FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the financial year ended 31 December 2009

The directors present their report to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2009.

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 31.12.2009	At 1.1.2009	**At 31.12.2009**	At 1.1.2009
	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' 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 31.12.2009	At 1.1.2009	**At 31.12.2009**	At 1.1.2009
	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' 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 31.12.2009	At 1.1.2009	**At 31.12.2009**	At 1.1.2009
	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
	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 2010 were the same as at 31 December 2009.

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;

AUDIT COMMITTEE (continued)

- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;
- reviews quarterly reporting to Singapore Exchange Securities Trading Limited ("SGX-ST") and year end financial statements of the Group before submission to the Board, focusing on
  - going concern assumption;
  - compliance with financial reporting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - major judgemental areas; and
- any other functions which may be agreed by the Audit Committee and the Board.

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

(i) the co-operation given by the Company's officers and whether the external auditors in the course of carrying out their duties, were obstructed or impeded by management;

(ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;

(iii) compliance with legal and other regulatory requirements; and

(iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

ALBERT TEO HOCK CHUAN	**CHANG MENG TENG**
Director	Director

26 March 2010

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2009

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 17 to 75 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 2009 and of the results, 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

26 March 2010

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

We have audited the accompanying financial statements of Amara Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 17 to 75, which comprise the statements of financial position of the Group and the Company as at 31 December 2009, and the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows 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 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 account and statements of financial position and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the statement of financial position 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 2009 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

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

Baker Tilly TFWLCL
Public Accountants and
Certified Public Accountants
Partner: Tay Guat Peng

Singapore
26 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2009

	Notes	The Group 2009 $'000	2008 $'000
Revenue	3	**102,679**	71,429
Other income	4	**2,521**	6,708
Finance costs	5	**(3,457)**	(6,231)
Changes in inventories of finished goods		**(114)**	79
Cost of properties sold/consumables used		**(47,934)**	(12,195)
Staff costs	9	**(15,925)**	(17,685)
Depreciation and impairment		**(6,083)**	(6,322)
Other expenses	6	**(19,719)**	(20,842)
Profit before tax	7	**11,968**	14,941
Income tax expense	10	**(713)**	(2,956)
Profit for the financial year and attributable to the equity holders of the Company		**11,255**	11,985
Other comprehensive income/(loss), after tax:			
Currency translation differences arising from translation of financial statements of foreign subsidiaries		**(628)**	1,702
Currency translation differences arising from disposal of a joint venture entity		**–**	(2,498)
Write back of deferred income tax liabilities due to change in tax rate		**118**	–
Fair value adjustment on available-for-sale financial assets		**580**	(776)
Disposal of available-for-sale financial assets		**(7)**	2
Other comprehensive income/(loss) for the financial year, net of tax		**63**	(1,570)
Total comprehensive income for the financial year		**11,318**	10,415
Earnings per ordinary share			
Basic and diluted (cents)	11	**1.95**	2.08

The accompanying notes form an integral part of these financial statements.

Independent Auditor's Report - Page 16

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

		The Group		The Company	
	Notes	**2009**	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
Current assets					
Cash and bank balances	12	**24,621**	27,251	**39**	39
Trade and other receivables	13	**7,298**	10,845	**42,495**	42,671
Inventories	14	**522**	613	**–**	–
Development properties	15	**32,700**	58,539	**–**	–
Other current assets	16	**819**	1,053	**3**	3
		65,960	98,301	**42,537**	42,713
Non-current assets					
Available-for-sale financial assets	17	**1,467**	939	**185**	112
Intangible assets	18	**357**	357	**–**	–
Investment in subsidiaries	19	**–**	–	**38,377**	38,377
Investment properties	20	**185,306**	185,306	**–**	–
Property, plant and equipment	21	**141,646**	146,452	**–**	–
Goodwill	22	**844**	844	**–**	–
Other assets	23	**7,247**	7,358	**–**	–
Deferred income tax assets	24	**522**	578	**–**	–
		337,389	341,834	**38,562**	38,489
Total assets		**403,349**	440,135	**81,099**	81,202
Current liabilities					
Trade and other payables	25	**20,385**	24,080	**193**	671
Tax payables		**4,973**	4,708	**–**	–
Borrowings	26	**19,050**	37,611	**–**	–
		44,408	66,399	**193**	671
Non-current liabilities					
Trade and other payables	25	**1,999**	1,562	**–**	–
Borrowings	26	**138,071**	158,789	**–**	–
Deferred income tax liabilities	24	**31,235**	34,182	**–**	–
		171,305	194,533	**–**	–
Total liabilities		**215,713**	260,932	**193**	671
Net assets		**187,636**	179,203	**80,906**	80,531
Share capital	27	**125,646**	125,646	**125,646**	125,646
Reserves		**61,990**	53,557	**(44,740)**	(45,115)
Shareholders' equity		**187,636**	179,203	**80,906**	80,531

The accompanying notes form an integral part of these financial statements.

Independent Auditor's Report - Page 16

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2009

	Note	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings and other reserves*	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Group							
Balance at 1 January 2009		125,646	9,655	2,454	(774)	42,222	179,203
Total comprehensive income for the year		–	118	(628)	573	11,255	11,318
Dividend relating to 2008	28	–	–	–	–	(2,885)	(2,885)
Balance at 31 December 2009		**125,646**	**9,773**	**1,826**	**(201)**	**50,592**	**187,636**

	Note	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings and other reserves*	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Group							
Balance at 1 January 2008		125,646	9,655	3,250	–	34,853	173,404
Total comprehensive income for the year		–	–	(796)	(774)	11,985	10,415
Dividend relating to 2007	28	–	–	–	–	(4,616)	(4,616)
Balance at 31 December 2008		125,646	9,655	2,454	(774)	42,222	179,203

* Includes other reserves of $112,000 as at 31 December 2009 (2008: $112,000).

The accompanying notes form an integral part of these financial statements.

