

CEO'S MESSAGE

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's annual report for the financial year ended December 31, 2009 ("FY2009").

Our dedicated efforts to position Amara as a leading premier integrated lifestyle group have seen us through the financial crisis smoothly. Now that the economy has started to see brighter prospects, we will monitor developments closely and continue to look for opportunities to grow and deepen our roots in our areas of expertise.

Overall, the Group's revenue increased by 44% to S\$102.7 million for FY2009. In the first half of FY2009, the Group performed well with the increase mainly attributed to the gain from the sales of the Group's property development units. The Group's Property Investment and Development segment continued to perform well throughout FY2009.

FINANCIAL REVIEW - ON THE CUSP OF RECOVERY

During the year under review, the increase in Group revenue was due to higher sales of property development units. This was partly offset by lower revenue generated by both the Hotel Investment and Management and Specialty Restaurants and Food Services segments. Other income decreased by 62% from S\$6.7 million to S\$2.5 million in FY2009, mainly due to gain in disposal of joint venture entity in 2008. Profit after tax saw a marginal decrease from S\$12.0 million to S\$11.3 million over the same period.

The Group's Property Investment and Development segment reported a profit of S\$11.7 million in FY2009. This helped to buffer the performance of the Hotel Investment and Management segment, which has been affected by the slowdown in regional tourism and travel sector. The positive financial performance of the Property Investment

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and Development segment also cushioned the effect of poor global economic conditions on the Specialty Restaurants and Food Services segment.

Our statement of financial position has been strengthened with reduced borrowings at S\$157.1 million as at December 31, 2009, from S\$196.4 million as at December 31, 2008. Gearing correspondingly was reduced from 48.56% to 41.39%.

Our shareholders' equity was S\$187.6 million as at December 31, 2009 compared to S\$179.2 million as at December 31, 2008. The increase was attributed mainly to an increase in our retained earnings.

We continue to be prudent and maintain a healthy cash and bank balance of S\$24.6 million as at December 31, 2009.

OUTLOOK FOR 2010

Hotel Investment and Management

In 2009, the regional tourism and travel sector took a hit from the global economic slowdown. Our Revenue Per Available Room registered a fall, in line with the industry. In spite of this, our Hotel Investment and Management segment achieved a profit of S\$4.0 million.

With the newly opened Resorts World Sentosa and Universal Studios, we are confident that Amara Sanctuary Resort, Sentosa, with its strategic position, will benefit from an anticipated increase in visitorship to the island. We are delighted that Amara Sanctuary Resort, Sentosa has been voted Best Resort by AsiaOne People's Choice, excelling amongst other renowned names.

In addition, with visitor arrivals to Singapore reaching a high in January 2010 and promising to show signs of improvement, we are optimistic that there will be improved contribution to our Hotel Investment and Management segment. Indeed, we are very encouraged by Singapore Tourism Board's expectations of between 11.5 to 12.5 million visitors in 2010 as compared to 9.7 million last year.

Our strategy for our core Hotel segment remains unchanged. We will continue to proactively manage our portfolio by maximising the operating performance of our existing hotels, as well as prudently explore asset enhancement

opportunities to optimise the value of our hotels. We will also focus on cultivating a high quality experience for our patrons, in order to encourage customer satisfaction and in turn, optimise room revenue yield.

At the same time, we will continue to lookout for recurring earnings opportunities through hotel investment and management in both Singapore and the region. Whilst our focus will be on organic growth in 2010, we do not rule out the possibility of growing the Amara brand name through acquisitions should there be viable assets that meet our stringent investment criteria.

Property Investment and Development

The Group's Property Investment and Development segment achieved a profit of S\$11.7 million in FY2009, due to the higher sales of property development units.

We are in the midst of developing Amara Signature located in Shanghai, a significant gateway city in Asia. This exciting development features a 360-room hotel, retail centre and an office building. Amara Signature is expected to benefit from the excellent location within the city centre as well as Shanghai's renowned status as Asia's leading business and financial centre.

Closer to home, we are currently in the final stages of developing a residential block with commercial space in the Killiney precinct. This upcoming launch is expected in the second half of 2010. With the surrounding area sprouting with new projects and bustling, we expect the launch to be well received.

Our existing property, Amara Shopping Centre located at 165 Tanjong Pagar Road, is about to undergo refurbishment. When completed, it will offer consumers an excellent selection of tenant mix, including a NTUC Finest supermarket, lifestyle boutiques, specialty restaurants, cafe and a al fresco dining strip along Tras street.

Specialty Restaurants and Food Services

Our Specialty Restaurants and Food Services segment registered revenue of S\$3.7 million in FY2009. Our concept restaurants, Thanying Restaurant at Amara Singapore, Thanying Restaurant at Amara Sanctuary Resort, Sentosa,

Silk Road Restaurant at Amara Singapore as well as Silk Road of the Sea at Palawan Beach remain resilient amidst the challenging economic conditions.

As the economy picks up, we see good prospects for our Specialty Restaurants and Food Services segment. Regardless of the economic conditions, we will continue to be dedicated in attaining excellent food quality and good customer service to improve patronage at our restaurants.

APPRECIATION

In conclusion, I would like to extend my heartfelt appreciation for your support through the challenging economic circumstances. To reward our loyal shareholders, I am pleased to announce that the Board is recommending a first and final cash dividend of 0.5 cents per ordinary share for the financial year ended December 31, 2009. The proposed final dividend, if approved by the Shareholders at the Annual General Meeting on April 30, 2010, will be paid on June 28, 2010.

I am also grateful to our fellow Board members for their invaluable insights and wise counsel. In addition, I would like to thank our management team and staff, for their dedication, teamwork and commitment to Amara, which we will continue to count on, and reach new heights together in 2010.

Albert Teo Hock Chuan
Chief Executive Officer

