



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Second Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Jun 30, 2011	Quarter ended Jun 30, 2010 (restated)
Revenue	115,769	103,789
Cost of sales	(84,804)	(77,198)
Gross profit	30,965	26,591
Other operating income	595	1,178
Administrative expenses	(13,417)	(13,529)
Other operating expenses	(661)	(458)
Finance costs	(6,322)	(7,705)
Other non-operating (expenses) income	(2)	49
Share of results of associates and jointly controlled entities	8,958	(1,896)
Profit before income tax	20,116	4,230
Income tax expense	(4,002)	(4,229)
Profit after income tax	16,114	1
Attributable to:		
Shareholders of the Company	15,228	270
Non-controlling interests	886	(269)
	16,114	1

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

	GROUP \$'000	
	Quarter ended Jun 30, 2011	Quarter ended Jun 30, 2010
Other income including interest income	595	1,178
Depreciation and amortisation	(11,953)	(12,454)
Foreign exchange (loss) gain	(355)	41
Adjustment for underprovision of tax in respect of prior years	(319)	(201)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Jun 30, 2011	Quarter ended Jun 30, 2010 (restated)
Profit after income tax	16,114	1
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(12,306)	(1,607)
Increase in hedge reserve	267	320
Share of other comprehensive income of associates and jointly controlled entities	(2,034)	1,216
	(14,073)	(71)
Total comprehensive income (loss)	2,041	(70)
Attributable to:		
Shareholders of the Company	1,575	202
Non-controlling interests	466	(272)
	2,041	(70)

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2011	Dec 31, 2010	Jun 30, 2011	Dec 31, 2010
ASSETS				
Current assets:				
Cash and cash equivalents	71,254	84,032	10,916	10,057
Trade and other receivables	35,768	85,414	3,707	2,744
Amount due from associates and jointly controlled entities	32,768	45,053	9,051	9,051
Amount due from subsidiaries	-	-	537,462	555,656
Inventories	7,699	7,951	616	586
Development properties	284,022	290,883	-	-
Completed properties held for sale	46,452	54,138	-	-
Held-for-trading investments	9,295	1,940	-	-
Total current assets	487,258	569,411	561,752	578,094
Non-current assets:				
Associates and jointly controlled entities	498,866	479,423	2,361	2,361
Subsidiaries	-	-	666,202	726,113
Available-for-sale investments	21,110	20,790	-	-
Other long-term receivables and prepayments	562	630	-	-
Property, plant and equipment	968,395	990,864	228,236	229,841
Investment properties	633,560	633,560	-	-
Deferred tax assets	331	657	-	-
Intangible assets	11,674	12,139	-	-
Total non-current assets	2,134,498	2,138,063	896,799	958,315
Total assets	2,621,756	2,707,474	1,458,551	1,536,409
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	272,762	450,831	95,893	150,951
Trade and other payables	74,034	95,040	19,308	25,684
Amount due to subsidiaries	-	-	46,450	44,483
Derivative financial instruments	633	1,207	-	-
Income tax payable	8,024	9,847	678	34
Total current liabilities	355,453	556,925	162,329	221,152
Non-current liabilities:				
Advances from subsidiaries	-	-	127,762	137,004
Long-term bank loans	821,813	693,888	361,737	342,212
Other long-term liabilities	4,923	7,185	-	-
Deferred tax liabilities	23,968	24,690	1,170	1,308
Total non-current liabilities	850,704	725,763	490,669	480,524
Share capital and reserves:				
Share capital	683,926	683,926	683,926	683,926
Reserves	647,076	659,174	121,627	150,807
Equity attributable to shareholders of the Company	1,331,002	1,343,100	805,553	834,733
Non-controlling interests	84,597	81,686	-	-
Total equity	1,415,599	1,424,786	805,553	834,733
Total liabilities and equity	2,621,756	2,707,474	1,458,551	1,536,409

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

As at Jun 30, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$180,186,000	\$95,893,000	\$303,352,000	\$150,951,000

Amount repayable after one year

As at Jun 30, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$464,080,000	\$361,924,000	\$382,811,000	\$317,198,000

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, 2011 \$'000	Quarter ended Jun 30, 2010 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	11,158	6,126
Adjustments for:		
Amortisation of intangible assets	82	84
Depreciation expense	11,871	12,370
Share-based payment expense	440	2,368
Finance costs	6,322	7,705
Interest income	(395)	(442)
Dividend income	(49)	(10)
Profit before working capital changes	29,429	28,201
Trade and other payables	1,500	(7,665)
Completed properties held for sale	1,967	3,983
Development properties and expenditure	215	(2,126)
Receivables and prepayments	3,250	15,819
Held-for-trading investments	(1,044)	150
Inventories	(455)	(554)
Cash generated from operations	34,862	37,808
Dividend received	49	10
Income tax paid	(6,366)	(5,415)
Net cash from operating activities	28,545	32,403
Cash flows used in investing activities:		
Additional investment properties	-	(13)
Additional property, plant and equipment	(11,700)	(5,336)
Net investment in associates and jointly controlled entities	(430)	(26,649)
Proceeds from disposal of property, plant and equipment	276	221
Cash used in investing activities	(11,854)	(31,777)
Cash flows used in financing activities:		
Interest received	395	442
Finance costs paid	(7,972)	(9,292)
Dividend paid	(25,286)	(10,096)
Repayment to minority shareholders	(665)	-
Additional borrowings	56,642	24,292
Repayment of borrowings	(40,617)	(24,472)
Decrease in deposits under pledge to bank	172	-
Cash used in financing activities	(17,331)	(19,126)
Net decrease in cash and cash equivalents	(640)	(18,500)
Cash and cash equivalents at beginning of period	72,400	78,461
Effect of exchange rate changes on cash balances held in foreign currencies	(1,006)	(371)
Cash and cash equivalents at end of period	70,754	59,590