Independent Auditor's Report - Page 16

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2009

	Note	Share capital	Accumulated losses	Fair value reserve	Other reserves	Total
		$'000	$'000	$'000	$'000	$'000
The Company						
Balance at 1 January 2009		125,646	(45,993)	(48)	926	80,531
Total comprehensive income for the year		–	3,187	73	–	3,260
Dividend relating to 2008	28	–	(2,885)	–	–	(2,885)
Balance at 31 December 2009		**125,646**	**(45,691)**	**25**	**926**	**80,906**

	Note	Share capital	Accumulated losses	Fair value reserve	Other reserves	Total
		$'000	$'000	$'000	$'000	$'000
The Company						
Balance at 1 January 2008		125,646	(44,541)	–	926	82,031
Total comprehensive income for the year		–	3,164	(48)	–	3,116
Dividend relating to 2007	28	–	(4,616)	–	–	(4,616)
Balance at 31 December 2008		125,646	(45,993)	(48)	926	80,531

The accompanying notes form an integral part of these financial statements.

Independent Auditor's Report - Page 16

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Cash flows from operating activities			
Profit before tax		**11,968**	14,941
Adjustments for:			
Gain on disposal of interest in joint venture entity		**–**	(3,634)
Amortisation of other assets		**111**	83
Impairment of property, plant and equipment		**–**	43
Impairment of investment property		**–**	39
Exchange difference		**524**	(114)
Depreciation of property, plant and equipment		**6,083**	6,240
Income from financial assets		**(36)**	(84)
Interest income		**(53)**	(557)
Interest expense		**3,457**	6,231
Loss on disposal of property, plant and equipment		**302**	–
Financial assets at fair value through profit or loss – fair value loss		**–**	248
Gain on disposal of available-for-sale financial assets		**(7)**	(9)
Property, plant and equipment written off		**143**	19
Operating cash flow before working capital changes		**22,492**	23,446
Changes in operating assets and liabilities:			
Inventories		**91**	(72)
Receivables		**3,806**	15,738
Payables		**(3,209)**	(3,609)
Financial assets at fair value through profit or loss		**–**	108
Development properties		**25,839**	4,299
Cash generated from operations		**49,019**	39,910
Income tax paid (net)		**(3,221)**	(6,303)
Net cash generated from operating activities		**45,798**	33,607
Cash flows from investing activities			
Net proceeds from disposal of interest in joint venture entity (Note A)		**–**	15,924
Proceeds from sale of available-for-sale financial assets		**47**	50
Purchase of available-for-sale financial assets		**(20)**	–
Payments for property, plant and equipment (Note B)		**(2,185)**	(3,205)
Payments for other assets		**–**	(1,700)
Proceeds from disposal of property, plant and equipment		**184**	–
Income received from quoted equity investments		**36**	84
Interest received		**53**	557
Net cash (used in)/generated from investing activities		**(1,885)**	11,710

The accompanying notes form an integral part of these financial statements.

Independent Auditor's Report - Page 16

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the financial year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Cash flows from financing activities			
Bank balance secured for financing		**(2,048)**	600
Interest paid		**(3,457)**	(6,231)
Dividends paid to shareholders of Amara Holdings Limited		**(2,885)**	(4,616)
Repayment of finance lease liabilities		**(783)**	(667)
Net repayment of bank borrowings		**(38,869)**	(18,943)
Net cash used in financing activities		**(48,042)**	(29,857)
Net (decrease)/increase in cash and cash equivalents held		**(4,129)**	15,460
Cash and cash equivalents at beginning of financial year		**27,026**	11,452
Effects of exchange rate changes on cash and cash equivalents		**(524)**	114
Cash and cash equivalents at end of financial year	12	**22,373**	27,026

Note A

The attributed net assets and proceeds from disposal of interest in joint venture entity, net of cash disposed of in 2008 were as follows:

	2008 $'000
Property, plant and equipment	16,633
Net current liabilities	(14,863)
Attributed net assets disposed	1,770
Foreign currency translation reserve released upon disposal of interest in joint venture entity	(2,498)
Adjustment for advances to joint venture entity	16,874
Gain on disposal of interest in joint venture entity	3,634
Consideration for disposal, net of transaction cost	19,780
Cash and bank balances of joint venture entity disposed	(3,856)
Net proceeds from disposal of interest in joint venture entity	15,924

Note B

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,583,000 (2008: $3,650,000) of which $398,000 (2008: $445,000) was financed by means of finance lease. Cash payment of $2,185,000 (2008: $3,205,000) was made to purchase property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

Independent Auditor's Report - Page 16

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 $).

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 the following new or revised FRS which are relevant to the Group:

(i) FRS 1 (revised) Presentation of Financial Statements

The revised FRS 1 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Group has chosen the former alternative.

The 'Balance Sheets' and 'Consolidated Cash Flow Statement' have been re-titled to 'Statements of Financial Position' and 'Consolidated Statement of Cash Flows' respectively. There is no impact on prior year earnings per ordinary share and net asset value per ordinary share on adoption of the revised FRS 1.

(ii) FRS 108 Operating segments

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. The Group has determined that the reportable operating segments are the same as business segments previously identified under FRS 14. Additional disclosures as required by FRS 108 are shown in Note 37 including comparative information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) Amendment to FRS 107 Improving disclosures about financial instruments

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (See Note 33). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

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

FRS 27	Consolidated and Separate Financial Statements
FRS 103	Business Combinations
INT FRS 117	Distributions of Non-cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
Amendments to FRS 32	Classification of Rights Issues
Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendments to FRS 101	Additional Exemptions for First-time Adopters
Amendments to FRS 102	Share-based Payment – Group cash-settled Share-based Payment Transactions
Amendments to FRS 105	Non-Current Assets Held for Sale and Discontinued Operations
Improvements to FRSs 2009	

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact to the financial statements in the period of initial application, except for FRS 27 and FRS 103 as indicated below.

(i) FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority shareholders from 1 January 2010.

(ii) FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to acquire a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax payables, deferred tax assets and deferred tax liabilities at 31 December 2009 were $4,973,000 (2008: $4,708,000), $522,000 (2008: $578,000) and $31,235,000 (2008: $34,182,000), 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 2009 were $141,646,000 (2008: $146,452,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

iii) Impairment of non-financial assets

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

(2) Critical judgements made to applying accounting policies

Operating lease commitments – As lessor

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 significant risks and rewards of ownership have been transferred to the buyer. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 statement of financial position.

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 profit or loss, 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 profit or loss 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.

