CORPORATE GOVERNANCE REPORT

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:

a) setting overall strategies and supervision of the Group's business and affairs to achieve the vision and mission of the Group;
b) approving the Group's corporate policies and internal guidelines for material transactions;
c) approving key operational issues and major investment and funding;
d) reviewing the financial performance of the Group;
e) approving the appointment of Board directors and appointments to the various Board committees; and
f) 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. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Albert Teo Hock Chuan	6	6	5*	5*	1	1	–	–
Chang Meng Teng	6	5	5	5	1	1	1	1
Susan Teo Geok Tin	6	6	5*	5*	1#	1#	1#	1#
Richard Khoo Boo Yeong	6	6	5	5	1	1	1	1
Lawrence Mok Kwok Wah	6	6	5	4	1*	1*	1	1

* By invitation
# In attendance

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 (other than wholly-owned subsidiaries) are set out in the Directors' Report on pages 41 to 45 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. 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 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

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:

	No. of Directors	
Remuneration band	2007	2006
S$750,000 and above	1	–
S$500,000 to below S$750,000	–	1
S$250,000 to below S$500,000	1	1
Below S$250,000	3	3
Total	5	5

CORPORATE GOVERNANCE REPORT

Principle 8: Level and Mix of Remuneration (continued)

Principle 9: Disclosure on Remuneration (continued)

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.

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 five 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.

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.

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.

There were no interested person transactions conducted during the financial year pursuant to The Listing Manual.

The Board is satisfied with the Group's commitment to compliance with the Code.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

For the financial year ended 31 December 2007

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 2007.

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 31.12.2007	At 1.1.2007	**At 31.12.2007**	At 1.1.2007
	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 Firstrust 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 2007

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 31.12.2007	At 1.1.2007	**At 31.12.2007**	At 1.1.2007
	Number of ordinary shares			
Ultimate holding company				
First Security Pte Ltd				
Albert Teo Hock Chuan and Susan Teo Geok Tin	**10,000,000**	10,000,000	**–**	–
Immediate holding company				
Firstrust Equity Pte Ltd				
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				
Amara Ventures Pte Ltd				
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 2007

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 31.12.2007	At 1.1.2007	**At 31.12.2007**	At 1.1.2007
	Number of ordinary shares			
Subsidiaries				
Catering Concepts & Management Services Pte Ltd				
Albert Teo Hock Chuan	**–**	–	**170,000**	170,000
Susan Teo Geok Tin	**–**	–	**170,000**	170,000
Lawrence Mok Kwok Wah	**–**	–	**170,000**	170,000
AOI Chengdu Pte Ltd				
Albert Teo Hock Chuan	**–**	–	**70,000**	70,000
Susan Teo Geok Tin	**–**	–	**70,000**	70,000
Lawrence Mok Kwok Wah	**–**	–	**70,000**	70,000
AOI Saigon Pte Ltd				
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
Amara Shanghai Pte Ltd				
Albert Teo Hock Chuan	**–**	–	**2,000,000**	1,833,200
Susan Teo Geok Tin	**–**	–	**2,000,000**	1,833,200
Lawrence Mok Kwok Wah	**–**	–	**2,000,000**	1,833,200
	Legal and investment capital (US$)			
Shanghai Amara Hotel Co., Ltd.				
Albert Teo Hock Chuan	**–**	–	**21,000,000**	21,000,000
Susan Teo Geok Tin	**–**	–	**21,000,000**	21,000,000
Lawrence Mok Kwok Wah	**–**	–	**21,000,000**	21,000,000
	Number of ordinary shares partially paid			
AOI Saigon Pte Ltd				
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 2008 were the same as at 31 December 2007.

DIRECTORS' REPORT

For the financial year ended 31 December 2007

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 five 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.

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;

DIRECTORS' REPORT
For the financial year ended 31 December 2007

AUDIT COMMITTEE (continued)

- 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.

AUDITORS

The auditors, Baker Tilly TFWLCL, have expressed their willingness to accept re-appointment.

On behalf of the directors

ALBERT TEO HOCK CHUAN	CHANG MENG TENG
Director	Director

20 March 2008

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2007

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 48 to 98 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 2007 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 2008

AUDITORS' 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 48 to 98, which comprise the balance sheets of the Group and the Company as at 31 December 2007, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group and changes in equity for 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: Foong Daw Ching

Singapore
20 March 2008

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2007

	Notes	The Group 2007 $'000	2006 $'000 Restated
Revenue	3	**111,597**	79,759
Gain from fair value adjustments of investment properties	20	**27,000**	23,000
Other operating income	4	**1,378**	1,228
Finance costs	5	**(12,404)**	(11,346)
Changes in inventories of finished goods		**162**	(37)
Cost of properties sold/consumables used		**(49,640)**	(36,581)
Staff costs	9	**(15,304)**	(10,477)
Depreciation and impairment		**(6,771)**	(5,664)
Other operating expenses	6	**(15,757)**	(13,534)
Total operating expenses		**(87,310)**	(66,293)
Profit before tax	7	**40,261**	26,348
Income tax expense	10	**(8,080)**	(7,416)
Profit for the year		**32,181**	18,932
Attributable to:			
Equity holders of the Company		**32,181**	18,969
Minority interests		**–**	(37)
		32,181	18,932
Earnings per ordinary share			
Basic and diluted	11	**5.58 cents**	3.29 cents