Cash and cash equivalents at end of period

The cash and cash equivalents as at Jun 30, 2011, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$500,000.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Non-controlling 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	-	270	(68)	202	(272)	(70)
Net movement during the period	-	-	-	-	(44)	(44)
Transfer during the period	1,918	-	(1,918)	-	-	-
Balance as at Jun 30, 2010	683,558	398,937	149,159	1,231,654	85,289	1,316,943
Balance as at Apr 1, 2011	683,926	545,997	124,350	1,354,273	85,472	1,439,745
Final dividends for the previous year, paid	-	(25,286)	-	(25,286)	-	(25,286)
Share-based payments during the period	-	-	440	440	-	440
Total comprehensive income (loss) for the period	-	15,228	(13,653)	1,575	466	2,041
Net movement during the period	-	-	-	-	(1,341)	(1,341)
Balance as at Jun 30, 2011	683,926	535,939	111,137	1,331,002	84,597	1,415,599

* 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
Balance as at Apr 1, 2011	683,926	33,641	115,995	833,562
Final dividends for the previous year, paid	-	(25,286)	-	(25,286)
Share-based payments during the period	-	-	440	440
Total comprehensive income (loss) for the period	-	(3,163)	-	(3,163)
Balance as at Jun 30, 2011	683,926	5,192	116,435	805,553

** Includes asset revaluation 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 for the current quarter under review.

As at Jun 30, 2011, the number of outstanding share options under the Company's Share Option Scheme 2000 was 7,805,000 (as at Jun 30, 2010: 7,805,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 473,000 (as at Jun 30, 2010: 709,500).

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

	Jun 30, 2011	Dec 31, 2010
Total number of issued shares excluding treasury shares	505,721,351	505,721,351

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 except as explained in paragraph 5 below.

5. Reasons for and Effect of Changes in Accounting Policies

The Group has adopted all new/revised Singapore Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after January 1, 2011 as detailed below.

FRS 24 (Revised) Related Party Disclosures

FRS 24 (Revised) clarifies the definition of a related party to the reporting entity.

INT FRS 115 Agreements for Construction of Real Estate

INT FRS 115 was issued with an accompanying note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework. 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 *Construction Contracts* can only be accounted for using the percentage of completion ("POC") 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.

Upon adoption of INT FRS 115, the Group continues to use the POC method to account for its Singapore projects. The Group's overseas projects, however, are accounted for using the completion of construction ("COC") method after taking into consideration the legal framework and industry practices in those countries in which the Group operates. This change in accounting policy has been applied retrospectively. Accordingly, the comparatives have been restated.

5. Reasons for and Effect of Changes in Accounting Policies (cont'd)

The effects on the comparatives arising from the adoption of INT FRS 115 are as follows:

	GROUP \$'000	
	Previously reported Jun 30, 2010 \$'000	After restatement Jun 30, 2010 \$'000
Share of results of associates and jointly controlled entities	(378)	(1,896)
Profit before income tax	5,748	4,230
Profit after income tax	1,519	1
Net profit attributable to shareholders	1,788	270
Total comprehensive income attributable to shareholders	1,720	202
Retained profits as at Jun 30, 2010	400,455	398,937
Shareholders' equity	1,233,172	1,231,654
Total equity	1,318,461	1,316,943

	Cents	Cents
Basic earnings per share	0.35	0.05
Diluted earnings per share	0.35	0.05

6. Earnings Per Share

	Quarter ended Jun 30, 2011	Quarter ended Jun 30, 2010 (restated)
Based on the weighted average number of ordinary shares in issue	3.01 cents	0.05 cents
On a fully diluted basis	3.01 cents	0.05 cents

7. Net Asset Value

	Jun 30, 2011	Dec 31, 2010
GROUP	\$2.63	\$2.66
COMPANY	\$1.59	\$1.65

8. Review of Performance

Group revenue for the second quarter ended June 30, 2011, was \$115.8 million or 11.5% higher than the corresponding period last year. The Group began recognition of income from the Tomlinson Heights condominium development on a percentage of completion basis during the quarter under review. Higher revenue generated by the hotels and resorts in Singapore and the Maldives also contributed to the improvement.

Finance costs decreased by 18% from \$7.7 million for Q2 2010 to \$6.3 million for the quarter under review due to lower borrowings as a result of loan repayments from cashflow generated by the Group.

The Group's share of results of associates and jointly controlled entities has turned around from a loss of \$1.9 million for Q2 2010 to a profit of \$9 million for the quarter under review mainly due to profit recognition from The Interlace condominium development at Alexandra Road, Singapore, and higher contribution from Four Seasons Resort Seychelles. The Group's share of results of associates and jointly controlled entities for Q2 2010 has been restated following the Group's adoption of INT FRS 115 (please refer to item 5 for more details) to exclude share of profits from overseas development projects based on percentage of completion. Without the restatement, the Group's share of results of associates and jointly controlled entities for Q2 2010 would have been a smaller loss of \$378,000.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended June 30, 2011 was \$15.2 million compared to \$270,000 for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

The hospitality industry traditionally performs well in the second half of the year, although the uncertainties in the US and European economies continue to pose challenges.

Singapore property market sentiment remains cautious after a series of anti-speculation measures introduced by the government. The Group will continue to recognise profits from Tomlinson Heights, The Interlace and d'Leedon.

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, 2011 (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	3,310	-
- Management fee expense	116	-
- Equity contribution	4,000	-

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 2011 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
Aug 12, 2011