

DIRECTORS' REPORT

For the financial year ended 31 December 2010

The directors present their report to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2010.

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 31.12.2010 | At 1.1.2010 | At 31.12.2010 | At 1.1.2010 |
| | 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 2010

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 | At | At | At |
| | 31.12.2010 | 1.1.2010 | 31.12.2010 | 1.1.2010 |
| 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 | | | | |
| Firsttrust 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 2010

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 | At | At | At |
| | 31.12.2010 | 1.1.2010 | 31.12.2010 | 1.1.2010 |
| 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 2011 were the same as at 31 December 2010.

DIRECTORS' REPORT

For the financial year ended 31 December 2010

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.

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;

DIRECTORS' REPORT

For the financial year ended 31 December 2010

AUDIT COMMITTEE (continued)

- 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 TFW LLP 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 TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

ALBERT TEO HOCK CHUAN
Director

CHANG MENG TENG
Director

25 March 2011

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2010

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 43 to 103 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 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

ALBERT TEO HOCK CHUAN
Director

CHANG MENG TENG
Director

25 March 2011

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Amara Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 43 to 103, which comprise the statements of financial position of the Group and the Company as at 31 December 2010, and the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for 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.

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 of financial statements that give a true and fair view 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, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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 TFW LLP
Public Accountants and
Certified Public Accountants

Singapore
25 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

| | Notes | The Group | |
|---|-------|----------------|----------------|
| | | 2010 \$'000 | 2009 \$'000 |
| Revenue | 3 | 61,688 | 102,679 |
| Other income | 4 | 6,600 | 2,521 |
| Finance costs | 5 | (2,881) | (3,457) |
| Changes in inventories of finished goods | | (59) | (114) |
| Cost of properties sold/consumables used | | (5,911) | (47,934) |
| Staff costs | 9 | (16,057) | (15,925) |
| Depreciation | | (6,328) | (6,083) |
| Other expenses | 6 | (19,540) | (19,719) |
| Profit before tax | 7 | 17,512 | 11,968 |
| Income tax expense | 10 | (1,223) | (713) |
| Profit for the financial year | | 16,289 | 11,255 |
| Other comprehensive (loss)/income, after tax: | | | |
| Currency translation differences on translation of financial statements of foreign subsidiaries | | (1,941) | (628) |
| Fair value loss on cash flow hedge | | (2,264) | – |
| Write back of deferred income tax liabilities due to change in tax rate | | – | 118 |
| Fair value gains on available-for-sale financial assets, net | | 113 | 573 |
| Other comprehensive (loss)/income for the financial year, net of tax | | (4,092) | 63 |
| Total comprehensive income for the financial year | | 12,197 | 11,318 |
| Profit/(loss) attributable to: | | | |
| Equity holders of the Company | | 16,353 | 11,255 |
| Non-controlling interests | | (64) | – |
| | | 16,289 | 11,255 |
| Total comprehensive income/(loss) attributable to: | | | |
| Equity holders of the Company | | 12,261 | 11,318 |
| Non-controlling interests | | (64) | – |
| | | 12,197 | 11,318 |
| Earnings per ordinary share attributable to the equity holders of the Company | | | |
| Basic and diluted (cents) | 11 | 2.83 | 1.95 |

The accompanying notes form an integral part of these financial statements.
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STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

| | Notes | The Group | | The Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Current assets | | | | | |
| Cash and bank balances | 12 | 10,346 | 24,621 | 38 | 39 |
| Trade and other receivables | 13 | 8,075 | 7,298 | 42,757 | 42,495 |
| Inventories | 14 | 463 | 522 | – | – |
| Development properties | 15 | 33,780 | 32,700 | – | – |
| Other current assets | 16 | 1,593 | 819 | 3 | 3 |
| | | 54,257 | 65,960 | 42,798 | 42,537 |
| Non-current assets | | | | | |
| Available-for-sale financial assets | 17 | 1,515 | 1,467 | 186 | 185 |
| Intangible assets | 18 | 357 | 357 | – | – |
| Investment in subsidiaries | 19 | – | – | 38,377 | 38,377 |
| Investment properties | 20 | 190,000 | 185,306 | – | – |
| Property, plant and equipment | 21 | 140,638 | 141,646 | – | – |
| Goodwill | 22 | 844 | 844 | – | – |
| Other assets | 23 | 7,136 | 7,247 | – | – |
| Deferred income tax assets | 24 | 489 | 522 | – | – |
| | | 340,979 | 337,389 | 38,563 | 38,562 |
| Total assets | | 395,236 | 403,349 | 81,361 | 81,099 |
| Current liabilities | | | | | |
| Trade and other payables | 25 | 24,854 | 20,385 | 221 | 193 |
| Tax payables | | 4,572 | 4,973 | – | – |
| Borrowings | 26 | 33,699 | 19,050 | – | – |
| | | 63,125 | 44,408 | 221 | 193 |
| Non-current liabilities | | | | | |
| Trade and other payables | 25 | 3,446 | 1,999 | – | – |
| Borrowings | 26 | 100,039 | 138,071 | – | – |
| Deferred income tax liabilities | 24 | 31,678 | 31,235 | – | – |
| | | 135,163 | 171,305 | – | – |
| Total liabilities | | 198,288 | 215,713 | 221 | 193 |
| Net assets | | 196,948 | 187,636 | 81,140 | 80,906 |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 27 | 125,646 | 125,646 | 125,646 | 125,646 |
| Reserves | | 71,366 | 61,990 | (44,506) | (44,740) |
| | | 197,012 | 187,636 | 81,140 | 80,906 |
| Non-controlling interests | | (64) | – | – | – |
| Total equity | | 196,948 | 187,636 | 81,140 | 80,906 |

The accompanying notes form an integral part of these financial statements.
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STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

| | Note | Equity attributable to equity holders of the Company | | | | | | | Total equity | |
|---|------|--|---------------------------|--------------------------------------|--------------------|-----------------|---------------------------------------|---------|--------------|---------------------------|
| | | Share capital | Asset revaluation reserve | Foreign currency translation reserve | Fair value reserve | Hedging reserve | Retained earnings and other reserves* | Total | | Non-controlling interests |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | | | | | |
| Balance at 1 January 2010 | | 125,646 | 9,773 | 1,826 | (201) | – | 50,592 | 187,636 | – | 187,636 |
| Profit/(loss) for the year | | – | – | – | – | – | 16,353 | 16,353 | (64) | 16,289 |
| Other comprehensive income/(loss) | | | | | | | | | | |
| Currency translation differences on translation of financial statements of foreign subsidiaries | | – | – | (1,941) | – | – | – | (1,941) | – | (1,941) |
| Fair values loss on cash flow hedge | | – | – | – | – | (2,264) | – | (2,264) | – | (2,264) |
| Fair value gains on available-for-sale financial assets, net | | – | – | – | 113 | – | – | 113 | – | 113 |
| Other comprehensive income/(loss) for the year, net of tax | | – | – | (1,941) | 113 | (2,264) | – | (4,092) | – | (4,092) |
| Total comprehensive income/(loss) for the year | | – | – | (1,941) | 113 | (2,264) | 16,353 | 12,261 | (64) | 12,197 |
| Dividend relating to 2009 | 28 | – | – | – | – | – | (2,885) | (2,885) | – | (2,885) |
| Balance at 31 December 2010 | | 125,646 | 9,773 | (115) | (88) | (2,264) | 64,060 | 197,012 | (64) | 196,948 |

The accompanying notes form an integral part of these financial statements.
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STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2010

| | Note | Equity attributable to equity holders of the Company | | | | | Total \$'000 |
|---|------|--|---------------------------|--------------------------------------|--------------------|---------------------------------------|-----------------|
| | | Share capital | Asset revaluation reserve | Foreign currency translation reserve | Fair value reserve | Retained earnings and other reserves* | |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| The Group | | | | | | | |
| Balance at 1 January 2009 | | 125,646 | 9,655 | 2,454 | (774) | 42,222 | 179,203 |
| Profit for the year | | – | – | – | – | 11,255 | 11,255 |
| Other comprehensive income/(loss) | | | | | | | |
| Currency translation differences on translation of financial statements of foreign subsidiaries | | – | – | (628) | – | – | (628) |
| Write back of deferred income tax liabilities due to change in tax rate | | – | 118 | – | – | – | 118 |
| Fair value gains on available-for-sale financial assets, net | | – | – | – | 573 | – | 573 |
| Other comprehensive income/(loss) for the year, net of tax | | – | 118 | (628) | 573 | – | 63 |
| Total comprehensive income/(loss) for the year | | – | 118 | (628) | 573 | 11,255 | 11,318 |
| Dividend relating to 2008 | 28 | – | – | – | – | (2,885) | (2,885) |
| Balance at 31 December 2009 | | 125,646 | 9,773 | 1,826 | (201) | 50,592 | 187,636 |

* Includes other reserves of \$112,000 as at 31 December 2010 (2009: \$112,000).

