



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Second Quarter Financial Statement

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Jun 30, 2010	Quarter ended Jun 30, 2009
Revenue	103,789	103,281
Cost of sales	(77,198)	(80,496)
Gross profit	26,591	22,785
Other operating income	1,178	770
Administrative expenses	(13,529)	(9,739)
Other operating expenses	(458)	(139)
Finance costs	(7,705)	(7,222)
Other non-operating income	49	3,864
Share of results of associates and jointly controlled entities	(378)	(2,967)
Profit before income tax	5,748	7,352
Income tax expense	(4,229)	(4,076)
Profit after income tax	1,519	3,276
Attributable to:		
Shareholders of the Company	1,788	4,371
Minority interests	(269)	(1,095)
	1,519	3,276

1(a)(ii) Notes to the income statement:

	GROUP \$'000	
	Quarter ended Jun 30, 2010	Quarter ended Jun 30, 2009
Other income including interest income	1,178	770
Depreciation and amortisation	(12,454)	(12,322)
Foreign exchange gain (loss)	41	(930)
Adjustment for under provision of tax in respect of prior years	(201)	(299)
Gain on disposal of an associate	-	4,651*

Note:

* Included in other non-operating income

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Jun 30, 2010	Quarter ended Jun 30, 2009
Profit after income tax	1,519	3,276
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(1,607)	(5,477)
Decrease in exchange fluctuation reserve arising from disposal of an associate	-	(746)
Increase (Decrease) in hedge reserve	320	(121)
Increase in other capital reserve	-	1,564
Share of other comprehensive income of associates and jointly controlled entities	1,216	(164)
	(71)	(4,944)
Total comprehensive income (loss)	1,448	(1,668)
Attributable to:		
Shareholders of the Company	1,720	1,073
Minority interests	(272)	(2,741)
	1,448	(1,668)

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009
ASSETS				
Current assets:				
Cash and bank balances	60,288	48,054	8,527	14,522
Trade and other receivables	42,423	152,670	3,782	4,104
Amount due from associates and jointly controlled entities	109,710	105,608	9,531	9,531
Amount due from subsidiaries	-	-	627,121	733,291
Inventories	7,562	7,434	611	573
Development properties	315,362	307,998	-	-
Completed properties held for sale	56,045	64,405	-	-
Held-for-trading investments	2,110	2,540	-	-
Total current assets	593,500	688,709	649,572	762,021
Non-current assets:				
Associates and jointly controlled entities	444,785	416,256	2,361	2,361
Subsidiaries	-	-	656,035	561,557
Available-for-sale investments	5,068	5,068	-	-
Other long-term receivables and prepayments	730	779	-	-
Property, plant and equipment	1,019,405	1,035,456	229,470	230,674
Investment properties	616,594	616,581	-	-
Deferred tax assets	695	679	-	-
Intangible assets	14,887	15,026	-	-
Total non-current assets	2,102,164	2,089,845	887,866	794,592
Total assets	2,695,664	2,778,554	1,537,438	1,556,613
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdraft	-	1,154	-	-
Bank loans	278,323	176,537	209,875	114,965
Trade and other payables	76,369	99,438	16,516	19,077
Amount due to subsidiaries	-	-	45,761	45,565
Derivative financial instruments	651	584	-	-
Income tax payable	13,405	9,336	1,992	2,261
Total current liabilities	368,748	287,049	274,144	181,868
Non-current liabilities:				
Advances from subsidiaries	-	-	92,775	102,895
Derivative financial instruments	1,025	1,491	-	-
Long-term bank loans	973,815	1,145,092	353,904	444,129
Other long-term liabilities	9,880	13,506	-	-
Deferred tax liabilities	23,735	29,395	1,038	1,127
Total non-current liabilities	1,008,455	1,189,484	447,717	548,151
Share capital and reserves:				
Share capital	683,558	681,561	683,558	681,561
Reserves	549,614	539,290	132,019	145,033
Equity attributable to shareholders of the Company	1,233,172	1,220,851	815,577	826,594
Minority interests	85,289	81,170	-	-
Total equity	1,318,461	1,302,021	815,577	826,594
Total liabilities and equity	2,695,664	2,778,554	1,537,438	1,556,613

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at 30/6/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$72,224,000	\$209,875,000	\$66,518,000	\$114,965,000

Amount repayable after one year

As at 30/6/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$714,076,000	\$268,286,000	\$797,497,000	\$358,070,000

Details of any collateral

The above are secured by legal mortgages on properties of the Company and some subsidiaries, fixed and floating charges on assets of the Company and some subsidiaries and pledge of shares of certain subsidiaries.

