CREATING A CULTURE OF OUR OWN

Banyan Tree Holdings Limited **Annual Report 2007**

BANYAN TREE

Contents

MANY ASSETS
ONE NAME

From left to right: *Banyan Tree* ***Phuket****, Banyan Tree* ***Lijiang****, Banyan Tree* ***Al Areen***

Banyan Tree **Madivaru**

Setting new benchmarks in creativity.
The first tented pool villas in the archipelago, with a dedicated spa/bath tent where guests can indulge in pampering treatments in the privacy of their villa.


A TIME TO
REFLECT

EXECUTIVE CHAIRMAN'S STATEMENT

"Becoming global has always been part of our vision because a long-term, sustainable business requires that we grow our revenue base and diversify worldwide."

Dear Shareholders,

The last two years have been a watershed period in our growth. Since our listing, Banyan Tree has evolved from being an Asia-focused company to one that is becoming truly global in orientation. At the end of our second year as a public company, once again I am delighted that I have good news for you.

Performance overview

2007 was another good year as Banyan Tree continued on an unabated path of accelerated growth. Strong performance from our hotel operations and property sales segments, coupled with a one-off negative goodwill exceptional gain arising from our Thai subsidiary's rights issue in July 2007, lifted our profit after taxation to S$102.4 million, a 142% gain over the previous year. This was achieved on the back of a 26% jump in revenue to S$421.9 million.

In line with the revenue growth, the Group's total operating expenses increased by 34% because of higher headcount, operating supplies, administrative costs, and sales and marketing expenses. There were increases in staff strength as the Group expanded its new hotel and spa operations; for example, in Banyan Tree Lijiang.

Our overall cash and cash equivalents improved by 42% to S$115.7 million, largely due to proceeds from the issuance

Banyan Tree **Bintan**

of Medium Term Notes in last quarter of 2007, but were offset by various investments, construction and renovation projects, and payment of dividends to shareholders during the year.

Operational review

The Hotel Investment segment contributed the lion share of our turnover raking in S$215 million, 27% more than 2006. The major performers that led the growth of this segment were Banyan Tree Lijiang in China and all of our Phuket properties in Thailand. Laguna Phuket benefited from the renovations undertaken in recent years and was well poised to capitalise on the buoyant tourism demands in Phuket which welcomed over five million visitors in 2007, surpassing the previous record set in 2004. With the opening of Angsana Riads Collection Morocco in Marrakech in December 2007 and the completion of the renovated Angsana Velavaru in Maldives, we expect the segment to continue to perform well.

Our Hotel Management business saw a 110% year-on-year leap in revenue to S$14.7 million. The increased turnover was attributed to better performance from Banyan Tree Seychelles, Maison Souvannaphoum and new fee income from Banyan Tree Bahrain which opened in April 2007. Furthermore, 2007 was the first full year in the operations of Banyan Tree Private Collection, from which we derived management fees for managing the Club. The Club, being the first asset-backed destination club in Asia offering perpetual and transferable membership, had a good start with membership to-date within budget of close to 70 members.

During the year, the Hotel Management segment also secured long-term contracts to manage 13 properties, on top of the 19 signed in 2006 - a testimony to the proprietary advantage of our strong and growing brand equity. These long-term management agreements form a key pillar in our expansion strategy of monetising and unlocking our brand value.

We will open several properties in 2008. They include two new Banyan Tree seaside resorts on Hainan and Bali. Angsana Hotel and Suites in Dubai, a twin-tower mixed development comprising hotel and service residences, will see its service apartment tower open in 2008 and the hotel tower in 2009. Banyan Tree Mayakoba in Mexico will be our first resort in the Americas and Banyan Tree Ras Al Khaimah in the UAE will feature tented pool villas in the middle of the desert.

EXECUTIVE CHAIRMAN'S STATEMENT

Beyond 2008, the Banyan Tree brand will be winning more converts to its concept properties by opening in places such as Greece, Turkey, Oman, India and the Caribbean. With these new projects coming on stream, barring any unforeseen circumstances, I am confident we are on track to achieving our goal of being global with approximately 70 hotels and resorts and over 180 spas and galleries in 35 countries by 2011.

One of the key aspects of expansion of our hotel business is the need to build capacity to meet the growth challenges. We have built a core team of corporate specialists in pre-opening who are tasked to ensure the smooth opening of hotels. We have also strengthened our organisational infrastructure, and addressed issues on training, re-training and the need to maintain high service standards as we grow. In 2007, we expanded our regional sales and marketing offices in Hong Kong, Tokyo, London and Los Angeles to further enhance our market reach.

Turning to our Property Sales segment, revenue from this business rose by 38% to S$86 million in 2007. The increase was based on higher percentage of recognition from sales of Laguna Village Villas, Townhomes and Bungalows in Phuket. We also recorded higher sales of our Laguna holiday vacation club memberships.

Design Fees and Others segment enjoyed a 50% lift in revenue to S$24.2 million mainly attributed to recognition of several new projects during the year and better takings from golf clubs management. Our Spa operations registered a 13% jump in turnover to S$24.9 million due to contributions from new spas and improved performance from spa outlets in Phuket and the Middle East. The Gallery segment enjoyed a stable performance compared with the previous year. Its revenue in 2007 was S$10.7 million.

Revenue (S$m)

EBITDA (S$m)

PATMI (S$m)

The branded Hotel Residences sales segment saw a marginal 2% decrease in revenue to S$46.3 million, notwithstanding that we sold more villas in 2007 than 2006 - 62 units compared with 16 units. As construction of the villas started only in late 2007, we were unable to recognise the total sales due to the accounting treatment of recognising sales based on percentage of completion method. Unrecognised revenue as at end 2007 from units sold amounted to S$58.4 million. This figure rises to S$81 million if unrecognised revenue from the Property Sales segment is included.

Hotel Residences is a core business with high margins because of the premium branding and represents an attractive proposition because of our guaranteed investment return of 6% per annum for six years. We are very encouraged by the almost four-fold jump in sales for this segment in 2007. We also launched in a big way Banyan Tree Residences in mid-2007 by hosting exhibitions and cocktails in various key market cities such as London, Hong Kong, Shanghai and Singapore. The response was excellent and we plan to do more of such launches in 2008.

A new business

2008 will be a significant year as the Group will be tapping on its strengths to embark on a new but related business. As at the date of this report, we have established the Group's first real estate development fund, the Indochina Hospitality Fund. The fund is seeking a total commitment of between US$300 million and US$400 million by the final closing date which is expected to be in late 2008. The first close of the fund for US$100 million was completed on 27 February 2008 between the Group and two other cornerstone investors. Each of the three parties has committed to invest one-third of the first close amount and will increase that to 12.5% of final close amount, subject to a cap of US$50 million each on or before the final close.

The Indochina Hospitality Fund will invest primarily in the Laguna Vietnam project which is a beachfront site of approximately 280 hectares situated along three kilometres of the coast of Central Vietnam. When completed, Laguna Vietnam will have seven high-end resorts, including Banyan Tree and Angsana, an 18-hole golf course, spas, convention facilities, town centre and about 1,000 luxury villas and residences for sale. This integrated resort concept is modelled after our successful Laguna Phuket.

Following the close of the Indochina Hospitality Fund, we plan to roll out development funds for other regions or countries. On the cards is a China Development Fund to finance our various development projects in the mainland and other projects currently under evaluation.

New projects financed by the funds will not only create spin-off benefits for our integrated business segments but also secure for the Group a new stream of recurring fee-based income – fund management fees.


Banyan Tree ***Bangkok***

Many assets, one culture

As we lay the physical infrastructure for our accelerated growth, we have in tandem also plowed more resources into nourishing the bedrock of our differentiating advantage – our people. In 2007, we spent S$340 on training each employee, a 42% hike over the previous year. In addition, we made a major commitment to training by setting up the S$2.5 million Banyan Tree Management Academy in Phuket at the end of the year. Expected to officially open by the middle of 2008, the Academy will assess, nurture and maximise the talents in the Group. It aims to become an internationally recognised, full-fledged hotel training school.

We opened a new spa therapy training institute during the year. The Banyan Tree Lijiang Spa Academy in Yunnan, China, is a unique facility to coach candidates in all areas of Banyan Tree Spa service delivery. We also opened the Banyan Tree Thai Massage School in Bangkok. Both schools have added substantial training capacity to our cornerstone Banyan Tree Spa Academy in Phuket and facility in Bintan.

The Banyan Tree family today is truly a global one. We have 7,000 people from 50 nationalities in our fold. While we are committed to providing them with skills-based training as we grow, we also have a higher mission. We want to engage our people and cultivate in them a set of core values that I hope over time will take root and mature into an instantly recognisable Banyan Tree culture.

Deepening corporate social responsibility

Since our inception, corporate social responsibility (CSR) has occupied an important place in our business mission. We have always considered the communities and the physical environment in which we operate, vital stakeholders of our business. We can only thrive if these communities and the environment flourish as well. For that reason, Banyan Tree has been a strong proponent of CSR and we are founding members of Singapore Compact and the United Nations Global Compact, which promote good corporate citizenship.

Since 2001 we have established a Green Imperative Fund which provides financial support for environmental initiatives and community-based projects. The fund also provides our hotel guests an opportunity to participate in our support of environmental protection and community help groups. Under an opt-out arrangement, they can contribute US$2 per night of stay at our hotels and resorts. We match our guests' contributions dollar for dollar to grow the fund.

In 2007, we deepened our commitment to operate as a socially responsible business by introducing several major programmes. We made CSR one of the key performance indicators for rating the success of all our resorts. We also introduced a natural resource conservation programme with the objective of reducing the energy and water consumption at our resorts by 10% annually for the next three years.

Our belief and efforts in CSR have now been expanded into a separate CSR Annual Report 2007 entitled "Sustainability for Life" which I am sure you will find a worthwhile read.

Acknowledgements

As I look back on what we accomplished in 2007, I am again reminded of the incredible support I received from our business partners, customers and shareholders; to them I owe my deep gratitude. Much credit must also go to my fellow Board members for their clear vision and guidance. They have been a crucial compass in ensuring we stay the course. And last but not least, I am indebted to the management and staff of Banyan Tree for their passion and dedication in keeping us always ahead of the curve.

Finally, I am pleased to announce, subject to shareholders' approval, we will be paying out a dividend of 2.0 cents per share. This works out to S$15.2 million in total dividend, representing 41% of our PATMI before exceptional item.

Thank you for your support and I look forward to sharing with you more of Banyan Tree's success stories in the year ahead.

Your Sincerely,

Ho KwonPing
Executive Chairman

BOARD OF DIRECTORS

Ho KwonPing
Executive Chairman

Ariel P Vera
Group Managing Director

Our Board of Directors is responsible for the overall management and direction of the Group. The Board meets on a quarterly basis or more frequently as and when required to review and monitor the Group's financial position and operations.

Each member of our Board possesses extensive experience in his or her chosen profession and as a Director of publicly listed companies.
Our three Independent Directors play a key role, contributing invaluable legal, financial and business expertise, and providing strong, independent oversight. They also chair and/or sit on the Audit & Risk Committee and the Nominating & Remuneration Committee.

Mr Ho is the Founder of our Group and is responsible for the 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 26 April 2007.

Mr Ho is also the Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited, Singapore Management University, MediaCorp Pte. Ltd. and a Director of Air Seychelles. He is a member of the Singapore-US Business Council, International advisory Panel of Media Development Authority of Singapore, Asia-Pacific Council of The Nature Conservancy, Asia Regional Advisory Board of London Business School, International Council and East Asia Council of INSEAD, International Council of The Asia Society, and National Economic Planning Council of Seychelles.

Mr Ho previously served as a Director of Singapore Airlines Limited. He also served as a Director of Standard Chartered PLC for about 10 years since 1996, and was a Board Member of Singapore Tourism Board for 2004. He holds a Bachelor of Arts (Economics) from the then University of Singapore and an Honorary Doctorate of Business Administration in Hospitality Management from Johnson & Wales University, USA.

Mr Vera was appointed as a Director on 11 April 2000 and assumes overall responsibility for the corporate well-being of all the companies in our Group. He was designated Group Managing Director on 1 March 2004 and was last re-elected on 28 April 2006.

Mr Vera is also a Director of Laguna Resorts & Hotels Public Company Limited. Prior to joining us, he was Director of Finance and Administration of Asian Resorts Pte Ltd from June 1992 to March 1995, and Vice President, Finance, of Tropical Resorts Ltd from 1995 to 1997. He has over 23 years of experience in the hotel and resorts industry, having previously worked with, amongst others, the Hyatt and Regent hotel chains.

Mr Vera is a Certified Public Accountant in the Philippines and holds a Bachelor of Science in Business Administration from University of the East, Philippines, as well as a Master of Business Administration from National University of Singapore.

Chia Chee Ming Timothy
Lead Independent Director

Dilhan Pillay Sandrasegara
Independent Director

Elizabeth Sam
Independent Director

Mr Chia was appointed as an Independent Director on 8 June 2001 and became a Lead Independent Director on 28 February 2007. Last re-elected on 26 April 2007, he is the Chairman of the Nominating & Remuneration Committee and a member of the Audit & Risk Committee.

Mr Chia is the Deputy Chairman and Group Chief Executive Officer of Hup Soon Global Corporation Limited. He also serves on the board of several private and public-listed companies, including F J Benjamin Holdings Ltd, Fraser and Neave Ltd, SP Power Grid Limited and Singapore Post Limited. From 1986 to 2004, Mr Chia was a Director of PAMA where he was responsible for private equity investments and from 1995 to 2004, he was President of PAMA. Mr Chia also previously 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. Since January 2004, Mr Chia was named a Trustee of the Singapore Management University.

Mr Chia was previously a Director of The Hour Glass Limited, KorAm Bank Co Ltd (Korea), Magnecomp Precision Technology Public Co Ltd (Thailand), Meritz Securities Co., Ltd (Korea), and Macquarie Pacific Star Prime REIT Management Limited. He holds a Bachelor of Science cum laude degree, majoring in Management, from the Fairleigh Dickinson University, United States of America.

Mr Pillay was appointed as an Independent Director on 1 March 2004. Last re-elected on 28 April 2006, he is the Chairman of the Audit & Risk Committee and a member of the Nominating & Remuneration Committee.

Mr Pillay is the Managing Partner of WongPartnership LLP and a Director of its joint law venture firm, Clifford Chance Wong Pte Ltd. He has 19 years of experience in the legal industry and his main area of practice is Mergers and Acquisitions. Mr Pillay is a Trustee of the Singapore Management University as well as a member of the Advisory Board of its Law School. Besides being a Board Member of the Accounting and Corporate Regulatory Authority of Singapore, he is a Director of Babcock & Brown Structured Finance Fund Limited, CapitaRetail China Trust Management Limited, Changi Airports International Pte Ltd, Hup Soon Global Corporation Limited, MOH Holdings Pte Ltd, Alexandra Health Pte Ltd, SP Services Limited and The Ascott Group Limited.

Mr Pillay was previously on the Boards of Beyonics Technology Limited, Hiap Seng Engineering Ltd and Power Seraya Ltd. He holds a Bachelor of Laws (Hons) from National University of Singapore and a Master of Laws from Cambridge University. He was admitted to the Singapore Bar in 1989.

Mrs Sam was appointed as an Independent Director on 23 March 2004. Last re-elected on 28 April 2006, she is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

Mrs Sam is principally engaged in consultancy work. She is also a Director of Boardroom Limited, SC Global Development Ltd, AV Jennings Ltd, Kasikorn Bank, ST Asset Management Ltd and Nippecraft 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, Board 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 until its merger with the Stock Exchange of Singapore, and served as its Chairman from 1987 to 1990 and from 1993 to 1996. She has also been a member of the Singapore Institute of Directors since April 1999.

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

MANAGEMENT
TEAM

From left to right: Bernold Olaf Schroeder, Chiang See Ngoh Claire, Arthur Kiong Kim Hock

Chiang See Ngoh Claire
Managing Director, Retail Operations

Claire Chiang See Ngoh is Managing Director, Retail Operations. She is responsible for the strategic direction, management and operation of the Banyan Tree and Angsana Galleries. She is also Senior Vice President, Retail, a position she has held since January 2004. Before her re-designation as Managing Director in March 2005, she served as Executive Director of Banyan Tree Gallery (Singapore) Pte Ltd (``BTG(S)´´) from August 2000. Her previous appointments include Director, Group Human Resource of Wah-Chang International Corporation (Singapore) Pte Ltd from 1992 to 1995 and Director, BTG(S) from 1995 to 2000.

Ms Chiang served two terms as a Nominated Member of Parliament in Singapore from 1997 to 2001. She is also one of two women to be elected to the Board of the Singapore Chinese Chamber of Commerce and Industry, which for 89 years had admitted only men. Her public service portfolios include Co-Chairperson of the National Tripartite Initiative on Corporate Social Responsibility, President of the Singapore Compact, Chairperson of Employer Alliance, an appointment by the Ministry of Manpower, and Co-Chairperson in Making Businesses Pro-Family Workgroup and the Partner Connection Fund under the charge of the Ministry of Community Development, Youth and Sports.

Ms Chiang holds a Bachelor of Arts and Social Science (Sociology) from National University of Singapore, a Master of Philosophy from University of Hong Kong, and a Master of Arts (Translation) from University of Sorbonne, Paris. She is the wife of the Executive Chairman, Mr Ho KwonPing.

Bernold Olaf Schroeder
Managing Director, Hotel Operations

Bernold Olaf Schroeder is Senior Vice President and Managing Director, Hotel Operations. He is responsible for all operational aspects of the hotel portfolio and the business development and expansion activities of the Group. Prior to these appointments in 2005, he was Vice President of Operations from January 2004. He joined Banyan Tree in 1997 and has served in various capacities, including General Manager of Banyan Tree Maldives from 1997 to 2001, Area Director of Indian Ocean from 1998 to 2001, Vice President of Business Development from 1999 to 2003, and General Manager of Banyan Tree Bangkok, a position he has held since 2001. He previously worked at the Hyatt Corporation based in New York and the Holiday Inn Asia Pacific in Hong Kong. Mr Schroeder has a Certificate Expert in hotel business matters from the Chamber of Industry and Commerce Karlsruhe, Germany.

Arthur Kiong Kim Hock
Managing Director, Sales & Marketing

Arthur Kiong Kim Hock is Senior Vice President and Managing Director, Sales & Marketing. He oversees the management and development of our worldwide sales and marketing efforts and strategies. Prior to this, he was with the Peninsula Hotel Group in Hong Kong, and The Ritz-Carlton Hotel Company in New York. Mr Kiong holds a Higher Diploma in Hotel Management from the Singapore Hotel Association Training and Education Centre (SHATEC).

From left to right: Surapon Supratya, Ho KwonCjan, Tee Hwee Liang

Ho KwonCjan
Managing Director, Design Services

Ho KwonCjan is Senior Vice President and Managing Director, Design Services. He heads and oversees the project and design teams. Before his re-designation as Managing Director in March 2005, he was Joint Managing Director of 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 (Hons) from 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.

Tee Hwee Liang
Senior Vice President, China Desk

Tee Hwee Liang is Senior Vice President, China Desks. He is responsible for resorts development in China. He is also a director at Lijiang Banyan Tree Hotel, Ringha Banyan Tree Resorts and Lhasa Banyan Tree Hotel. Mr Tee holds a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore.

Surapon Supratya
Deputy Chairman,
Laguna Resorts & Hotels (LRH)

Surapon Supratya is Senior Vice President and Deputy Chairman, Laguna Resorts & Hotels (LRH). He has been a member of the Board of LRH since 1996 and previously served as its Group Managing Director. He was also Joint Managing Director and Chief Financial Officer of Thai Wah Public Company Limited. Prior to that, he was Financial Controller of Thomson Television (Thailand) and Louis T. Leonowens (Thailand). A Certified Public Accountant, Mr Surapon holds a Bachelor of Accountancy from Chulalongkorn University, Thailand, and a Master of Accountancy from Thammasat University, Thailand.

MANAGEMENT
TEAM

From left to right: Dharmali Kusumadi , Eddy See Hock Lye, Paul Chong

Eddy See Hock Lye
Chief Financial Officer

Eddy See Hock Lye is Vice President and Chief Financial Officer. Prior to joining the Group in April 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 University of Auckland and is an Associate Chartered Accountant, New Zealand.

Paul Chong
Vice President, Business Development

Paul Chong is Vice President, Business Development. He oversees the global development team and all legal matters related to business development and the expansion of the group internationally. Mr Chong 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 (Hons) from National University of Singapore.

Dharmali Kusumadi
Vice President, Design Services

Dharmali Kusumadi is Vice President, Design Services. He is responsible for the design and planning of properties managed by Banyan Tree. Prior to joining the Group in November 1991, he was the Planning and Development Head of LG Group, Bali, and 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.

From left to right: Aileen Tay, Susan Lo Hung, Michael Lee

Susan Lo Hung
Vice President, Sales

Susan Lo Hung is Vice President, Sales. She is in charge of our China properties and responsible for the group's sales and marketing activities in China. Ms Lo was previously Vice President, Business Development (China). She was also Head, Sales and Marketing, Spa from 2002 to 2006. She is a member of the Management Development Institute of Singapore and French Chamber of Commerce in Singapore. Ms Lo holds a Bachelor of Business Administration in Travel Industry Management from University of Hawaii, and was awarded Golden Key of National Honors Society.

Michael Lee
Vice President, Marketing Systems & Services

Michael Lee is Vice President, Marketing Systems & Services. He has over 20 years of experience in the travel, banking and hospitality sectors. He most recently served as CEO of Raffles Marina Limited. He previously held 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 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 Chartered Institute of Marketing, UK, and a member of the Chartered Financial Analyst Institute, CFA (USA).

Aileen Tay
Vice President, Sales

Aileen Tay is Vice President, Sales. She is in charge of our properties in the Maldives, responsible for group sales for all Banyan Tree resorts as well as Angsana resorts in the Maldives, Indian Ocean. She joined the Group in 2000 to launch the first Angsana resort in Bintan, Indonesia. Prior to that, she was Director of Sales at the Marina Mandarin, Singapore. She has extensive experience in the hotel industry ranging from operations to sales. Ms Tay holds a Bachelor of Commerce from University of Western Australia.

MANAGEMENT
TEAM

From left to right: Hokan Limin, Shankar Chandran, Michael Ramon Ayling, John Searby

Michael Ramon Ayling
Managing Director, LRH

Michael Ramon Ayling is Vice President and Managing Director, LRH. He oversees the operations of LRH which include the hotel, property sales and timeshare businesses. Mr Ayling joined LRH in September 2000 as Assistant Vice President, Finance. He was promoted to Deputy Managing Director/Vice President, Finance in February 2005 and to Managing Director, Laguna Phuket in July 2006, and then to his current position in August 2007. Prior to joining LRH in 2000, 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 (Hons) from Manchester Metropolitan University, UK.

Hokan Limin
Vice President, Hotel Finance

Hokan Limin is Vice President, Hotel Finance. He oversees the implementation of policies and procedures, and is in charge of internal controls. He also recruits and manages financial controllers in the Group's hotels, and coordinates and oversees hotel pre-opening activities. Prior to joining the Group in 1999, Mr Limin worked at several five-star resort chains including Shangri-la, Hyatt and Inter-Continental resorts. He holds a Bachelor Degree of Finance and Accountancy from Trisakti University, Jakarta, Indonesia.

Shankar Chandran
Managing Director, Spa Operations

Shankar Chandran is Vice President and Managing Director, Spa Operations. From 2001 to 2004, he served as Group Executive (Corporate) Director and from 1997 to 2001 served 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.

John Searby
Vice President, Corporate (Mexico)

John Searby is Vice President, Corporate (Mexico). He is responsible for the corporate activities of the Group in Mexico and the Americas. Mr Searby joined the Group in June 2002 as Area Financial Controller with responsibility for the financial management of the Group's interests in Phuket. Prior to joining the Group, Mr Searby worked in Australia for various hotel and hospitality companies including Ritz Carlton, Stamford Hotels and Ramada Hotels and Resorts. A British national, he is a member of the Institute of Chartered Accountants in England and Wales.

From left to right: Sachiko Shina, Maximilian Lennkh, Emilio Llamas Carreras, Marina Kleiman

Emilio Llamas Carreras
Area General Manager (Mayakoba)

Emilio Llamas Carreras is Vice President and Area General Manager, Mayakoba. Prior to joining the Group in April 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.

Marina Kleiman
Vice President, Hong Kong

Marina Kleiman is Vice President, Hong Kong. She is responsible for the sales and marketing activities of the Group in Hong Kong. Ms Kleiman was previously the Group's Assistant Vice President of Sales and Market Development for Hong Kong, Spain, South Africa and South America. Prior to joining Banyan Tree Hong Kong Regional Sales Office, she worked in Banyan Tree Phuket and Banyan Tree Bintan as part of the Opening Team, and assisted with training the team in Banyan Tree Maldives. Ms Kleiman holds a certificate equivalent to Bachelor of Arts from Teatro Nacional General San Martin on Contemporary Dance, Buenos Aires Argentina. She also has a certificate of meritorious achievement, from Damelin Management School in South Africa.

Maximilian Lennkh
Area General Manager (Yunnan and Hainan)

Maximilian Lennkh is Vice President and Area General Manager (Yunnan and Hainan). He leads, coordinates and supervises the overall operational activities of the Group's properties in Southern China. Mr Lennkh joined Banyan Tree in July 2001 as Area General Manager, Maldives Business Area. Since then, he has held the positions of General Manager, Banyan Tree Seychelles and Area General Manager, Yunnan Business Area (China). Mr Lennkh comes from a well-established, all-round hospitality background which he gained by working in several areas of hotel operations for high-end chains such as Hilton and Sheraton Hotels. He is fluent in German, English, Portuguese and Spanish, and is a holder of various hotel management certifications, one of them issued by London Business School.

Sachiko Shina
Vice President, Japan

Sachiko Shina is Vice President, Japan. She leads, coordinates and supervises the overall operational, sales and business development activities for the Group in Japan. Ms Shina joined the Group in July 1995 as Sales and Marketing Manager GSA, Japan. In January 2000 she became Director of Sales, Japan and was later promoted to Assistant Vice President, Sales & Business Development in May 2006. Ms Shina is fluent in Japanese and English.

IN GOOD COMPANY

Banyan Tree **Spa**

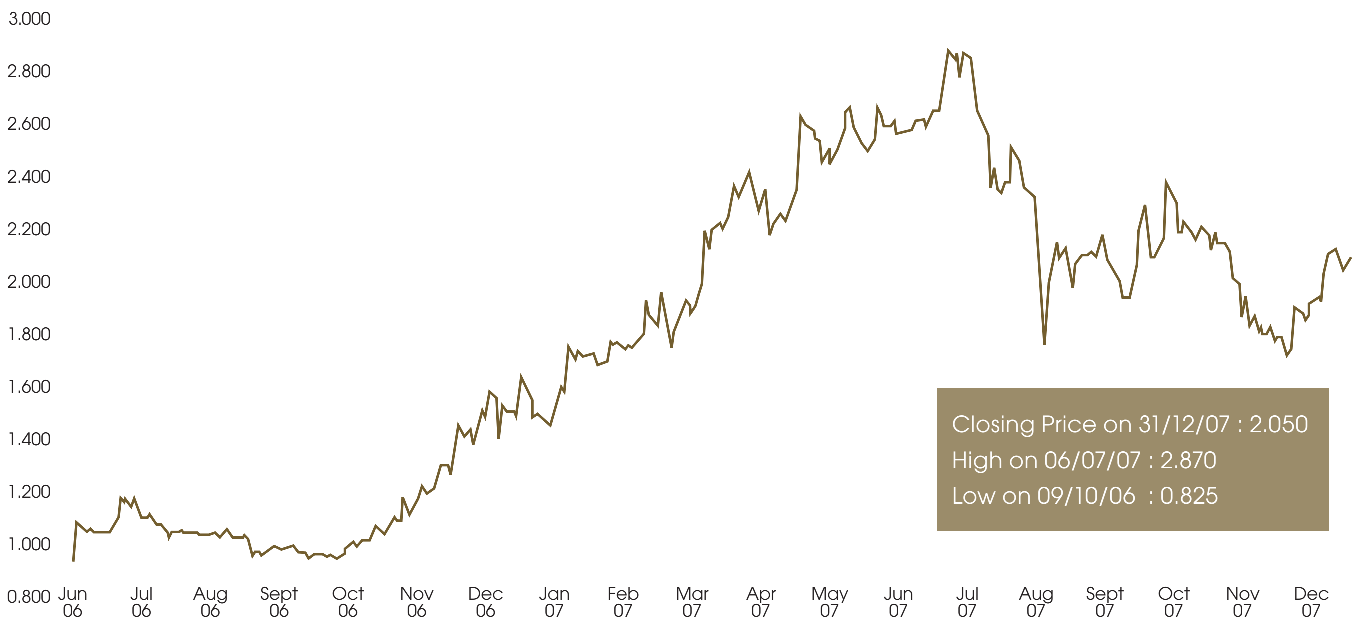
Pioneer of the tropical garden spa, Banyan Tree Spa incorporates an exotic blend of wellness remedies passed down through the generations. Our dedicated Spa therapists are graduates of Banyan Tree Spa Academy to ensure guests enjoy a consistently high quality service. This exceptional quality has been recognised by the travel trade with Banyan Tree Spa winning Best Spa Operator for three consecutive years in TTG Travel Awards.

FINANCIAL HIGHLIGHTS 2007

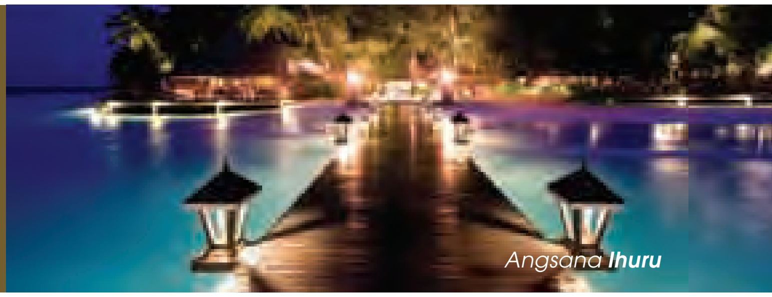
Banyan Tree Group	2004 S$m	2005 S$m	2006 S$m	2007 S$m
Revenue	218.8	187.3	335.3	421.9
EBITDA	79.7	34.7	111.4	122.5
Profit before tax (PBT)	60.9	3.5	66.9	126.5
Profit before tax (PBT) & EI	60.9	3.5	74.7	81.9
Profit after tax (PAT)	49.5	(0.0)	42.4	102.4
Profit after tax & MI (PATMI)	30.4	1.0	27.1	81.9
Profit after tax & MI (PATMI) before EI	30.4	1.0	33.5	37.3
EBITDA margin	36%	19%	33%	29%
PATMI margin	14%	1%	8%	19%
PATMI before EI margin	14%	1%	10%	9%
Per share ($)				
Basic & Diluted earnings	0.051	0.002	0.039	0.108
Net tangible asset including MI*	0.547	0.528	0.636	1.074
Net tangible asset excluding MI*	0.315	0.309	0.436	0.760
Debt equity ratio	0.25	0.70	0.45	0.41

* 2004-2006 NTA per share have been calculated based on the sub-division of each of our ordinary shares into two ordinary shares.

Banyan Tree• Share Performance (S$)

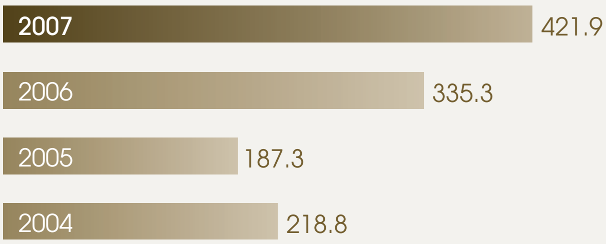


• Banyan Tree Holdings Limited was listed on 14 June 2006



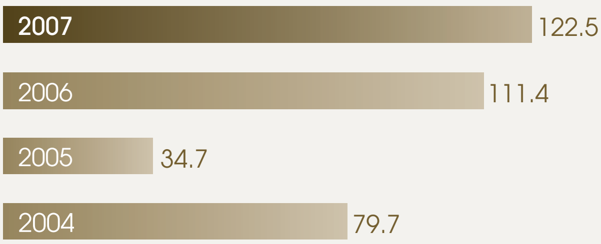
Growth (2007 vs 2006)

Revenue (S$m)



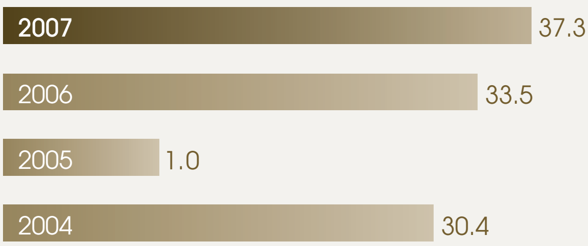
+26%

EBITDA (S$m)



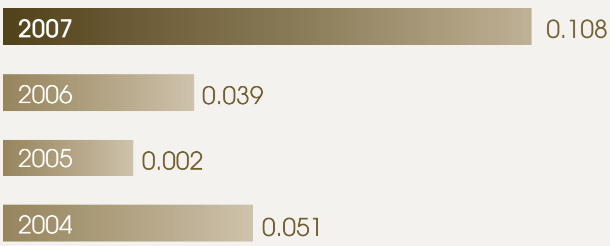
+10%

PATMI before EI (S$m)



+11%

Earnings per share (S$)



+177%

GROUP AT A GLANCE

Banyan Tree Group

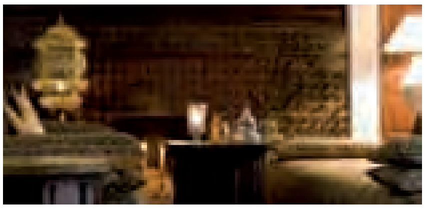
Banyan Tree Holdings is a leading global manager and developer of premium resorts, hotels and spas. The Group's business centres on our two award-winning brands: Banyan Tree and Angsana.