STATEMENTS OF CHANGES IN EQUITY (continued)

For the financial year ended 31 December 2010

| | Note | Share capital \$'000 | Accumulated losses \$'000 | Fair value reserve \$'000 | Other reserves \$'000 | Total \$'000 |
|---|------|-------------------------|------------------------------|------------------------------|--------------------------|-----------------|
| The Company | | | | | | |
| Balance at 1 January 2010 | | 125,646 | (45,691) | 25 | 926 | 80,906 |
| Profit for the year | | – | 3,118 | – | – | 3,118 |
| Fair value gains on available-for-sale financial assets | | – | – | 1 | – | 1 |
| Total comprehensive income for the year | | – | 3,118 | 1 | – | 3,119 |
| Dividend relating to 2009 | 28 | – | (2,885) | – | – | (2,885) |
| Balance at 31 December 2010 | | 125,646 | (45,458) | 26 | 926 | 81,140 |

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

The accompanying notes form an integral part of these financial statements.
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|---|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 17,512 | 11,968 |
| Adjustments for: | | | |
| Gain from fair value adjustment of investment properties | | (5,000) | – |
| Amortisation of other assets | | 111 | 111 |
| Investment property written off | | 128 | – |
| Exchange difference | | 359 | 573 |
| Depreciation of property, plant and equipment | | 6,328 | 6,083 |
| Income from financial assets | | (65) | (36) |
| Interest income | | (44) | (53) |
| Interest expense | | 2,881 | 3,457 |
| Loss on disposal of property, plant and equipment | | 9 | 302 |
| Gain from disposal of investment property | | (35) | – |
| Gain on disposal of available-for-sale financial assets | | (48) | (7) |
| Property, plant and equipment written off | | 3 | 143 |
| Operating cash flow before working capital changes | | 22,139 | 22,541 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 59 | 91 |
| Receivables | | (1,551) | 3,806 |
| Payables | | 3,652 | (3,258) |
| Development properties | | (1,080) | 25,839 |
| Cash generated from operations | | 23,219 | 49,019 |
| Income tax paid (net) | | (1,148) | (3,221) |
| Net cash generated from operating activities | | 22,071 | 45,798 |
| Cash flows from investing activities | | | |
| Proceeds from sale of available-for-sale financial assets | | 122 | 47 |
| Purchase of available-for-sale financial assets | | (9) | (20) |
| Payments for property, plant and equipment (Note A) | | (7,193) | (2,185) |
| Proceeds from disposal of an investment property | | 213 | – |
| Proceeds from disposal of property, plant and equipment | | 13 | 184 |
| Income received from quoted equity investments | | 65 | 36 |
| Interest received | | 44 | 53 |
| Net cash used in investing activities | | (6,745) | (1,885) |

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the financial year ended 31 December 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|---|------|-----------------|-----------------|
| Cash flows from financing activities | | | |
| Bank balance secured for financing | | 2,248 | (2,048) |
| Interest paid | | (2,881) | (3,457) |
| Dividends paid to shareholders of Amara Holdings Limited | | (2,885) | (2,885) |
| Repayment of finance lease liabilities | | (765) | (783) |
| Net repayment of bank borrowings | | (22,668) | (38,869) |
| Net cash used in financing activities | | (26,951) | (48,042) |
| Net decrease in cash and cash equivalents held | | | |
| Cash and cash equivalents at beginning of financial year | | 22,373 | 27,026 |
| Effects of exchange rate changes on cash and cash equivalents | | (402) | (524) |
| Cash and cash equivalents at end of financial year | 12 | 10,346 | 22,373 |

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$7,243,000 (2009: \$2,583,000) of which \$50,000 (2009: \$398,000) was financed by means of finance lease. Cash payment of \$7,193,000 (2009: \$2,185,000) was made to purchase property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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

1. GENERAL

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

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

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 19 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial statements are presented in Singapore Dollars (SGD or \$).

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

The adoption of these new and revised FRS has no material effect on the financial statements, except for the adoption of the following new or revised FRS which are relevant to the Group:

(1) *FRS 103 (revised) Business Combinations*

The Group adopted the revised standard on 1 January 2010.

Changes in significant accounting policies resulting from the adoption of the revised FRS 103 are summarised as follows:

- Acquisition-related transactions costs would no longer be capitalised as part of the cost of acquisition but will be expensed in profit or loss when incurred;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(2) FRS 27 (revised) Consolidated and Separate Financial Statements

The Group adopted the revisions to FRS 27 on 1 January 2010. Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in loss of control is accounted for as equity transactions. Such change will not have any impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

As the changes have been implemented prospectively in accordance with the standard's transitional provisions, the adoption of the revised standard did not require any adjustments to any amounts previously recognised in the financial statements, and there were no impact on the financial statements for the current financial year.

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

| | |
|---------------------------|--|
| FRS 24 | Related Party Disclosures |
| INT FRS 115 | Agreements for the Construction of Real Estate |
| INT FRS 119 | Extinguishing Financial Liabilities with Equity Instruments |
| Amendments to FRS 32 | Classification of Rights Issues |
| Amendments to FRS 101 | Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters |
| Amendments to INT FRS 114 | Prepayments of a Minimum Funding Requirement |
| Improvements to FRSs 2010 | |

The Group anticipates that the adoption of these FRSs and INT FRSs (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 for FRS 24 Related Party Disclosures and INT FRS 115 Agreements for the Construction of Real Estate as indicated below.

(i) FRS 24 (revised) Related Party Disclosure

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

(ii) INT FRS 115 Agreements for the Construction of Real Estate

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses. The Group will apply INT FRS 115 from 1 January 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting estimates and judgements

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

(1) Key sources of estimation uncertainty

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

i) Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax payables, deferred income tax assets and deferred income tax liabilities at 31 December 2010 were \$4,572,000 (2009: \$4,973,000), \$489,000 (2009: \$522,000) and \$31,678,000 (2009: \$31,235,000), respectively.

ii) Depreciation of property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 90 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2010 were \$140,638,000 (2009: \$141,646,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

(1) *Hotel and restaurant operations and other services rendered*

Revenue from hotel and restaurant operations is recognised when earned.

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

(2) *Rental income*

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

(3) *Development properties for sale*

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

(4) *Management fee*

Management fee income is recognised when services are rendered.

(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 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Group accounting

(1) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(2) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Group accounting (continued)

(2) Basis of consolidation (continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

(e) Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(1) Operating supplies

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

(2) Capital project in progress

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

(3) Depreciation

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

| | % |
|--|------------|
| Freehold property | 2 |
| Leasehold land and buildings | 1.1 – 5 |
| Plant and machinery, furniture, fixtures and equipment | 10 – 331/3 |
| Motor vehicles | 20 |
| Renovations | 10 |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(4) Subsequent expenditure

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

(5) Disposal

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

(f) Intangible assets

(1) Goodwill

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

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

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

(2) Club memberships

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment properties

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

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

(h) Impairment of assets

(1) Goodwill

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

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

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

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

Impairment loss on goodwill is not reversed in subsequent period.

(2) Property, plant and equipment Investment in subsidiaries

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets

(1) Classification

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

i) Loans and receivables

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

ii) Financial assets, available-for-sale

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

(2) Recognition and derecognition

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

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(3) Initial measurement

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

(4) Subsequent measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets (continued)

(4) Subsequent measurement (continued)

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

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

(5) Determination of fair value

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

(6) Impairment

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

(i) Loans and receivables

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

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

(ii) Financial assets, available-for-sale

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets (continued)

(6) Impairment (continued)

(ii) Financial assets, available-for-sale (continued)

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

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

(j) Inventories

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

(k) Development properties

(1) Completed properties held for sale

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

(2) Properties under development

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

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

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

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

(l) Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Borrowing costs

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

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

(n) Financial liabilities

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

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

(o) Leases

(1) When a group company is the lessee:

Finance leases

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

Operating leases

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

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

(2) When a group company is the lessor:

Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income taxes

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

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

Deferred income tax is provided using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

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.

(q) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee benefits

(1) Employee leave entitlement

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

(2) Defined contribution plans

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

(s) Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

Currency translation differences on non-monetary items, such as available-for-sale equity securities, are reported as part of the fair value gain or loss.

(3) Translation of Group entities' financial statements

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

- i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting date;
- ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Foreign currency translation (continued)

(3) Translation of Group entities' financial statements (continued)

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

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

(t) Segment reporting

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

(u) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and unsecured fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) Government grants

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

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

(w) Share capital

Ordinary shares are classified as equity.

