



BANYAN TREE HOLDINGS LIMITED

Unaudited results for the Second Quarter and the Half Year ended 30 June 2012

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

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

| | Notes | Group 3 months ended 30 Jun | | | Group 6 months ended 30 Jun | | |
|--|-------|--------------------------------|-----------|-----------------|--------------------------------|-----------|-----------------|
| | | 2012 | 2011 | Incr/ (Decr) | 2012 | 2011 | Incr/ (Decr) |
| | | (S\$'000) | (S\$'000) | % | (S\$'000) | (S\$'000) | % |
| Revenue | 1 | 79,289 | 63,564 | 25% | 162,300 | 177,869 | -9% |
| Other income | 2 | 1,179 | 2,494 | -53% | 17,701 | 2,885 | nm |
| Costs and expenses | | | | | | | |
| Cost of operating supplies | | (5,859) | (5,979) | -2% | (12,498) | (13,684) | -9% |
| Cost of properties sold | | (7,473) | (3,830) | 95% | (10,126) | (16,339) | -38% |
| Salaries and related expenses | | (27,551) | (25,990) | 6% | (56,375) | (54,996) | 3% |
| Administrative expenses | | (9,027) | (11,123) | -19% | (24,403) | (25,226) | -3% |
| Sales and marketing expenses | | (3,114) | (2,935) | 6% | (5,710) | (7,110) | -20% |
| Other operating expenses | | (14,625) | (12,618) | 16% | (30,098) | (27,300) | 10% |
| Total costs and expenses | 3 | (67,649) | (62,475) | 8% | (139,210) | (144,655) | -4% |
| Profit before interests, taxes, depreciation and amortisation | 4 | 12,819 | 3,583 | 258% | 40,791 | 36,099 | 13% |
| Depreciation of property, plant and equipment | | (6,282) | (6,554) | -4% | (13,306) | (13,526) | -2% |
| Amortisation of lease rental and land use rights | | (799) | (761) | 5% | (1,600) | (1,600) | 0% |
| Profit/(Loss) from operations and other gains | | 5,738 | (3,732) | nm | 25,885 | 20,973 | 23% |
| Finance income | | 795 | 934 | -15% | 1,486 | 1,703 | -13% |
| Finance costs | 5 | (6,469) | (5,159) | 25% | (12,491) | (9,467) | 32% |
| Share of results of associated companies | | 25 | 248 | -90% | 260 | 435 | -40% |
| Share of results of joint venture companies | | (2) | (1) | -100% | (3) | (3) | 0% |
| Profit/(Loss) before taxation | | 87 | (7,710) | nm | 15,137 | 13,641 | 11% |
| Income tax expense | 6 | (140) | (1,219) | -89% | (2,575) | (7,360) | -65% |
| (Loss)/Profit after taxation | 7 | (53) | (8,929) | 99% | 12,562 | 6,281 | 100% |
| Attributable to: | | | | | | | |
| Owners of the Company | 9 | 644 | (7,010) | nm | 12,636 | 3,034 | 316% |
| Non-controlling interests | 8 | (697) | (1,919) | -64% | (74) | 3,247 | nm |
| Net (Loss)/Profit for the Period | | (53) | (8,929) | 99% | 12,562 | 6,281 | 100% |



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1(a)(ii) Statement of Comprehensive Income

| | Notes | Group 3 months ended 30 Jun | | | Group 6 months ended 30 Jun | | |
|--|-------|--------------------------------|-------------------|-------------------|--------------------------------|-------------------|-------------------|
| | | 2012 (S\$'000) | 2011 (S\$'000) | Incr/ (Decr) % | 2012 (S\$'000) | 2011 (S\$'000) | Incr/ (Decr) % |
| Net (Loss)/Profit for the Period | | (53) | (8,929) | 99% | 12,562 | 6,281 | 100% |
| Other comprehensive income: | | | | | | | |
| Realisation of currency translation reserves | 10 | - | - | - | 8,819 | - | <i>nm</i> |
| Exchange differences arising from consolidation of foreign operations and net investment in foreign operations | | (8,333) | (27,081) | -69% | (13,381) | (46,353) | -71% |
| Adjustment on property revaluation reserve and deferred tax | | - | 3,217 | <i>nm</i> | - | 3,217 | <i>nm</i> |
| Total comprehensive income for the Period | | (8,386) | (32,793) | 74% | 8,000 | (36,855) | <i>nm</i> |
| Attributable to: | | | | | | | |
| Owners of the Company | | (3,555) | (22,897) | -84% | 12,316 | (26,975) | <i>nm</i> |
| Non-controlling interests | | (4,831) | (9,896) | -51% | (4,316) | (9,880) | -56% |
| | | (8,386) | (32,793) | 74% | 8,000 | (36,855) | <i>nm</i> |

1(a)(iii) Additional Disclosures

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

Included in the tax expense for 2Q12 was an over provision of S\$157,000 (2Q11: under provision of S\$735,000) relating to prior years.

| | Group 3 months ended 30 Jun | | | Group 6 months ended 30 Jun | | |
|---|--------------------------------|-------------------|----------------------|--------------------------------|-------------------|----------------------|
| | 2012 (S\$'000) | 2011 (S\$'000) | Incr/ (Decr) % | 2012 (S\$'000) | 2011 (S\$'000) | Incr/ (Decr) % |
| Profit from operations and other gains is stated after charging/(crediting): | | | | | | |
| Allowance for/(Write back of) doubtful debts - trade, net | 184 | (223) | <i>nm</i> | 1,788 | (102) | <i>nm</i> |
| (Write back of)/Allowance for inventory obsolescence | (32) | 6 | <i>nm</i> | (7) | 41 | <i>nm</i> |
| Exchange loss | 393 | 523 | -25% | 1,902 | 1,400 | 36% |
| Gain on disposal of investment in subsidiaries | - | (1,809) | <i>nm</i> | - | (1,809) | <i>nm</i> |
| Loss/(Gain) on disposal of property, plant and equipment | 261 | (27) | <i>nm</i> | 260 | 8 | <i>nm</i> |
| Allowance for impairment loss on property, plant and equipment, net | - | 183 | <i>nm</i> | - | 183 | <i>nm</i> |



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1(a)(iv) Explanatory notes on performance for 2Q 2012

1. Revenue

Revenue increased by S\$15.7 million from S\$63.6 million in 2Q11 to S\$79.3 million in 2Q12. The increase was largely due to higher revenue from Property Sales and Hotel Investments segments by S\$9.0 million and S\$6.4 million respectively.