(2) Joint ventures

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

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

(3) Transaction costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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

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

(1) Operating supplies

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

(2) Capital project in progress

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

(3) Depreciation

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

	%
Freehold property	2
Leasehold land and buildings	1.1 – 5
Plant and machinery, furniture, fixtures and equipment	10 – 33⅓
Motor vehicles	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 profit or loss; any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

(1) Goodwill

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

Negative goodwill is recognised in profit or loss 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 reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss 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 profit or loss in the year of retirement or disposal.

(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 profit or loss 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.

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 profit or loss 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 profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Financial assets

(1) Classification

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

i) 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 reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and bank balances" on the statement of financial position.

ii) Financial assets, available-for-sale

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

(2) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets 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 disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial assets (continued)

(3) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(4) Subsequent measurement

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

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

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

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss.

(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 reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

(ii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) Development properties

(1) Completed properties held for sale

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

(2) Properties under development

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

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

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

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

(l) 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 profit or loss over the period of the borrowings using the effective interest method.

(m) 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 profit or loss 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.

(n) Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 profit or loss 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 profit or loss 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.

(p) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss 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 reporting 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 reporting 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions

Provisions are recognised when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(r) 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 reporting 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.

(s) 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 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 profit or loss except for currency translation differences on net investment in foreign operations and borrowings qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements.

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

(3) Translation of Group entities' financial statements

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

i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting date;

ii) Income and expenses 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Foreign currency translation (continued)

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 profit or loss 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.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(u) 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.

(v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(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.

(y) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3. REVENUE

	The Group	
	2009	2008
	$'000	$'000
Room, food and beverage and other revenue	**43,149**	56,546
Rental income from investment properties	**9,051**	8,023
Revenue recognised on development properties	**50,470**	6,699
Hotel management fee	**–**	153
Income from available-for-sale financial assets	**9**	1
Income from financial assets at fair value through profit or loss	**–**	7
	102,679	71,429

4. OTHER INCOME

	The Group	
	2009	2008
	$'000	$'000
Other income		
- Government grant	**958**	–
- Gain on disposal of interest in joint venture entity	**–**	3,634
- Rental income	**244**	435
- Exchange gain	**–**	890
- Income from available-for-sale financial assets	**33**	26
- Income from financial assets at fair value through profit or loss	**–**	50
- Others	**1,233**	1,116
	2,468	6,151
Interest income		
- Joint venture entity	**–**	38
- Fixed deposits	**53**	519
	53	557
	2,521	6,708

5. FINANCE COSTS

	The Group	
	2009	2008
	$'000	$'000
Interest expense		
- Finance leases	**176**	209
- Bank loans and overdraft	**3,281**	6,022
	3,457	6,231

6. OTHER EXPENSES

Other 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	
	2009	2008
	$'000	$'000
Profit before tax is arrived at after:		
Charging/(Crediting):		
Allowance for doubtful trade receivables	**58**	75
Allowance for doubtful non-trade receivables	**2,740**	1
Allowance for doubtful receivables written back (trade)	**(13)**	(21)
Amortisation of other assets (Note 23)	**111**	83
Bad debts written off	**–**	765
Depreciation of property, plant and equipment (Note 21)		
- Freehold property	**10**	9
- Leasehold land and buildings	**1,823**	1,970
- Plant and machinery, furniture, fixtures and equipment	**2,022**	2,027
- Motor vehicles	**180**	184
- Renovations	**2,048**	2,050
Directors' fees	**102**	102
Financial assets at fair value through profit or loss		
– fair value loss	**–**	248
Fair value loss on investment property (Note 20)	**–**	39
Impairment of property, plant and equipment (Note 21)	**–**	43
Loss on disposal of property, plant and equipment	**302**	–
Net foreign exchange loss/(gain)	**597**	(890)
Other fees paid/payable to the auditors of the Company	**59**	81
Property, plant and equipment written off	**143**	19
Rental expense - operating leases	**1,004**	312

8. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

	The Group	
	2009	2008
Number of directors of the Company in remuneration bands:		
$750,000 and above	**1**	1
$500,000 to below $750,000	**–**	–
$250,000 to below $500,000	**1**	1
Below $250,000	**3**	3
Total	**5**	5

The depreciation charges relating to motor vehicles of the Group which were made available for the use of the directors were $79,000 (2008: $98,000). These amounts have been included in the remuneration of directors of the Company for the purposes of this Note.

9. STAFF COSTS

	The Group	
	2009	2008
	$'000	$'000
Wages and salaries	**13,762**	15,315
Employer's contribution to Central Provident Fund	**1,232**	1,365
Other benefits	**931**	1,005
	15,925	17,685

10. INCOME TAX EXPENSE

	The Group	
	2009	2008
	$'000	$'000
Tax expense attributable to the results is made up of:		
Current income tax		
- Singapore	**2,726**	3,135
- Foreign	**–**	15
	2,726	3,150
Deferred income tax (Note 24)	**(2,009)**	(175)
	717	2,975
Under/(over) provision in preceding financial years:		
- Current income tax	**760**	(19)
- Deferred income tax (Note 24)	**(764)**	–
	713	2,956

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	
	2009	2008
	$'000	$'000
Profit before tax	**11,968**	14,941
Tax calculated at a tax rate of 17% (2008: 18%)	**2,035**	2,689
Expenses not deductible for tax purposes	**1,046**	4,455
Income not taxable	**(184)**	(4,277)
Deferred tax asset not recognised	**310**	193
Utilisation of deferred tax asset previously not recognised	**(583)**	–
Effect of change in tax rate	**(1,749)**	–
Others	**(158)**	(85)
	717	2,975

The corporate income tax applicable to Singapore companies of the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009.

11. EARNINGS PER ORDINARY SHARE

	The Group	
	2009	2008
Profit after tax attributable to members of Amara Holdings Limited ($'000)	**11,255**	11,985
Number of ordinary shares in issue ('000)	**576,936**	576,936
Basic and diluted earnings per ordinary share (cents)	**1.95**	2.08

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	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**5,348**	3,619	**39**	39
Fixed deposits with financial institutions	**19,273**	23,632	**–**	–
	24,621	27,251	**39**	39

Included in the above are:-

(i) $37,000 (2008: $2,323,000) held under the Housing Developers (Project Account) Rules (1997 Ed), withdrawals from which are restricted to payments for project expenditure incurred.