(x) Dividend

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

(y) Related parties

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

(aa) Derivative financial instruments and hedging activities

Cash flow hedges

The Group holds interest rate swaps to hedge its interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred.

Subsequent to initial recognition, changes in the fair value of the derivative hedging instrument designated as the hedging instrument in the cash flow hedge, is recognised directly in other comprehensive income and presented in the hedging reserve in equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity, remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedge item affects profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3. REVENUE

| | The Group | |
|---|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Room, food and beverage and other revenue | 53,086 | 43,149 |
| Rental income from investment properties | 8,590 | 9,051 |
| Revenue recognised on development properties | – | 50,470 |
| Income from available-for-sale financial assets | 12 | 9 |
| | 61,688 | 102,679 |

4. OTHER INCOME

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Other income | | |
| - Government grant | 177 | 958 |
| - Gain from fair value adjustment of investment properties | 5,000 | – |
| - Rental income | 5 | 244 |
| - Gain on disposal of an investment property | 35 | – |
| - Income from available-for-sale financial assets | 102 | 33 |
| - Others | 1,237 | 1,233 |
| | 6,556 | 2,468 |
| Interest income - fixed deposits | 44 | 53 |
| | 6,600 | 2,521 |

5. FINANCE COSTS

| | The Group | |
|----------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Interest expense | | |
| - Finance leases | 135 | 176 |
| - Bank loans and overdraft | 2,746 | 3,281 |
| | 2,881 | 3,457 |

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 2010

7. PROFIT BEFORE TAX

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

| | The Group | |
|---|-----------|--------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Profit before tax is arrived at after: | | |
| Charging/(Crediting): | | |
| Allowance for doubtful trade receivables | 137 | 58 |
| Allowance for doubtful non-trade receivables | 53 | 2,740 |
| Allowance for doubtful receivables written back (trade) | (33) | (13) |
| Allowance for doubtful receivables written back (non-trade) | (238) | – |
| Amortisation of other assets (Note 23) | 111 | 111 |
| Bad debts written off | 34 | – |
| Depreciation of property, plant and equipment (Note 21) | | |
| - Freehold property | 10 | 10 |
| - Leasehold land and buildings | 2,289 | 1,823 |
| - Plant and machinery, furniture, fixtures and equipment | 1,774 | 2,022 |
| - Motor vehicles | 224 | 180 |
| - Renovations | 2,031 | 2,048 |
| Directors' fees | 102 | 102 |
| Loss on disposal of property, plant and equipment | 9 | 302 |
| Net foreign exchange loss | 987 | 597 |
| Other fees paid/payable to the auditors of the Company | 37 | 59 |
| Investment property written off | 128 | – |
| Property, plant and equipment written off | 3 | 143 |
| Rental expense - operating leases | 1,534 | 1,004 |

8. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

| | The Group | |
|---|-----------|------|
| | 2010 | 2009 |
| 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 \$101,000 (2009: \$79,000). These amounts have been included in the remuneration of directors of the Company for the purposes of this Note.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

9. STAFF COSTS

| | The Group | |
|---|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Wages and salaries | 13,706 | 13,762 |
| Employer's contribution to Central Provident Fund | 1,310 | 1,232 |
| Other benefits | 1,041 | 931 |
| | 16,057 | 15,925 |

10. INCOME TAX EXPENSE

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Tax expense attributable to the results is made up of: | | |
| Current income tax - Singapore | 3,233 | 2,726 |
| Deferred income tax (Note 24) | 476 | (2,009) |
| | 3,709 | 717 |
| (Over)/under provision in preceding financial years: | | |
| - Current income tax | (2,486) | 760 |
| - Deferred income tax (Note 24) | - | (764) |
| | 1,223 | 713 |

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 | |
|---|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Profit before tax | 17,512 | 11,968 |
| Tax calculated at a tax rate of 17% | 2,977 | 2,035 |
| Expenses not deductible for tax purposes | 991 | 1,329 |
| Income not taxable | (163) | (184) |
| Deferred tax asset not recognised | 14 | 27 |
| Utilisation of deferred tax asset previously not recognised | (6) | (583) |
| Effect of change in tax rate | - | (1,749) |
| Others | (104) | (158) |
| | 3,709 | 717 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

11. EARNINGS PER ORDINARY SHARE

| | The Group | |
|--|-----------|---------|
| | 2010 | 2009 |
| Profit after tax attributable to the equity holders of Amara Holdings Limited (\$'000) | 16,353 | 11,255 |
| Number of ordinary shares in issue ('000) | 576,936 | 576,936 |
| Basic and diluted earnings per ordinary share (cents) | 2.83 | 1.95 |

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 | |
|--|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Cash at bank and on hand | 3,919 | 5,348 | 38 | 39 |
| Fixed deposits with financial institutions | 6,427 | 19,273 | – | – |
| | 10,346 | 24,621 | 38 | 39 |

Included in the above are:-

- (i) \$120,000 (2009: \$37,000) held under the Housing Developers (Project Account) Rules (1997 Ed), withdrawals from which are restricted to payments for project expenditure incurred.
- (ii) \$Nil (2009: \$2,248,000) which is charged to a bank by a subsidiary for financing facilities.

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

The Group's fixed deposits with financial institutions mature on varying dates within 3 months (2009: 1 month) from the financial year end. The weighted average effective interest rate of these deposits as at 31 December 2010 was 1.47% (2009: 0.10%) per annum.

Cash and bank balances are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Singapore Dollar | 3,186 | 4,893 | 38 | 39 |
| United States Dollar | 6,083 | 19,522 | – | – |
| Renminbi | 1,020 | 180 | – | – |
| Others | 57 | 26 | – | – |
| | 10,346 | 24,621 | 38 | 39 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

12. CASH AND BANK BALANCES (continued)

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

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Cash and bank balances | 10,346 | 24,621 |
| Less: Bank balances secured for financing activities (Note 26) | – | (2,248) |
| Cash and cash equivalents per consolidated statement of cash flows | 10,346 | 22,373 |

13. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Trade receivables | | | | |
| - Third parties | 5,734 | 5,296 | 21 | 20 |
| - Related party | – | 240 | – | – |
| | 5,734 | 5,536 | 21 | 20 |
| Less: Allowance for doubtful trade receivables | (1,162) | (1,233) | (17) | (17) |
| Trade receivables - net | 4,572 | 4,303 | 4 | 3 |
| Non-trade receivables | | | | |
| - Third parties | 5,847 | 5,535 | – | – |
| - Subsidiaries | – | – | 42,753 | 42,492 |
| - Minority shareholder of subsidiary | 258 | 258 | – | – |
| | 6,105 | 5,793 | 42,753 | 42,492 |
| Less: Allowance for doubtful non-trade receivables | (2,602) | (2,798) | – | – |
| Non-trade receivables - net | 3,503 | 2,995 | 42,753 | 42,492 |
| | 8,075 | 7,298 | 42,757 | 42,495 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

13. TRADE AND OTHER RECEIVABLES (continued)

In year 2009, the amount due from a related party in which a close family member of a director has significant interest was unsecured and interest-free.

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

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

Included in the Group's non-trade receivable balance is amount due from a third party with a carrying amount of \$2,542,000 (2009: \$2,740,000) which is past due at the reporting date for which the Group has not provided for impairment as the amount is considered recoverable.

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

Trade and other receivables are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Singapore Dollar | 5,034 | 4,221 | 42,757 | 42,495 |
| United States Dollar | 965 | 1,203 | – | – |
| Renminbi | 1,873 | 1,874 | – | – |
| Others | 203 | – | – | – |
| | 8,075 | 7,298 | 42,757 | 42,495 |

14. INVENTORIES

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Food and beverage, at cost | 335 | 343 |
| Other hotel and catering supplies, at cost | 128 | 179 |
| | 463 | 522 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

15. DEVELOPMENT PROPERTIES

| | The Group | |
|------------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Properties under development | 31,410 | 30,330 |
| Completed properties held for sale | 2,370 | 2,370 |
| | 33,780 | 32,700 |

(a) Properties under development

| | The Group | |
|---|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Land and other related costs | 31,410 | 30,330 |
| Borrowing costs capitalised during the financial year | 164 | 356 |

The weighted average effective interest rate of borrowing costs capitalised for the year ended 31 December 2010 is 1.61% (2009: 2.43%) per annum.

