



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Third Quarter Financial Statements

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

	GROUP \$'000	
	Quarter ended Sep 30, 2011	Quarter ended Sep 30, 2010 (restated)
Revenue	116,347	112,821
Cost of sales	(85,276)	(81,974)
Gross profit	31,071	30,847
Other operating income	543	215
Administrative expenses	(12,254)	(12,376)
Other operating expenses	(2,697)	(180)
Finance costs	(7,476)	(7,048)
Other non-operating income (expenses)	1,240	(495)
Share of results of associates and jointly controlled entities	9,328	6,678
Profit before income tax	19,755	17,641
Income tax expense	(3,723)	(4,527)
Profit after income tax	16,032	13,114
Attributable to:		
Shareholders of the Company	16,523	12,314
Non-controlling interests	(491)	800
	16,032	13,114

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

	GROUP \$'000	
	Quarter ended Sep 30, 2011	Quarter ended Sep 30, 2010
Other income including interest income	543	215
Depreciation and amortisation	(12,454)	(11,867)
Fair value (loss) gain in held-for-trading investments*	(2,660)	83
Foreign exchange gain (loss)^	1,174	(512)
Adjustment for over provision of tax in respect of prior years	395	43

Note:

\* Included in other operating expense

^ Included in other non-operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Sep 30, 2011	Quarter ended Sep 30, 2010 (restated)
Profit after income tax	16,032	13,114
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	18,397	(10,664)
Increase in hedge reserve	255	98
(Decrease) Increase in other capital reserve	(484)	35
Decrease in other capital reserve arising from disposal of available-for-sale investments	-	(125)
Share of other comprehensive income of associates and jointly controlled entities	(433)	1,500
	17,735	(9,156)
<b>Total comprehensive income</b>	<b>33,767</b>	<b>3,958</b>
Attributable to:		
Shareholders of the Company	33,198	4,053
Non-controlling interests	569	(95)
	33,767	3,958

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	71,914	84,032	12,978	10,057
Trade and other receivables	37,198	85,414	4,469	2,744
Amount due from associates and jointly controlled entities	33,861	45,053	9,051	9,051
Amount due from subsidiaries	-	-	502,345	555,656
Inventories	8,113	7,951	633	586
Development properties	285,965	290,883	-	-
Completed properties held for sale	47,586	54,138	-	-
Held-for-trading investments	15,931	1,940	-	-
<b>Total current assets</b>	<b>500,568</b>	<b>569,411</b>	<b>529,476</b>	<b>578,094</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	503,941	479,423	2,361	2,361
Subsidiaries	-	-	712,937	726,113
Available-for-sale investments	27,940	20,790	-	-
Other long-term prepayments	571	630	-	-
Property, plant and equipment	993,754	990,864	227,684	229,841
Investment properties	633,560	633,560	-	-
Deferred tax assets	399	657	-	-
Intangible assets	11,866	12,139	-	-
<b>Total non-current assets</b>	<b>2,172,031</b>	<b>2,138,063</b>	<b>942,982</b>	<b>958,315</b>
<b>Total assets</b>	<b>2,672,599</b>	<b>2,707,474</b>	<b>1,472,458</b>	<b>1,536,409</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	207,138	450,831	87,927	150,951
Trade and other payables	84,417	95,040	20,672	25,684
Amount due to subsidiaries	-	-	46,713	44,483
Derivative financial instruments	373	1,207	-	-
Income tax payable	7,563	9,847	724	34
<b>Total current liabilities</b>	<b>299,491</b>	<b>556,925</b>	<b>156,036</b>	<b>221,152</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	126,050	137,004
Long-term bank loans	907,025	693,888	383,733	342,212
Other long-term liabilities	4,305	7,185	-	-
Deferred tax liabilities	25,150	24,690	1,135	1,308
<b>Total non-current liabilities</b>	<b>936,480</b>	<b>725,763</b>	<b>510,918</b>	<b>480,524</b>
<b>Share capital and reserves:</b>				
Share capital	684,062	683,926	684,062	683,926
Reserves	680,818	659,174	121,442	150,807
<b>Equity attributable to shareholders of the Company</b>	<b>1,364,880</b>	<b>1,343,100</b>	<b>805,504</b>	<b>834,733</b>
Non-controlling interests	71,748	81,686	-	-
<b>Total equity</b>	<b>1,436,628</b>	<b>1,424,786</b>	<b>805,504</b>	<b>834,733</b>
<b>Total liabilities and equity</b>	<b>2,672,599</b>	<b>2,707,474</b>	<b>1,472,458</b>	<b>1,536,409</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 Sep 30, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$122,576,000	\$87,928,000	\$303,352,000	\$150,951,000

**Amount repayable after one year**

As at Sep 30, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$526,797,000	\$383,910,000	\$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 Sep 30, 2011 \$'000	Quarter ended Sep 30, 2010 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	10,427	10,963
Adjustments for:		
Amortisation of intangible assets	81	84
Depreciation expense	12,373	11,783
Share-based payment expense	570	388
Gain on disposal of available-for-sale investments	-	(104)
Finance costs	7,476	7,048
Interest income	(416)	(61)
Dividend income	(15)	(20)
Profit before working capital changes	30,496	30,081
Trade and other payables	7,971	2,914
Completed properties held for sale	767	5,759
Development properties and expenditure	196	3,546
Receivables and prepayments	(369)	(6,893)
Held-for-trading investments	(6,636)	(50)
Inventories	(108)	(179)
Cash generated from operations	32,317	35,178
Dividend received	15	20
Income tax paid	(3,359)	(5,489)
Net cash from operating activities	28,973	29,709
<b>Cash flows used in investing activities:</b>		
Additional available-for-sale investments	(8,000)	(15,069)
Additional investment properties	-	(178)
Additional property, plant and equipment	(19,176)	(8,816)
Net investment in associates and jointly controlled entities	8,385	2,896
Proceeds from disposal of available-for-sale investments	-	53
Proceeds from disposal of property, plant and equipment	329	405
Cash used in investing activities	(18,462)	(20,709)
<b>Cash flows used in financing activities:</b>		
Interest received	416	61
Finance costs paid	(9,090)	(8,505)
Repayment to minority shareholders	(13,753)	(3,086)
Additional borrowings	83,613	112,928
Repayment of borrowings	(71,764)	(107,439)
Proceeds from issue of shares	110	-
Cash used in financing activities	(10,468)	(6,041)
Net increase in cash and cash equivalents	43	2,959
Cash and cash equivalents at beginning of period	70,754	59,590
Effect of exchange rate changes on cash balances held in foreign currencies	610	(1,267)
Cash and cash equivalents at end of period	71,407	61,282

