



October 2009

Connections

The Newsletter of Crowe Horwath International

CEO Update



Veronica Vicente is Our New Global Program Manager

I am pleased to announce that Veronica Vicente has joined our Crowe Horwath

International team as global program manager. Hiring Veronica is integral to our Brand Strategy Implementation Plan, which chief marketing officer Kim Hemmes presented to delegates at the 2008 annual meeting.

Veronica's responsibilities include coordinating the execution of the plan, overseeing brand conversion and maintaining brand standards, developing our global website and encouraging compliance with brand standards. Following the implementation phase of our Brand Strategy Plan, she will assume the role of brand compliance manager.



Veronica has extensive experience in online marketing and commerce, client portfolio management, and project management with a focus on delivering client service and value.

She also has 20 years of experience managing diverse teams, including technical and service professionals. As well, Veronica continually builds her expertise in cutting-edge technologies.

Born in Argentina and trained in the US and Japan, Veronica has also

worked in each of these countries as well as Malaysia, Brazil, Colombia, and the Maldives. She has a deep understanding of culture and cross-cultural teams and is able to communicate in several languages. Fluent in English and Spanish, Veronica is also conversant in Japanese and Portuguese, and has a working knowledge of French and Italian.

When you have the opportunity, please welcome Veronica to our Crowe Horwath International network.

Our 50th Annual Meeting: One Brand One Vision

Please join us in Beijing to celebrate our past and plan the future of Crowe Horwath International at our 50th annual meeting, which begins on November 15.

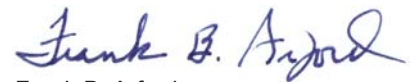
In addition to a presentation by the director general of the Ministry of Finance of China and discussions regarding our new 2010-2013 strategic plan, the annual meeting will also include presentations regarding how we can build and leverage our global brand to win new business.

Richard Ettenson, PhD, will deliver a thought-provoking presentation on *Building Our Global Brand*. He is an associate professor and Keickhefer fellow of global marketing and brand strategy in the global business faculty of the Thunderbird School of Global Management.

As well, Scott Savage, a founder of the sales performance group of FranklinCovey, a leader in global con-

sulting and training, will present *Leveraging Our Global Brand to Win Business*. Scott consults with organizations globally in the areas of business development, new client development, and winning new business opportunities.

Register today for *One Brand One Vision* at amr.crowehorwathinternational.com – we look forward to seeing you in Beijing!



Frank B. Arford
Chief Executive Officer

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New Clients

Horwath Argentina Wins One of Largest Operational Audits in Healthcare Sector

Horwath Argentina has won one of the largest engagements in Argentina's healthcare industry — the concurrent operational audit of the Provincial Maternal-Child Health Investment Project for Argentina, which is financed and controlled by the World Bank.

Horwath Argentina successfully participated in the first stage of this project from 2005-2008, which involved nine provinces. The new contract, with total fees exceeding US\$5 million for a two-year term, involves a multi-disciplinary team of accountants, physicians, system engineers, actuaries and economists.



From left: Representative of Argentine Ministry of Health; Horwath Argentina managing partner Osvaldo Casalanguida; Hector Cibello, who is responsible for the healthcare practice of Horwath Argentina; and Alejandro Morbelli, who is responsible for the government services practice of Horwath Argentina.

The Provincial Maternal-Child Health Investment Project, with a total investment of more than US\$300 million is intended to:

- increase access for uninsured mothers and children to basic health services known to effectively address the main causes of maternal and under-five mortality in 15 provinces of Argentina; and
- strengthen the incentive framework for efficiency and focus on results between the national level and participating provinces and among provinces and service providers.

Donoway Assurance Wins Assignment with Eskaro Group

Eskaro Group, one of the largest paint and chemical manufacturers in the Baltic States, Ukraine, Belarus, and the northwest region of Russia, has entered into an agreement with Crowe

Horwath International business associate **Donoway Assurance** (Estonia), to review management accounts prepared by entities in seven countries.

This engagement represents a gateway for future engagements in audit and corporate finance services.

Interbaltic Auditors & Advisors Reappointed Auditor for Elme Messer Gaas

Elme Messer Gaas Group has reappointed **Interbaltic Auditors & Advisors**, Crowe Horwath International's business associates in the Baltic States, to audit its companies in Esto-

nia, Latvia, Lithuania, and Ukraine. Elme also granted Interbaltic the status of "preferred vendors" for corporate finance and legal services in all countries where the group operates.