Group description

The Group's revenue comes from seven business segments: hotel investments, hotel management, hotel residences, spa operations, property sales, gallery operations, and design fees and others.

Key facts

- Owns and/or manages 23 resorts, 64 spas and 65 galleries.
- Listed on the Singapore Exchange since 14 June 2006.
- Included in MSCI Small Cap Index on 3 May 2007.
- Included in FTSE ST Mid Cap Index on 10 Jan 2008.



Hotel investments

Banyan Tree owns and manages luxury hotels under our own brands as well as hotels that are managed by other world-class operators.

Key facts

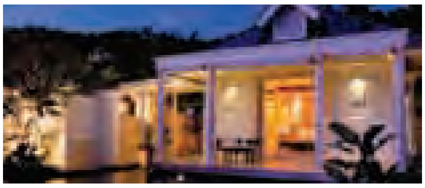
- Equity Interest in 15 hotels, comprising over 1,600 keys.
- New resorts being developed in China, Maldives and Vietnam.

Hotel management

We manage properties under the Banyan Tree and Angsana brands for other owners as well. This is mostly done under straightforward management agreements. We also managed the Banyan Tree Private collection, an asset-backed destination club.

Key facts

- Signed 13 new management agreements in 2007.
- Number of keys under hotel management will exceed 8,000 by 2011.

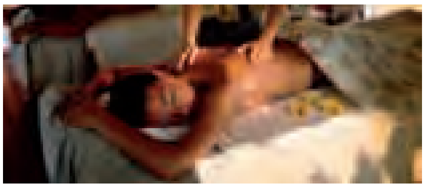


Hotel residences

Properties are primarily sold under the brand name "Banyan Tree Residences", which are part of our hotel operations.

Key facts

- Initial revenue was from sale of Double Pool Villas in Banyan Tree Phuket.
- Banyan Tree Residences are now available for sale in Phuket, Seychelles, Lijiang, Bintan and Bangkok.

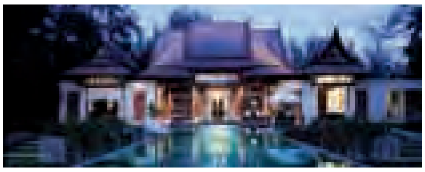


Spa operations

We manage spas within our own resorts and also in other developers/owners' hotels and resorts. We pioneered the tropical garden spa concept.

Key facts

- 64 spas worldwide.
- We added two new training facilities, Banyan Tree Lijiang in Yunnan Province, China and Banyan Tree Bangkok. This is in addition to our cornerstone Banyan Tree Spa Academy in Phuket and facility in Bintan.



Property sales

Properties are sold by our subsidiary company Laguna Resorts & Hotels and its subsidiaries. We also manage Laguna Holiday Club, a timeshare vacation club memberships.

Key facts

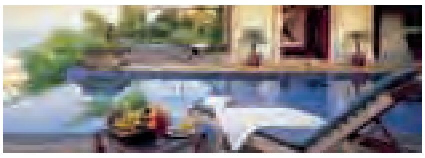
- All property sales are currently in Laguna Phuket.
- Primarily townhomes & bungalows located within the vicinity of our resorts but not part of hotel operation.

Gallery operations

The retail arm of the group, Banyan Tree Gallery supports indigenous artistry, livelihoods of village artisans and environmental conservation.

Key facts

- Comprises Banyan Tree Galleries, Angsana Galleries and Museum Shops by Banyan Tree.
- Produced 43 collections of over 280 products.
- Partners 49 not-for-profit organisations.



Design fees & others

We receive fees for design services and income from operating golf clubs. Most of our resorts are planned and designed by our in-house architectural and design team.

Key facts

- Construction of new resorts determines revenue from design fees.
- Operate two golf clubs (Bintan and Phuket).

Group Revenue

The Group's revenue grew by 26% to S$421.9 million and delivered a PATMI before exceptional item of S$37.3 million.

Total Revenue (S$m)

2007	421.9
2006	335.3

Group Revenue

+26%

Strong Showing

Our resorts in Thailand saw revenue growth of S$32.5 million or 25%, despite political uncertainties.

Our resorts in China saw revenue growth of 132%, affirmation of our presence in China.

Revenue (S$m)

2007	215.0
2006	169.6

Banyan Tree Lijiang's RevPAR

+68%

Global Expansion

The Group's rapid expansion plans have projected the number of hotels managed to exceed 65 by 2011.

Revenue (S$m)

2007	14.7
2006	7.0

Hotel Management revenue

+110%

Banyan Tree Lijiang

The newly launched Banyan Tree Residences in Lijiang was well received with 14 villas sold at year end at an average price of US$1.0 million.

Revenue (S$m)

2007	46.3
2006	47.3

Total number of Villas sold

+288%

New additions

11 new spas were opened in 2007, with the main focus on expansion in China.

Revenue (S$m)

2007	24.9
2006	22.1

Banyan Tree Spa outlets

+21%

Strong Growth

Our property sales in Laguna Phuket continued its strong sales growth in 2007 with revenue increased by S$18.6 million.

Revenue (S$m)

2007	86.0
2006	62.4

Property sales revenue

+38%

Expanding its Reach

The Division currently manages 29 Banyan Tree Galleries, 33 Angsana Galleries and 3 Museum Shops by Banyan Tree.

Revenue (S$m)

2007	10.7
2006	10.8

Gallery outlets

+18%

Awards Recognition

Won 6 Prestigious design awards since 2006 for our two resorts in China, Banyan Tree Lijiang and Banyan Tree Ringha.

Revenue (S$m)

2007	24.2
2006	16.1

Design Fees revenue

+42%

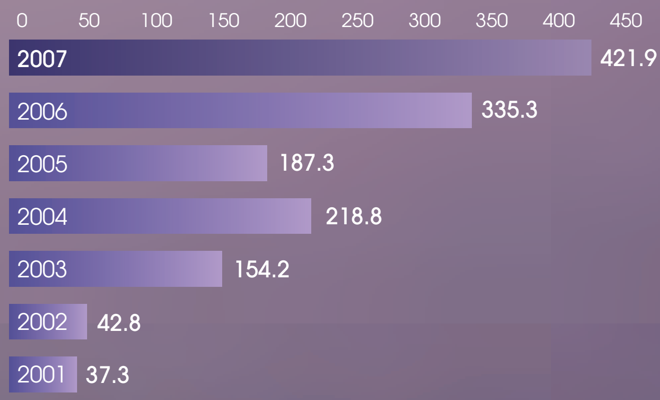
SETTING OUR SIGHTS HIGHER

It has always been Banyan Tree's vision to be a global business with a string of properties strategically spread around the globe. With the international travel industry enjoying a boom in recent years, we have been quick to ride on this growth by creating products and services that cater to growing international demand for luxurious, romantic travel experiences.

From our maiden property in Phuket, Banyan Tree has rapidly spread its branches to many parts of the world. At the end of 2007, we had 23 resorts, 64 spas and 65 galleries in more than 20 countries across Asia, the Middle East, Africa and Europe. In 2008, we will have a presence in the Americas as well. The success of our Banyan Tree and Angsana resorts, spas and galleries continues to validate the universal appeal of our brand of hospitality.

As we enter a phase of accelerated expansion, we are confident that we have in place the physical infrastructure, capacity, and talents to see us through our efforts to be a truly global brand.

REVENUE (S$m)



Banyan Tree **Bangkok**

This former helipad was transformed into the award-winning alfresco restaurant and bar. Offering panoramic views of the busy streets of Bangkok, Vertigo Grill and Moon Bar is the result of continual innovation – which permeates the brand and culture of the Group. Banyan Tree Bangkok is also on the Gold List of Best Hotel for Rooms by Conde Nast Traveller (UK).

ACCELERATED EXPANSION

+59% | From 22 countries in 2007 to 35 countries by 2011

+73% | From 52 locations in 2007 to 90 locations by 2011

+204% | From 23 resort & hotels in 2007 to 70 resort & hotels by 2011

+301% | From 2,330 keys in 2007 to 9,349 keys by 2011

+94% | From 64 spas in 2007 to 124 spas by 2011

Greater breadth and depth

2007 was a year in which our businesses expanded in breadth and depth. The number of resorts and hotels in which we have an equity interest rose from 13 in the previous year to 15 in 2007, and in terms of number of keys from 1,610 to 1,669. For those which we do not own, they increased from seven in the previous year to eight in 2007, and in terms of keys, from 588 to 661.

Going forward, resorts and hotels which we do not own but manage will become more significant as they will occupy a larger share of our portfolio of properties. They will account for some 60% of the new properties coming on stream from 2008 to 2011. In the year under review, we signed 13 long-term management contracts, in addition to 19 signed in 2006. This trend shows that our strategy of expansion by unlocking the Banyan Tree brand value is bearing fruit.

Equally important was the growth in terms of geographical reach. In 2007, we added resorts to our key regions of Indian Ocean and North Africa. Banyan Tree Madivaru opened in the Maldives in May and the Angsana Riads Collection Morocco in Marrakech in December. Already redefining the luxury accommodation experience in Morocco in a short span of time, Angsana will be adding more riads in the country in 2008.

We also made considerable inroads into the Middle East, another key growth region for the Group. In 2007, we opened two managed properties there. The 5-star Royale Hayat Private Hospital, Safat in Kuwait marked our foray into medical tourism. Over in Bahrain, we launched the Banyan Tree Desert Resort & Spa, Al Areen to coincide with the Formula One Grand Prix in the Kingdom.

Substantial groundwork has been laid which will see us sink our roots deeper into the Middle East. Twelve projects are in the offing with more than half of these in the UAE, the gateway to the region. Angsana Hotel & Suites in Dubai, a deluxe urban hospitality project, is scheduled to open in the heart of the city in 2008.

2008 will see us extending our reach to the Americas. Banyan Tree Mayakoba in Mexico will open at the end of 2008. We will be the only Asia-based hospitality firm to be in the exclusive company of selected international luxury brands in this Mexican integrated resort. We will also deepen our presence in existing territories with the opening of two Banyan Tree seaside resorts in Bali and Hainan.

Beyond 2008, the Banyan Tree brand will be winning more converts to its concept properties by opening in Greece, Turkey, Oman, India, Vietnam and widening its presence in China and Thailand.

Our spa business, a major beneficiary of our resort and hotel growth, has also been making impressive gains by itself. Already the largest spa operator in Asia, we added 11 more outlets in 2007 bringing the total to 64. Of the new spas, eight were outlets in third-party properties. Again this points to the strength of our brand and its strong association with quality massage therapies. The growth of our spa business was also well spread geographically. We opened new outlets in Bahrain, the Maldives, on board The World cruise ship, China, Ireland, Japan, Australia, Guam and Morocco. Devotees of our therapies can expect to find our spas in more corners of the world in the next few years.

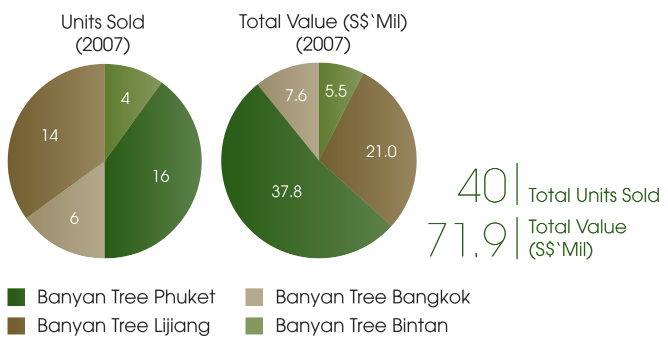
Growing property business

Our property business including branded hotel residences made great strides as well in 2007. We sold 113 properties, surpassing the previous year's record of 100 units. Properties branded under our new concept "Banyan Tree Residences" benefited from a successful launch in Hong Kong and London. The concept groups together Banyan Tree properties from Phuket, Bintan, Bangkok, Lijiang and the Seychelles. We also held several roadshows in Moscow, Shanghai and Singapore. The favourable reception generated sales of 40 units, of which Phuket accounted for 40%, followed closely by Lijiang, with the rest shared between Bangkok and Bintan.

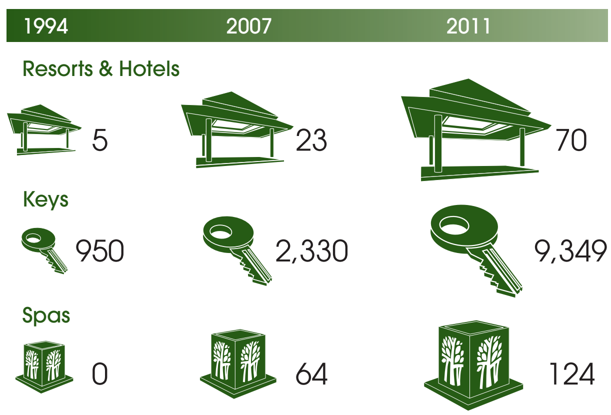
New recurring fee-based income

During the year, we developed a new business which will bring in additional streams of income for the Group. This real estate-related fund management business will generate more opportunities for our various segments to improve their earnings and also they will provide the Group with a new source of recurring fee-based income – fund management fees. Our first product, the Banyan Tree Indochina Hospitality Fund, was launched in January 2008. By the end of February 2008, the fund had attracted US$100 million between the group and two other cornerstone investors. We hope to raise up to US$400 million by late 2008 to finance our Laguna Vietnam development located at a 280 ha coastal site in Central Vietnam. We also plan to launch another fund which will invest in our projects in China.

Successful Launch of Banyan Tree Residences



Rapid Growth Since Inception



UNCOVERING
TRUE VALUE

"Our integrated capabilities underpin our unique position vis-à-vis other players in the industry. Banyan Tree is not just a hotel/spa operator; it is also a property investor, manager, and developer."

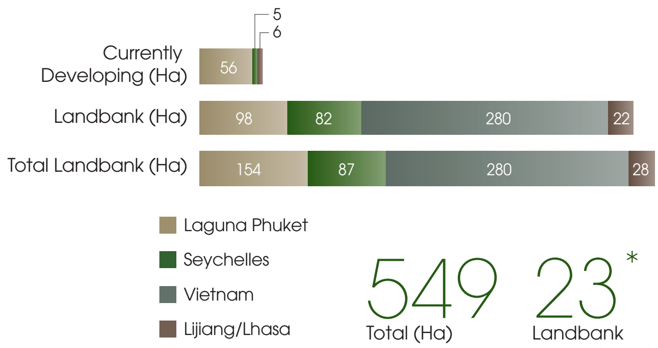
Enlarged pipeline

The Group's large lineup of projects coming on stream in the next few years does not reflect our only capacity for greater growth. We also have a 549 ha landbank that is spread over Phuket, the Seychelles, Vietnam, Lijiang and Lhasa for hotel residences and property sales. Some 12% of it is currently under development. The total landbank provides us with an enlarged pipeline that will last us 23 years assuming we build 100 villas a year, our historical average.

Integrated business model

The Group has seven key business segments: hotel investment, hotel management, hotel residences, property sales, spa operations, gallery operations, and design and other services. These businesses offer products and services that complement each other thereby enhancing the overall bottomline. Our web of interlocking capabilities has helped us secure an increasing number of high margin, long-term management contracts without intensive capital outlay.

Available Landbank for Property & Hotel Residences

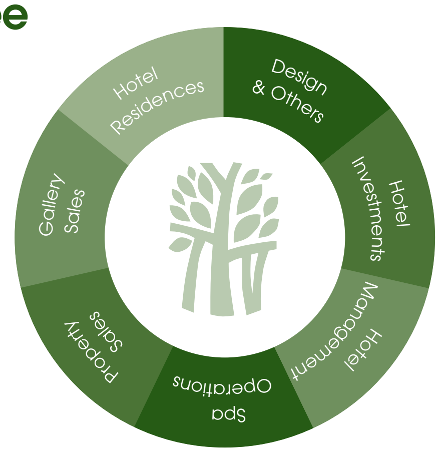


549 Total (Ha)

23* Landbank Usage (Years)

* 1.Assuming landbank allocated for property sales is 30% of total landbank.
2. Average size of Banyan Tree Villa is approximately 350 - 550 sqm (1 Ha = 10,000 sqm)
3. Assuming 70% allocated for buildable area and 30% for infrastructure.
4. Based on historical average of 100 units sold p.a.

Banyan Tree integrated model of multiple businesses



True value of Banyan Tree = Sum of its 7 key business segments

Banyan Tree ***Madivaru***

Our wholistic business model has resulted in healthy revenue and earnings growth over the years. In 2007, we recorded a total revenue of S$421.9 million, a marked 26% rise over 2006. Operating profit was S$122.5 million, an increase of 10% over the previous year. Almost all segments contributed to the earnings growth with hotel investment bringing in the lion share of the takings, followed by property sales segment.

Our integrated capabilities underpin our unique position vis-à-vis other players in the industry. Banyan Tree is not just a hotel/spa operator; it is also a property investor, manager, and developer. Unlike the conventional hospitality business model, our integrated multiple businesses suggests that our true value lies in the sum of these parts.

Unlocking our brand value

Our business centres on two award-winning brands, each with a distinct personality. Banyan Tree comprises high-end luxury resorts and spas which resonate with highly affluent travellers seeking a luxury retreat with a focus on romance, intimacy and rejuvenation. Angsana, on the other hand, comprises contemporary resorts, city hotels and spas that appeal to a younger audience.

Both brands have garnered over 300 prestigious international and local honours since 1994 for their resorts, hotels, spas, design and corporate environmental programmes. Among them are those awarded by Condé Nast Traveler US, Condé Nast Traveller UK, Business Traveller, Travel+Leisure, TIME and Gold Key.

The growing reputation and value of both brands have allowed us to expand without putting a strain on our balance sheet. By signing up more management contracts, we not only extend our footprint globally but also monetise and unlock the value of the two brands. This asset-light approach is a key feature of our expansion strategy. Illustrative of this is our success in marketing hotel residences using our brands. In 2007, we sold 40 of these residences in Phuket, Bangkok, Lijiang and Bintan, a 150% increase over 2006.

Awards & Accolades by 2000
21
Awards & Accolades by 2007
352

BANYAN TREE

ANGSANA

SUSTAINING
GROWTH

"Banyan Tree today has some 7,000 people from 50 nationalities working in the Group. This diverse mix offers us the opportunity to create a unique Banyan Tree culture that transcends boundaries."

Building a Banyan Tree culture

As we put in place the hardware for our expansion, we have also not forgotten to develop our people, which are at the core of what makes Banyan Tree a great brand. They provide the vital competitive advantage that differentiates us from others in the competition. We continue to channel substantial resources into training our people so that the service quality at all outlets in any part of the world remains consistent. In 2007, we spent about S$340 per employee in training, 42% more than 2006.

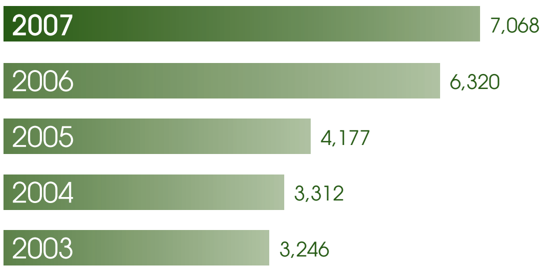
Banyan Tree today has some 7,000 people from 50 nationalities working in the Group. This diverse mix offers us the opportunity to create a unique Banyan Tree culture that transcends boundaries. In addition to skills-based training, we are now focused on cultivating in our people several core values that we hope over time will take root and evolve into an inimitable Banyan Tree culture.

More training infrastructure

At the end of 2007, we set up the Banyan Tree Management Academy at a cost of S$2.5 million to meet our growing human resource development needs. Slated to open in the first half of 2008 in Phuket, the Academy is a centralised unit that will consistently assess, nurture and maximise the talents of the organisation. The Academy has the bold vision of eventually developing into an internationally recognised, full-fledged hotel training school.

During the year, we also invested about S$210,000 in a new spa training facility, the Banyan Tree Lijiang Spa Academy in Yunnan, China. The Academy is our fourth spa training school after our cornerstone Banyan Tree Spa Academy in Phuket, and two training facilities in Bangkok and Bintan. These training centres provide us with a capacity to roll out 200 therapists a year.

Number of Staff



Staff increase since 2003

+118%

Banyan Tree ***Ringha***

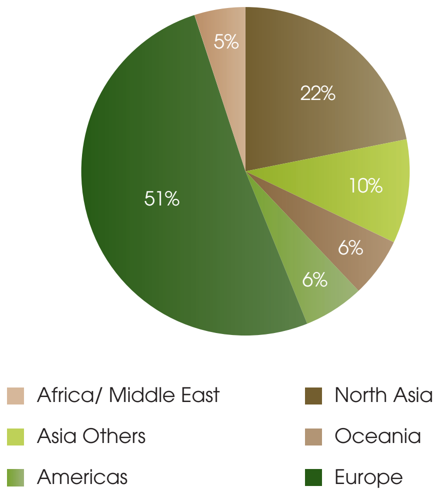
Protecting the brand

Apart from service quality that helps define the Banyan Tree experience, our in-house design and services capabilities also provide a crucial leg in supporting the brand, protecting it from dilution as we expand. As an added measure to protect the brand, we have set up a multidisciplinary pre-opening team to manage our global expansion. It comprises key executives from all our business segments and they bring to the table over 20 areas of operational expertise including food & beverage, housekeeping and engineering. This team will support the management in developing each new resort so that the Banyan Tree service standards continue to set the benchmark in luxury hospitality experience.

Diversifying customer profile

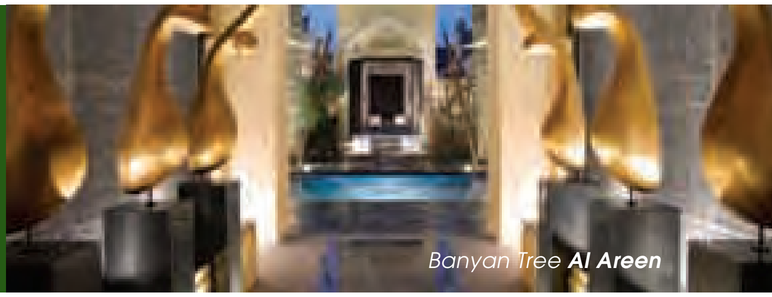
Not only is Banyan Tree represented in many parts of the world, our customer profile is also varied. As at end of 2007, about half of our hotel guests are from Europe, 22% from North Asia, 10% from other parts of Asia, and the rest are evenly spread among the Americas, Oceania, and the Middle East. While they differ in nationality, the customers we attract continue to be from the high-networth segment of the market, considerably more resistant to any swings in the economic cycle.

Hotel Guests Profile*



*Computed based on hotel room revenue of each region to the total hotel room revenue generated by Banyan Tree and Angsana resorts

AWARDS
AND ACCOLADES


Banyan Tree **Al Areen**

Banyan Tree & Angsana have won more than 300 prestigious International and local honours since 1994 for their resorts, hotels, spa, design and corporate environmental programmes. Some of these awards are listed below.

Corporate Awards

China Hotel Investment Summit 2007
Finest Resorts of the World Award

Investors' Choice Awards 2006 - 2007
Most Transparent Company
- Merit Award, New Issues/Hotel & Restaurants Category

Singapore 1000/SME 500 Awards 2006
50 Fastest Growing Companies

Hotel Awards

Andrew Harper's Hideaway Report 2007
Grand Award Winner – China

Conde Nast Traveller US 2007
Hot List/Gold List/
Readers' Choice Awards

Golden Pillow Award,
21st Century Business Herald 2007
Top Ten Most Favoured Resorts in China

Travel+Leisure US 2006-2007
Top 500 Hotels/
World's Best Awards

DestinAsian Readers' Choice Awards 2006
Best Hotels and Resorts – Top Phuket Hotel

Pacific Asia Travel Association Gold Awards 2004-2006
Grand Award – Heritage/Gold Award,
Marketing – Hotel & Resort

Business Traveller Magazine
– Asia-Pacific Readers' Poll 2002-2005
Best Resort Hotel in Asia Pacific

Travel Trade Gazette (TTG) Travel Awards 1997-2001/2002-2004
Best Resort Hotel/ Best Beach Resort

TIME Readers' Travel Choice Awards 2003
Favourite Resort Hotels

Thailand Tourism Awards
– Tourism Authority of Thailand 2002
Award of Excellence Tourist Accommodation (City)

The Asian Wall Street Journal & CNBN 1999
– The Asia Travel Award
Best Resort Hotel in Asia Pacific

Spa Awards

Conde Nast Traveller UK 2004-2007
Readers' Spa Awards/Readers' Travel Awards

SpaFinder 2005-2007
Readers' Choice Awards

TTG Travel Awards 2005-2007
Best Spa Operator

Middle East & North Africa (MENA) Travel Awards 2006
Best Spa Gold Award

Luxury Travel Gold List 2005
Best Overseas Spa Resort or Hotel

Design Awards

Marché International des Professionnels de l'Immobilier (MIPIM) Asia Awards 2007
Hotels & Tourism Resorts – Winner

Design For Asia Award 2006-2007
Grand Award

Gold Key Awards 2006
Best Hotel Design/Best Suite Design

Design For Asia Award 2006
Design for Asia Grand Award

CSR Awards

President of Maldives Green Resort Award 2002, 2004 & 2006
President of Maldives Green Resort Award

Pacific Asia Travel Association Gold Awards 2002 Grand Award
– Corporate Environmental Programme

MILESTONES

Banyan Tree ***Bintan***

2007/2008

Banyan Tree Desert Spa and Resort Al Areen, Banyan Tree Madivaru and Angsana Riads Collection Morocco open. The Group fully subscribes to LRH rights issue and sees shareholding in LRH increased from 51.78% to 65.75%. Banyan Tree establishes S$400 million Multicurrency Medium Term Note ("MTN") programme and successfully places out S$100 million from this programme.

The Group launches the Banyan Tree Indochina Hospitality Fund with a target fund size of between US$300 million and US$400 million by end 2008 to finance the development of Laguna Vietnam estimated to cost US$870 million. First phase of the fund attracts US$100 million between the group and two other cornerstone investors.

2006

Following its IPO offering, Banyan Tree Holdings Limited is listed on the Singapore Exchange. Following which, it received the Merit Award for the Most Transparent Company (New Issues category) at the 7th Investors' Choice Awards 2006, given out by Securities Investors Association of Singapore.

Banyan Tree Lijiang and Angsana Velavaru are launched. The Group introduces the Banyan Tree Private Collection, Asia's first asset-backed destination club offering perpetual and transferable membership.

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

2005

Colours of Angsana Maison Souvannaphoum Hotel opens in Laos. The Group's first Banyan Tree resort in China – Banyan Tree Ringha is launched in Shangri-la. The Group acquires Thai Wah Plaza, which houses Banyan Tree Bangkok.

2004

Colours of Angsana Deer Park Hotel opens in Sri Lanka.

2003

International Enterprise Singapore names Banyan Tree 'Singapore's Strongest Brand'. With the launch of Gyalthang Dzong Hotel in Shangri-la, Yunnan, China, Colours of Angsana is born.

2002

A strategic alliance is formed with the Oberoi Group of India to manage spas. Banyan Tree Seychelles is launched, and the Westin Banyan Tree is rebranded as Banyan Tree Bangkok.

2001

The Banyan Tree Spa Academy is set up to train therapists and research new treatment recipes and techniques. Angsana Maldives and Angsana Oasis are launched. The Green Imperative Fund is launched to formalise the Group's corporate social responsibility efforts.

2000

Angsana Resorts & Spa is launched with the opening of Angsana Bintan and Angsana Great Barrier Reef. Banyan Tree Holdings Pte Ltd is established. Banyan Tree Hotels & Resorts Pte. Ltd. and several subsidiaries which own and operate resorts, spas and galleries, become part of the Group.

1995-1999

Banyan Tree Vabbinfaru and Banyan Tree Bintan are launched.

1994

The Group's flagship resort – Banyan Tree Phuket – is launched in 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 & 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 Resort Hotel 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.

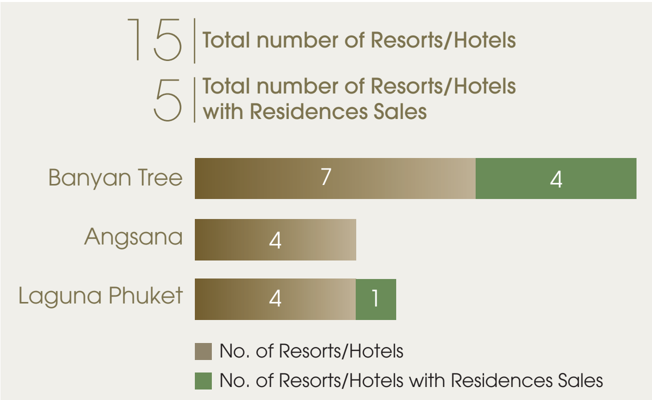
Banyan Tree **Ringha**

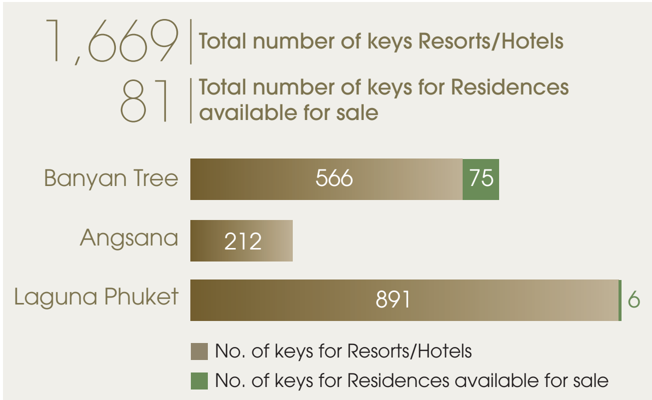
It is widely believed that the utopia James Hilton described in his book "Lost Horizon" was actually referring to Ringha. Voted Best Resort in the Asia-Pacific Business Traveller AP award.