(b) Completed properties held for sale

| | The Group | |
|------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Land and other related costs | 1,449 | 1,449 |
| Development costs | 921 | 921 |
| | 2,370 | 2,370 |

As at 31 December 2010 and 2009, certain properties are mortgaged to banks to secure credit facilities as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

15. DEVELOPMENT PROPERTIES (continued)

The Group's development properties as at 31 December 2010 are set out below:

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

16. OTHER CURRENT ASSETS

| | The Group | | The Company | |
|----------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Deposits | 1,192 | 642 | — | — |
| Prepayments | 392 | 167 | 3 | 3 |
| Staff advances | 9 | 10 | — | — |
| | 1,593 | 819 | 3 | 3 |

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 2010

16. OTHER CURRENT ASSETS (continued)

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

| | The Group | | The Company | |
|------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Singapore Dollar | 1,158 | 580 | – | – |
| Renminbi | 43 | 45 | – | – |
| Malaysia Ringgit | – | 27 | – | – |
| | 1,201 | 652 | – | – |

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | The Group | | The Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Quoted investments | | | | |
| - Equity shares in corporations | 1,480 | 1,433 | 186 | 185 |
| - Quoted unit trust | 35 | 34 | – | – |
| At fair value | 1,515 | 1,467 | 186 | 185 |

The fair values of quoted investments are determined by reference to Singapore Exchange quoted bid prices.

18. INTANGIBLE ASSETS

| | The Group | |
|-----------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Club memberships | 532 | 532 |
| Less: Impairment loss | (175) | (175) |
| | 357 | 357 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

19. INVESTMENT IN SUBSIDIARIES

| | The Company | |
|---------------------------------|-------------|---------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Unquoted equity shares, at cost | 48,206 | 48,206 |
| Less: Impairment loss | (9,829) | (9,829) |
| | 38,377 | 38,377 |

Allowance for impairment loss balance is as follows:

| | The Company | |
|------------------------------|-------------|--------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| At 1 January and 31 December | 9,829 | 9,829 |

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

| Name of subsidiary | Principal activities | Effective equity interest held by | | | | Cost of investment | |
|--------------------------------|--|-----------------------------------|------|--------------|------|--------------------|--------|
| | | The Company | | Subsidiaries | | 2010 | 2009 |
| | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | | % | % | % | % | \$'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 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

19. INVESTMENT IN SUBSIDIARIES (continued)

| Name of subsidiary | Principal activities | Effective equity interest held by | | | | Cost of investment | |
|--|---|-----------------------------------|------|--------------|------|--------------------|--------|
| | | The Company | | Subsidiaries | | 2010 | 2009 |
| | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | | % | % | % | % | \$'000 | \$'000 |
| PCS Restaurants Pte Ltd | Investment holding | 100 | 100 | – | – | 1,673 | 1,673 |
| Amara China Investments Pte Ltd | Investment holding | 100 | 100 | – | – | –** | –** |
| Amara International Hotels & Resorts Pte Ltd | Management and technical advisory services for the management and development of hotels and resorts | 100 | 100 | – | – | –** | –** |
| AOI Saigon Pte Ltd * | Hotelier, restaurateur and investment holding | 90 | 90 | – | – | 4,773 | 4,773 |
| Amara Hospitality Capital Pte Ltd (Formerly known as "Middle City Holdings Pte Ltd") | Investment holding | 100 | 100 | – | – | 5,056 | 5,056 |
| Amara Sentosa Investments Pte Ltd | Hotelier, restaurateur and investment holding | 100 | 100 | – | – | 8,000 | 8,000 |
| Held by PCS Restaurants Pte Ltd | | | | | | | |
| Catering Concepts & Management Services Pte Ltd | Food & beverage caterer and proprietor of a food court | – | – | 85 | 85 | – | – |
| Silk Road Restaurants International Pte Ltd | Restaurateur and franchisor | – | – | 100 | 100 | – | – |
| Amarathai Restaurant Pte Ltd | Restaurateur | – | – | 100 | 100 | – | – |
| Simply Thai Restaurant Pte Ltd | Restaurateur | – | – | 100 | 100 | – | – |
| Silk Road Restaurant (M) Sdn Bhd | Restaurateur | – | – | 100 | 100 | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

19. INVESTMENT IN SUBSIDIARIES (continued)

| Name of subsidiary | Principal activities | Effective equity interest held by | | | | Cost of investment | |
|--|---------------------------------|-----------------------------------|------|--------------|------|--------------------|--------|
| | | The Company | | Subsidiaries | | 2010 | 2009 |
| | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | | % | % | % | % | \$'000 | \$'000 |
| Held by Amara Hospitality Capital Pte Ltd | | | | | | | |
| Amara Hospitality (Thailand) Co., Ltd | Hotel development and ownership | – | – | 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 | – | – |
| Held by Amara Shanghai Pte Ltd | | | | | | | |
| Shanghai Amara Hotel Co., Ltd. | Hotel development and ownership | – | – | 95 | 95 | – | – |
| | | | | | | 48,206 | 48,206 |

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

** cost of less than \$1,000.

- (a) On 16 July 2010, Amara Hospitality Capital Pte Ltd incorporated Amara Hospitality (Thailand) Co., Ltd, a wholly owned subsidiary in Thailand with an issued and paid up capital of 10,000 ordinary shares, paid up to Thai Baht 2.5 each.
- (b) During the year, the paid up capital of Shanghai Amara Hotel Co., Ltd was increased by US\$6,700,000 through injections of share capital through Amara Shanghai Pte Ltd and Amara China Investments Pte Ltd.

All the subsidiaries' country of incorporation and place of business is in Singapore and audited by Baker Tilly TFW LLP, 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 Amara Hospitality (Thailand) Co., Ltd whose country of incorporation and place of business is in Thailand and audited by Baker Tilly Thailand Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

20. INVESTMENT PROPERTIES

| | The Group | |
|----------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| At 1 January | 185,306 | 185,306 |
| Disposals/write off | (306) | – |
| Fair value gain adjustment | 5,000 | – |
| At 31 December | 190,000 | 185,306 |

- (a) Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2010. Valuation was performed by Chesterton Suntec International Pte Ltd, a firm of property consultants, in December 2010, on the Group's investment properties referred to as The Amara Shopping Centre and Amara Corporate Tower on the basis of open market value for existing use. It is the intention of the directors to hold the investment properties for long term.
- (b) At the reporting date, The Amara Shopping Centre and Amara Corporate Tower with aggregate carrying amount of \$190,000,000 (2009: \$185,000,000) were mortgaged to banks to secure bank loans and bank facilities for the Group (Note 26).
- (c) The Group's investment properties as at 31 December 2010 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 |

- (d) In the consolidated statement of comprehensive income, rental income of \$8,590,000 (2009: \$9,051,000) was generated from investment properties, and direct operating expenses include \$2,904,000 (2009: \$2,532,000) relating to investment properties that generated rental income during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

21. PROPERTY, PLANT AND EQUIPMENT

The Group

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

Cost or valuation

| | | | | | | | | |
|-----------------------------|-----|---------|--------|-------|--------|-------|--------|---------|
| At 1 January 2010 | | | | | | | | |
| - Cost | 491 | 96,838 | 21,655 | 1,116 | 21,501 | 3,072 | 6,928 | 151,601 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 149,038 | 21,655 | 1,116 | 21,501 | 3,072 | 6,928 | 208,801 |
| Exchange rate adjustment | - | (1,709) | (6) | - | - | - | (273) | (1,988) |
| Additions, at cost | - | 102 | 455 | 218 | 250 | 37 | 6,181 | 7,243 |
| Disposals/write off | - | - | (337) | (96) | (20) | (72) | - | (525) |
| At 31 December 2010 | 491 | 147,431 | 21,767 | 1,238 | 21,731 | 3,037 | 12,836 | 208,531 |

Representing:

| | | | | | | | | |
|-------------|-----|---------|--------|-------|--------|-------|--------|---------|
| - Cost | 491 | 95,231 | 21,767 | 1,238 | 21,731 | 3,037 | 12,836 | 156,331 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 147,431 | 21,767 | 1,238 | 21,731 | 3,037 | 12,836 | 208,531 |

Accumulated depreciation and impairment

| | | | | | | | | |
|-----------------------------|-----|--------|--------|------|--------|------|---|--------|
| At 1 January 2010 | 128 | 31,196 | 13,913 | 561 | 16,274 | 83 | - | 62,155 |
| Exchange rate adjustment | - | (85) | (5) | - | - | - | - | (90) |
| Depreciation | 10 | 2,289 | 1,774 | 224 | 2,031 | - | - | 6,328 |
| Disposals/write off | - | - | (321) | (96) | (11) | (72) | - | (500) |
| At 31 December 2010 | 138 | 33,400 | 15,361 | 689 | 18,294 | 11 | - | 67,893 |

Net carrying amount

| | | | | | | | | |
|---------------------|-----|---------|-------|-----|-------|-------|--------|---------|
| At 31 December 2010 | 353 | 114,031 | 6,406 | 549 | 3,437 | 3,026 | 12,836 | 140,638 |
|---------------------|-----|---------|-------|-----|-------|-------|--------|---------|