Elme Messer Gaas is a leading producer and distributor of industrial gases in the Baltic States and Ukraine with consolidated turnover of EEK 355 million.

New Corporate Finance Win for Horwath Clark Whitehill

Nicola Horton of **Horwath Clark Whitehill** (UK) has advised Berkshire Bidco Ltd. on its cash and share offer for AIM-listed **Westcity PLC** and its obligations under the takeover code. The offer values Westcity, a property-

related investment, development and management company, at approximately £9.66 million.

Westcity plc is an audit and tax client of Horwath Clark Whitehill's corporate

group in London. Should Westcity's shareholders accept the offer, and the transaction be completed, Berkshire Bidco is expected to become an audit and tax client of the firm.

New Clients *continued*

Emirates Transport Appoints Horwath Mak as Consultant

Emirates Transport, a client of **Horwath Mak** (Dubai, UAE), has appointed the firm to carry out due diligence and business valuation of three target companies involved in security services,

facility management and taxi services.

Emirates Transport is a UAE federal government-owned entity with capital of AED 200 million and a fleet of more

than 7,000 vehicles. It offers public transportation to schools and ministries, and provides maintenance and leasing services across the UAE.

Achievements

Crowe Horwath International Moves Up to Number 7 in India

Horwath India has moved up two positions to become the seventh largest accounting firm and association in India.

According to a country survey conducted by the *International Accounting Bulletin*, and announced in the August

issue, Horwath India had fee income of INR 216m for 2008 and a growth rate of 23%. Accounting and assurance represented 59% of total fees, tax services was 15%, management consulting was 15%, and corporate finance represented 8%.

Horwath in India, which comprises **VPT & Associates** (headquartered in Mumbai), and **Singhi & Co.** (headquartered in Kolkata), has nine offices, 35 partners, and staff of 472 people.

The Americas Region

Crowe Horwath LLP Participates in Chinese Institute Student Exchange Program

For the third consecutive year, **Crowe Horwath LLP** (USA) welcomed students from China through an exchange program of the Chinese Institute of Certified Public Accountants (CICPA). The program provides college juniors majoring in accounting and finance in China with three-month internships, mostly at overseas accounting firms.

"The CICPA program is a wonderful program for us to be involved with, as we've been able to foster relationships in China and bring greater awareness to the accounting profession abroad," says Dee Dee Burke, who coordinates the program for Crowe Horwath LLP. "Our goal is to provide interns with practical, first-hand training and experience with accounting and audit prac-

tices in the US business environment, as well as training on developing business relationships in the US."

Shanghai natives Tina Lu and Shiyu Wang have been interned at Crowe's Chicago office. "This program showed us the difference between what we learn in textbooks at university and what public accountants and investigators do in their jobs in the real business world," said Shiyu. Thanks to the program, Shiyu learned about the differences between Crowe and other accounting firms in China. "I worked as an intern in Deloitte Shanghai before, and I was always curious about the working environment and culture at non-big four firms in the US," she added.

"People at Crowe are willing to understand and share their diverse experiences, skills and cultures."

Tina Lu felt that, unlike interns at big four or larger international firms, she got a hands-on working experience. "I am getting a deeper insight into the nature of auditing because I could 'touch' almost every cycle of business such as cash, payroll, income, and expenses," she said.

More information: Dee Dee Burke, deedee.burke@crowehorwath.com.

The Americas Region *continued*

Eduardo Pestarino and Crowe Horwath International Profiled in *Vida y Éxito*

The August issue of *Vida y Éxito* (Life & Success), a business magazine distributed throughout Florida, the Caribbean and Central America, featured a profile of Eduardo Pestarino, Crowe Horwath International regional executive of the Americas. Following are the highlights of the article "Integrity is Essential," by Macarena Ivanissevich and Rodrigo Diaz.

Being an auditor is more than understanding techniques and applying international methodologies for clients. It is also about conducting business in a very professional way, attributing importance to the ethical values of the profession.

These are values Argentina's Eduardo Pestarino, regional director for Latin America and the Caribbean of the auditing and consulting firm Crowe Horwath, which serves clients in over 100 countries, applies every day.



Since he joined the firm at a young age in 1972, Pestarino has applied these principles to achieve success in the field of auditing.