BALANCE SHEETS
As at 31 December 2007

		The Group		The Company	
	Notes	**2007**	2006	**2007**	2006
		$'000	$'000 Restated	**$'000**	$'000
Current assets					
Cash and bank balances	12	**12,252**	7,703	**13**	2
Trade and other receivables	13	**17,337**	22,969	**51,033**	48,694
Inventories	14	**594**	423	**–**	–
Development properties	15	**62,838**	105,904	**–**	–
Financial assets at fair value through profit or loss	16	**1,796**	1,810	**–**	–
Other current assets	17	**1,235**	713	**8**	8
		96,052	139,522	**51,054**	48,704
Non–current assets					
Trade and other receivables	13	**8,102**	7,844	**–**	–
Financial assets at fair value through profit or loss	16	**316**	289	**209**	182
Intangible assets	18	**357**	357	**–**	–
Investment in subsidiaries	19	**–**	–	**30,977**	30,977
Investment properties	20	**185,345**	158,345	**–**	–
Property, plant and equipment	21	**164,705**	151,535	**–**	–
Goodwill	22	**844**	547	**–**	–
Other assets	23	**5,741**	4,800	**–**	–
Deferred income tax assets	24	**600**	752	**–**	–
		366,010	324,469	**31,186**	31,159
Total assets		**462,062**	463,991	**82,240**	79,863
Current liabilities					
Trade and other payables	25	**28,647**	25,231	**209**	230
Tax payables		**8,329**	4,713	**–**	–
Borrowings	26	**114,658**	144,888	**–**	–
		151,634	174,832	**209**	230
Non–current liabilities					
Trade and other payables	25	**1,763**	2,030	**–**	–
Borrowings	26	**100,882**	111,558	**–**	–
Deferred income tax liabilities	24	**34,379**	32,226	**–**	–
		137,024	145,814	**–**	–
Total liabilities		**288,658**	320,646	**209**	230
Net assets		**173,404**	143,345	**82,031**	79,633
Share capital	27	**125,646**	125,646	**125,646**	125,646
Reserves		**47,758**	17,699	**(43,615)**	(46,013)
Shareholders' equity		**173,404**	143,345	**82,031**	79,633

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2007

	Notes	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 as previously reported		125,646	11,775	3,242	25,909	166,572
Effect of FRS 12 on revaluation surplus on investment properties and property, plant and equipment	40	–	(2,355)	–	(20,872)	(23,227)
Balance at 1 Janaury 2007 as restated		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 gain 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	28	–	–	–	(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 2007

	Notes	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings and other reserves*	Total attributable to equity holders of the Company	Minority interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group									
Balance at 1 January 2006 as previously reported		115,387	10,259	93,134	4,556	(76,711)	146,625	2,483	149,108
Effect of of FRS 12 on revaluation surplus on investment properties and property, plant and equipment	29	–	–	(18,627)	–	–	(18,627)	–	(18,627)
Balance at 1 January 2006 as restated		115,387	10,259	74,507	4,556	(76,711)	127,998	2,483	130,481
Effect of adoption of FRS 40		–	–	(65,087)	–	65,087	–	–	–
Currency translation differences arising on translation of financial statements of foreign subsidiary and joint venture entity		–	–	–	(1,314)	–	(1,314)	(479)	(1,793)
Net (losses)/gains recognised directly in equity		–	–	(65,087)	(1,314)	65,087	(1,314)	(479)	(1,793)
Profit for the financial year		–	–	–	–	18,969	18,969	(37)	18,932
Total recognised gains and losses for the financial year		–	–	(65,087)	(1,314)	84,056	17,655	(516)	17,139
Transfer of share premium reserve to share capital account	27	10,259	(10,259)	–	–	–	–	–	–
Acquisition of interest from minority		–	–	–	–	–	–	(1,967)	(1,967)
Dividend relating to 2005	28	–	–	–	–	(2,308)	(2,308)	–	(2,308)
Balance at 31 December 2006 as restated		125,646	–	9,420	3,242	5,037	143,345	–	143,345

* Includes other reserves of $112,000 as at 31 December 2006

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2007

	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	28	–	(2,365)	–	(2,365)
Balance at 31 December 2007		**125,646**	**(44,541)**	**926**	**82,031**

	Notes	Share capital	Share premium	Accumulated losses	Other reserves	Total
		$'000	$'000	$'000	$'000	$'000
The Company						
Balance at 1 January 2006		115,387	10,259	(47,082)	926	79,490
Profit for the financial year		–	–	2,451	–	2,451
Transfer of share premium reserve to share capital account	27	10,259	(10,259)	–	–	–
Dividend relating to 2005	28	–	–	(2,308)	–	(2,308)
Balance at 31 December 2006		**125,646**	**–**	**(46,939)**	**926**	**79,633**

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2007

	2007 $'000	2006 $'000
Cash flows from operating activities		
Profit before tax	**40,261**	26,348
Adjustments for:		
Amortisation of other assets	**59**	–
Impairment of property, plant and equipment	**43**	–
Negative goodwill written back	**–**	(60)
Depreciation of property, plant and equipment	**6,728**	5,664
Income from financial assets at fair value through profit or loss	**(81)**	(161)
Interest income	**(332)**	(300)
Interest expense	**10,809**	10,051
Net gain on disposal of property, plant and equipment	**(50)**	(46)
Financial assets at fair value through profit or loss – fair value gain	**(343)**	(188)
Property, plant and equipment written off	**87**	277
Gain from fair value adjustments of investment properties	**(27,000)**	(23,000)
Operating cash flow before working capital changes	**30,181**	18,585
Changes in operating assets and liabilities:		
Inventories	**(171)**	33
Receivables	**4,194**	13,477
Payables	**2,376**	(3,830)
Financial assets at fair value through profit or loss	**325**	142
Development properties (net)	**43,066**	7,371
Cash generated from operations	**79,971**	35,778
Income tax paid (net)	**(1,930)**	(370)
Interest paid	**(1)**	(2)
Net cash generated from operating activities	**78,040**	35,406
Cash flows from investing activities		
Payments for property, plant and equipment	**(15,997)**	(21,356)
Financial assets at fair value through profit or loss	**5**	(467)
Payments for other assets	**(1,000)**	(2,800)
Proceeds from disposal of property, plant and equipment	**50**	61
Net (payments to) / receipts from joint venture partner	**(34)**	544
Dividends received from quoted equity investments	**81**	161
Acquisition of additional shares in a subsidiary	**(121)**	(1,372)
Interest received	**108**	46
Payments to minority shareholder	**(100)**	(4,608)
Net cash used in investing activities	**(17,008)**	(29,791)

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the financial year ended 31 December 2007

	Note	2007 $'000	2006 $'000
Cash flows from financing activities			
Interest paid		**(10,372)**	(13,874)
Dividends paid to shareholders of Amara Holdings Limited		**(2,365)**	(2,308)
Dividends paid to minority shareholder of a subsidiary		**-**	(3)
Finance lease liabilities		**(384)**	(260)
Net (repayment of) / proceeds from bank borrowings		**(43,357)**	7,025
Net cash used in financing activities		**(56,478)**	(9,420)
Net increase / (decrease) in cash and cash equivalents held		**4,554**	(3,805)
Cash and cash equivalents at beginning of financial year		**6,898**	10,703
Cash and cash equivalents at end of financial year	12	**11,452**	6,898

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

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 19 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 where otherwise indicated.