(ii) $Nil (2008: $200,000) which a subsidiary is required to maintain as minimum cash balance with a bank.

(iii) $2,248,000 (2008: $Nil) which is charged to a bank 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 (2008: 3 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 December 2009 was 0.10% (2008: 0.87%) per annum.

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**4,893**	5,375	**39**	39
United States Dollar	**19,522**	21,849	**–**	–
Renminbi	**180**	8	**–**	–
Others	**26**	19	**–**	–
	24,621	27,251	**39**	39

12. CASH AND BANK BALANCES (continued)

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

	The Group	
	2009	2008
	$'000	$'000
Cash and bank balances	**24,621**	27,251
Less: Bank overdraft	**–**	(25)
Bank balances secured for financing activities (Note 26)	**(2,248)**	(200)
Cash and cash equivalents per consolidated statement of cash flows	**22,373**	27,026

13. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Third parties	**5,296**	6,064	**20**	26
- Related party	**240**	214	**–**	–
	5,536	6,278	**20**	26
Less: Allowance for doubtful trade receivables	**(1,233)**	(1,236)	**(17)**	(17)
Trade receivables - net	**4,303**	5,042	**3**	9
Non-trade receivables				
- Third parties	**5,535**	5,603	**–**	–
- Subsidiaries	**–**	–	**42,492**	42,662
- Minority shareholder of subsidiary	**258**	258	–	–
	5,793	5,861	**42,492**	42,662
Less: Allowance for doubtful non-trade receivables	**(2,798)**	(58)	**–**	–
Non-trade receivables - net	**2,995**	5,803	**42,492**	42,662
	7,298	10,845	**42,495**	42,671

13. TRADE AND OTHER RECEIVABLES (continued)

The amount due from a related party in which a close family member of a director has significant interest is unsecured and interest-free.

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 non-trade receivables of the Group and the Company are unsecured, interest-free and repayable on demand.

Included in the Group's non-trade receivable balance is amount due from a third party with a carrying amount of $2,740,000 (2008: $5,632,000) which is past due at the reporting date for which the Group has not provided for impairment as the amount is considered recoverable.

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

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**4,221**	4,821	**42,495**	42,671
United States Dollar	**1,203**	4,148	**–**	–
Renminbi	**1,874**	1,873	**–**	–
Others	**–**	3	**–**	–
	7,298	10,845	**42,495**	42,671

14. INVENTORIES

	The Group	
	2009	2008
	$'000	$'000
Food and beverage, at cost	**343**	458
Other hotel and catering supplies, at cost	**179**	155
	522	613

15. DEVELOPMENT PROPERTIES

	The Group	
	2009	2008
	$'000	$'000
Properties under development	**30,330**	14,491
Completed properties held for sale	**2,370**	44,048
	32,700	58,539

(a) Properties under development

	The Group	
	2009	2008
	$'000	$'000
Land and other related costs	**30,330**	14,491
Borrowing costs capitalised during the financial year	**356**	396

The weighted average effective interest rate of borrowing costs capitalised for the year ended 31 December 2009 is 2.43% (2008: 2.53%) per annum.

(b) Completed properties held for sale

	The Group	
	2009	2008
	$'000	$'000
Land and other related costs	**1,449**	20,501
Development costs	**921**	23,547
	2,370	44,048

As at 31 December 2009 and 2008, certain properties are mortgaged to banks to secure credit facilities as disclosed in Note 26.

15. DEVELOPMENT PROPERTIES (continued)

The Group's development properties as at 31 December 2009 are set out below:

	Address	Title	Stage of development/ Estimated date of completion	Actual/ Proposed gross floor area (sq m)	Description	Interest (%)
(i)	9 Devonshire Road, Singapore	Freehold	Completed	253	Residential apartment	100
(ii)	Nos. 118 to 128 (even nos.) at Killiney Road, Singapore	Freehold	Under development/ 2011	2,604	Proposed a block of 6-storey apartments consisting 1st storey shophouses with 1 level basement carparks and swimming pool	100
(iii)	5 Jalan Mutiara, Singapore	Freehold	Under development/ 2012	2,300	Proposed residential development of 1 block of about 11 storey apartments	100

16. OTHER CURRENT ASSETS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deposits	**642**	825	**–**	–
Prepayments	**167**	210	**3**	3
Staff advances	**10**	18	**–**	–
	819	1,053	**3**	3

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

16. OTHER CURRENT ASSETS (continued)

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**580**	762	**–**	–
Renminbi	**45**	46	**–**	–
Malaysia Ringgit	**27**	35	**–**	–
	652	843	**–**	–

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Quoted investments				
- Equity shares in corporation	**1,433**	913	**185**	112
- Quoted unit trust	**34**	26	**–**	–
	1,467	939	**185**	112

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

18. INTANGIBLE ASSETS

	The Group	
	2009	2008
	$'000	$'000
Club memberships	**532**	532
Less: Impairment loss	**(175)**	(175)
	357	357

19. INVESTMENT IN SUBSIDIARIES

	The Company	
	2009	2008
	$'000	$'000
Unquoted equity shares, at cost	**48,206**	48,206
Less: Impairment loss	**(9,829)**	(9,829)
	38,377	38,377

The movement in allowance for impairment loss is as follow:

	The Company	
	2009	2008
	$'000	$'000
At 1 January	**9,829**	9,229
Impairment made during the year	**–**	600
At 31 December	**9,829**	9,829

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 The Company		Effective equity interest held by Subsidiaries		Cost of Investment	
		2009	2008	**2009**	2008	**2009**	2008
		%	%	**%**	%	**$'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	Share trading and investment, property development and provision of construction services	**100**	100	**–**	–	**1,000**	1,000
Creative Investments Pte Ltd	Investment holding, property development and provision of construction services	**100**	100	**–**	–	**6,704**	6,704
Creslin Pte Ltd	Property development and provision of construction services	**100**	100	**–**	–	**1,000**	1,000
PCS Restaurants Pte Ltd	Investment holding	**100**	100	**–**	–	**1,673**	1,673

19. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Effective equity interest held by The Company 2009 %	The Company 2008 %	Subsidiaries 2009 %	Subsidiaries 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000
Amara China Investments Pte Ltd	Investment holding	**100**	100	**–**	–	**–****	–**
Amara International Hotels & Resorts Pte Ltd	Management and technical advisory services for the management and development of hotels and resorts	**100**	100	**–**	–	**–****	–**
AOI Saigon Pte Ltd *	Hotelier, restaurateur and investment holding	**90**	90	**–**	–	**4,773**	4,773
Middle City Holdings Pte Ltd	Investment holding	**100**	100	**–**	–	**5,056**	5,056
Amara Sentosa Investments Pte Ltd	Hotelier, restaurateur and investment holding	**100**	100	**–**	–	**8,000**	8,000
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**	100	**–**	–

19. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Effective equity interest held by The Company 2009 %	The Company 2008 %	Subsidiaries 2009 %	Subsidiaries 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000
Held by Amara China Investments Pte Ltd							
AOI Chengdu Pte Ltd	Hotelier and investment holding	**–**	–	**70**	70	**–**	–
Amara Shanghai Pte Ltd*	Investment holding	**–**	–	**100**	100	**–**	–
Shanghai Amara Hotel Co., Ltd.	Hotel development and ownership	**–**	–	**5**	5	**–**	–
Held by Amara Shanghai Pte Ltd							
Shanghai Amara Hotel Co., Ltd.	Hotel development and ownership	**–**	–	**95**	95	**–**	–
						48,206	48,206

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

** cost of less than $1,000.

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

20. INVESTMENT PROPERTIES

	The Group	
	2009	2008
	$'000	$'000
At 1 January	**185,306**	185,345
Fair value loss adjustment	**–**	(39)
At 31 December	**185,306**	185,306

(a) Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2009. Valuation was performed by Chesterton Suntec International Pte Ltd, a firm of property consultants in December 2009, on certain of the Group's investment properties referred to as The Amara Shopping Centre and Amara Corporate Tower on the basis of open market value for existing use. It is the intention of the directors to hold the investment properties for long term.

(b) At the reporting date, The Amara Shopping Centre and Amara Corporate Tower with aggregate carrying amount of $185,000,000 (2008: $185,000,000) 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 2009 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 consolidated statement of comprehensive income, rental income of $9,051,000 (2008: $8,023,000) was generated from investment properties, and direct operating expenses include $2,532,000 (2008: $2,981,000) relating to investment properties that generated rental income during the year.

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 2009								
- Cost	491	96,547	21,814	965	21,750	3,130	6,243	150,940
- Valuation	–	52,200	–	–	–	–	–	52,200
	491	148,747	21,814	965	21,750	3,130	6,243	203,140
Exchange rate adjustment	–	(616)	(3)	–	(1)	(1)	(84)	(705)
Additions, at cost	–	907	227	476	190	14	769	2,583
Disposals/write off	–	–	(383)	(325)	(438)	(71)	–	(1,217)
At 31 December 2009	**491**	**149,038**	**21,655**	**1,116**	**21,501**	**3,072**	**6,928**	**203,801**
Representing:								
- Cost	491	96,838	21,655	1,116	21,501	3,072	6,928	151,601
- Valuation	–	52,200	–	–	–	–	–	52,200
	491	149,038	21,655	1,116	21,501	3,072	6,928	203,801
Accumulated depreciation and impairment								
At 1 January 2009	118	29,398	12,075	706	14,298	93	–	56,688
Exchange rate adjustment	–	(25)	(2)	–	(1)	–	–	(28)
Depreciation	10	1,823	2,022	180	2,048	–	–	6,083
Disposals/ write off	–	–	(182)	(325)	(71)	(10)	–	(588)
At 31 December 2009	**128**	**31,196**	**13,913**	**561**	**16,274**	**83**	**–**	**62,155**
Net carrying amount								
At 31 December 2009	**363**	**117,842**	**7,742**	**555**	**5,227**	**2,989**	**6,928**	**141,646**

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

21. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2009 $'000	2008 $'000
Plant and machinery, furniture, fixtures and equipment	**1,529**	1,826
Operating supplies	**707**	707
Motor vehicles	**543**	247
	2,779	2,780

(b) At the reporting date, the net carrying amount of certain freehold property, leasehold land and buildings and renovation of the Group mortgaged to banks to secure bank borrowings amounted to $91,353,000 (2008: $94,153,000) (Note 26).

(c) The Group's leasehold land and buildings include borrowing costs incurred in connection with the construction of properties.

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

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less depreciation, the net carrying amount would have been $22,020,000 (2008: $22,344,000).

(e) The Group's properties as at 31 December 2009 are set out below:

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

22. GOODWILL

	The Group	
	2009	2008
	$'000	$'000
Goodwill arising on consolidation		
Cost	**889**	889
Less: Accumulated impairment loss	**(45)**	(45)
	844	844

23. OTHER ASSETS

	The Group	
	2009	2008
	$'000	$'000
Prepayment		
At 1 January	**7,358**	5,741
Additions	**–**	1,700
Amortisation	**(111)**	(83)
At 31 December	**7,247**	7,358

24. DEFERRED INCOME TAXES

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

	The Group	
	2009	2008
	$'000	$'000
At 1 January	**33,604**	33,779
Effect of change in Singapore tax rate		
- profit or loss	**(1,749)**	–
- equity	**(118)**	–
Tax credited to profit or loss		
- current year	**(260)**	(175)
- prior year	**(764)**	–
At 31 December	**30,713**	33,604

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and unabsorbed capital allowances of $440,000 (2008: $286,000) and $46,000 (2008: $43,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. These tax losses have no expiry date.

