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amara holdings limited
annual report

INSPIRED FOR
GROWTH

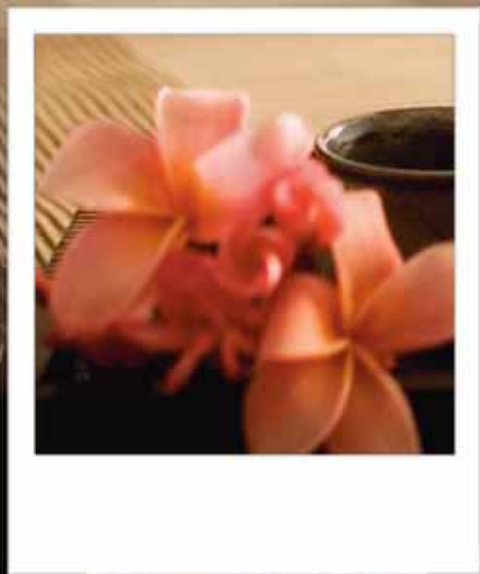
INSPIRED FOR GROWTH

Like life itself, business is about growth, a challenging but rewarding journey that takes us through endless seasons of change and development.

Amara's is a story of resilient growth. Ours is a business deeply rooted in the time-tested values of diligence, integrity and service. And nurtured with visionary leadership, far-sighted strategies and brilliant decision making. The result has been the blossoming of a business that now counts in its stables some of the most prestigious names in the hospitality and lifestyle industry.

At Amara, we are Inspired for Growth.

FINE ATTENTION TO DETAILS
WITH THAT EXTRA TOUCH OF
ASIAN HOSPITALITY.
WE MAKE THE DIFFERENCE.



We see beyond the challenges, differentiating ourselves through unique services.

THE AMARA VISION

SHARING A COMMON VISION AND AN IDENTICAL SET OF VALUES, WE STRIVE TO DELIVER A BRAND EXPERIENCE UNIQUE TO AMARA IN OUR THREE INTER-RELATED CORE BUSINESSES.

The Amara Vision is to be recognised as a leading Asian integrated lifestyle group, with premium brands that exude the value, quality and style of our product offerings, and a warm and personalised service that goes beyond the expectations of our customers.

OUR CORE VALUES

allow us to embody the innovative and creative spirit, daring to dream and constantly keeping up with trends. We are committed to providing a quality and superior integrated lifestyle product, delivered with the utmost professionalism and that special touch of Asian hospitality.

OUR GREATEST ASSET

is our people. We value their contributions and are dedicated to training and bringing out the best in our people.

OUR ULTIMATE GOAL

is to maintain excellence in all that we do, and offer long term benefits to our shareholders, our customers and our employees.

THE AMARA BRAND

A HOME-GROWN INTEGRATED LIFESTYLE GROUP PRINCIPALLY ENGAGED IN THREE BUSINESS AREAS, NAMELY, HOTEL INVESTMENT AND MANAGEMENT, PROPERTY INVESTMENT AND DEVELOPMENT, AND SPECIALTY RESTAURANTS AND FOOD SERVICES. WE ARE RECOGNISED AS THE CREATOR OF INNOVATIVE HOSPITALITY PRODUCTS.



AMARA HOLDINGS LIMITED



AMARA HOTELS & RESORTS

Amara presents the world with a fresh approach to luxury hotels and resorts. We promise to enrich, fulfill and inspire our guests with individual experiences that are cherished and memorable. We are the creator of special moments & unique memories. Our Special Moments Make Memories.



AMARA SANCTUARY

Amara Sanctuary Resorts are contemporary Asian luxury resort hotels in exotic locations offering a unique environment to relax and rejuvenate. Amara Sanctuary Resorts blend tradition with modernity and offer sensory experiences in an intimate setting. Spaces are surprising, the service is world class and the experience is as individual as you.



AMARA SIGNATURE

Amara Signature Hotels are stylish contemporary Asian luxury city hotels, offering a unique environment in which to relax or do business. Amara Signature Hotels bring together the best contemporary architecture and state of the art facilities in a prominent city location, where guests will find stylish interiors, world class service and an experience as individual as you.



AMARA HOTELS

Amara Hotels are contemporary Asian business hotels offering a friendly environment in which to relax or do business. Amara Hotels offer the latest business hotel facilities in a convenient city location, where guests will find stylish interiors, world class service and an experience as individual as you.



SILK ROAD

Come and savour the rich and colourful history, and some of the unique traditions of the Silk Road. Experience first-hand the ancient art of tea pouring, and sample the cuisine of the Silk Road where Marco Polo first discovered Asia and where the finest dishes from the orient are created by master chefs. Showcasing the very best of provincial Chinese cuisine, our show kitchen allows you to be a part of the action – a truly individual experience.



THANYING

In a marriage of centuries old eastern and western influences, tastes and textures are combined into something uniquely Thai. At Thanying, we offer you a unique taste of rich, exquisite and royal cuisine. Set your senses alight and experience the balance of flavours that only Thanying can bring directly to your table. Within a uniquely Thai ambience, and distinctly Thai service, Thanying relives the culinary past when only the most exquisite morsels were prepared and presented with the pomp and richness deserving of royalty. Experience a feast for your senses as Thanying presents a uniquely individual Thai experience.



BE EMBRACED BY THE
UNIQUE TOUCH OF THE
AMARA EXPERIENCE





1 Amara Corporate Tower
2 Silkroad of the Sea

3 Amara Sanctuary Resort, Sentosa
4 Thanying Restaurant

5 The Linear at Upper Bukit Timah
6 The Abode at Devonshire
7 Amara Singapore

OUR ASSET PORTFOLIO

AMARA SINGAPORE

Our flagship city centre hotel, Amara Singapore, is conveniently located next to Tanjong Pagar MRT Station in the thriving Central Business District. The hotel is easily accessible by major transportation modes and within walking distance to fascinating Chinatown, the Tanjong Pagar Conservation District, graded office buildings, foreign and local banks, post offices, shops, as well as dining and entertainment establishments. Our 380-room hotel showcases special touches like a lobby with a minimalist theme, a contemporary Balinese-style resort pool and a collection of chic restaurants including our iconic Silk Road and Thanying restaurants. Complemented by a host of specially designed rooms, facilities and a spa, our valued guests can enjoy a different kind of luxurious inner city living at Amara Singapore. Furthermore, the Grand Ballroom with a 850 auditorium seating capacity as well as four function rooms can cater to events of all scales from weddings and social functions to meetings and exhibitions.

AMARA SANCTUARY RESORT, SENTOSA

Amara Sanctuary Resort, Sentosa our very first boutique resort, provides the ultimate in modern luxury in the quiet seclusion of an exotic tropical garden setting. Specially crafted for discerning individuals who appreciate a luxury retreat with a modern, yet natural twist, the resort offers the right respite from the urban hustle, one imbued with the unique Amara touch. Set amidst lush tropical greenery overlooking the South China Sea and near the white sands of Palawan beach at Sentosa Island, Amara Sanctuary Resort, Sentosa offers a unique combination of contemporary design and five-star hotel facilities. Spacious and well-equipped, the resort promises a charm that is all its own.

Amara Sanctuary Resort, Sentosa is nestled beautifully on a hilltop, surrounded by 3.5 hectares of gardens and natural tropical rainforest. Its unique character is derived from an exotic blend of colonial architecture and modern design concepts, as well as comprehensive five-star hotel facilities that come together to shape an ideal and individual resort experience – whether the stay is for business or leisure.

The resort's 121 beautifully designed guest rooms, Courtyard and Verandah suites, as well as Villas offer the ultimate in comfort, luxury living and state-of-the-art facilities. Each Villa has a tropical fruit garden. Guests may also choose to stay in the privacy and tranquillity of the Courtyard and Verandah suites for a taste of contemporary colonial style. To complement the existing colonial architecture, the deluxe guest rooms are situated in a stylishly designed building that offers contemporary accommodation with superb views of the surrounding tropical landscape. Amara Sanctuary Resort, Sentosa, had its soft opening in May 2007.

AMARA SIGNATURE SHANGHAI

A mixed development, Amara Signature Shanghai will comprise a 360-room hotel, retail centre and office building. The shopping centre will feature many of Singapore's great brands in food and beverages and entertainment as well as lifestyle retailers. Amara Signature Shanghai is expected to benefit from its excellent location within the city centre as well as Shanghai's renowned status as Asia's leading business and financial centre.

AMARA CORPORATE TOWER

Amara Corporate Tower, a 12-storey office building, is strategically located at 100 Tras Street and is a stroll away from the Tanjong Pagar MRT Station. Easily accessible by bus or car, Amara Corporate Tower is also located close to diverse amenities such as major local and foreign banks and post offices.

AMARA SHOPPING CENTRE

Located in the same complex as Amara Singapore and situated beneath Amara Corporate Tower, Amara Shopping Centre offers a wide range of services including medical facilities and other lifestyle needs. It also has a good selection of tenant mix including boutiques, a supermarket, a food court as well as specialty restaurants.

THE ABODE AT DEVONSHIRE

Nestled in the prime location of district 9, The Abode at Devonshire is the home where the heart of the city is.

Although only a stone's throw away from Singapore's bustling shopping belt of Orchard Road and the Somerset MRT station, it is also intended to be a quiet and refined retreat for sophisticated urban dwellers who desire a break from the hectic pace of city life. The Abode at Devonshire's modern design is in a class of its own. Designed to maximise panoramic views, these exclusive 26 freehold units at The Abode feature a unique combination of style and practicality. With its attractive facilities, quality finishes and more, this 15-storey contemporary masterpiece of intersecting planes of glass, concrete, and aluminium, exudes an unparalleled sense of poise and tranquillity.

THE LINEAR

Distinguished by its horizontally-elongated silhouette and blimp-like roof, The Linear, is a seven-storey residential project, comprising 221 units. This stylish 999-year leasehold project development is set to become a commanding feature along Upper Bukit Timah Road. Completed in 2006, The Linear is an ingenious integration of contemporary aesthetics within the natural and unspoilt environment at Upper Bukit Timah. Apart from offering a calming retreat from the hustle and bustle of urban life, The Linear's unique exterior exudes sophistication, with an organic rooftop to mitigate the excesses of tropical heat and rain.

Concept designed by Tokyo-based and globally well-known Kenzo Tange Associates, it features flushed curtain walls and wide louvered spaces. Interior details and materials specification were undertaken by the internationally renowned hospitality interior designer, Hirsch Bedner Associates, to give The Linear an avant garde ambience. To augment the suburban living experience, The Linear has a full range of amenities such as swimming pool on the attic, jacuzzi, steam room as well as facilities for the young that include a wading pool, playground, games room and a jogging track.

THANYING RESTAURANT

Since its inception in 1988, Thanying Restaurant has devotedly recreated culinary history by offering the most exquisite Royal Thai cuisine fit for the royalties.

Meticulous effort is put into the preparation and the presentation of each dish. Moreover, each Thai Chef has his/her own area of specialties, served in the tradition of Thai court cuisine. To top it off, Thanying's most famous dessert buffet offers a grand finale after a sumptuous feast. It consists of delicious seasonal fruits that have been thoughtfully peeled and seeded, as well as traditional Thai sweets, all of which are beautifully presented at the counter decorated with delicately carved fruits skillfully executed by our Thai Chefs. The flagship Thanying Restaurant has a seating capacity of 164 and is located at Amara Singapore. A new outlet opened at Amara Sanctuary Resort, Sentosa in July 2007.

This new outlet gives guests the option to dine indoors in the elegant dining room or al fresco at the large outdoor terrace set amidst a herb garden. The garden grows many herbs used in the restaurant's food preparation.

SILK ROAD RESTAURANT

Established in November 2001 and located at Amara Singapore, the flagship Silk Road Restaurant is a full-service restaurant concept featuring selective cuisines that stretch along the historical Silk Road in China, namely, the provinces of Sichuan, Shaanxi, Liaoning and Beijing. A team of highly specialised and trained chefs ensure that the original unique flavour and taste of the dishes are maintained with the judicious use of specially imported spices and sauces. Whilst providing excellent service standards, the service staff are also knowledgeable about the culinary customs and history of the dishes served in the restaurant. Since its inception, the restaurant has won many accolades and rave reviews from discerning locals, tourists and Chinese expatriates alike, who are well-travelled in China and keen to enjoy authentic Chinese cuisine. Two new outlets were opened at Palawan Beach, Sentosa and Pavilion Kuala Lumpur, Malaysia in December 2007 and January 2008, respectively.

Silk Road of the Sea, the new outlet at the seafront of Palawan Beach, Sentosa is a seafood restaurant serving cuisine tracing the culinary footsteps of explorer Marco Polo on his journey home from South China Sea to the Mediterranean.

CEO'S MESSAGE

LETTER TO SHAREHOLDERS

Our dedicated efforts to position Amara as a leading premier integrated lifestyle group has served us well. Notwithstanding high market volatility brought on by the unprecedented global financial turmoil, we remained resilient in FY2008.

Our core Hotel Investment and Management segment continued to post healthy growth during the year under review, buoyed by improved revenue per available room ("RevPAR") to S\$177 from S\$149 for Amara Singapore, and S\$154 for our newly opened Amara Sanctuary Resort, Sentosa.

FINANCIAL REVIEW – RESILIENCE AMIDST ECONOMIC DOWNTURN

Excluding a one-off fair value gain of S\$22.1 million from investment properties in FY2007, we achieved a strong 19% growth in net profit to S\$12.0 million for FY2008. Whilst our revenue declined 36% to S\$71.4 million, mainly impacted by the lower sale of property development units, we are encouraged by the sustained performance from our Hotel segment.

Our Specialty Restaurants and Food Services segment benefitted from the opening of our two new concept restaurants and recorded a 29% jump in revenue to S\$4.3 million in FY2008.

Due to cautious sentiments in the property market, our Property Investment and Development

segment registered a decrease in the sale of property development units in FY2008 as compared to FY2007.

STRENGTHENING OF OUR BALANCE SHEET

We have also seen a strengthening of our balance sheet during the period under review. We have recently unlocked the value of our 70% investment in Amara Hotel Saigon Company, Ltd ("Amara Saigon"). Our divestment will further strengthen our balance sheet and allow us to refocus our resources on higher yielding assets in the region.

The Group's borrowings as at December 31, 2008 were S\$196.4 million, compared to S\$215.5 million as at December 31, 2007. The lower borrowings were mainly due to progressive repayment of loans throughout the financial year – both from our receipt in connection with disposal of Amara Saigon and profit.

We maintained a healthy cash position of S\$27.3 million in FY2008 as compared to S\$12.3 million in FY2007.

Our shareholders' equity was S\$179.2 million as at December 31, 2008 compared to S\$173.4 million as at December 31, 2007. The increase was attributed to an increase in our retained earnings.

We will continue to be prudent in conserving our cash reserves to navigate the current economic storm well.

OUTLOOK FOR 2009

With concerns over the growth of the macro economy in 2009, compounded by economic woes in the United States and increasingly stretched credit markets worldwide, we expect the tourism sector to be challenging as visitor arrival is projected to decrease.

We will continue to proactively manage our portfolio by maximising the operating performance of our existing hotels, as well as prudently explore asset enhancement opportunities to optimise the value of our hotels. We will also focus all efforts on unique marketing platforms and re-look at our client mix to optimise room revenue yield.

At the same time, we will continue to lookout for recurring earnings opportunities through hotel management contracts in both Singapore and the region. Whilst our focus will be on organic growth in 2009, we do not rule out the possibility of growing the Amara brand name should there be distress assets that meet our stringent investment criteria.

The Group also expects sentiment in the property market to remain cautious given the global financial and economic uncertainties. We will continue to monitor the market closely and will consider launching our Killiney development, which was acquired at a low cost, at the appropriate time.

We are confident that our resilient business model and cautious strategy will weather us through the downturn and allow us to emerge stronger when the economy recovers.

A WORD OF THANKS

I would like to thank our customers, business associates and shareholders for their confidence in the past year. To reward our loyal shareholders, the Directors have recommended a first and final cash dividend of 0.5 cents per ordinary share for FY2008. The proposed final dividend, if approved by the Shareholders at the Annual General Meeting on April 29, 2009, will be paid on June 26, 2009.

I am also grateful to our fellow Board members for their invaluable insights and wise counsel. Last but not least, I wish to commend the management and staff of Amara for their dedication and diligence, which we will continue to count on, as we face the challenges together in 2009.

INSPIRED FOR GROWTH

Our resilience, seen through our encouraging results, is the result of our business philosophy of paying close attention in all that we do.

WE HAVE WEATHERED PAST ECONOMIC CRISES WELL, AND WILL CONTINUE TO UPHOLD AMARA'S SPIRIT OF INNOVATION AND THAT SPECIAL TOUCH OF DIFFERENCE, TO SEE US THROUGH THIS CHALLENGING PERIOD.

ALBERT TEO HOCK CHUAN
Chief Executive Officer



BOARD OF DIRECTORS



ALBERT TEO HOCK CHUAN
CHIEF EXECUTIVE OFFICER

Mr Teo is the Chief Executive Officer of the Group. He was appointed as a Non-Executive Director of the Company in 1970 and an Executive Director in 1982. He was last re-elected in April 2006. He is also a member of the Nominating Committee.



Developers' Association of Singapore (REDAS), Chairman of REDAS Hotel Committee 2007/2008 as well as an Executive Board Member of the Singapore Hotel Association and Chairman of SHATEC. He is also a member of the Board of Trustees for the Tan Tock Seng Hospital Community Charity Fund.

SUSAN TEO GEOK TIN
EXECUTIVE DIRECTOR/
COMPANY SECRETARY

Mr Teo was instrumental in spearheading the direction and development of the Group, including taking the Group public in August 1997. He played a pivotal role in the Group's diversification strategy and broadened its earnings base through an expansion of its Asian presence and the establishment of specialty food services in Singapore. The widely-acclaimed Silk Road Restaurant at Amara Singapore, a brainchild of Mr Teo, has enjoyed brisk business since its opening in November 2001.

