FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the financial year ended 31 December 2008

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

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director/nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2008	At 1.1.2008	**At 31.12.2008**	At 1.1.2008
	Number of ordinary shares			
The Company				
Albert Teo Hock Chuan	**1,000**	1,000	**308,156,010**	308,156,010
Chang Meng Teng	**10,000**	10,000	**–**	–
Susan Teo Geok Tin	**83,030**	83,030	**308,146,010**	308,146,010
Lawrence Mok Kwok Wah	**660,030**	660,030	*__308,508,010__	*308,508,010

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

DIRECTORS' REPORT

For the financial year ended 31 December 2008

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

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

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

DIRECTORS' REPORT
For the financial year ended 31 December 2008

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings registered in name of director/nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2008	At 1.1.2008	**At 31.12.2008**	At 1.1.2008
	Number of ordinary shares			
Subsidiaries				
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 2009 were the same as at 31 December 2008.

DIRECTORS' REPORT

For the financial year ended 31 December 2008

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

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

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

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

MATERIAL CONTRACTS

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

AUDIT COMMITTEE

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

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

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

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

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

DIRECTORS' REPORT
For the financial year ended 31 December 2008

AUDIT COMMITTEE (continued)

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR

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

On behalf of the directors

ALBERT TEO HOCK CHUAN	CHANG MENG TENG
Director	Director

20 March 2009

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2008

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 40 to 97 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

ALBERT TEO HOCK CHUAN
Director

CHANG MENG TENG
Director

20 March 2009

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

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

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

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 December 2008

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

The accompanying notes form an integral part of these financial statements. Independent Auditor's Report – Page 39

BALANCE SHEETS
As at 31 December 2008

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

The accompanying notes form an integral part of these financial statements. Independent Auditor's Report – Page 39

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2008

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

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

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2008

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

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

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2008

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

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2008

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

The accompanying notes form an integral part of these financial statements. Independent Auditor's Report – Page 39

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the financial year ended 31 December 2008

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

	$'000
Property, plant and equipment	16,633
Net current liabilities	(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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

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

1. GENERAL

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

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

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

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

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

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

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

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

(c) Significant accounting estimates and judgements

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

(1) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax payables, deferred tax assets and deferred tax liabilities at 31 December 2008 were $4,708,000 (2007: $8,329,000), $578,000 (2007: $600,000) and $34,182,000 (2007: $34,379,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting estimates and judgements (continued)

(1) Key sources of estimation uncertainty (continued)

ii) Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 90 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2008 were $146,452,000 (2007: $164,705,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

iii) Impairment of non-financial assets

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

(2) Critical judgements made to applying accounting policies

Operating lease commitments – As lessor

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

(d) Revenue recognition

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

(1) Hotel and restaurant operations and other services rendered

Revenue from hotel and restaurant operations is recognised when earned.

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

(2) Rental income

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

(3) Development properties for sale

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

(4) Management fee

Management fee income is recognised on an accrual basis.

(5) Dividend income

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

(6) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Group accounting

(1) Subsidiaries

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

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

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

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

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

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

(2) Joint ventures

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

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

(3) Transaction costs

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

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

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

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

(1) Operating supplies

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

(2) Capital project in progress

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

(3) Depreciation

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

	%
Freehold property	2
Leasehold land and buildings	1.1 – 5
Plant and machinery, furniture, fixtures and equipment	10 – 33⅓
Motor vehicles	17 – 20
Renovations	10

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

(4) Subsequent expenditure

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

(5) Disposal

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets

(1) Goodwill

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

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

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

(2) Negative goodwill

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

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

(3) Club memberships

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

(h) Investment properties

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

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

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

(i) Impairment of assets

(1) Goodwill

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

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

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

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

Impairment loss on goodwill is not reversed in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(2) Property, plant and equipment
Investment in subsidiaries and joint ventures

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

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

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

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

(j) Investments in financial assets

(1) Classification

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

i) Financial assets at fair value through profit or loss

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

ii) Loans and receivables

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

iii) Available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments in financial assets (continued)