AN APPETITE FOR EXPANSION

EXISTING PORTFOLIO

Resorts/Hotels With Equity Interest (Existing Resorts)





Existing Resorts

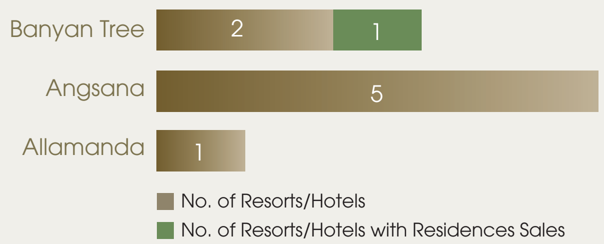
	No. of keys		
Resorts/Hotels With Equity Interest	Resorts/Hotels	Residences available for sale	Effective Equity (%)
Banyan Tree			
Banyan Tree Madivaru	6	-	100.0%
Banyan Tree Vabbinfaru	48	-	96.7%
Banyan Tree Ringha	32	-	96.0%
Banyan Tree Lijiang	55	11	83.2%
Banyan Tree Bangkok	216	18	65.8%
Banyan Tree Phuket	149	33	65.8%
Banyan Tree Seychelles	60	13	30.0%
Sub Total	566	75	
Angsana			
Angsana Riads Collection Morocco	35	-	100.0%
Angsana Resort & Spa Ihuru	49	-	96.7%
Colours of Angsana - Gyalthang Dzong Hotel	47	-	79.2%
Angsana Resort & Spa Velavaru	81	-	77.5%
Sub Total	212	-	
Laguna Phuket			
Dusit Laguna Resort	226	6	65.8%
Sheraton Grande Laguna Resort	334	-	65.8%
Laguna Holiday Club Phuket Resort	79	-	65.8%
Laguna Beach Resort	252	-	39.5%
Sub Total	891	6	
Grand Total	**1,669**	**81**	

Angsana ***Ihuru***

Resorts/Hotels Without Equity Interest (Existing Resorts)

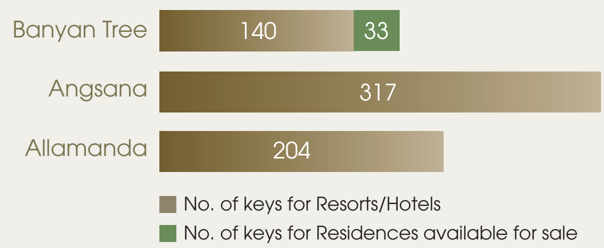
8 Total number of Resorts/Hotels

1 Total number of Resorts/Hotels with Residences Sales



661 Total number of keys for Resorts/Hotels

33 Total number keys for Residences available for sale



Existing Resorts (Continued)

	No. of keys	
Resorts/Hotels Without Equity Interest	Resorts/Hotels	Residences available for sale
Banyan Tree		
Banyan Tree Bintan	62	33
Banyan Tree Desert Spa & Resort, Al Areen	78	-
Sub Total	**140**	**33**
Angsana		
Angsana Resort & Spa Bintan	109	-
Angsana Resort & Spa Great Barrier Reef	65	-
Angsana Oasis Resort & Spa Bangalore	79	-
Colours of Angsana, Deer Park Hotel	40	
Colours of Angsana, Maison Souvannaphoum Hotel	24	-
Sub Total	**317**	**-**
Allamanda		
Allamanda Laguna Phuket	204	-
Grand Total	**661**	**33**

EXPANSION
OF EXISTING RESORTS (2008–2011)

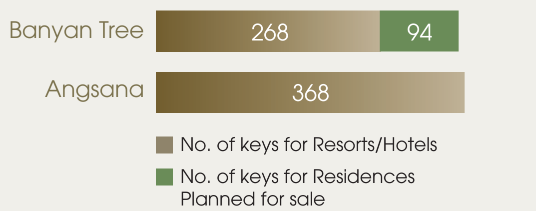
Resorts/Hotels With Equity Interest (Expansion of Existing Resorts)

6 | Total number of Resorts/Hotels

2 | Total number of Resorts/Hotels with Residences Sales

636 | Total number of keys Resorts/Hotels

94 | Total number of keys for Residences available for sale



Expansion of Existing Resorts

	No. of keys				
Resorts/Hotels With Equity Interest	Resorts/Hotels	Residences Planned for sale	Range of ARR (US$)	Effective Equity (%)	Year of Opening
Banyan Tree					
Banyan Tree Bangkok	72	24	100 - 200	65.8%	2008
Banyan Tree Lijiang Residences phase 1A & 1B	67	25	300 - 400	83.2%	2009
Banyan Tree Phuket	42	-	450 - 550	65.8%	2009
Banyan Tree Lijiang Residences phase 2	87	45	300 - 400	83.2%	2010
Sub Total	268	94			
Angsana					
Colours of Angsana Riads Collection Morocco	14	-	250 - 350	100.0%	2008
Colours of Angsana Velavaru	34	-	300 - 400	100.0%	2009
Colours of Angsana Lijiang	160	-	150 - 190	83.2%	2010
Colours of Angsana Lijiang Residences	160	-	150 - 190	83.2%	2011
Sub Total	368	-			
Grand Total	**636**	**94**			

Banyan Tree **Al Areen**

Resorts/Hotels Without Equity Interest (Expansion of Existing Resorts)

2 | Total number of Resorts/Hotels

0 | Total number of Resorts/Hotels with Residences Sales

30 | Total number of keys for Resorts/Hotels

0 | Total number keys for Residences available for sale

Expansion of Existing Resorts (Continued)

	No. of keys			
Resorts/Hotels Without Equity Interest	Resorts/Hotels	Residences Planned for sale	Range of ARR (US$)	Year of Opening
Banyan Tree				
Banyan Tree Bintan	20	-	300 - 400	2009
Angsana				
Colours of Angsana Maison Souvannaphoum	10	-	50 - 100	2009
Grand Total	30	-		

STRONG PIPELINE
OF NEW PROJECTS (2008–2011)

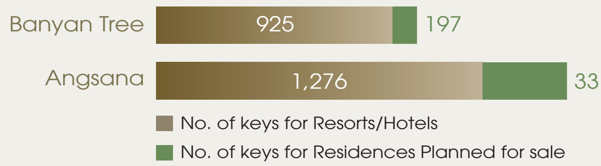
Resorts/Hotels With Equity Interest (Resorts In The Pipeline)

20 | Total number of Resorts/Hotels

7 | Total number of Resorts/Hotels with Residences Sales

2,201 | Total number of keys Resorts/Hotels

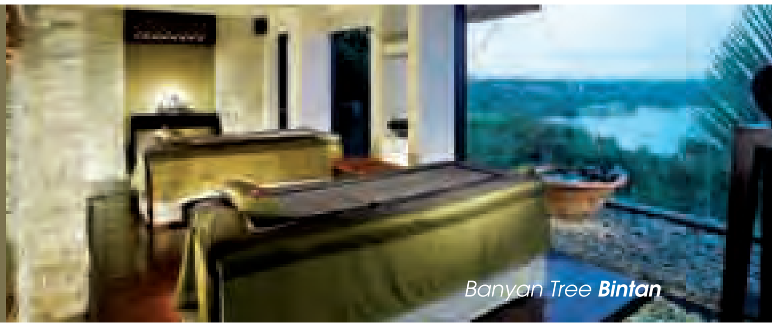
230 | Total number of keys for Residences available for sale



Resorts In The Pipeline

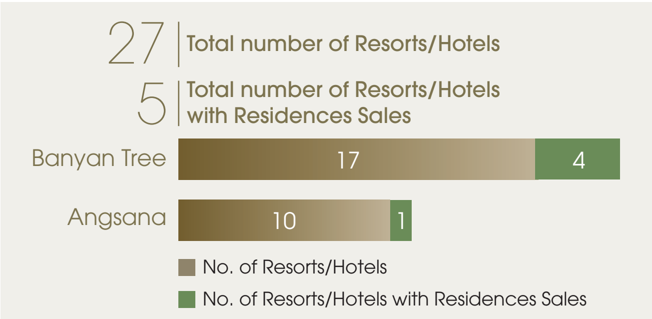
	No. of keys					
Resorts/Hotels With Equity Interest	Resorts/Hotels	Residences Planned for sale	Range of ARR (US$)	Effective Equity (%)	Equity (S$m)	Year of Opening
Banyan Tree						
Mayakoba, Mexico	102	30	800 - 950	20.0%	10	2008
Ras Al Khaimah, UAE	101	-	820 - 1,000	15.0%	5	2008
Punta Diamante, Mexico	46	-	850 - 1,000	15.0%	5	2009
Kerala, India	60	-	420 - 470	15.0%	TBA	2009
Los Cabos, Mexico	65	91	870 - 1,200	19.9%	6	2009
Jiuzhaigou, China	100	-	320 - 370	100.0%	17	2010
Guilin, China	112	18	300 - 350	100.0%	12	2010
Lhasa, China	52	-	300 - 350	100.0%	18	2010
Vietnam	75	45	300 - 350	100.0%	19	2010
Monte Xanic, Mexico	42	13	800 - 900	19.9%	3	2010
Chamela, Mexico	100	-	820 - 1,100	19.9%	6	2010
Dinaran Island, Philippines	70	-	TBA	TBA	TBA	2011
Dun Huang, China	TBA	TBA	TBA	100.0%	TBA	2011
Sub Total	925	197			101	
Angsana						
Jiuzhaigou, China	300	-	180 - 220	100.0%	17	2010
Vietnam	320	-	160 - 210	100.0%	38	2010
Guilin, China	120	-	180 - 220	100.0%	17	2010
Lhasa, China	157	-	150 - 190	100.0%	25	2010
Lijiang, China	113	15	150 - 190	83.2%	24	2010
Phuket, Thailand	116	18	165 - 210	65.8%	24	2010
Dinaran Island, Philippines	150	-	TBA	TBA	TBA	2011
Sub Total	1,276	33			145	
Grand Total	**2,201**	**230**			**246**	

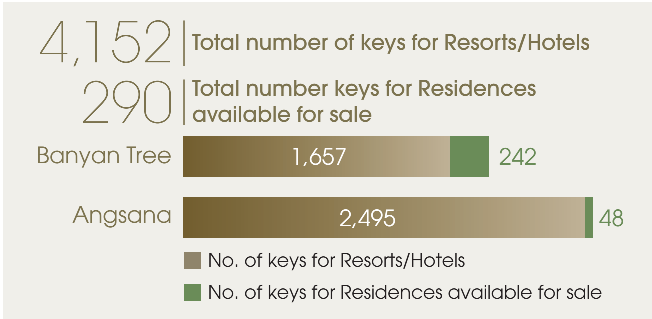
* TBA denotes " To Be Advised"



Banyan Tree ***Bintan***

Resorts/Hotels Without Equity Interest (Resorts In The Pipeline)





Resorts In The Pipeline (Continued)

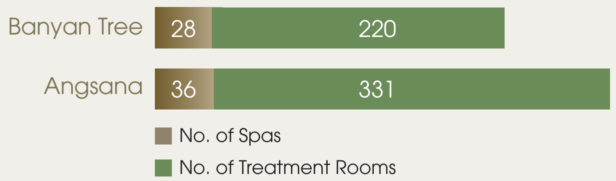
	No. of keys			
Resorts/Hotels Without Equity Interest	Resorts/Hotels	Residences Planned for sale	Range of ARR (US$)	Year of Opening
Banyan Tree				
Sanya Hainan, China (Phase 1)	61	-	330 - 380	2008
Ungasan, Bali	73	-	420 - 470	2008
Barbados, West Indies	47	-	900 - 1,500	2009
Marrakech,Morocco	50	-	680 - 750	2009
Club Seoul, Korea	60	-	TBA	2009
Hangzhou, China	72	-	320 - 370	2009
Koh Samui, Thailand	88	88	450 - 550	2009
Al Gurm, Dubai	160	-	700 - 1,000	2009
Sanya Hainan, China (Phase II)	56	-	330 - 380	2009
Karnataka, India	40	-	320 - 370	2009
Pylos, Greece	119	-	550 - 600	2009
Beijing, China	132	84	380 - 430	2009
Bodrum, Turkey	74	-	TBA	2010
Villa @ Meydan, Dubai	75	-	TBA	2010
Shanghai, China	150	-	TBA	2010
Al Sahab, Saraya Island, RAK, UAE	150	30	TBA	2010
Sifa, Oman	80	40	570 - 620	2011
Mauritius	170	-	TBA	2011
Sub Total	1,657	242		
Angsana				
Suite, Dubai (Phase I)	417	-	250 - 300	2008
Fujairah, UAE	119	-	300 - 350	2009
Suite, Dubai	364	-	250 - 300	2009
Karnataka, India	74	-	185 - 225	2009
Santorini Island, Greece	105	-	280 - 320	2010
Abu Dhabi, UAE	110	-	250 - 300	2010
Sifa, Oman	200	48	200 - 250	2011
Grand Turks, Turks & Caicos	160	-	TBA	2011
Hangzhou, China	70	-	TBA	2011
Samana Village, Dominican Republic	400	-	TBA	2011
Dead Sea, Jordan	476	-	TBA	2011
Sub Total	2,495	48		
Grand Total	**4,152**	**290**		

EXISTING
SPAS

Existing Spas

64 | Total number of Spas

551 | Total number of Treatment Rooms



Existing Spas

Name of Property	No. of Treatment Rooms
Banyan Tree Brand	
Banyan Tree Spa Phuket	25
Banyan Tree Spa Maldives Vabbinfaru	5
Banyan Tree Spa Bintan	13
Banyan Tree Spa Seychelles	8
Banyan Tree Spa Bangkok	14
Banyan Tree Spa Shanghai	13
Banyan Tree Spa Phoenix Seagaia	13
Banyan Tree Spa Ringha	6
Banyan Tree Spa Lijiang	7
Elements Spa by Banyan Tree Kuwait	17
Banyan Tree Spa Al Areen	12
The World Spa by Banyan Tree at M.V. The World Cruise	4
Banyan Tree Spa Madivaru	6
Sub Total	**143**
Angsana Brand	
Angsana Spa Dusit Laguna Phuket	8
Angsana Spa Bintan	13
Angsana Spa Great Barrier Reef	8
Angsana Spa Sheraton Grande Laguna Phuket	12
Angsana Spa Ihuru	8
Angsana Spa Bangalore	8
Angsana Spa Greenview Chiang Mai	12
Angsana Spa Laguna Beach Resort	8
Angsana Spa Allamanda	8
Angsana Spa Guam Marriott	9
Angsana Spa Double Bay Sydney	7
Angsana Spa Park Island	8
Angsana Spa City Club Taichung	14
Angsana Spa Gyalthang	4
Angsana Spa Deer Park	9
Angsana Spa Dubai Marina	13

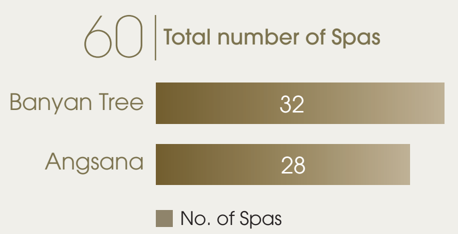
Banyan Tree Spa **Kuwait**

Existing Spas (Continued)

Name of Property	No. of Treatment Rooms
Angsana Spa Kuala Lumpur	20
Angsana Spa Rydges	5
Angsana Spa The Brehon	5
Angsana Spa The Vineyard	10
Angsana Spa Luang Prabang	3
Angsana Spa Arabian Ranches	6
Angsana Spa Movenpick Resort, El Gouna	10
Angsana Spa Montgomerie Golf Club House	6
Angsana Spa Golf Club El Gouna	8
Angsana Spa Crescat City, Colombo	9
Angsana Spa Emirates Hills	20
Angsana Spa Velavaru	13
Angsana Spa Crown Plaza, Kobe	8
Angsana Spa Guangzhou Garden Hotel	12
Angsana Spa Bunratty Castle Hotel	5
Angsana Spa Kempinski Hotel Sanya, Hainan	12
Angsana Spa Royal Pines Resort	5
Angsana Spa Sheraton Guam	8
Angsana Spa City Club Hongqiao	8
Angsana Spa Riads - The Marrakech Collection	9
Sub Total	331
Oberoi Spas By Banyan Tree	
The Oberoi Rajvilas Jaipur	8
The Oberoi Mauritius	7
The Oberoi Bali	2
The Oberoi Lombok	4
The Oberoi Mumbai	7
The Oberoi Amarvilas Agra	7
The Oberoi Cecil Shimla	2
The Oberoi Wildflower Hall Mashobraia	8
The Oberoi Vanyavilas Ranthambhore	3
The Oberoi Udaivilas Udaipur	8
The Oberoi New Delhi	8
The Oberoi Sahl Hasheesh	4
The Oberoi Bangalore	3
The Oberoi Calcutta	2
Trident Hilton (Oberoi Spas By Banyan Tree)	4
Sub Total	77
Grand Total	**551**

STRONG PIPELINE
OF SPAS (2008–2011)

Spas in the Pipeline



Spas in the Pipeline

Year of Opening: 2008	
Banyan Tree	**Angsana**
Sanya Hainan, China	Prestige Ozone, India
Mayakoba, Mexico	Tivoli Marinotel, Portugal
Ungasan, Bali	Sheraton Yilan, Taiwan
Tivoli Marinotel, Portugal	Suite, Dubai
Palacio, Estoril, Portugal	UB City, Bangalore, India
	Bavaria, UAE
	Gurgaon, India

Year of Opening: 2009	
Banyan Tree	**Angsana**
Ras Al Khaimah, UAE	Velavaru, Maldives
Punta Diamante, Mexico	Fujairah, UAE
Al Gurm, Abu Dhabi	Karnataka, India
Morocco, Marrakech	
Hangzhou, China	
Barbados	
Koh Samui, Thailand	
Seoul, Korea	
Pylos, Greece	
Beijing, China	
Karnataka, India	
Los Cabos, Mexico	

Spas in the Pipeline (Continued)

Year of Opening: 2010	
Banyan Tree	**Angsana**
Lhasa, China	Lhasa, China
Guilin, China	Phuket, Thailand
Kerala, India	Abu Dhabi, UAE
Monte Xanic, Mexico	Vietnam
Vietnam	Jiuzhaigou, China
Jiuzhaigou, China	Guilin , China
Shanghai, China	Santorini, Greece
The Meydan, Dubai	The Meydan, Dubai
Chamela,Mexico	Lijiang, China
Bodrum, Turkey	
Al Sahab, Saraya Island, RAK, UAE	

Year of Opening: 2011	
Banyan Tree	**Angsana**
Dun Huang, China	Bentota Beach, Sri Lanka
Corniche Bay, Mauritius	Dead Sea, Jordan
Sifa, Oman	Hangzhou, China
Dinaran Island, Philippines	Samana Village, Dominican Republic
	Kemer, Istanbul
	Golkonda, India
	Sifa, Oman
	Grand Turks, Turks & Caicos
	Dinaran Island, Philippines

Banyan Tree **Lijiang**

Lijiang is also known as the Venice of the East for its many waterways and canals, earning it the distinction of being declared a UNESCO World Heritage Site in 1997. Banyan Tree Lijiang received the prestigious Grand Award in Design For Asia Award 2007.

PROGRESS
AS TRADITION

HOTEL INVESTMENTS

"Hotels owned by the Group enjoyed substantial RevPAR increases during the year under review. The Group reaped benefits from extensive renovations in 2006. Our China properties did exceptionally well."

RevPAR posts double-digit growth

Overall, our investment properties enjoyed a 27% increase in RevPAR over the previous year. This was supported by a 22% growth in ARR and a 3% rise in occupancy. The better takings came largely from the improved results of Laguna Phuket, which benefited from its extensive renovations in 2006, the extended period of direct chartered flights and introduction of new direct flights from key markets to the island. The good performance from Banyan Tree Lijiang also boosted revenue.

China: Lijiang shines

RevPAR for the China properties rose by 105% to US$144 in 2007. This was achieved on the back of a 46% increase in ARR and 17% increase in occupancy.

Banyan Tree Lijiang saw its first full operating year in 2007. The property enjoyed a 16% growth in occupancy and a 28% rise in ARR which contributed to the 198% surge in revenue and 68% increase in RevPAR. The performance was boosted by the stronger brand recognition which resulted from several awards and accolades received by the property. The resort is undergoing expansion which is expected to be completed in 2009. This will add 67 villas to the property, bringing total inventory to over 120.

Banyan Tree Ringha registered a 59% gain in RevPAR as the resort saw a 11% increase in occupancy and 14% rise in ARR. It benefited from the coupling with Banyan Tree Lijiang as a twin destination in our marketing campaigns. Greater public relations efforts and several awards and accolades received for the resort helped as well.

Indian Ocean: Maldives continues growth

Our Indian Ocean properties continued to perform strongly. RevPAR at Banyan Tree Maldives rose by 11% while that of Angsana Maldives was up 5% over the previous year. This was mainly due to increase in ARR for both resorts as a result of successful pricing strategy to increase yield rather than volume of business. ARR of Banyan Tree Maldives increased by 12% to US$485 and ARR of Angsana Maldives increased by 7% to US$361. The combined occupancy at both resorts was 79% in 2007, in line with the previous year's rate.

Angsana Velavaru was opened at the beginning of the year after initial refurbishments in 2006. It underwent its second phase of renovation from May to December 2007 and was able to command a high ARR of US$541 when it reopened with the newly renovated rooms in December. Our new addition in the Maldives, Banyan Tree Madivaru, was launched in May. Comprising six ultra-exclusive tents, it achieved a RevPAR of US$315.

Thailand: Laguna Phuket anchors strong showing

Our properties in Thailand under the Banyan Tree brand enjoyed a 15% increase in RevPAR. The performance of our hotels held up well under the continued pall from the political climate in the Kingdom. Our city hotel, Banyan Tree Bangkok achieved a RevPAR of US$102, in line with 2006. It saw a 14% increase in ARR as a result of the 50 fully refurbished Club Suites and the re-launch of the Banyan Tree Club Lounge, the only Executive Club in Bangkok which accords Club floor guests priority use of the integrated spa facilities. Over at Banyan Tree Phuket, the resort saw a 19% increase in RevPAR, a 5% rise in occupancy and a 10% growth in ARR

Banyan Tree ***Vabbinfaru***

as a result of a full year operation of 22 new Double Pool Villas and 12 Plunge Pool Villas, which were converted from Jacuzzi Villas.

Our other Laguna Phuket properties registered a 39% boost in RevPAR with ARR up 22% compared with 2006. Occupancy was generally high throughout the year thanks to the island's tourism rebound. Our resorts also welcomed more European business visitors during the year compared with the previous year. In 2007, Phuket saw over five million tourist arrivals, eclipsing the previous record levels experienced in 2004. Laguna Phuket also reaped dividends from extensive renovation works carried out in the previous year. These included the upgraded Club rooms at the Dusit and 45 additional rooms in the new Sheraton Grande wing.

In 2007, we announced we would be expanding our presence on the island with a new project, Angsana Phuket. The development will be the seventh hotel in Laguna Phuket occupying a beachfront location on Bangtao Bay. The hotel will add 134 room keys, including 18 high-end, two-bedroom pool villas, to our portfolio. It is expected to open in 2010.

North Africa: Angsana Riads Collection Morocco opens

In December 2007, the Group officially launched the Angsana Riads Collection Morocco in Marrakech. Reception to the riads has been excellent as the superior quality of the Angsana standards and services have raised the bar on riad experience in Marrakech. The Group is looking at Morocco as one of its prime destinations. It hopes the names "Banyan Tree" and "Angsana" will soon become the preferred brands in the popular North African country.

Revenue (S$m)

Revenue increase

+27%

HOTEL MANAGEMENT

"Revenue grew 110% year on year to S$14.7 million. In addition to the successful launch of two properties in 2007, the division also inked long-term contracts to manage 13 properties. This will bring total number of keys under management to over 8,000 keys by 2011."

Seychelles leads growth

Overall, managed properties (excluding new properties that were opened during the year) saw a 19% growth in RevPAR, helped by a 15% rise in ARR. Occupancy for Banyan Tree branded properties we manage in Asia and the Indian Ocean stabilised at 71% but RevPAR increased significantly by 18% from US$378 to US$446. This strong growth was mainly attributed to Banyan Tree Seychelles, which added seven units of beachfront spa pool villas and six units of two-bedroom double pool villas during the year. These new, high-end products pushed the ARR of Banyan Tree Seychelles to a record high of US$975. Banyan Tree Bintan also performed well with RevPAR up 12% from US$239 to US$268.

For the Angsana Brand, RevPAR for properties under management increased by 3% as a result of higher ARR which rose 15%. Overall occupancy however was 6% less than the previous year because of intensified mid market competition in Bintan.

Properties in Kuwait and Bahrain open

We added two properties in the Middle East to our hotel management segment in the year. Banyan Tree operates them under straightforward management agreements. The locations and services of these unique projects will significantly broaden the breadth and depth of our portfolio. Management fees from these two resorts were S$1.5 million, 16% of our overall hotel management revenue (before intercompany elimination) in 2007.

Royale Hayat Private Hospital, Safat opened in Kuwait in February 2007 where we handled all the non-medical aspects of the operations. Its launch marked Banyan Tree's entry into medical tourism. The objective of this fast-growing business segment is to provide high-quality medical care in private, luxurious settings. The 5-star private hospital offers a range of medical treatments, F&B outlets, a health club, a Banyan Tree Spa and Gallery.

Banyan Tree Desert Resort & Spa, Al Areen opened in Bahrain in April 2007. It is situated in the immediate vicinity of the Al Areen Wildlife Park and Reserve and five minutes from the Formula One International Circuit of Bahrain. Comprising 78 pool villas, it was conceptualised in house by our architectural division. Facilities include six F&B outlets, a Banyan Tree Spa with 12 treatment pavilions, hydrotherapy circuit, ice igloo, Hammam and a Banyan Tree Gallery.

Banyan Tree Private Collection

In October 2006, the Group launched Banyan Tree Private Collection, the first asset-backed destination club in Asia which offers perpetual and transferable membership. Priced attractively, with a joining fee of US$120,000 and an annual fee of US$3,000, the club signed up 54 members in 2007. This brought total membership to 66 which was within budget expectation. As a result, club management fees enjoyed a four-fold increase to S$5.3 million during the year.

In 2008, our sales strategy will include enhancing our lead-generation programme and holding more sales presentations. We will develop strategic alliance partnerships with high-profile lifestyle brands to raise awareness of the club. Our sales network will also widen with the appointment of more independent representatives and GSAs.

We will focus on developing the European markets of UK, Russia, France, Holland, Germany, Switzerland and Italy. In Asia, Singapore will be the centre of our attention while China, Hong Kong, Japan and Thailand will be secondary markets. New territories that we intend to make inroads into will be the Middle East, US and South Africa.

Banyan Tree **Seychelles**

New developments

In 2007, the Group also developed several new projects. All will be operated under straightforward management contracts.

Asia

Banyan Tree Sanya is located at the southernmost tip of the Chinese island of Hainan. Blessed by a unique beachfront location in Luhuitou bay, this 117 all-villa resort boasts some of the most spectacular panoramas. 61 villas are scheduled to open in 2008 with the remaining in 2009.

Banyan Tree Ungasan in Bali comprises 73 blissful villas perched high on cliffs. The luxurious amenities and services will raise the benchmark on resort experience on the island. The resort is set to open in later part of 2008.

Middle East

In August 2007, Banyan Tree announced its first branded development in Dubai – our first urban all-pool-villa resort right in the heart of the city. Banyan Tree Meydan resort will be positioned as the first golf and equestrian resort in the Middle East. It will be located adjacent to the Meydan Golf Course and the Meydan Racecourse. The latter features air-conditioned stables and the world's first grandstand hotel – The Meydan – which will also be operated by Banyan Tree. The 10-storey Meydan offers only suites, each with an unblocked view over the horse racing circuit. The handover is scheduled for December 2008 with a soft opening expected in March 2009.

Still in Dubai, Angsana Hotel & Suites is a deluxe urban hospitality project located along Sheikh Zayed Road in the city centre. It is jointly designed by our in-house architectural division and interior designers French Decoration Company. The 48-storey twin towers feature 781 units, of which 417 are serviced residences in Tower I while the rest are luxury hotel suites in Tower II. Tower I is scheduled to open in 2008 and Tower II in first half of 2009.

Also in the offing in the UAE is Banyan Tree Ras Al Khaimah, located in the northernmost emirate in the UAE. It borders Oman and is a 50-min drive away from Dubai. The resort will feature a 101 tented villas in the middle of the desert, all air conditioned and each with its private pool. The resort is slated to open in later part of 2008.

Coming up on the western edge of Abu Dhabi island is Banyan Tree Marine Reserve & Spa Al Gurm. It is located within a protected habitat of a mangrove forest and sandbar. This 5-star luxury resort comprises 160 villas and is expected to open in second half of 2009.

Mexico

Banyan Tree Mayakoba is the Group's first foray in the Caribbean luxury tourism industry. Situated in the Mexican Riviera Maya, it is scheduled to open in December 2008 and will be part of an integrated complex comprising four other international luxury hospitality names. Designed by our in-house architectural division, the resort comprises over 100 units of villas and terrace houses.

During the year, the Group also signed 13 new management contracts. This will bring the total number of keys under management to over 8,000 keys by 2011.

Revenue (S$m)

Revenue increase

+110%

HOTEL RESIDENCES

"Banyan Tree branded properties which include villas and apartments in Seychelles, Lijiang, Bintan and Bangkok were launched with great success in 2007. A total of 40 units of Banyan Tree Residences were sold in 2007, a 150% increase over 2006."

New concept

Following the successful sales of the two-bedroom Pool and Double Pool Villas at Banyan Tree Phuket in 2006, Banyan Tree Residences, which also includes our villas and apartments in the Seychelles, Lijiang, Bintan and Bangkok, was formally launched in London and Hong Kong in 2007.

In addition to the potential for capital appreciation, investors in Banyan Tree Residences can look forward to receiving an annual return of 6% of the purchase price or choose a 33% share of the annual net room revenue generated by their properties. Both options have a term of six years after which there is an option to renew or change the basis of the return every six years.

Several targeted, high profile exhibitions to promote Banyan Tree Residences were also held throughout the year in key markets such as Moscow, Shanghai and Singapore. Supported by international estate agents, advertising and public relations activities, the events were well attended.

The following Banyan Tree Residences were available for sale in 2007:

- Banyan Tree Phuket: The development of the 22 Double Pool Villas (DPV) was completed in 2007. Prices range from US$1.95 million for a one-bedroom DPV to US$2.5 million for a two-bedroom DPV. Four more two-bedroom deluxe Double Pool Villas were launched at the end of the year to meet the growing demand. Due for completion in 2009, the units are priced from US$3.0 million. A new phase of 22 two-bedroom Pool Villas was also launched in 2007. The Pool Villas are priced from US$1.6 million and will be completed in 2009
- Banyan Tree Bangkok: Four floors of office space in the 61-storey hotel on Sathorn Road in the city centre are being converted into 24 two-bedroom apartments and will be completed by the end of 2008
- Banyan Tree Lijiang: The development, comprising nine two and three-bedroom Naxi Residences (priced from US$1.3 million to US$1.45 million) and 16 two-bedroom Townhouses (from US$750,000), was launched for sale primarily to the Chinese market. The first phase of 13 properties will be completed in 2008 and the second phase of 12 properties will be ready in 2009
- Banyan Tree Bintan: A selection of existing one and two-bedroom villas were released for sale under the new Banyan Tree Residences brand
- Banyan Tree Seychelles: All 13 of the one and two-bedroom beachfront villas were completed in early 2007 and are priced from US$1.5 million to US$2.9 million.

Phuket leads performance

The concept of Banyan Tree branded properties was launched with great success in 2007. A total of 40 units of Banyan Tree Residences were sold in 2007 compared with 16 for the previous year, a 150% surge. Banyan Tree Phuket led with 40% of the total units sold followed by Lijiang (35%), Bangkok (15%) and Bintan (10%).

In addition to Banyan Tree Residences, we also recorded strong sales of Dusit Laguna Villas in Phuket. The villas comprise three-storey, two-bedroom resort-integrated luxury

*Banyan Tree **Lijiang***

pool properties with guaranteed rental returns and a choice of ocean or lagoon frontage. Priced from around US$1.0 million, they are aimed mainly at Singapore and Hong Kong expatriates. Investors snapped up 22 out of the available 28 units, an excellent response considering they were sold during the low season. Buyers were drawn to the villas' new style, proximity to the beach and bespoke loan financing.

Notwithstanding a robust order book, the revenue posted in 2007 was S$46.3 million, 2% shy of the turnover in 2006. Although we sold 40 units of Banyan Tree residences and 22 units of Dusit Pool Villas in 2007, an almost four-fold increase over 2006, we were unable to record the total sales as revenue due to the accounting treatment of recognising revenue based on percentage of completion method. This unrecognised revenue as at end of 2007 amounted to S$58.4 million.

Revenue (S$m)

Revenue decrease

–2%

PROPERTY
SALES

"Encouraging investors response to our projects in Laguna Phuket and membership expansion of Laguna Holiday Club pushed revenue to S$86 million, a 38% jump over 2006. This segment will remain a significant contributor because of our strong standing with property investors."

Laguna Phuket – the preferred investment

Laguna Phuket has remained the preferred choice for property investment on the island. Buyers are attracted by its location, architectural design, construction quality, rental plans, golf membership and pricing. Investors are also drawn by the returns, financing options available to foreigners, and the gated community within the integrated resorts of Laguna Phuket.

The following properties were available for sale in 2007:

- Laguna Village Villas: Set within the master-planned residential area of Laguna Phuket, these two-storey, two-bedroom condos with a large community, free-form swimming pool are an entry level product priced from US$400,000 (36 units)
- Laguna Village Townhomes: These two-storey, three-bedroom semi-detached homes with maid's quarters, private gardens and swimming pools wrapped around scenic lagoons with lush landscaping are priced from US$550,000 (56 units)
- Laguna Village Bungalows: Very popular with the Russian market, the two-storey, four-bedroom detached homes with private swimming pools set amidst tropical gardens and interflowing lagoons are priced from US$800,000 (49 units)
- Deluxe Townhomes: Launched in December, this new product is larger than the Laguna Townhomes and has a completely upgraded design. They are priced from US$727,000 (6 units)
- Deluxe Bungalows: Also launched in December with a new contemporary design, more space and private pool, they come in two elevations and are priced from US$1.36 million (7 units)

Good showing

Sales for Laguna Phuket in first quarter 2007 was brisk. It slowed in second quarter and third quarter because of political and legal uncertainty caused by the military coup and potential changes to the Foreign Business Act which governs foreign ownership of companies in Thailand. In fourth quarter, a peak season for tourist arrivals and property sales, there was renewed investor confidence.

Overall revenue was S$64.4 million, a 41% increase from the previous year, with revenue recognition based on percentage of construction completion on record sales of Laguna Village Villas, Townhomes and Bungalows made in 2006 and those sold during the year. EBITDA grew 43% year on year to S$26 million.

Club sales up

Laguna Holiday Club (LHC) is the destination club division of LRH. The business continued to undergo significant expansion during the year with the opening of three additional branches in Thailand – Chiang Mai, Cha-Am and Pattaya. In addition, inventory was acquired in these locations to provide a wider range of accommodation options to members.

Banyan Tree ***Phuket***

The division experienced a mixed performance during the year. Revenue increased by 31% to S$21.6 million largely due to the continued strong performance of the Phuket operation and the commencement of operations of the new branches. However, the performance of the Bangkok operations was more subdued because of the continuing political and economic uncertainty affecting consumer sentiment in the local market.

Earnings were below the record performance of the previous year because of increased start up expenses of the new branches, which have yet to achieve their full potential. Other costs that affected earnings included a full year of operating expenses for the Laguna Holiday Club Resort and the increase in internal resources channelled into providing the platform for the continued expansion of the business.

Revenue (S$m)

Revenue increase

+38%

SPA
OPERATIONS

"Total revenue from our spas posted a 13% jump to S$24.9 million. The main contributing factors were higher occupancy and new outlets that opened in China, Phuket and the Middle East in the year. Two new training facilities in Bangkok and Lijiang were set up in 2007 to support our global expansion plans."

Our unique experience

Banyan Tree Spa was the first luxury oriental spa to open in Asia when it was launched in Phuket in 1995. It broke new ground with its concept of a spa nestled in a meditative, lush tropical garden. Banyan Tree Spa treatments have since become distinguished by its back-to-basics approach that draws on the unique elements and wisdom of traditional Eastern healing therapies. Its sister brand Angsana Spa complements this philosophy by blending the best in Eastern and Western techniques.

Most of our therapists undergo a rigorous training programme at the Banyan Tree Spa Academy in Phuket. The school was set up in 2001 and is accredited by the Thai Ministry of Education. We added two new training facilities in 2007, the Banyan Tree Thai Massage School in Bangkok and Banyan Tree Lijiang Spa Academy in Yunnan Province, to support our global expansion plans.

Spa revenue and occupancy up

In 2007, Banyan Tree Spa opened three outlets in Bahrain, the Maldives, and on board The World, a residential cruise ship, bringing the total number of spas in the portfolio to 13. Angsana Spa expanded its number of outlets to 36 with the addition of eight spas - three in China, and one each in Ireland, Japan, Australia, Guam and Morocco.

Total revenue from our spas rose to S$24.9 million in 2007, a 13% increase over the previous year. 2006's revenue included a one-off compensation fee for closure of one outlet in Hakone, Japan, as the owner sold the hotel. Excluding this one-off revenue, the increase would have been 20% year on year. Contributing to this were new spa openings in China and improved revenue from spa outlets in Phuket and the Middle East. Revenue from outlets in China posted a 46% jump, while outlets in Thailand and the Middle East saw increases of 17% and 40% respectively.

Revenue from Banyan Tree Spas registered a year-on-year increase of 14% while Angsana Spa and managed spas at Oberoi hotels posted a 27% rise. Higher hotel occupancy rates following the post-tsunami recovery and our multi-pronged marketing campaigns were driving factors for the growth.

Overall spa occupancy enjoyed a 4% lift compared with the previous year. Hotel guests increased by 32%, but the average rate per hour remained largely similar to that of 2006 as we implemented more competitive pricing to increase sales and attract non-hotel guests to our spas.