Higher revenue from Property Sales segment was mainly due to higher revenue recognition from property sales units. In 2Q12, a total of 13 units were recognized for Lofts, Laguna Village villas/townhomes/bungalows, Banyan Tree Phuket pool villa, Banyan Tree Lijiang villa and Banyan Tree Bangkok suite as compared to only 2 units of Laguna Village townhomes recognized in the same period last year. There was however no revenue from sale of development site. In 2Q11, a development site in Yangshuo was divested to Banyan Tree China Hospitality Fund (I) ("China Fund") for S\$2.9 million.

Higher revenue from Hotel Investments segment was mainly attributable to Thailand and China but partially offset by lower revenue from Maldives. In addition, revenue from our resort in Seychelles ("BTRS") was also consolidated in 2Q12 following our acquisition of the remaining 70% interest in Hill View Resorts Holdings Limited and its subsidiaries ("HVRS Group") in March 2012. In Thailand, notwithstanding an absence of contribution from Laguna Beach Resort ("LBR") following its disposal in May 2011, revenue from Thailand were higher, helped by a stabilized political situation. In the same period last year, revenue in Thailand was affected by the run-up to the general election. Our China resorts also recorded higher revenue mainly attributable to higher pricing strategy. Lower revenue from Maldives was mainly due to the 3-month closure of Angsana Ihuru for renovation coupled with lower tourist arrivals following the civil unrest in January/February 2012.

2. Other income

Other income decreased by S\$1.3 million from S\$2.5 million in 2Q11 to S\$1.2 million in 2Q12 as other income in 2Q11 included gain on sale of LBR of S\$1.8 million.

3. Costs and expenses

Total costs and expenses increased by S\$5.1 million from S\$62.5 million in 2Q11 to S\$67.6 million in 2Q12. Except for administrative expenses and cost of operating supplies, all other categories of expenses were higher than last year.

Cost of properties sold increased by S\$3.7 million from S\$3.8 million in 2Q11 to S\$7.5 million in 2Q12 mainly due to higher revenue recognition of property units, partially offset by nil divestment of development site.

Salaries and related expenses increased by S\$1.6 million from S\$26.0 million in 2Q11 to S\$27.6 million in 2Q12 mainly due to the consolidation of BTRS and higher headcounts to support increased activities in China.

Other operating expenses increased by S\$2.0 million from S\$12.6 million in 2Q11 to S\$14.6 million in 2Q12 mainly due to consolidation of BTRS and higher hotel occupancy related expenses, in line with higher revenue from Hotel Investments segment.

Administrative expenses decreased by S\$2.1 million from S\$11.1 million in 2Q11 to S\$9.0 million in 2Q12 mainly due to nil management fee to Starwood Hotels and Resorts following the termination of hotel management contract of Sheraton Grande Laguna Phuket with effect from 1 July 2011 and lower legal and professional fees.

4. Profit before interests, taxes, depreciation and amortisation ("EBITDA")

EBITDA increased by S\$9.2 million from S\$3.6 million in 2Q11 to S\$12.8 million in 2Q12 mainly due to higher revenue as explained above but partially offset by lower other income.

5. Finance costs

Finance costs increased by S\$1.3 million from S\$5.2 million in 2Q11 to S\$6.5 million in 2Q12, mainly due to higher interest expense incurred on additional drawdown of bank loans.



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6. Income tax expense

Income tax expense decreased by S\$1.1 million from S\$1.2 million in 2Q11 to S\$0.1 million in 2Q12 mainly because 2Q11 included withholding tax on dividend received from Laguna Resorts & Hotels Public Company Limited ("LRH"). There were no dividend received from LRH this quarter and hence no dividend withholding tax incurred in 2Q12.

7. Loss after taxation ("LAT")

Loss after taxation reduced by S\$8.8 million from S\$8.9 million in 2Q11 to S\$0.1 million in 2Q12 due largely to higher EBITDA and lower income tax expenses, but partially offset by higher finance costs.

8. Non-controlling interests

Non-controlling interests' share of loss decreased by S\$1.2 million from S\$1.9 million in 2Q11 to S\$0.7 million in 2Q12 due to lower losses in LRH and higher profits in Lijiang Banyan Tree Hotel Co., Ltd.

9. Profit/(Loss) attributable to owners of the Company ("PATMI"/("LATMI"))

As a result of the foregoing, profit attributable to owners of the Company was S\$0.6 million in 2Q12 as compared to a loss of S\$7.0 million in 2Q11.

10. Realisation of currency translation reserve

Realisation of currency translation reserve of S\$8.8 million in 1H12 was mainly due to the accounting for stepped acquisition of HVRS Group in March 2012.



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

| | Notes | Group As at | | | Company As at | | |
|--|-------|------------------------|------------------------|-------------------|------------------------|------------------------|-------------------|
| | | 30-Jun-12 (S\$'000) | 31-Dec-11 (S\$'000) | Incr/ (Decr) % | 30-Jun-12 (S\$'000) | 31-Dec-11 (S\$'000) | Incr/ (Decr) % |
| Non-current assets | | | | | | | |
| Property, plant and equipment | 1 | 786,821 | 740,797 | 6% | 24 | 10 | 140% |
| Land use rights | | 14,041 | 14,451 | -3% | - | - | - |
| Investment properties | 2 | 49,906 | 32,814 | 52% | - | - | - |
| Subsidiary companies | | - | - | - | 415,356 | 364,990 | 14% |
| Associated companies | 3 | 269 | 22,185 | -99% | 869 | 17,123 | -95% |
| Joint venture companies | | 6,584 | 7,632 | -14% | 6,000 | 6,000 | 0% |
| Prepaid island rental | | 43,294 | 44,555 | -3% | - | - | - |
| Long-term trade receivables | | 25,895 | 25,455 | 2% | - | - | - |
| Intangible assets | | 26,903 | 26,903 | 0% | - | - | - |
| Long-term investments | 4 | 54,949 | 41,215 | 33% | - | - | - |
| Prepayments | | 3,631 | 3,494 | 4% | - | - | - |
| Other receivables | | 10,471 | 12,581 | -17% | - | - | - |
| Deferred tax assets | | 13,549 | 13,469 | 1% | 974 | 974 | 0% |
| | | 1,036,313 | 985,551 | 5% | 423,223 | 389,097 | 9% |
| Current assets | | | | | | | |
| Inventories | | 14,531 | 12,779 | 14% | - | - | - |
| Trade receivables | | 69,628 | 72,028 | -3% | 758 | 492 | 54% |
| Prepayments and other non-financial assets | | 18,316 | 14,638 | 25% | 418 | 302 | 38% |
| Other receivables | | 13,706 | 16,106 | -15% | 149 | 2,204 | -93% |
| Amounts due from subsidiary companies | | - | - | - | 40,903 | 41,999 | -3% |
| Amounts due from associated companies | | 68 | 719 | -91% | - | 18 | nm |
| Amounts due from related parties | | 8,425 | 7,640 | 10% | - | - | - |
| Property development costs | 5 | 94,068 | 104,550 | -10% | - | - | - |
| Cash and cash equivalents | | 157,739 | 139,877 | 13% | 65,553 | 29,359 | 123% |
| | | 376,481 | 368,337 | 2% | 107,781 | 74,374 | 45% |
| Total assets | | 1,412,794 | 1,353,888 | 4% | 531,004 | 463,471 | 15% |
| Current liabilities | | | | | | | |
| Trade payables | | 11,651 | 15,244 | -24% | - | - | - |
| Unearned income | | 6,876 | 8,205 | -16% | 112 | 2,077 | -95% |
| Other non-financial liabilities | | 22,864 | 25,102 | -9% | 134 | 91 | 47% |
| Other payables | 6 | 34,431 | 39,845 | -14% | 5,283 | 5,342 | -1% |
| Amounts due to subsidiary companies | | - | - | - | 20,646 | 9,314 | 122% |
| Amounts due to associated companies | | 4 | 207 | -98% | - | - | - |
| Amounts due to a joint venture company | | 2 | - | nm | - | - | - |
| Amounts due to related parties | | 642 | 859 | -25% | 1 | 1 | 0% |
| Interest-bearing loans and borrowings | | 60,087 | 61,984 | -3% | 4,267 | 4,892 | -13% |
| Notes payable | 7 | 49,268 | 48,814 | 1% | 49,268 | 48,814 | 1% |
| Tax payable | | 7,186 | 9,071 | -21% | - | - | - |
| | | 193,011 | 209,331 | -8% | 79,711 | 70,531 | 13% |
| Net current assets | | 183,470 | 159,006 | 15% | 28,070 | 3,843 | nm |