(2) Recognition and derecognition

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

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

(3) Initial measurement

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

(4) Subsequent measurement

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

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

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

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

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

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

(5) Determination of fair value

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

(6) Impairment

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

(k) Trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

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

(m) Development properties

(1) Completed properties held for sale

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

(2) Properties under development

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

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

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

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

(n) Borrowings

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

(o) Borrowing costs

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

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

(p) Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases

(1) When a group company is the lessee:

Finance leases

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

Operating leases

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

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

(2) When a group company is the lessor:

Operating leases

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

(r) Income taxes

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

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

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

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

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

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

(s) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee benefits

(1) Employee leave entitlement

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

(2) Defined contribution plans

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

(u) Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

(3) Translation of Group entities' financial statements

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

i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting

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

(w) Cash and cash equivalents

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

(x) Share capital

Ordinary shares are classified as equity.

(y) Dividend

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

3. REVENUE

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

4. OTHER INCOME

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

5. FINANCE COSTS

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

6. OTHER EXPENSES

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

7. PROFIT BEFORE TAX

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

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

8. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

9. STAFF COSTS

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

10. INCOME TAX EXPENSE

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

11. EARNINGS PER ORDINARY SHARE

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

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

12. CASH AND BANK BALANCES

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

Included in the above are:-

(i) $2,323,000 (2007: $4,190,000) held under the Housing Developers (Project Account) Rules (1997 Ed), withdrawals from which are restricted to payments for project expenditure incurred.

(ii) $200,000 (2007: $200,000) which a subsidiary is required to maintain as minimum cash balance with a bank.

(iii) $Nil (2007: $600,000) which is charged to banks by a subsidiary for financing facilities.

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

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

Cash and bank balances are denominated in the following currencies:

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

12. CASH AND BANK BALANCES (continued)

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

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

13. TRADE AND OTHER RECEIVABLES

(a) Current

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

13. TRADE AND OTHER RECEIVABLES (continued)

(a) Current (continued)

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

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

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

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

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

(b) Non-current

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

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

Trade and other receivables are denominated in the following currencies:

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

14. INVENTORIES

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

15. DEVELOPMENT PROPERTIES

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

(a) Properties under development

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

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

(b) Completed properties held for sale

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

15. DEVELOPMENT PROPERTIES (continued)

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

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

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Current

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

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

(b) Non-current

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

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

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

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

17. OTHER CURRENT ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

17. OTHER CURRENT ASSETS (continued)

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

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

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

19. INTANGIBLE ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

20. INVESTMENT IN SUBSIDIARIES

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

Increase in investments in subsidiaries

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

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

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

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

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

Name of subsidiary	Principal activities	Effective equity interest held by				Cost of Investment	
		The Company		Subsidiaries			
		2008	2007	**2008**	2007	**2008**	2007
		%	%	**%**	%	**$'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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

20. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Effective equity interest held by				Cost of Investment	
		The Company		Subsidiaries			
		2008 %	2007 %	**2008 %**	2007 %	**2008 $'000**	2007 $'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**	–**
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	**–**	–
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	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

20. INVESTMENT IN SUBSIDIARIES (continued)

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

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

** cost of less than $1,000

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

21. INVESTMENT PROPERTIES

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

(a) Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2008. Valuation was performed by Chesterton Suntec International Pte Ltd, a firm of property consultants in January 2009, on certain of the Group's investment properties referred to as The Amara Shopping Centre and Amara Corporate Tower on the basis of open market value for existing use. It is the intention of the directors to hold the investment properties long term.

(b) At the balance sheet date, The Amara Shopping Centre and Amara Corporate Tower with aggregate carrying amount of $185,000,000 (2007: $185,000,000) were mortgaged to banks to secure bank loans and bank facilities for the Group (Note 27).