Strategic marketing reaps results

During the year, different marketing campaigns were created for the market segment of each spa. These involved a customised mix of channels and tactics depending on the target audience. For new spas, pre and post-opening sales and marketing activities included introductory offers for both resort/hotel in-house guests, electronic direct mailer campaign targeted at the local database, commissionable rates signed with tour operators, special rates for businesses located nearby, and tie-ups with hotel to create visibility of new spa.

Public relations activities carried out in the year included distributing press releases to announce new spa openings and initiatives at existing ones. A dedicated e-newsletter, Banyan Tree Spa Bliss, was launched and sent monthly to international media to update them on new openings, new menus and signature treatments. The result was increased awareness in primary and new markets.

In 2007, we practised effective and pro-active yield management to build base during non-peak hours through discounts and value adding and to maximise revenue during peak hours by up-selling from body massages to spa packages. We also made advance spa sales to guests at the point of reservations by offering them discounts to secure more business before their arrivals at the resort. Value-adding spa services such as supplementary treatment and complimentary transfer were also offered in place of discounts. Membership, rewards programme and spa series were introduced as well to promote customer loyalty. For Corporate and MICE companies, attractive group discounts were offered to build goodwill.

Revenue (S$m)

Revenue increase

+13%

GALLERY OPERATIONS

"Retail sales grew by 17% to S$7.8 million as a result of increased hotel occupancy and higher transaction volumes in the shops."

*Banyan Tree Gallery **Phuket***

A cultural enterprise

Banyan Tree Gallery is the retail arm of Banyan Tree Holdings and was conceptualised as a tourism retailer to enhance guests' experience. It comprises three outlets with different themes. Banyan Tree Gallery, which offers unique gifts and accessories such as traditional handicrafts and resort-style home furnishings, has 29 outlets of which four were opened in the year. Angsana Gallery, characterised by its contemporary range, has 33 outlets of which six were added in 2007. Museum Shop by Banyan Tree, which develops quality museum replicas to showcase Asia's diverse cultures and history, has three outlets. In 2008, we expect to open galleries in China, India, Indonesia, Portugal and the UAE.

During the year, we produced 43 collections of over 280 products. We also supported 49 not-for-profit organisations by purchasing their products and working with them to develop new gift ideas.

Retail segment posts strong growth

The Gallery Division achieved a turnover of S$10.7 million in 2007, in line with last year. EBITDA margin at 19% was 8% higher than the previous year as the Division continued to exercise stringent cost control.

Retail sales grew by 17% to S$7.8 million during the year. Increased hotel occupancy and higher transaction volumes in the shops led to the growth. Sales to hotel and spa independent outlets, which made up 18% of the Gallery's total turnover, registered a 26% decrease year on year to S$2.0 million due to a one-off sales transaction booked in last year.

Corporate and Others segment, which accounted for 9% of total turnover, reported a 37% decrease with sales of S$0.9 million in 2007 due to a one-off pre-opening stocks sales to our partner in Kuwait in 2006.

Cross promotion with spas

In 2007, Banyan Tree Gallery participated in cross-promotional activities with both Banyan Tree and Angsana Spas, including giving 15% discount vouchers to customers who visited the spas, and cross-selling gallery products together with spa treatments. These promotions were introduced in Malaysia, the UAE, Australia, Egypt, Guam, Sri Lanka, Thailand, China, Indonesia, the Maldives and Seychelles.

Revenue (S$m)

Revenue decrease

-1%

DESIGN
& OTHER SERVICES

"Revenue grew 50% to S$24.2 million in 2007 while EBITDA increased by 74% to S$9.8 million because of better takings from golf clubs management and higher fees from design work on new projects."

Banyan Tree ***Seychelles***

Design to bottomline

The Group has an experienced, in-house division that plans, designs, and oversees construction, conversion and maintenance for nearly all the resorts, hotels, spas and galleries it manages. These in-house competencies provide the Group with several advantages including faster design time and better cost control. Third parties who are interested in enlisting the Group to manage their resorts and hotels are attracted to its ability to provide an in-house team to supervise construction. Having an in-house design team also allows the Group vital control over quality and consistency of its product offerings, which is essential for maintaining the strength of its brands.

International awards and accolades our resorts have garnered attest to the team's design sensibilities and their universal appeal. Last year Banyan Tree Lijiang picked up the prestigious "Best Luxury Resort Design" from Hospitality Design Awards. This follows Banyan Tree Ringa's quadruple honours last year for "Best Hotel Design" & "Best Suite Design" from Gold Key Award, "Grand Award" from Design for Asia, and "Best Spa Honourable Mention" from Travel + Leisure Design Awards.

Revenue Surges

Revenues for this segment comprise largely fees for design services and income from operating golf clubs. For managing the Laguna Bintan Golf Club and Laguna Phuket Golf Club, we received 3% of club revenue and an incentive fee of 10% of gross operating profit. Revenue from golf club management jumped 109% to S$9.6 million in 2007, with EBITDA up 96% to S$2.6million. High occupancy at the Group's Phuket resorts contributed to the good showing.

For design fees, revenue rose 42% to S$11.8 million in 2007, while EBITDA increased by 37% to S$4.7 million. The fees came from construction of new resorts in the UAE, Mexico, India, Thailand and Korea.

Revenue (S$m)

Revenue increase

+50%

LEAVING A LASTING IMPRESSION

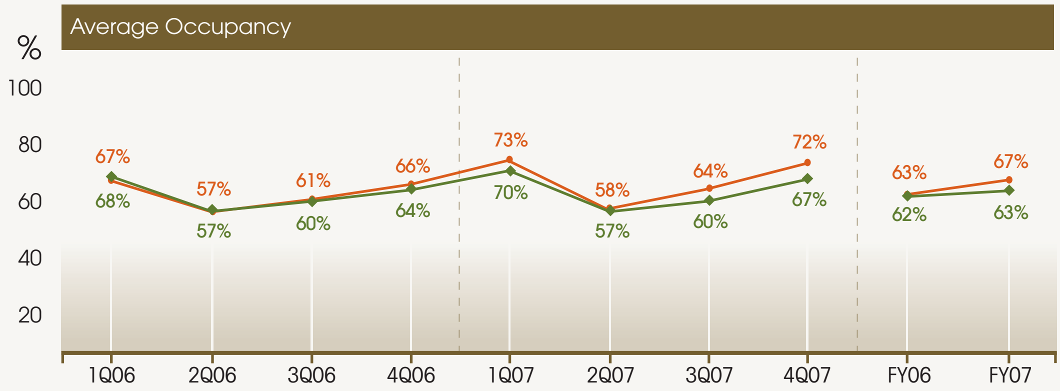
Banyan Tree **Madivaru**

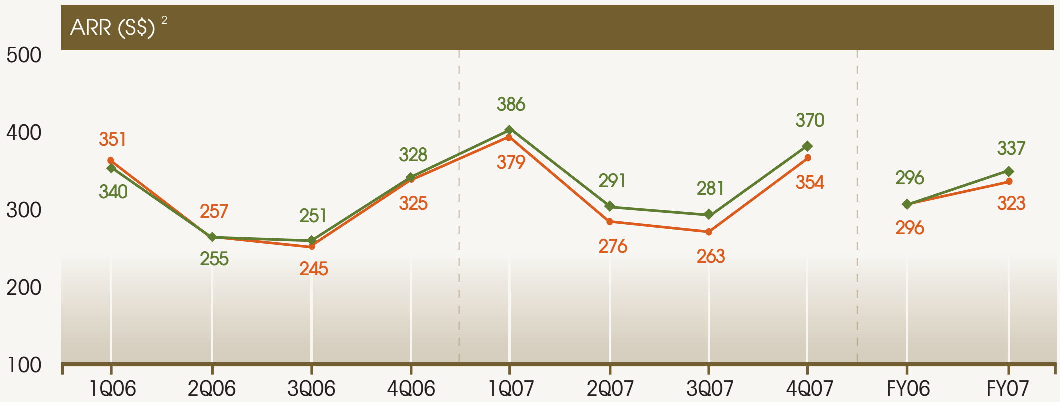
On this exclusive Indian Ocean island are six private Tented Pool Villas, each attended by a private island host.

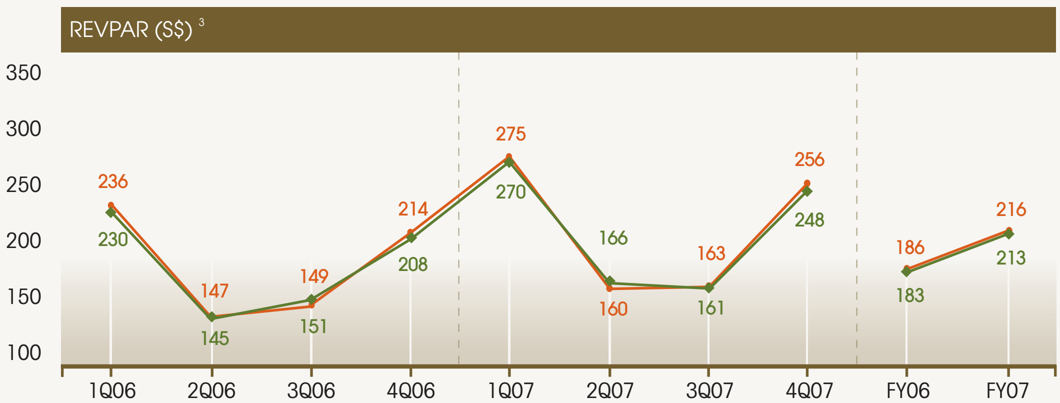
KEY STATISTICS

Banyan Tree ***Seychelles***

All Hotels[1]



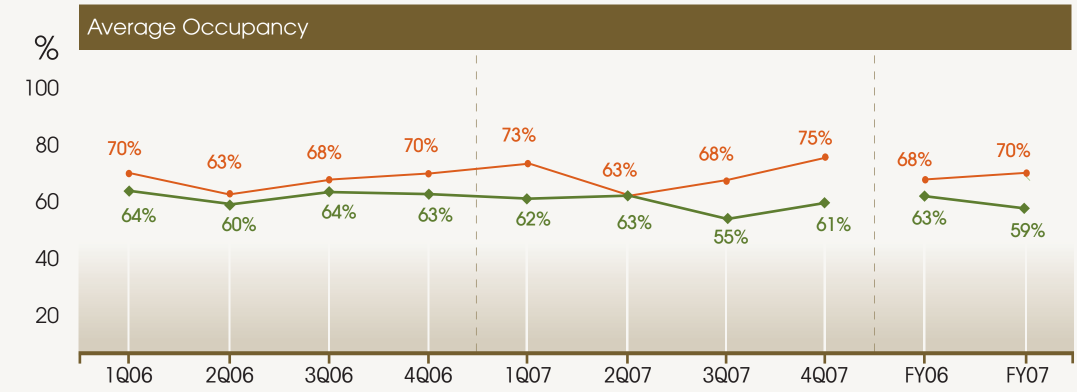


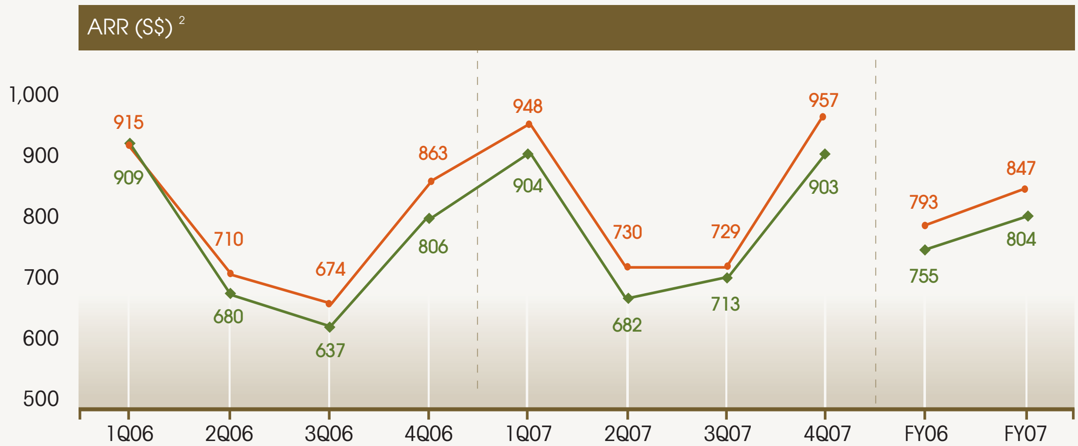


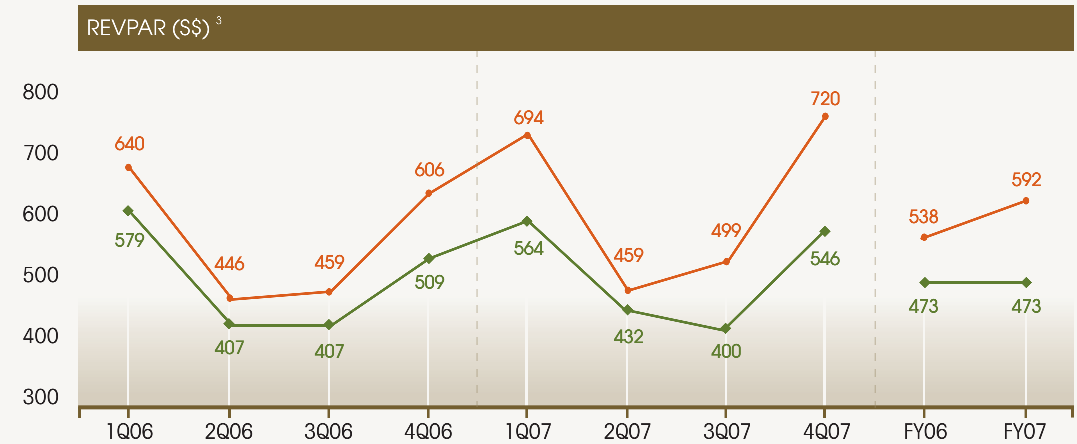
◆ Total Resort ● Same Store Charts Basis [4]

[1] All hotel refers to company total including hotels in Laguna Phuket, Banyan Tree & Angsana resorts.
[2] ARR denotes average room rates.
[3] REVPAR denotes revenue per available room.
[4] Same Store Charts Basis excludes all new resort opened in the past 2 years: Banyan Tree Ringha, Banyan Tree Lijiang, Banyan Tree Madivaru and Angsana Riads and abnormal hotels: Banyan Tree Bahrain (dry hotel) & Angsana Velavaru (closed in most months in 2007).

Banyan Tree Resorts[1]



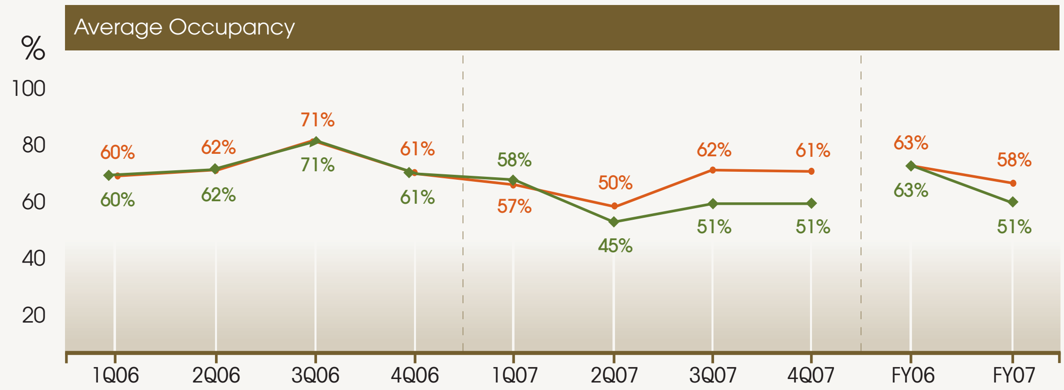


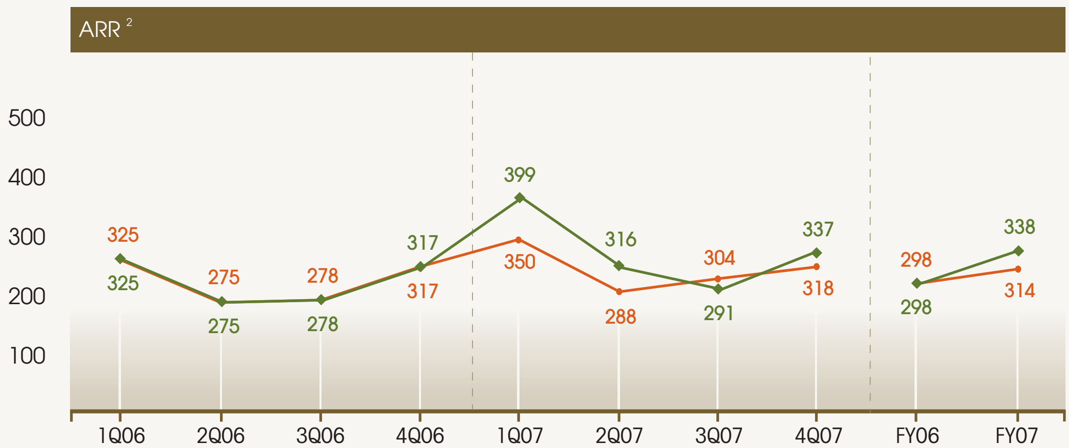


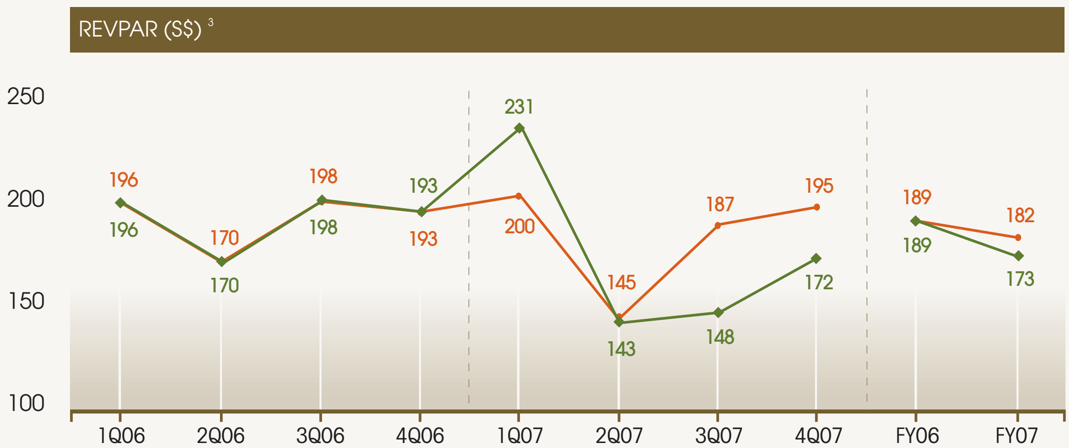
◆ Total Resort ● Same Store Charts Basis[4]

[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 Charts Basis excludes all new resort opened in the past 2 years: Banyan Tree Ringha, Banyan Tree Lijiang, Banyan Tree Madivaru and Angsana Riads and abnormal hotels: Banyan Tree Bahrain (dry hotel) & Angsana Velavaru (closed in most months in 2007).

Angsana Resorts[1]







◆ Total Resort ● Same Store Charts Basis [4]

[1] Velavaru was rebranded as Angsana Velavaru in November 2006.
[2] ARR denotes average room rates.
[3] REVPAR denotes revenue per available room.
[4] Same Store Charts Basis excludes all new resort opened in the past 2 years: Banyan Tree Ringha, Banyan Tree Lijiang, Banyan Tree Madivaru and Angsana Riads and abnormal hotels: Banyan Tree Bahrain (dry hotel) & Angsana Velavaru (closed in most months in 2007).

ANALYTICAL REVIEW

REVENUE	2007 S$m	2006 S$m	INCR/(DECR) S$m	%
Hotel Investments	215.0	169.6	45.4	27%
Hotel Management	14.7	7.0	7.7	110%
Hotel Residences	46.3	47.3	(1.0)	-2%
Spa Operations	24.9	22.1	2.8	13%
Property Sales	86.0	62.4	23.6	38%
Gallery Sales	10.7	10.8	(0.1)	-1%
Design & Other Segments	24.3	16.1	8.2	50%
Total	421.9	335.3	86.6	26%

Revenue increased by S$86.6 million or 26% from S$335.3 million for the year ended 31 December 2006 to S$421.9 million for the year ended 31 December 2007. With the exception of hotel residences and gallery sales segments, the rest of the business segments registered higher revenue in 2007.

Hotel operations performed well with hotel investment and hotel management segments contributing a combined 61% or S$53.1 million to the revenue growth. Revenue of hotel investment segment increased by 27% from S$169.6 million to S$215.0 million mainly due to strong performance from Laguna Phuket resorts, full year revenue contributions from Banyan Tree Lijiang and higher contributions from Angsana Velavaru where the rebranding and renovated rooms were able to command higher room rates. Laguna Phuket resorts recorded revenue of S$132.1 million for the year ended 31 December 2007, a S$30.8 million or 30% increase in revenue against last year largely attributed to higher occupancies and average room rates after extensive refurbishments which were completed late last year and surge in tourist arrivals as a result of the extended period of direct chartered flights and introduction of new direct flights from key markets to the island. Maldives resorts reported combined revenue of S$35.1 million, S$3.5 million or 11% increase against last year mainly due to contributions from the rebranded Angsana Velavaru and the newly opened Banyan Tree Madivaru in July 2007. Banyan Tree Lijiang and Banyan Tree Ringha are showing signs of stabilization and registered a combined revenue of S$13.9 million in 2007.

The increase in revenue in hotel management segment of S$7.7 million or 110% was largely attributed to additional management fees from Banyan Tree Bahrain which opened in April 2007 coupled with higher management fees received from Maison Souvannaphoum and Banyan Tree Seychelles. The latter was attributed to seven units of beachfront spa pool villas and six units of two-bedroom double pool beachfront villas being added to the inventory. In addition, higher management fees was also received from Banyan Tree Private Collection, the first asset backed destination club in Asia which was launched in October 2006.

Property sales revenue growth of S$23.6 million or 38% was due to increased percentage of recognition from sales of Laguna Village Villas, Townhomes and Bungalows coupled with higher sales of holiday vacation club memberships.

Spa operation saw a S$2.8 million or 13% increase in revenue as compared to last year mainly due to contributions from new spas in China and higher revenue from spa outlets in Phuket and the Middle East. In addition, in 2006, there was a one-off compensation fee of S$1.3 million for closure of

Angsana **Riads Collection Morocco**

one outlet in Hakone, Japan, as the owner sold the premises. Excluding this one-off compensation, revenue would have increased by S$4.1 million or 20% from S$20.8 million to S$24.9 million in 2007.

Design fees and others segment registered an increase of S$8.2 million or 50% mainly attributed to recognition of several new projects during the year and higher income from golf operations as a result of higher hotel occupancies and increased in average green fees.

Hotel residences posted a S$1.0 million or 2% decrease in revenue mainly due to the complete sell out of two bedroom double pool villas in Banyan Tree Phuket at the end of 2006 where majority of the units sold were fully recognized in 2006. In 2007, we made total sales of 40 units of Banyan Tree Villas, Suites and Townhouses in Banyan Tree Phuket, Banyan Tree Bangkok, Banyan Tree Lijiang and Banyan Tree Bintan and also 22 units of Dusit Pool Villas. However, we were unable to recognize the total sales due to accounting treatment of recognizing sales based on percentage of completion method.

COSTS AND EXPENSES	2007 S$m	2006 S$m	INCR/(DECR) S$m	INCR/(DECR) %
Operating Supplies	83.8	63.7	20.1	31%
Salaries & related expenses	98.8	77.1	21.7	28%
Administrative expenses	39.5	23.8	15.7	66%
Sales & marketing expenses	21.3	12.8	8.5	67%
Other operating expenses	58.2	47.5	10.7	23%
Total	301.6	224.9	76.7	34%

Operating Supplies

Operating supplies expenses increased by S$20.1 million from S$63.7 million for the year ended 31 December 2006 to S$83.8 million for the year ended 31 December 2007. This was mainly due to increase in cost of property sold as a result of higher Property Sales revenue coupled with increase in cost of supplies attributed to higher occupancy at Laguna Phuket resorts and full year operation of Banyan Tree Lijiang.

Salaries and related expenses

Salaries and related expenses increased by S$21.7 million from S$77.1 million for the year ended 31 December 2006 to S$98.8 million for year ended 31 December 2007. This was largely due to increase in headcount as a result of new spa operations and new hotel operations in Banyan Tree Lijiang. In addition, there was an increase in headcount in existing operations to support the increased level of activity in various segments.

Administrative expenses

Administrative expenses increased by S$15.7 million from S$23.8 million for the year ended 31 December 2006 to S$39.5 million for the year ended 31 December 2007. This was due to increase in revenue related expenses such as management & incentives fees from improved performance by Sheraton, Dusit & Laguna Beach Resort, rentals paid to Sheraton Island Villas owners, land and property tax due to higher property and hotel residences sales, increase in insurance and legal and professional fees.

Sales and marketing expenses

Sales and marketing expenses increased by S$8.5 million from S$12.8 million for the year ended 31 December 2006 to S$21.3 million for the year ended 31 December 2007. This was mainly due to the setup of several new sales offices in key market regions, and also increased in marketing efforts to promote the hotels.

Other operating expenses

Other operating expenses increased by S$10.7 million from S$47.5 million for the year ended 31 December 2006 to S$58.2 million for the year ended 31 December 2007. This was primarily due to higher hotel occupancy related expenses and also higher commission, business development and traveling expenses to support the increased level of activities during the year.

EBITDA	2007	2006	INCR/(DECR)	
	S$m	S$m	S$m	%
Hotel Investments	63.2	49.7	13.5	27%
Hotel Management	1.3	(0.9)	2.2	nm
Hotel Residences	21.1	30.7	(9.6)	-31%
Spa Operations	5.5	6.8	(1.3)	-18%
Property Sales	33.8	28.4	5.4	19%
Gallery Sales	2.0	1.2	0.8	66%
Design & other Segments	9.8	5.6	4.2	74%
Head office expenses	(14.2)	(10.1)	(4.1)	41%
Total	122.5	111.4	11.1	10%

EBITDA increased by S$11.1 million or 10%, to S$122.5 million for the year ended 31 December 2007 as compared to last year. The improved performance from hotel investment, property sales and design & others segments were the major contributors to the increase in EBITDA this year.

Hotel investment and hotel management segments accounted for S$15.7 million of the increase. The operating profit from our hotel investment segment increased by 27%, from S$49.7 million in 31 December 2006 to S$63.2 million in 31 December 2007 while operating profit from our hotel management segment increased by S$2.2 million, from an operating loss of S$0.9 million for the year ended 31 December 2006 to operating profit of S$1.3 million in 2007. The increases were in line with higher revenue generated from both business segments.

Operating profit for our property sales segment increased by S$5.4 million or 19%, from S$28.4 million in 31 December 2006 to S$33.8 million in 31 December 2007, mainly due to higher revenue from increased percentage of revenue recognition, partially offset by the unrealized exchange gains of S$3.0 million recorded in 2006. Hotel residences operating profit decreased by S$9.6 million or 31% from S$30.7 million in 31 December 2006 to S$21.1 million in 31 December 2007, mainly due to lower revenue recognized as a result of accounting treatment of recognizing sales based on percentage of completion method.

The operating profit from spa segment decreased by S$1.3 million or 18% from S$6.8 million in 31 December 2006 to S$5.5 million in 31 December 2007. The decrease was largely due to Banyan Tree Spa Hakone's compensation fees of S$1.3 received in 2006 coupled with increase in operating expenses for newer spa outlets. Excluding the once off compensation fees, EBITDA was in line with last year.

Operating profit from design and others segment increased by S$4.2 million or 74% from S$5.6 million in 31 December 2006 to S$9.8 million in 31 December 2007, mainly attributed to higher revenue and also income from write-back of impairment on land awaiting for future development.

Head office expenses increased by S$4.1 million or 41% from S$10.1 million in 31 December 2006 to S$14.2 million in 31 December 2007, mainly attributed to increased headcounts, salaries and related benefits, and greater business development expenses as the group intensifies its global expansion.

Depreciation of property, plant and equipment

	2007	2006	INCR/(DECR)	
	S$m	S$m	S$m	%
	26.3	23.7	2.6	11%

Depreciation of property, plant and equipment increased by S$2.6 million from S$23.7 million for the year ended 31 December 2006 to S$26.3 million for the year ended 31 December 2007 mainly due to depreciation on the new Banyan Tree Lijiang and Banyan Tree Madivaru combined with higher depreciation in Angsana Velavaru, Banyan Tree Bangkok and Laguna Phuket resorts after completion of their refurbishment works.

Interest income

	2007	2006	INCR/(DECR)	
	S$m	S$m	S$m	%
	4.2	3.0	1.2	41%

Interest income increased by S$1.2 million from S$3.0 million for the year ended 31 December 2006 to S$4.2 million for the year ended 31 December 2007. This increase was mainly due to interest income from deferred payment scheme offered to members of Laguna holiday club and purchasers of properties in Phuket coupled with higher interest income from bank deposits.

Interest costs

	2007	2006	INCR/(DECR)	
	S$m	S$m	S$m	%
	16.4	14.0	2.4	17%

Interest costs increased by S$2.4 million from S$14.0 million for the year ended 31 December 2006 to S$16.4 million for the year ended 31 December 2007. This was mainly due to higher loan drawdown and notes issuance under the MTN programme to finance the subscription of shares in LRH rights issue, construction and investment projects in Maldives and China. This was partially offset by lower finance cost on preference B shares as it was fully redeemed in mid 2006.

Share of results of associated companies

	2007	2006	INCR/(DECR)	
	S$m	S$m	S$m	%
	2.0	1.9	0.1	9%

Share of results of associated companies relates to our 30% investment interest in Banyan Tree Seychelles Holdings Ltd (which holds Banyan Tree Seychelles). For the year ended

31 December 2007, profit from Banyan Tree Seychelles Holdings Ltd increased by S$0.4 million from S$6.2 million to S$6.8 million. This increase would have been higher by S$3.6 million if we exclude the foreign exchange gain of S$3.6 million recorded last year. The higher profit was mainly due to seven units of beachfront spa pool villas and six units of two-bedroom double pool beachfront villas being added to the inventory.

Exceptional item

	2007 S$m	2006 S$m	INCR/(DECR) S$m	%
	44.5	(7.8)	52.3	nm

The exceptional item of S$44.5 million for year ended 31 December 2007 relates to a one-off negative goodwill arising from the increase in our effective interest in LRH from 51.78% to 65.75%, following LRH rights issue exercise in July 2007. The exceptional item in 2006 relates to a one-off charge from the issuance of 8 million new ordinary shares at no consideration to over 250 management staff before the company was listed in June 2006.

Income tax

	2007 S$m	2006 S$m	INCR/(DECR) S$m	%
	24.0	24.5	(0.5)	-2%

Tax expenses for the year ended 31 December 2007 was S$0.5 million lower than last year notwithstanding a higher operating profit in the current year mainly due to recognition of deferred tax asset for some subsidiaries and tax adjustment due to difference in accounting and tax treatment for holiday vacation club and property sales income and expenses recorded in the current year.

Minority interest

	2007 S$m	2006 S$m	INCR/(DECR) S$m	%
	20.6	15.3	5.3	35%

Minority interest from continuing operations increased by S$5.3 million from S$15.3 million for the year ended 31 December 2006 to S$20.6 million for the year ended 31 December 2007 mainly due to higher profit after tax generated by LRH.

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

	2007 S$m	2006 S$m	INCR/(DECR) S$m	%
	81.9	27.1	54.8	202%

Profit attributable to shareholders increased significantly from S$27.1 million for the year ended 31 December 2006 to S$81.9 million for the year ended 31 December 2007. This was mainly due to negative goodwill of S$44.5 million arising from the increase in our effective interest in LRH from 51.78% to 65.75%, following the exercise of LRH rights issue in July 2007. PATMI before exceptional items of S$37.3 million was S$3.8 million or 11% higher as compared to last year mainly due to higher revenue in the current year.

CASHFLOW	2007 S$m	2006 S$m
Profit before tax	126.5	66.9
Net (decrease) from changes in working capital	(53.7)	(28.1)
Net interest paid/received & tax paid	(24.4)	(25.1)
Adjustment for non-cash items	(7.6)	41.9
Net cash provided by operating activities	40.8	55.6
Net cash used in investing activities	(99.6)	(137.6)
Net cash used in financing activities	94.0	124.9
Net change in cash & cash equivalents	35.2	42.9
Cash & cash equivalents at beginning of the year	81.5	37.3
Effects of exchange rate changes for balances in foreign currencies	(1.0)	1.3
Cash and cash equivalents at end of the year	115.7	81.5

As at 31 December 2007, the Group's cash and cash equivalents increased by 42% to S$115.7 million compared to last year. The increase in cash flow was largely due to the proceeds from the issuance of notes under the MTN programme in November 2007 to fund capital expenditure and investment requirements and refinancing the existing borrowings. This was partially offset by bank repayments and payment of dividends to shareholders.

During the year, the Group generated positive operating cash flow of S$40.8 million, mainly due to profit before tax of S$126.5 million adjusted for non-cash items of S$7.6 million, which comprised mainly the negative goodwill of S$44.5 million arising from our increased effective interest in LRH following the rights issue exercise in July 2007, partially offset by depreciation and amortization of island rental of S$30.4 million. This was partially offset by a net decrease in cash generated from working capital changes of S$53.7 million due to higher trade debtors as a result of higher revenue from hotel operations and property sales, and net interest and income tax payments of S$24.4 million.

The net cash flows used in investing activities amounted to S$99.6 million. This was largely due to capital expenditure of S$92.7 million comprising acquisition, construction and renovation of various hotel projects.

The net cash flows generated from financing activities amounted to S$94 million. This was mainly due to loans drawdown of S$107.6 million and proceeds from issuance of MTN of S$100 million, partially offset by bank repayments of S$95.1 million, payment of dividend of S$20.3 million to shareholders and minority interests and S$5.2 million to fund the purchase of treasury shares from the market.