"Professional integrity is fundamental to the performance of so many important aspects of the economic life of a country – think of the cause of many of the scandals that have been featured in the news over the last few years. I believe that many problems could have been

avoided if moral and ethical values had been applied," says Pestarino, who continues to emphasize these values to young professionals entering the firm.

He faces the challenge of leading the region in harmony with a strategic plan designed to position Crowe Horwath among the leaders in its field, by leveraging global and regional strengths and specialty services to generate access to larger clients.

"Integrating the Americas – North, Central and South America – is a new concept in our organization. Yet except for the difference in size (related to the dimension of the markets in which they operate), Crowe Horwath firms are very similar. They are leaders in their respective markets, hold the same ethical values and service quality standards, and are strongly committed to serve their clients with a high degree of added value."

A Global Footprint

Crowe Horwath International is ranked among the top 10 global accounting networks with more than 140 independent accounting and advisory services firms with 560 offices and 26,250 professionals and staff in more than 100 countries around the world. Crowe Horwath International member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

"The member firms of Crowe Horwath International share a high commitment to the provision of impeccable quality services, highly integrated processes and value. Each firm is well established as a leader in its business community and the professionals are local, which guarantees a high degree of knowledge of the laws and customs of the market in which they operate," says Eduardo Pestarino, regional executive for the Americas of Crowe Horwath International.

Greg Hahn of Crowe Horwath LLP Testifies before House Subcommittee

On September 17, partner Greg Hahn of the risk consulting and financial institutions division of **Crowe Horwath LLP (USA)** testified before the financial services oversight and investigations subcommittee of the House financial services committee in Washington, DC.

The House financial services committee oversees all components of US housing and financial services sectors including banking, insurance, real estate, public and assisted housing, and securities. The subcommittee held the hearing to discuss using technology to improve oversight of the Troubled Asset Relief Program and other financial services activity.

Greg presented an opening statement about Crowe Horwath LLP's solutions for financial institutions clients and how they can also be used within the federal government; he also answered questions from subcommittee members. "We believe cutting-edge technologies in the world of financial services have merit and application for the federal environment, especially today," commented Greg. "Crowe Horwath LLP has developed and implemented targeted technology solutions to assist financial institutions in compliance and oversight activities related to federal regulations. We also have significant experience assisting clients on issues

related to the Bank Secrecy Act and supporting anti-money laundering (AML) regulations. Crowe Horwath LLP has worked with over 100 financial services companies to develop, implement, optimize and test AML compliance programs. Our technical solutions have provided automation and repeatability to historically manual or non-existent oversight processes."

In addition to Greg, seven other witnesses testified before the subcommittee, representing Dow Jones and Co., the Center for Democracy and Technology, and the US Chamber of Commerce, among others.

Asia Pacific Region

Horwath Mak Partners Appointed to Dubai Chapter of Institute of Chartered Accountants of India

For the first time in the history of the Dubai chapter of the Institute of Chartered Accountants of India, two executive committee positions have been filled by partners of **Horwath Mak** (Dubai, UAE).

James Mathew (left) was promoted to the position of secretary and Nimish



Makvana was designated as treasurer in the 27th Annual General Meeting on September 28.

The Dubai chapter, established in 1982, is one of the first overseas and largest chapters of the Institute established outside India, and has more than 1,100 members.

Representatives of Crowe Horwath International visited China and Hong Kong on several occasions in August and September to deliver branding and audit training seminars for staff members of **Crowe Horwath China CPAs Co Ltd** and **Crowe Horwath (HK) CPA Limited** to facilitate the integration of the new member firms into the global network. Kim Hemmes, Chief Marketing Officer of Crowe Horwath International, delivered a workshop on branding in Hong Kong for both our new Chinese and Hong Kong firms.



Attending one of the audit training sessions in Hong Kong, from left: Mok Yuen Lok (Asia Pacific Regional Executive); James Chan (Audit training co-facilitator from Horwath Kuala Lumpur); Charles Chan (CEO of Crowe Horwath (HK) CPA Limited); Julian Jacoby (Audit training facilitator and international accounting & assurance services director); Pammy Fung and Ivy Chua (2 partners of Crowe Horwath (HK) CPA Limited).

Horwath Kuala Lumpur Hosts Tax Seminar for Development/Construction Clients

The **Horwath Kuala Lumpur** tax team conducted a one-day seminar for 64 property development and construction clients from 34 companies in September. The briefing familiarized industry players with the latest public rulings guidelines issued earlier this year by the Inland Revenue Board of Malaysia, and how to comply with the significant changes in tax requirements. Speakers

also updated participants on relevant accounting standards.