Ms Teo has been an Executive Director of the Company since 1995 and has also been serving as the Company Secretary since 1989. She was last re-elected as director of the Company in April 2007. Ms Teo is overall responsible for the corporate affairs of the Group which include finance, treasury, company secretarial matters, human resource and administration. She played a major role in bringing the Group public in August 1997. Ms Teo holds a Bachelor of Business (Distinction) degree from the Western Australian Institute of Technology and a Graduate Diploma in Computer Science from La Trobe University. She is an Associate Member of the Institute of Chartered Accountants in Australia, the Institute of Certified Public Accountants of Singapore and the Australian Computer Society.



LAWRENCE MOK KWOK WAH
NON-EXECUTIVE DIRECTOR

Mr Teo holds a Bachelor of Commerce degree from the University of Western Australia and is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Secretaries and Administrators of London.

Mr Teo spent many years in the profession, firstly with an international public accounting firm then moving to a large listed group involved in wholesaling, manufacturing and retailing. Finally, he wrapped up his career, prior to joining the group, in the banking industry.

Currently, Mr Teo serves as a Council Member of the Real Estate

Mr Mok has been a Director of the Company since May 1995. He is also a member of the Audit Committee as well as the Remuneration Committee.

Mr Mok has more than 30 years of experience in the IT and Engineering industries. His experience includes financial and management accounting, treasury management, corporate planning, change management, general business management, quality process management and customer service operations management.

Mr Mok is the General Manager, Regional Operations of O'Connor's Holdings Pte Ltd. He holds a Bachelor of Accountancy (Honours) degree from the University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore.

CHANG MENG TENG
NON-EXECUTIVE,
INDEPENDENT DIRECTOR

Mr Chang has been an Independent Director of the Group since July 1997 and also serves as the Audit Committee Chairman. He is also a member of both the Nominating and the Remuneration Committee.

Mr Chang was a Principal Officer of the General Manager's Office, Public Utilities Board and the Superintendent of the Electricity Department of the Board. He was awarded the Public Administration (Silver) Medal for his services in 1975.

Mr Chang is the Chairman of Squire Mech Pte Ltd, a firm of consulting mechanical & electrical engineers, for which he was the Managing Director for more than 20 years. He holds a Bachelor of Science (Honours) degree from

the Strathclyde University and is a Hon. Fellow of the Institution of Engineers, Singapore. He is a Fellow of the Institution of Electrical Engineers, United Kingdom and the Society of Project Managers.

Mr Chang was President of the Institution of Engineers, Singapore and the Deputy Chairman of the Public Transport Council. He has served as a member of the boards of many ministries. Mr Chang is currently a Board Member of the Energy Market Company and the Ang Mo Kio-Thye Hwa Kuan Community Hospital. He is the Honorary Adviser (M & E and IT) of the Real Estate and Developers Association of Singapore and was appointed a Justice of The Peace in 1989. Mr Chang is currently the Immediate Past President of the Society of Project Managers.

RICHARD KHOO BOO YEONG
NON-EXECUTIVE,
INDEPENDENT DIRECTOR

Mr Khoo, an Independent Director on the Board, has been an Audit Committee member from September 2002. He was appointed Chairman of Nominating & Remuneration Committees in 2003.

An accomplished business leader and seasoned human resources practitioner with local and international business experience in the service, air transport, and knowledge industries, Mr Khoo was a Senior Fellow with The Idea Factory (Singapore) Pte Ltd, Corporate Advisor and independent consultant with China Xpress Pte Ltd,



Director Finance, Administration & Programmes at The Methodist Church in Singapore and CEO of St Francis Methodist School (Private), and held varied senior posts with the Singapore Airlines group.

In his 29 years with the Singapore Airlines Group, Mr Khoo held senior management positions at corporate headquarters and overseas, with postings in USA, New Zealand and India. At corporate headquarters, he managed a broad spectrum of planning and operations functions including marketing, line operations, and human resource. Postings to subsidiary and affiliated companies included assignments as Chief Executive of SATS Passenger Services, General Manager of SATS Apron & Passenger Services, and CEO of Service Quality (SQ) Centre Pte Ltd.

At the invitation of Government ministries, Mr Khoo served in national committees such as Manpower 21, SME 21, Singapore Learning Festival 2000 Steering Committee and Review of Tourism 21: Manpower & Image Committee.

Mr Khoo holds a Bachelor of Science (Honours) degree from the University of Malaya.



THERE IS NO SUCCESS
LIKE THAT WHICH
BLOSSOMS, COME
RAIN OR SHINE.

Even in the face of uncertainty, we continue to take confident steps forward for a leadership position.

HOTEL INVESTMENT & MANAGEMENT

OUR EFFORTS IN TRANSFORMING, CONTINUALLY FINE-TUNING OUR ASSETS... HAS STOOD US WELL.



Amara Sanctuary Resort, Sentosa
MICE Lobby

The regional tourism and travel sector took a hit from the global economic slowdown, with impact felt mostly in the fourth quarter of 2008. Notwithstanding the slowdown, the Group's Hotel Investment and Management segment continued to achieve improved RevPar of S\$177 for Amara Singapore and S\$154 for Amara Sanctuary Resort, Sentosa and delivered 15% growth in revenue to S\$52.4 million, from S\$45.8 million in FY2007. This represented 73% of total Group revenue in FY2008.

We are particularly pleased with the performance from our Amara Sanctuary Resort, Sentosa, which soft opened in May 2007. Since its opening, Amara Sanctuary Resort, Sentosa has contributed positively to our Hotel segment. Our efforts in transforming, continually fine-tuning our assets; and in the case of Amara Sanctuary, building a unique world-class resort, has stood us well.

In view of the poor economic environment, we expect the tourism and travel sector to remain challenging as visitor arrival is projected to decrease. We will take this opportunity to build up the Amara brand name locally and regionally so as to emerge stronger from the crisis when the economy recovers.



Amara Sanctuary Resort, Sentosa
Colonial Courtyard

THE STRENGTH TO
GROW SPRINGS
FROM THE ROOTS
OF FAITH AND
DETERMINATION.



By acting on our beliefs with heart and soul, we have overcome the odds to earn pride of place in the competitive property business.

PROPERTY INVESTMENT & DEVELOPMENT

MONITOR AND IDENTIFY IDEAL DEVELOPMENT OPPORTUNITIES WHEN THE TIME IS RIGHT.



The Linear



Our Property Investment and Development segment was also impacted as the economic slowdown resulted in cautious sentiments in the property market. Revenue from our Property Investment and Development segment declined 76% to S\$14.7 million in FY2008 from S\$62.5 million in FY2007 as a result of a decrease in the sale of property development units in FY2008 compared to FY2007. This segment made up 21% of total Group revenue.

We will continue to exercise prudence in view of the cautious sentiments in the property market as well as monitor and identify ideal development opportunities when the time is right.

At the same time, we will look at further enhancing our recurring income base for this division.

ALL THINGS GOOD
AND BEAUTIFUL BEGIN
WHEN THE HEART IS IN
THE RIGHT PLACE.



Serving up the finest with enthusiasm and dedication wins us loyal customers who keep us growing.

SPECIALTY RESTAURANTS & FOOD SERVICES

WE WILL CONTINUE TO MAINTAIN CULINARY EXCELLENCE, AND PRUDENTLY EXPLORE THE FEASIBILITY OF DEVELOPING FRANCHISE AGREEMENTS.

Our Specialty Restaurants and Food Services segment registered a 29% growth in revenue to S\$4.3 million in FY2008 from S\$3.3 million in FY2007. The improved performance from the segment was mainly due to the opening of our new concept restaurants - Silk Road of the Sea at Palawan Beach as well as Silk Road Restaurant Kuala Lumpur. This segment contributed to 6% of Group revenue in FY2008.



Apart from strengthening our presence locally, we will continue to maintain culinary excellence, and prudently explore the feasibility of developing franchise agreements within the Asian region.

Thanying Restaurant,
Amara Sanctuary

AMARA ACCOLADES



HOTEL INVESTMENT & MANAGEMENT

AMARA SANCTUARY RESORT, SENTOSA

URA Architectural Heritage Awards 2007, Category A

Awarded by the Urban
Redevelopment Authority

AMARA SINGAPORE Finalist (HAPA)

Signature Deluxe Hotel 2008-2010

Awarded by Hospitality Asia Platinum
Awards Regional Series

Exsa Awards 2008

Awarded by Spring Singapore

SHA Courtesy Award 2008

Awarded by SHA

Singapore Service Class

Awarded by SPRING Singapore in 2006

Finalist for Award for Excellence 2006-2007

- Deluxe Hotel
- Best Housekeeping Department
Awarded by Hospitality Asia
Platinum Awards

Award for Excellence 2004-2005

- Deluxe Hotel
Awarded by Hospitality Asia
Platinum Awards

Finalist for Award for Excellence 2004-2005 Hospitality Personality

- Deluxe Property General Manager
- Best Western Cuisine Chef
Awarded by Hospitality Asia
Platinum Awards

Excellent Service Award 2003-2006

Awarded by Singapore Hotel Association
and SPRING Singapore

Service Gold National Courtesy Award 2003

Awarded by Singapore
Hotel Association

Superior Service Award 1995 & 2003

Awarded by Interval International

Five Star Recognition Award 1987

Awarded by Interval International

ELEMENT

Singapore's Top Restaurant 2004 & 2007

Awarded by Wine & Dine

ALPHABET

Finalist for Award for Excellence in Hospitality 2004-2005

Awarded by Hospitality Asia
Platinum Awards

HUE RESTOBAR

Singapore's Top Restaurant 2007

Awarded by Wine & Dine

PROPERTY INVESTMENT & DEVELOPMENT

THE LINEAR

Awards for website design www.thelinear.com

Creative Circle Awards (CCA)
Singapore 2003

Craft – Illustration: GOLD

Craft – Art Direction: BRONZE

Craft – Flash: BRONZE

Craft – Sound: BRONZE

Corporate Image
(Business to Consumer) –
Individual: BRONZE



SPECIALTY RESTAURANTS & FOOD SERVICES

THANYING RESTAURANT
Citibank-The Business Times
Gourmet Choice Awards

Winner Thai/ Vietnamese / Korean
 Category 2009

Singapore Service Star 2009

Awarded by Singapore Tourism Board

Gold Plate Awards 2007

Awarded by The Singapore
 Women's Weekly

Singapore's Best Restaurants
1992-2009

Awarded by Singapore Tatler

Singapore's Top Restaurants
1997-2008

Awarded by Wine & Dine

"THAI SELECT" Seal of Approval
for Thai Cuisine

Awarded by Ministry of
 Commerce Thailand

Finalist for Award for Excellence
Asian Cuisine Restaurant 2004-2005

Awarded by Hospitality Asia
 Platinum Awards

The Best Thai Restaurant 2004

Awarded by The Straits Times -
 Life!eats

Excellence in Service Asian
Restaurant 1993

Singapore Tourism Board

Excellence in Service Asian
Restaurant (Merit) 1991

Singapore Tourism Board

SILK ROAD RESTAURANT
Singapore Service Star 2009

Awarded by Singapore Tourism Board

Singapore's Best Restaurants
2003-2009

Awarded by Singapore Tatler

Singapore's Top Restaurants
2003-2008

Awarded by Wine & Dine

SuperStar Finalist Excellent
Service Award 2008

Awarded by Spring Singapore

4 Star & 3 Silver Excellent Service
Award Winners 2008

Awarded by Spring Singapore

6 Gold Excellent Service
Awards 2007

Awarded by SPRING Singapore

Singapore Service Class

Awarded by SPRING Singapore
 in 2006

Top Sichuan Restaurant
in Singapore

The Straits Times – Lifestyle August
 2006 (Top 50 Restaurants)

Finalist for Award for Excellence
Chinese Cuisine Restaurant
2004-2005

Awarded by Hospitality Asia
 Platinum Awards

A Great Table of Singapore
2003-2005

Awarded by Tables

Service Gold National Courtesy
Award 2003 & 2004

Awarded by Singapore
 Hotel Association







National Model for Work
Redesign 2002

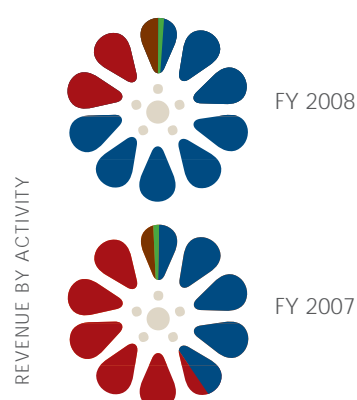
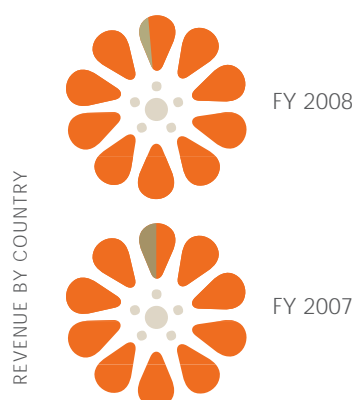
Awarded by SPRING Singapore

Editor's Choice

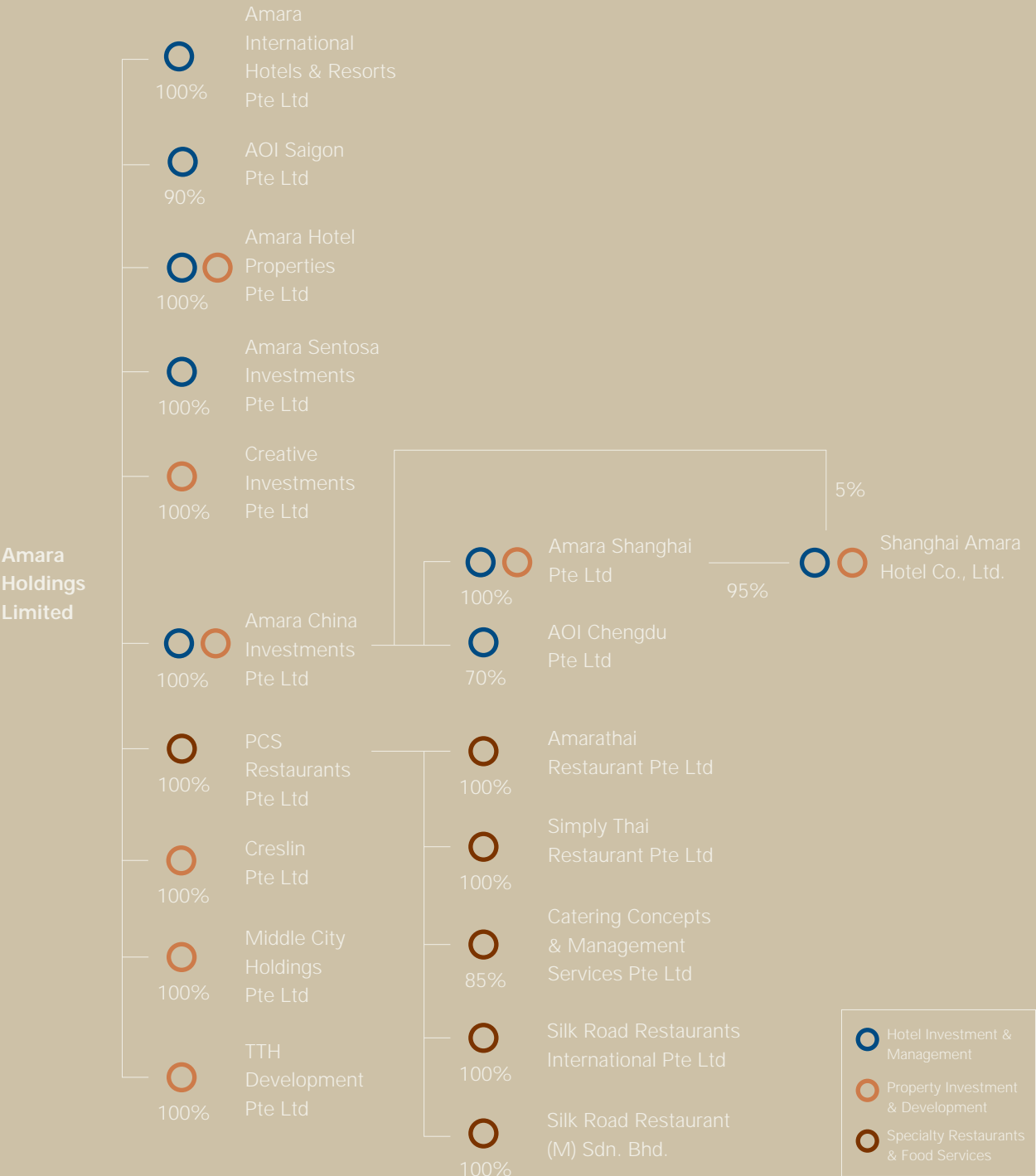
IS Magazine

FINANCIAL HIGHLIGHTS

| | FY2008 S\$'000 | FY2007 S\$'000 |
|---|-------------------|-------------------|
| INCOME STATEMENT | | |
| Revenue | 71,429 | 111,597 |
| Profit before tax | 14,941 | 40,261 |
| Income tax expense | (2,956) | (8,080) |
| Profit for the financial year | 11,985 | 32,181 |
| FINANCIAL RATIOS | | |
| | % | % |
| Profit for the financial year as percentage of revenue | 16.78 | 28.84 |
| Gearing Ratio | 48.56 | 53.97 |
| PER SHARE UNIT | | |
| | cents | cents |
| Earnings per Share | 2.08 | 5.58 |
| Net Tangible Assets per Share | 30.85 | 29.85 |
| Net Assets Value per Share | 31.06 | 30.06 |
| REVENUE BY COUNTRY (%) | | |
| | % | % |
|  Singapore | 97.43 | 94.51 |
|  Vietnam | 2.57 | 5.49 |
| | 100.00 | 100.00 |
| REVENUE BY ACTIVITY (%) | | |
| | % | % |
|  Hotel Investment & Management | 73.37 | 41.01 |
|  Property Investment & Development | 20.61 | 56.01 |
|  Specialty Restaurants & Food Services | 6.01 | 2.97 |
|  Others | 0.01 | 0.01 |
| | 100.00 | 100.00 |



CORPORATE STRUCTURE



CORPORATE GOVERNANCE REPORT

The Board of Directors ("the Board") is committed to high standards of corporate governance as a fundamental part of discharging its responsibilities to protect and to enhance long-term shareholders' value whilst taking into account the interests of other stakeholders.

