

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