"We had the briefing at this point in time as a value-added service to our property development and construction clients, says tax director Fennie Lim. "They need to submit revisions for their tax estimates and we wanted to be there to help them with the final changes."



Networking.



Speakers at the Horwath Kuala Lumpur client seminar: Tham Hon Sin, senior manager, technical and training; Fennie Lim, tax director; and Poon Yew Hoe, tax partner and chairman of the international tax committee.

Asia Pacific Region *continued*

GHP Horwath Conducts Training Program Series for Clients and Colleagues in China

GHP Horwath, P.C., (Denver, USA) developed and presented several training programs in China last month. With an extensive portfolio of China-based clients, GHP Horwath delivered this value-added service in Chinese. The courses were led by GHP Horwath team members Kathy Xu, Tina Cheng, Lan Shen, Cynthia Ng, and Sunny Song. The translation of client training course materials involved most of GHP Horwath's Chinese speaking staff, which includes 10 members who are native Chinese.

Nearly 100 representatives from the accounting and finance departments of GHP Horwath's China-based client organizations attended training sessions on US GAAP and internal control over financial reporting (SOX 404).

As well, 70 team members of **Wanlong Asia Certified Public Accountants**, Crowe Horwath International's new member firm in China, attended a session on the Crowe Horwath International audit methodology.



Presenters and participants at the Wanlong Asia Program

Horwath Kuala Lumpur recently organized two blood donation events in collaboration with the National Blood Centre of Malaysia. The events, which were held in August and September and were open to the public, exceeded their goals, collecting a total of 118 pints.

In the preceding weeks, Horwath Kuala Lumpur teams distributed flyers and posters featuring the Crowe Horwath brand in nearby office towers. The firm also provided blood donors with special cupcakes as a thank you gift.

This is the second year that Horwath Kuala Lumpur has organized a successful blood donation campaign.



Europe, Middle East & Africa Region

Vincenzo Maria Naschi Appointed Managing Partner/ International Liaison Partner for Horwath HTL Italia SpA

As part of an internal reorganization of **Horwath HTL Italia SpA**, (Rome), Vincenzo Maria Naschi has been appointed managing director of the firm and international liaison partner for Crowe Horwath International. He replaces Alessandro Iadecola, who will continue as a senior partner/consultant.



Vincenzo Maria has previous top management experience working as managing director and head of business development for Ford Motor Company and MSX International (City Group).

You can reach Horwath HTL Italia SpA at mterraneo@horwathhtl.it.

Europe, Middle East & Africa Region *continued*

Horwath Partenaires France Addresses Branding & Communications at Partners' Forum

Horwath Partenaires France held its second annual Partners' Forum in Paris on September 14 to share experiences and insights related to branding and communication. This year, the Forum was also open to principals. More than 100 participants attended, representing every member firm in the national organization.



inspiring theme for the members of Horwath Partenaires France, which are moving toward a common global brand.

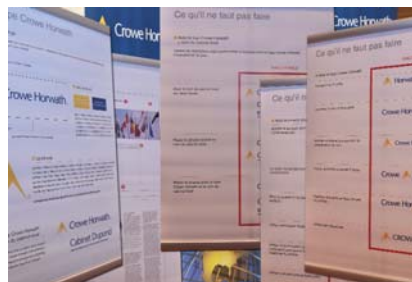
The Forum also hosted Claude Cazes, president of Compagnie Nationale des Commissaires aux Comptes (the French Institute of Registered Auditors) and Joseph Zorogniotti, president of

Conseil Supérieur des Experts-Comptables (the French Institute of Certified Public Accountants).

Jean-Jacques Becouze, president of Horwath Partenaires France, reported that Crowe Horwath in France ranks number nine in the country. The network includes 54 offices, 75 partners and a staff of 650 with revenue of € 64M. Jean-Jacques also mentioned that new member firms are expected to join the network in the near future.

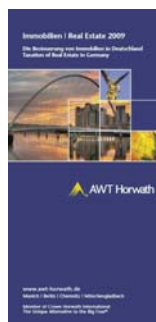
Following are highlights of the workshops.

- A new French version of the Crowe Horwath International branding manual was introduced to support the global effort to implement common branding.
- Bernard Deloménie, regional executive of Europe, Middle East & Africa, with international accounting and assurance director Julian Jacoby, presented information about the evolution of Crowe Horwath International and quality management.