1(c) Consolidated Statement of Cash Flows

	Quarter ended Jun 30, 2010 \$'000	Quarter ended Jun 30, 2009 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	6,126	10,319
Adjustments for:		
Amortisation of intangible assets	84	83
Depreciation expense	12,370	12,239
Share-based payment expense	2,368	363
Gain on disposal of an associate	-	(4,651)
Finance costs	7,705	7,222
Interest income	(442)	(79)
Dividend income	(10)	(50)
Profit before working capital changes	28,201	25,446
Trade and other payables	(7,665)	(10,141)
Completed properties held for sale	3,983	-
Development properties and expenditure	(2,126)	7,752
Receivables and prepayments	15,819	(6,999)
Held-for-trading investments	150	-
Inventories	(554)	555
Cash generated from operations	37,808	16,613
Dividend received	10	50
Income tax paid	(5,415)	(4,110)
Net cash from operating activities	32,403	12,553
Cash flows used in investing activities:		
Additional investment properties	(13)	-
Additional property, plant and equipment	(5,336)	(4,804)
Net investment in associates and jointly controlled entities	(26,649)	(14,945)
Proceeds from disposal of property, plant and equipment	221	278
Cash used in investing activities	(31,777)	(19,471)
Cash flows (used in) from financing activities:		
Interest received	442	79
Finance costs paid	(9,292)	(9,781)
Dividend paid	(10,096)	(5,045)
Repayment to minority shareholders	-	(184)
Additional borrowings	24,292	76,488
Repayment of borrowings	(24,472)	(43,309)
Cash (used in) from financing activities	(19,126)	18,248
Net (decrease) increase in cash and cash equivalents	(18,500)	11,330
Cash and cash equivalents at beginning of period	78,461	41,544
Effect of exchange rate changes on cash balances held in foreign currencies	(371)	495
Cash and cash equivalents at end of period	59,590	53,369

Cash and cash equivalents at end of period

The cash and cash equivalents as at June 30, 2010, comprise of cash and bank balances less deposits under pledge to banks of \$698,000.

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP						
Balance as at Apr 1, 2010	681,640	408,763	148,777	1,239,180	85,605	1,324,785
Final dividends for the previous year, paid	-	(10,096)	-	(10,096)	-	(10,096)
Share-based payments during the period	-	-	2,368	2,368	-	2,368
Total comprehensive income (loss) for the period	-	1,788	(68)	1,720	(272)	1,448
Net movement during the period	-	-	-	-	(44)	(44)
Transfer during the period	1,918	-	(1,918)	-	-	-
Balance as at Jun 30, 2010	683,558	400,455	149,159	1,233,172	85,289	1,318,461
GROUP						
Balance as at Apr 1, 2009	681,322	379,512	150,224	1,211,058	86,587	1,297,645
Final dividends for the previous year, paid	-	(5,045)	-	(5,045)	-	(5,045)
Share-based payments during the period	-	-	364	364	-	364
Total comprehensive income (loss) for the period	-	4,371	(3,298)	1,073	(2,741)	(1,668)
Net movement during the period	-	-	-	-	(715)	(715)
Balance as at Jun 30, 2009	681,322	378,838	147,290	1,207,450	83,131	1,290,581

* Includes asset revaluation reserve, exchange fluctuation reserve, hedge reserve, option reserve and other capital reserve.