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

21. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

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

Cost or valuation

At 1 January 2009

| | | | | | | | | |
|-------------|-----|---------|--------|-----|--------|-------|-------|---------|
| - Cost | 491 | 96,547 | 21,814 | 965 | 21,750 | 3,130 | 6,243 | 150,940 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 148,747 | 21,814 | 965 | 21,750 | 3,130 | 6,243 | 203,140 |

Exchange rate

| | | | | | | | | |
|---------------------|---|-------|-------|-------|-------|------|------|---------|
| adjustment | - | (616) | (3) | - | (1) | (1) | (84) | (705) |
| Additions, at cost | - | 907 | 227 | 476 | 190 | 14 | 769 | 2,583 |
| Disposals/write off | - | - | (383) | (325) | (438) | (71) | - | (1,217) |

| | | | | | | | | |
|---------------------|-----|---------|--------|-------|--------|-------|-------|---------|
| At 31 December 2009 | 491 | 149,038 | 21,655 | 1,116 | 21,501 | 3,072 | 6,928 | 203,801 |
|---------------------|-----|---------|--------|-------|--------|-------|-------|---------|

Representing:

| | | | | | | | | |
|-------------|-----|---------|--------|-------|--------|-------|-------|---------|
| - Cost | 491 | 96,838 | 21,655 | 1,116 | 21,501 | 3,072 | 6,928 | 151,601 |
| - Valuation | - | 52,200 | - | - | - | - | - | 52,200 |
| | 491 | 149,038 | 21,655 | 1,116 | 21,501 | 3,072 | 6,928 | 203,801 |

Accumulated depreciation and impairment

| | | | | | | | | |
|-------------------|-----|--------|--------|-----|--------|----|---|--------|
| At 1 January 2009 | 118 | 29,398 | 12,075 | 706 | 14,298 | 93 | - | 56,688 |
|-------------------|-----|--------|--------|-----|--------|----|---|--------|

Exchange rate

| | | | | | | | | |
|---------------------|----|-------|-------|-------|-------|------|---|-------|
| adjustment | - | (25) | (2) | - | (1) | - | - | (28) |
| Depreciation | 10 | 1,823 | 2,022 | 180 | 2,048 | - | - | 6,083 |
| Disposals/write off | - | - | (182) | (325) | (71) | (10) | - | (588) |

| | | | | | | | | |
|---------------------|-----|--------|--------|-----|--------|----|---|--------|
| At 31 December 2009 | 128 | 31,196 | 13,913 | 561 | 16,274 | 83 | - | 62,155 |
|---------------------|-----|--------|--------|-----|--------|----|---|--------|

Net carrying amount

| | | | | | | | | |
|---------------------|-----|---------|-------|-----|-------|-------|-------|---------|
| At 31 December 2009 | 363 | 117,842 | 7,742 | 555 | 5,227 | 2,989 | 6,928 | 141,646 |
|---------------------|-----|---------|-------|-----|-------|-------|-------|---------|

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

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Plant and machinery, furniture, fixtures and equipment | 1,243 | 1,529 |
| Operating supplies | 707 | 707 |
| Motor vehicles | 514 | 543 |
| | 2,464 | 2,779 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

21. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) At the reporting date, the net carrying amount of certain freehold property, leasehold land and buildings and renovation of the Group mortgaged to banks to secure bank borrowings amounted to \$87,979,000 (2009: \$91,353,000) (Note 26).
- (c) The Group's leasehold land and buildings include borrowing costs incurred in connection with the construction of properties.
- (d) One of the Group's leasehold land and buildings, known as the Amara Hotel, located at Tanjong Pagar Road, Singapore which has a lease period of 99 years commencing from 1979 is stated at valuation at 31 December 1987 based on an independent professional valuation carried out by Knight Frank Pte Ltd, a firm of property consultants, on 8 March 1988 on the basis of open market value for existing use. The revaluation surplus was transferred to the asset revaluation reserve.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less depreciation, the net carrying amount would have been \$21,695,000 (2009: \$22,020,000).

An independent professional valuation on the Amara Hotel was carried out by Chesterton Suntec International Pte Ltd, a firm of property consultants, in December 2010 on the basis of open market value for existing use. The surplus on revaluation of the leasehold land and building amounting to \$178,000,000 has not been incorporated in the financial statements of the subsidiary nor in the consolidated financial statements.

An independent professional valuation on the leasehold land located at 582 and 600 Changshou Road, Shanghai was carried out by DTZ Debenham Tie Leung Ltd, a firm of property consultants, in December 2010 on the basis of open market value for existing use. The surplus on revaluation of the leasehold land amounting to \$79,898,000 has not been incorporated in the financial statements of the subsidiary nor in the consolidated financial statements.

An independent professional valuation on the Amara Sanctuary Resorts Sentosa at 31 December 2010 was carried out by Knight Frank Pte Ltd, a firm of property consultants, in January 2011 on the basis of open market value for existing use. The surplus on revaluation of the leasehold land and building amounting to \$54,337,000 has not been incorporated in the financial statements of the subsidiary nor in the consolidated financial statements.

- (e) The Group's properties as at 31 December 2010 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 Changshou 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 2010

22. GOODWILL

| | The Group | |
|--|-----------|--------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Goodwill arising on consolidation | | |
| Cost | 889 | 889 |
| Less: Accumulated impairment loss | (45) | (45) |
| | 844 | 844 |

23. OTHER ASSETS

| | The Group | |
|-------------------|-----------|--------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Prepayment | | |
| At 1 January | 7,247 | 7,358 |
| Amortisation | (111) | (111) |
| At 31 December | 7,136 | 7,247 |

24. DEFERRED INCOME TAXES

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

| | The Group | |
|--|-----------|---------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| At 1 January | 30,713 | 33,604 |
| Effect of change in Singapore tax rate | | |
| - profit or loss | - | (1,749) |
| - equity | - | (118) |
| Tax debited/(credited) to profit or loss | | |
| - current year | 476 | (260) |
| - prior year | - | (764) |
| At 31 December | 31,189 | 30,713 |

Deferred tax assets are recognised for tax losses 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 \$521,000 (2009: \$440,000) and \$47,000 (2009: \$46,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

24. DEFERRED INCOME TAXES (continued)

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

The Group

Deferred income tax liabilities

| | Accelerated tax depreciation | Investment properties | Unremitted foreign sourced income | Asset revaluation reserve | Others | Total |
|---|------------------------------------|--------------------------|--|---------------------------------|--------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2010 | 5,252 | 22,672 | 1,010 | 2,002 | 405 | 31,341 |
| (Credited)/debited to profit or loss | (380) | 850 | – | – | 6 | 476 |
| At 31 December 2010 | 4,872 | 23,522 | 1,010 | 2,002 | 411 | 31,817 |
| At 1 January 2009 | 5,577 | 24,006 | 1,745 | 2,120 | 1,121 | 34,569 |
| Effect of change in Singapore tax rate | | | | | | |
| - profit or loss | (310) | (1,334) | (97) | – | (62) | (1,803) |
| - equity | – | – | – | (118) | – | (118) |
| Credited to profit or loss | (15) | – | (638) | – | (654) | (1,307) |
| At 31 December 2009 | 5,252 | 22,672 | 1,010 | 2,002 | 405 | 31,341 |

Deferred income tax assets

| | Tax losses | Capital allowances | Others | Total |
|--|------------|-----------------------|--------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2010 and 31 December 2010 | (628) | – | – | (628) |
| At 1 January 2009 | (665) | (3) | (297) | (965) |
| Effect of change in Singapore tax rate | | | | |
| - profit or loss | 37 | 1 | 16 | 54 |
| Charged to profit or loss | – | 2 | 281 | 283 |
| At 31 December 2009 | (628) | – | – | (628) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

24. DEFERRED INCOME TAXES (continued)

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

| | The Group | |
|---------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Deferred income tax assets | (489) | (522) |
| Deferred income tax liabilities | 31,678 | 31,235 |
| | 31,189 | 30,713 |

25. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| (a) Current | | | | |
| Trade payables | 5,062 | 4,870 | 3 | – |
| Due to subsidiaries | – | – | – | 1 |
| Due to related parties | 94 | 101 | – | – |
| Accrued operating expenses | 13,497 | 11,150 | 190 | 190 |
| Accrued construction costs | 2,208 | 1,608 | – | – |
| Sundry payables | 1,074 | 1,189 | 28 | 2 |
| Deposits received | 2,919 | 1,467 | – | – |
| | 24,854 | 20,385 | 221 | 193 |

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 2010

25. TRADE AND OTHER PAYABLES (continued)

(b) Non-current

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Derivative financial instrument | 2,264 | – |
| Advances from minority shareholder of subsidiary | – | 1 |
| Deposits received | 1,182 | 1,998 |
| | 3,446 | 1,999 |

Derivative financial instrument represents a cash flow hedge interest rate swap with a notional amount of \$26,000,000 (2009: \$NIL). The interest rate swap receives floating interest and pays a fixed rate of interest and matures in March 2013.