- A representative of AG2R La Mondiale, a French insurance company, discussed the organization's evolution from 300 brands into a single cohesive brand – an

AWT Horwath (Germany) has released the second edition of *Real Estate 2009, the Taxation of Real Estate in Germany*. This booklet provides an overview (in English and German) of the significant taxation regulations in connection with the management of real estate assets.



Copies are available from Navila Schmittlein,
+49 89 76906 338 or
Navila.Schmittlein@awt-horwath.de.

Finweek Releases Latest Horwath Forensics Research on South African Bank Charges

The weekly South African business magazine, *Finweek*, recently released the results of research conducted by Horwath Forensics of **Horwath Leveton Boner** (Johannesburg, South Africa) for its annual bank charges survey.

This is the fourth year that Horwath Forensics has been appointed to conduct this research, which covers South Africa's 'big four' retail banks: FNB, Standard Bank, Nedbank, and ABSA. Horwath Forensics researchers obtain information from bank branches, litera-

ture and call centers, then collate the information and report the findings to *Finweek*. The survey, which is well received by the public, highlights service charge increases implemented by the banks during the previous year.

Visit www.horwath.co.za/ReadForensics24.aspx for media coverage of the most recent survey results.

Global Demand Creation

Demand Creation System Update



Welcome to another demand creation “system update.” These monthly articles are designed to support your business development activities and to grow your firm.

In last month’s article, I introduced ideas derived from the challenges firms face in difficult economic environments. In keeping with this theme, it is important to emphasize that maintaining a long-term, client-centered approach to demand creation requires vigilance with client relationship management activities. Even though we may experience a decline in client activity, this does not mean we forget the client! In this spirit, following are five “relationship builders” – simple ways to gain “relationship revenue” in order to maintain our pipeline integrity and future engagement opportunities.

1. Testimonials

Testimonials are an essential component of any client relationship management strategy. Designed to inspire trust, a well-written, targeted testimonial provides prospective clients with validation of the quality of your firm and service execution. For the client providing the testimonial, the process of reviewing the service experience, verbalizing this experience and sharing it with the public results in an escalation of the client’s commitment to the relationship with your firm. As well, the act of writing a testimonial greatly enhances the possibility for a long-term, trust-based relationship with the client.

2. Name Awareness

It is important to be vigilant in maintaining name awareness and recogni-

tion with clients and prospective clients. Many opportunities for future follow up are missed because firms do not pay sufficient attention to keeping their name in front of clients and potential clients.

Whether attending a networking event, a lunch, or a client visit, you can maintain awareness of your firm by offering a business card, a thought leadership article authored by your professionals, or other materials specific to your firm.

3. Robust Contact Details

It is critically important to obtain as much client detail as possible. This includes not only basic contact information, but also the client’s communication preferences (e-mail, phone, etc), interest in your service offerings (so you can reach out to the client when you have something relevant to offer), privacy concerns or considerations, and holiday policies (i.e. holidays in which the organization participates so you can determine whether or not it may be beneficial to reach out during those times).

4. Future Business

How often you should contact clients varies by firm and client. Recent studies suggest that on average most clients believe seven to 10 times per year is appropriate. The idea of focusing on future business derives from your pipeline management activities and optimizing existing customer relationships to maintain a healthy “funnel shaped” pipeline. Client relationships should be integrated into your plans for future business development. This means a clear strategy on consistent client contact is essential for future business opportunities filtering through your pipeline.

5. Referrals

During demand creation training we spend a significant amount of time discussing referral strategies. Engaging in the referral process can escalate a client’s commitment to your firm. Obviously, if you provide exceptional service to a client, this individual is more likely to refer you to other potential clients. The key is to ask for the referral in a way that celebrates the experience of the client in the eyes of business colleagues whom this person values.

Building these five steps into your demand creation client relationship management strategy will ensure an ongoing focus on client relationship management while building de-facto pipeline management activities – resulting in sustainable, long-term growth for your firm.

Send your own stories of success or failure, or questions or comments regarding demand creation strategy to demandcreation@crowehorwathinternational.com.

Dr. Molly Takeda, professor of management in the University of Colorado, is a co-presenter of Crowe Horwath’s Demand Creation Academy.

For those who are trained in demand creation methodology, these articles are intended to provide timely and helpful support with planning, developing, and executing demand creation in your firms.