Set below are the policies and practices adopted and practised by the Group to comply with the principles and spirit of the Code of Corporate Governance 2005 ("the Code"). There are other sections of this annual report that have an impact on the compliance of disclosure requirements and these should be read together with this Corporate Governance Report.

Principle 1: The board's conduct of affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The principal functions of the Board, apart from its statutory responsibilities are:

- setting overall strategies and supervision of the Group's business and affairs to achieve the vision and mission of the Group;
- approving the Group's corporate policies and internal guidelines for material transactions;
- approving key operational issues and major investment and funding;
- reviewing the financial performance of the Group;
- approving the appointment of Board directors and appointments to the various Board committees; and
- assuming responsibility for corporate governance.

The Board comprises a majority of non-executive directors, with relevant and diverse experiences necessary to contribute effectively and objectively to the Group. The Board meets at least four times a year and as warranted by circumstances, as deemed appropriate by the Board members. The Company's Articles of Association provide for telephone and other electronic means of meetings of the Board as encouraged by the Code. This facilitates the attendance and participation of directors at Board meetings, even though they may not be in Singapore. The Board is supported by the Audit, Nominating and Remuneration Committees. These committees are made up of wholly or predominantly non-executive directors and chaired by independent directors. The effectiveness of each committee is also constantly being reviewed by the Board. Other committees may be formed from time to time to look into specific areas as and when required. The number of Board and Committees meetings held and attendance of the directors at these meetings during the year are as follows:

| | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|------------------------|-----------------|----------|-----------------|----------|----------------------|----------|------------------------|----------|
| | No. of Meetings | | No. of Meetings | | No. of Meetings | | No. Meetings | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Albert Teo Hock Chuan | 4 | 4 | 4* | 4* | 1 | 1 | 1* | 1* |
| Chang Meng Teng | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Susan Teo Geok Tin | 4 | 3 | 4* | 4* | 1# | 1# | 1# | 1# |
| Richard Khoo Boo Yeong | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Lawrence Mok Kwok Wah | 4 | 3 | 4 | 3 | 1* | 1* | 1 | 1 |

* By invitation
In attendance

CORPORATE GOVERNANCE REPORT

Principle 1: The board's conduct of affairs (continued)

Senior management staff are invited to attend Board and Committees meetings whenever necessary and there is timely communication of information between the Board, the Management and the Committees.

Newly appointed directors are briefed by the Board to familiarise them with the Group's business and its strategic directions. Directors are provided with regular updates on the latest governance and listing policies. They also have unrestricted access to professionals for consultation on laws, regulations and commercial risks as and when necessary at the expense of the Group.

Principle 2: Board composition and guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of five directors, of whom three are non-executive directors of whom two are independent directors. The executive directors are Albert Teo Hock Chuan and Susan Teo Geok Tin. The non-executive director is Lawrence Mok Kwok Wah. The independent directors are Chang Meng Teng and Richard Khoo Boo Yeong. The independence of each director is reviewed annually by the Nominating Committee. The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Board will constantly examine its size with a view to determining its impact upon its effectiveness.

Non-executive directors contribute, especially in their areas of specialty, to proposals and strategies of the Group. They also review performance of management in achieving goals and objectives set.

Particulars of interests of directors who held office at the end of the financial year in shares, debentures, and share options in the Company and in related corporations are set out in the Directors' Report on pages 33 to 37 of this annual report.

Principle 3: Chairman and chief executive officer

There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Albert Teo Hock Chuan is both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Group. The Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated as there is good balance of power and authority with all critical committees chaired by independent directors.

The CEO together with the other executive director have full executive responsibilities over the business directions and operational decisions of the Group. Assisting them are the Director, Property Division, the Group Quality and Systems Manager, the Group Administration Manager and the Group Financial Controller. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and ensures that management conforms to such practices. Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and senior management staff (who are not executive directors) are in attendance at Board and Committees meetings whenever necessary.

Principle 4: Board membership

There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee ("NC") comprises:

- Richard Khoo Boo Yeong (Chairman)
- Albert Teo Hock Chuan
- Chang Meng Teng

CORPORATE GOVERNANCE REPORT

Principle 4: Board membership (continued)

The Board's structure, size and composition is reviewed annually by the NC. The NC is responsible for identifying and selecting members of the Board of Directors for the purpose of proposing such nominations to the Board for its approval. Final approval of a candidate for directorship is determined by the Board.

The Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director. The NC is also charged with determining annually whether a director is independent.

Where a director has multiple board representations, the NC will evaluate whether the director is able to carry out and has been adequately carrying out his or her duties as director of the Company.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance, independence or re-nomination as director.

Currently, the Company's Articles of Association provide that one third of the ordinary directors for the time being or if their number is not a multiple of three, then the number nearest to one-third shall retire from office at the annual general meeting.

The NC is satisfied that each individual director has allocated sufficient time and resources to the affairs of the Company.

Key information regarding the directors is set out in the 'Board of Directors' section of this annual report.

Principle 5: Board performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and of individual director.

The NC assesses the effectiveness of the Board and the contribution by each director annually taking into account the performance criteria as well as the director's ability in resolving critical issues.

Principle 6: Access to information

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Directors receive periodic financial and operational reports, budgets, forecasts and other disclosure documents on the Group's businesses prior to Board meetings. Senior management staff are invited where appropriate to provide further inputs during Board/Committee meetings. The Board has separate and independent access to the Company Secretaries and key executives.

At least one of the Company Secretaries is present at all formal Board meetings to respond to the queries of any director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

Principle 7: Procedures for developing remuneration policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises:

- Richard Khoo Boo Yeong (Chairman)
- Chang Meng Teng
- Lawrence Mok Kwok Wah

CORPORATE GOVERNANCE REPORT

Principle 7: Procedures for developing remuneration policies (continued)

The RC's principal functions are to:

- a) recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each executive director; and
- b) review senior executive remuneration and non-executive directors' fees annually.

All members of this Committee (including the Chairman) are independent non-executive directors, except for Lawrence Mok Kwok Wah who is a non-independent non-executive director.

Principle 8: Level and mix of remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9: Disclosure on remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

In setting the remuneration packages for the executive directors, the Company makes a comparative study of the remuneration packages in comparable industries and takes into account the performance of the Group and that of the executive directors. The performance related elements of remuneration is designed to align interests of the executive directors with those of shareholders.

For the current year, the Board has recommended a fee for non-executive directors which is subject to approval at the Annual General Meeting ("AGM"). Directors' fees are set in accordance with a remuneration framework comprising a basic fee as a director and an additional fee for serving on Board Committees, taking into consideration contribution of each of the non-executive director.

The service agreements of the executive directors are of a fixed appointment period.

For competitive reasons, the Company is not disclosing each individual director's remuneration. Instead disclosures are made under the broad band of remuneration as follows:

| Remuneration band | No. of Directors | |
|--------------------------------|------------------|------|
| | 2008 | 2007 |
| S\$750,000 and above | 1 | 1 |
| S\$500,000 to below S\$750,000 | – | – |
| S\$250,000 to below S\$500,000 | 1 | 1 |
| Below S\$250,000 | 3 | 3 |
| Total | 5 | 5 |

The Group currently adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that is linked to the Group and individual performance. Due to the highly competitive industry condition the Group operates in, it is not disclosing the remuneration of its key executives.

One of the executives who earns more than S\$150,000 per annum is related to Albert Teo Hock Chuan, Susan Teo Geok Tin and Lawrence Mok Kwok Wah.

CORPORATE GOVERNANCE REPORT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and quarterly announcements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Principle 11: Audit committee

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Principle 12: Internal controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Principle 13: Internal audit

The company should establish an internal audit function that is independent of the activities it audits.

The AC comprises three non-executive directors, two of whom, including the Chairman are independent. They are Chang Meng Teng (Chairman of the AC), Richard Khoo Boo Yeong and Lawrence Mok Kwok Wah. The AC had four meetings during the financial year. Key information regarding the AC members is given in the 'Board of Directors' section of the annual report.

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Code, including the following:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviews any significant findings of internal investigations and management's response;
- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;
- reviews quarterly reporting to SGX-ST and year end financial statements of the Group before submission to the Board, focusing on
 - going concern assumption;
 - compliance with financial reporting standards and regulatory requirements;
 - any changes in accounting policies and practices;
 - significant issues arising from the audit;
 - major judgemental areas; and
- any other functions which may be agreed by the AC and the Board.

CORPORATE GOVERNANCE REPORT

Principle 11: Audit committee (continued)

Principle 12: Internal controls (continued)

Principle 13: Internal audit (continued)

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. The AC has free and independent access to the external auditors and the internal auditors, and other senior management staff for information that it may require. It has full discretion to invite any director and executive officer to attend its meetings. The AC is satisfied with the assistance given by the Group's officers to the audit functions. The AC has also express power to investigate any matter brought to its attention, within its terms of reference, with the power to seek professional advice at the Company's expense. Where the external auditors also provide significant amount of non-audit services, the AC will undertake a review of such services to be satisfied that they would not affect the independence and objectivity of the external auditors.

The Group has an in-house internal audit function that is independent of the activities that it audits and reports directly to the AC.

Key business risks identified in the course of audit and plans to address these risks are communicated to the Management accordingly and tabled for discussion at AC meetings with updates by the Management on the status of these action plans. The AC has reviewed the Group's material internal controls, including financial, operational and compliance controls, and risk management policies and is satisfied that there are adequate internal controls in place. The Board is satisfied that existing internal controls and risk management systems are adequate.

Principle 14: Communication with shareholders

Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Greater shareholder participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. However, the Company does not practise selective disclosure as all price-sensitive information is released through SGXNET. The Company also maintains a website at www.amaraholdings.com, at which shareholders can access information on the Group such as corporate information, annual report and core businesses of the Group.

The Company has also retained the services of a Public Relations firm to assist in its communication with the shareholders. The Articles of the Company permit a shareholder to appoint one or two proxies to attend AGM and vote in his stead. At the AGM, shareholders are given the opportunity to express their views and ask the Board and the Management questions about the Group.

Dealing in securities

The Company has adopted the SGX-ST best practices on dealings in securities in its Internal Code of Dealings in Securities ("Internal Code") to prescribe the internal regulations pertaining to the securities of the Company. The Internal Code prohibits securities dealings by directors and employees while in possession of price-sensitive information. The directors and these employees are also prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's annual results and ending on the date of announcement of the results.

CORPORATE GOVERNANCE REPORT

Interested person transactions

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the AC.

The aggregate value of interested person transactions entered into during the financial year under review is as follows:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|-----------------------------|---|---|
| | \$'000 | \$'000 |
| Yi Ning Restaurants Pte Ltd | 134 | 0 |

DIRECTORS' REPORT

For the financial year ended 31 December 2008

The directors present their report to the members together with the audited consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

DIRECTORS

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

Albert Teo Hock Chuan
 Chang Meng Teng
 Susan Teo Geok Tin
 Richard Khoo Boo Yeong
 Lawrence Mok Kwok Wah

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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 in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company and related companies, except as follows:

| | Holdings registered in name of director/nominee | | Holdings in which a director is deemed to have an interest | |
|---------------------------|--|-------------|---|--------------|
| | At 31.12.2008 | At 1.1.2008 | At 31.12.2008 | At 1.1.2008 |
| Number of ordinary shares | | | | |
| The Company | | | | |
| Albert Teo Hock Chuan | 1,000 | 1,000 | 308,156,010 | 308,156,010 |
| Chang Meng Teng | 10,000 | 10,000 | – | – |
| Susan Teo Geok Tin | 83,030 | 83,030 | 308,146,010 | 308,146,010 |
| Lawrence Mok Kwok Wah | 660,030 | 660,030 | *308,508,010 | *308,508,010 |

* Mr Lawrence Mok Kwok Wah is deemed to have an interest in 308,146,010 Amara Holdings Limited's shares held or controlled by Firsttrust Equity Pte Ltd by reason of the interest of his spouse and her associates in that company. Further, his spouse holds 362,000 Amara Holdings Limited's shares personally.

DIRECTORS' REPORT

For the financial year ended 31 December 2008

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

| | Holdings registered in name of director/nominee | | Holdings in which a director is deemed to have an interest | |
|---|--|-------------|---|-------------|
| | At 31.12.2008 | At 1.1.2008 | At 31.12.2008 | At 1.1.2008 |
| Number of ordinary shares | | | | |
| Ultimate holding company | | | | |
| <u>First Security Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan and Susan Teo Geok Tin | 10,000,000 | 10,000,000 | - | - |
| Immediate holding company | | | | |
| <u>Firstrust Equity Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan | - | - | 5,171,935 | 5,171,935 |
| Susan Teo Geok Tin | 674,600 | 674,600 | 5,171,935 | 5,171,935 |
| Lawrence Mok Kwok Wah | - | - | 1,349,200 | 1,349,200 |
| Related company | | | | |
| <u>Amara Ventures Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan | 85 | 85 | 9,302 | 9,302 |
| Susan Teo Geok Tin | - | - | 9,302 | 9,302 |
| Lawrence Mok Kwok Wah | - | - | 9,302 | 9,302 |

- (b) Mr Albert Teo Hock Chuan and Ms Susan Teo Geok Tin, by virtue of their being entitled to control the exercise of not less than 20% of the votes attached to voting shares in the Company as recorded in the register of directors' shareholdings, are each deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in shares held by the Company in the subsidiaries set out below. Mr Lawrence Mok Kwok Wah is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries by virtue of the interest of his spouse and her associates being entitled to exercise not less than 20% of the votes attached to voting shares in the Company.

DIRECTORS' REPORT

For the financial year ended 31 December 2008

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

| | Holdings registered in name of director/nominee | | Holdings in which a director is deemed to have an interest | |
|--|--|-------------|---|-------------|
| | At 31.12.2008 | At 1.1.2008 | At 31.12.2008 | At 1.1.2008 |
| Number of ordinary shares | | | | |
| Subsidiaries | | | | |
| <u>Catering Concepts & Management Services Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan | - | - | 170,000 | 170,000 |
| Susan Teo Geok Tin | - | - | 170,000 | 170,000 |
| Lawrence Mok Kwok Wah | - | - | 170,000 | 170,000 |
| <u>AOI Chengdu Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan | - | - | 70,000 | 70,000 |
| Susan Teo Geok Tin | - | - | 70,000 | 70,000 |
| Lawrence Mok Kwok Wah | - | - | 70,000 | 70,000 |
| <u>AOI Saigon Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan | - | - | 3,780,000 | 3,780,000 |
| Susan Teo Geok Tin | - | - | 3,780,000 | 3,780,000 |
| Lawrence Mok Kwok Wah | - | - | 3,780,000 | 3,780,000 |
| Number of ordinary shares partially paid | | | | |
| <u>AOI Saigon Pte Ltd</u> | | | | |
| Albert Teo Hock Chuan | - | - | 5,083,947 | 5,083,947 |
| Susan Teo Geok Tin | - | - | 5,083,947 | 5,083,947 |
| Lawrence Mok Kwok Wah | - | - | 5,083,947 | 5,083,947 |

- (c) The directors' interests in the share capital of the Company and of related companies as at 21 January 2009 were the same as at 31 December 2008.

DIRECTORS' REPORT

For the financial year ended 31 December 2008

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the consolidated financial statements.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

MATERIAL CONTRACTS

No material contract involving the interests of any director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries since the end of the financial year and no such contract subsisted at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee during the financial year and at the date of this report are:

Chang Meng Teng (Chairman)

Richard Khoo Boo Yeong

Lawrence Mok Kwok Wah

This subcommittee of the Board had four meetings during the financial year. The meetings have been attended by the Chief Executive Officer, Executive Director for Finance and Administration and Group Financial Controller. When necessary, the presence of the external auditors has been requested during these meetings.

All members of this Committee are non-executive directors. Except for Mr Lawrence Mok Kwok Wah, all members are independent.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has an unrestricted access to any information pertaining to the Group, to both the internal and the external auditors, and to all employees of the Group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Company.

DIRECTORS' REPORT

For the financial year ended 31 December 2008

AUDIT COMMITTEE (continued)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including the following:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviews any significant findings of internal investigations and management's response;
- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;
- reviews quarterly reporting to Singapore Exchange Securities Trading Limited ("SGX-ST") and year end financial statements of the Group before submission to the Board, focusing on
 - going concern assumption;
 - compliance with financial reporting standards and regulatory requirements;
 - any changes in accounting policies and practices;
 - significant issues arising from the audit;
 - major judgemental areas; and
- any other functions which may be agreed by the Audit Committee and the Board.

The Audit Committee reviewed the following, where relevant, with the Management, the internal auditors and/or the external auditors:

- (i) the co-operation given by the Company's officers and whether the external auditors in the course of carrying out their duties, were obstructed or impeded by management;
- (ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
- (iii) compliance with legal and other regulatory requirements; and
- (iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The Audit Committee has nominated Baker Tilly TFWLCL for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services rendered by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFWLCL, has expressed its willingness to accept re-appointment.

