



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Full Year Financial Statements and Dividend Announcement

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

	GROUP \$'000	
	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Revenue	493,825	442,097
Cost of sales	(349,366)	(316,906)
Gross profit	144,459	125,191
Other operating income	2,527	3,857
Administrative expenses	(55,518)	(60,809)
Other operating expenses	(3,130)	(2,802)
Finance costs	(29,300)	(30,497)
Other non-operating (expenses) income	(240)	86,214
Share of results of associates and jointly controlled entities	33,112	11,869
Profit before income tax and fair value changes in investment properties	91,910	133,023
Gain (Loss) on fair value changes:		
Share of fair value gain on investment properties of associates	-	9,091
Fair value gain on investment properties	-	16,979
	-	26,070
Profit before income tax	91,910	159,093
Income tax expense	(13,476)	(12,190)
Profit after income tax	78,434	146,903
Attributable to:		
Shareholders of the Company	70,441	140,332
Non-controlling interests	7,993	6,571
	78,434	146,903

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

	GROUP \$'000	
	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Investment income	228	30
Other income including interest income	2,299	3,827
Depreciation and amortisation	(50,198)	(48,711)
Allowance for doubtful trade receivables	(19)	(117)
Fair value loss in held-for-trading investments*	(2,761)	(535)
Foreign exchange gain (loss)^	841	(941)
Adjustment for over provision of tax in respect of prior years	1,305	135
Plant and equipment written off	(63)	(746)
Impairment of intangible assets^	(1,189)	(2,175)
Net gain on disposal of available-for-sale investments^	240	111
Gain on liquidation of associates^	260	-
Gain on disposal of a jointly controlled entity^	-	94,887
Gain on disposal of property, plant and equipment	220	117

**Note:**

\* Included in other operating expenses

^ Included in other non-operating (expenses) income

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Profit after income tax	78,434	146,903
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(3,274)	(13,460)
Decrease in exchange fluctuation reserve arising from disposal of a jointly controlled entity	-	(11,447)
Increase in hedge reserve	1,207	868
Decrease in other capital reserve	(589)	(311)
Increase in other capital reserve arising from disposal of available-for-sale investments and a jointly controlled entity	-	11,027
Share of other comprehensive income of associates and jointly controlled entities	(1,470)	94
	(4,126)	(13,229)
Total comprehensive income	74,308	133,674
Attributable to:		
Shareholders of the Company	65,937	128,419
Non-controlling interests	8,371	5,255
	74,308	133,674

## 1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	76,232	84,032	11,920	10,057
Trade and other receivables	36,837	85,414	2,521	2,744
Amount due from associates and jointly controlled entities	41,958	45,053	8,451	9,051
Amount due from subsidiaries	-	-	527,853	555,656
Inventories	8,416	7,951	669	586
Development properties	295,024	290,883	-	-
Completed properties held for sale	38,207	54,138	-	-
Held-for-trading investments	13,374	1,940	-	-
<b>Total current assets</b>	<b>510,048</b>	<b>569,411</b>	<b>551,414</b>	<b>578,094</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	514,841	479,423	1,061	2,361
Subsidiaries	-	-	725,610	726,113
Available-for-sale investments	28,342	20,790	-	-
Other long-term prepayments	552	630	-	-
Property, plant and equipment	995,799	990,864	227,859	229,841
Investment properties	633,560	633,560	-	-
Deferred tax assets	1,936	657	-	-
Intangible assets	10,565	12,139	-	-
<b>Total non-current assets</b>	<b>2,185,595</b>	<b>2,138,063</b>	<b>954,530</b>	<b>958,315</b>
<b>Total assets</b>	<b>2,695,643</b>	<b>2,707,474</b>	<b>1,505,944</b>	<b>1,536,409</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	240,547	450,831	137,938	150,951
Trade and other payables	99,812	95,040	24,730	25,684
Amount due to subsidiaries	-	-	44,456	44,483
Derivative financial instruments	-	1,207	-	-
Income tax payable	11,383	9,847	632	34
<b>Total current liabilities</b>	<b>351,742</b>	<b>556,925</b>	<b>207,756</b>	<b>221,152</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	128,781	137,004
Long-term bank loans	852,991	693,888	333,858	342,212
Other long-term liabilities	3,963	7,185	-	-
Deferred tax liabilities	25,312	24,690	1,124	1,308
<b>Total non-current liabilities</b>	<b>882,266</b>	<b>725,763</b>	<b>463,763</b>	<b>480,524</b>
<b>Share capital and reserves:</b>				
Share capital	684,530	683,926	684,530	683,926
Reserves	701,303	659,174	149,895	150,807
<b>Equity attributable to shareholders of the Company</b>	<b>1,385,833</b>	<b>1,343,100</b>	<b>834,425</b>	<b>834,733</b>
Non-controlling interests	75,802	81,686	-	-
<b>Total equity</b>	<b>1,461,635</b>	<b>1,424,786</b>	<b>834,425</b>	<b>834,733</b>
<b>Total liabilities and equity</b>	<b>2,695,643</b>	<b>2,707,474</b>	<b>1,505,944</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 Dec 31, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$105,305,000	\$137,938,000	\$303,352,000	\$150,951,000