In year 2009, the advances from minority shareholder of subsidiary were unsecured and interest-free.

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

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Derivative financial instrument | 2,264 | – |
| Advances from minority shareholder of subsidiary | – | 1 |
| Deposits received | 1,132 | 1,924 |
| | 3,396 | 1,925 |

The fair values are computed based on the present value of the cashflows using a discount rate of 2.55% (2009: 1.89%) per annum, which is the lending rate that the directors expect would be incurred by the Group at the reporting date.

Trade and other payables are denominated in the following currencies:

| | The Group | | The Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Singapore Dollar | 28,135 | 22,187 | 221 | 193 |
| United States Dollar | 35 | 37 | – | – |
| Renminbi | 118 | 106 | – | – |
| Malaysia Ringgit | 12 | 54 | – | – |
| | 28,300 | 22,384 | 221 | 193 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

26. BORROWINGS

| | The Group | |
|-------------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Current | | |
| Bank loans, secured | 32,900 | 18,304 |
| Finance lease liabilities (Note 30) | 799 | 746 |
| | 33,699 | 19,050 |
| Non-current | | |
| Bank loans, secured | | |
| - Between 1 and 2 years | 99,190 | 117,254 |
| - Between 3 and 5 years | - | 19,200 |
| Finance lease liabilities (Note 30) | 849 | 1,617 |
| | 100,039 | 138,071 |
| Total borrowings | 133,738 | 157,121 |

(a) The Group's bank borrowings at 31 December 2010 comprise the following:

- (i) term loan of \$18,500,000 (2009: \$19,500,000), revolving credit advances of \$50,000,000 (2009: \$50,000,000) and a short-term advance of \$Nil (2009: \$14,000,000) secured by way of a legal mortgage on the Amara Hotel, The Amara Shopping Centre and Amara Corporate Tower as stated in Notes 20 and 21 to the financial statements and the assignment in escrow of interest in the lease and rental proceeds from the above properties and debenture over Amara Hotel.

These banking facilities have been extended to 2012.

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 February 2012 will remain available for reborrowing;

- (ii) a revolving loan of \$Nil (2009: \$376,000) is secured by a first legal mortgage on a freehold property as stated in Note 21 to the financial statements;
- (iii) term loan of \$8,400,000 (2009: \$8,400,000) and revolving credit advances of \$290,000 (2009: \$100,000) are 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. These loans are further secured by an assignment of the proceeds, building contracts, insurance policies and performance bonds issued in favour of the subsidiary to the lending bank and a corporate guarantee from the Company;
- (iv) a term loan of \$26,000,000 (2009: \$28,000,000) is secured by a mortgage-in-escrow on Amara Sanctuary Resort, Sentosa as disclosed in Note 21 to the financial statements. The loan is further secured by an assignment of all rights, benefits and entitlement under and in the construction contracts, construction guarantees, hotel subleases, insurances, a corporate guarantee from the Company and debenture over the hotel. This loan matures in March 2013;
- (v) a term loan of \$28,900,000 (2009: \$33,554,000) is secured by way of the first legal mortgage on the Amara Hotel, The Amara Shopping Centre and Amara Corporate Tower as stated in Notes 20 and 21 to the financial statements and assignment of all rental proceeds from the above properties and corporate guarantee from the Company and debenture over Amara Hotel. This loan matures in November 2011; and
- (vi) a term loan of \$Nil (2009: \$828,000) is secured by a fixed deposit of \$Nil (2009: \$2,248,000) as stated in Note 12. This loan matured in June 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

26. BORROWINGS (continued)

(b) Currency risk

The borrowings are denominated in Singapore Dollar, except for a term loan of \$Nil (2009: \$828,000) which was denominated in Renminbi.

(c) Interest rate risks

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

| | 2010 Per annum | 2009 Per annum |
|---------------------------|-------------------|-------------------|
| Bank loans, secured | 2.55% | 1.89% |
| Finance lease liabilities | 6.72% | 6.88% |

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 \$'000 | 6 to 12 months \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|---------------------|---------------------------------|-----------------------------|------------------------|---------------------------|-----------------|
| At 31 December 2010 | | | | | |
| Total borrowings | 132,491 | 398 | 817 | 32 | 133,738 |
| At 31 December 2009 | | | | | |
| Total borrowings | 154,298 | 1,206 | 1,525 | 92 | 157,121 |

To manage interest rate risk, the Group, where appropriate, uses interest rate swap.

(d) Carrying amounts and fair values

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

27. SHARE CAPITAL

Issued and fully paid ordinary share capital of Amara Holdings Limited

| | 2010 Shares '000 | 2009 Shares '000 | 2010 \$'000 | 2009 \$'000 |
|------------------------------|------------------------|------------------------|----------------|----------------|
| At 1 January and 31 December | 576,936 | 576,936 | 125,646 | 125,646 |

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

28. DIVIDEND

| | The Group and The Company | |
|---|------------------------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Ordinary dividend paid | | |
| First and final tax exempt dividend of 0.5 cents per share (2009: 0.5 cents per share tax exempt) in respect of the previous financial year | 2,885 | 2,885 |

At the Annual General Meeting ("AGM") to be held on 29 April 2011, a first and final tax exempt dividend for 2010 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 2011 subject to shareholders' approval at the forthcoming AGM.

29. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES

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

30. FINANCE LEASE LIABILITIES

| | The Group | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Minimum lease payments due: | | |
| Not later than one financial year | 879 | 878 |
| Later than one financial year but not later than five financial years | 866 | 1,632 |
| Later than five financial years | 36 | 117 |
| | 1,781 | 2,627 |
| Less: Future finance charges | (133) | (264) |
| Present value of finance lease liabilities | 1,648 | 2,363 |
| Representing finance lease liabilities: | | |
| Current (Note 26) | 799 | 746 |
| Non-current (Note 26) | 849 | 1,617 |
| | 1,648 | 2,363 |

31. INTRA-GROUP FINANCIAL GUARANTEES

The fair value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the banks with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available. Corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries amounted to \$63,300,000 (2009: \$70,054,000). 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 2010 and 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

32. COMMITMENTS

Commitments not provided for in the financial statements:

| | The Group | |
|---------------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| (a) Capital commitments | | |
| Estimated expenditure contracted for: | | |
| - Property, plant and equipment | 11,143 | 5,996 |

(b) Lease commitments - where the Group is a lessor

The Group leases out shopping centre and office premises space to non-related parties under non-cancellable operating leases.

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 | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Not later than one financial year | 4,328 | 7,162 |
| Later than one financial year but not later than five financial years | 3,734 | 4,806 |
| | 8,062 | 11,968 |

(c) Lease commitments - where the Group is a lessee

The Group leases land, apartment and space from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 2 to 70 years, varying terms, escalation clauses and renewal options.

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 | |
|--|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Not later than one financial year | 1,022 | 1,004 |
| Later than one financial year but not later than five financial years | 3,752 | 3,692 |
| Later than five financial years | 76,570 | 77,520 |
| | 81,344 | 82,216 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

| | Loans & receivables \$'000 | Available- for-sale \$'000 | Liabilities at amortised cost \$'000 | Derivative used for hedging \$'000 | Non- financial assets/ liabilities \$'000 | Total \$'000 |
|-------------------------------------|----------------------------------|----------------------------------|--|---|---|-----------------|
| 2010 | | | | | | |
| The Group | | | | | | |
| Assets | | | | | | |
| Available-for-sale financial assets | – | 1,515 | – | – | – | 1,515 |
| Intangible assets | – | – | – | – | 357 | 357 |
| Investment properties | – | – | – | – | 190,000 | 190,000 |
| Property, plant & equipment | – | – | – | – | 140,638 | 140,638 |
| Goodwill | – | – | – | – | 844 | 844 |
| Other assets | – | – | – | – | 7,136 | 7,136 |
| Deferred income tax assets | – | – | – | – | 489 | 489 |
| Cash and bank balances | 10,346 | – | – | – | – | 10,346 |
| Trade and other receivables | 8,075 | – | – | – | – | 8,075 |
| Inventories | – | – | – | – | 463 | 463 |
| Development properties | – | – | – | – | 33,780 | 33,780 |
| Other current assets | 1,201 | – | – | – | 392 | 1,593 |
| | 19,622 | 1,515 | – | – | 374,099 | 395,236 |
| Liabilities | | | | | | |
| Trade and other payables | – | – | 25,689 | 2,264 | 347 | 28,300 |
| Tax payables | – | – | – | – | 4,572 | 4,572 |
| Borrowings | – | – | 133,738 | – | – | 133,738 |
| Deferred income tax liabilities | – | – | – | – | 31,678 | 31,678 |
| | – | – | 159,427 | 2,264 | 36,597 | 198,288 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