On behalf of the directors
ALBERT TEO HOCK CHUAN
Director

CHANG MENG TENG
Director

20 March 2009

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2008

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 40 to 97 are drawn up 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 2008 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; 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 directors

ALBERT TEO HOCK CHUAN
Director

CHANG MENG TENG
Director

20 March 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARA HOLDINGS LIMITED

We have audited the accompanying financial statements of Amara Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 40 to 97, which comprise the balance sheets of the Group and the Company as at 31 December 2008, and the consolidated income statement, statement of changes in equity and cash flow statement of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is 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:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion,

- (a) 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 2008 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFWLCL
Public Accountants and Certified Public Accountants
Partner: Tay Guat Peng
Singapore
20 March 2009

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2008

| | Notes | The Group | |
|---|-------|----------------|----------------|
| | | 2008 \$'000 | 2007 \$'000 |
| Revenue | 3 | 71,429 | 111,597 |
| Gain from fair value adjustments of investment properties | 21 | - | 27,000 |
| Other income | 4 | 6,708 | 1,352 |
| Finance costs | 5 | (6,231) | (10,783) |
| Changes in inventories of finished goods | | 79 | 162 |
| Cost of properties sold/consumables used | | (12,195) | (49,640) |
| Staff costs | 9 | (17,685) | (15,304) |
| Depreciation and impairment | | (6,322) | (6,771) |
| Other expenses | 6 | (20,842) | (17,352) |
| Profit before tax | 7 | 14,941 | 40,261 |
| Income tax expense | 10 | (2,956) | (8,080) |
| Profit for the financial year | | 11,985 | 32,181 |
| Earnings per ordinary share | | | |
| Basic and diluted | 11 | 2.08 cents | 5.58 cents |

BALANCE SHEETS

As at 31 December 2008

| | Notes | The Group | | The Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Current assets | | | | | |
| Cash and bank balances | 12 | 27,251 | 12,252 | 39 | 13 |
| Trade and other receivables | 13 | 10,845 | 17,337 | 42,671 | 51,033 |
| Inventories | 14 | 613 | 594 | - | - |
| Development properties | 15 | 58,539 | 62,838 | - | - |
| Financial assets at fair value through profit or loss | 16 | - | 1,796 | - | - |
| Other current assets | 17 | 1,053 | 1,235 | 3 | 8 |
| | | 98,301 | 96,052 | 42,713 | 51,054 |
| Non-current assets | | | | | |
| Trade and other receivables | 13 | - | 8,102 | - | - |
| Available-for-sale financial assets | 18 | 939 | - | 112 | - |
| Financial assets at fair value through profit or loss | 16 | - | 316 | - | 209 |
| Intangible assets | 19 | 357 | 357 | - | - |
| Investment in subsidiaries | 20 | - | - | 38,377 | 30,977 |
| Investment properties | 21 | 185,306 | 185,345 | - | - |
| Property, plant and equipment | 22 | 146,452 | 164,705 | - | - |
| Goodwill | 23 | 844 | 844 | - | - |
| Other assets | 24 | 7,358 | 5,741 | - | - |
| Deferred income tax assets | 25 | 578 | 600 | - | - |
| | | 341,834 | 366,010 | 38,489 | 31,186 |
| Total assets | | 440,135 | 462,062 | 81,202 | 82,240 |
| Current liabilities | | | | | |
| Trade and other payables | 26 | 24,080 | 28,647 | 671 | 209 |
| Tax payables | | 4,708 | 8,329 | - | - |
| Borrowings | 27 | 37,611 | 114,658 | - | - |
| | | 66,399 | 151,634 | 671 | 209 |
| Non-current liabilities | | | | | |
| Trade and other payables | 26 | 1,562 | 1,763 | - | - |
| Borrowings | 27 | 158,789 | 100,882 | - | - |
| Deferred income tax liabilities | 25 | 34,182 | 34,379 | - | - |
| | | 194,533 | 137,024 | - | - |
| Total liabilities | | 260,932 | 288,658 | 671 | 209 |
| Net assets | | 179,203 | 173,404 | 80,531 | 82,031 |
| Share capital | 28 | 125,646 | 125,646 | 125,646 | 125,646 |
| Reserves | | 53,557 | 47,758 | (45,115) | (43,615) |
| Shareholders' equity | | 179,203 | 173,404 | 80,531 | 82,031 |

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2008

| | Notes | Share capital | Asset revaluation reserve | Foreign currency translation reserve | Fair value reserve | Retained earnings and other reserves* | Total |
|--|-------|----------------|---------------------------|--------------------------------------|--------------------|---------------------------------------|----------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | | |
| Balance at 1 January 2008 | | 125,646 | 9,655 | 3,250 | - | 34,853 | 173,404 |
| Arising from disposal of interest in joint venture entity | | - | - | (2,498) | - | - | (2,498) |
| Currency translation differences arising on translation of financial statements of foreign subsidiaries and joint venture entity | | - | - | 1,702 | - | - | 1,702 |
| Fair value adjustment on available-for-sale financial assets | 18 | - | - | - | (776) | - | (776) |
| Disposal of available-for-sale financial assets | | - | - | - | 2 | - | 2 |
| Net losses recognised directly in equity | | - | - | (796) | (774) | - | (1,570) |
| Profit for the financial year | | - | - | - | - | 11,985 | 11,985 |
| Total recognised (losses)/gains for the financial year | | - | - | (796) | (774) | 11,985 | 10,415 |
| Dividend relating to 2007 | 29 | - | - | - | - | (4,616) | (4,616) |
| Balance at 31 December 2008 | | 125,646 | 9,655 | 2,454 | (774) | 42,222 | 179,203 |

* Includes other reserves of \$112,000 as at 31 December 2008 (2007: \$112,000)

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2008

| | Note | Share capital | Asset revaluation reserve | Foreign currency translation reserve | Retained earnings and other reserves* | Total |
|--|------|---------------|---------------------------|--------------------------------------|---------------------------------------|---------|
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | |
| Balance at 1 January 2007 | | 125,646 | 9,420 | 3,242 | 5,037 | 143,345 |
| Change in tax rate | | - | 235 | - | - | 235 |
| Currency translation differences arising on translation of financial statements of foreign subsidiary and joint venture entity | | - | - | 8 | - | 8 |
| Net gains recognised directly in equity | | - | 235 | 8 | - | 243 |
| Profit for the financial year | | - | - | - | 32,181 | 32,181 |
| Total recognised gains for the financial year | | - | 235 | 8 | 32,181 | 32,424 |
| Dividend relating to 2006 | 29 | - | - | - | (2,365) | (2,365) |
| Balance at 31 December 2007 | | 125,646 | 9,655 | 3,250 | 34,853 | 173,404 |

* Includes other reserves of \$112,000 as at 31 December 2007 (2006: \$112,000)

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2008

| | Notes | Share capital | Accumulated losses | Fair value reserve | Other reserves | Total |
|--|-------|----------------|--------------------|--------------------|----------------|---------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Company | | | | | | |
| Balance at 1 January 2008 | | 125,646 | (44,541) | - | 926 | 82,031 |
| Fair value adjustment on available-for-sale financial assets | 18 | - | - | (48) | - | (48) |
| Profit for the financial year | | - | 3,164 | - | - | 3,164 |
| Dividend relating to 2007 | 29 | - | (4,616) | - | - | (4,616) |
| Balance at 31 December 2008 | | 125,646 | (45,993) | (48) | 926 | 80,531 |

| | Note | Share capital | Accumulated losses | Other reserves | Total |
|-------------------------------|------|---------------|--------------------|----------------|---------|
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| The Company | | | | | |
| Balance at 1 January 2007 | | 125,646 | (46,939) | 926 | 79,633 |
| Profit for the financial year | | - | 4,763 | - | 4,763 |
| Dividend relating to 2006 | 29 | - | (2,365) | - | (2,365) |
| Balance at 31 December 2007 | | 125,646 | (44,541) | 926 | 82,031 |

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2008

| | Note | 2008 \$'000 | 2007 \$'000 |
|--|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 14,941 | 40,261 |
| Adjustments for: | | | |
| Gain on disposal of interest in joint venture entity | | (3,634) | - |
| Amortisation of other assets | | 83 | 59 |
| Impairment of property, plant and equipment | | 43 | 43 |
| Impairment of investment property | | 39 | - |
| Exchange difference | | (114) | 162 |
| Depreciation of property, plant and equipment | | 6,240 | 6,728 |
| Income from financial assets | | (84) | (154) |
| Interest income | | (557) | (306) |
| Interest expense | | 6,231 | 10,783 |
| Gain on disposal of property, plant and equipment | | - | (50) |
| Financial assets at fair value through profit or loss – fair value loss/(gain) | | 248 | (343) |
| Gain on disposal of available-for-sale financial assets | | (9) | - |
| Property, plant and equipment written off | | 19 | 87 |
| Gain from fair value adjustments of investment properties | | - | (27,000) |
| Operating cash flow before working capital changes | | 23,446 | 30,270 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (72) | (171) |
| Receivables | | 15,738 | 4,194 |
| Payables | | (3,609) | 2,376 |
| Financial assets at fair value through profit or loss | | 108 | 330 |
| Development properties | | 4,299 | 43,066 |
| Cash generated from operations | | 39,910 | 80,065 |
| Income tax paid (net) | | (6,303) | (1,930) |
| Net cash generated from operating activities | | 33,607 | 78,135 |
| Cash flows from investing activities | | | |
| Net proceeds from disposal of interest in joint venture entity | | 15,924 | - |
| Proceeds from sale of available-for-sale financial assets | | 50 | - |
| Payments for property, plant and equipment | | (3,205) | (15,997) |
| Payments for other assets | | (1,700) | (1,000) |
| Proceeds from disposal of property, plant and equipment | | - | 50 |
| Net payments to joint venture partner | | - | (34) |
| Income received from quoted equity investments | | 84 | 154 |
| Acquisition of additional shares in a subsidiary | | - | (121) |
| Interest received | | 557 | 108 |
| Payments to minority shareholder | | - | (100) |
| Net cash generated from/(used in) investing activities | | 11,710 | (16,940) |
| Cash flows from financing activities | | | |
| Bank balance secured for financing | | 600 | - |
| Interest paid | | (6,231) | (10,373) |
| Dividends paid to shareholders of Amara Holdings Limited | | (4,616) | (2,365) |
| Finance lease liabilities | | (667) | (384) |
| Net repayment of bank borrowings | | (18,943) | (43,357) |
| Net cash used in financing activities | | (29,857) | (56,479) |
| Net increase in cash and cash equivalents held | | 15,460 | 4,716 |
| Cash and cash equivalents at beginning of financial year | | 11,452 | 6,898 |
| Effects of exchange rate changes on cash and cash equivalents | | 114 | (162) |
| Cash and cash equivalents at end of financial year | 12 | 27,026 | 11,452 |

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the financial year ended 31 December 2008

The attributed net assets and proceeds from disposal of interest in joint venture entity, net of cash disposed of during the year were as follows:

| | \$'000 |
|---|-----------------|
| Property, plant and equipment | 16,633 |
| Net current liabilities | <u>(14,863)</u> |
| Attributed net assets disposed | 1,770 |
| Foreign currency translation reserve released upon disposal of interest in joint venture entity | (2,498) |
| Adjustment for advances to joint venture entity | 16,874 |
| Gain on disposal of interest in joint venture entity | <u>3,634</u> |
| Consideration for disposal, net of transaction cost | 19,780 |
| Cash and bank balances of joint venture entity disposed | <u>(3,856)</u> |
| Net proceeds from disposal of interest in joint venture entity | <u>15,924</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Amara Holdings Limited (the "Company") (Co. Reg. No. 197000732N) is incorporated and domiciled in Singapore and is listed on the SGX-ST. The address of its registered office is:

100 Tras Street #06-01
Amara Corporate Tower
Singapore 079027

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 20 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.

The adoption of these new and revised FRS has no material effect on the financial statements.

At the date of the balance sheet, the following FRS and Interpretations of FRS ("INT FRS") were issued, revised or amended but not effective:

| | |
|----------------------------------|--|
| FRS 1 | Presentation of Financial Statements |
| FRS 23 | Borrowing Costs |
| FRS 108 | Operating Segments |
| INT FRS 113 | Customer Loyalty Programmes |
| INT FRS 116 | Hedges of a Net Investment in a Foreign Operation |
| Amendments to FRS 101 and FRS 27 | Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 39 | Financial Instruments : Recognition and Measurement – Eligible Hedged Items |
| Amendments to FRS 32 and FRS 1 | Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation |
| Amendments to FRS 102 | Share-based Payment – Vesting Conditions and Cancellations |
| Improvements to FRSs 2008 | |

The Group anticipates that the adoption of these FRS and INT FRS (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group except as disclosed below:

- (i) Revised FRS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

- (ii) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009).

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group does not expect the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108. As this is a disclosure standard, it will have no impact on the financial position or performance of the Group when implemented in 2009.

(b) Effects on financial statements on adoption of revised FRS

The Group has adopted Amendments to FRS 39 Financial Instruments: Recognition and Measurement effective from 1 July 2008, and financial assets were reclassified from the fair value through profit or loss category to the available-for-sale category.

Prior to the adoption of Amendments to FRS 39, gains or losses in fair value of financial assets are included in the income statement. With the implementation of Amendments to FRS 39, gains or losses in fair value are recognised in fair value reserve in equity. Upon derecognition, the cumulative gain or loss previously recognised in equity is reversed to the income statement.

Loss in fair value of available-for-sale financial assets for the six months ended 31 December 2008 amounted to \$776,000 was recognised in fair value reserve of which \$2,000 was reversed to income statement upon sale of certain financial assets.

(c) Significant accounting estimates and judgements

The Group's accounting policies and use of estimates are integral to the reported results. Certain accounting estimates require exercise of management's judgement in determining the appropriate methodology for valuation of assets and liabilities. In addition, procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

(1) 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) Income taxes

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. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax payables, deferred tax assets and deferred tax liabilities at 31 December 2008 were \$4,708,000 (2007: \$8,329,000), \$578,000 (2007: \$600,000) and \$34,182,000 (2007: \$34,379,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting estimates and judgements (continued)

(1) Key sources of estimation uncertainty (continued)

ii) Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 90 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2008 were \$146,452,000 (2007: \$164,705,000). 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.

iii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(2) Critical judgements made to applying accounting policies

Operating lease commitments – As lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

(d) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

(1) Hotel and restaurant operations and other services rendered

Revenue from hotel and restaurant operations is recognised when earned.

Revenue from rendering of services is recognised on the performance of services.

(2) Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

(3) Development properties for sale

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through the transfer of legal title in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title, revenue is recognised as the acts are performed based on the percentage of completion method. Under the percentage of completion method, profit is brought into the financial statements only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by reference to the contract costs incurred to-date to the estimated total construction costs for the contract or as per certification by architects. No revenue is recognised for unsold units.

(4) Management fee

Management fee income is recognised on an accrual basis.

(5) Dividend income

Dividend income is recorded gross when the right to receive payment is established.

(6) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Group accounting

(1) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's balance sheet.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2(g) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the parent. It is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are taken to the consolidated income statement, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are taken to the consolidated income statement until the minority's share of losses is fully recovered.

Please refer to Note 2(i) for the Company's accounting policy on impairment in investment of subsidiaries.

(2) Joint ventures

Joint ventures are entities over which the Group has contractual arrangements to jointly share the control with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements by proportionate consolidation.

Proportionate consolidation involves combining the Group's share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture to the extent that it is attributable to the other venturers. The Group does not recognise its share of results from the joint ventures that arose from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

(3) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

All property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, except for operating supplies and capital project in progress that are not subjected to depreciation. All property, plant and equipment are stated at cost except for an once-off revaluation of the long leasehold land and buildings in 1987 by an external independent valuer. The Group does not have a fixed policy of revaluation.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(1) Operating supplies

Operating supplies comprising uniform, kitchen utensils, linen, crockery, cutlery, glassware, loose tools and catering utensils are dealt with on a replacement basis and subsequent purchases are charged directly to the income statement.

(2) Capital project in progress

Expenditure relating to the construction of the leasehold land and buildings, including interest expenses, are capitalised when incurred, up to the completion of construction. The interest rate applied to the funds provided for the construction of the leasehold land and buildings is arrived at by reference to the actual rate payable on borrowings taken to finance the construction.

(3) Depreciation

No depreciation is provided on capital project in progress. Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. The annual rates used for this purpose are as follows:

| | |
|--|-----------------------|
| | % |
| Freehold property | 2 |
| Leasehold land and buildings | 1.1 – 5 |
| Plant and machinery, furniture, fixtures and equipment | 10 – 33 $\frac{1}{3}$ |
| Motor vehicles | 17 – 20 |
| Renovations | 10 |

Where necessary, the residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate.

(4) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(5) Disposal

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement; any amount in revaluation reserve relating to that asset is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets

(1) Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries or joint ventures over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries and joint ventures is recognised as intangible assets and is tested at least annually for impairment and carried at cost less accumulated impairment losses (Note 2(i)).

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(2) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill is recognised in the income statement in the year of acquisition.

(3) Club memberships

Club memberships are held on a long-term basis and are stated at cost less impairment losses, if any.

(h) Investment properties

Investment properties are properties held for long-term rental yield and are not substantially occupied by the Group. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, determined annually by independent professional valuers, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Property that is being constructed or developed for future use as investment property is classified as development property until construction or development is completed, at which time it is reclassified and accounted for as investment property.

(i) Impairment of assets

(1) Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(2) Property, plant and equipment

Investment in subsidiaries and joint ventures

Property, plant and equipment and investment in subsidiaries and joint ventures are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(j) Investments in financial assets

(1) Classification

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

i) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and bank balances" on the balance sheet.

iii) Available-for-sale financial assets

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments in financial assets (continued)

(2) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement.

(3) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised in the income statement.

(4) Subsequent measurement

Financial assets at fair value through profit or loss and available-for-sale are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' are included in the income statement in the period in which the changes in fair values arise.

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

Changes in fair values of financial assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the income statement. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the income statement and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(5) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(6) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

(m) Development properties

(1) Completed properties held for sale

Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

(2) Properties under development

Properties under development are stated at cost plus estimated profits to-date less progress billings. Allowance is made for foreseeable losses.

Cost includes cost of land and other direct and related development expenditure incurred in developing the properties.

Upon the issue of Temporary Occupation Permit, properties under development are transferred to completed properties held for sale.

Borrowing costs incurred to finance the development of such properties are capitalised during the period of time that is required to complete and prepare each property for its sale. Capitalisation of borrowing costs is suspended during extended period in which active development is interrupted.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

(o) Borrowing costs

Borrowing costs incurred to finance the development of properties under developments and property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

(p) Financial liabilities

Financial liabilities include trade and other payables. 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 plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the income statement when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases

(1) When a group company is the lessee:

Finance leases

Leases of assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(2) When a group company is the lessor:

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(r) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Current enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries and joint ventures, except where the timing of the reversal of temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee benefits

(1) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(2) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(u) Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional and presentation currency of the Company.

(2) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except for currency translation differences on net investment in foreign operations and borrowings qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements.