SUSTAIN–
ABILITY

Banyan Tree **Maldives Marine Lab**

The Turtle Head Start project provides crucial scientific information for researchers and helps guests and local communities to understand the marine environment. This, together with other marine conservation initiatives, are carried out by the dedicated Marine Lab team – which has been recognised with the prestigious President of Maldives Green Resort Award thrice.

CORPORATE SOCIAL RESPONSIBILITY

"Since our founding, we have embedded Corporate Social Responsibility (CSR) as a core value in our business strategy which enables us to be agents of social and economic development in developing countries where we have a presence."

A socially responsible business

Banyan Tree operates 23 resorts, 64 spas, and 65 retail galleries in more than 20 countries. We have over 7,000 associates from more than 50 nationalities. This diversity in cultures and environments presents us with many opportunities to make a lasting, positive impact on the communities in which we operate.

Since our founding, we have embedded Corporate Social Responsibility (CSR) as a core value in our business strategy which enables us to be agents of social and economic development in developing countries where we have a presence. As a values-based company, Banyan Tree has always defined its overall success not only by its financial performance, but also by its impact upon communities and the environment. With this triple bottom line concept of success as a backdrop, we seek to minimise our impacts while also to maximise our positive contributions to our surroundings.

We do not simply provide a roof, walls and a bed for guests; we offer complete experiences which provide a Sanctuary for the Senses. Each property seeks to share the physical beauty and cultural charm of the host site, enriching the traveller's experience of both the resort and the location. By embracing and reflecting the unique culture and heritage, each resort welcomes guests to broaden their horizons and retain the romance of travel. By designing each resort to fit into its respective setting, the beauty of local ecologies and communities provides a lasting impression of incomparable destinations.

From our genesis in 1994 of rehabilitating Bang Tao Bay, which had been written off as a toxic wasteland, and through 2007, we have continued to formalise and extend our ability to safeguard our natural environment and promote communal prosperity. In 2007, Banyan Tree formally added CSR measurements to our balanced scorecard internal performance metrics. Aside from this key internal initiative, we also launched the following group-wide community and environmental programmes in 2007:

Conserving natural resources

In 2007, Banyan Tree introduced a natural resource conservation initiative with the aim of reducing energy and water consumption at our resorts by 10% every year for the next three years. Consumption benchmarks have been set for the resorts which are required to monitor and reduce their negative environmental impact over the coming years through the implementation of best practices and enhanced efficiencies.

Greening Communities

True to its guiding ecological philosophy, Banyan Tree increased its commitment to tackle the issue of climate change by launching Greening Communities in 2007. By challenging our resorts to plant 2,000 new trees per year for the next decade (2007 until 2016), Banyan Tree strives to drive greater awareness of climate change while helping to offset a portion of the carbon emissions created by the company's operations.

Banyan Tree Bintan Conservation Lab Presentation by Dr Graeme Gillespie
(Director of Wildlife Conservation & Science for Australia's Zoos Victoria)

Seedlings

Seedlings, the Group's tri-phase community programme, offers opportunity and support to children considered at risk of societal exclusion. This group-wide initiative is broken into three stages of mentorship, scholarship, and internship to provide children with the motivation and means to complete their education and successfully enter the labour force as adults.

Mentorship, the first phase of the programme, mobilises associates from Banyan Tree resorts to inspire youths between the age of 12 and 18 to achieve what previously might have been beyond their means. To effectively mentor youths, associates from Banyan Tree resorts undergo training conducted by the University of Wales which has facilitated national mentoring schemes in over five countries.

Scholarships are offered to youths who cannot afford to continue their education. Upon completion of school and after becoming a young adult, optional internships provide job training and valuable work experience in the participating resort's operational areas such as housekeeping, food and beverage, engineering, frontline customer service, marketing, reservations, procurement, security or landscape architecture.

Resort specific projects

Throughout 2007, our resorts also continued to work within their communities to be agents of sustainable economic and social development. Details of these projects can be found in the Sustainability Report 2007.

Two examples of such projects are:

Environmental
– Banyan Tree Bintan Conservation Lab, Indonesia

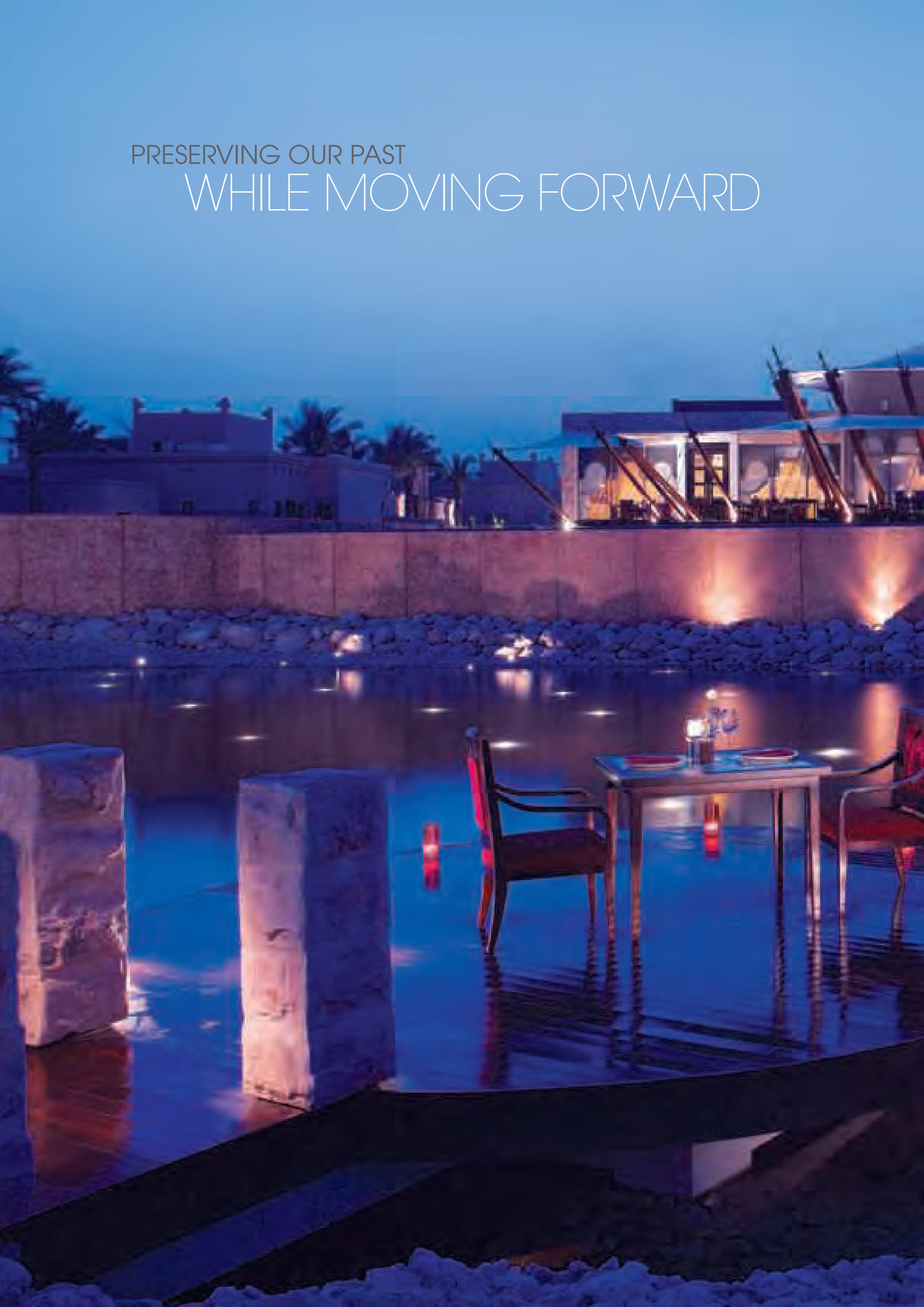
Located on the island of Bintan, this resort-based research facility drives community and guest awareness of environmental and social issues. Providing visiting experts with basic research equipment and support, the Lab has helped to widen the commitment to safeguard the ecology and support the communities of Bintan.

Community support
– Feydhoo Island Preschool, Maldives

Banyan Tree and Angsana Maldives funded the construction and outfitting of the local preschool on Feydhoo Island. Helping to provide a solid foundation for continued education, the school has become a model learning facility for young children in the Maldives.

Banyan Tree strongly believes that socially responsible business decisions and conduct maximise the value created for stakeholders, including shareholders and the communities in which we operate. We all share a responsibility to safeguard and enhance our human and physical environment for present and future generations.

PRESERVING OUR PAST
WHILE MOVING FORWARD



Banyan Tree **Al Areen**

The Kingdom of Bahrain boasts a range of hidden gems: a UNESCO World Heritage Site, wildlife sanctuaries, the Middle East's first F1 Grand Prix, and the superb Arabian-styled oasis of Banyan Tree. The resort was selected as one of the 101 Most Exquisite Hotel Suites and Villas in the world by Elite Traveler.

CORPORATE GOVERNANCE REPORT

The Board of Directors and Management remain committed to maintaining high standards of corporate governance and sound corporate practices in the Group, in accordance with the Singapore Code of Corporate Governance 2005 ("the Code").

This Report sets out the Company's main corporate governance practices with reference to the Code. Unless otherwise stated, these practices were in place for the financial year.

(A) Board matters

Principle 1: The board's conduct of its affairs

The Board oversees and approves the formulation of the Group's overall long-term strategic objectives and directions, and sets its values and standards. It is responsible for the Group's overall performance objectives, financial plans and annual budget; major investments, divestment and funding proposals; financial performance reviews, risk management, and corporate governance practices; and ensuring the Group's compliance with all laws and regulations as may be relevant to the business. The Board also approves the policies and guidelines for Board and Senior Management remuneration as well as the appointment of Directors. In line with best practices in corporate governance, the Board also oversees long-term succession planning for Senior Management.

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

In the year under review, the number of Board and Board Committee meetings held and attended by each Board member is as follows:

Board Members	Board of Directors' Meetings		Audit and Risk Committee Meetings		Nominating and 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	5	5	-	-	-	-
Ariel P Vera	5	5	4	4[1]	4	2[1]
Chia Chee Ming, Timothy	5	4	4	4	4	4
Dilhan Pillay Sandrasegara	5	5	4	4	4	4
Elizabeth Sam	5	5	4	4	4	4

[1] **By invitation**


Banyan Tree **Al Areen**

To assist in the execution of its responsibilities, the Board has established two committees (i) Audit and Risk Committee ("ARC") and (ii) Nominating and Remuneration Committee ("NRC"). These committees function within clearly defined terms of reference.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under the Company's Articles of Association.

To keep pace with new laws, regulations and changing commercial risks, Directors are encouraged to attend relevant and useful seminars conducted by external organisations for their continual education and skills improvement. Directors also have the opportunity to visit the Group's operational facilities and meet Management to have a better understanding of the Group's business operations. New directors are apprised of the business activities of the Group, its strategic directions, policies, procedures, and practices and disclosures of dealings in securities. Formal letters will be issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors.

Principle 2: Board composition and balance

Presently, the Board comprises five Directors, three of whom are Non-Executive Independent Directors. As such, there is a strong and independent element on the Board. The Non-Executive Independent Directors are Mr Chia Chee Ming Timothy, Mr Dilhan Pillay Sandrasegara and Mrs Elizabeth Sam. The Board appointed Mr Chia as the Lead Independent Director in 28 February 2007 to lead and co-ordinate the activities of the Non-Executive Directors of the Company. Mr Chia is independent from Management and business relationships as defined under the Code.

Mr Pillay is a managing partner of the law firm WongPartnership LLP and a director of Clifford Chance Wong Pte Ltd, which provides legal services to the Company. The NRC and the Board consider Mr Pillay to be an Independent Director of the Company, notwithstanding this relationship and that the aggregate payments made were in excess of S$200,000 for the financial year ended 31 December 2007, because he does not personally provide legal services to the Company. Mr Pillay has abstained and will continue to abstain from any decision relating to the Company's choice of legal counsel which is decided by Management. Furthermore, Management uses market rates as benchmarks when evaluating the provision of legal services to our Group by WongPartnership LLP or Clifford Chance Wong Pte Ltd.

Our Independent Director, Mrs Sam, is also an independent director of Boardroom Limited, a company listed on the SGX-ST. Boardroom Corporate & Advisory Services Pte. Ltd. (formerly known as Lim Associates (Pte) Ltd), a subsidiary of Boardroom Limited, is the share registrar and transfer agent of our Company. Notwithstanding this, the NRC and the Board consider Mrs Sam to be independent as the aggregate payments made to Boardroom Corporate & Advisory Services Pte. Ltd. for the financial year ended 31 December 2007 are not significant.

The remaining Directors are executives of the Company. They are Mr Ho KwonPing, Executive Chairman, and Mr Ariel P Vera, Group Managing Director.

CORPORATE GOVERNANCE REPORT

Management and the Company benefit from the Board's varied and objective perspectives on issues brought before it. The composition of our Board is reviewed on an annual basis by the NRC to ensure that it has the appropriate mix of expertise and experience to lead and govern the Group effectively. The Board is of the view that its current size of five Directors out of which three are Independent Directors (that is, three-fifths of the Board size) is appropriate for the nature and scope of its Group's operations. The profiles of our Directors are set out on pages 8 and 9 of this Annual Report.

Principle 3: Chairman and Group Managing Director

There is a clear separation of the roles and responsibilities between the Executive Chairman and Group Managing Director. The Executive Chairman and the Group Managing Director are not related.

The Executive Chairman is responsible for charting the strategic direction and growth of our Group. He also facilitates and ensures active and comprehensive Board discussions on company matters and monitors the translation of the Board's decisions into executive actions. The Group Managing Director executes the Board's decisions and is responsible for implementing the Group's strategies and policies, and the conduct of the Group's business.

Principle 4: Board membership

Our NRC, established on 23 March 2004, comprises three Independent Directors with Mr Chia as the Chairman and Mr Pillay and Mrs Sam as members.

The NRC's functions include considering and making recommendations to the Board on matters relating to Board appointments and re-appointment of Directors, Board evaluation and remuneration of Directors and Senior Management, and determining annually the independence of the Directors.

Notwithstanding some Directors' representations on other boards, the NRC is satisfied that these Directors have been able to perform their duties effectively and has endorsed the following independent 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)

Mr Dilhan Pillay Sandrasegara (Independent)

Mrs Elizabeth Sam (Independent)

The Company's Articles of Association require one-third of directors to 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. New Directors appointed in the year are subject to retirement and re-election by shareholders at the next AGM after their appointment. Pursuant to the one-third rotation rule, Mr Vera and Mr Pillay will submit themselves for retirement and re-election by shareholders at the forthcoming AGM.

Principle 5: Board performance

This year, the NRC reviewed the process for evaluation of the Board as a whole. All Directors will assess the effectiveness of the Board as a whole and the results of each assessment will be 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 and size of the Board, the manner in which the Board meetings are conducted, the Board's access to information, access to Management and external experts outside the meetings are applied to evaluate the Board's performance as a whole. The assessment of the Chairman and the Group Managing Director's performance is undertaken by the NRC. Each member of the NRC abstains from making any recommendations and/or participating in any deliberation of the NRC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

Principle 6: Access to information

The Directors are provided with Board Papers before each Board Meeting to enable them to be properly informed of matters to be discussed and/or approved. Board Papers contain both regular items such as budget, forecasts and quarterly financial statements as well as quarterly management reports on the Company's projects as well as matters for the decision or information of the Board. In respect of the budget, any material variance between the budget, the latest forecast and the actual results are disclosed and explained. From time to time, Management will brief the Directors at Board meetings when there are changes in regulation and/or accounting standards, which would have an impact on the disclosure obligations or the financial position of the Company. Directors are also given analysts' reports so that they are apprised of analysts' views on the Company's performance.

As a general rule, Board and Board Committee papers are distributed to the Directors a week before the meeting. When necessary, Senior Management participates in Board meetings to provide additional insights.

The Directors have separate and independent access to the 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. The Board exercises its discretion to seek independent professional advice where necessary at the expense of the Company.


Banyan Tree **Madivaru**

(B) Remuneration matters

Principle 7: Remuneration Policies

The NRC has been delegated the authority by the Board to review and approve recommendations on remuneration policies and packages for its Directors, Senior Management and other employees who are related to the controlling shareholders and/or our Directors. NRC has access to the Company's Human Resource Department and External Consultant for expert advice on executive compensation. In setting remuneration packages, the NRC takes into account the respective performance of the Group and the individual. In its deliberation, the NRC takes into consideration, remuneration packages and employment conditions within the industry and benchmarked against comparable companies. 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.

Our Independent Directors receive directors' fees for their responsibilities and contributions to our Board. The fees are subject to shareholders' approval at the AGM. Our Executive Directors do not receive any directors' fees. The Board is proposing an increase in the retainer to be paid to members of the ARC, to bring the current fee structure in line with the market rate.

During the year, there are 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.

The framework for determining Non-Executive Directors' Fees is as follows:

Non-Executive Directors' Fees (S$)	
Basic Retainer Fee for Director	40,000 per annum
Fee for Appointment to ARC	
Committee chairman	30,000 per annum
Committee member	15,000 per annum
Fee for Appointment to NRC	
Committee chairman	20,000 per annum
Committee member	10,000 per annum

The names of the top five key executives (who are not also Directors) earning remuneration which falls within bands of S$250,000 are as follows:

Top Executives' Remuneration Bands	
Ho KwonCjan	)
Chiang See Ngoh Claire	)
Surapon Supratya	) S$500,000 to S$750,000
Bernold Olaf Schroeder	)
Yeow Yew Keong (Resigned on 31 October 2007)	)

Long-Term Share Incentives

The Company has in place share-based remuneration programmes which allow key executives to participate in the Company's growth. These include the Banyan Tree Employee Share Option Scheme and the Banyan Tree Performance Share Plan (the "Plan") which comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). 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

The following table shows the breakdown of remuneration of Executive Directors and Non-Executive Directors in percentage terms which falls within bands of S$250,000:

Remuneration Bands	Salary	Bonus	Other Benefits	Fees	Total
Executive Directors					
S$1,750,000 to S$2,000,000					
Ho KwonPing	52.59%	34.70%	12.71%	-	100%
S$500,000 to S$750,000					
Ariel P Vera	54.87%	34.54%	10.59%	-	100%
Non-Executive Directors					
S$250,000 and below					
Chia Chee Ming, Timothy	-	-	0.47%	99.53%	100%
Dilhan Pillay Sandrasegara	-	-	0.99%	99.01%	100%
Elizabeth Sam	-	-	3.95%	96.05%	100%

with that of shareholders, improving performance and achieving sustainable growth for the Company, and fostering an ownership culture amongst key executives. These plans contemplate the award of fully paid Shares or their cash equivalent, when and after pre-determined performance or service conditions are met. No awards were granted to the Independent Directors under the Plan. The Company has not issued any option to eligible employees pursuant to the Banyan Tree Employee Share Option Scheme.

The selection of a participant and the number of Shares to be awarded under the PSP or RSP will be determined at the discretion of the NRC. The NRC will review and amend 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.

(C) Accountability and Audit

Principle 10: Accountability

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within forty-five days from the end of each quarter. Annual results are released within sixty days from the end of the financial year. In presenting these financial statements, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

Principle 11: Audit and risk committee

Our ARC comprises three Independent Directors with Mr Pillay as the Chairman and Mr Chia and Mrs Sam as members.

The ARC reviews on a quarterly basis, with the External and Internal Auditors and Management, the interested person transactions, matters affecting the Group's performance and effectiveness of the Group's material internal controls including financial & operational controls and risk management.

The ARC also reviews the Group's quarterly, half-year and full-year results as well as financial statements of the Group and Company before they are submitted to the Board for approval.

The ARC also commissions and reviews the findings of internal investigations into matters on suspected fraud, irregularity, failure of internal controls, and infringement of any law, rule or regulation which has or is likely to have a material impact on our results of operations and/or financial position.

The ARC is apprised of all cases of whistle-blowing. Cases that are significant are reviewed by the ARC for adequacy and independence of investigative actions and resolutions.

The ARC has full access to and co-operation of Management. The ARC also has full discretion to invite any Director or its Senior Management to attend its meetings and has been given adequate resources to discharge its functions. During the year, the ARC met with the Internal and External Auditors without the presence of Management.

The ARC has reviewed the information provided by the External Auditors during the current financial year and is satisfied that the financial, professional and business relationships between the Company and the External Auditors will not prejudice the independence and objectivity of the External Auditors. It recommends the reappointment of the External Auditors.

In the opinion of the Directors, the Group complies with the Code's guidelines on audit committees.

Principles 12 and 13: Internal Controls & Internal Audit

Internal audit is an independent function within the Company which reports directly to the ARC on audit matters and to the Group Managing Director on administrative matters. Internal Auditor assists the ARC and the Board by performing regular evaluations on 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 requirement.

The Internal Auditor plans its audit schedules annually in consultation with, but independent of, Management. Its plans are submitted to the ARC for approval.

The Internal Auditor 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 ARC assesses annually the adequacy of the internal audit function. In the year under review, it is satisfied that the Company's internal audit function is supported by adequate resources and has respectable standing within the Company.

During the financial year, the ARC on behalf of the Board has reviewed the effectiveness of the Group's system of internal controls in light of key business and financial risks affecting the operations. Based on the report submitted by the Internal Auditor and the various controls put in place by Management, the Board has reviewed, and is satisfied with, the adequacy of the Group's internal controls.

The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The Risk Management Committee, comprising certain members of our Senior Management, reports to our ARC on an annual basis, the Group's strategic risks and the measures taken to address them. All significant risks and residual risk exposures and the measures taken, are also highlighted to the ARC on a quarterly basis.

Banyan Tree ***Phuket***

(D) Communication with shareholders

Principles 14 and 15: Communication with Shareholders & 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 currently holds a media and analysts briefing upon 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.

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 not currently 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 will be in attendance at the Company's general meetings to address questions by shareholders. The External Auditors will also be present to assist the Board in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

Dealing in securities

The Company has adopted an internal code on securities trading, which provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers that is modelled on Rule 1207(18) 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 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.

Interested person transactions

Shareholders have adopted a Shareholders' Mandate ("Mandate") in respect of interested person transactions of the Company. The Mandate defines the levels and procedures to obtain approval for such transactions. Information on interested person transactions for 2007 is set out on page 80 of this Annual Report. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

INTERESTED PERSON TRANSACTIONS

Particulars of interested person transactions for the period from 1 January 2007 to 31 December 2007 as required under Rule 907 of the SGX Listing Manual.

		Aggregate value of all interested parties transactions during the financial quarter under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate) ($'000)	Aggregate value of all interested parties transactions conducted under Shareholders' Mandate (excluding transactions less than S$100,000) ($'000)
A	**Transactions with the Tropical Resorts Limited Group (TRL)**		
a	Provision of Resort Management and Related Services to TRL	-	4,770
b	Provision of Spa Management and Other Related Services to TRL	-	2,157
c	Returns from TRL in respect of units in Banyan Tree Bintan and Angsana Bintan	-	2,919
d	Reimbursement of expenses to TRL	-	1,362
e	Lease of Banyan Tree Bintan Villa from TRL	-	3,474
B	**Transactions with the Laguna Resorts & Hotel Public Company Limited Group (LRH)**		
a	Provision of Resort Management and Related Services to LRH	-	9,947
b	Payment of Rent and Services to LRH	-	1,358
c	Reimbursement of expenses		
	- from LRH	-	7,867
	- to LRH	-	3,952
d	Supply of Goods and Vouchers from LRH	-	2,086
e	Payment of Interest by Lijiang Banyan Tree Hotel Co., Ltd to LRH	-	822
f	Purchase of 21% shareholding in Lijiang Banyan Tree Hotel from LRH	4,471	-
C	**Transactions with Phuket Hotel Limited (PHL)**		
a	Centralised Service Fees to LRH	-	545
b	Provision of Hotel Technical Assistance to PHL	-	263
c	Reimbursement of expenses to PHL		270
D	**Transactions with KAP Holdings Ltd ("KAP") - Director Related Company**		
a	Sale of a Double Pool Villa to KAP	3,072	-
E	**Transactions with a Director**		
a	Sale of a Dusit Laguna Villa	1,307	-
F	**Transactions with Associates of Director**		
a	Sale of 5 Dusit Laguna Villas	6,536	-
b	Purchase of 3 units Allamanda and 1 unit of Sheraton Island Villa	1,636	-
	Total	**17,022**	**41,792**

FINANCIAL STATEMENTS

31 December 2007

Contents

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 2007.

Directors

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

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Dilhan Pillay Sandrasegara
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 Employee Share Option Scheme, Banyan Tree Performance Share Plan and the Founder's Grant.

Banyan Tree Employee 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 employees, the Banyan Tree Employee Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). 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, which form an integral and important component of compensation plan, are designed to primarily reward and retain employees whose services are vital to the well-being and success of the Company. Mr Ho KwonPing, the Executive Chairman and controlling shareholder, is not entitled to participate in the Schemes.

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 issued share capital.

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

Mr Ho KwonCjan and Ms Claire Chiang who are considered controlling shareholders pursuant to the Listing Manual and who have contributed to the success and development of the Company are eligible to participate in the Plan subject to the approval of the shareholders.

During the financial year, a tranche of the Plan for the Financial Year 2007 was granted to eligible Group Employees (Initial Award). The details of the Initial Award to the Executive Director, participants who received 5% or more of the Initial Award and other eligible participants under the Plan can be found in Note 44 to the financial statements.

Founder's Grant

Mr Ho KwonPing was earlier awarded a Founder's Grant which will be effective from 1 January 2010. Under the Founder's Grant, he shall be entitled to, for each financial year for a period of ten years beginning from the financial year ending 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.

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 Singapore Companies Act, Cap. 50, 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	–	–	276,460,582	276,960,582
Ariel P Vera	589,200	589,200	–	180,000*
Chia Chee Ming Timothy	250,000	250,000	–	–
Dilhan Pillay Sandrasegara	250,000	250,000	–	–
Elizabeth Sam	150,000	150,000	–	–

* The Company granted a conditional award of 180,000 shares to Mr Ariel P Vera under the Plan. An additional award of up to 130,000 shares may be granted if the performance conditions are exceeded.

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	–	–

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 2008.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Ho KwonPing is deemed to have interests in shares of the subsidiaries of 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 date of appointment if later, or at the end of the financial year.

Except 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.

Directors' contractual benefits

Contracts entered by the Company with its directors are set out as follows:

i) Mr Ho KwonPing and Mr Ariel P Vera have employment relationships with the Company and have received remuneration in that capacity;

ii) Mr Pillay is a partner of the law firm WongPartnership LLP and a director of Clifford Chance Wong Pte Ltd which provides legal services to the Group; and

iii) Mrs Sam, 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 subsidiary of the Company granted loan of Baht 3,040,000 at an internal rate of 4.73% to Mr Ho KwonPing pursuant to a Financing Scheme adopted by the Company and offered to all employees. Principle 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:

Dilhan Pillay Sandrasegara
Chia Chee Ming Timothy
Elizabeth Sam

All ARC members are non-executive independent directors.

The ARC has written terms of reference that are approved by the Board and clearly set out its responsibilities as follows:

1. assist the Board of directors ("the Board") of the Company 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 independent 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 Singapore Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Auditors

Ernst & Young 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
12 March 2008

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, 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 2007 and the results, 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
12 March 2008

INDEPENDENT AUDITORS' REPORT

To the Members of Banyan Tree Holdings Limited

We have audited the accompanying financial statements of Banyan Tree Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 87 to 156, which comprise the balance sheets of the Group and the Company as at 31 December 2007, the statements of changes in equity of the Group and the Company, the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 judgement, 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 and fair presentation of the financial statements 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 directors, 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,

i) the consolidated financial statements of the Group, and the balance sheet and 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 2007 and the results, 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

ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
12 March 2008

CONSOLIDATED
INCOME STATEMENT
Year ended 31 December 2007

	Note	Group 2007 $'000	2006 $'000
Revenue	3	421,859	335,321
Other operating income	4	2,272	1,039
		424,131	336,360
Costs and expenses			
Operating supplies		(83,760)	(63,745)
Salaries and related expenses	5	(98,778)	(77,079)
Administrative expenses		(39,486)	(23,844)
Sales and marketing expenses		(21,327)	(12,791)
Other operating expenses	6	(58,237)	(47,474)
Total costs and expenses		(301,588)	(224,933)
Operating profit		122,543	111,427
Depreciation of property, plant and equipment		(26,243)	(23,644)
Amortisation of lease rental and land use rights		(4,137)	(3,940)
Profit from operations	7	92,163	83,843
Finance income	8	4,174	2,955
Finance costs	9	(16,421)	(14,013)
Share of results of associated companies		2,032	1,870
Share of results of joint venture companies		(6)	1
Profit before exceptional items		81,942	74,656
Exceptional items	10	44,535	(7,760)
Profit before taxation		126,477	66,896
Income tax expenses	11	(24,036)	(24,521)
Profit after taxation		102,441	42,375
Attributable to:			
Equity holders of the Company		81,866	27,107
Minority interests		20,575	15,268
		102,441	42,375
Earnings per share (in cents):			
Basic	12	10.76	3.92
Diluted	12	10.75	3.92

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

BALANCE
SHEETS
As at 31 December 2007

	Note	Group 2007 $'000	Group 2006 $'000 (As restated)	Company 2007 $'000	Company 2006 $'000
Non-current assets					
Property, plant and equipment	13	**1,013,435**	558,453	**23**	23
Land use rights	14	**6,144**	2,527	**–**	–
Land awaiting for future development	15	**18,581**	27,494	**–**	–
Subsidiary companies	16	**–**	–	**337,705**	186,997
Associated companies	17	**28,146**	22,522	**19,601**	46,064
Joint venture companies	18	**3,556**	3,805	**6,334**	6,354
Prepaid island rental	19	**25,386**	29,196	**–**	–
Long-term trade receivables	20	**10,321**	12,467	**–**	–
Intangible assets	21	**26,965**	26,965	**–**	–
Long-term investments	22	**9,052**	9,049	**–**	–
Other non-current assets	23	**4,416**	1,817	**–**	–
Deferred tax assets	40	**12,089**	11,813	**–**	–
		1,158,091	706,108	**363,663**	239,438
Current assets					
Inventories	24	**11,051**	9,691	**–**	–
Trade receivables	25	**76,096**	48,298	**–**	–
Other receivables	26	**48,264**	35,743	**8,247**	4,744
Amounts due from subsidiary companies	27	**–**	–	**4,853**	5,545
Amounts due from associated companies	28	**2,420**	1,342	**483**	1,325
Amounts due from related parties	29	**6,323**	4,848	**132**	52
Property development costs	30	**78,504**	23,796	**–**	–
Cash and bank balances	31	**115,716**	81,523	**25,149**	24,763
		338,374	205,241	**38,864**	36,429
		1,496,465	911,349	**402,527**	275,867

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

	Note	Group		Company	
		2007 $'000	2006 $'000 (As restated)	2007 $'000	2006 $'000
Current liabilities					
Trade payables	32	**15,820**	15,316	**–**	–
Other payables	33	**86,085**	61,302	**4,057**	2,675
Amounts due to subsidiary companies	27	**–**	–	**41,074**	29,822
Amounts due to associated companies	28	**27**	16	**–**	–
Amounts due to related parties	29	**348**	160	**292**	–
Interest-bearing loans and borrowings	34	**94,077**	63,349	**12,125**	3,825
Tax payable		**9,489**	8,787	**112**	13
		205,846	148,930	**57,660**	36,335
Net current assets/(liabilities)		**132,528**	56,311	**(18,796)**	94
Non-current liabilities					
Interest-bearing loans and borrowings	34	**147,957**	167,931	**2,853**	3,856
Hire purchase creditors	35	**–**	13	**–**	–
Loan stock	36	**509**	421	**–**	–
Notes payable	37	**100,000**	–	**100,000**	–
Redeemable preference shares	38	**926**	439	**926**	439
Other non-current liabilities	39	**4,092**	2,514	**–**	–
Deferred tax liabilities	40	**194,164**	78,158	**–**	–
Loan from minority shareholder of a subsidiary company	41	**1,670**	1,771	**–**	–
		449,318	251,247	**103,779**	4,295
Net assets		**841,301**	511,172	**241,088**	235,237
Equity attributable to equity holders of the Company					
Share capital	42	**199,995**	199,995	**199,995**	199,995
Treasury shares	43	**(5,191)**	–	**(5,191)**	–
Reserves	43	**408,842**	159,056	**46,284**	35,242
		603,646	359,051	**241,088**	235,237
Minority interests		**237,655**	152,121	**–**	–
Total equity		**841,301**	511,172	**241,088**	235,237

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

STATEMENTS
OF CHANGES IN EQUITY
Year ended 31 December 2007

Group	Share capital $'000	Treasury shares $'000	Merger deficit $'000	Capital reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Fair value adjustment reserve $'000	Legal reserve $'000	Share based payment reserve $'000	Accu-mulated profits $'000	Total attributable to equity holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2007	199,995	–	(18,038)	7,852	26,071	(7,105)	(551)	613	7,760	142,454	359,051	152,121	511,172
Exchange differences on translation of financial statements of overseas subsidiary and associated companies	–	–	–	–	42	(16,640)	–	–	–	–	(16,598)	(803)	(17,401)
Net income/(loss) recognised directly in equity	–	–	–	–	42	(16,640)	–	–	–	–	(16,598)	(803)	(17,401)
Net profit for the year	–	–	–	–	–	–	–	–	–	81,866	81,866	20,575	102,441
Total recognised income and expense for the year	–	–	–	–	–	–	–	–	–	81,866	65,268	19,772	85,040
Dividend paid	–	–	–	–	–	–	–	–	–	(13,553)	(13,553)	–	(13,553)
Dividend paid to minority shareholders of a subsidiary company	–	–	–	–	–	–	–	–	–	–	–	(6,792)	(6,792)
Dividend paid to loan stockholders of a subsidiary company	–	–	–	–	–	–	–	–	–	(88)	(88)	–	(88)
Acquisition of additional shares in a subsidiary company	–	–	–	–	–	–	–	–	–	(188)	(188)	(29,082)	(29,270)
Purchase of treasury shares	–	(5,191)	–	–	–	–	–	–	–	–	(5,191)	–	(5,191)
Net surplus on revaluation of property, plant and equipment	–	–	–	–	198,105	–	–	–	–	–	198,105	101,636	299,741
Net change in fair value adjustment reserve	–	–	–	–	–	–	4	–	–	–	4	–	4
Issue of Performance Share Grants to employees	–	–	–	–	–	–	–	–	238	–	238	–	238
At 31 December 2007	199,995	(5,191)	(18,038)	7,852	224,218	(23,745)	(547)	613	7,998	210,491	603,646	237,655	841,301