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| | Notes | Group As at | | | Company As at | | |
|---|-------|------------------------|------------------------|-------------------|------------------------|------------------------|-------------------|
| | | 30-Jun-12 (S\$'000) | 31-Dec-11 (S\$'000) | Incr/ (Decr) % | 30-Jun-12 (S\$'000) | 31-Dec-11 (S\$'000) | Incr/ (Decr) % |
| Non-current liabilities | | | | | | | |
| Interest-bearing loans and borrowings | | 189,073 | 190,820 | -1% | 9,650 | 10,450 | -8% |
| Deferred income | | 7,052 | 7,256 | -3% | - | - | - |
| Loan stock | | 678 | 678 | 0% | - | - | - |
| Notes payable | 7 | 167,666 | 118,964 | 41% | 167,666 | 118,964 | 41% |
| Deposits received | | 1,503 | 1,458 | 3% | - | - | - |
| Amount due to a joint venture company | | 6,584 | 6,677 | -1% | 6,584 | 6,677 | -1% |
| Other non-current liabilities | 8 | 21,982 | 1,915 | nm | 19,142 | - | nm |
| Defined and other long-term employee benefits | | 5,532 | 5,303 | 4% | - | - | - |
| Deferred tax liabilities | | 103,317 | 103,241 | 0% | - | - | - |
| | | 503,387 | 436,312 | 15% | 203,042 | 136,091 | 49% |
| Total liabilities | | 696,398 | 645,643 | 8% | 282,753 | 206,622 | 37% |
| Net assets | | 716,396 | 708,245 | 1% | 248,251 | 256,849 | -3% |
| Equity attributable to owners of the Company | | | | | | | |
| Share capital | | 199,995 | 199,995 | 0% | 199,995 | 199,995 | 0% |
| Treasury shares | | (2,172) | (3,051) | -29% | (2,172) | (3,051) | -29% |
| Reserves | | 351,741 | 340,153 | 3% | 50,428 | 59,905 | -16% |
| | | 549,564 | 537,097 | 2% | 248,251 | 256,849 | -3% |
| Non-controlling interests | | 166,832 | 171,148 | -3% | - | - | - |
| Total equity | | 716,396 | 708,245 | 1% | 248,251 | 256,849 | -3% |
| | | | | | | | |



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Explanatory notes on Balance Sheet

1. Property, plant and equipment

Property, plant and equipment increased by S\$46.0 million from S\$740.8 million as at 31 December 2011 to S\$786.8 million as at 30 June 2012. This was mainly due to the consolidation of HVRS Group in March 2012 of S\$61.1 million, capital expenditure of S\$13.1 million expended on renovation of Angsana Laguna Phuket and other on-going purchases of furniture, fittings and equipment by our resorts for their operations, partially offset by depreciation charge of S\$13.3 million during the period and reduction in opening balance of S\$15.1 million on translation adjustment.

2. Investment properties

Investment properties increased by S\$17.1 million from S\$32.8 million as at 31 December 2011 to S\$49.9 million as at 30 June 2012 mainly due to the 77.5 hectares of undeveloped freehold land in Seychelles arising from the acquisition of HVRS Group in March 2012.

3. Associated companies

Associated companies decreased by S\$21.9 million from S\$22.2 million as at 31 December 2011 to S\$0.3 million as at 30 June 2012 as HVRS Group which holds the assets in Seychelles ceased to be the Group's associated companies following our acquisition of the remaining 70% in March 2012.

4. Long-term investments

Long-term investments increased by S\$13.7 million from S\$41.2 million as at 31 December 2011 to S\$54.9 million as at 30 June 2012 mainly due to progressive equity investments in Banyan Tree Indochina Hospitality Fund (S\$9.8 million), China Fund (S\$2.2 million) and Banyan Tree Mayakoba (S\$1.9 million).

5. Property development costs

Property development costs decreased by S\$10.5 million from S\$104.6 million as at 31 December 2011 to S\$94.1 million as at 30 June 2012 mainly due to the transfer of cost to cost of sales upon revenue recognition for property sales.

6. Other payables

Other payables decreased by S\$5.4 million from S\$39.8 million as at 31 December 2011 to S\$34.4 million as at 30 June 2012 mainly due to refund to Dusit Thani Laguna Phuket hotel for customers' payments made to LRH although the hotel was sold in October 2010.

7. Current and non-current notes payable

Current and non-current notes payable increased by S\$49.1 million from S\$167.8 million as at 31 December 2011 to S\$216.9 million as at 30 June 2012, mainly due to issuance of new notes of S\$50 million in May 2012 under the S\$400 million Medium Term Notes programme.

8. Other non-current liabilities

Other non-current liabilities increased by S\$20.1 million from S\$1.9 million as at 31 December 2011 to S\$22.0 million as at 30 June 2012. The increase relates to the purchase consideration of HVRS Group payable in three instalments of US\$5.5 million each in the next three years.



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9. Withdrawal of Litigation

On 3 July 2008, Avenue Asia Capital Partners, L.P., one of 6 plaintiffs, filed a lawsuit against LRH, a listed subsidiary of the Company, as one of 6 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 S\$22.1 million (Baht 539,052,407) with interest of 7.5% per annum and the costs of legal proceedings.