Currency translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(3) Translation of Group entities' financial statements

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities) and borrowings and other currency instruments designated as hedges of such investments are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such exchange differences are taken to the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting

A business segment is a group of assets and operations 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 engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(w) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and unsecured fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(x) Share capital

Ordinary shares are classified as equity.

(y) Dividend

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

3. REVENUE

| | The Group | |
|---|---------------|----------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Room, food and beverage and other revenue | 56,546 | 48,873 |
| Rental income from investment properties | 8,023 | 6,725 |
| Revenue recognised on development properties | 6,699 | 55,779 |
| Hotel management fee | 153 | 211 |
| Income from available-for-sale financial assets | 1 | – |
| Income from financial assets at fair value through profit or loss | 7 | 9 |
| | 71,429 | 111,597 |

4. OTHER INCOME

| | The Group | |
|---|--------------|--------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Other income | | |
| - Gain on disposal of interest in joint venture entity | 3,634 | – |
| - Rental income | 435 | – |
| - Exchange gain | 890 | – |
| - Allowance for doubtful receivables written back (trade) | 21 | – |
| - Income from available-for-sale financial assets | 26 | – |
| - Income from financial assets at fair value through profit or loss | 50 | 145 |
| - Gain on sale of property, plant and equipment | – | 50 |
| - Others | 1,095 | 851 |
| | 6,151 | 1,046 |
| Interest income | | |
| - Joint venture partner | 38 | 224 |
| - Fixed deposits | 519 | 82 |
| | 557 | 306 |
| | 6,708 | 1,352 |

5. FINANCE COSTS

| | The Group | |
|----------------------------|--------------|---------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Interest expense | | |
| - Finance leases | 209 | 86 |
| - Bank loans and overdraft | 6,022 | 10,697 |
| | 6,231 | 10,783 |

6. OTHER EXPENSES

Other expenses comprise utilities, repairs and maintenance, advertising and promotion and other miscellaneous expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

| | The Group | |
|--|-----------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Profit before tax is arrived at after: | | |
| <i>Charging/(Crediting):</i> | | |
| Allowance for doubtful trade receivables | 75 | 2 |
| Allowance for doubtful non-trade receivables | 1 | 10 |
| Amortisation of other assets (Note 24) | 83 | 59 |
| Bad debts written off | 765 | - |
| Depreciation of property, plant and equipment (Note 22) | | |
| - Freehold property | 9 | 10 |
| - Leasehold land and buildings | 1,970 | 2,892 |
| - Plant and machinery, furniture, fixtures and equipment | 2,027 | 1,749 |
| - Motor vehicles | 184 | 193 |
| - Renovations | 2,050 | 1,884 |
| Directors' fees | 102 | 102 |
| Financial assets at fair value through profit or loss | | |
| - fair value loss/(gain) (Note 16) | 248 | (343) |
| Impairment of investment property (Note 21) | 39 | - |
| Impairment of property, plant and equipment (Note 22) | 43 | 43 |
| Net foreign exchange (gain)/loss | (890) | 1,565 |
| Other fees paid/payable to the auditors of the Company | 81 | 87 |
| Property, plant and equipment written off | 19 | 87 |
| Rental expense - operating leases | 312 | 135 |

8. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

| | The Group | |
|---|-----------|------|
| | 2008 | 2007 |
| Number of directors of the Company in remuneration bands: | | |
| \$750,000 and above | 1 | 1 |
| \$500,000 to below \$750,000 | - | - |
| \$250,000 to below \$500,000 | 1 | 1 |
| Below \$250,000 | 3 | 3 |
| Total | 5 | 5 |

The depreciation charges relating to motor vehicles of the Group which were made available for the use of the directors were \$98,000 (2007: \$98,000). These amounts have been included in the remuneration of directors of the Company for the purposes of the above Note.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

9. STAFF COSTS

| | The Group | |
|---|---------------|---------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Wages and salaries | 15,315 | 13,392 |
| Employer's contribution to Central Provident Fund | 1,365 | 1,023 |
| Other benefits | 1,005 | 889 |
| | 17,685 | 15,304 |

10. INCOME TAX EXPENSE

| | The Group | |
|--|--------------|--------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Tax expense attributable to the results is made up of: | | |
| Current income tax | | |
| - Singapore | 3,135 | 3,525 |
| - Foreign | 15 | 629 |
| | 3,150 | 4,154 |
| Deferred income tax (Note 25) | (175) | 1,725 |
| | 2,975 | 5,879 |
| (Over)/underprovision in preceding financial years: | | |
| - Current income tax | (19) | 1,386 |
| - Deferred income tax (Note 25) | - | 815 |
| | 2,956 | 8,080 |

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

| | The Group | |
|--|--------------|--------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Profit before tax | 14,941 | 40,261 |
| Tax calculated at a tax rate of 18% | 2,689 | 7,247 |
| Expenses not deductible for tax purposes | 4,455 | 1,313 |
| Income not taxable | (4,277) | (30) |
| Deferred tax asset not recognised | 193 | 131 |
| Effect of change in tax rate | - | (2,911) |
| Others | (85) | 129 |
| | 2,975 | 5,879 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

11. EARNINGS PER ORDINARY SHARE

| | The Group | |
|---|-------------------|------------|
| | 2008 | 2007 |
| Profit after tax attributable to members of Amara Holdings Limited (\$'000) | 11,985 | 32,181 |
| Number of ordinary shares in issue ('000) | 576,936 | 576,936 |
| Basic and diluted earnings per ordinary share | 2.08 cents | 5.58 cents |

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to members of Amara Holdings Limited by the number of ordinary shares in issue during the financial year.

12. CASH AND BANK BALANCES

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Cash at bank and on hand | 3,619 | 4,997 | 39 | 13 |
| Fixed deposits with financial institutions | 23,632 | 7,255 | – | – |
| | 27,251 | 12,252 | 39 | 13 |

Included in the above are:-

- (i) \$2,323,000 (2007: \$4,190,000) held under the Housing Developers (Project Account) Rules (1997 Ed), withdrawals from which are restricted to payments for project expenditure incurred.
- (ii) \$200,000 (2007: \$200,000) which a subsidiary is required to maintain as minimum cash balance with a bank.
- (iii) \$Nil (2007: \$600,000) which is charged to banks by a subsidiary for financing facilities.

The carrying amounts of cash and bank balances approximate their fair values.

The Group's fixed deposits with financial institutions mature on varying dates within 3 months (2007: 1 month) from the financial year end. The weighted average effective interest rate of these deposits as at 31 December 2008 was 0.87% (2007: 2.53%) per annum.

Cash and bank balances are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Singapore Dollar | 5,375 | 7,732 | 39 | 13 |
| United States Dollar | 21,849 | 3,124 | – | – |
| Renminbi | 8 | 49 | – | – |
| Vietnam Dong | – | 1,280 | – | – |
| Others | 19 | 67 | – | – |
| | 27,251 | 12,252 | 39 | 13 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

12. CASH AND BANK BALANCES (continued)

For the purposes of the consolidated cash flow statement, the year end consolidated cash and cash equivalents comprise the following:

| | The Group | |
|--|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| Cash and bank balances | 27,251 | 12,252 |
| Less: Bank overdraft (Note 27) | (25) | – |
| Bank balance secured for financing activities | (200) | (800) |
| Cash and cash equivalents per consolidated cash flow statement | 27,026 | 11,452 |

13. TRADE AND OTHER RECEIVABLES

(a) Current

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Trade receivables | | | | |
| - Third parties | 6,278 | 11,389 | 26 | 18 |
| - A joint venture partner | – | 472 | – | – |
| | 6,278 | 11,861 | 26 | 18 |
| Less: Allowance for doubtful trade receivables | (1,236) | (1,774) | (17) | (17) |
| Trade receivables - net | 5,042 | 10,087 | 9 | 1 |
| Non-trade receivables | | | | |
| - Third parties | 5,603 | 1,688 | – | – |
| - Subsidiaries | – | – | 42,662 | 51,032 |
| - Minority shareholder of subsidiary | 258 | 155 | – | – |
| | 5,861 | 1,843 | 42,662 | 51,032 |
| Short-term advance to a joint venture partner | – | 5,976 | – | – |
| | 5,861 | 7,819 | 42,662 | 51,032 |
| Less: Allowance for doubtful non-trade receivables | (58) | (569) | – | – |
| | 5,803 | 7,250 | 42,662 | 51,032 |
| | 10,845 | 17,337 | 42,671 | 51,033 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

13. TRADE AND OTHER RECEIVABLES (continued)

(a) Current (continued)

- (i) The non-trade receivables of the Group and the Company are unsecured, interest-free and repayable on demand.
- (ii) The short-term advance to a joint venture partner was unsecured, interest-free and was repayable on demand.

Concentrations of credit risks with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade receivables.

Included in the Group's non-trade receivable balance is amount due from a third party with a carrying amount of \$5,632,000 (2007: \$Nil) which is past due at the reporting date for which the Group has not provided for impairment as the amount is considered recoverable.

The carrying amounts of current trade and other receivables approximate their fair values.

(b) Non-current

| | The Group | |
|--|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| Due from a joint venture partner (non-trade) | - | 8,102 |

In 2007, the amount due from a joint venture partner was unsecured, not expected to be repaid within the next 12 months and was interest-free except for an amount of \$4,691,000 which bore interest at 3.71% per annum at the balance sheet date. The fair value was not determinable as the timing of the future cash flow arising from the amount due from a joint venture partner could not be estimated reliably.

Trade and other receivables are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Singapore Dollar | 4,821 | 12,636 | 42,671 | 51,033 |
| United States Dollar | 4,148 | 10,986 | - | - |
| Renminbi | 1,873 | 1,803 | - | - |
| Others | 3 | 14 | - | - |
| | 10,845 | 25,439 | 42,671 | 51,033 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

14. INVENTORIES

| | The Group | |
|--|------------|------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Food and beverage, at cost | 458 | 386 |
| Other hotel and catering supplies, at cost | 155 | 208 |
| | 613 | 594 |

15. DEVELOPMENT PROPERTIES

| | The Group | |
|------------------------------------|---------------|---------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Properties under development | 14,491 | 14,025 |
| Completed properties held for sale | 44,048 | 48,813 |
| | 58,539 | 62,838 |

(a) Properties under development

| | The Group | |
|---|-----------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Land and other related costs | 14,491 | 14,025 |
| Borrowing costs capitalised during the financial year | 396 | 355 |

The weighted average effective interest rate of borrowing costs capitalised for the year ended 31 December 2008 is 2.53% (2007: 3.61%) per annum.

(b) Completed properties held for sale

| | The Group | |
|------------------------------|---------------|---------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Land and other related costs | 20,501 | 22,406 |
| Development costs | 23,547 | 26,407 |
| | 44,048 | 48,813 |

As at 31 December 2008 and 2007, certain properties are mortgaged to banks to secure credit facilities as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

15. DEVELOPMENT PROPERTIES (continued)

The Group's development properties as at 31 December 2008 are set out below:

| Address | Title | Stage of development/ Estimated date of completion | Land area (sq m) | Actual/ Proposed gross floor area (sq m) | Description | Interest (%) |
|--|------------------------|--|------------------------|--|---|-----------------|
| (i) 9 Devonshire Road, Singapore | Freehold | Completed | 1,195 | 1,950 | Residential apartments | 100 |
| (ii) Nos. 118 to 128 (even nos.) at Killiney Road, Singapore | Freehold | Under development/ 2010 | 928 | 2,604 | Proposed a block of 6-storey apartments consisting 1st storey shophouses with 1 level basement carparks and swimming pool | 100 |
| (iii) Nos. 880 to 898 Upper Bukit Timah Road, Singapore | Leasehold 999 years | Completed | 12,088 | 30,199 | Residential development of 1 block of 7-storey apartments and 1 level basement carparks and ancillary facilities | 100 |

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Current

| | The Group | |
|---|-----------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Quoted equity shares in corporations | | |
| At beginning of financial year | 1,796 | 1,810 |
| Additions | - | 1 |
| Disposals | (58) | (325) |
| Net (loss)/gain from fair value adjustments | (228) | 310 |
| | 1,510 | 1,796 |
| Adoption of Amendments to FRS 39 (Note 18) | (1,510) | - |
| At end of financial year | - | 1,796 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Non-current

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Quoted investments and others | | | | |
| At beginning of financial year | 316 | 289 | 209 | 182 |
| Disposals | (50) | (6) | - | (6) |
| Net (loss)/gain from fair value adjustments | (20) | 33 | (20) | 33 |
| | 246 | 316 | 189 | 209 |
| Adoption of Amendments to FRS 39 (Note 18) | (246) | - | (189) | - |
| At end of financial year | - | 316 | - | 209 |

Financial assets at fair value through profit or loss included the following:

| | The Group | | The Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Quoted investments | | | | |
| - Equity shares in corporations | - | 209 | - | 209 |
| - Quoted unit trusts | - | 107 | - | - |
| | - | 316 | - | 209 |

The market values of quoted investments are determined by reference to Stock Exchange quoted bid prices.

17. OTHER CURRENT ASSETS

| | The Group | | The Company | |
|-----------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Deposits | 825 | 748 | - | - |
| Prepayments | 210 | 304 | 3 | 3 |
| Staff advances | 18 | 149 | - | - |
| Tax recoverable | - | 34 | - | 5 |
| | 1,053 | 1,235 | 3 | 8 |

The carrying amounts of other current assets (excluding prepayments) approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

17. OTHER CURRENT ASSETS (continued)

Other current assets (excluding prepayments) are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Singapore Dollar | 762 | 864 | - | 5 |
| United States Dollar | - | 5 | - | - |
| Renminbi | 46 | 52 | - | - |
| Malaysia Ringgit | 35 | 10 | - | - |
| | 843 | 931 | - | 5 |

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Adoption of Amendments to FRS 39 (Note 16) | 1,756 | - | 189 | - |
| Fair value adjustment | (776) | - | (48) | - |
| Disposal | (41) | - | (29) | - |
| | 939 | - | 112 | - |

Available-for-sale financial assets included the following:-

| | The Group | | The Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Quoted investments | | | | |
| - Equity shares in corporation | 913 | - | 112 | - |
| - Quoted unit trust | 26 | - | - | - |
| | 939 | - | 112 | - |

The market values of quoted investments are determined by reference to Stock Exchange quoted bid prices.

19. INTANGIBLE ASSETS

| | The Group | |
|-----------------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| Club memberships | 532 | 532 |
| Less: Impairment loss | (175) | (175) |
| | 357 | 357 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

20. INVESTMENT IN SUBSIDIARIES

| | The Company | |
|-----------------------------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| Unquoted equity shares, at cost | 48,206 | 40,206 |
| Less: | | |
| Allowance for impairment in value | (9,829) | (9,229) |
| | 38,377 | 30,977 |

Increase in investments in subsidiaries

In April 2008, the Group increased its investment in Silk Road Restaurant (M) Sdn Bhd, a wholly owned subsidiary by subscribing to and fully paid for 249,998 shares at RM1.00 each pursuant to an allotment of 249,998 shares by the company.

In December 2008, the Group increased its investment in Amara Sentosa Investments Pte Ltd, a wholly owned subsidiary by subscribing to and fully paid for 7,999,998 shares at \$1.00 each for 7,999,998 shares in the company.

The movement in allowance for impairment in value is as follow:

| | The Company | |
|---------------------------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| At 1 January | 9,229 | 9,229 |
| Impairment made during the year | 600 | - |
| At 31 December | 9,829 | 9,229 |

The subsidiaries of Amara Holdings Limited, which are directly or indirectly owned by the Company are as follows:

| Name of subsidiary | Principal activities | Effective equity interest held by | | | | Cost of Investment | |
|--------------------------------|--|-----------------------------------|-----------|--------------|-----------|--------------------|----------------|
| | | The Company | | Subsidiaries | | 2008 \$'000 | 2007 \$'000 |
| | | 2008 % | 2007 % | 2008 % | 2007 % | | |
| Amara Hotel Properties Pte Ltd | Hotelier, restaurateur, investment holding and provision of general management and administrative services | 100 | 100 | - | - | 20,000 | 20,000 |
| TTH Development Pte Ltd | Share trading and investment, property development and provision of construction services | 100 | 100 | - | - | 1,000 | 1,000 |
| Creative Investments Pte Ltd | Investment holding, property development and provision of construction services | 100 | 100 | - | - | 6,704 | 6,704 |
| Creslin Pte Ltd | Property development and provision of construction services | 100 | 100 | - | - | 1,000 | 1,000 |
| PCS Restaurants Pte Ltd | Investment holding | 100 | 100 | - | - | 1,673 | 1,673 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

20. INVESTMENT IN SUBSIDIARIES (continued)

| Name of subsidiary | Principal activities | Effective equity interest held by | | | | Cost of Investment | |
|---|---|-----------------------------------|-----------|--------------|-----------|--------------------|----------------|
| | | The Company | | Subsidiaries | | 2008 \$'000 | 2007 \$'000 |
| | | 2008 % | 2007 % | 2008 % | 2007 % | | |
| Amara China Investments Pte Ltd | Investment holding | 100 | 100 | - | - | - | - |
| Amara International Hotels & Resorts Pte Ltd | Management and technical advisory services for the management and development of hotels and resorts | 100 | 100 | - | - | - | - |
| AOI Saigon Pte Ltd * | Hotelier, restaurateur and investment holding | 90 | 90 | - | - | 4,773 | 4,773 |
| Middle City Holdings Pte Ltd | Investment holding | 100 | 100 | - | - | 5,056 | 5,056 |
| Amara Sentosa Investments Pte Ltd | Hotelier, restaurateur and investment holding | 100 | 100 | - | - | 8,000 | -** |
| <u>Held by PCS Restaurants Pte Ltd</u> | | | | | | | |
| Catering Concepts & Management Services Pte Ltd | Food & beverage caterer and proprietor of a food court | - | - | 85 | 85 | - | - |
| Silk Road Restaurants International Pte Ltd | Restaurateur and franchisor | - | - | 100 | 100 | - | - |
| Amarathai Restaurant Pte Ltd | Restaurateur | - | - | 100 | 100 | - | - |
| Simply Thai Restaurant Pte Ltd | Restaurateur | - | - | 100 | 100 | - | - |
| Silk Road Restaurant (M) Sdn Bhd | Restaurateur | - | - | 100 | 100 | - | - |
| <u>Held by Amara China Investments Pte Ltd</u> | | | | | | | |
| AOI Chengdu Pte Ltd | Hotelier and investment holding | - | - | 70 | 70 | - | - |
| Amara Shanghai Pte Ltd* | Investment holding | - | - | 100 | 100 | - | - |
| Shanghai Amara Hotel Co., Ltd. | Hotel development and ownership | - | - | 5 | 5 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

20. INVESTMENT IN SUBSIDIARIES (continued)

| Name of subsidiary | Principal activities | Effective equity interest held by | | | | Cost of Investment | |
|---------------------------------------|---------------------------------|-----------------------------------|-----------|--------------|-----------|--------------------|----------------|
| | | The Company | | Subsidiaries | | 2008 \$'000 | 2007 \$'000 |
| | | 2008 % | 2007 % | 2008 % | 2007 % | | |
| <u>Held by Amara Shanghai Pte Ltd</u> | | | | | | | |
| Shanghai Amara Hotel Co., Ltd. | Hotel development and ownership | - | - | 95 | 95 | - | - |
| | | | | | | 48,206 | 40,206 |

* 1 ordinary share in each of AOI Saigon Pte Ltd and Amara Shanghai Pte Ltd is held by another fellow subsidiary in the Group.