NOTES TO THE FINANCIAL STATEMENTS
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21. INVESTMENT PROPERTIES (continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

22. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold property	Leasehold land and buildings	Plant and machinery, furniture, fixtures and equipment	Motor vehicles	Renovations	Operating supplies	Capital project in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

22. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

22. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

The borrowing costs capitalised as cost of capital project in progress during the year ended 31 December 2008 amounted to $Nil (2007: $386,000). The weighted average effective interest rate of borrowing costs capitalised is Nil% (2007: 5.32%) per annum.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

23. GOODWILL

	The Group	
	2008	2007
	$'000	$'000
Goodwill arising on consolidation		
At beginning of financial year	**844**	547
Acquisition of subsidiaries	**–**	297
At end of financial year	**844**	844
Cost	**889**	889
Accumulated impairment	**(45)**	(45)
	844	844

24. OTHER ASSETS

	The Group	
	2008	2007
	$'000	$'000
Prepayment		
At beginning of financial year	**5,741**	4,800
Additions	**1,700**	1,000
Amortisation	**(83)**	(59)
At end of financial year	**7,358**	5,741

25. DEFERRED INCOME TAXES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

25. DEFERRED INCOME TAXES (continued)

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

The Group

Deferred income tax liabilities

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

Deferred income tax assets

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

25. DEFERRED INCOME TAXES (continued)

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

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

26. TRADE AND OTHER PAYABLES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

26. TRADE AND OTHER PAYABLES (continued)

(b) Non-current

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

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

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

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

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

Trade and other payables are denominated in the following currencies:

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

27. BORROWINGS

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

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

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

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

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

(ii) a revolving loan of $376,000 (2007: $376,000) is secured by a first legal mortgage on a freehold property as stated in Note 22 to the financial statements;

(iii) term loan amounting to $8,400,000 (2007: $8,400,000) is secured by way of a first legal mortgage on the development property located at Killiney Road as disclosed in Note 15 to the financial statements. This loan is further secured by an assignment of the proceeds, building contracts, insurance policies and performance bonds issued in favour of the subsidiary to the lending bank and a corporate guarantee from the Company. In 2007, the corporate guarantee was provided by another subsidiary;

(iv) a term loan of $28,000,000 (2007: $28,000,000) is secured by a mortgage-in-escrow on Amara Sanctuary Resort, Sentosa. The loan is further secured by an assignment of all rights, benefits and entitlement under and in the construction contracts, construction guarantees, hotel subleases, insurances, a corporate guarantee from the Company and debenture over the hotel. This loan matures in June 2009; and

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

27. BORROWINGS (continued)

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

(b) Currency risk

The borrowings are denominated in Singapore Dollar.

(c) Interest rate risks

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

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

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

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

(d) Carrying amounts and fair values

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

28. SHARE CAPITAL

Issued and fully paid ordinary share capital of Amara Holdings Limited

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

29. DIVIDEND

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

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

30. JOINT VENTURE ENTITY

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

30. JOINT VENTURE ENTITY (continued)

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

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

31. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES

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

32. FINANCE LEASE LIABILITIES

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

33. INTRA-GROUP FINANCIAL GUARANTEES

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

34. COMMITMENTS

Commitments not provided for in the financial statements:

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

(b) Operating lease commitments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Loans & receivables	Available-for-sale	Liabilities at amortised cost	Non-financial assets/ liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2008					
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**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	Loans & receivables	Fair value through profit or loss	Liabilities at amortised cost	Non-financial assets/ liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2007					
THE COMPANY					
Assets					
Financial assets at fair value through profit or loss	–	209	–	–	209
Investment in subsidiaries	–	–	–	30,977	30,977
Cash and bank balances	13	–	–	–	13
Trade and other receivables	51,033	–	–	–	51,033
Other current assets	–	–	–	8	8
	51,046	209	–	30,985	82,240
Liabilities					
Trade and other payables	–	–	209	–	209
	–	–	209	–	209

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with counterparties with appropriate credit history.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

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

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

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

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

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Financial assets that are either past due or impaired

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

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

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

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

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

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

	One year or less	
	2008	2007
	$'000	$'000
The Company		
Trade and other payables	**671**	209

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

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

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

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

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

The Group

	Variable rates	Fixed rates					
	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**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The Group