| | Loans & receivables \$'000 | Available- for-sale \$'000 | Liabilities at amortised cost \$'000 | Non- financial assets/ liabilities \$'000 | Total \$'000 |
|-------------------------------------|----------------------------------|----------------------------------|--|---|-----------------|
| 2010 | | | | | |
| The Company | | | | | |
| Assets | | | | | |
| Available-for-sale financial assets | – | 186 | – | – | 186 |
| Investment in subsidiaries | – | – | – | 38,377 | 38,377 |
| Cash and bank balances | 38 | – | – | – | 38 |
| Trade and other receivables | 42,757 | – | – | – | 42,757 |
| Other current assets | – | – | – | 3 | 3 |
| | 42,795 | 186 | – | 38,380 | 81,361 |
| Liabilities | | | | | |
| Trade and other payables | – | – | 221 | – | 221 |
| 2009 | | | | | |
| The Company | | | | | |
| Assets | | | | | |
| Available-for-sale financial assets | – | 185 | – | – | 185 |
| Investment in subsidiaries | – | – | – | 38,377 | 38,377 |
| Cash and bank balances | 39 | – | – | – | 39 |
| Trade and other receivables | 42,495 | – | – | – | 42,495 |
| Other current assets | – | – | – | 3 | 3 |
| | 42,534 | 185 | – | 38,380 | 81,099 |
| Liabilities | | | | | |
| Trade and other payables | – | – | 193 | – | 193 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

The following table presents the level of fair value hierarchy for each class of financial instruments measured at fair value on the statement of financial position at 31 December 2010.

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|--------------|----------|----------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 2010 | | | | |
| The Group | | | | |
| Assets | | | | |
| Available-for-sale financial assets | | | | |
| - Equity investments | 1,480 | - | - | 1,480 |
| - Quoted unit trust | 35 | - | - | 35 |
| | <u>1,515</u> | <u>-</u> | <u>-</u> | <u>1,515</u> |
| Liabilities | | | | |
| Derivative | | | | |
| - Interest rate swaps | - | 2,264 | - | 2,264 |

The Company

Assets

Available-for-sale financial assets

| | | | | |
|----------------------|------------|----------|----------|------------|
| - Equity investments | 186 | - | - | 186 |
| | <u>186</u> | <u>-</u> | <u>-</u> | <u>186</u> |

2009

The Group

Assets

Available-for-sale financial assets

| | | | | |
|----------------------|--------------|----------|----------|--------------|
| - Equity investments | 1,433 | - | - | 1,433 |
| - Quoted unit trust | 34 | - | - | 34 |
| | <u>1,467</u> | <u>-</u> | <u>-</u> | <u>1,467</u> |

The Company

Assets

Available-for-sale financial assets

| | | | | |
|----------------------|------------|----------|----------|------------|
| - Equity investments | 185 | - | - | 185 |
| | <u>185</u> | <u>-</u> | <u>-</u> | <u>185</u> |

The fair value hierarchy levels are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Determination of fair values

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

The fair value of interest rate swaps, obtained from a reputable financial institution, is the estimated amount that the Group is expected to pay to terminate the swap with swap counterparty at the reporting date.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Treasury. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The 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 minimised.

Exposure to credit risk

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

- the carrying amount of each class of financial assets recognised in the statement of financial position;
- an amount of \$2,542,000 (2009: \$2,740,000) receivable from a third party past due but not impaired as disclosed in Note 13 to the financial statements; and
- corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries amounted to \$63,300,000 (2009: \$70,054,000).

At 31 December 2010, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

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

| | The Group | | The Company | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Past due 0 to 1 month | 442 | 70 | – | – |
| Past due 1 to 3 months | 20 | 118 | – | – |
| Past due over 3 months | 3,891 | 3,812 | – | – |
| | 4,353 | 4,000 | – | – |

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

| | The Group | | The Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Gross amount | 6,306 | 6,771 | 17 | 17 |
| Less: Allowance for impairment | (3,764) | (4,031) | (17) | (17) |
| | 2,542 | 2,740 | – | – |
| At 1 January | 4,031 | 1,294 | 17 | 17 |
| Allowance made | 190 | 2,798 | – | – |
| Allowance written back | (271) | (13) | – | – |
| Allowance written off | (186) | (48) | – | – |
| At 31 December | 3,764 | 4,031 | 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 2010

34. 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 reporting date, approximately 25.2% (2009: 12.1%) of the Group's loans and borrowings (Note 26) will mature in less than one year based on the carrying amounts reflected in the financial statements.

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

| | ← 2010 → | | | | ← 2009 → | | | |
|-----------------------------------|-----------------------------|---------------------------|---------------------------|-----------------|-----------------------------|---------------------------|---------------------------|-----------------|
| | 1 year or less \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Total \$'000 | 1 year or less \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
| The Group | | | | | | | | |
| Trade and other payables | 24,507 | 1,182 | – | 25,689 | 20,068 | 1,999 | – | 22,067 |
| Derivative interest rate swaps | – | 2,264 | – | 2,264 | – | – | – | – |
| Borrowings | 33,849 | 100,267 | 36 | 134,152 | 19,211 | 138,301 | 116 | 157,628 |
| | 58,356 | 103,713 | 36 | 162,105 | 39,279 | 140,300 | 116 | 179,695 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

| | One year or less | |
|--------------------------|------------------|--------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| The Company | | |
| Trade and other payables | 221 | 193 |

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

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

| | One year or less | |
|-------------------------------|------------------|--------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Financial guarantee contracts | 63,300 | 70,054 |

(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.

To manage interest rate risk, the Group where appropriate, uses interest rate swaps. Approximately 21% (2009: 2%) of the Group's borrowings are at fixed rates of interest.

At the reporting date, if SGD interest rates had been 25 (2009: 25) basis points lower/higher with all other variables held constant, the Group's profit would have been \$224,000 (2009: \$367,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans and bank overdrafts.

The Company

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

(d) Market price risk

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

The sensitivity analysis for market price risk is not disclosed as the effect on the profit or loss is considered not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency risk

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

The Group has foreign currency exposure arising from cash and bank balances, trade receivables and advances to and from third parties. These cash and bank balances, trade receivables and advances are mainly denominated in United States Dollar (USD). Approximately \$3,084,000 (2009: \$3,149,000) of receivables and \$165,000 (2009: \$197,000) of payables are denominated in foreign currencies.

Sensitivity analysis for foreign currency risk

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

| | The Group | |
|----------------------------------|------------------|--------|
| | Profit after tax | |
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| USD - strengthened 3% (2009: 3%) | 196 | 584 |
| - weakened 3% (2009: 3%) | (196) | (584) |

35. CAPITAL MANAGEMENT

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

The Group regularly reviews and manages its capital structure, comprising shareholders' equity and borrowings, to ensure optimal capital structure and shareholders' returns, taking into consideration operating cash flows, capital expenditures, investment opportunities, gearing ratio and prevailing market interest rates. No changes were made to the objectives, policies or processes of capital management during the financial years ended 31 December 2010 and 31 December 2009.

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 total equity and net borrowings. Net borrowings is computed as borrowings less cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

35. CAPITAL MANAGEMENT (continued)

| | The Group | |
|------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Borrowings | 133,738 | 157,121 |
| Less: Cash and bank balances | (10,346) | (24,621) |
| Net borrowings | 123,392 | 132,500 |
| Total equity | 196,948 | 187,636 |
| | 320,340 | 320,136 |

| | The Group | |
|---------------|-----------|-----------|
| | 2010 % | 2009 % |
| Gearing ratio | 38.52 | 41.39 |

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2010 and 31 December 2009.

36. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

| | The Group | |
|---|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| A company in which a close family member of a director has significant interest | | |
| - Purchase of property, plant and equipment | 242 | - |
| - Rental income received/receivable | 17 | 110 |

(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 \$2,400,000 (2009: \$2,214,000) for the financial year ended 31 December 2010.