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

The cash and cash equivalents as at Sep 30, 2011, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$507,000.

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
<b>GROUP</b>						
Balance as at Jul 1, 2010	683,558	398,937	149,159	1,231,654	85,289	1,316,943
Share-based payments during the period	-	-	388	388	-	388
Total comprehensive income (loss) for the period	-	12,314	(8,261)	4,053	(95)	3,958
Net movement during the period	-	-	-	-	(5,002)	(5,002)
<b>Balance as at Sep 30, 2010</b>	<b>683,558</b>	<b>411,251</b>	<b>141,286</b>	<b>1,236,095</b>	<b>80,192</b>	<b>1,316,287</b>
Balance as at Jul 1, 2011	683,926	535,939	111,137	1,331,002	84,597	1,415,599
Share-based payments during the period	-	-	570	570	-	570
Total comprehensive income (loss) for the period	-	16,523	16,675	33,198	569	33,767
Net movement during the period	-	-	-	-	(13,418)	(13,418)
Transfer during the period	26	-	(26)	-	-	-
Issue of shares	110	-	-	110	-	110
<b>Balance as at Sep 30, 2011</b>	<b>684,062</b>	<b>552,462</b>	<b>128,356</b>	<b>1,364,880</b>	<b>71,748</b>	<b>1,436,628</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>
Balance as at Jul 1, 2011	683,926	5,192	116,435	805,553
Share-based payments during the period	-	-	570	570
Total comprehensive income (loss) for the period	-	(729)	-	(729)
Transfer during the period	26	-	(26)	-
Issue of shares	110	-	-	110
<b>Balance as at Sep 30, 2011</b>	<b>684,062</b>	<b>4,463</b>	<b>116,979</b>	<b>805,504</b>

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

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

The Company issued 110,000 new ordinary shares for the current quarter under review upon exercise of subscription rights by senior executives of the Company granted in conjunction with the Hotel Properties Limited Share Option Scheme 2000.

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

As at Sep 30, 2011, the number of outstanding share options under the Company's Share Option Scheme 2000 was 9,275,000 (as at Sep 30, 2010: 7,805,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 473,000 (as at Sep 30, 2010: 709,500).

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

	Sep 30, 2011	Dec 31, 2010
Total number of issued shares excluding treasury shares	505,831,351	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 relevant 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 and its accompanying note are as follows:

	GROUP \$'000	
	Previously reported Sep 30, 2010 \$'000	After restatement Sep 30, 2010 \$'000
Share of results of associates and jointly controlled entities	6,584	6,678
Profit before income tax	17,547	17,641
Profit after income tax	13,020	13,114
Net profit attributable to shareholders	12,220	12,314
Total comprehensive income attributable to shareholders	3,959	4,053
Retained profits as at Sep 30, 2010	412,675	411,251
Shareholders' equity	1,237,519	1,236,095
Total equity	1,317,711	1,316,287

  

	Cents	Cents
Basic earnings per share	2.42	2.44
Diluted earnings per share	2.41	2.43

## 6. Earnings Per Share

	Quarter ended Sep 30, 2011	Quarter ended Sep 30, 2010 (restated)
Based on the weighted average number of ordinary shares in issue	3.27 cents	2.44 cents
On a fully diluted basis	3.26 cents	2.43 cents

## 7. Net Asset Value

	Sep 30, 2011	Dec 31, 2010
GROUP	\$2.70	\$2.66
COMPANY	\$1.59	\$1.65

## 8. Review of Performance

Group revenue for the third quarter ended September 30, 2011, was \$116.3 million or 3% higher than the corresponding period last year. The increase was mainly attributable to income recognition from the Tomlinson Heights condominium development on a percentage of completion basis as well as better performances by most of the Group's hotels and resorts in Singapore and Bali.

The Group's share of results of associates and jointly controlled entities has also improved significantly from \$6.7 million for Q3 2010 to \$9.3 million for the quarter under review mainly due to higher profit recognised from The Interlace condominium development at Alexandra Road, Singapore.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended September 30, 2011, was \$16.5 million or 34% higher than the \$12.3 million recorded for the corresponding quarter last year.

## 9. Variance from Previous Forecast or Prospect Statement

Not applicable.

## 10. Outlook

The Group performed well in the first three quarters of 2011, with both our Hotels and Properties divisions delivering better results than the corresponding periods last year.

The slowing down of the global economy and its likely adverse effect on consumer spending have resulted in uncertainties in the overall business environment. Nevertheless, barring unforeseen circumstances, the Group is reasonably confident that its operating performance will continue to be profitable for the rest of the year.



**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, 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	3,329	-
- Management fee expense	130	-
- Equity contribution	1,939	-

**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(5) 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 2011 unaudited financial statements to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
November 10, 2011