On 22 December 2011, the plaintiffs filed a petition for withdrawal of this case, which has been granted by the Court on 31 May 2012. This case is deemed as closed.



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

| | Group | |
|---|------------------------|------------------------|
| | As at | |
| | 30-Jun-12 (S\$'000) | 31-Dec-11 (S\$'000) |
| Amount repayable in one year or less, or on demand:- | | |
| Secured | 31,302 | 28,333 |
| Unsecured | 78,053 | 82,465 |
| Sub-Total 1 | 109,355 | 110,798 |
| Amount repayable after one year:- | | |
| Secured | 188,656 | 189,779 |
| Unsecured | 168,083 | 120,005 |
| Sub-Total 2 | 356,739 | 309,784 |
| Total Debt | 466,094 | 420,582 |

Details of any collateral

The secured bank loans are secured by assets with the following net book values:

| | Group | |
|---|------------------------|------------------------|
| | As at | |
| | 30-Jun-12 (S\$'000) | 31-Dec-11 (S\$'000) |
| Freehold land and buildings | 440,494 | 376,917 |
| Investment properties | 28,714 | 25,502 |
| Quoted shares in a subsidiary company | 7,392 | 9,348 |
| Property development costs | 14,555 | 13,447 |
| Leasehold land and buildings | 91,239 | 93,653 |
| Unquoted shares in subsidiary companies | 50,956 | 50,917 |
| Prepaid island rental | 44,090 | 45,925 |
| Other assets | 19,477 | 17,786 |
| | 696,917 | 633,495 |



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

| | Group | |
|---|-----------------------|----------|
| | 6 months ended 30 Jun | |
| | 2012 | 2011 |
| | (\$'000) | (\$'000) |
| <i>Cash flows from operating activities</i> | | |
| Profit before taxation | 15,137 | 13,641 |
| Adjustments for: | | |
| Share of results of associated companies | (260) | (435) |
| Share of results of joint venture companies | 3 | 3 |
| Depreciation of property, plant and equipment | 13,306 | 13,526 |
| Loss on disposal of property, plant and equipment | 260 | 8 |
| Allowance for impairment loss on property, plant and equipment, net | - | 183 |
| Gain on disposal of investment in subsidiaries | - | (1,809) |
| Finance income | (1,486) | (1,703) |
| Finance costs | 12,491 | 9,467 |
| Amortisation of lease rental and land use rights | 1,600 | 1,600 |
| Allowance for/(Write back of) doubtful debts - trade, net | 1,788 | (102) |
| (Write Back)/Allowance for inventory obsolescence | (7) | 41 |
| Provision for employee benefits | 499 | 178 |
| Share-based payment expenses | 165 | 680 |
| Gain on bargain purchase on acquisition of HVRS Group | (15,938) | - |
| Currency realignment | (1,657) | (15,348) |
| Operating profit before working capital changes | 25,901 | 19,930 |
| Increase in inventories | (265) | (404) |
| Decrease in trade and other receivables | 3,909 | 3,899 |
| Decrease in amounts due from related parties | 1,124 | 1,444 |
| Decrease in trade and other payables | (12,526) | (16,729) |
| | (7,758) | (11,790) |
| Cash flows generated from operating activities | 18,143 | 8,140 |
| Interest received | 1,474 | 1,749 |
| Interest paid | (12,284) | (8,380) |
| Tax paid | (3,863) | (31,910) |
| Payment of employee benefits | (138) | (117) |
| Payment of cash settled options | (14) | (69) |
| Net cash flows generated from/(used in) operating activities | 3,318 | (30,587) |
| <i>Cash flows from investing activities</i> | | |
| Purchase of property, plant and equipment | (13,125) | (3,171) |
| Proceeds from disposal of property, plant and equipment | 56 | 813 |
| Disposal of subsidiary companies, net of cash received | - | 26,815 |
| Payment of lease rental / extension of lease | (350) | (851) |
| Increase in long-term investments | (12,387) | (404) |
| Acquisition of subsidiaries, net of cash acquired | (3,815) | - |
| Net cash flows (used in)/generated from investing activities | (29,621) | 23,202 |
| <i>Cash flows from financing activities</i> | | |
| Proceeds from bank loans | 22,763 | 30,710 |
| Repayment of bank loans | (27,048) | (36,734) |
| Proceeds from issuance of notes payable | 50,000 | 70,000 |
| Payment of dividends | | |
| - by subsidiary companies to non-controlling interests | - | (27,832) |
| - by Company to shareholders | - | (3,798) |
| Net cash flows generated from financing activities | 45,715 | 32,346 |
| Net increase in cash and cash equivalents | 19,412 | 24,961 |
| Net foreign exchange difference | (1,550) | (5,166) |
| Cash and cash equivalents at beginning of year | 139,877 | 138,989 |
| Cash and cash equivalents at end of the period | 157,739 | 158,784 |



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Explanatory notes on Consolidated Cash Flow

The Group's cash and cash equivalents decreased by S\$1.0 million from S\$158.7 million as at 30 June 2011 to S\$157.7 million as at 30 June 2012.

For the six months ended 30 June 2012, net cash flow generated from operating activities was S\$3.3 million, mainly due to profit before tax of S\$15.1 million and adjusted for non-cash items of S\$10.8 million, but reduced by net decrease in cash used in working capital of S\$7.8 million, net interest paid of S\$10.8 million and income tax payments of S\$3.9 million. Non-cash items relates mainly to depreciation and amortization of island rental of S\$14.9 million and finance expenses of S\$12.5 million, but partially offset by net gain on acquisition of HVRS Group of S\$15.9 million.

The net cash flows used in investing activities was S\$29.6 million, due largely to renovation of Angsana Laguna Phuket and other on-going purchases of furniture, fittings and equipment by our resorts for their operations of S\$13.1 million, progressive equity investments in Banyan Tree Indochina Hospitality Fund of S\$9.8 million and China Fund of S\$2.2 million, partly offset by payment for the acquisition of HVRS Group, net of cash acquired, of S\$3.8 million.

The net cash flows generated from financing activities amounted to S\$45.7 million. This was mainly due to proceeds of S\$50 million from new notes issuance in May 2012 under the S\$400 million Medium Term Notes programme and additional loan drawdown of S\$22.8 million, partially reduced by scheduled bank repayments of S\$27.0 million.