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.

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 except for the adoption of FRS 107 and the amendments to FRS 1 which introduce new disclosures relating to financial instruments and capital respectively.

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 23	Borrowing Costs
FRS 108	Operating Segments
INT FRS 111	FRS 102 – Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

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 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any material impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

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) 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 and deferred tax liabilities at 31 December 2007 were $8,329,000 (2006: $4,713,000) and $34,379,000 (2006: $32,226,000) respectively.

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 2007 were $164,705,000 (2006: $151,535,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(2) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

(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.

(d) 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(f) 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(h) for the Company's accounting policy on impairment in investment of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Group accounting (continued)

(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.

(3) Transaction costs

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

(e) Property, plant and equipment

All property, plant and equipment except for operating supplies and capital project in progress, are stated at cost or valuation less accumulated depreciation and impairment losses. 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	5 – 33⅓
Motor vehicles	18 – 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 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible

(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(h)).

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.

(g) 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.

(h) 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 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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 and loans and receivables, 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, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

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 included in trade and other receivables on the balance sheet (Note 2(j)).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments in financial assets (continued)

(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 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.

(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.

(j) 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.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Development properties (continued)

(2) Properties under development (continued)

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.

(m) 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.

(n) 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.

(o) Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) 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.

(s) 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.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Foreign currency translation (continued)

(2) Transactions and balances (continued)

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 position 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.

(u) 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.

(v) 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.

(w) Share capital

Ordinary shares are classified as equity.

(x) 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 2007

3. REVENUE

	The Group	
	2007	2006
	$'000	$'000
Room, food and beverage and other revenue	**48,873**	36,807
Rental income from investment properties	**6,725**	6,049
Revenue recognised on development properties	**55,779**	36,738
Hotel management fee	**211**	125
Dividend income from financial assets at fair value through profit or loss	**9**	40
	111,597	79,759

4. OTHER OPERATING INCOME

	The Group	
	2007	2006
	$'000	$'000
Other operating income		
- Income from financial assets at fair value through profit or loss	**145**	121
- Gain on sale of property, plant and equipment	**50**	47
- Others	**851**	760
	1,046	928
Interest income		
- Joint venture partner	**224**	254
- Fixed deposits	**82**	45
- Others	**26**	1
	332	300
	1,378	1,228

5. FINANCE COSTS

	The Group	
	2007	2006
	$'000	$'000
Interest expenses		
- Finance leases	**86**	40
- Bank loans and overdrafts	**10,697**	9,366
- Third party	**26**	645
	10,809	10,051
Net foreign exchange loss	**1,595**	1,295
	12,404	11,346

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

6. OTHER OPERATING EXPENSES

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

7. PROFIT BEFORE TAX

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

	The Group	
	2007	2006
	$'000	$'000
Profit before tax is arrived at after:		
Charging/(Crediting):		
Allowance for doubtful trade receivables	**2**	318
Allowance for doubtful non-trade receivables	**10**	369
Amortisation of other assets (Note 23)	**59**	–
Depreciation of property, plant and equipment (Note 21)		
- Freehold property	**10**	10
- Leasehold land and buildings	**2,892**	2,566
- Plant and machinery, furniture, fixtures and equipment	**1,749**	1,057
- Motor vehicles	**193**	148
- Renovations	**1,884**	1,883
Directors' fees	**102**	82
Financial assets at fair value through profit or loss – fair value gain (Note 16)	**(343)**	(188)
Impairment of property, plant and equipment (Note 21)	**43**	–
Income from financial assets at fair value through profit or loss	**(81)**	(161)
Negative goodwill written back	**–**	(60)
Net foreign exchange gain arising from non-financing activities	**(29)**	(22)
Other fees paid/payable to the auditors of the Company	**87**	31
Property, plant and equipment written off	**87**	277
Rental expense - operating leases	**135**	220

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

8. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

	The Group	
	2007	2006
Number of directors of the Company in remuneration bands:		
$750,000 and above	**1**	–
$500,000 to below $750,000	**–**	1
$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 (2006: $79,000). These amounts have been included in the remuneration of directors of the Company for the purposes of the above Note.

9. STAFF COSTS

	The Group	
	2007	2006
	$'000	$'000
Wages and salaries	**13,392**	8,967
Employer's contribution to Central Provident Fund	**1,023**	817
Other benefits	**889**	693
	15,304	10,477

10. INCOME TAX EXPENSE

	The Group	
	2007	2006
	$'000	$'000
		Restated
Tax expense attributable to the results is made up of:		
Current income tax		
- Singapore	**3,525**	4,061
- Foreign	**629**	30
	4,154	4,091
Deferred tax (Note 24)	**1,725**	3,205
	5,879	7,296
Underprovision in preceding financial years:		
- Current income tax	**1,386**	120
- Deferred tax (Note 24)	**815**	–
	8,080	7,416

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

10. INCOME TAX EXPENSE (continued)

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	
	2007	2006
	$'000	$'000
		Restated
Profit before tax	**40,261**	26,348
Tax calculated at a tax rate of 18% (2006: 20%)	**7,247**	5,270
Expenses not deductible for tax purposes	**1,313**	812
Deferred tax asset not recognised	**131**	1,216
Effect of change in tax rate	**(2,911)**	–
Others	**99**	(2)
	5,879	7,296

11. EARNINGS PER ORDINARY SHARE

	The Group	
	2007	2006
		Restated
Profit after tax attributable to members of Amara Holdings Limited ($'000)	**32,181**	18,969
Number of ordinary shares in issue ('000)	**576,936**	576,936
Basic and diluted earnings per ordinary share	**5.58 cents**	3.29 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	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**4,997**	4,308	**13**	2
Fixed deposits with financial institutions	**7,255**	3,395	**–**	–
	12,252	7,703	**13**	2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

12. CASH AND BANK BALANCES (continued)

Included in the above are:-

(i) $4,190,000 (2006: $34,000) held under the Housing Developers (Project Account) Rules (1997 Ed), withdrawals from which are restricted to payments for project expenditure incurred.