** cost of less than \$1,000

All the subsidiaries' country of incorporation and place of business is in Singapore and audited by Baker Tilly TFWLCL, except for Shanghai Amara Hotel Co., Ltd. whose country of incorporation and place of business is in the People's Republic of China and audited by Shanghai Certified Public Accountants and Silk Road Restaurant (M) Sdn Bhd whose country of incorporation and place of business is in Malaysia and audited by Yeo & Associates Chartered Accountants.

21. INVESTMENT PROPERTIES

| | The Group | |
|---|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| At beginning of financial year | 185,345 | 158,345 |
| Gain from fair value adjustments recognised in the income statement | - | 27,000 |
| Impairment loss | (39) | - |
| At end of financial year | 185,306 | 185,345 |

- (a) Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2008. Valuation was performed by Chesterton Suntec International Pte Ltd, a firm of property consultants in January 2009, on certain of the Group's investment properties referred to as The Amara Shopping Centre and Amara Corporate Tower on the basis of open market value for existing use. It is the intention of the directors to hold the investment properties long term.
- (b) At the balance sheet date, The Amara Shopping Centre and Amara Corporate Tower with aggregate carrying amount of \$185,000,000 (2007: \$185,000,000) were mortgaged to banks to secure bank loans and bank facilities for the Group (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

21. INVESTMENT PROPERTIES (continued)

(c) The Group's investment properties as at 31 December 2008 are set out below:

| Address | Held by | Title | Gross floor area (sq m) | Description |
|--|--------------------------------|--|-------------------------|---|
| 165 Tanjong Pagar Road, Singapore | Amara Hotel Properties Pte Ltd | Leasehold 99 years commencing 17 August 1979 | 10,192.4 | The Amara Shopping Centre with 3 levels of basement carpark |
| 100 Tras Street, Singapore | Amara Hotel Properties Pte Ltd | Leasehold 99 years commencing 17 August 1979 | 4,780.6 | Amara Corporate Tower, 12-storey office building |
| R6-J Block Rumbia Kampung Warisan, Jalan Jelatek, Kuala Lumpur, Malaysia | Creative Investments Pte Ltd | Freehold | 125.7 | A residential apartment |

(d) In the income statement, rental income of \$8,023,000 (2007: \$6,725,000) was generated from investment properties, and direct operating expenses include \$2,981,000 (2007: \$2,508,000) relating to investment properties that generated rental income during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

22. PROPERTY, PLANT AND EQUIPMENT

The Group

| | Freehold property | Leasehold land and buildings | Plant and machinery, furniture, fixtures and equipment | Motor vehicles | Renovations | Operating supplies | Capital project in progress | Total |
|---|----------------------|------------------------------------|--|-------------------|---------------|-----------------------|--------------------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Cost or valuation</u> | | | | | | | | |
| At 1 January 2008 | | | | | | | | |
| - Cost | 491 | 118,356 | 22,237 | 1,041 | 20,050 | 3,620 | 6,083 | 171,878 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 170,556 | 22,237 | 1,041 | 20,050 | 3,620 | 6,083 | 224,078 |
| Exchange rate adjustment | - | 552 | (101) | (10) | (26) | (33) | 228 | 610 |
| Disposal of interest in joint venture entity | - | (22,670) | (1,561) | (66) | (131) | (711) | - | (25,139) |
| Additions, at cost | - | 309 | 1,532 | - | 1,146 | 243 | 420 | 3,650 |
| Disposals/write off | - | - | (40) | - | (1) | (18) | - | (59) |
| Transfer | - | - | (253) | - | 712 | 29 | (488) | - |
| At 31 December 2008 | 491 | 148,747 | 21,814 | 965 | 21,750 | 3,130 | 6,243 | 203,140 |
| Representing: | | | | | | | | |
| - Cost | 491 | 96,547 | 21,814 | 965 | 21,750 | 3,130 | 6,243 | 150,940 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 148,747 | 21,814 | 965 | 21,750 | 3,130 | 6,243 | 203,140 |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| At 1 January 2008 | 109 | 34,796 | 11,559 | 558 | 12,258 | 93 | - | 59,373 |
| Exchange rate adjustment | - | (318) | (93) | (7) | (4) | - | - | (422) |
| Depreciation | 9 | 1,970 | 2,027 | 184 | 2,050 | - | - | 6,240 |
| Disposal of interest in joint venture entity | - | (7,050) | (1,419) | (29) | (8) | - | - | (8,506) |
| Disposals/write off | - | - | (39) | - | (1) | - | - | (40) |
| Impairment | - | - | 40 | - | 3 | - | - | 43 |
| At 31 December 2008 | 118 | 29,398 | 12,075 | 706 | 14,298 | 93 | - | 56,688 |
| <u>Net carrying amount</u> | | | | | | | | |
| At 31 December 2008 | 373 | 119,349 | 9,739 | 259 | 7,452 | 3,037 | 6,243 | 146,452 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

22. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

| | Freehold property | Leasehold land and buildings | Plant and machinery, furniture, fixtures and equipment | Motor vehicles | Renovations | Operating supplies | Capital project in progress | Total |
|--|----------------------|------------------------------------|--|-------------------|-------------|-----------------------|--------------------------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Cost or valuation</u> | | | | | | | | |
| At 1 January 2007 | | | | | | | | |
| - Cost | 491 | 83,261 | 13,023 | 980 | 19,855 | 2,915 | 32,349 | 152,874 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 135,461 | 13,023 | 980 | 19,855 | 2,915 | 32,349 | 205,074 |
| Exchange rate adjustment | - | (1,438) | (139) | (13) | (12) | (48) | 39 | (1,611) |
| Additions, at cost | - | 13,942 | 5,078 | 189 | 207 | 749 | 794 | 20,959 |
| Disposals/write off | - | - | (229) | (115) | - | - | - | (344) |
| Transfer | - | 22,591 | 4,504 | - | - | 4 | (27,099) | - |
| At 31 December 2007 | 491 | 170,556 | 22,237 | 1,041 | 20,050 | 3,620 | 6,083 | 224,078 |
| Representing: | | | | | | | | |
| - Cost | 491 | 118,356 | 22,237 | 1,041 | 20,050 | 3,620 | 6,083 | 171,878 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 170,556 | 22,237 | 1,041 | 20,050 | 3,620 | 6,083 | 224,078 |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| At 1 January 2007 | 99 | 32,484 | 10,087 | 491 | 10,378 | - | - | 53,539 |
| Exchange rate adjustment | - | (530) | (135) | (11) | (4) | - | - | (680) |
| Depreciation | 10 | 2,892 | 1,749 | 193 | 1,884 | - | - | 6,728 |
| Disposals/write off | - | - | (142) | (115) | - | - | - | (257) |
| Impairment | - | (50) | - | - | - | 93 | - | 43 |
| At 31 December 2007 | 109 | 34,796 | 11,559 | 558 | 12,258 | 93 | - | 59,373 |
| <u>Net carrying amount</u> | | | | | | | | |
| At 31 December 2007 | 382 | 135,760 | 10,678 | 483 | 7,792 | 3,527 | 6,083 | 164,705 |

(a) The Group has property, plant and equipment under finance lease agreements with the following net carrying amount:

| | 2008 \$'000 | 2007 \$'000 |
|--|----------------|----------------|
| Plant and machinery, furniture, fixtures and equipment | 1,826 | 2,090 |
| Operating supplies | 707 | 428 |
| Motor vehicles | 247 | 423 |
| | 2,780 | 2,941 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

22. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) At the balance sheet date, the net carrying amount of certain freehold property, leasehold land and buildings and renovation of the Group mortgaged to banks to secure bank borrowings amounted to \$94,153,000 (2007: \$96,969,000) (Note 27).

(c) The Group's leasehold land and buildings include borrowing costs incurred in connection with the construction of properties. The borrowing costs capitalised as cost of capital project in progress during the year ended 31 December 2008 amounted to \$Nil (2007: \$386,000). The weighted average effective interest rate of borrowing costs capitalised is Nil% (2007: 5.32%) per annum.

(d) One of the Group's leasehold land and buildings, known as the Amara Hotel, located at Tanjong Pagar Road, Singapore which has a lease period of 99 years commencing from 1979 is stated at valuation at 31 December 1987 based on an independent professional valuation carried out by Knight Frank Pte Ltd, a firm of property consultants, on 8 March 1988 on the basis of open market value for existing use. The revaluation surplus was transferred to the asset revaluation reserve.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less depreciation, the net carrying amount would have been \$22,344,000 (2007: \$22,669,000).

(e) The Group's properties as at 31 December 2008 are set out below:

| | Address | Held by | Title | Description |
|-------|---|--------------------------------------|---|---|
| (i) | 165 Tanjong Pagar Road Singapore | Amara Hotel Properties Pte Ltd | Leasehold 99 years commencing 17 August 1979 | Amara Singapore a 380-guestroom hotel |
| (ii) | 12 Hoot Kiam Road, Singapore | Amara Hotel Properties Pte Ltd | Freehold | A 2-storey pre-war intermediate terrace house |
| (iii) | 582 and 600 Chang Shou Road, Shanghai, People's Republic of China | Shanghai Amara Hotel Co., Ltd. | Leasehold 40 years commencing May 1997 and July 2004 respectively | Proposed mixed development comprising a 360-guestroom hotel, commercial and office components |
| (iv) | 1 Larkhill Road, Sentosa, Singapore | Amara Sentosa Investments Pte Ltd | Leasehold 70 years commencing January 2005 | Resort hotel development comprising 121 guestrooms, suites and villas |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

23. GOODWILL

| | The Group | |
|--|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| <u>Goodwill arising on consolidation</u> | | |
| At beginning of financial year | 844 | 547 |
| Acquisition of subsidiaries | - | 297 |
| At end of financial year | 844 | 844 |
| Cost | 889 | 889 |
| Accumulated impairment | (45) | (45) |
| | 844 | 844 |

24. OTHER ASSETS

| | The Group | |
|--------------------------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| <u>Prepayment</u> | | |
| At beginning of financial year | 5,741 | 4,800 |
| Additions | 1,700 | 1,000 |
| Amortisation | (83) | (59) |
| At end of financial year | 7,358 | 5,741 |

25. DEFERRED INCOME TAXES

The movements in the deferred income taxes account are as follows:

| | The Group | |
|--|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| At beginning of financial year | 33,779 | 31,474 |
| Tax (credited)/charged to income statement | | |
| - current year | (175) | 1,725 |
| - prior year | - | 815 |
| Tax credited to asset revaluation reserve | - | (235) |
| At end of financial year | 33,604 | 33,779 |

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and unabsorbed capital allowances of \$286,000 (2007: \$15.8 million) and \$43,000 (2007: \$Nil) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

25. DEFERRED INCOME TAXES (continued)

The movements in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred income tax liabilities

| | Accelerated tax depreciation | Investment properties | Unremitted foreign sourced income | Asset revaluation reserve | Others | Total |
|--|------------------------------------|--------------------------|--|---------------------------------|--------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 December 2007 | 5,411 | 24,006 | 2,083 | 2,120 | 1,534 | 35,154 |
| Charged/(credited) to income statement | 166 | - | (338) | - | (413) | (585) |
| At 31 December 2008 | 5,577 | 24,006 | 1,745 | 2,120 | 1,121 | 34,569 |
| At 31 December 2006 | 5,581 | 21,314 | 1,199 | 2,355 | 2,940 | 33,389 |
| (Credited)/charged to income statement | (170) | 2,692 | 884 | - | (1,406) | 2,000 |
| Credited to equity | - | - | - | (235) | - | (235) |
| At 31 December 2007 | 5,411 | 24,006 | 2,083 | 2,120 | 1,534 | 35,154 |

Deferred income tax assets

| | Tax losses | Capital allowances | Others | Total |
|--|--------------|-----------------------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 December 2007 | (646) | (19) | (710) | (1,375) |
| (Credited)/charged to income statement | (19) | 16 | 413 | 410 |
| At 31 December 2008 | (665) | (3) | (297) | (965) |
| At 31 December 2006 | (995) | (21) | (899) | (1,915) |
| Charged to income statement | 349 | 2 | 189 | 540 |
| At 31 December 2007 | (646) | (19) | (710) | (1,375) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

25. DEFERRED INCOME TAXES (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

| | The Group | |
|---------------------------------|---------------|---------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Deferred income tax assets | (578) | (600) |
| Deferred income tax liabilities | 34,182 | 34,379 |
| | 33,604 | 33,779 |

26. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|----------------------------|---------------|---------------|-------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| (a) Current | | | | |
| Trade creditors | 6,065 | 7,854 | - | - |
| Due to subsidiaries | - | - | 1 | 1 |
| Due to related parties | 124 | 148 | - | - |
| Accrued operating expenses | 10,991 | 8,854 | 557 | 188 |
| Accrued construction costs | 3,022 | 8,357 | - | - |
| Sundry creditors | 1,783 | 1,651 | 113 | 20 |
| Deposits received | 2,095 | 1,783 | - | - |
| | 24,080 | 28,647 | 671 | 209 |

Related parties refer to companies in which the ultimate holding company has substantial interest.

The amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

The carrying amounts of current trade and other payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

26. TRADE AND OTHER PAYABLES (continued)

(b) Non-current

| | The Group | |
|--|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| Advances from minority shareholder of subsidiary | 1 | 1 |
| Deposits received | 1,561 | 1,762 |
| | 1,562 | 1,763 |

The advances from minority shareholder of subsidiary are unsecured, interest-free and not expected to be repaid within the next 12 months from the balance sheet date.

The fair values of non-current trade and other payables are as follows:

| | The Group | |
|--|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 |
| Advances from minority shareholder of subsidiary | 1 | 1 |
| Deposits received | 1,471 | 1,709 |
| | 1,472 | 1,710 |

The fair values are computed based on the present value of the cashflows using a discount rate of 2.99% (2007: 3.59%) per annum, which is the lending rate that the directors expect would be incurred by the Group at the balance sheet date.

Trade and other payables are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Singapore Dollar | 25,279 | 29,345 | 671 | 209 |
| United States Dollar | 192 | 741 | - | - |
| Renminbi | 112 | 39 | - | - |
| Malaysia Ringgit | 59 | 285 | - | - |
| | 25,642 | 30,410 | 671 | 209 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

27. BORROWINGS

| | The Group | |
|-------------------------------------|----------------|----------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Bank overdraft, secured (Note 12) | 25 | – |
| Bank loans, secured | 36,876 | 114,070 |
| Finance lease liabilities (Note 32) | 710 | 588 |
| | 37,611 | 114,658 |
| <u>Non-current</u> | | |
| Bank loans, secured | | |
| - Between 1 and 2 years | 156,751 | 98,500 |
| Finance lease liabilities (Note 32) | 2,038 | 2,382 |
| | 158,789 | 100,882 |
| Total borrowings | 196,400 | 215,540 |

(a) The Group's bank borrowings at 31 December 2008 comprise the following:

- (i) term loan of \$20,500,000 (2007: \$21,500,000), revolving credit advances of \$50,000,000 (2007: \$50,000,000), a short-term advance of \$3,500,000 (2007: \$26,637,000), and bank overdraft of \$25,000 (2007: \$Nil) secured by way of a legal mortgage on the Amara Hotel, The Amara Shopping Centre and Amara Corporate Tower as stated in Notes 21 and 22 to the financial statements and the assignment in escrow of interest in the lease and rental proceeds from the above properties and debenture over Amara Hotel.

These banking facilities were refinanced during the year with maturity date extended till November 2011.

Each revolving credit advance is repayable in full upon maturity. However, as this facility is revolving, any amount repaid by the subsidiary to the said lending bank before November 2011 will remain available for reborrowing;

- (ii) a revolving loan of \$376,000 (2007: \$376,000) is secured by a first legal mortgage on a freehold property as stated in Note 22 to the financial statements;
- (iii) term loan amounting to \$8,400,000 (2007: \$8,400,000) is secured by way of a first legal mortgage on the development property located at Killiney Road as disclosed in Note 15 to the financial statements. This loan is further secured by an assignment of the proceeds, building contracts, insurance policies and performance bonds issued in favour of the subsidiary to the lending bank and a corporate guarantee from the Company. In 2007, the corporate guarantee was provided by another subsidiary;
- (iv) a term loan of \$28,000,000 (2007: \$28,000,000) is secured by a mortgage-in-escrow on Amara Sanctuary Resort, Sentosa. The loan is further secured by an assignment of all rights, benefits and entitlement under and in the construction contracts, construction guarantees, hotel subleases, insurances, a corporate guarantee from the Company and debenture over the hotel. This loan matures in June 2009; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

27. BORROWINGS (continued)

(v) a term loan of \$82,851,000 (2007: \$77,657,000) is secured by way of the first legal mortgage on the Amara Hotel, The Amara Shopping Centre and Amara Corporate Tower as stated in Notes 21 and 22 to the financial statements and assignment of all rental proceeds from the above properties and corporate guarantee from the Company and debenture over Amara Hotel. This loan matures in November 2011.