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

| GROUP | Share capital (S\$'000) | Treasury shares (S\$'000) | Share-based payment reserve (S\$'000) | Legal reserve (S\$'000) | Property revaluation reserve (S\$'000) | Currency translation reserve (S\$'000) | Other reserves* (S\$'000) | Accumulated profits (S\$'000) | Equity attributable to owners of the Company (S\$'000) | Non-controlling interests (S\$'000) | Total equity (S\$'000) |
|---|----------------------------|------------------------------|--|----------------------------|---|---|------------------------------|----------------------------------|---|--|---------------------------|
| Balance as at 1 January 2012 | 199,995 | (3,051) | 9,091 | 9,689 | 165,361 | (53,264) | (13,585) | 222,861 | 537,097 | 171,148 | 708,245 |
| Profit after taxation | - | - | - | - | - | - | - | 12,636 | 12,636 | (74) | 12,562 |
| Other comprehensive income for the period | - | - | - | - | - | (320) | - | - | (320) | (4,242) | (4,562) |
| Total comprehensive income for the period | - | - | - | - | - | (320) | - | 12,636 | 12,316 | (4,316) | 8,000 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | | |
| Issue of Performance Share Grants to employees | - | - | 151 | - | - | - | - | - | 151 | - | 151 |
| Treasury shares reissued pursuant to Performance Share Plan | - | 879 | (347) | - | - | - | (532) | - | - | - | - |
| Transfer to legal reserve | - | - | - | 21 | - | - | - | (21) | - | - | - |
| Total transactions with owners in their capacity as owners | - | 879 | (196) | 21 | - | - | (532) | (21) | 151 | - | 151 |
| Balance as at 30 Jun 2012 | 199,995 | (2,172) | 8,895 | 9,710 | 165,361 | (53,584) | (14,117) | 235,476 | 549,564 | 166,832 | 716,396 |

* Other reserves is made up of merger deficit, capital reserve, fair value adjustment reserve, premium paid on acquisition of non-controlling interests and gain or loss on reissuance of treasury shares.



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Unaudited results for the Second Quarter and the Half Year ended 30 June 2012

| GROUP | Share capital (S\$'000) | Treasury shares (S\$'000) | Share-based payment reserve (S\$'000) | Legal reserve (S\$'000) | Property revaluation reserve (S\$'000) | Currency translation reserve (S\$'000) | Other reserves* (S\$'000) | Accumulated profits (S\$'000) | Equity attributable to owners of the Company (S\$'000) | Non-controlling interests (S\$'000) | Total equity (S\$'000) |
|--|----------------------------|------------------------------|--|----------------------------|---|---|------------------------------|----------------------------------|---|--|---------------------------|
| Balance as at 1 January 2011, as previously reported | 199,995 | (4,438) | 8,616 | 8,655 | 135,035 | (39,126) | (12,945) | 227,421 | 523,213 | 219,247 | 742,460 |
| Effect of adopting INT FRS 115 | - | - | - | - | - | - | - | (7,251) | (7,251) | (3,473) | (10,724) |
| Balance as at 1 January 2011, as restated | 199,995 | (4,438) | 8,616 | 8,655 | 135,035 | (39,126) | (12,945) | 220,170 | 515,962 | 215,774 | 731,736 |
| Profit after taxation | - | - | - | - | - | - | - | 3,034 | 3,034 | 3,247 | 6,281 |
| Other comprehensive income for the period | - | - | - | - | 2,569 | (32,578) | - | - | (30,009) | (13,127) | (43,136) |
| Total comprehensive income for the period | - | - | - | - | 2,569 | (32,578) | - | 3,034 | (26,975) | (9,880) | (36,855) |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Dividend 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 | - | - | 611 | - | - | - | - | - | 611 | - | 611 |
| Transfer to legal reserve | - | - | - | 6 | - | - | - | (6) | - | - | - |
| Total transactions with owners in their capacity as owners | - | 1,387 | (136) | 6 | - | - | (640) | (3,804) | (3,187) | - | (3,187) |
| Other changes in equity | | | | | | | | | | | |
| Disposal of subsidiary company | - | - | - | - | (6,074) | - | - | 6,074 | - | (21,830) | (21,830) |
| Dividend paid to loan stockholders of a subsidiary company | - | - | - | - | - | - | - | (84) | (84) | - | (84) |
| Dividend paid to non-controlling interests of a subsidiary company | - | - | - | - | - | - | - | - | - | (27,832) | (27,832) |
| Total other changes in equity | - | - | - | - | (6,074) | - | - | 5,990 | (84) | (49,662) | (49,746) |
| Balance as at 30 Jun 2011 | 199,995 | (3,051) | 8,480 | 8,661 | 131,530 | (71,704) | (13,585) | 225,390 | 485,716 | 156,232 | 641,948 |

* Other reserves is made up of merger deficit, capital reserve, fair value adjustment reserve, premium paid on acquisition of non-controlling interests and gain or loss on reissuance of treasury shares.



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

| COMPANY | Share capital (S\$'000) | Treasury shares (S\$'000) | Share-based payment reserve (S\$'000) | Other reserves * (S\$'000) | Accumulated profits (S\$'000) | Total equity (S\$'000) |
|---|----------------------------|------------------------------|---|-------------------------------|-------------------------------------|---------------------------|
| Balance as at 1 January 2012 | 199,995 | (3,051) | 9,091 | 6,773 | 44,041 | 256,849 |
| Total comprehensive income for the period | - | - | - | - | (8,749) | (8,749) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Dividend paid | - | - | - | - | - | - |
| Issue of Performance Share Grants to employees | - | - | 151 | - | - | 151 |
| Treasury shares reissued pursuant to Performance Share Plan | - | 879 | (347) | (532) | - | - |
| Total transactions with owners in their capacity as owners | - | 879 | (196) | (532) | - | 151 |
| Balance as at 30 Jun 2012 | 199,995 | (2,172) | 8,895 | 6,241 | 35,292 | 248,251 |
| Balance as at 1 January 2011 | 199,995 | (4,438) | 8,616 | 7,413 | 26,250 | 237,836 |
| Total comprehensive income for the period | - | - | - | - | 24,774 | 24,774 |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Dividend paid | - | - | - | - | (3,798) | (3,798) |
| Issue of Performance Share Grants to employees | - | - | 611 | - | - | 611 |
| Treasury shares reissued pursuant to Performance Share Plan | - | 1,387 | (747) | (640) | - | - |
| Total transactions with owners in their capacity as owners | - | 1,387 | (136) | (640) | (3,798) | (3,187) |
| Balance as at 30 Jun 2011 | 199,995 | (3,051) | 8,480 | 6,773 | 47,226 | 259,423 |

* Other reserves is made up of capital reserve and gain or loss on reissuance of treasury shares.



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

On 2 April 2012, the Company released 508,000 share awards (2011: 801,300) vested under the Performance Share Plan and Restricted Share Plan pursuant to the Banyan Tree Performance Share Plan for FY2009 to FY2010. As such, 508,000 shares (2011: 801,300) were issued from the treasury shares to the employees, resulting in an increase in the number of issued shares excluding treasury shares from 759,639,280 as at 31 March 2012 to 760,147,280 shares as at 30 June 2012.

