

CEO'S MESSAGE



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Dear Valued Shareholders

On behalf of the Board of Directors, I am pleased to present the Group's annual report for the financial year ended December 31, 2010 (“FY2010”).

In 2010, we started to see economic recovery on a global scale and especially in the Asia Pacific region. The increase in business activity and turn in economic sentiment extended a positive influence on our Group's business. Our core hotel investment and management segment benefitted from the influx of visitors to Singapore, through the increased room uptake at our flagship hotel, Amara Singapore and our boutique resort on Sentosa Island, Amara Sanctuary Resort, Sentosa. During the year under review, we also announced our maiden entry into the “Land of Smiles” - Thailand. Amara Bangkok, scheduled to be opened end 2012, will cater to both leisure and business travellers, offering guests an “oasis in the city” experience.

We have also proceeded with the asset enhancement of Amara Shopping Centre, which will be rebranded as 100 AM upon completion. Our Group has always believed in remaining relevant and keeping up with the changing landscape in the areas where our properties are located in. With the rejuvenation of the Tanjong Pagar area and the cultivation of inner-city living, we see this as an opportune time to redevelop this property and cater to the new clientele that this area will see in coming years.

Overall it has been a fruitful and exciting year for the Group. We look forward to our new developments locally and abroad and will continue to position Amara as a leading premier integrated lifestyle group in the region.

Financial Review

For FY2010, the Group recorded a 45% increase in net profit after tax to S\$16.4 million. This is attributed to the better performance in our hotel investment and management segment, in line with improved economic sentiment. Profit before tax also rose by 46% to S\$17.5 million in FY2010. As no new property developments were launched in the year under review, revenue decreased by 40% to S\$61.7 million.

Our hotel investment and management segment contributed approximately 80% of the revenue for FY2010, raking in S\$13.1 million in profit. The property investment and development segment comprised 14% of revenue contribution, while the specialty restaurants and food services segment made up the remaining 6% of revenue for FY2010.

Our financial position has been strengthened with reduced borrowings at S\$133.7 million as at December 31, 2010, from S\$157.1 million as at December 31, 2009. Due mainly to lower borrowings, our finance costs decreased by 17% to S\$2.9 million in FY2010.

We continue to maintain healthy cash and bank balances of S\$10.3 million as at December 31, 2010, and are well-positioned for future growth going forward.

OUTLOOK FOR 2011

Hotel Investment and Management

The local tourism industry experienced an influx of visitors to Singapore last year, breaking records as tourist numbers leapfrogged its previous year's number by over 20% and reached the 12 million mark and tourism receipts amounting to over S\$18 billion. In a year considered by industry pundits as a watershed in tourism in Singapore with the opening of the two integrated resorts in the country. Going forward, with the noticeable pick-up in travel around the globe, Singapore is ready to welcome a steady stream of visitors to the island.

Our strategy is to position the Amara brand as one that stands for excellent service quality and to offer

all our guests a warm and individual experience. By cultivating a unique experience for our hotel guests, with attention paid to their individual preferences, this will encourage customer satisfaction and in turn, lead to a positive impact on our business.

As part of our expansion strategy and to meet the growing demand for more colonial suites at Amara Sanctuary Resort, Sentosa, we will be adding 18 new suites to the existing rooms, villas and suites at our boutique resort. This conserved colonial building will feature 12 suites at ground level and six larger suites on the second level. Guests can luxuriate in an exclusive private retreat amidst tranquil surroundings or take a dip in a private pool which runs parallel to the colonial building.

Amara Sanctuary Resort, Sentosa combines the best in modern architecture with the charm and elegance of Sentosa's colonial past. Our guests will be able to enjoy their private spaces for quiet reflection and peaceful pursuits within the lush greenery encircling the resort. Upon completion of the additional new suites, Amara Sanctuary Resort, Sentosa will offer an enhanced luxurious selection of room, villa and suite accommodation options for guests, providing a variety of choices for families, business and luxury travellers alike.