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 1 January 2009	5,577	24,006	1,745	2,120	1,121	34,569
Effect of change in Singapore tax rate						
- profit or loss	(310)	(1,334)	(97)	–	(62)	(1,803)
- equity	–	–	–	(118)	–	(118)
Credited to profit or loss	(15)	–	(638)	–	(654)	(1,307)
At 31 December 2009	**5,252**	**22,672**	**1,010**	**2,002**	**405**	**31,341**
At 1 January 2008	5,411	24,006	2,083	2,120	1,534	35,154
Charged/(credited) to profit or loss	166	–	(338)	–	(413)	(585)
At 31 December 2008	5,577	24,006	1,745	2,120	1,121	34,569

Deferred income tax assets

	Tax losses	Capital allowances	Others	Total
	$'000	$'000	$'000	$'000
At 1 January 2009	(665)	(3)	(297)	(965)
Effect of change in Singapore tax rate				
- profit or loss	37	1	16	54
Charged to profit or loss	–	2	281	283
At 31 December 2009	**(628)**	**–**	**–**	**(628)**
At 1 January 2008	(646)	(19)	(710)	(1,375)
(Credited)/charged to profit or loss	(19)	16	413	410
At 31 December 2008	(665)	(3)	(297)	(965)

24. DEFERRED INCOME TAXES (continued)

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

	The Group	
	2009	2008
	$'000	$'000
Deferred income tax assets	**(522)**	(578)
Deferred income tax liabilities	**31,235**	34,182
	30,713	33,604

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Current				
Trade payables	**4,870**	6,065	**–**	–
Due to subsidiaries	**–**	–	**1**	1
Due to related parties	**101**	124	**–**	–
Accrued operating expenses	**11,150**	10,991	**190**	557
Accrued construction costs	**1,608**	3,022	**–**	–
Sundry payables	**1,189**	1,783	**2**	113
Deposits received	**1,467**	2,095	**–**	–
	20,385	24,080	**193**	671

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.

25. TRADE AND OTHER PAYABLES (continued)

(b) Non-current

	The Group	
	2009	2008
	$'000	$'000
Advances from minority shareholder of subsidiary	**1**	1
Deposits received	**1,998**	1,561
	1,999	1,562

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

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

	The Group	
	2009	2008
	$'000	$'000
Advances from minority shareholder of subsidiary	**1**	1
Deposits received	**1,924**	1,471
	1,925	1,472

The fair values are computed based on the present value of the cashflows using a discount rate of 1.89% (2008: 2.99%) per annum, which is the lending rate that the directors expect would be incurred by the Group at the reporting date.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**22,187**	25,279	**193**	671
United States Dollar	**37**	192	**–**	–
Renminbi	**106**	112	**–**	–
Malaysia Ringgit	**54**	59	**–**	–
	22,384	25,642	**193**	671

26. BORROWINGS

	The Group	
	2009	2008
	$'000	$'000
Current		
Bank overdraft, secured	**–**	25
Bank loans, secured	**18,304**	36,876
Finance lease liabilities (Note 30)	**746**	710
	19,050	37,611
Non-current		
Bank loans, secured		
- Between 1 and 2 years	**117,254**	156,751
- Between 3 and 5 years	**19,200**	–
Finance lease liabilities (Note 30)	**1,617**	2,038
	138,071	158,789
Total borrowings	**157,121**	196,400

(a) The Group's bank borrowings at 31 December 2009 comprise the following:

(i) term loan of $19,500,000 (2008: $20,500,000), revolving credit advances of $50,000,000 (2008: $50,000,000), a short-term advance of $14,000,000 (2008: $3,500,000), and bank overdraft of $Nil (2008: $25,000) 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 mature in 2011.

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

(ii) a revolving loan of $376,000 (2008: $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 $8,500,000 (2008: $8,400,000) is secured by way of a first legal mortgage on the development property located at Killiney Road as disclosed in Note 15 to the financial statements. This loan is further secured by an assignment of the proceeds, building contracts, insurance policies and performance bonds issued in favour of the subsidiary to the lending bank and a corporate guarantee from the Company;

(iv) a term loan of $28,000,000 (2008: $28,000,000) is secured by a mortgage-in-escrow on Amara Sanctuary Resort, Sentosa as disclosed in Note 21 to the financial statements. The loan is further secured by an assignment of all rights, benefits and entitlement under and in the hotel subleases, insurances, a corporate guarantee from the Company and debenture over the hotel. This loan matures in March 2013;

(v) a term loan of $33,554,000 (2008: $82,851,000) 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. This loan matures in November 2011; and

(vi) a term loan of $828,000 (2008: $Nil) is secured by a fixed deposit of $2,248,000 (2008: $Nil) as stated in Note 12. This loan matures in June 2010.

26. BORROWINGS (continued)

(b) Currency risk

The borrowings are denominated in Singapore Dollar, except for a term loan of $828,000 (2008: $Nil) which is denominated in Renminbi.

(c) Interest rate risks

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

	2009 Per annum	2008 Per annum
Bank overdrafts, secured	–	5.00%
Bank loans, secured	**1.89%**	2.99%
Finance lease liabilities	**6.88%**	7.29%

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 2009					
Total borrowings	**154,298**	**1,206**	**1,525**	**92**	**157,121**
At 31 December 2008					
Total borrowings	194,001	361	1,996	42	196,400

(d) Carrying amounts and fair values

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

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

	The Group			
	Carrying amounts		Fair values	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Non-current bank borrowings	**136,454**	156,751	**136,454**	156,751

27. SHARE CAPITAL

Issued and fully paid ordinary share capital of Amara Holdings Limited

	2009 Shares '000	2008 Shares '000	2009 $'000	2008 $'000
At 1 January and 31 December	**576,936**	576,936	**125,646**	125,646

28. DIVIDEND

	The Group and The Company	
	2009 $'000	2008 $'000
Ordinary dividend paid		
First and final tax exempt dividend of 0.5 cents per share (2008: 0.8 cents per share tax exempt) in respect of the previous financial year	**2,885**	4,616

At the Annual General Meeting ("AGM") to be held on 30 April 2010, a first and final tax exempt dividend for 2009 of 0.5 cents per share, amounting to $2,884,680 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010 subject to shareholders' approval at the forthcoming AGM.

29. 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.

30. FINANCE LEASE LIABILITIES

	The Group	
	2009 $'000	2008 $'000
Minimum lease payments due:		
Not later than one financial year	**878**	875
Later than one financial year but not later than five financial years	**1,632**	2,199
Later than five financial years	**117**	45
	2,627	3,119
Less: Future finance charges	**(264)**	(371)
Present value of finance lease liabilities	**2,363**	2,748
Representing finance lease liabilities:		
Current (Note 26)	**746**	710
Non-current (Note 26)	**1,617**	2,038
	2,363	2,748

31. INTRA-GROUP FINANCIAL GUARANTEES

The value of financial guarantees provided by the Company to its 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 $70,054,000 (2008: $119,251,000). 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 2009 and 31 December 2008.