	Variable rates	Fixed rates					
	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 2007							
Financial assets							
Cash and bank balances	61	7,255	–	–	–	4,936	12,252
Trade and other receivables	–	–	–	–	–	25,439	25,439
Financial assets at fair value through profit or loss	–	–	–	–	–	2,112	2,112
Other current assets (excluding prepayments)	–	–	–	–	–	897	897
Total financial assets	61	7,255	–	–	–	33,384	40,700
Financial liabilities							
Trade and other payables	–	–	–	–	–	30,410	30,410
Borrowings	214,728	439	54	271	48	–	215,540
Total financial liabilities	214,728	439	54	271	48	30,410	245,950

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

(d) Market price risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency risk

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

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

Sensitivity analysis for foreign currency risk

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

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

37. CAPITAL MANAGEMENT

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

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

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

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

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

	The Group	
	2008	2007
	%	%
Gearing ratio	**48.56**	53.97

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

37. CAPITAL MANAGEMENT (continued)

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

38. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group	
	2008	2007
	$'000	$'000
Hotel management fee received/receivable from a joint venture partner	**71**	211

(b) Key management's remuneration

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

39. SEGMENT INFORMATION

(a) Primary reporting format - business segments

The Group is organised into three main business segments:

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

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

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

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

*Represents dividend income.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

39. SEGMENT INFORMATION (continued)

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

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

* Represents dividend income.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2008

39. SEGMENT INFORMATION (continued)

(b) Secondary reporting format - geographical segments

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

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

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

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

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

40. RECLASSIFICATIONS AND COMPARATIVE FIGURES

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

The items were reclassified as follows:

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

41. AUTHORISATION OF FINANCIAL STATEMENTS

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

CORPORATE DATA

BOARD OF DIRECTORS

Albert Teo Hock Chuan
Chief Executive Officer

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

COMPANY SECRETARIES

Susan Teo Geok Tin
Foo Soon Soo

AUDIT COMMITTEE

Chang Meng Teng
Chairman

Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah

NOMINATING COMMITTEE

Richard Khoo Boo Yeong
Chairman

Albert Teo Hock Chuan
Chang Meng Teng

REMUNERATION COMMITTEE

Richard Khoo Boo Yeong
Chairman

Chang Meng Teng
Lawrence Mok Kwok Wah

AUDITORS

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

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

PRINCIPAL BANKERS

United Overseas Bank Limited
Development Bank of Singapore Limited

REGISTRAR

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

STATISTICS OF SHAREHOLDINGS
As at 16 March 2009

Class of Shares : Ordinary shares each fully paid up
Voting Rights : 1 vote per share
No. of Holders : 7,114

DISTRIBUTION OF SHAREHOLDINGS

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

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

TWENTY LARGEST SHAREHOLDERS

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

STATISTICS OF SHAREHOLDINGS

As at 16 March 2009

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon (Resolution 1).

2. To declare a first and final dividend of 0.5 cents per share for the year ended 31 December 2008 (Resolution 2).

3. To re-elect Mr Albert Teo Hock Chuan as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 3).

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

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

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

5. To approve payment of Directors' Fees of $101,600 for the year ended 31 December 2008 (2007: $101,600) (Resolution 5).

6. To re-appoint Messrs Baker Tilly TFWLCL as Auditors of the Company and to authorise the Directors to fix their remuneration (Resolution 6).

7. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

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

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

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

   provided always that

   (1) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not in aggregate, exceed one hundred per cent. (100%) of the total number of issued shares in the capital of the Company excluding treasury shares, of which:

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (continued)

(ii) not more than 50% of the Company's total number of issued shares excluding treasury shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) may be issued other than by way of renounceable rights issues under (i) above, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company;

(2) for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

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

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

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

(3) That such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier (Resolution 7).

See Explanatory Note 1.

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

See Explanatory Note 2.

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

By Order of the Board

Susan Teo Geok Tin/Foo Soon Soo
Company Secretaries

Singapore
7 April 2009

EXPLANATORY NOTE 1:

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

EXPLANATORY NOTE 2:

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

NOTES:

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

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

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of AMARA HOLDINGS LIMITED hereby appoint:

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

and/or (delete as appropriate)

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

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

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

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

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

Dated this ____________ day of ____________ 2009

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

Total number of Shares held

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

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NOTES FOR PROXY FORM

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

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