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

Group	Note	Share capital $'000	Share premium $'000	Merger deficit $'000	Capital reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Fair value adjustment reserve $'000	Legal reserve $'000	Share based payment reserve $'000	Accu-mulated profits $'000	Total atributable to equity holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2006		30,096	30,096	(18,038)	7,852	26,813	(2,994)	(551)	613	–	114,936	188,823	131,998	320,821
Exchange differences on translation of financial statements of overseas subsidiary and associated companies		–	–	–	–	(742)	(4,111)	–	–	–	–	(4,853)	6,534	1,681
Net (loss)/income recognised directly in equity		–	–	–	–	(742)	(4,111)	–	–	–	–	(4,853)	6,534	1,681
Net profit for the year		–	–	–	–	–	–	–	–	–	27,107	27,107	15,268	42,375
Total recognised income and expense for the year		–	–	–	–	(742)	(4,111)	–	–	–	27,107	22,254	21,802	44,056
Capital contribution by minority interest		–	–	–	–	–	–	–	–	–	–	–	41	41
Transfer from share premium reserve to share capital upon implementation of the Companies (Amendment) Act 2005	42	30,096	(30,096)	–	–	–	–	–	–	–	–	–	–	–
Issue of new shares as partial consideration for the acquisition of trademarks	42	15,085	–	–	–	–	–	–	–	–	–	15,085	–	15,085
Conversion of 216,559,114 "B" preference shares into ordinary shares	42	22,163	–	–	–	–	–	–	–	–	–	22,163	–	22,163
Issue of shares to employees	42	–	–	–	–	–	–	–	–	7,760	–	7,760	–	7,760
Issue of shares during initial public offering	42	109,683	–	–	–	–	–	–	–	–	–	109,683	–	109,683
Share issue expenses	42	(7,128)	–	–	–	–	–	–	–	–	–	(7,128)	–	(7,128)
Cancellation of dividend paid to loan stockholders of a subsidiary company		–	–	–	–	–	–	–	–	–	411	411	–	411
Dividend paid to minority shareholders of a subsidiary company		–	–	–	–	–	–	–	–	–	–	–	(1,720)	(1,720)
At 31 December 2006		199,995	–	(18,038)	7,852	26,071	(7,105)	(551)	613	7,760	142,454	359,051	152,121	511,172

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 2007 (continued)

Company	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Share based payment reserves $'000	Accu-mulated profits $'000	Total equity $'000
At 1 January 2007	199,995	–	7,852	7,760	19,630	235,237
Net profit for the year	–	–	–	–	24,559	24,559
Total recognised income and expense for the year	–	–	–	–	24,559	24,559
Dividend paid	–	–	–	–	(13,553)	(13,553)
Purchase of treasury shares	–	(5,191)	–	–	–	(5,191)
Issue of Performance Share Grants to employees	–	–	–	36	–	36
At 31 December 2007	199,995	(5,191)	7,852	7,796	30,636	241,088

Company	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Share based payment reserves $'000	Accu-mulated profits $'000	Total equity $'000
At 1 January 2006		30,096	30,096	7,852	–	21,349	89,393
Net loss for the year		–	–	–	–	(1,719)	(1,719)
Total recognised income and expense for the year		–	–	–	–	(1,719)	(1,719)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	42	30,096	(30,096)	–	–	–	–
Issue of shares as partial consideration for the acquisition of trademarks	42	15,085	–	–	–	–	15,085
Conversion of 216,559,114 "B" preference shares into ordinary shares	42	22,163	–	–	–	–	22,163
Issue of shares to employees	42	–	–	–	7,760	–	7,760
Issue of shares during initial public offering	42	109,683	–	–	–	–	109,683
Share issue expenses	42	(7,128)	–	–	–	–	(7,128)
At 31 December 2006		199,995	–	7,852	7,760	19,630	235,237

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

CONSOLIDATED
CASH FLOW STATEMENT
Year ended 31 December 2007

	2007 $'000	2006 $'000
Cash flows from operating activities		
Profit before taxation	126,477	66,896
Adjustments for:		
Share of results of associated companies	(2,032)	(1,870)
Share of results of joint venture companies	6	(1)
Depreciation of property, plant and equipment	26,243	23,644
Loss/(gain) on disposal of property, plant and equipment	14	(201)
Impairment loss in property, plant and equipment	301	–
Negative goodwill on acquisition	(44,535)	–
Finance income	(4,174)	(2,955)
Finance cost	16,421	14,013
Gain on disposal of investments	–	(3)
Write back of impairment in land awaiting for future development	(1,007)	–
Currency realignment	(3,257)	(2,905)
Amortisation of lease rental and land use rights	4,137	3,940
Allowance for doubtful debts - trade	622	546
Write back of allowance for doubtful debts - trade	(241)	(534)
Bad debts (written back)/written off - trade	(202)	32
Impairment loss on goodwill	–	249
Shares issued to employees	–	7,760
Provision for inventory obsolescence	146	154
	(7,558)	41,869
Operating profit before working capital changes	118,919	108,765
Increase in inventories	(814)	(610)
Increase in trade and other receivables	(79,454)	(43,837)
Increase in amounts due from related parties	(2,325)	(2,400)
Increase in trade and other payables	28,849	18,743
	(53,744)	(28,104)
Cash flows generated from operating activities	65,175	80,661
Interest received	6,874	2,819
Interest paid	(18,429)	(20,958)
Tax paid	(12,869)	(6,947)
Net cash flows from operating activities	40,751	55,575

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 2007 (continued)

	2007 $'000	2006 $'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(92,664)	(123,886)
Proceeds from disposal of property, plant and equipment	217	1,249
Increase in investment in an associated company	(4,891)	(959)
Acquisition of subsidiary, net of cash acquired	–	(1,386)
Payment of lease rental	(2,268)	(3,415)
Proceeds on disposal of long-term investments	–	11
Acquisition of trademarks	–	(9,215)
Net cash flows used in investing activities	(99,606)	(137,601)
Cash flows from financing activities		
Proceeds from bank loans	107,624	85,486
Repayment of bank loans	(95,082)	(56,505)
Proceeds from issuance of notes payable	100,000	–
Payment of dividends		
- by subsidiary companies to minority interests and preference shareholders	(6,792)	(1,720)
- by Company to shareholders	(13,553)	–
Payment to hire purchase creditors	(13)	(17)
Net proceeds from issue of shares	–	102,554
Proceeds from share issue to minority interest of a subsidiary	7,026	–
Purchase of treasury shares	(5,191)	–
Redemption of preference shares	–	(4,907)
Net cash flows from financing activities	94,019	124,891
Net increase in cash and cash equivalents	35,164	42,865
Net foreign exchange difference	(971)	1,310
Cash and cash equivalents at beginning of year	81,523	37,348
Cash and cash equivalents at end of year (Note 31)	115,716	81,523

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.

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 16 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") as required by the Singapore Companies Act, Cap. 50.

The financial statements have been prepared on a historical cost basis except for certain property, plant and equipment, derivative financial instruments and available-for-sale financial assets that have been measured at their fair values.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

a) Adoption of new FRS

In 2007, the Group and the Company has adopted the amendments to new or revised FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for annual periods beginning on or after 1 January 2007.

The following are the FRS and INT FRS that are relevant to the Group:

			Effective date (annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007
FRS 40	:	Investment Property	1 January 2007
FRS 107	:	Financial Instruments: Disclosures	1 January 2007
INT FRS 107	:	Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies	1 March 2006
INT FRS 108	:	Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109	:	Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	:	Interim Financial Reporting and Impairment	1 November 2006

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact on the Group and the Company.

2.2 Changes in accounting policies (continued)

b) Future changes in accounting policies

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

Reference		Description	Effective for annual periods beginning on or after
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 111	:	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	:	Service Concession Arrangements	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

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 balance sheet date, 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 goodwill

The Group determines whether goodwill is impaired at least on an annual basis and more frequently if there are indicators of impairment. This requires an estimation of the value in use of the cash-generating units to which the goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's positive goodwill at 31 December 2007 was $2,665,000 (2006 : $2,665,000). More details are included in Note 21 to the financial statements.

(ii) Impairment of trademarks

The Group determines whether the trademarks are impaired at least on an annual basis and more frequently if there are indicators of impairment. This requires an estimation of the value in use of the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's brands at 31 December 2007 was $24,300,000 (2006 : $24,300,000). More details are included in Note 21 to the financial statements.

(iii) 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 amount of the Group's property, plant and equipment at 31 December 2007 was $1,013,435,000 (2006 : $558,453,000). 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.

2.3 Significant accounting estimates and judgements (continued)

(iv) 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 amount of the Group's income tax payables and net deferred tax liabilities at 31 December 2007 was $9,489,000 (2006 : $8,787,000) and $182,075,000 (2006 : $66,345,000) respectively.

b) Critical judgements made in applying accounting policies

(i) Impairment of loans and receivables

The Group assesses at each balance sheet date 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 amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 49 (d) to the financial statements.

(ii) Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. For stage of completion measured by reference to the proportion that actual costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 30 to the financial statements.

2.4 Functional and foreign currency

a) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

b) Foreign currency transactions

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 closing rate of exchange ruling at the balance sheet date. 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 balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary company.

2.4 Functional and foreign currency (continued)

c) Foreign currency translation

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the income statement as a component of the gain or loss on disposal.

2.5 Subsidiary companies and principles of consolidation

a) 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.

b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Adjustments to those fair values relating to previously held interest are treated as a revaluation and recognised in equity.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.9 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

2.6 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 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

2.6 Associated companies (continued)

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 excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss 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 audited 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.

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses.

2.7 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.

The most recent available audited 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.

In the Company's separate financial statements, interests in joint venture companies are accounted for at cost less impairment losses.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. 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. Land, land awaiting for development and buildings are subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made every three (3) years to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the asset revaluation reserve. However, the increase is recognised in the 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 directly to the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

2.8 Property, plant and equipment (continued)

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 asset revaluation reserve in respect of an asset, is transferred directly to retained earnings 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.9 Intangible assets

a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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. Each unit or group of units to which the goodwill is as allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

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, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the 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.

2.9 Intangible assets (continued)

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.

2.10 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. In assessing value in use, the estimated future cash flows 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the income statement as "administrative expenses" or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset 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 income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as a revaluation increase. 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.

2.11 Financial assets

Financial assets within the scope of FRS 39 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 recognized on the balance sheet 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 2.28.

2.11 Financial assets (continued)

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. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- trade and other receivables, including amount due from subsidiary, associated and joint venture companies; and
- cash and bank balances.

c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses 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.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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 impairment losses.

2.12 Long-term investments

Investment securities under long-term investments are classified as available-for-sale financial assets.

2.13 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.

2.14 Property development costs

Property development cost is stated at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure and construction and related interest.

Net realisable value represents the estimated selling price less costs to be incurred in selling.

2.15 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the 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 been 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.

2.15 Impairment of financial assets (continued)

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. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

b) Assets carried at cost

If there is objective evidence that an impairment loss on financial assets that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition 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.

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.

2.17 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, payables to related parties, interest-bearing loans and borrowings, redeemable preference shares, loan stock and notes payable. Financial liabilities are recognised on the balance sheet 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 2.21 (b) for policy on derecognition of financial liabilities.

2.18 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.19 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 ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.20 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 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 long-term liability on the amortised cost basis until redemption.

2.21 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 (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the 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 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 income statement.

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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 income statement net of any reimbursement.

Provisions are reviewed at each balance sheet date 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.

2.23 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 of a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the 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 income statement.

2.24 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 employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

c) Share-based payment

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 transactions is measured at fair value at the date of grant. This cost is recognised in the 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 options that will ultimately vest. At every balance sheet date, the Group revises its estimates of the number of PSP shares that are expected to vest on vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting date. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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 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 RSP shares that are expected to vest by the vesting date. Any revision of this estimate is included in the 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 change in fair value recognised in the 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 Performance Share Plan, 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 condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.25 Leases

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 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 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.

2.25 Leases (continued)

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.

2.26 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term as stipulated in the respective land use rights agreements.

2.27 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The stage of completion is determined by reference to the proportion that actual costs incurred for work performed to date bear to the estimated total contract costs and surveys of work performed.

2.28 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 arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the income statement for the year.

2.29 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. The following specific recognition criteria must also be met before revenue is recognised:

a) Hotel investment

Revenue from hotel investment 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) Hotel management

Revenue from hotel management is recognised as and when the relevant services are rendered.

c) Spa operation

Revenue from operating spas is recognised as and when the relevant services are rendered.

d) Gallery operation

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.

2.29 Revenue (continued)

e) Property sales and hotel residences

Revenue from property sales and hotel residences is recognised when a legally binding contract is signed, using the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred to date and the total anticipated construction costs, and estimations performed by independent engineers. Revenue recognition is discontinued when three consecutive instalments are overdue.

Revenue from entrance fees for club memberships is recognised when a legally binding contract is signed. Revenue from annual subscriptions for club memberships is recognised in the year that they are due.

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.

g) Dividends

Dividend income is recognised in the income statement when the shareholder's right to receive payment is established.

h) Interest

Interest income is recognised using the effective interest method.

2.30 Income 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 by the balance sheet date.

b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date 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 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;
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 each balance sheet date 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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 balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised 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.

2.30 Income taxes (continued)

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on 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.

2.31 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.

2.32 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. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

2.33 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Revenue

Revenue of the Group represents revenue from operation and management of hotels, operation of spas, gallery and property sales after eliminating intercompany transactions. The amount of each significant category of revenue recognised during the year is as follows:

	Group	
	2007 $'000	2006 $'000
Hotel investment	**215,018**	169,591
Hotel management	**14,698**	7,015
Hotel residences	**46,314**	47,330
Spa operation	**24,870**	22,053
Gallery operation	**10,697**	10,847
Property sales	**86,027**	62,381
Design fees and others	**24,235**	16,104
	421,859	335,321

4. Other operating income

Compensation from contractors	**123**	236
Management and service fees	**509**	207
Royalty fees	**–**	91
Spa academy fees	**49**	22
Dividend income	**–**	4
Write back of impairment in land awaiting for future development	**1,007**	–
Others	**584**	479
	2,272	1,039

5. Salaries and related expenses

Salaries, wages and other related costs	**95,856**	74,821
CPF and contributions to other plans	**2,922**	2,258
	98,778	77,079

6. Other operating expenses

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

	Group	
	2007 $'000	2006 $'000
Utilities	**15,897**	14,395
Repair and maintenance	**8,274**	6,924
Printing and stationery	**2,786**	2,138
Travelling and transportation	**4,164**	3,208
Commission expenses	**6,461**	4,573
Laundry and valet	**2,663**	2,249
Guest expendable supplies	**3,671**	2,795

7. Profit from operations

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

Allowance for doubtful debts - trade	**622**	546
Write back of allowance for doubtful debts - trade	**(241)**	(534)
Provision for inventory obsolescence	**146**	154
Impairment loss in property, plant and equipment	**301**	–
Non-audit fees		
- auditors of the Company	**–**	1
Bad debts (written back)/written off - trade	**(202)**	32
Exchange gain	**(1,785)**	(6,532)
Gain on foreign currency contracts	**(2,170)**	(5,528)
Loss/(gain) on disposal of property, plant and equipment	**14**	(201)
Gain on sale of investments	**–**	(3)
Impairment loss on goodwill	**–**	249
Hotel management fees paid to other hotel operators	**4,132**	2,762
Cost of properties sold	**55,446**	34,617
Cost of inventories sold	**3,679**	5,831

8. Finance income

Interest received and receivable from:

- banks	**1,136**	1,228
- related parties	**318**	175
- others	**2,720**	1,552
	4,174	2,955

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

9. Finance costs

	Group	
	2007 $'000	2006 $'000
Interest paid and payable to:		
- banks	15,363	11,340
- holders of redeemable preference shares	487	2,599
- holders of notes payable	493	–
- related parties	18	–
- others	60	74
	16,421	14,013

10. Exceptional items

Prior to listing of the Company on Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company issued 8,000,000 ordinary shares to the employees of the Group at no consideration in 2006. These shares were issued in recognition of the contribution made by the employees and the issue was of a one-off nature. The fair value of the ordinary shares issued was measured by reference to the initial public offering price of $0.97 per share. Accordingly, an aggregate amount of $7,760,000 was charged to the income statement of the Group in 2006.

For the year ended 31 December 2007, the exceptional item of $44,535,000 relates to a one-off negative goodwill arising from the increase in the effective interest in Laguna Resorts & Hotels Public Company Limited ("LRH") from 51.78% to 65.75%, following LRH's Rights Issue exercise in July 2007. See Note 45 (c).

11. Income tax

Major components of income tax expense for the years ended 31 December 2007 and 2006 are:

	Group	
	2007 $'000	2006 $'000
Current tax expense		
Current taxation	11,359	11,682
Under provision in respect of prior years	55	301
	11,414	11,983
Deferred tax expense		
Movement in temporary differences	10,598	10,582
Benefits previously not recognised	(1,918)	(61)
Under provision in respect of prior years	–	31
Deferred tax assets utilised	1,200	–
	9,880	10,552
Withholding tax expense		
Current year provision	2,754	1,986
Over provision in respect of prior years	(12)	–
	2,742	1,986
Income tax expense	24,036	24,521

Reconciliation of effective tax rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2007 and 2006 is as follows:

	2007	2006
Accounting profit before taxation	126,477	66,896
Income tax using Singapore tax rate of 18% (2006 : 20%)	22,766	13,379
Effect of different tax rates in other countries	8,062	5,753
Expenses not deductible for tax purposes	887	7,733
Utilisation of previously unrecognised tax losses	(516)	(61)
Tax exempt income	(10,395)	(4,126)
Double tax relief and tax rebate	(769)	(963)
Under provision in respect of prior years	55	332
Deferred tax assets not recognised	1,179	1,069
Withholding tax	2,742	1,986
Others	25	(581)
Income tax expense recognised in the income statement	24,036	24,521

11. Income tax (continued)

The Group

Withholding tax is suffered on Group services fees and management fee income derived from Indonesia and Thailand at 15% (2006 : 15%). The Group also suffered withholding tax on dividend income received from Thailand at 10% (2006 : 10%).

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 18% for the year of assessment 2008 onwards from 20% for year of assessment 2007. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

12. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding 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 income and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2007 $'000	2006 $'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	81,866	27,107
Weighted average number of ordinary shares for basic earnings per share computation	761,110,294	691,243,076
Effect of dilution: – Contingently issuable shares under Banyan Tree Performance Share Plan	701,696	–
Weighted average number of ordinary shares for diluted earnings per share computation	761,811,990	691,243,076

13. Property, plant and equipment

Group	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Furniture, fittings and equipment $'000	Computers $'000	Motor-vehicles $'000	Construc-tion-in-progress $'000	Total $'000
Cost or valuation:								
At 1 January 2006								
At cost	96,787	160,298	30,525	151,140	3,249	4,434	37,895	484,328
At valuation	72,761	27,187	–	26,602	–	–	–	126,550
	169,548	187,485	30,525	177,742	3,249	4,434	37,895	610,878
Additions	1,015	34,821	19,469	11,889	1,837	1,251	74,157	144,439
Disposals	(627)	–	(2,255)	(650)	(14)	–	–	(3,546)
Transfer in/(out)	–	8,504	31,506	17,373	–	95	(57,478)	–
Net exchange differences	5,983	10,615	(1,957)	7,138	(14)	176	(10,401)	11,540
At 31 December 2006 and 1 January 2007	175,919	241,425	77,288	213,492	5,058	5,956	44,173	763,311
Cost or valuation:								
At 1 January 2007								
At cost	101,892	212,773	77,288	185,456	5,058	5,956	44,173	632,596
At valuation	74,027	28,652	–	28,036	–	–	–	130,715
	175,919	241,425	77,288	213,492	5,058	5,956	44,173	763,311
Additions	220,892	130,213	52,740	21,700	2,203	1,650	25,582	454,980
Disposals	(266)	(348)	(1,720)	(1,028)	(68)	(10)	(2,177)	(5,617)
Transfer from land awaiting for future development	14,328	–	–	–	–	–	–	14,328
Transfer to property development costs	–	–	(10,557)	–	–	–	–	(10,557)
Transfer in/(out)	–	26,117	7,684	14,806	30	831	(49,468)	–
Net exchange differences	(833)	(4,473)	(1,727)	(714)	(10)	46	(2,235)	(9,946)
At 31 December 2007	410,040	392,934	123,708	248,256	7,213	8,473	15,875	1,206,499
At cost	365	139,339	31,899	246,063	7,213	8,473	15,875	449,227
At valuation	409,675	253,595	91,809	2,193	–	–	–	757,272
At 31 December 2007	410,040	392,934	123,708	248,256	7,213	8,473	15,875	1,206,499
Accumulated depreciation and impairment:								
At 1 January 2006	–	34,015	10,442	124,518	1,942	2,847	10	173,774
Depreciation charge for the year	–	4,506	2,414	15,331	844	549	–	23,644
Disposals	–	(13)	(16)	(1,343)	(10)	(6)	–	(1,388)
Net exchange differences	–	2,787	(705)	6,642	(35)	149	(10)	8,828
At 31 December 2006 and 1 January 2007	–	41,295	12,135	145,148	2,741	3,539	–	204,858
Depreciation charge for the year	–	5,484	3,364	15,290	1,234	871	–	26,243
Disposals	–	–	(60)	(784)	(46)	(10)	–	(900)
Transfer in/(out)	–	–	(118)	(15)	15	–	–	(118)
Revaluation	–	(12,014)	–	(21,988)	–	–	–	(34,002)
Net exchange differences	–	(1,097)	(598)	(1,249)	(47)	(26)	–	(3,017)
At 31 December 2007	–	33,668	14,723	136,402	3,897	4,374	–	193,064
Net carrying amount:								
At 31 December 2007	410,040	359,266	108,985	111,854	3,316	4,099	15,875	1,013,435
At 31 December 2006	175,919	200,130	65,153	68,344	2,317	2,417	44,173	558,453

13. Property, plant and equipment (continued)

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of $61,759 (2006 : $82,515) acquired under a hire purchase agreement.

Freehold land and building in Singapore was revalued as at 31 December 2005 by Jones Lang LaSalle Hotels, an independent property valuer, at open market value. The market value appraised was $13,500,000. If the freehold land and building was measured using the cost model, the carrying amount of freehold land and building at the end of the year would have been $8,855,292 (2006 : $8,903,791).

The hotel properties, which comprise land and land improvement, freehold buildings, furniture, fittings and equipment in Thailand were reappraised by a professional independent appraisal company report dated 27 November 2007. The revaluation was conducted using the basis of market value and market value for the existing use. If the hotel properties have been stated at cost less accumulated depreciation, their net book value at the end of the year would have been $313,202,785 (2006 : $315,132,300).

The hotel properties which comprise leasehold buildings in Maldives was appraised by a professional independent appraisal company report dated 21 January 2008. The properties were assessed using the value in use method. If the hotel properties have been stated at cost less accumulated depreciation, their net book value at the end of the year would have been $10,893,810 (2006 : $12,657,654).

The hotel properties which comprise leasehold buildings in Lijiang, China was appraised by a professional independent appraisal company report in November 2007. The properties were assessed using the value in use method. If the hotel properties have been stated at cost less accumulated depreciation, their net book value at the end of the year would have been $33,788,820 (2006 : $31,038,781).

As at 31 December 2007, certain properties with net book value amounting to $640,232,467 (2006 : $303,194,281) were mortgaged to banks to secure credit facilities for the Group (Note 34).

Interest expense of Nil (2006 : $1,284,000), arising on financing specifically entered into for the construction of certain property, plant and equipment, were capitalised during the financial year and included as property, plant and equipment.

Company	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2006	11	90	101
Additions	–	18	18
At 31 December 2006 and 1 January 2007	11	108	119
Additions	2	9	11
At 31 December 2007	13	117	130
Accumulated depreciation:			
At 1 January 2006	2	87	89
Depreciation charge for the year	2	5	7
At 31 December 2006 and 1 January 2007	4	92	96
Depreciation charge for the year	2	9	11
At 31 December 2007	6	101	107
Net carrying amount:			
At 31 December 2007	7	16	23
At 31 December 2006	7	16	23

14. Land use rights

	Group 2007 $'000	Group 2006 $'000
Cost:		
At 1 January	**2,691**	1,617
Additions	**3,645**	354
Net exchange differences	**28**	720
At 31 December	**6,364**	2,691
Accumulated amortisation:		
At 1 January	**164**	8
Amortisation for the year	**95**	65
Net exchange differences	**(39)**	91
At 31 December	**220**	164
Net carrying amount	**6,144**	2,527
Amount to be amortised:		
- Within 1 year	**163**	64
- After 1 year but within 5 years	**653**	255
- After 5 years	**5,328**	2,208

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

Location	Tenure 2007	Tenure 2006
China		
Banyan Tree Lijiang	**37 years**	38 years
Banyan Tree Ringha	**36 years**	37 years
Gyalthang Dzong Hotel	**41 years**	42 years

15. Land awaiting for future development

	Group 2007 $'000	Group 2006 $'000
Mae Hong Sorn	**567**	237
Chiang Rai	**2,878**	2,325
Phuket	**13,737**	24,932
Chiang Mai	**1,399**	–
	18,581	27,494

15. Land awaiting for future development (continued)

Land awaiting for future development in Mae Hong Sorn, Chiang Rai and Phuket province was revalued on a "Fair Market Value" basis by a professional independent appraisal company on 27 November 2007.

As at 31 December 2006, land awaiting for future development in Phuket province of approximately 45 rai, at a fair value of 164 million Thai Baht, equivalent to $7.0 million, has been mortgaged to secure bank overdrafts, short-term and long-term loan facilities of the Group (Note 34). There is no mortgage relating to land awaiting for future development as at 31 December 2007.

The land awaiting for future development were appraised by a professional independent appraisal company dated 27 November 2007. Subsequent to this, the Group recorded a write-back of impairment for $1,007,000 (2006 : Nil).

16. Subsidiary companies

	Company	
	2007 $'000	2006 $'000
Unquoted shares, at cost	**71,792**	53,744
Quoted shares, at cost	**72,263**	51,388
Impairment losses	**(3,647)**	(3,647)
	140,408	101,485
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
Loans and receivables		
Loans to subsidiary companies	**191,434**	79,649
	337,705	186,997
Market value of quoted shares	**176,198**	145,568

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. Included in loans to subsidiary companies are amounts of $50,477,000 (2006 : $19,596,000) denominated in US Dollars.

At the balance sheet date, the Company has provided for an allowance of $1,000,000 (2006 : $4,400,000) for impairment of the loans due from its subsidiary companies with a nominal amount of $8,256,000 (2006 : $6,492,000). These subsidiary companies have been suffering significant financial losses. The allowance account for the financial year ended 31 December 2007 is $5,400,000 (2006 : $4,400,000).

16. 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	
				2007 $'000	2006 $'000	2007 %	2006 %
(i)	Held by the Company						
1	Banyan Tree Hotels & Resorts Pte. Ltd.	Providing resort, spa, project and golf management services	Singapore	5,466	5,466	100	100
2	Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	4,131	4,131	100	100
2	Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	6,514	6,514	100	100
2	Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	71,619	50,743	65.75	51.78
5	Beruwela Walk Inn Limited	Operating hotel resorts	Sri Lanka	645	645	79.85	79.85
2	Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	3,513	3,513	96.69	96.69
2	Banyan Tree Resorts & Spas (Thailand) Company Limited	Providing spa services	Thailand	6,446	6,446	100	100
2	Maypole New Zealand Limited	Rental of apartments	New Zealand	21	21	100	100
1	Banyan Tree Properties Pte. Ltd.	Property holding	Singapore	10,673	10,673	100	100
1	Banyan Tree Spas Pte. Ltd.	Operating spas	Singapore	**	**	100	100
4	Jiwa Renga Resorts Limited	Hotel construction and operation	China	7,923	7,923	96.00	96.00
2	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	6,561	6,561	77.45	77.45
2	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	100	100
1	Banyan Tree Adventures Pte. Ltd. (formerly known as Banyantravel.com Pte Ltd)	Providing travel agency services	Singapore	736	736	100	100
9	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	5,097	1,760	100	100
2	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	300	**	100	100
4	Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	14,356	–	83.20	66.25
2	Maldives Sun Pvt Ltd	Property investment	Maldives	**	–	100	49
2	Maldives Sand Pvt Ltd	Property investment	Maldives	**	–	100	49
2	Maldives Shore Pvt Ltd	Property investment	Maldives	**	–	100	49
2	Banyan Tree Resorts & Spas (Morocco) S.A.	Provide management, operation services and ancillary services related to the hospitality industry	Morocco	54	–	100	–
1	Enda Pte. Ltd.	Investment holding	Singapore	**	–	100	–
1	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	**	–	100	–
1	Banyan Tree Jiuzhaigou (S) Pte. Ltd.	Investment holding	Singapore	**	–	100	–

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2007 $'000	Cost of investment 2006 $'000	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
1	Banyan Tree Chengdu Pte. Ltd. (formerly known as Donedeal Pte. Ltd.)	Investment holding	Singapore	**	–	100	–
1	Banyan Tree China Holdings Pte. Ltd.	Investment holding	Singapore	**	–	100	–
10	Sanctuary Yangshuo (Cayman) Limited	Investment holding	Cayman Islands	**	–	100	–
				144,055	105,132		
	(ii) Held through subsidiary companies						
2	Banyan Tree Guam Limited	Providing spa and other associated services	Guam	–	–	100	100
2	Banyan Tree Spas Sdn. Bhd.	Operating of spas	Malaysia	–	–	100	100
10	Banyan Tree Japan Yugen Kaisha	Operating of spas	Japan	–	–	100	100
2	Heritage Spas Egypt LLC	Operating and investing in resorts, spas and retail outlets	Egypt	–	–	100	100
2	Banyan Tree (Private) Limited	Operating of spas	Sri Lanka	–	–	100	100
8	Heritage Spas South Africa (Pty) Ltd	Operating and investing in resorts, spas and retail outlets	South Africa	–	–	100	100
2	Heritage Spas Dubai LLC	Operating of spas	Dubai	–	–	100	100
4	Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	–	–	100	100
2	Maldives Angsana Pvt Ltd	Operating holiday resorts	Maldives	–	–	96.69	96.69
1	Architrave Design & Project Services Pte Ltd	Providing consultancy services	Singapore	–	–	100	100
1	Hotelspa Pte. Ltd.	Investment holding	Singapore	–	–	100	100
7	Keelbay Pty Ltd	Operating of spas	Australia	–	–	100	100
2	TWR – Holdings Limited	Investment holding and property development	Thailand	–	–	65.75	51.78
2	Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	–	–	65.75	51.78
6	Cheer Golden Limited	Investment holding	Hong Kong	–	–	65.75	51.78
2	Laguna (3) Limited	Property development	Thailand	–	–	65.75	51.78
2	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	–	–	82.53	75.41
1	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	–	–	82.53	75.41
2	Pai Samart Development Company Limited	Property development	Thailand	–	–	65.75	51.78
2	Mae Chan Property Company Limited	Property development	Thailand	–	–	65.75	51.78
2	Phuket Resort Development Limited	Property development	Thailand	–	–	65.75	51.78
2	Laguna Grande Limited	Operating a golf club and property development	Thailand	–	–	65.75	51.78

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2007 $'000	Cost of investment 2006 $'000	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
2	PT. AVC Indonesia	Holiday club membership	Indonesia	–	–	65.75	51.78
2	Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	–	–	65.75	51.78
3, 12	Laguna Beach Club Limited	Hotel operations	Thailand	–	–	39.45	31.07
3, 12	Laguna (1) Limited	Property development	Thailand	–	–	39.45	31.07
2, 12	Talang Development Company Limited	Property development	Thailand	–	–	32.88	25.89
2	Twin Waters Development Company Limited	Property development	Thailand	–	–	65.75	51.78
2	Bangtao (1) Limited	Property development	Thailand	–	–	65.75	51.78
2	Bangtao (2) Limited	Property development	Thailand	–	–	65.75	51.78
2	Bangtao (3) Limited	Property development	Thailand	–	–	65.75	51.78
2	Bangtao (4) Limited	Property development	Thailand	–	–	65.75	51.78
2	Bangtao Development Limited	Property development	Thailand	–	–	65.75	51.78
2	Bangtao Grande Limited	Hotel operations	Thailand	–	–	65.75	51.78
2	Laguna Central Limited	Dormant	Thailand	–	–	65.75	51.78
2	Laguna Service Company Limited	Providing utilities and other services to hotels of LRH and its subsidiaries	Thailand	–	–	58.62	46.17
2	Thai Wah Plaza Limited	Hotel operations and lease of office building space and property development	Thailand	–	–	65.75	51.78
2	Thai Wah Tower Company Limited	Lease of office building space	Thailand	–	–	65.75	51.78
2	Thai Wah Tower (2) Company Limited	Property development	Thailand	–	–	65.75	51.78
2	Laguna Excursion Limited	Travel operations	Thailand	–	–	65.75	51.78
10	Triumph International Holdings Limited	Investment holding	Hong Kong	–	–	80.00	80.00
4	Gyalthang Dzong Hotel	Hotel services	China	–	–	79.20	79.20
10	Jayanne International Limited	Investment holding	British Virgin Islands	–	–	100	100
10	Jayanne (Seychelles) Limited	To own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	–	–	100	100
10	Club Management Limited	Provision of resort & hotel management and operation services and ancillary services relating to the hospitality industry	British Virgin Islands	–	–	100	100
2	PT. Management Banyan Tree Resorts & Spas	Provide consultation and management services of the international hotels marketing	Indonesia	–	–	100	100
4	Banyan Tree Hotels Management (Beijing) Co., Ltd	Provide operation and management services for property, spas and food and beverage, and consulting services for hotel design and tourism information	China	–	–	100	100

16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2007 $'000	Cost of investment 2006 $'000	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
2	Sanctuary Lijiang (Hong Kong) Limited	Investment holding	Hong Kong	–	–	100	–
2	Sanctuary Jiwa Renga (Hong Kong) Limited	Investment holding	Hong Kong	–	–	100	–
2	Banyan Tree Investment Holdings (HK) Limited (formerly known as Sanctuary Lhasa (Hong Kong) Limited)	Investment holding	Hong Kong	–	–	100	–
11	Lijiang Banyan Tree Property Service Company Limited (formerly known as Lijiang Banyan Tree Property Management Co., Ltd)	Hotel management	China	–	–	87	–
10	Banyan Tree Resorts (UK) Ltd	Provide sales and marketing services	United Kingdom	–	–	100	–
10	Banyan Tree Hotels & Resorts USA, Inc	Provide sales and marketing services	United States of America	–	–	100	–
2	Laguna (Vietnam) Co., Ltd	Development and management of resorts	Vietnam	–	–	100	–
10	Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	–	–	100	–
10	Sanctuary Lhasa (Cayman) Limited	Investment holding	Cayman Islands	–	–	100	–
10	Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	–	–	100	–
10	Sanctuary Gyalthang Dzong (Cayman) Limited	Investment holding	Cayman Islands	–	–	100	–
1	Banyan Tree Yangshuo (S) Pte. Ltd.	Investment holding	Singapore	–	–	100	-
1	Sanctuary Lhasa (S) Pte. Ltd.	Investment holding	Singapore	–	–	100	-
1	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	–	–	100	-
1	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	–	–	100	–
11	Yangshuo Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	–	–	100	–

1 Audited by Ernst & Young, Singapore.

2 Audited by member firms of Ernst & Young Global in the respective countries.

3 Audited by KPMG, Thailand.

4 Audited by Horwath China (Shanghai).

5 Audited by Tudor V.P. & Co..

6 Audited by RSM Nelson Wheeler.

7 Audited by KPMG, Cairns.

8 Audited by Grant Thornton.

9 Audited by Zhongtian Huazhen (Tibet).

10 Not required to be audited under the laws of country of incorporation.

11 Incorporated during the year and no auditors were appointed yet.

12 As at 31 December 2007, these companies are subsidiary companies of Laguna Resorts & Hotels Public Company Limited ("LRH") which in turn is a subsidiary company of the Group. The Directors 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 it through LRH.