As at 30 June 2012, there are 1,255,000 (2Q11: 1,763,000) shares held as treasury shares against the total number of issued shares excluding treasury shares of 760,147,280 (2Q11: 759,639,280).

Performance Shares

During the quarter, 1,512,400 (2Q11: 1,672,000) performance-based shares were issued and 1,941,000 (2Q11: 1,313,050) performance-based shares were cancelled/vested under the Banyan Tree Performance Share Plan. As at 30 June 2012, 2,129,950 (30 June 2011: 2,678,800) performance-based shares are outstanding.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | 30-Jun-12 No. of shares | 31-Dec-11 No. of shares |
|---|------------------------------------|------------------------------------|
| Number of issued shares excluding Treasury shares | 760,147,280 | 759,639,280 |

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

| | 30-Jun-12 No. of shares | 31-Dec-11 No. of shares |
|--|------------------------------------|------------------------------------|
| At 1 January | 1,763,000 | 2,564,300 |
| Reissued pursuant to performance share plans | (508,000) | (801,300) |
| | 1,255,000 | 1,763,000 |
| | | |

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2011.



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Unaudited results for the Second Quarter and the Half Year ended 30 June 2012

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2011, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2012. The adoption of the standards and interpretations does not have material impact to the financial statements in the period of initial application.

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

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

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

| | 3 months ended 30 Jun | | 6 months ended 30 Jun | |
|---|-----------------------|--------|-----------------------|------|
| | 2012 | 2011 | 2012 | 2011 |
| a) Based on the weighted average number of ordinary shares on issue (cents) | 0.08 | (0.92) | 1.66 | 0.40 |
| b) On fully diluted basis (cents) | 0.08 | (0.92) | 1.66 | 0.40 |

(i) The basic earnings per ordinary share for the 3 months period and the same period last year have been calculated based on the weighted average number of 760,141,698 and 759,586,447 ordinary shares respectively.

The basic earnings per ordinary share for the 6 months period and the same period last year have been calculated based on the weighted average number of 759,890,489 and 759,214,281 ordinary shares respectively.

(ii) The diluted earnings per ordinary share for the 3 months period and the same period last year have been calculated based on the weighted average number of 762,292,105 and 762,259,954 ordinary shares respectively.

The diluted earnings per ordinary share for the 6 months period and the same period last year have been calculated based on the weighted average number of 762,259,828 and 761,813,733 ordinary shares respectively.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

| | Group As at | | Company As at | |
|--|----------------|-----------|------------------|-----------|
| | 30-Jun-12 | 31-Dec-11 | 30-Jun-12 | 31-Dec-11 |
| Net asset value per ordinary share based on issued share capital* at the end of the period (S\$) | 0.72 | 0.71 | 0.33 | 0.34 |

* 760,147,280 and 759,639,280 ordinary shares in issue as at 30 June 2012 and 31 December 2011.



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Unaudited results for the Second Quarter and the Half Year ended 30 June 2012

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

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

A) REVENUE

| | Group | | | |
|----------------------------------|-----------------------|---------------|----------------|------------|
| | 3 months ended 30 Jun | | Actual vs 2011 | |
| | 2012 | 2011 | Incr/(Decr) | |
| | SGD'000 | SGD'000 | SGD'000 | % |
| Hotel Investments | 39,304 | 32,866 | 6,438 | 20% |
| Property Sales | 15,566 | 6,603 | 8,963 | 136% |
| - Hotel Residences | 6,862 | (28) | 6,890 | nm |
| - Laguna Property Sales | 8,704 | 3,697 | 5,007 | 135% |
| - Development Project/Site Sales | - | 2,934 | (2,934) | nm |
| Fee-based Segment | 24,419 | 24,095 | 324 | 1% |
| - Hotel/Fund/Club Management | 10,874 | 7,608 | 3,266 | 43% |
| - Spa/Gallery Operations | 8,169 | 9,771 | (1,602) | -16% |
| - Design and Others | 5,376 | 6,716 | (1,340) | -20% |
| Revenue | 79,289 | 63,564 | 15,725 | 25% |

| | Group | | | |
|----------------------------------|-----------------------|----------------|-----------------|------------|
| | 6 months ended 30 Jun | | Actual vs 2011 | |
| | 2012 | 2011 | Incr/(Decr) | |
| | SGD'000 | SGD'000 | SGD'000 | % |
| Hotel Investments | 93,304 | 92,686 | 618 | 1% |
| Property Sales | 21,817 | 37,859 | (16,042) | -42% |
| - Hotel Residences | 6,880 | 2,771 | 4,109 | 148% |
| - Laguna Property Sales | 14,937 | 7,381 | 7,556 | 102% |
| - Development Project/Site Sales | - | 27,707 | (27,707) | nm |
| Fee-based Segment | 47,179 | 47,324 | (145) | 0% |
| - Hotel/Fund/Club Management | 18,417 | 14,378 | 4,039 | 28% |
| - Spa/Gallery Operations | 17,687 | 19,976 | (2,289) | -11% |
| - Design and Others | 11,075 | 12,970 | (1,895) | -15% |
| Revenue | 162,300 | 177,869 | (15,569) | -9% |



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B) PROFITABILITY

| | Group | | | |
|--|-----------------------|----------------|----------------|-------------|
| | 3 months ended 30 Jun | | Actual vs 2011 | |
| | 2012 | 2011 | Incr/(Decr) | |
| | SGD'000 | SGD'000 | SGD'000 | % |
| Hotel Investments | 3,494 | (1,433) | 4,927 | nm |
| Property Sales | 4,520 | (1,103) | 5,623 | nm |
| - Hotel Residences | 3,007 | (900) | 3,907 | nm |
| - Laguna Property Sales | 1,513 | (223) | 1,736 | nm |
| - Development Project/Site Sales | - | 20 | (20) | nm |
| Fee-based Segment | 6,057 | 6,712 | (655) | -10% |
| - Hotel/Fund/Club Management | 6,075 | 3,873 | 2,202 | 57% |
| - Spa/Gallery Operations | 645 | 1,073 | (428) | -40% |
| - Design and Others | (663) | 1,766 | (2,429) | nm |
| Head Office Expenses | (2,431) | (3,087) | (656) | -21% |
| Other income (net) | 1,179 | 2,494 | (1,315) | -53% |
| Operating Profit (EBITDA) | 12,819 | 3,583 | 9,236 | 258% |
| Profit/(Loss) attributable to owners of the Company (PATMI/(LATMI)) | 644 | (7,010) | 7,654 | nm |