Included in the above is remuneration to directors of the Company amounting to \$1,379,000 (2009: \$1,295,000), excluding directors' fees which is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

37. SEGMENT INFORMATION

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

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

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

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

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

| | Hotel investment and management \$'000 | Property investment and development \$'000 | Specialty restaurants and food services \$'000 | Others \$'000 | Eliminations \$'000 | The Group \$'000 |
|-------------------------------------|--|--|--|------------------|------------------------|------------------------|
| 2010 | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 49,082 | 8,590 | 4,004 | 12 | – | 61,688 |
| Intersegment sales | 411 | 735 | 153 | 3,400 | (4,699) | – |
| Total revenue | 49,493 | 9,325 | 4,157 | 3,412 | (4,699) | 61,688 |
| Segment profit | 13,101 | 6,587 | 834 | 102 | – | 20,624 |
| Depreciation and amortisation | 6,056 | 178 | 205 | – | – | 6,439 |
| Other significant non-cash expenses | 137 | – | 87 | – | – | 224 |
| Segment assets | 372,160 | 13,097 | 2,757 | 271 | – | 388,285 |
| Unallocated assets | | | | | | 6,951 |
| Total assets | | | | | | 395,236 |
| Segment assets include: | | | | | | |
| Additions to | | | | | | |
| - Property, plant and equipment | 6,968 | – | 275 | – | – | 7,243 |
| Segment liabilities | (19,043) | (7,323) | (1,719) | (215) | – | (28,300) |
| Unallocated liabilities | | | | | | (169,988) |
| Total liabilities | | | | | | (198,288) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

37. SEGMENT INFORMATION (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

37. SEGMENT INFORMATION (continued)

Segment results

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

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

| | The Group | |
|---------------------------------|----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Segment profit | 20,624 | 15,579 |
| Interest income | 44 | 53 |
| Interest expenses on borrowings | (2,881) | (3,457) |
| Unallocated corporate expenses | (275) | (207) |
| Profit before tax | 17,512 | 11,968 |

Segment assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

37. SEGMENT INFORMATION (continued)

Segment liabilities

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

Geographical segments

The Group operates in two main geographical areas, namely Singapore 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
- PRC – hotel investment and management

| | Revenue | | Non-current assets | |
|-----------|----------------|----------------|--------------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Singapore | 61,688 | 102,679 | 304,654 | 299,778 |
| PRC | – | – | 34,321 | 35,622 |
| | 61,688 | 102,679 | 338,975 | 335,400 |

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

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

Information about major customer

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

38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Amara Holdings Limited on 25 March 2011.

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 TFW LLP
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
DBS Bank Ltd.
Standard Chartered Bank

REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place Singapore Land Tower #32-01
Singapore 048623

REGISTERED OFFICE

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

CORPORATE OFFICE

Tel: (65) 6879 2515
Fax: (65) 6224 2660
Email: corporate@amaraholdings.com
Website: www.amaraholdings.com

INVESTOR RELATIONS CONTACTS

Internal: ir@amaraholdings.com
External: Citigate Dewe Rogerson, i.MAGE
Dolores Phua / Ann Lee
1 Raffles Place OUB Centre #26-02
Singapore 048616
Tel: (65) 6534 5122
Fax: (65) 6534 4171
Email: dolores.phua@citigatedrimage.com
Email: ann.lee@citigatedrimage.com

STATISTICS OF SHAREHOLDINGS

As at 25 March 2011

Class of Shares : Ordinary shares each fully paid up

Voting Rights : 1 vote per share

No. of Holders : 6,898

DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|---------------------|---------------------|--------|---------------|--------|
| 1 - 999 | 3 | 0.04 | 1,230 | 0.00 |
| 1,000 - 10,000 | 5,121 | 74.24 | 25,563,800 | 4.43 |
| 10,001 - 1,000,000 | 1,744 | 25.28 | 75,221,060 | 13.04 |
| 1,000,001 and above | 30 | 0.44 | 476,149,910 | 82.53 |
| Total | 6,898 | 100.00 | 576,936,000 | 100.00 |

Based on information available to the Company on 25 March 2011, 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 | Firsttrust Equity Pte Ltd | 193,146,010 | 33.48 |
| 2 | UOB Nominees (2006) Pte Ltd | 50,000,000 | 8.67 |
| 3 | Teo Chew Chuan | 35,827,000 | 6.21 |
| 4 | Teo Hin Chuan | 26,080,000 | 4.52 |
| 5 | Teo Peng Chuan | 22,007,000 | 3.81 |
| 6 | RHB Bank Nominees Pte Ltd | 20,000,000 | 3.47 |
| 7 | Singapore Nominees Pte Ltd | 19,100,000 | 3.31 |
| 8 | United Overseas Bank Nominees Pte Ltd | 18,361,000 | 3.18 |
| 9 | Lim Ah Choon | 16,253,497 | 2.82 |
| 10 | SBS Nominees Pte Ltd | 9,000,000 | 1.56 |
| 11 | Sing Investments & Finance Nominees Pte Ltd | 9,000,000 | 1.56 |
| 12 | DBS Nominees Pte Ltd | 8,524,000 | 1.48 |
| 13 | Ong Kian Kok | 7,500,000 | 1.30 |
| 14 | Hong Leong Finance Nominees Pte Ltd | 6,714,000 | 1.16 |
| 15 | OCBC Nominees Singapore Pte Ltd | 5,341,000 | 0.93 |
| 16 | Teo Guan Hoon | 3,238,000 | 0.56 |
| 17 | Poh Lay Eng | 3,153,493 | 0.55 |
| 18 | DBS Vickers Securities (S) Pte Ltd | 2,536,000 | 0.44 |
| 19 | Lim Siang Ing | 2,449,000 | 0.42 |
| 20 | Lim & Tan Securities Pte Ltd | 2,144,000 | 0.37 |
| | Total | 460,374,000 | 79.80 |

STATISTICS OF SHAREHOLDINGS

As at 25 March 2011

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 |
| Firsttrust 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 Firsttrust 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 Firsttrust 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 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539, on Friday, 29 April 2011, 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 2010 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 2010 (Resolution 2).
3. To re-elect Mr Chang Meng Teng as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 3).

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 member of both the Remuneration Committee and Nominating Committee.

4. To re-elect Mr Lawrence Mok Kwok Wah as a Director retiring under Article 87 of the Articles of Association of the Company (Resolution 4).

Mr Lawrence Mok Kwok Wah will, upon re-election as Director of the Company, remain a member of the Audit Committee and will be considered non independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain a member of the Remuneration Committee.

5. To approve payment of Directors' Fees of \$102,000 for the year ended 31 December 2010 (2009: \$102,000) (Resolution 5).
6. To re-appoint Messrs Baker Tilly TFW LLP 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. Authority to Directors to issue Shares

- (a) That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) notwithstanding the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force, provided always that

NOTICE OF ANNUAL GENERAL MEETING

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
 - (aa) new shares arising from the conversion or exercise of convertible securities, or
 - (bb) 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
 - (cc) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier (Resolution 7).

See Explanatory Note 1.

9. Renewal of Share Purchase Mandate

That:

- (a) For the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore ("Act"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) off-market purchases (each an "Off-Market Share Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act; and/or
 - (ii) on-market purchases (each an "On-Market Share Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"), and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable,be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate").
- (b) Unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earlier of:
 - (i) the date on which the next Annual General Meeting of the Company is held or required by law or the Articles of Association of the Company to be held; or
 - (ii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated.

NOTICE OF ANNUAL GENERAL MEETING

(c) In this Ordinary Resolution:

“Prescribed Limit” means 10% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding treasury shares); and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last 5 Market Days (“Market Day” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for an Off-Market Share Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Share Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

(d) The Directors and/or each and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution (Resolution 8).

See Explanatory Note 2.

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 2010 will be paid on 27 June 2011 to shareholders whose names appear in the Register of Members on 15 June 2011.

Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 15 June 2011 after 5.00 p.m. to 16 June 2011, 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 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 p.m., on 15 June 2011 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
14 April 2011

EXPLANATORY NOTE 1:

The Ordinary Resolution in item 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

EXPLANATORY NOTE 2:

In respect of the Ordinary Resolution in item 9, the Company intends to use internal sources of funds, external borrowings or a combination of internal sources of funds and external borrowings to finance purchases or acquisitions of the Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, among other things, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustration purposes, the financial effects of Share Purchases on the audited financial statements of Amara Group and the Company for the financial year ended 31 December 2010 based on certain assumptions, are set out in the Appendix to the Notice of Annual General Meeting dated 14 April 2011 in relation to the proposed renewal of the Share Purchase Mandate.

NOTE:

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)

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.

PROXY FORM

ANNUAL GENERAL MEETING

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 Friday, 29 April 2011 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 2010 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 2010. | _____ | _____ | _____ | _____ |
| 3. | To re-elect Mr Chang Meng Teng as a Director retiring under Article 87 of the Articles of Association of the Company. | _____ | _____ | _____ | _____ |
| 4. | To re-elect Mr Lawrence Mok Kwok Wah as a Director retiring under Article 87 of the Articles of Association of the Company. | _____ | _____ | _____ | _____ |
| 5. | To approve payment of Directors' Fees of \$102,000 for the year ended 31 December 2010 (2009: \$102,000). | _____ | _____ | _____ | _____ |
| 6. | To re-appoint Messrs Baker Tilly TFW LLP 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 approve the renewal of the Share Purchase Mandate. | _____ | _____ | _____ | _____ |

* 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 _____ 2011

Total number of Shares held

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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Please cut along dotted line



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.