(b) Currency risk

The borrowings are denominated in Singapore Dollar.

(c) Interest rate risks

The weighted average effective interest rates of total borrowings at the balance sheet date are as follows:

| | 2008 Per annum | 2007 Per annum |
|---------------------------|-------------------|-------------------|
| Bank overdrafts, secured | 5.00% | – |
| Bank loans, secured | 2.99% | 3.59% |
| Finance lease liabilities | 7.29% | 6.97% |

The exposure of borrowings of the Group to interest rate changes and the periods in which the borrowings reprice are as follows:

| | Less than 6 months \$'000 | 6 to 12 months \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|---------------------|---------------------------------|-----------------------------|------------------------|------------------------|-----------------|
| At 31 December 2008 | | | | | |
| Total borrowings | 194,001 | 361 | 1,996 | 42 | 196,400 |
| At 31 December 2007 | | | | | |
| Total borrowings | 212,859 | 299 | 2,317 | 65 | 215,540 |

(d) Carrying amounts and fair values

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The carrying amounts of current bank borrowings and lease liabilities approximate their fair value.

The carrying amounts and fair values of non-current bank borrowings are as follows:

| | The Group | | | |
|-----------------------------|------------------|----------------|----------------|----------------|
| | Carrying amounts | | Fair values | |
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Non-current bank borrowings | 156,751 | 98,500 | 156,751 | 98,500 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

28. SHARE CAPITAL

Issued and fully paid ordinary share capital of Amara Holdings Limited

| | 2008 | 2007 | 2008 | 2007 |
|--|----------------|---------|----------------|---------|
| | Shares | Shares | \$'000 | \$'000 |
| | '000 | '000 | \$'000 | \$'000 |
| At beginning and end of financial year | 576,936 | 576,936 | 125,646 | 125,646 |

29. DIVIDEND

The Group and The Company

| | 2008 | 2007 |
|---|---------------|--------|
| | \$'000 | \$'000 |
| <u>Ordinary dividend paid</u> | | |
| First and final one-tier tax exempt dividend of 0.8 cents per share (2007: 0.5 cents per share paid net of tax at 18%) in respect of the previous financial year | 4,616 | 2,365 |

At the Annual General Meeting ("AGM") to be held on 29 April 2009, a first and final one-tier tax exempt dividend for 2008 of 0.5 cents per share, amounting to \$2,884,680 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2009 subject to shareholders' approval at the forthcoming AGM.

30. JOINT VENTURE ENTITY

(a) The joint venture entity of the Group is as follows:

| Name of company | Country of incorporation and place of business | Principal activities | Effective equity interest | |
|---------------------------------------|---|---------------------------|---------------------------|------|
| | | | 2008 | 2007 |
| | | | % | % |
| Amara Hotel Saigon Company, Ltd. * | Socialist Republic of Vietnam | Hotelier and restaurateur | - | 63 |

* In 2007, the Group's interest in Amara Hotel Saigon Company, Ltd. ("AHSC") was indirectly held via a subsidiary, AOI Saigon Pte Ltd, which has a 70% equity interest in AHSC. AHSC was deemed to be a joint venture of the Group as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers. AHSC was audited by a firm in Vietnam which is an independent member of Baker Tilly International.

AOI Saigon Pte Ltd has entered into several conditional agreements to divest its entire equity interest in Amara Hotel Saigon Company, Ltd. for an equity consideration of USD14.5 million and a further USD11.5 million for the settlement of inter-company debts. 85% of these proceeds were received in April 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

30. JOINT VENTURE ENTITY (continued)

- (b) The following amounts represent the Group's share of the assets and liabilities, revenue and results of the joint venture entity, and are included in the consolidated balance sheet and income statement using the line-by-line format of proportionate consolidation:

| | The Group | |
|--|-----------|----------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| <u>Share of results</u> | | |
| Revenue | 1,839 | 6,126 |
| Profit before tax | 490 | 905 |
| Income tax expense | (14) | (629) |
| Profit after tax | 476 | 276 |
| <u>Share of assets and liabilities</u> | | |
| Non-current assets | - | 19,904 |
| Current assets | - | 3,794 |
| Current liabilities | - | (20,188) |
| | - | 3,510 |

31. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES

The Company's immediate holding company is Firsttrust Equity Pte Ltd, incorporated in Singapore. The ultimate holding company is First Security Pte Ltd, also incorporated in Singapore.

32. FINANCE LEASE LIABILITIES

| | The Group | |
|---|-----------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| <u>Minimum lease payments due:</u> | | |
| Not later than one financial year | 875 | 770 |
| Later than one financial year but not later than five financial years | 2,199 | 2,626 |
| Later than five financial years | 45 | 71 |
| | 3,119 | 3,467 |
| Less: Future finance charges | (371) | (497) |
| Present value of finance lease liabilities | 2,748 | 2,970 |
| <u>Representing finance lease liabilities</u> | | |
| Current (Note 27) | 710 | 588 |
| Non-current (Note 27) | 2,038 | 2,382 |
| | 2,748 | 2,970 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

33. INTRA-GROUP FINANCIAL GUARANTEES

The value of financial guarantees provided by the Company and a subsidiary to its subsidiaries and fellow subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the banks with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available. Corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries amounted to \$119,251,000 (2007: \$105,657,000). The directors have assessed the fair value of these financial guarantees to have no material financial impact on the results of the Company for the years ended 31 December 2008 and 31 December 2007.

34. COMMITMENTS

Commitments not provided for in the financial statements:

| | The Group | |
|---------------------------------------|--------------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| (a) Capital commitments | | |
| Estimated expenditure contracted for: | | |
| - Property, plant and equipment | 2,910 | 5,092 |

(b) Operating lease commitments

The future minimum lease amounts receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

| | The Group | |
|---|---------------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Not later than one financial year | 8,498 | 6,368 |
| Later than one financial year but not later than five financial years | 5,774 | 5,940 |
| | 14,272 | 12,308 |

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

| | The Group | |
|---|---------------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Not later than one financial year | 993 | 1,803 |
| Later than one financial year but not later than five financial years | 3,599 | 3,702 |
| Later than five financial years | 78,470 | 86,040 |
| | 83,062 | 91,545 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

A comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements is as follows:

| | Loans & receivables | Available- for-sale | Liabilities at amortised cost | Non-financial assets/ liabilities | Total |
|---------------------------------|------------------------|------------------------|-------------------------------------|---|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2008 | | | | | |
| <u>THE GROUP</u> | | | | | |
| Assets | | | | | |
| Available-for-sale | | | | | |
| financial assets | - | 939 | - | - | 939 |
| Intangible assets | - | - | - | 357 | 357 |
| Investment properties | - | - | - | 185,306 | 185,306 |
| Property, plant & equipment | - | - | - | 146,452 | 146,452 |
| Goodwill | - | - | - | 844 | 844 |
| Other assets | - | - | - | 7,358 | 7,358 |
| Deferred income tax assets | - | - | - | 578 | 578 |
| Cash and bank balances | 27,251 | - | - | - | 27,251 |
| Trade and other receivables | 10,845 | - | - | - | 10,845 |
| Inventories | - | - | - | 613 | 613 |
| Development properties | - | - | - | 58,539 | 58,539 |
| Other current assets | 843 | - | - | 210 | 1,053 |
| | 38,939 | 939 | - | 400,257 | 440,135 |
| Liabilities | | | | | |
| Trade and other payables | - | - | 25,642 | - | 25,642 |
| Tax payables | - | - | - | 4,708 | 4,708 |
| Borrowings | - | - | 196,400 | - | 196,400 |
| Deferred income tax liabilities | - | - | - | 34,182 | 34,182 |
| | - | - | 222,042 | 38,890 | 260,932 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

| | Loans & receivables | Fair value through profit or loss | Liabilities at amortised cost | Non-financial assets/ liabilities | Total |
|---------------------------------|------------------------|---|-------------------------------------|---|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2007 | | | | | |
| <u>THE GROUP</u> | | | | | |
| Assets | | | | | |
| Trade and other receivables | 25,439 | - | - | - | 25,439 |
| Financial assets at fair value | | | | | |
| through profit or loss | - | 2,112 | - | - | 2,112 |
| Intangible assets | - | - | - | 357 | 357 |
| Investment properties | - | - | - | 185,345 | 185,345 |
| Property, plant and equipment | - | - | - | 164,705 | 164,705 |
| Goodwill | - | - | - | 844 | 844 |
| Other assets | - | - | - | 5,741 | 5,741 |
| Deferred income tax assets | - | - | - | 600 | 600 |
| Cash and bank balances | 12,252 | - | - | - | 12,252 |
| Inventories | - | - | - | 594 | 594 |
| Development properties | - | - | - | 62,838 | 62,838 |
| Other current assets | 897 | - | - | 338 | 1,235 |
| | <u>38,588</u> | <u>2,112</u> | <u>-</u> | <u>421,362</u> | <u>462,062</u> |
| Liabilities | | | | | |
| Trade and other payables | - | - | 30,410 | - | 30,410 |
| Tax payables | - | - | - | 8,329 | 8,329 |
| Borrowings | - | - | 215,540 | - | 215,540 |
| Deferred income tax liabilities | - | - | - | 34,379 | 34,379 |
| | <u>-</u> | <u>-</u> | <u>245,950</u> | <u>42,708</u> | <u>288,658</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

| | Loans & receivables | Available- for-sale | Liabilities at amortised cost | Non-financial assets/ liabilities | Total |
|--|------------------------|------------------------|-------------------------------------|---|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

2008

THE COMPANY

Assets

Available-for-sale

| | | | | | |
|-----------------------------|---------------|------------|----------|---------------|---------------|
| financial assets | - | 112 | - | - | 112 |
| Investment in subsidiaries | - | - | - | 38,377 | 38,377 |
| Cash and bank balances | 39 | - | - | - | 39 |
| Trade and other receivables | 42,671 | - | - | - | 42,671 |
| Other current assets | - | - | - | 3 | 3 |
| | 42,710 | 112 | - | 38,380 | 81,202 |

Liabilities

| | | | | | |
|--------------------------|----------|----------|------------|----------|------------|
| Trade and other payables | - | - | 671 | - | 671 |
| | - | - | 671 | - | 671 |

| | Loans & receivables | Fair value through profit or loss | Liabilities at amortised cost | Non-financial assets/ liabilities | Total |
|--|------------------------|---|-------------------------------------|---|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

2007

THE COMPANY

Assets

Financial assets at fair value

| | | | | | |
|-----------------------------|---------------|------------|----------|---------------|---------------|
| through profit or loss | - | 209 | - | - | 209 |
| Investment in subsidiaries | - | - | - | 30,977 | 30,977 |
| Cash and bank balances | 13 | - | - | - | 13 |
| Trade and other receivables | 51,033 | - | - | - | 51,033 |
| Other current assets | - | - | - | 8 | 8 |
| | 51,046 | 209 | - | 30,985 | 82,240 |

Liabilities

| | | | | | |
|--------------------------|----------|----------|------------|----------|------------|
| Trade and other payables | - | - | 209 | - | 209 |
| | - | - | 209 | - | 209 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. 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, market price risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Treasury. 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 and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with counterparties with appropriate credit history.

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;
- an amount \$5,632,000 (2007: \$Nil) receivable from a third party past due but not impaired as disclosed in Note 13 to the financial statements; and
- corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries amounted to \$119,251,000 (2007: \$105,657,000).

At the balance sheet date, there were no other material trade and other receivables of the Group that were due from third parties while approximately all of the Company's receivables were balances with related parties.

The aged analysis of receivables due from third parties and related parties past due but not impaired are as follows:

| | The Group | | The Company | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Past due 0 to 1 month | 1,213 | 695 | - | - |
| Past due 1 to 3 months | 551 | 270 | - | - |
| Past due over 3 months | 5,976 | 7,331 | - | - |
| | 7,740 | 8,296 | - | - |

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 and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Financial assets that are either past due or impaired

The carrying amount of third parties receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Gross amount | 1,294 | 2,343 | 17 | 17 |
| Less: Allowance for impairment | (1,294) | (2,343) | (17) | (17) |
| | - | - | - | - |
| Beginning of financial year | 2,343 | 2,427 | 17 | 17 |
| Allowance made | 76 | 12 | - | - |
| Allowance written back | (21) | - | - | - |
| Allowance written off | (159) | - | - | - |
| Disposal of interest in joint venture entity | (902) | - | - | - |
| Exchange realignment | (43) | (96) | - | - |
| End of financial year | 1,294 | 2,343 | 17 | 17 |

The impaired receivables due from third parties arise mainly from potential uncollectible balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 the maturities of financial assets and liabilities.

The Group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by keeping committed credit lines available.

At the balance sheet date, approximately 19.2% (2007: 53.2 %) of the Group's loans and borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

| | 2008 | | | | 2007 | | | |
|--------------------------|----------------|----------------|--------------|----------------|----------------|--------------|--------------|---------|
| | 1 year or less | 1 to 5 years | Over 5 years | Total | 1 year or less | 1 to 5 years | Over 5 years | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | | | |
| Trade and other payables | 24,080 | 1,562 | – | 25,642 | 28,647 | 1,763 | – | 30,410 |
| Borrowings | 37,868 | 159,341 | 45 | 197,254 | 115,181 | 101,421 | 71 | 216,673 |
| | 61,948 | 160,903 | 45 | 222,896 | 143,828 | 103,184 | 71 | 247,083 |

One year or less

| | 2008 | 2007 |
|--|--------|--------|
| | \$'000 | \$'000 |
| | | |

The Company

| | | |
|--------------------------|------------|-----|
| Trade and other payables | 671 | 209 |
|--------------------------|------------|-----|

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

Interest rate 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 interest rates. The Company obtains financing through bank loans and finance lease facilities. The Company's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

At the balance sheet date, if SGD interest rates had been 25 (2007: 25) basis points lower/higher with all other variables held constant, the Group's profit would have been \$430,000 (2007: \$484,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans and bank overdrafts.

The tables below set out the Group's and the Company's exposure to interest rate risks.

Included in the tables are the financial assets and financial liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

The Group

| | Variable rates | Fixed rates | | | | Non-interest bearing | Total |
|---|--------------------|--------------------|----------------|--------------|--------------|----------------------|----------------|
| | Less than 6 months | Less than 6 months | 6 to 12 months | 1 to 5 years | Over 5 years | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 December 2008 | | | | | | | |
| <u>Financial assets</u> | | | | | | | |
| Cash and bank balances | 146 | 23,632 | - | - | - | 3,473 | 27,251 |
| Trade and other receivables | - | - | - | - | - | 10,845 | 10,845 |
| Available-for-sale financial assets | - | - | - | - | - | 939 | 939 |
| Other current assets (excluding prepayments) | - | - | - | - | - | 843 | 843 |
| Total financial assets | 146 | 23,632 | - | - | - | 16,100 | 39,878 |
| <u>Financial liabilities</u> | | | | | | | |
| Trade and other payables | - | - | - | - | - | 25,642 | 25,642 |
| Borrowings | 193,652 | 349 | 361 | 1,996 | 42 | - | 196,400 |
| Total financial liabilities | 193,652 | 349 | 361 | 1,996 | 42 | 25,642 | 222,042 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

| The Group | Variable rates | | Fixed rates | | | | Non-interest bearing | Total |
|---|--------------------|--------------------|----------------|--------------|--------------|---------------|----------------------|-------|
| | Less than 6 months | Less than 6 months | 6 to 12 months | 1 to 5 years | Over 5 years | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | |
| At 31 December 2007 | | | | | | | | |
| <u>Financial assets</u> | | | | | | | | |
| Cash and bank balances | 61 | 7,255 | - | - | - | 4,936 | 12,252 | |
| Trade and other receivables | - | - | - | - | - | 25,439 | 25,439 | |
| Financial assets at fair value through profit or loss | - | - | - | - | - | 2,112 | 2,112 | |
| Other current assets (excluding prepayments) | - | - | - | - | - | 897 | 897 | |
| Total financial assets | 61 | 7,255 | - | - | - | 33,384 | 40,700 | |
| <u>Financial liabilities</u> | | | | | | | | |
| Trade and other payables | - | - | - | - | - | 30,410 | 30,410 | |
| Borrowings | 214,728 | 439 | 54 | 271 | 48 | - | 215,540 | |
| Total financial liabilities | 214,728 | 439 | 54 | 271 | 48 | 30,410 | 245,950 | |

The financial assets and financial liabilities of the Company are non-interest bearing.

(d) Market price risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

The table below summarises the impact to the consolidated income statement and statement of changes in equity arising as a result of a 10% increase/decrease in the fair value of the quoted investments. This analysis assumes that all other variables remain constant.

| The Group | Profit after tax | | Equity | |
|---------------------------|------------------|--------------|--------------|--------------|
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 2008 | | | | |
| Quoted investments | - | - | 77 | (77) |
| 2007 | | | | |
| Quoted investments | 173 | (173) | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency risk

To minimise foreign currency exchange risk, the Group conducts the majority of both its purchase and sale transactions in the same currency.

The Group has foreign currency exposure arising from cash and bank balances, trade receivables and advances to and from third parties and a joint venture partner. These cash and bank balances, trade receivables and advances are mainly denominated in United States Dollar (USD). Approximately \$6,105,000 (2007: \$12,870,000) of receivables and \$363,000 (2007: \$1,065,000) of payables are denominated in foreign currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD (against SGD) at balance sheet date, with all other variables held constant, of the Group's profit after tax.

| | The Group Profit after tax | |
|----------------------------------|-------------------------------|--------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| USD - strengthened 3% (2007: 3%) | 625 | 279 |
| USD - weakened 3% (2007: 3%) | (625) | (279) |

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate and efficient capital structure so as to support its business and growth and enhance shareholders' value.