(ii) $200,000 (2006: $200,000) which a subsidiary is required to maintain as minimum cash balance with a bank.

(iii) $600,000 (2006: $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 1 month (2006: 3 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 December 2007 was 2.53% (2006: 3.53%) per annum.

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**7,732**	4,614	**13**	2
United States Dollar	**3,124**	2,341	**–**	–
Renminbi	**49**	48	**–**	–
Vietnam Dong	**1,280**	699	–	–
Others	**67**	1	**–**	–
	12,252	7,703	**13**	2

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

	The Group	
	2007	2006
	$'000	$'000
Cash and bank balances	**12,252**	7,703
Less: Bank overdrafts (Note 26)	**–**	(5)
Bank balance secured for financing activities	**(800)**	(800)
Cash and cash equivalents per consolidated cash flow statement	**11,452**	6,898

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

13. TRADE AND OTHER RECEIVABLES

(a) Current

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Third parties	**11,389**	16,565	**18**	17
- A joint venture partner	**472**	581	**–**	–
	11,861	17,146	**18**	17
Less: Allowance for doubtful trade receivables	**(1,774)**	(1,838)	**(17)**	(17)
Trade receivables - net	**10,087**	15,308	**1**	–
Non-trade receivables				
- Third parties	**1,688**	1,867	**–**	–
- Subsidiaries	**–**	–	**51,032**	48,694
- Minority shareholder of subsidiary	**155**	42	**–**	–
	1,843	1,909	**51,302**	48,694
Short-term advances / loans to:				
- A joint venture partner	**5,976**	5,405	**–**	–
- Minority shareholder of subsidiary	**–**	936	**–**	–
	7,819	8,250	**51,032**	48,694
Less: Allowance for doubtful non-trade receivables	**(569)**	(589)	**–**	–
	7,250	7,661	**51,032**	48,694
	17,337	22,969	**51,033**	48,694

(i) The non-trade receivables of the Group and the Company are unsecured, interest-free and is repayable on demand.

(ii) The short-term advance to a joint venture partner is unsecured, interest-free and is repayable on demand.

(iii) In 2006, short-term advances to minority shareholder of subsidary were unsecured, repayable on demand and interest-free except for an amount of $400,000 which bore interest at 10% per annum and secured by way of a pledge on shares held by the shareholder in the subsidary and an assignment of all loans made by the said shareholder to this subsidary. The short-term advances have been fully repaid in 2007.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

13. TRADE AND OTHER RECEIVABLES (continued)

(b) Non-current

	The Group	
	2007	2006
	$'000	$'000
Due from a joint venture partner (non-trade)	**8,102**	7,844

The amount due from a joint venture partner is unsecured, not expected to be repaid within the next 12 months and is interest-free except for an amount of $4,691,000 (2006: $4,657,000) which bears interest at 3.71% (2006: 5.36%) per annum at the balance sheet date. The amount is repayable only when the cash flows of the joint venture partner permits. Accordingly, the fair value is not determinable as the timing of the future cash flow arising from the amount due from a joint venture partner cannot be estimated reliably.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**13,055**	18,407	**51,033**	48,694
United States Dollar	**12,369**	12,394	**–**	–
Others	**15**	12	**–**	–
	25,439	30,813	**51,033**	48,694

14. INVENTORIES

	The Group	
	2007	2006
	$'000	$'000
Food and beverage, at cost	**386**	257
Other hotel and catering supplies, at cost	**208**	166
	594	423

15. DEVELOPMENT PROPERTIES

	The Group	
	2007	2006
	$'000	$'000
Properties under development	**14,025**	13,800
Completed properties held for sale	**48,813**	92,104
	62,838	105,904

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

15. DEVELOPMENT PROPERTIES (continued)

(a) Properties under development

	The Group	
	2007	2006
	$'000	$'000
Land and other related costs	**14,025**	13,800
Borrowing costs capitalised during the financial year	**355**	–

The weighted average effective interest rate of borrowing costs capitalised for the year ended 31 December 2007 is 3.61% (2006: Nil) per annum.

(b) Completed properties held for sale

	The Group	
	2007	2006
	$'000	$'000
Land and other related costs	**22,406**	41,905
Development costs	**26,407**	50,199
	48,813	92,104

As at 31 December 2007 and 2006, certain properties are mortgaged to banks to secure credit facilities as disclosed in Note 26.

The Group's development properties as at 31 December 2007 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/ 2009	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Current

	The Group	
	2007	2006
	$'000	$'000
Quoted equity shares in corporations		
At beginning of financial year	**1,810**	1,786
Additions	**1**	–
Disposals	**(325)**	(140)
Net gain from fair value adjustments	**310**	164
At end of financial year	**1,796**	1,810

(b) Non-current

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Quoted investments and others				
At beginning of financial year	**289**	707	**182**	160
Disposals	**(6)**	(442)	**(6)**	–
Net gain from fair value adjustments	**33**	24	**33**	22
At end of financial year	**316**	289	**209**	182

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

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Quoted investments				
- Equity shares in corporations	**209**	182	**209**	182
- Quoted unit trusts	**107**	107	**–**	–
	316	289	**209**	182

Investments are classified as non-current assets, unless they are expected to be realised within 12 months of the balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

17. OTHER CURRENT ASSETS

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Deposits	**748**	280	**–**	–
Prepayments	**304**	407	**3**	3
Staff advances	**149**	12	**–**	–
Tax recoverable	**34**	14	**5**	5
	1,235	713	**8**	8

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

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

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**864**	279	**5**	5
United States Dollar	**5**	–	**–**	–
Renminbi	**52**	27	**–**	–
Malaysia Ringgit	**10**	–	**–**	–
	931	306	**5**	5

18. INTANGIBLE ASSETS

	The Group	
	2007	2006
	$'000	$'000
Club memberships	**532**	532
Less: Impairment loss	**(175)**	(175)
	357	357

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

19. INVESTMENT IN SUBSIDIARIES

	The Company	
	2007	2006
	$'000	$'000
Unquoted equity shares, at cost	**40,206**	40,206
Less: Allowance for impairment in value	**(9,229)**	(9,229)
	30,977	30,977

Acquisition of subsidiaries

In June 2007, the Group completed its purchase of the remaining 8.34% interest in a subsidiary, Amara Shanghai Pte Ltd.

