 0000

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

Executive Officers

Chiang See Ngoh Claire
Ho KwonCjan
Arthur Kiong Kim Hock
Eddy See Hock Lye
Michael Ramon Ayling
Shankar Chandran
Dharmali Kusumadi
Steve Small
Paul Chong
Hokan Limin
Michael Lee
Stefan Buchs
Luca Deplano
Francois Huet
Emilio Llamas Carreras
Maximilian Lennkh
Foong Pohmun
Sachiko Shiina
Elsie Leung
Lim See Bee
Shelly Yeo
Zhang Li
Stuart Reading
David Huang

Registered Address

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5888
Fax: +65 6462 0186

Share Registrar

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

Auditors

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge
(since financial year ended
31 December 2010)
Simon Yeo

Solicitors

WongPartnership LLP

Bankers

Hong Kong & Shanghai Banking
Corporation Ltd
Malayan Banking Berhad
Qatar National Bank SAQ
Bank of East Asia Ltd

Company Secretaries

Jane Teah
Tel: +65 6849 5886
Fax: +65 6462 0186
jane.teah@banyantree.com

Paul Chong
Tel: +65 6849 5716
Fax: +65 6462 0186
paul.chong@banyantree.com

Business Development & Group Legal

Paul Chong
Tel: +65 6849 5716
Fax: +65 6462 0186
paul.chong@banyantree.com

Group Sales & Marketing

211 Upper Bukit Timah Road
Singapore 588182
Tel: +65 6849 5899
Fax: +65 6462 2800
pr@banyantree.com

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2012

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	1.33	11,953	0.00
1,000 – 10,000	2,485	74.78	11,364,387	1.50
10,001 – 1,000,000	778	23.41	35,769,350	4.71
1,000,001 and above	16	0.48	712,493,590	93.79
Total	**3,323**	**100.00**	**759,639,280***	**100.00**

* The total number of issued shares excludes the 1,763,000 treasury shares. Percentage of 1,763,000 treasury shares against total number of issued shares (excluding treasury shares) is 0.23%.

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

	Direct interests No. of shares	% [7]	Deemed interests No. of shares	% [7]
Ho KwonPing [1]	–	–	286,232,582	37.68
Chiang See Ngoh Claire [1]	–	–	286,232,582	37.68
Estate of Ho Lien Fung, Deceased [2]	–	–	38,095,000	5.01
Bibace Investments Ltd	270,460,582	35.60	9,772,000	1.29
Recourse Investments Ltd. [3]	6,000,000	0.79	280,232,582	36.89
KAP Holdings Ltd. [3]	–	–	280,232,582	36.89
Qatar Holding LLC [4]	–	–	205,187,443	27.01
Qatar Investment Authority [5]	–	–	205,187,443	27.01
Citigroup Global Markets Limited ("CGML") and the following entities by virtue of their interest in CGML: Citigroup Inc., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc. and Citigroup Global Markets Europe Limited ("CGML Group") [6]	–	–	149,103,943	19.63

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

2 Estate of Ho Lien Fung, Deceased is deemed to have an interest in the shares held by 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 CGML Group is deemed to have an interest in the shares held by Citibank Nominees Singapore Pte Ltd (acting as nominee for QH).

7 Percentage shareholding is based on issued share capital as at 16 March 2012 (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	35.60
2.	Citibank Nominees Singapore Pte Ltd	214,861,097	28.28
3.	DBSN Services Pte Ltd	89,886,500	11.83
4.	HSBC (Singapore) Nominees Pte Ltd	36,647,807	4.82
5.	Wah-Chang Offshore (Hong Kong) Company Limited	31,000,000	4.08
6.	Ho KwonCjan	16,000,000	2.11
7.	Goodview Properties Pte Ltd	15,000,000	1.97
8.	Freesia Investments Ltd	10,000,000	1.32
9.	BNP Paribas Securities Services	6,786,000	0.89
10.	Recourse Investments Ltd.	6,000,000	0.79
11.	United Overseas Bank Nominees Pte Ltd	4,197,000	0.55
12.	DBS Nominees Pte Ltd	3,917,416	0.52
13.	Maybank Kim Eng Securities Pte Ltd	3,358,603	0.44
14.	Raffles Nominees (Pte) Ltd	1,914,935	0.25
15.	OCBC Securities Private Ltd	1,305,000	0.17
16.	Merrill Lynch (Singapore) Pte Ltd	1,158,650	0.15
17.	UOB Kay Hian Pte Ltd	988,000	0.13
18.	CIMB Securities (Singapore) Pte Ltd	894,000	0.12
19.	Ariel P Vera	839,000	0.11
20.	Royal Bank Of Canada (Asia) Ltd	602,000	0.08
	Total	**715,816,590**	**94.21**

As at 16 March 2012, approximately 26.30% 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 Twelfth 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, 30 April 2012 at 2.30 p.m. to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2011 and the Auditors' Report thereon.

2 To re-elect Mrs Fang Ai Lian as a Director retiring by rotation under Article 93 of the Company's Articles of Association and who, being eligible, offers herself for re-election.

3 To re-elect Mr Ariel P Vera as a Director retiring by rotation under Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

4 To re-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.

5 To approve payment of Directors' fees of S$220,000 for the financial year ended 31 December 2011 (FY 2010: S$246,667).

6 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

7 To consider and, if thought fit, to pass, the following Ordinary Resolutions, with or without modifications:

7.1 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 7.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 7.1 was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution 7.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7.1) 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 7.1) 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 7.1 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 7.1 is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 7.1, 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 7.1 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.

7.2 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.

7.3 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 13 April 2012 (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.

7.4 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 5 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.

8 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, 13 April 2012

Explanatory Notes

In relation to Ordinary Resolution 2, Mrs Fang Ai Lian will, upon re-election as Director, continue to serve as Chairman of the Audit & Risk Committee ("**ARC**") and as a member of the Nominating & Remuneration Committee ("**NRC**"), and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 3, Mr Ariel P Vera will, upon re-election as Director, continue to serve as Group Managing Director of the Company.

In relation to Ordinary Resolution 4, 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 5, 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 7.1, if passed, will empower the Directors, from the date of the passing of Ordinary Resolution 7.1 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 7.1 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 7.1 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution 7.2, 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 new Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent. of the total number of issued Shares (excluding treasury shares) from time to time.

Ordinary Resolution 7.3, if passed, will authorise the Interested Person Transactions as described in the Letter to Shareholders dated 13 April 2012 (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 7.4, 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 2011 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, 30 April 2012 at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

Resolution No.	Resolutions relating to:	To be used on a show of hands: For*	To be used on a show of hands: Against*	To be used in the event of a poll: No. of Votes For**	To be used in the event of a poll: No. of Votes Against**
	As Ordinary Business				
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2011				
2	Re-election of Mrs Fang Ai Lian as Director				
3	Re-election of Mr Ariel P Vera as Director				
4	Re-appointment of Mrs Elizabeth Sam as Director				
5	Approval of Directors' fees				
6	Re-appointment of Ernst & Young LLP as Auditors				
	As Special Business				
7.1	Authority to issue new Shares				
7.2	Authority to offer and grant options and/or grant awards and to allot and issue Shares under the Share Plans				
7.3	The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions				
7.4	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 ______________________ 2012

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 download the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (PDF) soft copy is available for download via Banyan Tree's website: www.banyantree.com.

About the Forest Stewardship Council
The Forest Stewardship Council (FSC) is an independent, non-governmental, not-for-profit 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)

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www.banyantree.com