



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Third Quarter Financial Statement

### 1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Sep 30, 2010	Quarter ended Sep 30, 2009
Revenue	112,821	103,730
Cost of sales	(81,974)	(73,614)
Gross profit	30,847	30,116
Other operating income	215	501
Administrative expenses	(12,376)	(11,705)
Other operating expenses	(180)	(119)
Finance costs	(7,048)	(7,669)
Other non-operating (expense) income	(495)	41
Share of results of associates and jointly controlled entities	6,584	(2,918)
Profit before income tax	17,547	8,247
Income tax expense	(4,527)	(5,500)
Profit after income tax	13,020	2,747
Attributable to:		
Shareholders of the Company	12,220	3,838
Minority interests	800	(1,091)
	13,020	2,747

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

	GROUP \$'000	
	Quarter ended Sep 30, 2010	Quarter ended Sep 30, 2009
Other income including interest income	215	501
Depreciation and amortisation	(11,867)	(12,507)
Foreign exchange loss	(512)^	(99)^
Adjustment for overprovision of tax in respect of prior years	43	22

Note:

^ Included in other non-operating (expense) income

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Sep 30, 2010	Quarter ended Sep 30, 2009
Profit after income tax	13,020	2,747
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(10,664)	(5,648)
Increase (Decrease) in hedge reserve	98	(297)
Increase in other capital reserve	35	1,091
(Decrease) Increase in other capital reserve arising from disposal of available-for-sale investments	(125)	116
Share of other comprehensive income of associates and jointly controlled entities	1,500	(1,643)
	(9,156)	(6,381)
Total comprehensive income (loss)	3,864	(3,634)
Attributable to:		
Shareholders of the Company	3,959	(1,802)
Minority interests	(95)	(1,832)
	3,864	(3,634)

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	61,982	48,054	8,611	14,522
Trade and other receivables	48,440	152,670	7,070	4,104
Amount due from associates and jointly controlled entities	102,624	105,608	9,531	9,531
Amount due from subsidiaries	-	-	611,856	733,291
Inventories	7,436	7,434	582	573
Development properties	313,817	307,998	-	-
Completed properties held for sale	50,465	64,405	-	-
Held-for-trading investments	2,160	2,540	-	-
<b>Total current assets</b>	<b>586,924</b>	<b>688,709</b>	<b>637,650</b>	<b>762,021</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	451,402	416,256	2,361	2,361
Subsidiaries	-	-	630,750	561,557
Available-for-sale investments	20,719	5,068	-	-
Other long-term receivables and prepayments	666	779	-	-
Property, plant and equipment	996,542	1,035,456	228,904	230,674
Investment properties	616,772	616,581	-	-
Deferred tax assets	698	679	-	-
Intangible assets	14,443	15,026	-	-
<b>Total non-current assets</b>	<b>2,101,242</b>	<b>2,089,845</b>	<b>862,015</b>	<b>794,592</b>
<b>Total assets</b>	<b>2,688,166</b>	<b>2,778,554</b>	<b>1,499,665</b>	<b>1,556,613</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdraft	-	1,154	-	-
Bank loans	215,702	176,537	150,905	114,965
Trade and other payables	77,565	99,438	15,487	19,077
Amount due to subsidiaries	-	-	47,192	45,565
Derivative financial instruments	376	584	-	-
Income tax payable	12,261	9,336	1,030	2,261
<b>Total current liabilities</b>	<b>305,904</b>	<b>287,049</b>	<b>214,614</b>	<b>181,868</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	138,157	102,895
Derivative financial instruments	1,202	1,491	-	-
Long-term bank loans	1,031,477	1,145,092	333,131	444,129
Other long-term liabilities	8,359	13,506	-	-
Deferred tax liabilities	23,513	29,395	1,141	1,127
<b>Total non-current liabilities</b>	<b>1,064,551</b>	<b>1,189,484</b>	<b>472,429</b>	<b>548,151</b>
<b>Share capital and reserves:</b>				
Share capital	683,558	681,561	683,558	681,561
Reserves	553,961	539,290	129,064	145,033
<b>Equity attributable to shareholders of the Company</b>	<b>1,237,519</b>	<b>1,220,851</b>	<b>812,622</b>	<b>826,594</b>
Minority interests	80,192	81,170	-	-
<b>Total equity</b>	<b>1,317,711</b>	<b>1,302,021</b>	<b>812,622</b>	<b>826,594</b>
<b>Total liabilities and equity</b>	<b>2,688,166</b>	<b>2,778,554</b>	<b>1,499,665</b>	<b>1,556,613</b>

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

As at 30/9/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$68,351,000	\$150,905,000	\$66,518,000	\$114,965,000