A wholly-owned subsidary, Silk Road Restaurant (M) Sdn Bhd, was incorporated in November 2007, with paid up capital of RM2.

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			
		2007	2006	**2007**	2006	**2007**	2006
		%	%	**%**	%	**$'000**	$'000
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	Investment share trading, 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
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	**–**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

19. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Effective equity interest held by				Cost of investment	
		The Company		Subsidiaries			
		2007	2006	**2007**	2006	**2007**	2006
		%	%	**%**	%	**$'000**	$'000
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	Investment holding	**100**	100	**–**	–	–	–
Held by PCS Restaurants Pte Ltd							
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**	**–**	**–**	–
Held by Amara China Investments Pte Ltd							
AOI Chengdu Pte Ltd	Hotelier and investment holding	**–**	–	**70**	70	**–**	–
Amara Shanghai Pte Ltd*	Investment holding	**–**	–	**100**	91.66	**–**	–
Shanghai Amara Hotel Co., Ltd.	Hotel development and ownership	**–**	–	**5**	5	**–**	–
Held by Amara Shanghai Pte Ltd							
Shanghai Amara Hotel Co., Ltd.	Hotel development and ownership	**–**	–	**95**	87.08	**–**	–
						40,206	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.

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 Accountant and Silk Road Restaurant (M) Sdn Bhd whose country of incorporation and place of business is in Malaysia and is not required to be audited for the period ended 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

20. INVESTMENT PROPERTIES

	The Group	
	2007	2006
	$'000	$'000
At beginning of financial year	**158,345**	135,343
Additions	**–**	2
Gain from fair value adjustments recognised in the income statement	**27,000**	23,000
At end of financial year	**185,345**	158,345

(a) Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2007. Valuation was performed by Chesterton International Property Consultants Pte Ltd, a firm of property consultants in January 2008 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 net book value of $185,000,000 (2006: $158,000,000) were mortgaged to banks to secure bank loans and bank facilities for the Group (Note 26).

(c) The Group's investment properties as at 31 December 2007 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 $6,725,000 (2006: $6,049,000) was generated from investment properties, and direct operating expenses include $2,508,000 (2006: $2,279,000) relating to investment properties that generated rental income during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

21. 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
Cost or valuation								
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
Accumulated depreciation and impairment								
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**
Net book value								
At 31 December 2007	**382**	**135,760**	**10,678**	**483**	**7,792**	**3,527**	**6,083**	**164,705**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

21. 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
Cost or valuation								
At 1 January 2006								
- Cost	491	87,310	13,158	1,016	20,272	3,015	7,765	133,027
- Valuation	–	52,200	–	–	–	–	–	52,200
	491	139,510	13,158	1,016	20,272	3,015	7,765	185,227
Exchange rate adjustment	–	(4,049)	(203)	(19)	(196)	(67)	(138)	(4,672)
Additions, at cost	–	–	117	174	145	–	24,722	25,158
Disposals / write off	–	–	(49)	(191)	(366)	(33)	–	(639)
At 31 December 2006	491	135,461	13,023	980	19,855	2,915	32,349	205,074
Representing:								
- 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
Accumulated depreciation								
At 1 January 2006	89	30,282	9,258	535	8,631	–	–	48,795
Exchange rate adjustment	–	(364)	(195)	(11)	(4)	–	–	(574)
Depreciation	10	2,566	1,057	148	1,883	–	–	5,664
Disposals / write off	–	–	(33)	(181)	(132)	–	–	(346)
At 31 December 2006	99	32,484	10,087	491	10,378	–	–	53,539
Net book value								
At 31 December 2006	392	102,977	2,936	489	9,477	2,915	32,349	151,535

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

21. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2007 $'000	2006 $'000
Plant and machinery, furniture, fixtures and equipment	**2,090**	176
Operating supplies	**428**	–
Motor vehicles	**423**	397
	2,941	573

(b) At the balance sheet date, the net book value of certain freehold property, leasehold land and buildings and renovation of the Group mortgaged to banks to secure bank borrowings amounted to $96,969,000 (2006: $91,367,000) (Note 26).

(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 2007 amounted to $386,000 (2006: $774,000). The weighted average effective interest rate of borrowing costs capitalised is 5.32% (2006: 5.12%) 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 book value would have been $21,770,000 (2006 : $23,420,000).

(e) The Group's properties as at 31 December 2007 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)	323 Le Van Sy Street, District 3, Ho Chi Minh City, Vietnam	Amara Hotel Saigon Company, Ltd.	Leasehold 40 years commencing 24 September 1993	Amara Saigon a 311-guestroom hotel
(iv)	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 400-guestroom hotel, commercial and office components
(v)	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 2007

22. GOODWILL

	The Group	
	2007	2006
	$'000	$'000
Goodwill arising on consolidation		
At beginning of financial year	**547**	55
Acquisition of subsidiaries	**297**	492
At end of financial year	**844**	547
Cost	**889**	592
Accumulated impairment	**(45)**	(45)
	844	547

23. OTHER ASSETS

	The Group	
	2007	2006
	$'000	$'000
Prepayment		
At beginning of financial year	**4,800**	2,000
Additions	**1,000**	2,800
Amortisation	**(59)**	–
At end of financial year	**5,741**	4,800

24. DEFERRED INCOME TAXES

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

	The Group	
	2007	2006
	$'000	$'000
		Restated
At beginning of financial year	**31,474**	28,269
Tax charged to income statement		
- current year	**1,725**	3,205
- prior year	**815**	–
Tax credited to asset revaluation reserve	**(235)**	–
At end of financial year	**33,779**	31,474

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 of $15.8 million (2006: $16.0 million) 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 2007

24. 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 2006 (restated)	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**
At 31 December 2005 (restated)	6,051	16,780	2,077	2,355	2,940	30,203
(Credited) / charged to income statement	(470)	4,534	(878)	–	–	3,186
At 31 December 2006 (restated)	5,581	21,314	1,199	2,355	2,940	33,389

Deferred income tax assets

	Tax losses	Capital Allowances	Others	Total
	$'000	$'000	$'000	$'000
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)**
At 31 December 2005	(1,014)	(21)	(899)	(1,934)
Charged to income statement	19	–	–	19
At 31 December 2006	(995)	(21)	(899)	(1,915)

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	
	2007	2006
	$'000	$'000 Restated
Deferred income tax assets	**(600)**	(752)
Deferred income tax liabilities	**34,379**	32,226
	33,779	31,474

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
(a) Current				
Trade creditors	**7,854**	6,589	**–**	–
Due to subsidiaries	**–**	–	**1**	58
Due to related parties	**148**	151	**–**	–
Accrued operating expenses	**8,854**	7,610	**188**	169
Accrued construction costs	**8,357**	6,185	**–**	–
Sundry creditors	**1,651**	2,852	**20**	3
Deposits received	**1,783**	1,844	**–**	–
	28,647	25,231	**209**	230

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.