32. COMMITMENTS

Commitments not provided for in the financial statements:

	The Group	
	2009	2008
	$'000	$'000
(a) Capital commitments		
Estimated expenditure contracted for:		
- Property, plant and equipment	**5,996**	2,910

(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	
	2009	2008
	$'000	$'000
Not later than one financial year	**7,162**	8,498
Later than one financial year but not later than five financial years	**4,806**	5,774
	11,968	14,272

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	
	2009	2008
	$'000	$'000
Not later than one financial year	**1,004**	993
Later than one financial year but not later than five financial years	**3,692**	3,599
Later than five financial years	**77,520**	78,470
	82,216	83,062

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Loans & receivables	Available-for-sale	Liabilities at amortised cost	Non-financial assets/ liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2009					
The Group					
Assets					
Available-for-sale financial assets	–	1,467	–	–	1,467
Intangible assets	–	–	–	357	357
Investment properties	–	–	–	185,306	185,306
Property, plant & equipment	–	–	–	141,646	141,646
Goodwill	–	–	–	844	844
Other assets	–	–	–	7,247	7,247
Deferred income tax assets	–	–	–	522	522
Cash and bank balances	24,621	–	–	–	24,621
Trade and other receivables	7,298	–	–	–	7,298
Inventories	–	–	–	522	522
Development properties	–	–	–	32,700	32,700
Other current assets	652	–	–	167	819
	32,571	**1,467**	**–**	**369,311**	**403,349**
Liabilities					
Trade and other payables	–	–	22,067	317	22,384
Tax payables	–	–	–	4,973	4,973
Borrowings	–	–	157,121	–	157,121
Deferred income tax liabilities	–	–	–	31,235	31,235
	–	**–**	**179,188**	**36,525**	**215,713**

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Loans & receivables	Available-for-sale	Liabilities at amortised cost	Non-financial assets/ liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2009					
The Company					
Assets					
Available-for-sale financial assets	–	185	–	–	185
Investment in subsidiaries	–	–	–	38,377	38,377
Cash and bank balances	39	–	–	–	39
Trade and other receivables	42,495	–	–	–	42,495
Other current assets	–	–	–	3	3
	42,534	**185**	**–**	**38,380**	**81,099**
Liabilities					
Trade and other payables	–	–	193	–	193
	–	**–**	**193**	**–**	**193**
2008					
The Company					
Assets					
Available-for-sale financial assets	–	112	–	–	112
Investment in subsidiaries	–	–	–	38,377	38,377
Cash and bank balances	39	–	–	–	39
Trade and other receivables	42,671	–	–	–	42,671
Other current assets	–	–	–	3	3
	42,710	112	–	38,380	81,202
Liabilities					
Trade and other payables	–	–	671	–	671
	–	–	671	–	671

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurements of financial instruments that are carried at fair value

The following table presents the level of fair value hierarchy for each class of financial instruments measured at fair value on the statement of financial position at 31 December 2009.

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
2009				
The Group				
Assets				
Available-for-sale financial assets				
- Equity investments	1,433	–	–	1,433
- Quoted unit trust	34	–	–	34
	1,467	**–**	**–**	**1,467**
The Company				
Assets				
Available-for-sale financial assets				
- Equity investments	**185**	**–**	**–**	**185**

The fair value hierarchy levels are defined as follows:

a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(c) Determination of fair values

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Treasury. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 minimised.

Exposure to credit risk

At the reporting 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 statement of financial position;
- an amount of $2,740,000 (2008: $5,632,000) receivable from a third party past due but not impaired as disclosed in Note 13 to the financial statements; and
- corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries amounted to $70,054,000 (2008: $119,251,000).

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

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Past due 0 to 1 month	**70**	1,213	**–**	–
Past due 1 to 3 months	**118**	551	**–**	–
Past due over 3 months	**3,812**	5,976	**–**	–
	4,000	7,740	**–**	–

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

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

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Gross amount	**6,771**	6,926	**17**	17
Less: Allowance for impairment	**(4,031)**	(1,294)	**(17)**	(17)
	2,740	5,632	**–**	–
At 1 January	**1,294**	2,343	**17**	17
Allowance made	**2,798**	76	**–**	–
Allowance written back	**(13)**	(21)	**–**	–
Allowance written off	**(48)**	(159)	**–**	–
Disposal of interest in joint venture entity	**–**	(902)	**–**	–
Exchange realignment	**–**	(43)	**–**	–
At 31 December	**4,031**	1,294	**17**	17

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

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

At the reporting date, approximately 12.1% (2008: 19.2%) of the Group's loans and borrowings (Note 26) will mature in less than one year based on the carrying amounts reflected in the financial statements.

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

	2009				2008			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
The Group								
Trade and other payables	**20,068**	**1,999**	**–**	**22,067**	24,080	1,562	–	25,642
Borrowings	**19,211**	**138,301**	**116**	**157,628**	37,868	159,341	45	197,254
	39,279	**140,300**	**116**	**179,695**	61,948	160,903	45	222,896

	One year or less	
	2009	2008
	$'000	$'000
The Company		
Trade and other payables	**193**	671

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 reporting date.

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

	One year or less	
	2009	2008
	$'000	$'000
Financial guarantee contracts	**70,054**	119,251

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Company obtains financing through bank loans and finance lease facilities. The Company's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

At the reporting date, if SGD interest rates had been 25 (2008: 25) basis points lower/higher with all other variables held constant, the Group's profit would have been $367,000 (2008: $430,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans and bank overdrafts.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

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	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2009							
Financial assets							
Cash and bank balances	205	19,273	–	–	–	5,143	24,621
Trade and other receivables	–	–	–	–	–	7,298	7,298
Available-for-sale financial assets	–	–	–	–	–	1,467	1,467
Other current assets (excluding prepayments)	–	–	–	–	–	652	652
Total financial assets	**205**	**19,273**	**–**	**–**	**–**	**14,560**	**34,038**
Financial liabilities							
Trade and other payables	–	–	–	–	–	22,067	22,067
Borrowings	153,931	367	1,206	1,525	92	–	157,121
Total financial liabilities	**153,931**	**367**	**1,206**	**1,525**	**92**	**22,067**	**179,188**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The Group

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

The Company

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

(d) Market price risk

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

The table below summarises the impact to the Group's profit after tax and equity arising as a result of a 10% increase/decrease in the fair value of the quoted investments. This analysis assumes that all other variables remain constant.