International Tax

Global Tax Leadership Conference to be Held November 17 in Beijing



The international tax committee will host the Global Tax Leadership Conference as a specialty breakout session on November 17 during the Crowe Horwath International Annual

Meeting in Beijing.

The objective of this conference is to help tax partners focus on the future and to explore how Crowe Horwath International tax professionals can position our network as a preferred service provider. The session will establish a platform for more meaning-

ful and productive collaborations among the tax professionals of member firms. The topics that will be addressed include the following.

- Insights into China Tax and Our China Firm – Dr. Qian Chunjie, general manager, **WanLongAsia CPAs Co. Ltd.**
- Introduction of **Crowe Horwath (HK) CPA Ltd.** – partner Paul Chan
- The Art of Marketing Up-Market – Mok Yuen Lok, Asia/Pacific regional executive
- Growing the Tax Specialty Area: Crowe Horwath LLP's Experience – Mark Goodman, tax executive, **Crowe Horwath LLP**
- Growing the Tax Specialty Area

(Discussion) – moderator: Yiannis Demetriades, tax partner, **Horwath DSP Ltd.**

- Latest Updates on ITC Initiatives – Poon Yew Hoe, chairman, international tax committee
- CCH Project Update – Roger Penman, tax principal, **WHK Horwath**, and CCH representative

The conference also offers an opportunity to brainstorm and network with fellow tax partners on strategies to win business.

More information: Poon Yew Hoe, poonyh@horwathkl.com

Successful Launch for Transfer Pricing Master Class

Twenty-eight Crowe Horwath transfer pricing experts from 14 countries gathered in Reutlingen, Germany from September 24-25 for the first Transfer Pricing Master Class of the Crowe Horwath Tax Academy for the Europe, Middle East and Africa region.



The two-day session provided experienced tax advisers with the latest information and tools to develop a transfer pricing specialty practice. Wolfgang Kirschning of **RWT Horwath**, who is a

member of the international tax committee, organized the Master Class with the assistance of Paul Fay of **Horwath Clark Whitehill** (London, UK), Iris Burgstaller of **TPA Horwath** (Vienna, Austria), and Torsten Haupt of **Horwath Frankfurt**.

The key speaker was Stean Hainsworth of **WHK Horwath** (Brisbane, Australia) who leads the international tax services transfer pricing team for his firm. Stean guided participants through practical case studies about management services and

licensing fees – both of which are topical transfer pricing issues.

As well, guest speaker Horst Kolb, who heads the tax audit division for the automotive and aviation sector of the German Federal Tax Office, addressed transfer pricing from the perspective of the German Tax Authorities (GTA). He offered insights into how transfer pricing is administered by the GTA, European Union transfer pricing documentation requirements and their relationship with country-specific requirements, the GTA's views on benchmarking and comparability, and the German advanced pricing agreement process.

Discussions regarding the marketing of transfer pricing services proved to be

topical. Iris Burgstaller and Wolfgang Kirschning discussed a recent transfer pricing joint venture among German Crowe Horwath member firms: RWT Horwath, AWT Horwath, Horwath Frankfurt, and TPA Horwath. This venture involves a joint go-to market strategy to win transfer pricing clients with affiliated companies in Germany and central and eastern Europe. There was also a lively discussion regarding optional sources of transfer pricing expertise: in-house, external service providers, and Crowe Horwath International's centres of excellence. Participants agreed that building a Crowe Horwath transfer pricing global brand could be the road to success.



Hotel, Tourism & Leisure

HOSTA 2009 Reports on Hotel Sector in Benelux

Horwath HTL (Netherlands) has released the 2009 HOSTA Report, which features operating results for the hotel industry in Belgium, the Netherlands and Luxembourg (Benelux). Over 288 three-, four- and five-star hotels participated in the research. Following are highlights.

Dutch hotel market suffering under crisis

The Dutch hotel market has been hit hard by the economic crisis. Both occupancies and average room rates have decreased and it is expected that results for 2009 will be even lower than in 2008.