(b) Non-current

	The Group	
	2007	2006
	$'000	$'000
Advances from minority shareholders of subsidiaries	**1**	873
Deposits received	**1,762**	1,157
	1,763	2,030

The advances from minority shareholders of subsidiaries 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	
	2007	2006
	$'000	$'000
Advances from minority shareholders of subsidiaries	**1**	828
Deposits received	**1,709**	1,157
	1,710	1,985

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

25. TRADE AND OTHER PAYABLES (continued)

(b) Non-current (continued)

The fair values are computed based on the present value of the cashflows using a discount rate of 3.59% (2006: 5.34%) 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	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**29,345**	25,177	**209**	230
United States Dollar	**741**	1,975	**–**	–
Renminbi	**39**	109	**–**	–
Malaysia Ringgit	**285**	–	**–**	–
	30,410	27,261	**209**	230

26. BORROWINGS

	The Group	
	2007	2006
	$'000	$'000
Current		
Bank overdrafts, secured	**–**	5
Bank loans, secured	**114,070**	144,711
Finance lease liabilities (Note 32)	**588**	172
	114,658	144,888
Non-current		
Bank loans, secured		
- Between 1 and 2 years	**98,500**	88,999
- Between 2 and 5 years	**–**	21,050
- More than 5 years	**–**	1,167
	98,500	111,216
Finance lease liabilities (Note 32)	**2,382**	342
	100,882	111,558
Total borrowings	**215,540**	256,446

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

26. BORROWINGS (continued)

(a) The Group's bank borrowings at 31 December 2007 comprise the following:

(i) term loan of $21,500,000 (2006: $22,500,000), revolving credit advances of $50,000,000 (2006: $50,000,000), a short-term advance of $26,637,000 (2006: $25,106,000), and bank overdrafts of $Nil (2006: $5,000) secured by way of a legal mortgage on the Amara Hotel, The Amara Shopping Centre and Amara Corporate Tower as stated in Notes 20 and 21 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 2009.

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 2009 will remain available for reborrowing;

(ii) a revolving loan of $376,000 (2006: $376,000) is secured by a first legal mortgage on a freehold property as stated in Note 21 to the financial statements;

(iii) term loan amounting to $8,400,000 (2006: $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 another subsidiary;

(iv) a term loan of $28,000,000 (2006: $18,050,000) is secured by a mortgage-in-escrow on Amara Sanctuary Resort, Sentosa which was completed during the year. 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;

(v) a term loan of $77,657,000 (2006: $94,000,000) 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 20 and 21 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. Refinancing for this loan which matures in May 2008 is in progress with one of the Group's principal bankers;

(vi) a term loan of $Nil (2006: $30,329,000) is secured by way of a first legal mortgage on the development property located at Upper Bukit Timah Road as disclosed in Note 15 to the financial statements. The loan is further secured by an assignment of the subsidiary's interests in the sale and purchase agreements and any other contracts in connection with the land and development, building contracts, insurance policies and performance bonds issued in favour of the subsidiary to the lending bank and a corporate guarantee from another subsidiary; and

(vii) a term loan of $Nil (2006: $7,166,000) is secured by way of a first legal mortgage on the development property located at Devonshire Road as disclosed in Note 15 to the financial statements and a corporate guarantee from the Company. The loan is further secured by an assignment of the subsidiary's interests in the sale and lease agreements and rental proceeds relating to the development property.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

26. BORROWINGS (continued)

(b) Currency risk

The borrowings are denominated in Singapore Dollar.

(c) Interest rates risks

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

	2007 Per annum	2006 Per annum
Bank overdrafts, secured	–	5.50%
Bank loans, secured	**3.59%**	5.34%
Finance lease liabilities	**3.07%**	5.95%

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	6 to 12 months	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000
At 31 December 2007					
Total borrowings	**212,859**	**299**	**2,317**	**65**	**215,540**
At 31 December 2006					
Total borrowings	226,519	29,585	335	7	256,446

(d) Carrying amounts and fair values

The carrying amounts of bank borrowings and lease liabilities approximate their fair values.

27. SHARE CAPITAL

Issued and fully paid ordinary share capital of Amara Holdings Limited

	2007	2006	2007	2006
	Shares '000	Shares '000	$'000	$'000
At beginning of financial year	**576,936**	576,936	**125,646**	115,387
Effect of Companies (Amendment) Act 2005	–	–	–	10,259
At end of financial year	**576,936**	576,936	**125,646**	125,646

With effect from 30 January 2006, the concepts of "par value" and "authorised capital" were abolished under the Companies (Amendment) Act 2005. The amount standing to the credit of the Company's share premium reserve as at 30 January 2006 has become part of the Company's share capital as at that date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

28. DIVIDEND

	The Group and The Company	
	2007	2006
	$'000	$'000
Ordinary dividend paid		
First and final dividend of 0.5 cents per share, paid net of tax at 18% (2006: 0.5 cents per share paid net of tax at 20%) in respect of the previous financial year	**2,365**	2,308

At the Annual General Meeting ("AGM") to be held on 28 April 2008, a first and final one-tier tax exempt dividend for 2007 of 0.8 cents per share, amounting to a total of $4,615,488 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 2008 subject to shareholders' approval at the forthcoming AGM.