| | Group | | | |
|---|-----------------------|---------------|----------------|-------------|
| | 6 months ended 30 Jun | | Actual vs 2011 | |
| | 2012 | 2011 | Incr/(Decr) | |
| | SGD'000 | SGD'000 | SGD'000 | % |
| Hotel Investments | 20,042 | 19,569 | 473 | 2% |
| Property Sales | 4,624 | 14,172 | (9,548) | -67% |
| - Hotel Residences | 2,568 | 90 | 2,478 | nm |
| - Laguna Property Sales | 2,056 | (14) | 2,070 | nm |
| - Development Project/Site Sales | - | 14,096 | (14,096) | nm |
| Fee-based Segment | 7,983 | 8,992 | (1,009) | -11% |
| - Hotel/Fund/Club Management | 7,032 | 4,645 | 2,387 | 51% |
| - Spa/Gallery Operations | 2,905 | 2,949 | (44) | -1% |
| - Design and Others | (1,954) | 1,398 | (3,352) | nm |
| Head Office Expenses | (9,559) | (9,519) | 40 | 0% |
| Other income (net) | 17,701 | 2,885 | 14,816 | nm |
| Operating Profit (EBITDA) | 40,791 | 36,099 | 4,692 | 13% |
| Profit attributable to owners of the Company (PATMI) | 12,636 | 3,034 | 9,602 | 316% |



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C) BUSINESS SEGMENTS REVIEW

i) Hotel Investments segment

Hotel Investments segment achieved revenue of S\$39.3 million in 2Q12, an increase of 20% or S\$6.4 million compared to S\$32.9 million in 2Q11. Second quarter is a lower season period of the year. Higher revenue was mainly from Seychelles (S\$4.4 million), Thailand (S\$3.1 million) and China (S\$0.7 million) but partially offset by lower revenue from Maldives (S\$1.9 million).

Banyan Tree Seychelles' revenue was included in the Group in the current quarter as it becomes a wholly-owned subsidiary following our acquisition of the remaining 70% in March 2012. In Thailand, although there was no revenue contribution from LBR following its disposal in May 2011, resorts in Thailand, namely, Banyan Tree Phuket and Banyan Tree Bangkok performed better than 2Q11 as their performance in the same period last year were affected by the run-up to the Thai General Election on 3rd July 2011. Overall Revpar of our properties in Thailand increased by 32% from S\$101 to S\$133. Our resorts in China also recorded higher revenue mainly boosted by higher average room rate. Overall Revpar of our resorts in China improved by 8% from S\$153 to S\$165. There was lower revenue from our resorts in Maldives due to the closure of Angsana Ihuru for renovation as well as the negative impact on tourist arrivals as a result of the civil unrest that took place in January/February 2012 in Male. Overall Revpar of our resorts in Maldives decreased by 16% from S\$262 to S\$220.

For 1H12, Hotel Investments segment revenue increased by S\$0.6 million or 1% from S\$92.7 million in 1H11 to S\$93.3 million in 1H12. This was mainly due to the consolidation of Banyan Tree Seychelles' revenue in 2Q12 and better performance of our resorts in China, but partially reduced by lower revenue from Thailand due to cessation of revenue from LBR following its sale in May 2011.

EBITDA increased by S\$4.9 million from a loss of S\$1.4 million in 2Q11 to EBITDA of S\$3.5 million in 2Q12, and against 1H11, EBITDA increased by S\$0.4 million from S\$19.6 million in 1H11 to S\$20.0 million in 1H12, mainly due to higher revenue.

ii) Property Sales segment

Property Sales segment revenue increased by S\$9.0 million or 136% from S\$6.6 million in 2Q11 to S\$15.6 million in 2Q12 mainly due to higher revenue recognition from property sales units. In 2Q12, revenue recognition was for a total of 13 units comprising of Lofts, Laguna Village villas/townhomes/bungalows, Banyan Tree Phuket pool villa, Banyan Tree Lijiang villa and Banyan Tree Bangkok suite, as compared to only 2 units of Laguna Village townhomes recognized in the same period last year. There was however no sale of development site in 2Q12 as opposed to 2Q11 where revenue included divestment of a development site in Yangshuo to China Fund.

There were 4 new units sold with deposits received in 2Q12, in line with 2Q11. However, the units sold in 2Q12 in value term was 177% higher than 2Q11 as they were more high-valued properties sold.

For 1H12, Property Sales segment revenue decreased by S\$16.1 million or 42% from S\$37.9 million in 1H11 to S\$21.8 million in 1H12 as 1H11 included divestment of development site in Lijiang and Yangshuo to China Fund. There were no such sale of development site in 1H12. The shortfall was however partially cushioned by higher revenue recognition from property sales units. In 1H12, revenue recognition was for a total of 17 units comprising of Lofts, Laguna Village villas/townhomes/bungalows, Banyan Tree Phuket pool villa, Banyan Tree Lijiang villa and Banyan Tree Bangkok suite. In contrary, revenue for 1H11 was for a total of 4 units comprising of two Laguna Village townhome, one Laguna Village bungalow and one Banyan Tree Phuket double pool villa.

There were 16 new units sold with deposits received in 1H12 compared to deposits for 5 units in 1H11, an increase of 220% and 449% in units and value terms respectively. Unrecognised cumulative revenue for all units sold as at 1H12 was S\$12.4 million as compared to S\$14.3 million in 1H11.

EBITDA increased by S\$5.6 million from a loss of S\$1.1 million in 2Q11 to EBITDA of S\$4.5 million in 2Q12 mainly due to higher revenue. Against 1H11, EBITDA decreased by S\$9.6 million from S\$14.2 million in 1H11 to S\$4.6 million in 1H12 mainly due to lower revenue.



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iii) Fee-based segment

Fee-based segment revenue increased by S\$0.3 million or 1% from S\$24.1 million in 2Q11 to S\$24.4 million in 2Q12 mainly due to royalty fees from the sale of Banyan Tree Signatures Pavilion units in Kuala Lumpur. This was however offset by nil management fees from Banyan Tree Seychelles which is now a subsidiary of the Group, lower revenue from spa/gallery operation and lower architectural and design fees.

Lower revenue from spa/gallery operation was mainly due to the closure of a spa outlet in Guam and lower sales of products as last year sales was boosted by sales to outlets in Banyan Tree Macau, Marina Bay Sands and Angsana Balaclava in preparation for their opening. Lower revenue from architectural and design fee was mainly due to lower fees billed for new projects in China based on certain milestone achieved.

For 1H12, Fee-based segment revenue was in line with 1H11.

EBITDA decreased by S\$0.6 million from S\$6.7 million in 2Q11 to S\$6.1 million in 2Q12 and against 1H11, EBITDA decreased by S\$1.0 million from S\$9.0 million in 1H11 to S\$8.0 million in 1H12. This was mainly due to higher operating expenses such as staff costs and rental expenses to support the expansion in China.