** Cost of investment is less than $1,000.

17. Associated companies

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Unquoted equity shares, at cost	**5,870**	979	**889**	8,308
Share of post-acquisition reserves	**3,728**	1,696	**–**	–
Net exchange differences	**(164)**	1	**–**	–
Loans and receivables				
Loans to associated companies	**18,712**	19,846	**18,712**	37,756
	28,146	22,522	**19,601**	46,064

The loans to associated companies is unsecured, interest-free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months. All the loans to associated companies of the Group and Company are denominated in US Dollars.

At the balance sheet date, the amounts made to associated companies of the Group and the Company are not impaired (2006 : Nil).

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 2007 %	2006 %
	Held by the Company				
1	Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	30	30
	Held through an associated company				
2	Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	30	30
	Held through a subsidiary company				
3	Mayakoba Thai S.A. De C.V.	Resort development	Mexico	20	20

1 Audited by Ernst & Young, Singapore.

2 Audited by AJ Shah & Associates, Seychelles.

3 Audited by Deloitte Touche Tomatsu, Mexico.

The summarised financial information of associated companies are as follows:

	2007 $'000	2006 $'000
Assets and liabilities:		
Current assets	**14,129**	15,589
Non-current assets	**126,196**	83,070
Total assets	**140,325**	98,659
Current liabilities	**(47,570)**	(8,471)
Non-current liabilities	**(76,062)**	(84,258)
Total liabilities	**(123,632)**	(92,729)
Results:		
Revenue	**27,058**	21,467
Profit for the year	**6,857**	6,233

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2006 : Nil).

18. Joint venture companies

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Shares at cost	**6,000**	6,000	**6,000**	6,000
Share of post-acquisition reserves	**(2,082)**	(2,076)	**–**	–
Net exchange differences	**(696)**	(473)	**–**	–
Loans and receivables				
Loan to a joint venture company	**334**	354	**334**	354
	3,556	3,805	**6,334**	6,354

The loan to a joint venture company which is denominated in US Dollars, is unsecured, interest-free, with no fixed terms of repayment. The Company will not demand repayment within the next twelve months.

At the balance sheet date, the loans made to joint venture companies of the Group and the Company are not impaired (2006 : Nil).

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 2007 %	Effective equity held by the Group 2006 %
	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	Seytropical Resorts Limited	Resort development	Seychelles	50	50

[1] Audited by Ernst & Young, Singapore.

[2] Audited by AJ Shah & Associates, Seychelles.

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, and results related to the Group's interest in the joint venture companies are as follows:

	2007 $'000	2006 $'000
Assets and liabilities:		
Current assets	**216**	243
Non-current assets	**8,015**	8,817
Total assets	**8,231**	9,060
Current liabilities	**(6)**	(37)
Non-current liabilities	**(667)**	(708)
Total liabilities	**(673)**	(745)
Results:		
Revenue	**15**	15
Expense	**(27)**	(12)
(Loss)/profit for the year	**(12)**	3

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil (2006 : Nil).

19. Prepaid island rental

	Group 2007 $'000	Group 2006 $'000
At 1 January	**32,735**	35,897
Net exchange differences	**(1,808)**	(2,701)
Payment of island rental during the year	**2,268**	3,415
	33,195	36,611
Less: Amount charged to expenses during the year	**(4,042)**	(3,875)
At 31 December	**29,153**	32,736
Amount chargeable within 1 year (Note 26)	**3,767**	3,540
Amount chargeable after 1 year	**25,386**	29,196
	29,153	32,736

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
Vabbinfaru Island	1 May 1993 – 31 Oct 2019
Ihuru Island	16 Oct 2000 – 15 Oct 2015
Velavaru Island	24 Jul 2005 – 24 Aug 2022
Madivaru Island	5 May 2006 – 17 Aug 2022

20. Long-term trade receivables

	Group 2007 $'000	Group 2006 $'000
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 25)	**12,792**	7,767
Between 2 to 5 years	**10,321**	12,466
After 5 years	**–**	1
	10,321	12,467

Long-term trade receivables consist of:

(i) Receivables from property sales which bear interest at a rate of 5% per annum (2006 : 5%) over the Singapore Inter Bank Offered Rate ("SIBOR"). The loan periods vary from 5 to 15 years.

(ii) Receivables from property sales which bear interest at rates ranging from 7.5 to 12% per annum (2006 : 9 to 12%) and are repayable over an instalment period of 2 to 5 years.

(iii) The Group has sold certain properties to an external party who is in the business of selling club memberships. A subsidiary company of the Group acts as the manager of certain properties on behalf of the external party. The sale of properties to this external party amounted to Nil (2006 : $15,457,000). The receivables from these sales bear interest rate of 6% per annum (2006 : 6%) and are repayable over 30 months.

20. Long-term trade receivables (continued)

Included in long-term trade receivables are amounts of $4,772,000 (2006 : $10,921,000) and $5,549,000 (2006 : $1,546,000) denominated in US Dollars and Thai Baht respectively.

At the balance sheet date, the long-term trade receivables of the Group are not impaired (2006 : Nil) and there is no past-due long-term receivables (2006 : Nil).

21. Intangible assets

Group	Goodwill $'000	Trademarks $'000	Total $'000
Cost:			
At 1 January 2006	2,778	–	2,778
Acquisitions of trademarks	–	24,300	24,300
Net exchange differences	136	–	136
As at 31 December 2006, 1 January 2007 and 31 December 2007	2,914	24,300	27,214
Accumulated amortisation and impairment:			
At 1 January 2006	–	–	–
Impairment loss on goodwill	(249)	–	(249)
As at 31 December 2006, 1 January 2007 and 31 December 2007	(249)	–	(249)
Net carrying amount:			
At 31 December 2007	2,665	24,300	26,965
At 31 December 2006	2,665	24,300	26,965

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.

Key assumptions used for value-in-use calculations:

	Thai Wah Plaza Limited
Growth rate	5.00%
Discount rate	7.68%

These 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 weighted average cost of capital rate used are consistent with forecasts used in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant company.

21. Intangible assets (continued)

Impairment testing of trademarks

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

- Hotel management segment;
- Spa operation segment;
- Gallery operation segment; and
- Property sales 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 business segments. The allocated amounts to each cash-generating units are as follows:

	Hotel Management Segment		Spa Operation Segment		Gallery Operation Segment		Property Sales Segment		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Carrying amount of trademarks	**20,504**	20,504	**2,776**	2,776	**390**	390	**630**	630	**24,300**	24,300

The recoverable amount for all the individual 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 pre-tax discount rate applied to the cash flow projections of each business segment is 10.1% (2006 : 8.3%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 5.0% (2006 : 5.0%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used are consistent with forecasts used in industry reports. The discount rates used are pre-tax and reflect 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 year, 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 year, adjusted for the forecast growth rate.

22. Long-term investments

	Group	
	2007 $'000	2006 $'000
Quoted investments (available-for-sale financial assets)		
Equity shares, at fair value	**950**	945
Unquoted investments (available-for-sale financial assets)		
Equity shares, at cost	**8,167**	8,167
Less: Impairment in value of unquoted investments	**(65)**	(63)
Total unquoted investments	**8,102**	8,104
Total available-for-sale financial assets	**9,052**	9,049

Quoted and unquoted shares are mainly denominated in Thai Baht and US Dollars respectively. Unquoted shares stated at cost have no market price and the fair value cannot be measured reliably using valuation techniques.

23. Other non-current assets

	Group 2007 $'000	Group 2006 $'000
Non-financial assets		
Prepayments	186	164
Others	706	944
	892	1,108
Loans and receivables		
Deposits	3,524	709
	4,416	1,817

Included in deposits are amounts of $2,904,000 (2006 : Nil) and $357,000 (2006 : $627,000) denominated in US Dollars and Thai Baht respectively.

24. Inventories

	2007	2006
Food and beverage, at cost	3,016	2,680
Trading goods and supplies, at net realisable value	4,553	4,237
Materials, at cost	3,389	2,774
Others	93	–
	11,051	9,691

25. Trade receivables

	2007	2006
Loans and receivables		
Trade receivables	66,271	43,410
Current portion of long-term trade receivables (Note 20)	12,792	7,767
	79,063	51,177
Less: Allowance for doubtful debts	(2,967)	(2,879)
	76,096	48,298

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. Included in trade receivables are amounts of $54,952,000 (2006 : $22,148,000), $14,127,000 (2006 : $21,958,000) and $3,195,000 (2006 : $938,000) denominated in US Dollars, Thai Baht and Ren Min Bi respectively.

25. Trade receivables (continued)

Receivables that are past due but not impaired:

The Group has trade receivables amounting to $28,129,000 (2006 : $25,337,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2007 $'000	2006 $'000
Trade receivables past due:		
Less than 30 days	14,750	16,471
30 to 60 days	4,626	4,159
60 to 90 days	1,549	1,002
More than 90 days	7,204	3,705
	28,129	25,337
Neither past due nor impaired	47,967	22,961
	76,096	48,298

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:

Trade receivables – nominal amounts	2,967	2,879
Less: Allowance for doubtful debts	(2,967)	(2,879)
	–	–
Movement in allowance accounts:		
At 1 January	2,879	3,565
Charge for the year	597	546
Written off	(241)	(534)
Utilised	(202)	(48)
Exchange differences	(66)	(650)
At 31 December	2,967	2,879

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 2.15 (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.

26. Other receivables

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Non-financial assets				
Prepayments	5,589	5,043	530	11
Prepaid island rental - current portion (Note 19)	3,767	3,540	–	–
Others	3,124	2,513	13	12
	12,480	11,096	543	23
Loans and receivables				
Deposits	13,447	3,110	5,849	2,153
Interest receivable	311	475	6	147
Advances to suppliers	8,670	9,779	–	–
Staff advances	1,729	128	8	–
Loan to a director of the Company	131	–	–	–
Goods and services tax/value-added tax receivable	2,130	2,139	84	244
Insurance recoverable	3,760	3,720	851	1,088
Tax recoverable	306	–	164	–
Other recoverable expenses	742	1,089	742	1,089
	31,226	20,440	7,704	4,721
Fair value through profit and loss				
Forward currency contracts receivable	4,558	4,207	–	–
	48,264	35,743	8,247	4,744

Included in other receivables are amounts of $12,709,000 (2006 : $15,425,000), $4,912,000 (2006 : $754,000) and $17,367,000 (2006 : $7,967,000) denominated in Thai Baht, US Dollars and SGD respectively.

27. Amounts due from/(to) subsidiary companies

	Group 2007	Group 2006	Company 2007	Company 2006
Loans and receivables				
Amounts due from subsidiary companies - non-trade	–	–	4,853	5,545
Financial liabilities at amortised cost				
Amounts due to subsidiary companies - non-trade	–	–	(41,074)	(29,822)

The amounts due from/(to) subsidiary companies are unsecured and interest-free, with no fixed terms of repayment. Included in amounts due from subsidiary companies are amounts of $2,043,000 (2006 : $2,636,000) denominated in US Dollars. Included in amounts due to subsidiary companies are amounts of $38,868,000 (2006 : $25,826,000) denominated in US Dollars.

At the balance sheet date, the Company has provided for an allowance of Nil (2006 : $1,400,000) for impairment of the amounts due from its subsidiary companies with a nominal amount of $1,716,816 (2006 : $1,402,048). The subsidiary company has been suffering significant financial losses. The allowance account for the financial year ended 31 December 2007 is $1,400,000 (2006 : $1,400,000).

28. Amounts due from/(to) associated companies

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Loans and receivables				
Amounts due from associated companies				
- trade	**2,145**	1,172	**483**	383
- non-trade	**275**	170	**–**	942
	2,420	1,342	**483**	1,325
Financial liabilities at amortised cost				
Amounts due to associated companies				
- trade	**–**	(4)	**–**	–
- non-trade	**(27)**	(12)	**–**	–
	(27)	(16)	**–**	–

The amounts due from/(to) associated companies are unsecured and interest-free, with no fixed terms of repayment. Included in amounts due from associated companies of the Company are amounts of $483,000 (2006 : $1,314,000) denominated in US Dollars. Included in amounts due from associated companies of the Group are amounts of $335,000 (2006 : $413,000) and $1,188,000 (2006 : $630,000) denominated in Thai Baht and US Dollars respectively.

At the balance sheet date, the amounts due from associated companies of the Group and the Company are not impaired (2006 : Nil).

29. Amounts due from/(to) related parties

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Loans and receivables				
Amounts due from related parties				
- trade	**5,655**	3,348	**–**	–
- non-trade	**668**	1,500	**132**	52
	6,323	4,848	**132**	52
Financial liabilities at amortised cost				
Amounts due to related parties				
- trade	**(30)**	(137)	**–**	–
- non-trade	**(318)**	(23)	**(292)**	–
	(348)	(160)	**(292)**	–

The amounts due from/(to) related parties are unsecured and interest-free, with no fixed terms of repayment. Included in amounts due from related parties of the Group are amounts of $4,643,000 (2006 : $ 3,195,000) and amounts due to related parties of the Group are amounts of $329,000 (2006 : Nil) denominated in US Dollars.

The amounts due to related parties of the Company are denominated in US Dollars (2006 : Nil).

At the balance sheet date, the Group has provided for an allowance of $25,000 (2006 : Nil) for impairment of the amounts due from a related party with a nominal amount of $105,000 (2006 : Nil). The allowance account for the financial year ended 31 December 2007 is $25,000 (2006 : Nil). The amounts due from related parties of the company are not impaired (2006 : Nil).

30. Property development costs

	Group 2007 $'000	Group 2006 $'000
Properties under development		
Cost incurred to date	**84,575**	174,351
Less: Allowance for foreseeable losses	**(3,931)**	(3,931)
	80,644	170,420
Attributable profit	**88,985**	45,100
Less: Progress billings	**(116,985)**	(197,768)
	52,644	17,752
Properties held for sale	**25,860**	6,044
	78,504	23,796

There were no retention monies due from customers as at 31 December 2007 and 31 December 2006.

During the financial year, borrowing costs of $4,000 (2006 : Nil), arising from borrowings obtained specifically for the development property were capitalised under properties under development.

Details of the properties under development are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective interest held by Group %
Banyan Tree Bangkok Residences	Bangkok, Thailand	2	Under construction	4,124	October 2008	65.75
Banyan Tree Double Pool Villas Phase 1	Phuket, Thailand	100	Held for sale	72,534	Completed	65.75
Banyan Tree Double Pool Villas Phase 2	Phuket, Thailand	1	Under construction	8,168	August 2009	65.75
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,362	Completed	100
Dusit Residences	Phuket, Thailand	77	Under construction	7,746	August 2008	65.75
Laguna Residences Phase 2	Phuket, Thailand	100	Held for sale	7,795	Completed	65.75
Laguna Residences Phase 2 Plot 37	Phuket, Thailand	76	Under construction	1,600	May 2008	65.75
Laguna Residences Phase 3	Phuket, Thailand	100	Held for sale	4,767	Completed	65.75
Laguna Village Townhomes Phase 1	Phuket, Thailand	100	Held for sale	10,199	Completed	65.75
Laguna Village Townhomes Phase 2	Phuket, Thailand	96	Under construction	8,839	May 2008	65.75
Laguna Townhomes Phase 3B	Phuket, Thailand	100	Held for sale	2,040	Completed	65.75
Laguna Townhomes Phase 3B Plot 7 & 8	Phuket, Thailand	95	Under construction	680	March 2008	65.75
Laguna Village Residences Phase 1	Phuket, Thailand	100	Held for sale	5,242	Completed	65.75
Laguna Village Residences Phase 2	Phuket, Thailand	100	Held for sale	5,242	Completed	65.75
Laguna Village Residences Phase 3	Phuket, Thailand	80	Under construction	5,679	May 2008	65.75
Laguna Village Residences Phase 4	Phuket, Thailand	40	Under construction	5,340	September 2008	65.75
Laguna Village Villas	Phuket, Thailand	79	Under construction	4,970	May 2008	65.75

31. Cash and cash equivalents

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Loans and receivables				
Cash on hand and at bank	**94,253**	61,463	**5,093**	6,682
Fixed deposit, unsecured	**21,463**	20,060	**20,056**	18,081
	115,716	81,523	**25,149**	24,763

Included in cash and cash equivalents of the Group are amounts of $16,205,000 (2006 : $6,166,000), $64,437,000 (2006 : $43,744,000) and $6,918,000 (2006 : $799,000) denominated in US Dollars, Thai Baht and Ren Min Bi respectively. Included in cash and cash equivalents of the Company are amounts of $1,972,000 (2006 : $1,399,000) denominated in US Dollars.

32. Trade payables

Included in trade payables of the Group are amounts of $5,055,000 (2006 : $2,208,000) and $5,232,000 (2006 : $11,268,000) denominated in US Dollars and Thai Baht respectively.

33. Other payables

Non-financial liabilities				
Accrued operating expenses	**36,081**	23,598	**1,004**	833
Accrued service charges	**2,926**	2,618	**–**	–
Unearned income	**2,335**	806	**–**	–
Others	**3,641**	4,839	**1,791**	1,272
	44,983	31,861	**2,795**	2,105
Financial liabilities at amortised cost				
Deposits and advances received	**24,683**	10,799	**–**	–
Hire purchase creditors (Note 35)	**13**	16	**–**	–
Construction payables	**9,995**	6,793	**–**	–
Goods and services tax/value added tax payable	**3,100**	3,507	**–**	–
Sundry creditors	**3,311**	8,326	**1,262**	570
	41,102	29,441	**1,262**	570
	86,085	61,302	**4,057**	2,675

Included in the financial liabilities at amortised cost are amounts of $32,855,000 (2006 : $22,662,000) and $4,150,000 (2006 : $3,217,000) denominated in Thai Baht and US Dollars respectively.

34. Interest-bearing loans and borrowings

Financial liabilities at amortised cost				
Non-current liabilities				
Secured bank loans	**147,957**	167,931	**2,853**	3,856
Current liabilities				
Short-term bank loans	**45,066**	30,291	**8,000**	2,900
Secured bank loans	**49,011**	33,058	**4,125**	925
	94,077	63,349	**12,125**	3,825

34. Interest-bearing loans and borrowings (continued)

The long-term secured bank loans are secured by corporate guarantees issued by the Company and the secured bank loans of the Group and the Company are secured by the assets with the following net book values:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Freehold land and buildings	**640,232**	303,194	**12,939**	13,028
Quoted shares in a subsidiary company	**30,272**	54,696	**–**	–
Land awaiting for future development	**–**	7,035	**–**	–
Leasehold buildings	**49,692**	14,360	**–**	–
Unquoted shares in subsidiary companies	**10,074**	10,074	**–**	–
Inventories	**1,622**	733	**–**	–
Trade and other receivables	**41,468**	23,338	**–**	–
Prepaid island rental	**27,610**	31,195	**–**	–
Other assets	**11,547**	17,385	**–**	–
	812,517	462,010	**12,939**	13,028

The secured bank loan of the Company is secured by freehold land and building of a subsidiary.

Included in interest-bearing loans and borrowings are amounts of $41,753,000 (2006 : $26,996,000) and $181,945,000 (2006 : $187,732,000) denominated in US Dollars and Thai Baht respectively.

35. Hire purchase creditors

The Group had obligations under hire purchase that are repayable and are classified as financial liabilities at amortised cost as follows:

	Payments 2007 $'000	Interest 2007 $'000	Principal 2007 $'000	Payments 2006 $'000	Interest 2006 $'000	Principal 2006 $'000
Within 1 year (Note 33)	**15**	**(2)**	**13**	19	(3)	16
After 1 year but within 5 years	**–**	**–**	**–**	16	(3)	13
	15	**(2)**	**13**	35	(6)	29

36. Loan stock

Loan stock represents 102,218 (2006 : 102,218) non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Company Limited, a subsidiary company, to minority shareholders at a par value of Baht 100 each. These preference shares carry a fixed cumulative preference dividend of 10% per annum.

37. Notes payable

Notes payable relates to $50 million fixed rate notes due on 22 November 2010 and $50 million fixed rate notes due on 22 November 2012. The notes bear interest rates of 4.25% per annum (2006 : Nil) and 4.75% per annum (2006 : Nil) respectively, payable semi-annually.

38. Redeemable preference shares

	Group and Company 2007 $'000	Group and Company 2006 $'000
Financial liabilities at amortised cost		
301,108 "A" preference share of $0.10 each (2006 : 301,108)	30	30
Redeemable preference shares dividend payable upon maturity	896	409
	926	439

The "A" preference shares will be redeemed on 30 June 2009 at a redemption amount for each "A" preference share equal to the par value of $0.10 and a premium of $10.00. The total premium of "A" preference shares amounts to $3,011,080. The premium is amortised to the income statement over a period of 6 years using the effective interest method. The balance of the unamortised premium will be charged to the income statement upon redemption should the redemption occur before the end of the 6-year period.

The holders of the above redeemable preference shares have no voting rights.

39. Other non-current liabilities

	Group 2007 $'000	Group 2006 $'000
Non-financial liabilities		
Advance golf membership fees	1,123	834
Deferred interest income	1,554	366
Others	350	111
	3,027	1,311
Financial liabilities carried at amortised cost		
Deposits	1,065	1,203
	4,092	2,514

Included in financial liabilities are amounts of $1,065,000 (2006 : $1,203,000) denominated in Thai Baht.

40. Deferred income tax

	2007	2006
Deferred tax liabilities		
Excess of net book value over tax written down value of property, plant and equipment	(164,790)	(59,017)
Unearned income	(28,919)	(18,682)
Other items	(455)	(459)
Gross deferred tax liabilities	(194,164)	(78,158)
Deferred tax assets		
Unutilised tax losses	8,901	9,086
Other items	3,188	2,727
Gross deferred tax assets	12,089	11,813
Net deferred tax liabilities	(182,075)	(66,345)

40. Deferred income tax (continued)

The Group has tax losses of $8,759,000 as at 31 December 2007 (2006 : $8,008,000) 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.

There are no income tax consequences of dividends to shareholders that were proposed by the Company, but not recognised as a liability in the consolidated financial statements (Note 51).

41. Loan from minority shareholder of a subsidiary company

The loan is unsecured, interest-free and not repayable within the next twelve months. The loan is denominated in US Dollars.

42. Share capital

	Group and Company			
	2007		2006	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid up				
At 1 January	761,402	199,995	300,964	30,096
Transfer of share premium reserve to share capital	–	–	–	30,096
Sub-division of one (1) ordinary share into two (2) shares	–	–	300,964	–
Issue of shares during initial public offering	–	–	113,075	109,683
Issue of shares as partial consideration for acquisition of trademarks	–	–	15,551	15,085
Conversion of "B" preference shares into ordinary shares	–	–	22,848	22,163
Issue of shares to employees	–	–	8,000	–
Share issue expenses	–	–	–	(7,128)
At 31 December	761,402	199,995	761,402	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.

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

43. Treasury shares and reserves

a) Treasury shares

Treasury shares relates to ordinary shares of the Company that is held by the Company. The Company acquired 3,000,000 (2006 : Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $5,191,475 (2006 : Nil) and this was presented as a component within shareholders' equity.

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 to 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.

d) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of revalued property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised.

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.

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 set up in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. 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.

44. Equity compensation benefits

On 28 April 2006, the shareholders of the Company approved the adoption of two share based incentive schemes for its employees, the Banyan Tree Employee Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). The Share Option Scheme and the Plan are administered by the Nominating and Remuneration Committee ("NRC"). The NRC comprises three directors, Chia Chee Ming Timothy, Dilhan Pillay Sandrasegara and Elizabeth Sam.

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 our then total issued share capital of the Company.

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

The Plan, which comprises the Performance Share Plan ("PSP") and Restricted Share Plan ("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 interest of key executives with that of shareholders, improving performance and achieving sustainable growth for the Company, and fostering an ownership culture amongst key executives. These plans contemplate the award of fully paid shares or their cash equivalent, when and after pre-determined performance or service conditions are met. No awards were granted to the Independent Directors under the Plan. The details of the Plan are set out as follows:

44. Equity compensation benefits (continued)

	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 based on total shareholder's return of the Group in absolute and as compared to a group of principle competitors.	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.
Date of Grant	19 April 2007 & 4 May 2007	19 April 2007, 4 May 2007 & 16 July 2007
Performance Period	1 January 2007 to 31 December 2009	1 January 2007 to 31 December 2008
Performance Conditions	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against Straits Times Index ("STI") • Relative TSR against selected hospitality listed peers	• Return on Equity ("ROE") • EBITDA# Margin
Vesting Period	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting 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:

Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	22.22% – 22.38%	22.22% – 22.38%
Straits Times Index	9.94% –10.23%	9.94% –10.23%
Risk-free interest rates		
Singapore Sovereign	2.32% – 2.44%	2.24% – 2.48%
Term	34.9 – 35.4 months	23.4 – 47.4 months
BTH expected dividend yield	1.40%	1.40%
Share price at grant date	$2.14 – $2.57	$2.14 – $2.57

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 ascertain.

There were no conditional shares awarded in the previous financial period.

44. Equity compensation benefits (continued)

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

PSP

Grant date	Participants (as defined under the Plan)	Balance as at 1 January 2007	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Balance as at 31 December 2007	Estimated fair value at grant date
19 April 2007	Ariel P Vera	–	80,000*	–	–	80,000	$3.129
19 April 2007	Bernold Olaf Schroeder	–	60,000#	–	–	60,000	$3.129
19 April 2007	Tee Hwee Liang	–	40,000#	–	–	40,000	$3.129
4 May 2007	Surapon Supratya	–	80,000#	–	–	80,000	$4.362
19 April 2007	Other participants	–	140,000	(140,000)	–	-	$3.129
Total		–	400,000	(140,000)	–	260,000	

* Award of 80,000 shares under the Initial Award of the Plan. An additional award of up to 80,000 shares may be granted if performance conditions are exceeded.

Participants who received 5% or more of the total number of shares granted under the Initial Award of the Plan.

RSP

Grant date	Participants (as defined under the Plan)	Balance as at 1 January 2007	Shares granted during financial year	Shares cancelled during financial year	Shares released during financial year	Balance as at 31 December 2007	Estimated fair value at grant date
19 April 2007	Ariel P Vera	–	100,000*	–	–	100,000	$2.024 -$2.14
19 April 2007	Bernold Olaf Schroeder	–	75,000#	–	–	75,000	$2.024 -$2.14
19 April 2007	Tee Hwee Liang	–	40,000#	–	–	40,000	$2.024 -$2.14
4 May 2007	Surapon Supratya	–	100,000#	–	–	100,000	$2.428 -$2.507
19 April 2007	Other participants	–	568,750	(242,750)	–	326,000	$2.024 -$2.14
4 May 2007	Other participants	–	183,750	–	–	183,750	$2.428 -$2.507
16 July 2007	One participant	–	8,000	–	–	8,000	$2.024 -$2.14
Total		–	1,075,500	(242,750)	–	832,750	

* Award of 100,000 shares under the Initial Award of the Plan. An additional award of up to 50,000 shares may be granted if the performance conditions are exceeded.

Participants who received 5% or more of the total number of shares granted under the Initial Award of the Plan.

No accrual for share expense under the RSP had been made based on the estimation that the Group will not meet its target at end of the performance period.

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 2007 $'000	Group 2006 $'000
Capital commitments in respect of property, plant and equipment	**38,239**	43,969

45. Commitments and contingencies (continued)

b) Operating lease commitments

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

	Group	
	2007 $'000	2006 $'000
Payable:		
Within 1 year	2,397	2,589
After 1 year but within 5 years	9,462	9,937
After 5 years	11,820	14,887
	21,282	24,824
	23,679	27,413

The above operating lease commitments relate principally to the lease of Vabbinfaru Island, Ihuru Island and Madivaru Island. The operating lease of Vabbinfaru Island, Ihuru Island and Madivaru Island expire in 2019, 2015 and 2022 respectively and do not include any contingent rentals.

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.

c) Contingent liabilities

Guarantees

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

	Company	
	2007 $'000	2006 $'000
Guarantees issued on banking facilities of a subsidiary company	2,752	9,718

Litigation

On 4 July 2007, the shareholders of Laguna Resorts & Hotels Public Company Limited ("LRH"), a subsidiary company of the Group, had passed a resolution at an extraordinary general meeting ("EGM") relating to an issue of shares to its shareholders in connection with the non-renounceable rights issue undertaken by LRH and the cancellation of the registration of these resolutions with the Public Companies Registrar of Thailand. TMB is a security agent acting on behalf of the creditors of Thai Wah Public Company Limited ("Thai Wah Public") which is a shareholder of LRH, holding 27,983,542 shares. Prior to the EGM, TMB applied to the Southern Bangkok Civil Court for a court order to allow it to attend the EGM on Thai Wah Public's behalf but TMB's application was dismissed. Subsequently, TMB brought a case in the Court of First Instance of Thailand against LRH for the revocation of the resolution and the cancellation of the registration of the resolution with the Public Companies Registrar of Thailand. TMB alleged that it had a direct interest in attending and voting at LRH's EGM but was not allowed to attend the EGM. LRH has taken the position that the TMB representative did not have the proper proxy form signed by Thai Wah Public, and was therefore not allowed to attend the EGM. A decision on the case from the Court of First Instance is currently pending. If the Court of First Instance rules in TMB's favour, LRH has a right to appeal to the Court of Appeal, with a further appeal to the Supreme Court if the Court of Appeal upholds the ruling of the Court of First Instance. There can be no assurance that LRH will be successful in this case. The consequence of a decision against LRH would be that all previous acts in relation to the increase in LRH's capital would be revoked and cancelled and that LRH would have to ensure that all of its shareholders are reinstated to the position they were in at the outset as if there had been no capital increase. In that event, LRH would have to indemnify its shareholders against the payments made to acquire the newly issued shares. The consequence of this is that the Group's shareholding interest in LRH will revert to 51.78% from the current 65.75%.

45. Commitments and contingencies (continued)

d) Contingent assets

Arising out of the Tsunami in 2004, the Group sustained some property damage and substantial loss of earnings. The Group has made claims for these from its insurers and initiated legal proceedings by way of arbitration against the insurers for the recovery of the sums which the Group has been advised are recoverable under the policies.

The total claim aggregated in the arbitral proceedings by the Group is approximately US$35 million (2006 : US$35 million), which is subject to changes and outcome of the proceedings.

46. Related party transactions

An entity or individual is considered a related party of the Group for the purpose of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

Related parties consist of companies which have common directors with the Group.

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	
		2007 $'000	2006 $'000
a)	Sale and purchase of goods and services		
	Associated companies:		
	- Management and service fee income	3,635	2,767
	- Reservation fee income	236	190
	- Architectural fee income	155	1,392
	Related parties:		
	- Management and service fee income	5,479	5,660
	- Rental income	32	78
	- Reservation fee income	348	381
b)	Acquisition of subsidiaries from an associated company	–	1,386
c)	Redemption of "B" preference shares from related parties and shareholders	–	27,070
d)	Acquisition of trademarks from related parties	–	24,300
e)	Purchase of office space from a related party	–	6,450
f)	Lease of villas from a related party	3,474	10,788
g)	Property and hotel residences:		
	- Sale to a Director of the Company	1,307	–
	- Sale to related parties	11,243	–
h)	Compensation of key management personnel:		
	- Salaries and employee benefits	4,841	6,025
	- Central Provident Fund contributions	98	114
	- Other short-term benefits	898	788
	- Share-based payments	-	1,436
	Total compensation paid to key management personnel	5,837	8,363
	Comprise amounts paid to:		
	• Directors of the Company	2,779	3,790
	• Other key management personnel	3,058	4,573
		5,837	8,363

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 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 Group and the Company do not apply hedge accounting.