29. Effect of FRS 12 on revaluation surplus on investment properties and property, plant and equipment

The Group has re-evaluated the FRS 12 Income Taxes requirement to account for deferred tax liability arising from the revaluation surplus on investment properties and property, plant and equipment and has accounted for the related deferred tax liability on 1 January 2006. Accordingly, deferred tax liability has been recognised on the revaluation surplus of $93,134,000.

The effects on the balance sheet of the Group as at 1 January 2006 are as follows:

	As previously stated	As restated	Increase/ (decrease)
	$'000	$'000	$'000
THE GROUP			
Deferred income tax liabilities	10,398	29,025	18,627
Asset revaluation reserve	93,134	74,507	(18,627)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

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 2007 %	2006 %
Amara Hotel Saigon Company, Ltd. * #	Socialist Republic of Vietnam	Hotelier and restaurateur	**63**	63

* The Group's interest in Amara Hotel Saigon Company, Ltd. ("AHSCL") is indirectly held via a subsidiary, AOI Saigon Pte Ltd, which has a 70% equity interest in AHSCL. AHSCL is 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.

\# Audited by a firm in Vietnam which is an independent member of Baker Tilly International.

(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 2007 $'000	2006 $'000
Share of results		
Revenue	**6,126**	4,208
Profit / (loss) before tax	**905**	(1,537)
Income tax expense	**(629)**	(30)
Profit / (loss) after tax	**276**	(1,567)
Share of assets and liabilities		
Non-current assets	**19,904**	21,947
Current assets	**3,794**	2,068
Current liabilities	**(20,188)**	(20,565)
	3,510	3,450

31. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

32. FINANCE LEASE LIABILITIES

	The Group	
	2007	2006
	$'000	$'000
Minimum lease payments due:		
Not later than one financial year	**770**	196
Later than one financial year but not later than five financial years	**2,626**	363
Later than five financial years	**71**	7
	3,467	566
Less: Future finance charges	**(497)**	(52)
Present value of finance lease liabilities	**2,970**	514
Representing finance lease liabilities		
Current (Note 26)	**588**	172
Non-current (Note 26)	**2,382**	342
	2,970	514

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 $203,794,000 (2006: $216,823,000). 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 2007 and 31 December 2006.

34. COMMITMENTS

Commitments not provided for in the financial statements:

	The Group	
	2007	2006
	$'000	$'000
(a) Capital commitments		
Estimated expenditure contracted for:		
- Development properties	**–**	604
- Property, plant and equipment	**5,092**	12,540
	5,092	13,144

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

34. COMMITMENTS (continued)

(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	
	2007	2006
	$'000	$'000
Not later than one financial year	**6,368**	5,302
Later than one financial year but not later than five financial years	**5,940**	4,762
	12,308	10,064

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	
	2007	2006
	$'000	$'000
Not later than one financial year	**1,803**	1,000
Later than one financial year but not later than five financial years	**3,702**	5,085
Later than five financial years	**86,040**	79,360
	91,545	85,445

35. FINANCIAL RISK

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

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 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; and
- an amount of $203,794,000 (2006: $216,823,000) relating to corporate guarantees provided by the Company to banks on certain subsidiaries' bank loans.

At the balance sheet date, there were no 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.

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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 (Trade and other receivables) and Note 16 (Financial assets at fair value through profit or loss).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

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.

At the balance sheet date, approximately 53.2% (2006: 56.5%) of the Group's loans and borrowings (Note 26) 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.

	2007				2006			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Trade and other payables	**28,647**	**1,763**	**–**	**30,410**	25,231	2,030	–	27,261
Borrowings	**114,658**	**100,817**	**65**	**215,540**	144,888	110,385	1,173	256,446
	143,305	**102,580**	**65**	**245,950**	170,119	112,415	1,173	283,707

	One year or less	
	2007	2006
	$'000	$'000
Company		
Trade and other payables	**209**	230

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 2007

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

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					
	Less than 6 months $'000	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December 2007							
Financial assets							
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)	–	–	–	–	–	931	931
Total financial assets	**61**	**7,255**	**–**	**–**	**–**	**33,418**	**40,734**
Financial liabilities							
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**

	Variable rates	Fixed rates					
	Less than 6 months $'000	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December 2006							
Financial assets							
Cash and bank balances	908	3,395	–	–	–	3,400	7,703
Trade and other receivables	4,657	400	–	–	–	25,756	30,813
Financial assets at fair value through profit or loss	–	–	–	–	–	2,099	2,099
Other current assets (excluding prepayments)	–	–	–	–	–	306	306
Total financial assets	5,565	3,795	–	–	–	31,561	40,921
Financial liabilities							
Trade and other payables	–	–	–	–	–	27,261	27,261
Borrowings	255,551	478	75	335	7	–	256,446
Total financial liabilities	255,551	478	75	335	7	27,261	283,707

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) 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 advances to and from third parties and a joint venture partner. The advances are mainly denominated in United States Dollar (USD). Approximately $12,451,000 (2006: $12,433,000) of receivables and $1,065,000 (2006: $2,084,000) 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 the balance sheet date, with all other variables held constant, of the Group's profit after tax.

		Group Profit after tax	
		2007 **$'000**	2006 $'000
USD	- strengthened 3% (2006: 3%)	**313**	261
	- weakened 3% (2006: 3%)	**(313)**	(261)

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 2007 and 31 December 2006.

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2007 and 31 December 2006.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

38. RELATED PARTY TRANSACTION

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	
	2007	2006
	$'000	$'000
Hotel management fee received/receivable from a joint venture partner	**211**	125

(b) Key management's remuneration

The key management's remuneration includes salary, bonus, commission 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 $2,199,000 (2006: $1,561,000) for the financial year ended 31 December 2007.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

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	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	38,681	800	454*	52,563
Finance income					332
Unallocated costs					(230)
Operating profit					52,665
Finance costs					(12,404)
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	61	–	2	–	63

* Represents dividend income and net gain from sale of quoted equity shares.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

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	Group
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2006 (restated)					
Revenue	33,223	42,787	3,708	41	79,759
Segment results	8,227	28,203	842	276*	37,548
Finance income					300
Unallocated costs					(154)
Operating profit					37,694
Finance costs					(11,346)
Profit before tax					26,348
Income tax expense					(7,416)
Profit for the year					18,932
Segment assets	314,147	133,501	1,108	2,038	450,794
Unallocated assets					13,197
Consolidated total assets					463,991
Segment liabilities	(11,779)	(50,944)	(995)	(166)	(63,884)
Unallocated liabilities					(256,762)
Consolidated total liabilities					(320,646)
Capital expenditure	25,138	(13)	33	–	25,158
Depreciation and impairment	5,336	214	114	–	5,664
Non-cash expenses other than depreciation and impairment	688	13	–	–	701

* Represents dividend income and net gain from sale of quoted equity shares.