If management fees of those resorts which the Group has a majority interest but were not eliminated on consolidation, a sum of S\$2.3 million, S\$4.3 million, S\$6.7 million and S\$10.5 million in 2Q11, 2Q12, 1H11 and 1H12 would be added to EBITDA respectively, EBITDA would have been S\$10.4 million in 2Q12 as compared to S\$9.0 million in 2Q11, and S\$18.5 million in 1H12 as compared to S\$15.7 million in 1H11.

iv) Head Office Expenses

Head office expenses decreased by S\$0.7 million or 21% from S\$3.1 million in 2Q11 to S\$2.4 million in 2Q12. This was mainly due to lower share-based payment expenses and lower legal and professional fees, partially offset by higher business development expenses. For 1H12, head office expenses was in line with 1H11.

v) Other Income

Other income decreased by S\$1.3 million or 53% from S\$2.5 million in 2Q11 to S\$1.2 million in 2Q12 as last year included gain on sale of LBR of S\$1.8 million. Against 1H11, other income increased by S\$14.8 million or 514% from S\$2.9 million to S\$17.7 million mainly due to net gain on bargain purchase of HVRS Group in March 2012 partially offset by the gain on sale of LBR recorded in May 2011.

vi) Income tax expense

Income tax expense decreased by S\$1.1 million or 89% from S\$1.2 million in 2Q11 to S\$0.1 million in 2Q12 mainly because 2Q11 included withholding tax on dividend received from LRH. There were no dividend received from LRH this quarter and hence no dividend withholding tax incurred in 2Q12. Against 1H11, income tax expense decreased by S\$4.8 million from S\$7.4 million in 1H11 to S\$2.6 million in 1H12. Apart from the reason mentioned above, lower income tax expense in 1H12 was also attributable to gain on bargain purchase of HVRS Group not subject to income tax.

vii) PATMI/(LATMI)

PATMI was S\$0.6 million in 2Q12 as compared to LATMI of S\$7.0 million in 2Q11. This was mainly due to higher EBITDA as a result of higher EBITDA from Property Sales and Hotel Investments segments in line with higher revenue and lower income tax expense, but partially offset by lower non-controlling interests' share of loss and higher finance costs.

Against 1H11, PATMI increased by S\$9.6 million or 316% from S\$3.0 million in 1H11 to S\$12.6 million in 1H12. This was mainly due to higher other income from net gain on bargain purchase of HVRS Group, lower income tax expense and lower non-controlling interests' share of profits, but partially offset by higher finance costs and lower EBITDA from Property Sales segment due to absence of sale of development site.



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

Not applicable.

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

The Group turned in a profit attributable to shareholders in 2Q12 which is above our expectations, considering that this is a low season period coupled with a weak global economy. We are hopeful that this signals a gradual recovery from our key markets. Despite the usual expectation of a loss in 3Q12 due to its low season period, full year profit is expected to be significantly higher than last year, barring unforeseen circumstances.

Currently, the forward bookings for 3Q12 for owned hotels in Thailand on same store basis is ahead of last year by 13%. However, forward bookings outside of Thailand is 16% below last year partly due to the planned renovation and closure of Banyan Tree Maldives during the low season months. Overall, the Group's forward bookings is below by 7%.

Property sales continue to gain traction in 2Q12. Although we sold similar number of units in 2Q12 as in 2Q11, there were more high value property units sold (S\$9.7 million in 2Q12 vs S\$3.5 million in 2Q11) indicating confidence slowly returning back to the secondary property market especially in Thailand. In addition, the total value of property units sold as at 1H12 amounting to S\$23.5 million has more than doubled FY2011 of S\$10.5 million. We are hopeful that this trend will continue.

New Openings

We expect to open the following 7 new resorts in the next 12 months (2012 / 2013):

- i. Banyan Tree Lang Co, Hue, Vietnam
- ii. Banyan Tree Kerala, India
- iii. Banyan Tree Shanghai On The Bund, Shanghai, China
- iv. Banyan Tree Tianjin Riverside, Tianjin, China
- v. Banyan Tree Chongqing Beibei, Chongqing, China
- vi. Angsana Lang Co, Hue, Vietnam
- vii. Angsana Tengchong - Hot Spring Village, Yunnan, China

Also in the next 12 months, we expect to launch 12 spas under management.

We have also signed the following new hotel/spa management contracts in the recent months:

- i. Banyan Tree Anji, Zhejiang, China, is situated in Anji which is at the center of the Yangtze Delta. It is well-known as the "Bamboo Town of China", containing 60,000 hectares of bamboo groves, with over 40 different species of bamboo.
- ii. Angsana Spa Jinling, Nanjing, China, is located in the established Jinling Hotel which has won the "Best Business Hotel in China" for seven times in the Business Traveller China Awards.



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11 If a decision regarding dividend has been made:-

(a) Current financial period reported on. State the amount per share.

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

(b) Corresponding period of the immediately preceding financial year. State the amount per share.

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

(c) Whether the dividend is before tax, net of tax, or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books disclosure date

Not applicable.

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

No dividend has been declared in respect of the current financial period.



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13 Interested Persons Transactions for the 3 months ended 30 June 2012

| | Interested Person Transaction | Aggregate value of all interested person transactions for Q2 (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate In S\$'000 | Aggregate value of all interested person transactions conducted under Shareholders' Mandate for Q2 (excluding transactions less than S\$100,000) In S\$'000 |
|------------|--|---|---|
| [A] | Transactions with the Tropical Resorts Limited Group ("TR") | | |
| a | Provision of Resort Management and Related Services to TR | - | 1,041 |
| b | Rental Income from TR in respect of units in Banyan Tree Bintan and Angsana Bintan | - | 555 |
| [B] | Transactions with Qatar Investment Authority Group ("QIA") | | |
| a | Royalty from QIA in respect of the use of Banyan Tree trademark | 4,231 | - |
| | Total | 4,231 | 1,596 |



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14 CONFIRMATION BY THE BOARD

We, Ho KwonPing and Ariel Vera, being Directors of Banyan Tree Holdings Limited (the "Company"), do hereby confirm on behalf of the Board of Directors that taking into account the matters announced and publicly disclosed by the Company prior to the date of this confirmation and the prevailing accounting policies adopted by the Company in accordance with the Singapore Financial Reporting Standards, to the best of the knowledge of the Board of Directors of the Company, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter financial results false or misleading in any material respect.

On behalf of the Board,

HO KWONPING
Executive Chairman

ARIEL VERA
Group Managing Director

BY ORDER OF THE BOARD

Jane Teah & Paul Chong
Joint Company Secretaries
13 August 2012