**Amount repayable after one year**

As at 30/9/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$771,323,000	\$267,308,000	\$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 Sep 30, 2010 \$'000	Quarter ended Sep 30, 2009 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	10,963	11,165
Adjustments for:		
Amortisation of intangible assets	84	82
Depreciation expense	11,783	12,425
Share-based payment expense	388	365
Net gain on disposal of available-for-sale investments	(104)	(152)
Finance costs	7,048	7,669
Interest income	(61)	(75)
Dividend income	(20)	-
Profit before working capital changes	30,081	31,479
Trade and other payables	2,914	(4,736)
Completed properties held for sale	5,759	-
Development properties and expenditure	3,546	6,865
Receivables and prepayments	(6,893)	21,271
Held-for-trading investments	(50)	-
Inventories	(179)	(125)
Cash generated from operations	35,178	54,754
Dividend received	20	-
Income tax paid	(5,489)	(5,277)
Net cash from operating activities	29,709	49,477
<b>Cash flows used in investing activities:</b>		
Additional available-for-sale investments	(15,069)	-
Additional investment properties	(178)	-
Additional property, plant and equipment	(8,816)	(2,921)
Net investment in associates and jointly controlled entities	2,896	(57,914)
Proceeds from disposal of available-for-sale investments	53	1,385
Proceeds from disposal of property, plant and equipment	405	182
Cash used in investing activities	(20,709)	(59,268)
<b>Cash flows used in financing activities:</b>		
Interest received	61	75
Finance costs paid	(8,505)	(10,098)
Repayment to minority shareholders	(3,086)	(184)
Additional borrowings	112,928	188,736
Repayment of borrowings	(107,439)	(182,308)
Cash used in financing activities	(6,041)	(3,779)
Net increase (decrease) in cash and cash equivalents	2,959	(13,570)
Cash and cash equivalents at beginning of period	59,590	53,369
Effect of exchange rate changes on cash balances held in foreign currencies	(1,267)	503
Cash and cash equivalents at end of period	61,282	40,302

**Cash and cash equivalents at end of period**

The cash and cash equivalents as at Sep 30, 2010, comprise of cash and bank balances less deposits under pledge to banks of \$700,000.

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
<b>GROUP</b>						
Balance as at Jul 1, 2010	683,558	400,455	149,159	1,233,172	85,289	1,318,461
Share-based payments during the period	-	-	388	388	-	388
Total comprehensive income (loss) for the period	-	12,220	(8,261)	3,959	(95)	3,864
Net movement during the period	-	-	-	-	(5,002)	(5,002)
<b>Balance as at Sep 30, 2010</b>	<b>683,558</b>	<b>412,675</b>	<b>141,286</b>	<b>1,237,519</b>	<b>80,192</b>	<b>1,317,711</b>
<b>GROUP</b>						
Balance as at Jul 1, 2009	681,322	378,838	147,290	1,207,450	83,131	1,290,581
Share-based payments during the period	-	-	365	365	-	365
Total comprehensive income (loss) for the period	-	3,838	(5,640)	(1,802)	(1,832)	(3,634)
Net movement during the period	-	-	-	-	(378)	(378)
<b>Balance as at Sep 30, 2009</b>	<b>681,322</b>	<b>382,676</b>	<b>142,015</b>	<b>1,206,013</b>	<b>80,921</b>	<b>1,286,934</b>

\* 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
<b>COMPANY</b>				
Balance as at Jul 1, 2010	683,558	17,353	114,666	815,577
Share-based payments during the period	-	-	388	388
Total comprehensive income (loss) for the period	-	(3,343)	-	(3,343)
<b>Balance as at Sep 30, 2010</b>	<b>683,558</b>	<b>14,010</b>	<b>115,054</b>	<b>812,622</b>
<b>COMPANY</b>				
Balance as at Jul 1, 2009	681,322	28,725	113,023	823,070
Share-based payments during the period	-	-	365	365
Total comprehensive income (loss) for the period	-	1,316	(127)	1,189
<b>Balance as at Sep 30, 2009</b>	<b>681,322</b>	<b>30,041</b>	<b>113,261</b>	<b>824,624</b>

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

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

The Company did not issue any new share since the end of the previous financial period reported on to the date of this announcement.

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

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

	Sep 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 Sep 30, 2010	Quarter ended Sep 30, 2009
Based on the weighted average number of ordinary shares in issue	2.42 cents	0.76 cents
On a fully diluted basis	2.41 cents	0.76 cents

**7. Net Asset Value**

	Sep 30, 2010	Dec 31, 2009
GROUP	\$2.45	\$2.42
COMPANY	\$1.61	\$1.64

**8. Review of Performance**

Group revenue for the third quarter ended September 30, 2010, was \$112.8 million compared to \$103.7 million for the corresponding quarter last year. The increase was mainly attributable to stronger contributions from the Group's hotels and resorts, especially those in Singapore and the Maldives. Contributions from the properties division was however lower due to completion of The Met condominium development last year. Collection of balance sales proceeds contributed to a decrease in trade receivables and a corresponding decrease in total bank borrowings and increase in cash and bank balances as at September 30, 2010, as compared to last financial year end.

The Group's share of results of associates and jointly controlled entities has turned around from a loss of \$2.9 million for Q3 2009 to a profit of \$6.6 million for the quarter under review. Profit recognition has commenced for The Interlace condominium development in Alexandra Road, Singapore. Four Seasons Resort Seychelles and Hard Rock Hotel Penang which commenced business last year also recorded better results for the quarter under review.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended September 30, 2010, was \$12.2 million, more than three times that of \$3.8 million recorded for the corresponding quarter last year.

**9. Variance from Previous Forecast or Prospect Statement**

Not applicable.

**10. Outlook**

The hotels and resorts division is expected to continue to contribute strongly to the Group's operating results for the last quarter of the year.

On the property front, market sentiment is cautious following the recent cooling measures implemented by the Singapore Government. Nevertheless, demand for properties in good locations is expected to be steady. The Group will continue to recognise profits from The Interlace condominium development.

**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 third quarter ended Sep 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	3,458	-
- Management fee expense	105	-

**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 third quarter 2010 unaudited financial statements to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
November 11, 2010