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 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 $2,752,000 (2006 : $9,718,000) relating to corporate guarantees provided by the Company for the bank loan taken by a subsidiary company.

Information regarding credit enhancements for trade receivables is disclosed in Note 25.

47. Financial risk management objectives and policies (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 at the balance sheet date is as follows:

		2007		2006	
Group	Note	$'000	% of total	$'000	% of total
By geographical:					
South East Asia		66,963	77	50,348	83
Indian Oceania		3,606	4	2,836	5
Middle East		4,964	6	2,196	4
North East Asia		4,269	5	3,244	5
Rest of the world		6,615	8	2,141	3
		86,417	100	60,765	100
By industry sectors:					
Hotel investment		23,066	27	15,889	26
Hotel management		5,084	6	3,920	6
Hotel residences		15,903	18	12,656	21
Spa operation		2,235	3	1,690	3
Gallery operation		1,214	1	442	1
Property sales		28,173	33	21,388	35
Design fees and others		10,742	12	4,780	8
		86,417	100	60,765	100
Trade receivables					
Non-current	20	10,321		12,467	
Current	25	76,096		48,298	
		86,417		60,765	

Included in trade receivables are amounts due from an external party of $12,553,000 (2006 : $16,577,000). This external party is in the business of selling club members. A subsidiary of the Group acts as the manager of certain properties on behalf of the external party.

The receivables from this external party bear interest rate of 6% per annum (2006 : 6%) and are repayable in equal instalments over 30 months.

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 25 (Trade receivables) and Note 22 (Long-term investments).

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 mismatches of

47. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

the maturities of financial assets and liabilities. 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 Board and the management of the Group constantly reviews its cash and borrowing position to ensure that the Group maintains sufficient liquidity to meets its obligations as and when they fall due.

At the balance sheet date, approximately 27.5% (2006 : 27.4%) of the Group's interest-bearing loans and borrowings (Note 34) will mature in less than one year based on the carrying amount reflected in the financial statements. 10.5% (2006 : 49.6%) of the Company's loans and borrowings will mature in less than one year at the balance sheet date.

The table in Note 49 (b) summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

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 52% (2006 : 29%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 49 (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 (2006 : 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,222,000 (2006 : $1,235,000) 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 or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, US Dollars (USD) and Thai Baht (Baht). The foreign currencies in which these transactions are denominated are mainly US Dollars (USD). Approximately 58% (2006 : 58%) of the Group's sales are denominated in foreign currencies.

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 market sources and their respective currencies. All contracts should be in the currency of the market source. The contracts are then reviewed and adjusted on a quarterly basis to reflect its relative value against SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Thailand and People's Republic of China ("PRC").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant, of the Group's profit net of tax and equity.

	2007		2006	
	Profit net of tax $'000	Equity $'000	Profit net of tax $'000	Equity $'000
USD/Baht - strengthened 3% (2006 : 3%)	**850**	**850**	626	626
- weakened 3% (2006 : 3%)	**(850)**	**(850)**	(626)	(626)
USD/SGD - strengthened 3% (2006 : 3%)	**1,334**	**1,334**	1,383	1,383
- weakened 3% (2006 : 3%)	**(1,334)**	**(1,334)**	(1,383)	(1,383)
USD/RMB - strengthened 3% (2006 : 3%)	**140**	**140**	-	-
- weakened 3% (2006 : 3%)	**(140)**	**(140)**	-	-

47. Financial risk management objectives and policies (continued)

e) Market price risk

Market price risk is the risk that the fair value or 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 22).

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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 2006.

As disclosed in Note 43 (g), a subsidiary company of the Group is required to set aside a Legal Reserve in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. The imposed capital requirement has been complied with by the above-mentioned subsidiary company for the financial years ended 31 December 2007 and 2006.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, interest-bearing loans and borrowings, notes payable and redeemable preference shares. Capital includes equity attributable to the equity holders of the Company.

	Group	
	2007 $'000	2006 $'000
Loans and borrowings (Note 34)	**242,034**	231,280
Notes payable (Note 37)	**100,000**	–
Redeemable preference shares (Note 38)	**30**	30
Net debt	**342,064**	231,310
Equity attributable to the equity holders of the Company	**603,646**	359,051
Capital and net debt	**945,710**	590,361
Gearing ratio	**36%**	39%

49. Financial instruments

a) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, amounts due to and from subsidiary, associated companies and related parties, current trade and other payables, and current interest-bearing loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Long-term trade receivables, notes payable and non-current loans and borrowings, carry interest which approximates market interest rate. Accordingly their notional amount approximates their fair values.

49. Financial instruments (continued)

a) Fair values (continued)

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the financial statements at other than fair values as at 31 December.

	Group and Company			
	Carrying amount		Fair value	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Financial liabilities:				
Redeemable preference shares (inclusive of dividends payable)	**926**	439	**2,775**	2,619

The loans due from subsidiary, associated and joint venture companies have no repayment terms and are repayable only when the cash flows of the borrowers permit. Accordingly, the Directors are 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.

Unquoted shares and loan stock are stated at cost and have no market prices and the fair value cannot be reliably measured using valuation techniques.

The loan due to a minority shareholder of a subsidiary company has no repayment terms and is repayable only when the cash flows of the subsidiary company permits. Accordingly, the Directors are of the view that the fair value of the loan is not determinable as the timing of the future cash flows arising to repay the loan cannot be estimated reliably.

The non-current deposits classified within non-current assets and non-current liabilities have no terms of maturity. Accordingly, the Directors are 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.

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follows:

Financial assets and liabilities	Methods and assumptions
• Long-term investments (quoted 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.
• Redeemable preference shares	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

During the year, no amount (2006 : Nil) has been recognised in the income statement in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

49. Financial instruments (continued)

b) Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risks:

Group	Note	2007 Effective rate %	Total $'000	1 year $'000	2 to 5 years $'000	After 5 years $'000	2006 Effective rate %	Total $'000	1 year $'000	2 to 5 years $'000	After 5 years $'000
Financial assets											
Cash and cash equivalents	31	0 – 5.05	115,716	115,716	–	–	0 – 5.25	81,523	81,523	–	–
Long-term trade receivables											
- Fixed rate	20	6 – 12	22,658	12,629	10,029	–	6 – 12	19,828	7,757	12,071	–
- Floating rate	20	SIBOR + 5	455	163	292	–	SIBOR + 5	406	10	395	1
			138,829	128,508	10,321	–		101,757	89,290	12,466	1
Financial liabilities											
Hire purchase creditors	35	4.99	(13)	(13)	–	–	4.99	(29)	(16)	(13)	–
Short-term bank loan											
- S$ floating rate loan	34	COF + 2	(8,000)	(8,000)	–	–	COF + 2	(2,900)	(2,900)	–	–
Secured bank loan											
- S$ floating rate loan	34	1.5 above SGD swap cost	(3,358)	(692)	(2,666)	–	1.5 above SGD swap cost	(4,050)	(692)	(2,419)	(939)
- S$ floating rate loan	34	COF + 2	(6,978)	(4,125)	(2,853)	–	COF + 2	(4,781)	(925)	(3,856)	–
- US$ fixed rate loan	34	7.70 – 8.53	(41,753)	(7,260)	(34,493)	–	8.26 – 8.53	(54,387)	(28,931)	(25,456)	–
- BHT fixed rate loan	34	2.0	(37,282)	(37,282)	–	–	2.0 – 4.0	(11,879)	(6,504)	(5,375)	–
- BHT floating rate loan	34	MLR – 1 to MLR – 2	(144,663)	(36,718)	(93,660)	(14,285)	MLR to MLR – 2	(152,956)	(23,385)	(113,533)	(16,038)
- LKR fixed rate loan	34	–	–	–	–	–	5.0	(12)	(12)	–	–
- RMB fixed rate loan	34	–	–	–	–	–	6.5	(315)	–	(315)	–
Notes payable	37	4.25 – 4.75	(100,000)	–	(100,000)	–	–	–	–	–	–
Redeemable preference shares	38	111.0	(30)	–	(30)	–	111.0	(30)	–	(30)	–
			(342,077)	(94,090)	(233,702)	(14,285)		(231,339)	(63,365)	(150,997)	(16,977)
Fixed rate financial liabilities			(179,078)	(44,555)	(134,523)	–		(66,652)	(35,463)	(31,189)	–
Floating rate financial liabilities			(162,999)	(49,535)	(99,179)	(14,285)		(164,687)	(27,902)	(119,808)	(16,977)
			(342,077)	(94,090)	(233,702)	(14,285)		(231,339)	(63,365)	(150,997)	(16,977)
Company											
Financial assets											
Cash and cash equivalents	31	0 – 2.19	25,149	25,149	–	–	0 – 5.25	24,763	24,763	–	–
			25,149	25,149	–	–		24,763	24,763	–	–
Financial liabilities											
Short term bank loan											
- S$ floating rate loan	34	4.77 – 5.87	(8,000)	(8,000)	–	–	COF + 2	(2,900)	(2,900)	–	–
Secured bank loan											
- S$ floating rate loan	34	COF + 2	(6,978)	(4,125)	(2,853)	–	COF + 2	(4,781)	(925)	(3,856)	–
Notes payable	37	4.25 – 4.75	(100,000)	–	(100,000)	–	–	–	–	–	–
Redeemable preference shares	38	111.0	(30)	–	(30)	–	111.0	(30)	–	(30)	–
			(115,008)	(12,125)	(102,883)	–		(7,711)	(3,825)	(3,886)	–

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

49. Financial instruments (continued)

c) Forward currency contracts

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

Group	Contract notional amount 2007 $'000	Assets 2007 $'000	Liabilities 2007 $'000	Contract notional amount 2006 $'000	Assets 2006 $'000	Liabilities 2006 $'000
Forward currency contracts	**43,996**	**4,558**	**–**	32,802	4,207	–

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

As at 31 December 2007

Foreign currency	Amount	Maturity
United States Dollars	12.0 million	US$1.2 million payable quarterly from 31 January 2008 to 30 April 2008 and US$1.6 million payable quarterly from 31 July 2008 to 31 October 2009.
United States Dollars	3.3 million	US$1.7 million payable quarterly from 31 January 2010 to 30 April 2010.
United States Dollars	15.0 million	US$0.8 million payable quarterly from 31 March 2008 to 31 December 2008, US$0.9 million payable quarterly from 31 March 2009 to 31 December 2009, US$1.0 million payable quarterly from 31 March 2010 to 31 December 2010 and US$1.1 million payable quarterly from 31 March 2011 to 31 December 2011.

As at 31 December 2006

Foreign currency	Amount	Maturity
United States Dollars	12.0 million	US$1.2 million payable quarterly from 31 January 2008 to 30 April 2008 and US$1.6 million payable quarterly from 31 July 2008 to 31 October 2009.
United States Dollars	6.8 million	US$0.5 million payable quarterly from 31 January 2007 to 30 April 2007, US$1.2 million payable quarterly from 31 July 2007 to 31 October 2007 and US$1.7 million payable quarterly from 31 January 2010 to 30 April 2010.
United States Dollars	2.5 million	US$0.6 million payable quarterly from 31 January 2006 to 31 October 2007.

The Company did not enter into any forward currency contracts for the year ended 31 December 2007 and 31 December 2006.

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 and loss $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2007						
Non-current assets						
Property, plant and equipment	13	–	–	–	1,013,435	1,013,435
Land use rights	14	–	–	–	6,144	6,144
Land awaiting for future development	15	–	–	–	18,581	18,581
Associated companies	17	18,712	–	–	9,434	28,146
Joint venture companies	18	334	–	–	3,222	3,556
Prepaid island rental	19	–	–	–	25,386	25,386
Long-term trade receivables	20	10,321	–	–	–	10,321
Intangible assets	21	–	–	–	26,965	26,965
Long-term investments	22	–	–	9,052	–	9,052
Other non-current assets	23	3,524	–	–	892	4,416
Deferred tax assets	40	–	–	–	12,089	12,089
		32,891	–	9,052	1,116,148	1,158,091
Current assets						
Inventories	24	–	–	–	11,051	11,051
Trade receivables	25	76,096	–	–	–	76,096
Other receivables	26	31,226	4,558	–	12,480	48,264
Amounts due from associated companies	28	2,420	–	–	–	2,420
Amounts due from related parties	29	6,323	–	–	–	6,323
Property development costs	30	–	–	–	78,504	78,504
Cash and bank balances	31	115,716	–	–	–	115,716
		231,781	4,558	–	102,035	338,374
Total assets		264,672	4,558	9,052	1,218,183	1,496,465

Group	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2007				
Current liabilities				
Trade payables	32	15,820	–	15,820
Other payables	33	41,102	44,983	86,085
Amounts due to associated companies	28	27	–	27
Amounts due to related parties	29	348	–	348
Interest-bearing loans and borrowings	34	94,077	–	94,077
Tax payable		–	9,489	9,489
		151,374	54,472	205,846
Non-current liabilities				
Interest-bearing loans and borrowings	34	147,957	–	147,957
Loan stock	36	–	509	509
Notes payable	37	100,000	–	100,000
Redeemable preference shares	38	926	–	926
Other non-current liabilities	39	1,065	3,027	4,092
Deferred tax liabilities	40	–	194,164	194,164
Loan from minority shareholder of a subsidiary company	41	1,670	–	1,670
		251,618	197,700	449,318
Total liabilities		402,992	252,172	655,164

49. Financial instruments (continued)

d) Classification of financial instruments (continued)

Group	Note	Loans and receivables $'000	Fair value through profit and loss $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2006						
Non-current assets						
Property, plant and equipment	13	–	–	–	558,453	558,453
Land use rights	14	–	–	–	2,527	2,527
Land awaiting for future development	15	–	–	–	27,494	27,494
Associated companies	17	19,846	–	–	2,676	22,522
Joint venture companies	18	354	–	–	3,451	3,805
Prepaid island rental	19	–	–	–	29,196	29,196
Long-term trade receivables	20	12,467	–	–	–	12,467
Intangible assets	21	–	–	–	26,965	26,965
Long-term investments	22	–	–	9,049	–	9,049
Other non-current assets	23	709	–	–	1,108	1,817
Deferred tax assets	40	–	–	–	11,813	11,813
		33,376	–	9,049	663,683	706,108
Current assets						
Inventories	24	–	–	–	9,691	9,691
Trade receivables	25	48,298	–	–	–	48,298
Other receivables	26	20,440	4,207	–	11,096	35,743
Amounts due from associated companies	28	1,342	–	–	–	1,342
Amounts due from related parties	29	4,848	–	–	–	4,848
Property development costs	30	–	–	–	23,796	23,796
Cash and bank balances	31	81,523	–	–	–	81,523
		157,539	4,207	–	43,495	205,241
Total assets		190,915	4,207	9,049	707,178	911,349

Group	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2006				
Current liabilities				
Trade payables	32	15,316	–	15,316
Other payables	33	29,441	31,861	61,302
Amounts due to associated companies	28	16	–	16
Amounts due to related parties	29	160	–	160
Interest-bearing loans and borrowings	34	63,349	–	63,349
Tax payable		–	8,787	8,787
		108,282	40,648	148,930
Non-current liabilities				
Interest-bearing loans and borrowings	34	167,931	–	167,931
Hire purchase creditors	35	13	–	13
Loan stock	36	–	421	421
Redeemable preference shares	38	439	–	439
Other non-current liabilities	39	1,203	1,311	2,514
Deferred tax liabilities	40	–	78,158	78,158
Loan from minority shareholder of a subsidiary company	41	1,771	–	1,771
		171,357	79,890	251,247
Total liabilities		279,639	120,538	400,177

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 2007				
Non-current assets				
Property, plant and equipment	13	–	23	23
Subsidiary companies	16	191,434	146,271	337,705
Associated companies	17	18,712	889	19,601
Joint venture companies	18	334	6,000	6,334
		210,480	153,183	363,663
Current assets				
Other receivables	26	7,704	543	8,247
Amounts due from subsidiary companies	27	4,853	–	4,853
Amounts due from associated companies	28	483	–	483
Amounts due from related parties	29	132	–	132
Cash and bank balances	31	25,149	–	25,149
		38,321	543	38,864
Total assets		248,801	153,726	402,527

Company	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2007				
Current liabilities				
Other payables	33	1,262	2,795	4,057
Amounts due to subsidiary companies	27	41,074	–	41,074
Amounts due to related parties	29	292	–	292
Interest-bearing loans and borrowings	34	12,125	–	12,125
Tax payable		–	112	112
		54,753	2,907	57,660
Non-current liabilities				
Interest-bearing loans and borrowings	34	2,853	–	2,853
Notes payable	37	100,000	–	100,000
Redeemable preference shares	38	926	–	926
		103,779	–	103,779
Total liabilities		158,532	2,907	161,439

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 2006				
Non-current assets				
Property, plant and equipment	13	–	23	23
Subsidiary companies	16	79,649	107,348	186,997
Associated companies	17	37,756	8,308	46,064
Joint venture companies	18	354	6,000	6,354
		117,759	121,679	239,438
Current assets				
Other receivables	26	4,721	23	4,744
Amounts due from subsidiary companies	27	5,545	–	5,545
Amounts due from associated companies	28	1,325	–	1,325
Amounts due from related parties	29	52	–	52
Cash and bank balances	31	24,763	–	24,763
		36,406	23	36,429
Total assets		154,165	121,702	275,867

Company	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2006				
Current liabilities				
Other payables	33	570	2,105	2,675
Amounts due to subsidiary companies	27	29,822	–	29,822
Interest-bearing loans and borrowings	34	3,825	–	3,825
Tax payable		–	13	13
		34,217	2,118	36,335
Non-current liabilities				
Interest-bearing loans and borrowings	34	3,856	–	3,856
Redeemable preference shares	38	439	–	439
		4,295	–	4,295
Total liabilities		38,512	2,118	40,630

50. Segment information

Reporting format

The primary reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business is organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The hotel investment segment relates to hotel and restaurant operations.

The hotel management segment relates to the management of hotels and resorts.

The hotel residences segment relates to sale of branded hotel properties to investors under a compulsory leaseback scheme.

The spa operation segment relates to the management and operation of spas.

The gallery operation segment relates to sales of merchandise.

The property sales segment relates to property development operations.

Design fees and others segment includes mainly provision of design services, management and ownership of golf course and rental of retail outlets and offices.

The head office expense segment relates to expenses incurred by corporate office.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

The turnover by geographical segments is based on the location of customers where the products are produced and services rendered. The assets and capital expenditure are based on the location of those assets.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

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 North East Asia segment comprises countries such as China, Japan, Hong Kong and Taiwan.

The rest of the world segment comprises countries such as Australia, New Zealand, Guam, Morocco, Dubai, 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. Unallocated items comprise mainly corporate assets, liabilities and expenses.

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.

50. Segment information (continued)

a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the years ended 31 December 2007 and 2006:

Year ended 31 December 2007	Hotel investment $'000	Hotel manage-ment $'000	Hotel residences $'000	Spa operation $'000	Gallery operation $'000	Property sales $'000	Design fees and others $'000	Head office expense $'000	Total $'000
Revenue									
Segment revenue									
Sales	216,190	27,871	46,314	27,550	10,844	86,027	25,706	–	440,502
Inter-segment sales	(1,172)	(13,173)	–	(2,680)	(147)	–	(1,471)	–	(18,643)
Sales to external customers	215,018	14,698	46,314	24,870	10,697	86,027	24,235	–	421,859
Unallocated income									2,272
Total revenue									424,131
Results									
Segment results	37,016	1,257	21,143	4,159	1,734	33,118	6,039	(14,575)	89,891
Unallocated income									2,272
Profit from operations									92,163
Finance income									4,174
Finance costs									(16,421)
Share of results of associated companies									2,032
Share of results of joint venture companies									(6)
Exceptional items									44,535
Profit before taxation									126,477
Income tax expense									(24,036)
Profit for the year									102,441

Year ended 31 December 2006	Hotel investment $'000	Hotel manage-ment $'000	Hotel residences $'000	Spa operation $'000	Gallery operation $'000	Property sales $'000	Design fees and others $'000	Head office expense $'000	Total $'000
Revenue									
Segment revenue									
Sales	170,614	17,427	47,330	24,601	11,134	62,381	18,034	–	351,521
Inter-segment sales	(1,023)	(10,412)	–	(2,548)	(287)	–	(1,930)	–	(16,200)
Sales to external customers	169,591	7,015	47,330	22,053	10,847	62,381	16,104	–	335,321
Unallocated income									1,039
Total revenue									336,360
Results									
Segment results	26,068	(939)	30,705	5,570	1,020	27,983	2,716	(10,319)	82,804
Unallocated income									1,039
Profit from operations									83,843
Finance income									2,955
Finance costs									(14,013)
Share of results of associated companies									1,870
Share of results of joint venture companies									1
Exceptional items									(7,760)
Profit before taxation									66,896
Income tax expense									(24,521)
Profit for the year									42,375

50. Segment information (continued)

a) Business segments (continued)

The following tables present certain asset, liability and other information regarding the Group's business segments for the years ended 31 December 2007 and 2006:

Year ended 31 December 2007	Hotel investment $'000	Hotel manage-ment $'000	Hotel residences $'000	Spa operation $'000	Gallery operation $'000	Property sales $'000	Design fees and others $'000	Head office expense $'000	Total $'000
Assets and liabilities:									
Segment assets	1,094,154	17,720	51,507	16,609	12,024	74,518	126,479	59,663	1,452,674
Investment in associated companies									28,146
Investment in joint venture companies									3,556
Deferred tax assets									12,089
Total assets									1,496,465
Segment liabilities	47,870	3,897	9,101	4,283	2,874	10,936	24,955	5,561	109,477
Current and deferred tax liabilities									203,653
Interest-bearing loans and borrowings									242,034
Notes payable									100,000
Total liabilities									655,164
Other segment information									
Capital expenditure	77,710	1,478	111	1,496	1,156	1,316	12,396	11	95,674
Depreciation of property, plant and equipment	22,024	25	–	1,400	276	660	1,469	389	26,243
Amortisation of lease rental and land use rights	4,137	–	–	–	–	–	–	–	4,137
Other non-cash items	294	23	–	116	–	–	164	–	597
Exceptional item	–	–	–	–	–	–	–	(44,535)	(44,535)

Year ended 31 December 2006	Hotel investment $'000	Hotel manage-ment $'000	Hotel residences $'000	Spa operation $'000	Gallery operation $'000	Property sales $'000	Design fees and others $'000	Head office expense $'000	Total $'000
Assets and liabilities:									
Segment assets	606,637	7,895	20,009	16,142	9,856	74,478	75,028	63,164	873,209
Investment in associated companies									22,522
Investment in joint venture companies									3,805
Deferred tax assets									11,813
Total assets									911,349
Segment liabilities	46,147	4,713	2,926	4,055	2,140	11,825	7,165	2,981	81,952
Current and deferred tax liabilities									86,945
Interest-bearing loans and borrowings									231,280
Total liabilities									400,177
Other segment information									
Capital expenditure	99,746	6,079	448	858	257	485	15,996	17	123,886
Depreciation of property, plant and equipment	19,659	26	3	1,245	190	415	1,881	225	23,644
Amortisation of lease rental and land use rights	3,940	–	–	–	–	–	–	–	3,940
Other non-cash items	229	–	–	135	–	–	57	125	546
Exceptional item	–	–	–	–	–	–	–	7,760	7,760
Impairment loss on goodwill	249	–	–	–	–	–	–	–	249

50. Segment information (continued)

b) Geographical segments

The following tables present revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the years ended 31 December 2007 and 2006:

	South East Asia $'000	Indian Oceania $'000	North East Asia $'000	Rest of the world $'000	Total $'000
Year ended 31 December 2007					
Revenue:					
Segment revenue					
Sales to external customers	341,549	43,539	20,306	16,465	421,859
	341,549	43,539	20,306	16,465	421,859
Unallocated income					2,272
Total revenue					424,131
Other segment information:					
Segment assets	1,206,306	124,029	87,285	35,054	1,452,674
Investment in associated companies					28,146
Investment in joint venture companies					3,556
Deferred tax assets					12,089
Total assets					1,496,465
Capital expenditure	54,082	16,787	12,376	12,429	95,674
Year ended 31 December 2006					
Revenue:					
Segment revenue					
Sales to external customers	268,167	42,932	12,743	11,479	335,321
	268,167	42,932	12,743	11,479	335,321
Unallocated income					1,039
Total revenue					336,360
Other segment information:					
Segment assets	721,571	83,788	64,256	3,594	873,209
Investment in associated companies					22,522
Investment in joint venture companies					3,805
Deferred tax assets					11,813
Total assets					911,349
Capital expenditure	76,476	22,912	24,348	150	123,886

51. Dividends

	Group	
	2007 $'000	2006 $'000
Proposed but not recognised as a liability on 31 December 2007:		
Final exempt (one-tier) dividend for 2007 : 2.00 cents (2006 : 1.78 cents) per share	**15,168**	13,553

52. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation and to better reflect the nature of the transactions.

	Group		Company	
	2007 $'000 As currently reported	2006 $'000 As previously reported	2007 $'000 As currently reported	2006 $'000 As previously reported
Non-current assets				
Property, plant and equipment	**558,453**	560,980	**558,453**	560,980
Land use rights	**2,527**	–	**2,527**	–
	560,980	560,980	**560,980**	560,980
Non-current liabilities				
Redeemable preference shares	**439**	30	**439**	30
Current liabilities				
Other payables	**61,302**	61,711	**2,675**	3,084

53. Authorisation of financial statements

The financial statements for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the Directors on 12 March 2008.

SHAREHOLDINGS
STATISTICS

Class of Shares Ordinary Shares
Voting Rights One vote per share except for treasury shares

Size of shareholdings	No. of shareholders	%	As at 13 March 2008 No. of shares	%
1 – 999	41	1.42	10,117	0.00
1,000 – 10,000	2,331	80.49	9,994,324	1.32
10,001 – 1,000,000	508	17.54	19,555,824	2.58
1,000,001 and above	16	0.55	728,842,015	96.10
Total	**2,896**	**100.00**	**758,402,280***	**100.00**

* The total number of issued shares excludes the 3,000,000 treasury shares. Percentage of 3,000,000 treasury shares against total number of issued shares (excluding treasury shares) is 0.4%.

Substantial Shareholders

As shown in the Register of Substantial Shareholders

Size of shareholdings	Direct interests No. of shares	%[4]	Deemed interests	%[4]
Ho KwonPing[1]	-	-	276,960,582	36.52
Chiang See Ngoh Claire[1]	-	-	276,960,582	36.52
Ho KwonCjan[2]	16,000,000	2.11	270,960,582	35.73
Bibace Investments Ltd	270,960,582	35.73	-	
Recourse Investments Ltd.[3]	6,000,000	0.79	270,960,582	35.73
KAP Holdings Ltd.[3]	-	-	270,960,582	35.73
The Capital Group Companies, Inc.	-	-	60,708,692	8.00
Liberty Square Asset Management, LP	-	-	46,500,000	6.13

1 Ho KwonPing and Chiang See Ngoh Claire are each deemed to have an interest in the shares held by Recourse Investments Ltd. and Bibace Investments Ltd.

2 Ho KwonCjan is deemed to have an interest in the shares held by Bibace Investments Ltd.

3 KAP Holdings Ltd. and Recourse Investments Ltd. are each deemed to have an interest in the shares held by Bibace Investments Ltd.

4 Percentage shareholding is based on issued share capital as at 13 March 2008 (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	35.66
2	DBS NOMINEES PTE LTD	121,890,690	16.07
3	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	91,597,689	12.08
4	HSBC (SINGAPORE) NOMINEES PTE LTD	83,690,225	11.04
5	CITIBANK NOMINEES SINGAPORE PTE LTD	35,516,426	4.68
6	DBSN SERVICES PTE LTD	31,547,792	4.16
7	WAH-CHANG OFFSHORE (HONG KONG) COMPANY LIMITED	31,000,000	4.09
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	17,533,350	2.31
9	HO KWONCJAN	16,000,000	2.11
10	FREESIA INVESTMENTS LTD	10,000,000	1.32
11	RAFFLES NOMINEES PTE LTD	6,592,500	0.87
12	RECOURSE INVESTMENTS LTD.	6,000,000	0.79
13	KIM ENG SECURITIES PTE. LTD.	2,891,000	0.38
14	DB NOMINEES (S) PTE LTD	1,895,000	0.25
15	OCBC SECURITIES PRIVATE LTD	1,131,000	0.15
16	MERRILL LYNCH (SINGAPORE) PTE LTD	1,095,761	0.14
17	UOB KAY HIAN PTE LTD	765,000	0.10
18	ARIEL P VERA	689,200	0.09
19	BERNOLD OLAF SCHROEDER	385,000	0.05
20	PHILLIP SECURITIES PTE LTD	374,000	0.05
	TOTAL	**731,055,215**	**96.39**

As at 13 March 2008, approximately 41.62% 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.

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United States – New York
Tel: +1 212 515 5693
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Toll Free: 1 8668 BANYAN
sales-newyork@angsana.com

CORPORATE INFORMATION

Board of Directors

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Dilhan Pillay Sandrasegara
Elizabeth Sam

Executive Officers

Chiang See Ngoh Claire
Ho KwonCjan
Surapon Supratya
Bernold Olaf Schroeder
Arthur Kiong Kim Hock
Tee Hwee Liang
Eddy See Hock Lye
Michael Ramon Ayling
Shankar Chandran
Dharmali Kusumadi
Emilio Llamas Carreras
Maximilian Lennkh
Susan Lo Hung
Aileen Tay
Paul Chong
Michael Lee
Hokan Limin
John Searby
Marina Kleiman
Sachiko Shina

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.

3 Church Street #08-01
Samsung Hub
Singapore 049483

Auditors

Ernst & Young

Certified Public Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge
(since financial year ended
31 December 2005)
Mr Tan Chian Khong

Solicitors

WongPartnership LLP

Bankers

Hong Kong & Shanghai Banking Corporation Ltd

Standard Chartered Bank

Bank of East Asia Ltd

Company Secretary

Ms Jane Teah

AVP, Company Secretary
Tel: +65 6849 5886
jane.teah@banyantree.com

Business Development

Mr Paul Chong

Vice President, Business Development
Tel: +65 6849 5716
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

NOTICE OF
ANNUAL GENERAL MEETING

Banyan Tree Holdings Limited | Co. Regn. No. 200003108H (Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Raffles Hotel Casuarina Suite A Level 3, 1 Beach Road Singapore 189673, on Monday, 28 April 2008 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 2007 and the Auditors' Report thereon.
2. To declare a final tax exempt (one-tier) dividend of 2.0 cents per share for the year ended 31 December 2007 (FY2006 : 1.78 cents per share).
3. To re-elect Mr Ariel P Vera 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-elect Mr Dilhan Pillay Sandrasegara retiring by rotation under Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
5. To approve payment of Directors' fees of $220,000 for the financial year ended 31 December 2007 (FY2006 : $210,000).
6. To appoint Messrs Ernst & Young as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

Special Business

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

7.1 That authority be and is hereby given to the Directors of the Company to:

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

provided that:

1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued Shares (excluding treasury shares) in the capital of the Company (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) does not exceed 20% of the issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below);

2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")), for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares (excluding treasury shares) shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) 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 is passed; and

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

3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) 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 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting 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 Employee Share Option Scheme and/or to 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 in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Banyan Tree Employee 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) in the capital of the Company from time to time.

7.3 To transact any other business as may properly be transacted at an Annual General Meeting.

By Order of the Board

Jane Teah
Company Secretary

Singapore, 11 April 2008

Explanatory Notes

In relation to Ordinary Resolution Nos. 3 and 4, Mr Ariel P Vera will, upon re-election, continue to serve as Group Managing Director of the Company and Mr Dilhan Pillay Sandrasegara will, upon re-election, continue to serve as Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committee.

In relation to Ordinary Resolution No. 5, the Directors' fees are to be paid to Directors 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 No. 7.1 is to empower the Directors, from the date of the passing of Resolution 7 to the date of the next Annual General Meeting, to issue Shares in the capital of the Company 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% of the issued Shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the 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 number of issued Shares (excluding treasury shares) in the capital of the Company at the time that Resolution 7 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 Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution No. 7.2 is to empower the Directors to offer and grant options and/or awards, and to issue new Shares in the capital of the Company, 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% of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.

Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting 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 Annual General Meeting.

PROXY FORM

Banyan Tree Holdings Limited
Co. Regn. No. 200003108H
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Banyan Tree Holdings Limited 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 (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 28 April 2008 at Raffles Hotel Casuarina Suite A Level 3, 1 Beach Road Singapore 189673, at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy 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. 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 and on my/our behalf of the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	Number of Votes For**	Number of Votes Against**
	AS ORDINARY BUSINESS				
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2007				
2	Payment of final tax exempt (one tier) dividend				
3	Re-election of Mr Ariel P Vera as director				
4	Re-election of Mr Dilhan Pillay Sandrasegara as director				
5	Approval of directors' fees				
6	Re-appointment of Ernst & Young as auditors				
	AS SPECIAL BUSINESS				
7	Authority to issue new shares				
8	Authority to offer and grant options and/or awards under the Share Plans				

* Please indicate your Vote "For" or "Against" with an "X" within the box provided.

** If you wish to exercise 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 ....2008.

Total number of Shares in	Number of Shares
a) CDP Register	
b) Register of Member	

____
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

2nd Fold along line

Notes:

1. Please insert the total number of 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), 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% 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 Annual General Meeting.

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 Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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About the Forest Stewardship Council

The Forest Stewardship Council (FSC) is an international organisation that brings people together to find solutions which promote responsible stewardship of the world's forests. Its trademark provides international recognition to organisations that support the growth of responsible forest management. Its Chain of Custody (COC) Certificate provides a guarantee about the production of FSC-certified products. COC is the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution. From a customer perspective, the FSC label represents a promise that is being made to them. COC standards are the mechanism FSC has to ensure that 'promise' is delivered.

For more information, please visit: www.fsc.org/en/about/about_fsc/benefits

Designed and produced by formul8

BANYAN TREE

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