

OPERATIONS REVIEW

Amara Sanctuary Resort, Sentosa
Lobby



For most of 2009, the global economy was in one of the most challenging financial environments. The effects of the financial crisis were felt across the globe and spread its influence over every industry. The challenging economic climate inevitably impacted our Group's performance for most of the year.

However, our dedicated efforts to position Amara as a leading premier integrated lifestyle group has seen us through the financial crisis smoothly. Correspondingly, we experienced a marked improvement in revenue performance in FY2009 as compared to FY2008.

Our revenue increased 44% from S\$71.4 million to S\$102.7 million, for the full year ended December 31, 2009. In addition, we achieved a 79% increase in revenue to S\$64.6 million in the first half of FY2009 as compared to the same corresponding period of the previous year. This came as a result of higher sales of property development units. Our net profit fell marginally by 6% to S\$11.3 million. This was due to lower revenue generated from our Hotel Investment and Management segment.

HOTEL INVESTMENT AND MANAGEMENT

Amara Sanctuary Resort, Sentosa
Colonial Suites



The regional tourism and travel sector took a hit from the global economic slowdown, with impact felt for most of 2009. Revenue Per Available Room registered a fall, in line with the poor outlook of the tourism sector. Despite this, our Hotel Investment and Management segment, which made up 38% of total revenue in FY2009, achieved a profit of S\$4.0 million.

We have noted that the target for Singapore tourism receipts is 41% - 49% higher in 2010 than the \$12.4 billion chalked up in 2009, with the Singapore Tourism Board expecting this year's visitor figures and receipts to increase to between 11.5 to 12.5 million or S\$17.5 to S\$18.5 billion respectively. This compares with a total of 9.7 million visitors last year, with S\$12.4 billion in receipts.

With visitor arrivals to Singapore having shown significant signs of improvement and with the newly opened Resorts World Sentosa and Universal Studios, we are optimistic that there will be improved contributions from our Hotel Investment and Management segment.

Amara Sanctuary Resort, Sentosa Wins

- URA Architectural Heritage Awards (Category A)
- Best Resort - AsiaOne People's Choice Awards

The Amara Sanctuary Resort, Sentosa was conferred the prestigious 2007 URA Architectural Heritage Awards (Category A), in recognition of its efforts in building conservation. We are also delighted that Amara Sanctuary Resort, Sentosa has been voted Best Resort by AsiaOne People's Choice 2009, excelling amongst other renowned names.

PROPERTY INVESTMENT AND DEVELOPMENT



Our Property Investment and Development segment performed well this financial year, achieving a profit of S\$11.7 million in FY2009, due to the higher sales of property development units. Revenue from this segment surged by 304% from S\$14.7 million in FY2008 to S\$59.5 million in FY2009. This made up 58% of total revenue.

In line with the growth of broad-based interests and demand across the property market, the residential market continues to show improvement. We currently have projects under progress, but contribution from the Property Investment and Development segment is not expected to be significant for the year ahead.



From top to bottom:
Amara Corporate Tower
The Linear Kitchen



The Adobe at Devonshire

SPECIALTY RESTAURANTS AND FOOD SERVICES

Our Specialty Restaurants and Food Services segment registered revenue of S\$3.7million and a marginal loss of S\$0.2 million in FY2009. This segment made up the remaining 4% of the Group's revenue. Despite the challenges of the economic downturn, our concept restaurants, Thanying Restaurant at Amara Singapore, Thanying Restaurant at Amara Sanctuary Resort, Sentosa, Silk Road Restaurant at Amara Singapore as well as Silk Road of the Sea at Palawan Beach continue to remain resilient.

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



Thanying Restaurant
Interior



A COMMITMENT TO HIGH QUALITY STANDARDS

Silk Road of the Sea, Palawan Beach, Sentosa
Interior



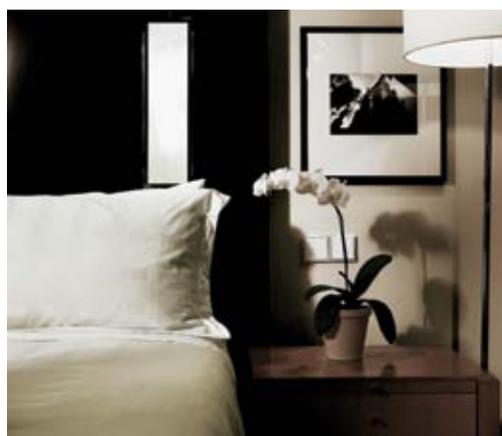
Notwithstanding the challenging economic landscape, our Hotel Investment and Management segment and the Specialty Restaurant and Food Services segment took the opportunity to raise service standards and explore new technologies to enhance management and operations efficiencies and service deliveries.

During the year under review, Silk Road Restaurant embarked on the Customer Centric Initiative (CCI) with the objective to be a leader in raising the service standards in the Food and Beverage industry. In accomplishing the goals of this initiative, Silk Road Restaurant achieved higher guest satisfaction levels in the restaurant and a 7.4% improvement in our regular mystery shopper audit results. In 2009, we reviewed our processes to support our strategy to maximise customer satisfaction and engagement. These processes were enhanced to systematically track customer feedback in order to assist our restaurant operations to consistently improve and raise guest satisfaction levels. Silk Road Restaurant achieved an improved 93% guest satisfaction level, 5.6% higher than before this initiative.

Overall, Silk Road Restaurant was recertified by SPRING Singapore as a S-Class organization with an improved score for its commitment to deliver a high quality customer service experience. Our restaurant is one of the few restaurants in Singapore to receive the S-Class certification.

Amara Singapore, our flagship city centre hotel, also took part in the Customer Centric Initiative with the objective of optimising workforce competencies and improving management efficiencies. In 2009, Amara Singapore adopted the MPSS system, a state-of-the-art technology that uses biometric technology to implement a more efficient and secured Time Management System. This system includes the capability to plan and automate the associates rostering process, enabling an effective method to allocate resources to increase efficiency and better cater to guests' needs. Amara is the first hotel in Singapore to implement this system for talent management and to build up a high competency level of hotel associates across all levels.

In addition, we developed and implemented trainings for our associates to continuously equip them with skills and knowledge to deliver the signature Amara Service Promise. This is a re-inforcement of our commitment to deliver high quality customer service. In 2009, Amara Singapore was also recertified as a Singapore S-Class organization for our consistent service delivery and innovative product offerings.



Amara Singapore
Guestroom

RIDING ON THE IMPROVING ECONOMIC TREND

Amara Sanctuary Resort, Sentosa,
MICE Lobby



Going forward, we will focus on achieving performance and sustainability in Amara's three core pillars – Hotel Investment and Management, Property Investment and Development and Specialty Restaurants and Food Services. We will also continue to commit our energies on establishing our position locally and exploring viable opportunities in the region, in order to expand our footprint as an integrated lifestyle group.

The Group will take hold of the opportunities that the improving economy presents, and continue to strengthen its portfolio in the property, hotel, specialty restaurants and food services sector.