One of our aspirations is to offer the Amara standard of hospitality to gateway cities in Asia. Last year, we announced our entry into the capital city of Thailand with a 251-room hotel development, Amara Bangkok. Thailand has always been a choice holiday destination for travellers, given its rich culture, vast selection of activities, appetising cuisine and variety of shopping options. Going forward, we see much potential for growth for this new development in Thailand.

Our Group will continue to look out for attractive opportunities to further grow our hospitality portfolio in the region. Leveraging on our experience in the field and prudent assessment strategies, it is our collective goal to strengthen the Amara brand name in the hospitality industry in Asia.

Property Investment and Management

Our current property portfolio consists of a diversified mix of office buildings and luxury residential projects, namely Amara Corporate Tower at Tras Street and upcoming projects including a mixed development Amara Signature Shanghai, residential development Killiney 118 and a shopping centre 100 AM, currently undergoing asset enhancement and rebranding.

One of our Group's strategies is to enhance the yields of our investment properties through retail mix revamp and optimisation of space utilisation, thereby increasing lettable efficiency. In line with this strategy, we are currently in the midst of the asset enhancement exercise for Amara Shopping Centre. The new mall to be rebranded as 100 AM, will add 22,000 square feet in the basement. This space will be taken up by the mall's anchor tenant, FairPrice Finest. In addition, the newly revamped four-storey mall will house a food court on the top floor and offer a variety of delectable alfresco dining options at the street level.

In line with the renewal of the Tanjong Pagar area and the creation of inner-city living especially evident in this precinct, the revamped mall will complement the new profile of shoppers, residents and working professionals that frequent the area. This is an indispensable part of our strategy to stay relevant, keep up with the changing preferences of consumers and to sustain recurring earnings.

In the pipeline is Killiney 118, an exclusive 30-unit residential development which offers facilities such as a rooftop pool and enticing landscape features. Situated just a stone's throw away from the bustling Somerset area which offers a vast array of dining and entertainment options, the location of this property is stellar. This latest addition to our property portfolio will attract discerning urbanites, looking for an unrivalled combination of luxury living and convenience in a choice location.

We have also set our sights on growing our roots in Shanghai, one of the leading business and financial centres of Asia. Amara Signature Shanghai, a mixed development comprising a 360-room hotel, retail centre and office building is currently undergoing development. Upon completion, its tenants will include renowned Singaporean brands in the

food and beverage industry, as well as vibrant entertainment and lifestyle retail offerings.

Specialty Restaurants and Food Services

I am pleased to report that our specialty restaurants and food services segment achieved a turnaround from a loss of S\$0.2 million in FY2009 to a profit of S\$0.8 million in FY2010. Our Thanying and Silk Road restaurants, located at Amara Singapore and Amara Sanctuary Resort, Sentosa, experienced an increase in customer patronage, in line with the pick-up in the number of guests visiting our hotels and improvement in the economy as a whole.

Going forward, we see good prospects for our specialty restaurants and food services segment. Collectively, we will continue to cultivate our award-winning Thanying and Silk Road brands. We will do so by reinventing our menu to cater to the taste preferences of our dining patrons, without compromising on the rich heritage and culture of the cuisine's origins. By upholding high service standards, we seek to fulfill the Amara Service Promise for our valued guests and patrons.

Appreciation for our stakeholders

All in all, I would like to extend my sincere thanks to all who have contributed to the interest and success of Amara Holdings. Thank you for your unyielding support through the challenging times, it is due to your belief in our company that we were strengthened through adversity and are now poised for greater growth. To reward our valued shareholders, I am pleased to announce that the Board is recommending a first and final cash dividend of 0.5 cents per ordinary share for the financial year ended December 31, 2010, subject to approval of shareholders at the upcoming Annual General Meeting.

To my fellow Board members, thank you for sharing your deep expertise and wise counsel. To the management and staff of the Amara Group, thank you for your diligence and commitment to your work. I am heartened by the teamwork and your concerted efforts in building up the Amara brand. It is my hope that together we will continue to aim for greater heights and achieve new targets in the year ahead.

ALBERT TEO HOCK CHUAN
Chief Executive Officer