	Profit after tax		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	$'000	$'000	$'000	$'000
The Group				
2009				
Quoted investments	**–**	**–**	**122**	**(122)**
2008				
Quoted investments	–	–	77	(77)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency risk

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

The Group has foreign currency exposure arising from cash and bank balances, trade receivables and advances to and from third parties. These cash and bank balances, trade receivables and advances are mainly denominated in United States Dollar (USD). Approximately $3,149,000 (2008: $6,105,000) of receivables and $197,000 (2008: $363,000) 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 reporting date, with all other variables held constant, of the Group's profit after tax.

			The Group	
			Profit after tax	
			2009	2008
			$'000	$'000
USD	-	strengthened 3% (2008: 3%)	**584**	625
	-	weakened 3% (2008: 3%)	**(584)**	(625)

35. 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 financial years ended 31 December 2009 and 31 December 2008.

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

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

	The Group	
	2009	2008
	$'000	$'000
Borrowings	**157,121**	196,400
Less: Cash and bank balances	**(24,621)**	(27,251)
Net borrowings	**132,500**	169,149
Shareholders' equity	**187,636**	179,203
	320,136	348,352

35. CAPITAL MANAGEMENT (continued)

	The Group	
	2009	2008
	%	%
Gearing ratio	**41.39**	48.56

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2009 and 31 December 2008.

36. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group	
	2009	2008
	$'000	$'000
A company in which a close family member of a director has significant interest		
- Rental income received/receivable	**110**	134
A joint venture partner		
- Hotel management fee received/receivable	**–**	71

(b) Key management's remuneration

The key management's remuneration includes salary, bonus, commission, CPF contributions and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. Key management's remuneration amounted to $2,214,000 (2008: $2,228,000) for the financial year ended 31 December 2009.

Included in the above is remuneration to directors of the Company amounting to $1,295,000 (2008: $1,314,000), excluding directors' fees which is disclosed in Note 7 to the financial statements.

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services and the Group has three reportable operating segments as follows:

- 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.

Management monitors the operating results of its business segments separately for the purpose of making decisions about allocation of resources and assessment of performance of each segment.

37. SEGMENT INFORMATION (continued)

The segment information provided to management for the reportable segments are as follows:

	Hotel investment and management	Property investment and development	Specialty restaurants and food services	Others	Eliminations	The Group
	$'000	$'000	$'000	$'000	$'000	$'000
2009						
Segment revenue						
Sales to external customers	39,468	59,521	3,680	10	–	102,679
Intersegment sales	406	909	151	3,400	(4,866)	–
Total revenue	39,874	60,430	3,831	3,410	(4,866)	102,679
Segment profit/(loss)	4,017	11,727	(198)	33	–	15,579
Depreciation and amortisation	5,763	185	246	–	–	6,194
Other significant non-cash expenses	2,762	36	–	–	–	2,798
Segment assets	354,442	25,691	2,810	271	–	383,214
Unallocated assets						20,135
Total assets						403,349
Segment assets include:						
Additions to						
- Property, plant and equipment	2,376	2	205	–	–	2,583
Segment liabilities	(12,635)	(7,945)	(1,616)	(187)	–	(22,383)
Unallocated liabilities						(193,330)
Total liabilities						(215,713)

37. SEGMENT INFORMATION (continued)

	Hotel investment and management	Property investment and development	Specialty restaurants and food services	Others	Eliminations	The Group
	$'000	$'000	$'000	$'000	$'000	$'000
2008						
Segment revenue						
Sales to external customers	52,407	14,722	4,292	8	–	71,429
Intersegment sales	535	1,239	174	4,600	(6,548)	–
Total revenue	52,942	15,961	4,466	4,608	(6,548)	71,429
Segment profit/(loss)	29,533	(8,062)	138	(169)	–	21,440
Depreciation and amortisation	5,858	188	277	–	–	6,323
Impairment losses	–	39	43	–	–	82
Other significant non-cash expense	815	255	–	20	–	1,090
Segment assets	348,455	63,645	3,288	205	–	415,593
Unallocated assets						24,542
Total assets						440,135
Segment assets includes:						
Additions to						
- Property, plant and equipment	2,547	26	1,077	–	–	3,650
Segment liabilities	(13,439)	(9,960)	(1,577)	(664)	–	(25,640)
Unallocated liabilities						(235,292)
Total liabilities						(260,932)

37. SEGMENT INFORMATION (continued)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit before tax in the consolidated financial statements. Interest income and finance expenses are not allocated to segments as Group financing is managed on a group basis.

A reconciliation of segment profit to the consolidated profit before tax is as follows:

	The Group	
	2009	2008
	$'000	$'000
Segment profit	**15,579**	21,440
Interest income	**53**	557
Interest expenses on borrowings	**(3,457)**	(6,231)
Unallocated corporate expenses	**(207)**	(825)
Profit before tax	**11,968**	14,941

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than investments, deferred income tax assets and interest bearing receivables which are classified as unallocated assets.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than taxation, deferred income tax liabilities and certain corporate borrowings. These liabilities are classified as unallocated liabilities.

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

37. SEGMENT INFORMATION (continued)

Geographical segments (continued)

	Revenue		Non-current assets	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Singapore	**102,679**	69,590	**299,778**	304,712
Vietnam	**–**	1,839	**–**	–
PRC	**–**	–	**35,622**	35,605
	102,679	71,429	**335,400**	340,317

Sales revenue is based on the country in which the customer is located. Non-current assets are shown by the geographical area in which the assets are located.

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding financial instruments and deferred income tax assets.

Information about major customer

There was no single external customer that had contributed more than 10 percent to the revenue of the Group.

38. 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 26 March 2010.