(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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2007

39. SEGMENT INFORMATION (continued)

(b) Secondary reporting format - geographical segments (continued)

	Revenue		Total assets		Capital expenditure	
	2007	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**105,471**	75,551	**405,319**	405,222	**20,546**	24,097
Vietnam	**6,126**	4,208	**19,408**	21,193	**106**	69
PRC	**–**	–	**37,335**	37,576	**307**	992
	111,597	79,759	**462,062**	463,991	**20,959**	25,158

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. COMPARATIVE FIGURES

The comparative figures of the Group as at 31 December 2006 have been restated for the effects of FRS12 on revaluation surplus on investment properties and property, plant and equipment.

	As previously stated	As restated	Increase/ (decrease)
	$'000	$'000	$'000
THE GROUP			
Balance sheet			
- Deferred income tax liabilities	8,999	32,226	23,227
- Retained earnings and other reserves	25,909	5,037	(20,872)
- Asset revaluation reserve	11,775	9,420	(2,355)
Income Statement			
- Income tax expense	2,816	7,416	4,600

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 2008.

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

Foong Daw Ching
Partner-in-charge of the audit
(Appointed in financial year ended
31 December 2005)

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 14 March 2008

Class of Shares : Ordinary shares each fully paid up
Voting Rights : 1 vote per share
No. of Holders : 6,987

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.04	560	0.00
1,000 - 10,000	5,421	77.59	26,604,500	4.61
10,001 - 1,000,000	1,533	21.94	63,126,030	10.94
1,000,001 and above	30	0.43	487,204,910	84.45
Total	**6,987**	**100.00**	**576,936,000**	**100.00**

Based on information available to the Company on 14 March 2008, 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	Firstrust Equity Pte Ltd	217,511,010	37.70
2	UOB Nominees (2006) Pte Ltd	36,000,000	6.24
3	Teo Chew Chuan	35,827,000	6.21
4	Teo Hin Chuan	26,080,000	4.52
5	United Overseas Bank Nominees	24,830,000	4.30
6	Teo Peng Chuan	22,007,000	3.81
7	Singapore Nominees Pte Ltd	20,158,000	3.49
8	Lim Ah Choon	16,253,497	2.82
9	RHB Bank Nominees Pte Ltd	13,000,000	2.25
10	DBS Nominees Pte Ltd	9,730,000	1.69
11	SBS Nominees Pte Ltd	9,005,000	1.56
12	OCBC Nominees Singapore	6,229,000	1.08
13	Sing Investments & Finance Nominees Pte Ltd	6,000,000	1.04
14	Tan Citi Time Pte Ltd	5,813,000	1.01
15	Ong Kian Kok	4,252,000	0.74
16	NTUC Thrift & Loan Co-Operative Limited	3,400,000	0.59
17	HSBC (Singapore) Nominees Pte Ltd	3,316,000	0.57
18	Citibank Nominees Singapore Pte Ltd	3,283,000	0.57
19	Teo Guan Hoon	3,238,000	0.56
20	Poh Lay Eng	3,153,493	0.55
	Total	**469,086,000**	**81.30**

STATISTICS OF SHAREHOLDINGS

As at 14 March 2008

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
Firstrust 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 Firstrust 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 Firstrust 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 Ballroom 1, Level 2, Amara Sanctuary Resort, Sentosa, No.1 Larkhill Road, Sentosa Island, Singapore 099394 on Monday, 28 April 2008, at 11.30 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 2007 together with the Reports of the Directors and the Auditors thereon (Resolution 1).
2. To declare a first and final dividend of 0.8 cents per share (one-tier tax exempt) for the year ended 31 December 2007 (2006: 0.5 cents per share less 18% Singapore tax) (Resolution 2).
3. To re-elect Mr Richard Khoo Boo Yeong as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 3).

   Mr Richard Khoo Boo Yeong will, upon re-election as Director of the Company, remain a member 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 Chairman of the Remuneration Committee and Nominating Committee.
4. To re-elect Mr Lawrence Mok Kwok Wah as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 4).

   Mr Lawrence Mok Kwok Wah will, upon re-election as Director of the Company, remain a member of the Audit Committee and will be considered non independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain a member of the Remuneration Committee.
5. To approve payment of Directors' Fees of $101,600 for the year ended 31 December 2007 (2006: $82,000) (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

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

   (a) That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, 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) notwithstanding 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

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and 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;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) 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

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) 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.

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 0.8 cents per share (one-tier tax exempt), in respect of the year ended 31 December 2007 will be paid on 27 June 2008 to shareholders whose names appear in the Register of Members on 13 June 2008.

Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 16 June 2008 to 17 June 2008 (both days inclusive), 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 13 June 2008 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
11 April 2008

EXPLANATORY NOTE 1:
The Ordinary Resolution in item 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the total number of issued shares excluding treasury shares of the Company 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 this 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.

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.

BUS TRANSFER

Bus transfer to Amara Sanctuary Resort, Sentosa will be provided

Pick-up point : Amara Singapore, Hotel Lobby
165 Tanjong Pagar Road, Singapore 088539

Time : **Departs at 10.45 a.m. sharp**

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 Monday, 28 April 2008 at 11.30 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 2007 together with the Reports of the Directors and the Auditors thereon.				
2.	To declare a first and final dividend of 0.8 cents per share (one-tier tax exempt) for the year ended 31 December 2007 (2006: 0.5 cents per share less 18% Singapore tax).				
3.	To re-elect Mr Richard Khoo Boo Yeong as a Director retiring under Article 87 of the Articles of Association of the Company.				
4.	To re-elect Mr Lawrence Mok Kwok Wah 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 2007 (2006: $82,000).				
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.				

* 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 ____________ 2008

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

Total number of Shares held

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

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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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AMARA HOLDINGS LIMITED

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