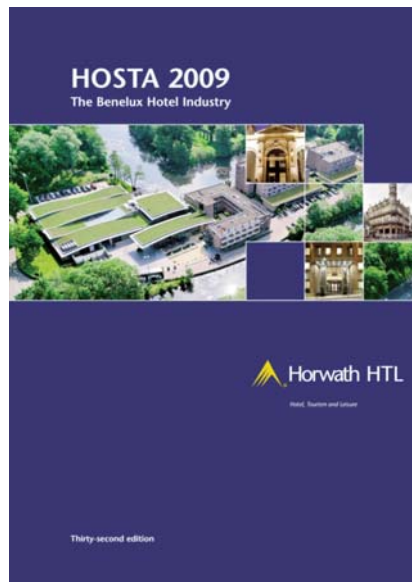
Average occupancy dropped from 72.5% in 2007 to 68.1% in 2008, a decline of 4.4%, bringing hotel occupancies below the level of 2005.

Average room rate dropped by 4.5%, from €110 to €105.

RevPAR (revenue per available room) declined by 10% – from € 80 to €72.

Five-star hotels hit hardest

Occupancy decreased most among five-star hotels – from 74.8% in 2007 to 68.0% in 2008. Since the start of the credit crunch and government bailouts, company spending has been closely monitored. Many companies will no longer allow their employees to stay in five-star hotels. Sheraton Amsterdam Airport and NH Amsterdam Centre have decided to drop their fifth star and to continue as four-star hotels.



Average room rates in Amsterdam in strong decline

The Amsterdam hotel market is especially dependent on international companies and is therefore extra-sensitive to the economic crisis. Occupancy decreased in 2008 from 81.4% to 74.9%, average room rates fell from €140 to € 236 and RevPAR declined from €114 to €94.

Occupancy down in region

Outside the Amsterdam region occupancy also decreased, from 67.3% to 64.0%. Average room rates, however, increased slightly, from €90 to €91. RevPAR fell by only 3.3%, from €60 to €58.

Profits dropped

Hotel gross operating profit represented 34.9% of total revenues in 2008, versus

35.9% in 2007. Payroll expenses rose from 29% of total revenues to 32% of total revenues. The increase is seen in room departments as well as food and beverage departments.

Hotels respond to effect of economic crisis

Hotels are taking strong measures to diminish the effect of the economic crisis: more focus on sales and marketing, lowering of rates, and stricter budgets, including personnel costs. Vacant positions are not being filled, and many annual contracts have been ended.

Forecast

Hotel managers are looking to a swift recovery of the economy: 79% of respondents indicated they expect economic recovery to start in 2010 and 61% also expect the hotel market to show the first signs of recovery in 2010.

The expectation for 2009 is that average occupancy will continue to decrease, from 68.1% to 62.2%, average room rates will fall by 3.8%, to €101 and RevPAR will decline by 12.5% to €63.

For 2010, hopes are for a partial recovery of occupancy to 65.7%, but a further decrease in average room rates to €99 is expected. RevPAR could increase to €65.

More information:
 Marco van Bruggen
vanbruggen@horwath.nl
 00-35-5489020

Hotel, Tourism & Leisure *continued*

Horwath HTL Sponsors International Hotel Conference in Venice

Horwath HTL is a sponsor of the 7th annual International Hotel Conference, which will be held at the Hilton Molino Stucky in Venice from October 21-23.

Partner Luis Infante of the Lisbon, Portugal office has helped to organize the participation of Horwath HTL in this event, which is expected to attract more than 450 executive level hoteliers from 50 countries. This networking and educational conference focuses on hotel development, finance and management strategies in Europe and beyond.

This conference will be an important platform to introduce Horwath HTL's new Lisbon office to operators and investors in international markets.

More information:

www.internationalhotelconference.com



Mark Your Calendar!

October 5-6

Global Corporate Advisors
M&A Transaction Services Training -
Level 3
Chicago, USA

October 10-11

A&A Meeting
Europe, Middle East & Africa Region
Dubai, UAE

October 15-17

Crowe Horwath Tax Academy
Part 2 – Double Tax Treaties
Vienna, Austria

October 26-27

IFRS Academy
Bucharest, Romania

November 9-11

Global Valuation Advisors
Valuation Training - Level 1
Kuala Lumpur, Malaysia

November 11

Horwath Mak Annual Client Gala
Monarch Hotel, Dubai, UAE

November 15-18

Crowe Horwath International
50th Annual Meeting
Beijing, China

Goal of *Connections*

The goal of *Connections* is to share information and ideas that will help our member firms succeed by communicating:

- developments within Crowe Horwath International which reflect our role as a leading international professional organization;
- developments within our members communities that may impact on other member firms or their clients,
- the diverse, high quality products, services and support available within Crowe Horwath International; and
- achievements of our high quality, growth and technology - oriented member firms.

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