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Total \$'000
COMPANY				
Balance as at Apr 1, 2010	681,640	30,102	114,216	825,958
Final dividends for the previous year, paid	-	(10,096)	-	(10,096)
Share-based payments during the period	-	-	2,368	2,368
Total comprehensive income (loss) for the period	-	(2,653)	-	(2,653)
Transfer during the period	1,918	-	(1,918)	-
Balance as at Jun 30, 2010	683,558	17,353	114,666	815,577
COMPANY				
Balance as at Apr 1, 2009	681,322	31,069	112,457	824,848
Final dividends for the previous year, paid	-	(5,045)	-	(5,045)
Share-based payments during the period	-	-	364	364
Total comprehensive income for the period	-	2,701	202	2,903
Balance as at Jun 30, 2009	681,322	28,725	113,023	823,070

** Includes asset revaluation reserve, hedge reserve and option reserve.

1(d)(ii) Details of Any Changes in Company's Issued Share Capital

Since the end of the previous financial period reported on to the date of this announcement, 690,000 new ordinary shares were issued by the Company upon vesting of performance shares awarded in conjunction with the Hotel Properties Limited Performance Share Plan.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

As at June 30, 2010, the number of outstanding share options under the Company's Share Option Scheme 2000 was 7,805,000 (as at June 30, 2009: 4,650,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 709,500 (as at June 30, 2009: 946,000).

1(d)(iii) Total Number of Issued Shares

	Jun 30, 2010	Dec 31, 2009
Total number of issued shares excluding treasury shares	505,484,851	504,739,851

1(d)(iv) Statement Showing All Sales, Transfers, Disposal, Cancellation and/or Use of Treasury Shares

Not applicable. There is no treasury share as at the end of the current financial period reported on.

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

Not applicable.

4. Changes in Accounting Policies

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements.

5. Reasons for and Effect of Changes in Accounting Policies

Not applicable.

6. Earnings Per Share

	Quarter ended Jun 30, 2010	Quarter ended Jun 30, 2009
Based on the weighted average number of ordinary shares in issue	0.35 cents	0.87 cents
On a fully diluted basis	0.35 cents	0.87 cents

7. Net Asset Value

	Jun 30, 2010	Dec 31, 2009
GROUP	\$2.44	\$2.42
COMPANY	\$1.61	\$1.64

8. Review of Performance

The Group recorded revenue of \$103.8 million for the second quarter ended June 30, 2010, a slight increase over Group revenue of \$103.3 million for the corresponding quarter last year. The Group's hotels and resorts, especially those in Singapore, performed well during the quarter under review, with most of them surpassing Q2 2009 in both room rates and occupancy. Contributions from the properties division was however lower than Q2 2009 due to completion of The Met condominium development last year. Cash from operations increased from \$16.6 million for Q2 2009 to \$37.8 million for the quarter under review largely due to collection of balance sales proceeds from The Met's purchasers.

The Group's share of losses of associates and jointly controlled entities decreased significantly from \$3 million for Q2 2009 to \$378,000 for the quarter under review. This is mainly attributable to better results from Four Seasons Resort Seychelles and Hard Rock Hotel Penang which commenced business last year as well as share of profits from sale of offices by a joint venture company in Shanghai.

Group profit before income tax for the second quarter ended June 30, 2010, was \$5.75 million compared to \$7.35 million for Q2 2009, which included a gain on disposal of an associate of \$4.65 million. Excluding this non-recurring gain, Group profit before income tax for Q2 2009 would have been \$2.7 million.

Group net profit attributable to shareholders of the Company for the quarter under review was \$1.79 million compared to \$4.37 million for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

Although the pace of the global recovery has slowed down recently, with uncertainties mainly in the US and Eurozone economies, the outlook of the Singapore hospitality sector remains positive.

On the property front, private home prices in Singapore continued to trend up. Data released by the URA showed that overall prices rose by 5.3% in the second quarter of 2010. Preparation is underway to have the proposed condominium developments at the former Beverly Mai site at Tomlinson Road by a subsidiary and the former Farrer Court site by an associate launch ready later this year. The Group will also account for its share of profits from The Interlace condominium development based on percentage of completion.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared/recommended by the Company for the current financial period reported on.

13. Interested Person Transactions ("IPT")

Name of Interested Person	Aggregate value of all IPT during the second quarter ended Jun 30, 2010 (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below \$100,000) \$'000
Associates* of Mr Ong Beng Seng / Mr David Fu Kuo Chen /		
- Rental income	3,517	-

Note:

* "Associate" in relation to a director, chief executive officer or controlling shareholder means

- his immediately family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

14. Negative Assurance Confirmation pursuant to Rule 705(4) of the Listing Manual

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the second quarter 2010 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
August 12, 2010