The Group regularly reviews and manages its capital structure, comprising shareholders' equity and borrowings, to ensure optimal capital structure and shareholders' returns, taking into consideration operating cash flows, capital expenditures, investment opportunities, gearing ratio and prevailing market interest rates. No changes were made to the objectives, policies or processes of capital management during the years ended 31 December 2008 and 31 December 2007.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital using gearing ratio, which is computed as net borrowings divided by the sum of shareholders' equity and net borrowings. Net borrowings is computed as borrowings less cash and bank balances.

| | The Group | |
|------------------------------|----------------|----------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Borrowings | 196,400 | 215,540 |
| Less: Cash and bank balances | (27,251) | (12,252) |
| Net borrowings | 169,149 | 203,288 |
| Shareholders' equity | 179,203 | 173,404 |
| | 348,352 | 376,692 |
| | The Group | |
| | 2008 | 2007 |
| | % | % |
| Gearing ratio | 48.56 | 53.97 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

37. CAPITAL MANAGEMENT (continued)

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2008 and 31 December 2007.

38. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

(a) Sales and purchases of goods and services

| | The Group | |
|---|-----------|------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Hotel management fee received/receivable from a joint venture partner | <u>71</u> | <u>211</u> |

(b) Key management's remuneration

The key management's remuneration includes salary, bonus, commission, CPF contributions and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. Key management's remuneration amounted to \$2,228,000 (2007: \$2,199,000) for the financial year ended 31 December 2008.

Included in the above is total remuneration to directors of the Company amounting to \$1,314,000 (2007: \$1,313,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

39. SEGMENT INFORMATION

(a) Primary reporting format - business segments

The Group is organised into three main business segments:

- Hotel investment and management
- Property investment and development
- Specialty restaurants and food services

Another area of the Group's business comprises investment holding which does not constitute a separate reportable segment.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables, other assets and operating cash, and mainly exclude investments, deferred income tax assets and interest-bearing receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment.

| | Hotel investment and management | Property investment and development | Specialty restaurants and food services | Others | The Group |
|--|---------------------------------|-------------------------------------|---|--------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Year ended 31 December 2008 | | | | | |
| Revenue | 52,407 | 14,722 | 4,292 | 8* | 71,429 |
| Segment results | 29,533 | (8,062) | 138 | (169) | 21,440 |
| Finance income | | | | | 557 |
| Unallocated costs | | | | | (825) |
| Finance costs | | | | | (6,231) |
| Profit before tax | | | | | 14,941 |
| Income tax expense | | | | | (2,956) |
| Profit for the year | | | | | 11,985 |
| Segment assets | 348,455 | 63,645 | 3,288 | 205 | 415,593 |
| Unallocated assets | | | | | 24,542 |
| Consolidated total assets | | | | | 440,135 |
| Segment liabilities | (13,439) | (9,960) | (1,577) | (664) | (25,640) |
| Unallocated liabilities | | | | | (235,292) |
| Consolidated total liabilities | | | | | (260,932) |
| Capital expenditure | 2,547 | 26 | 1,077 | – | 3,650 |
| Depreciation and impairment | 5,775 | 227 | 320 | – | 6,322 |
| Non-cash expenses other than depreciation and impairment | 898 | 255 | – | 20 | 1,173 |

*Represents dividend income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

39. SEGMENT INFORMATION (continued)

(a) Primary reporting format - business segments (continued)

| | Hotel investment and management | Property investment and development | Specialty restaurants and food services | Others | The Group |
|---|--|--|--|--------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Year ended 31 December 2007 | | | | | |
| Revenue | 45,766 | 62,504 | 3,317 | 10* | 111,597 |
| Segment results | 12,628 | 37,086 | 800 | 454 | 50,968 |
| Finance income | | | | | 306 |
| Unallocated costs | | | | | (230) |
| Finance costs | | | | | (10,783) |
| Profit before tax | | | | | 40,261 |
| Income tax expense | | | | | (8,080) |
| Profit for the year | | | | | 32,181 |
| Segment assets | 345,673 | 95,451 | 2,432 | 2,063 | 445,619 |
| Unallocated assets | | | | | 16,443 |
| Consolidated total assets | | | | | 462,062 |
| Segment liabilities | (16,810) | (11,390) | (2,006) | (204) | (30,410) |
| Unallocated liabilities | | | | | (258,248) |
| Consolidated total liabilities | | | | | (288,658) |
| Capital expenditure | 19,703 | 170 | 1,086 | - | 20,959 |
| Depreciation and impairment | 6,404 | 183 | 184 | - | 6,771 |
| Non-cash expenses other than depreciation and impairment | 69 | - | 2 | - | 71 |

* Represents dividend income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

39. SEGMENT INFORMATION (continued)

(b) Secondary reporting format - geographical segments

The Group operates in three main geographical areas, namely Singapore, the Socialist Republic of Vietnam ("Vietnam"), and the People's Republic of China ("PRC").

The main areas of operations undertaken by the Group in each country are as follows:

- Singapore – hotel investment and management, property investment and development, specialty restaurants and food services
- Vietnam – hotel investment and management
- PRC – hotel investment and management

| | Revenue | | Total assets | | Capital expenditure | |
|-----------|----------------|----------------|----------------|----------------|---------------------|----------------|
| | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 | 2008 \$'000 | 2007 \$'000 |
| Singapore | 69,590 | 105,471 | 401,284 | 405,319 | 3,330 | 20,546 |
| Vietnam | 1,839 | 6,126 | – | 19,408 | 34 | 106 |
| PRC | – | – | 38,851 | 37,335 | 286 | 307 |
| | 71,429 | 111,597 | 440,135 | 462,062 | 3,650 | 20,959 |

Sales revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

40. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the consolidated income statement and related notes to the financial statements.

The items were reclassified as follows:

| | The Group | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------------|
| | Previously reported \$'000 | After reclassification \$'000 | Increase (decrease) \$'000 |
| Consolidated income statement | | | |
| Other income | 1,378 | 1,352 | (26) |
| Finance costs | (12,404) | (10,783) | (1,621) |
| Other expenses | (15,757) | (17,352) | 1,595 |

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Amara Holdings Limited on 20 March 2009.

CORPORATE DATA

BOARD OF DIRECTORS

Albert Teo Hock Chuan
Chief Executive Officer

Chang Meng Teng
Susan Teo Geok Tin
Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah

COMPANY SECRETARIES

Susan Teo Geok Tin
Foo Soon Soo

AUDIT COMMITTEE

Chang Meng Teng
Chairman

Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah

NOMINATING COMMITTEE

Richard Khoo Boo Yeong
Chairman

Albert Teo Hock Chuan
Chang Meng Teng

REMUNERATION COMMITTEE

Richard Khoo Boo Yeong
Chairman

Chang Meng Teng
Lawrence Mok Kwok Wah

AUDITORS

Baker Tilly TFWLCL
Certified Public Accountants
15 Beach Road #03-10
Beach Centre
Singapore 189677

Tay Guat Peng
Partner-in-charge of the audit
(Appointed in financial year ended
31 December 2008)

PRINCIPAL BANKERS

United Overseas Bank Limited
Development Bank of Singapore Limited

REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01
Samsung Hub
Singapore 049483

REGISTERED OFFICE

100 Tras Street #06-01
Amara Corporate Tower
Singapore 079027

CORPORATE OFFICE

Telephone 6879 2515
Facsimile 6224 2660
Email corporate@amaraholdings.com
Website www.amaraholdings.com

STATISTICS OF SHAREHOLDINGS

As at 16 March 2009

Class of Shares : Ordinary shares each fully paid up

Voting Rights : 1 vote per share

No. of Holders : 7,114

DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|---------------------|---------------------|---------------|--------------------|---------------|
| 1 - 999 | 3 | 0.04 | 560 | 0.00 |
| 1,000 - 10,000 | 5,405 | 75.98 | 26,650,500 | 4.62 |
| 10,001 - 1,000,000 | 1,678 | 23.59 | 70,738,030 | 12.26 |
| 1,000,001 and above | 28 | 0.39 | 479,546,910 | 83.12 |
| Total | 7,114 | 100.00 | 576,936,000 | 100.00 |

Based on information available to the Company on 16 March 2009, approximately 27% of the Company's issued ordinary shares were held by the public and accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|-----|---|--------------------|--------------|
| 1 | Firsttrust Equity Pte Ltd | 104,111,010 | 18.05 |
| 2 | UOB Nominees (2006) Pte Ltd | 89,000,000 | 15.43 |
| 3 | RHB Bank Nominees Pte Ltd | 44,000,000 | 7.63 |
| 4 | Teo Chew Chuan | 35,827,000 | 6.21 |
| 5 | United Overseas Bank Nominees Pte Ltd | 34,755,000 | 6.02 |
| 6 | Singapore Nominees Pte Ltd | 33,655,000 | 5.83 |
| 7 | Teo Hin Chuan | 26,080,000 | 4.52 |
| 8 | Teo Peng Chuan | 22,007,000 | 3.81 |
| 9 | Lim Ah Choon | 16,253,497 | 2.82 |
| 10 | DBS Nominees Pte Ltd | 9,649,000 | 1.67 |
| 11 | SBS Nominees Pte Ltd | 9,005,000 | 1.56 |
| 12 | Sing Investments & Finance Nominees Pte Ltd | 9,000,000 | 1.56 |
| 13 | Hong Leong Finance Nominees Pte Ltd | 7,047,000 | 1.22 |
| 14 | OCBC Nominees Singapore Pte Ltd | 6,021,000 | 1.04 |
| 15 | Ong Kian Kok | 6,000,000 | 1.04 |
| 16 | Teo Guan Hoon | 3,238,000 | 0.56 |
| 17 | Poh Lay Eng | 3,153,493 | 0.55 |
| 18 | NTUC Thrift & Loan Co-Operative Limited | 3,000,000 | 0.52 |
| 19 | HSBC (Singapore) Nominees Pte Ltd | 2,880,000 | 0.50 |
| 20 | Teo Deng Jie | 2,000,000 | 0.35 |
| | Total | 466,682,000 | 80.89 |

STATISTICS OF SHAREHOLDINGS

As at 16 March 2009

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

| | Direct Interest | Deemed Interest | Total | % |
|---------------------------|-----------------|-----------------|-------------|-------|
| Albert Teo Hock Chuan | 1,000 | 308,146,010 | 308,147,010 | 53.41 |
| Susan Teo Geok Tin | 83,030 | 308,146,010 | 308,229,040 | 53.43 |
| Teo Kwee Chuan | 20,030 | 308,146,010 | 308,166,040 | 53.41 |
| Firsttrust Equity Pte Ltd | 308,146,010 | - | 308,146,010 | 53.41 |
| Corinne Teo Siew Bee | 362,000 | 308,146,010 | 308,508,010 | 53.47 |
| First Security Pte Ltd | - | 308,146,010 | 308,146,010 | 53.41 |
| Goh Ah Moy | - | 308,146,010 | 308,146,010 | 53.41 |
| Teo Chew Chuan | 35,827,000 | 3,153,493 | 38,980,493 | 6.76 |

Albert Teo Hock Chuan, Susan Teo Geok Tin, Teo Kwee Chuan, Corinne Teo Siew Bee, First Security Pte Ltd and Goh Ah Moy are each deemed to have an interest in the 308,146,010 shares in which Firsttrust Equity Pte Ltd is interested in as they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of Firsttrust Equity Pte Ltd.

Teo Chew Chuan is deemed interested in 3,153,493 shares held by his spouse.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Amara Ballroom 1, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539, on Wednesday, 29 April 2009, at 10.30 a.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon (Resolution 1).
2. To declare a first and final dividend of 0.5 cents per share for the year ended 31 December 2008 (Resolution 2).
3. To re-elect Mr Albert Teo Hock Chuan as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 3).

Mr Albert Teo Hock Chuan will, upon re-election as Director of the Company, remain as a member of the Nominating Committee.

4. To re-elect Mr Chang Meng Teng as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 4).

Mr Chang Meng Teng will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as a member of both the Remuneration and Nominating Committees.

5. To approve payment of Directors' Fees of \$101,600 for the year ended 31 December 2008 (2007: \$101,600) (Resolution 5).
6. To re-appoint Messrs Baker Tilly TFWLCL as Auditors of the Company and to authorise the Directors to fix their remuneration (Resolution 6).
7. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions (with or without amendments):

8. (a) That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, to:

- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

- (b) That, notwithstanding that the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force,

provided always 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) shall not in aggregate, exceed one hundred per cent. (100%) of the total number of issued shares in the capital of the Company excluding treasury shares, of which:

- (i) up to 100% of the Company's total number of issued shares excluding treasury shares may be issued by way of renounceable rights issues on a pro rata basis, to shareholders of the Company, subject to such conditions as the SGX-ST may impose from time to time; and

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (continued)

- (ii) not more than 50% of the Company's total number of issued shares excluding treasury shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) may be issued other than by way of renounceable rights issues under (i) above, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company;
- (2) for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities, or
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
 - (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (3) That such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier (Resolution 7).

See Explanatory Note 1.

9. That, subject to Resolution 7 above, and subject to such conditions as the SGX-ST may impose from time to time, authority be and is hereby given to the Directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, to issue shares in the capital of the Company on a non pro-rata basis, priced at a discount exceeding 10% but not more than 20% of the traded price for the Company's share, such price to be determined in accordance with the listing rules of the SGX-ST (Resolution 8).

See Explanatory Note 2.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting, a first and final dividend of 0.5 cents per share, in respect of the year ended 31 December 2008 will be paid on 26 June 2009 to shareholders whose names appear in the Register of Members on 15 June 2009.

Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 15 June 2009 after 5.00 p.m. to 16 June 2009, for the purpose of determining shareholders' entitlements to the proposed first and final dividend.

Registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, up to 5.00 p.m., on 15 June 2009 will be registered before entitlements to the dividend are determined.

By Order of the Board

Susan Teo Geok Tin/Foo Soon Soo
Company Secretaries

Singapore
7 April 2009

EXPLANATORY NOTE 1:

The Ordinary Resolution in item 8 is to authorise the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company (i) in the case of a renounceable rights issue on a *pro-rata* basis, up to an amount not exceeding in aggregate 100 percent of the total number of issued shares excluding treasury shares of the Company; (ii) in any other case, up to an amount not exceeding in aggregate 50 percent of the total number of issued shares excluding treasury shares of the Company; (iii) of which the total number of shares and convertible securities issued other than on a *pro rata* basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company, at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time the resolution is passed (after adjusting for 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 any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company. The increased limit of 100% for a *pro-rata* renounceable rights issue is part of measures introduced by the Singapore Exchange Limited in consultation with the Monetary Authority of Singapore, and implemented as of 20 February 2009 for the period up to 31 December 2010, to accelerate and facilitate listed issuers' fund raising efforts. Conditions imposed by the Singapore Exchange for issuers who wish to avail themselves of this increased limit include the requirement to make periodic announcements on the use of proceeds as and when the funds so raised are materially disbursed and to provide a status report on the use of proceeds in the issuer's annual report.

EXPLANATORY NOTE 2:

The Ordinary Resolution in item 9 is to authorise the Directors of the Company to issue shares on a non *pro rata* basis under the general mandate to be obtained under the Ordinary Resolution in item [9] at a discount exceeding 10% but not more than 20% of the traded price of the Company's shares. The SGX-ST listing rules currently provide that the traded price shall be determined as the weighted average traded price of the Company's shares for the full market day on the date the placement or subscription agreement is signed or if trading in the Company's shares is not available for a full day on that market day, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed. The increase in the discount permitted is part of measures introduced by the Singapore Exchange Limited in consultation with the Monetary Authority of Singapore, and implemented as of 20 February 2009 for the period up to 31 December 2010, to accelerate and facilitate listed issuers' fund raising efforts. Conditions imposed by the Singapore Exchange for issuers who wish to undertake placements at the increased discount include the requirement for the issuer to seek shareholders' approval in a separate resolution at a general meeting, and for the general mandate from shareholders to issue new shares on a non *pro rata* basis not to be conditional on such resolution.

NOTES:

A member of the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or notarially certified or office copy thereof must be lodged at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.

AMARA HOLDINGS LIMITED

Registration No. 197000732N
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, 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 AMARA HOLDINGS LIMITED hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|------|---------|----------------------|---------------------------------|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|------|---------|----------------------|---------------------------------|
| | | | |

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 29 April 2009 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

| No. | Ordinary Resolutions | To be used on a show of hands | | To be used in the event of a poll | |
|-----|--|-------------------------------|----------|-----------------------------------|-----------|
| | | For* | Against* | For** | Against** |
| 1. | To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon. | | | | |
| 2. | To declare a first and final dividend of 0.5 cents per share for the year ended 31 December 2008. | | | | |
| 3. | To re-elect Mr Albert Teo Hock Chuan as a Director retiring under Article 87 of the Articles of Association of the Company. | | | | |
| 4. | To re-elect Mr Chang Meng Teng as a Director retiring under Article 87 of the Articles of Association of the Company. | | | | |
| 5. | To approve payment of Directors' Fees of \$ 101,600 for the year ended 31 December 2008 (2007: \$101,600). | | | | |
| 6. | To re-appoint Messrs Baker Tilly TFWLCL as Auditors of the Company and to authorise the Directors to fix their remuneration. | | | | |
| 7. | To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50. | | | | |
| 8. | To authorise Directors to issue shares on a non <i>pro-rata</i> basis priced at a discount exceeding 10% but not more than 20% of the traded price for the Company's shares. | | | | |

* Please indicate your vote "For" or "Against" with a (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2009

Signature(s) of Member(s)/Common Seal

Total number of Shares held

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Please cut along dotted line

NOTES FOR PROXY FORM

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf.
2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
3. A proxy or representative need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
6. The instrument appointing a proxy or representative for any member shall be in writing and shall (in the case of an individual appointor) be signed by the appointor or his attorney or, (if the appointor is a corporation) be under its seal or signed by its attorney.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office at 100 Tras Street #06-01, Amara Corporate Tower, Singapore 079027, not less than 48 hours before the time set for the meeting, and in default the instrument of proxy shall not be treated as valid.
8. 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 appointor, 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 meeting, as certified by The Central Depository (Pte) Limited to the Company.

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