**Amount repayable after one year**

As at Dec 31, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$522,621,000	\$333,858,000	\$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

	Year ended Dec 31, 2011 \$'000	Year ended Dec 31, 2010 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	58,798	138,133
Adjustments for:		
Amortisation of intangible assets	327	335
Depreciation expense	49,871	48,376
Share-based payment expense	1,972	3,863
Plant and equipment written off	63	746
Impairment of intangible assets	1,189	2,175
Fair value gain in investment properties	-	(16,979)
Net gain on disposal of available-for-sale investments	(240)	(111)
Gain on liquidation of associates	(260)	-
Gain on disposal of a jointly controlled entity	-	(94,887)
Gain on disposal of property, plant and equipment	(220)	(117)
Finance costs	29,300	30,497
Interest income	(1,694)	(952)
Dividend income	(228)	(30)
Profit before working capital changes	138,878	111,049
Trade and other payables	2,033	(5,415)
Completed properties held for sale	13,913	11,302
Development properties and expenditure	4,360	25,583
Receivables and prepayments	48,697	120,117
Held-for-trading investments	(11,434)	600
Inventories	(444)	(985)
Cash generated from operations	196,003	262,251
Dividend received	228	30
Income tax paid	(12,562)	(15,991)
Net cash from operating activities	183,669	246,290
<b>Cash flows (used in) from investing activities:</b>		
Additional available-for-sale investments	(8,000)	(15,069)
Additional property, plant and equipment	(57,213)	(33,284)
Net investment in associates and jointly controlled entities	(947)	(71,059)
Proceeds from disposal of a jointly controlled entity	-	121,997
Proceeds from disposal of available-for-sale investments	240	60
Proceeds from liquidation of associates	260	-
Proceeds from disposal of property, plant and equipment	1,485	952
Cash (used in) from investing activities	(64,175)	3,597
<b>Cash flows used in financing activities:</b>		
Interest received	1,694	952
Finance costs paid	(35,782)	(36,835)
Dividend paid	(25,286)	(10,096)
Repayment to minority shareholders	(13,396)	(2,058)
Additional borrowings	247,610	225,768
Repayment of borrowings	(301,700)	(389,014)
Increase in deposits under pledge to bank	(3,076)	-
Proceeds from issue of shares	110	63
Cash used in financing activities	(129,826)	(211,220)
Net (decrease) increase in cash and cash equivalents	(10,332)	38,667
Cash and cash equivalents at beginning of year	83,337	46,212
Effect of exchange rate changes on cash balances held in foreign currencies	(528)	(1,542)
Cash and cash equivalents at end of year	72,477	83,337

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

The cash and cash equivalents as at Dec 31, 2011, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$3,755,000.

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 Jan 1, 2010	681,561	398,998	140,292	1,220,851	81,170	1,302,021
Final dividends for the previous year, paid	-	(10,096)	-	(10,096)	-	(10,096)
Share-based payments during the year	-	-	3,863	3,863	-	3,863
Total comprehensive income (loss) for the year	-	140,332	(11,913)	128,419	5,255	133,674
Net movement during the year	-	-	-	-	(4,739)	(4,739)
Transfer during the year	2,302	-	(2,302)	-	-	-
Issue of shares	63	-	-	63	-	63
<b>Balance as at Dec 31, 2010</b>	<b>683,926</b>	<b>529,234</b>	<b>129,940</b>	<b>1,343,100</b>	<b>81,686</b>	<b>1,424,786</b>
Final dividends for the previous year, paid	-	(25,286)	-	(25,286)	-	(25,286)
Share-based payments during the year	-	-	1,972	1,972	-	1,972
Total comprehensive income (loss) for the year	-	70,441	(4,504)	65,937	8,371	74,308
Net movement during the year	-	-	-	-	(14,255)	(14,255)
Transfer during the year	494	-	(494)	-	-	-
Issue of shares	110	-	-	110	-	110
<b>Balance as at Dec 31, 2011</b>	<b>684,530</b>	<b>574,389</b>	<b>126,914</b>	<b>1,385,833</b>	<b>75,802</b>	<b>1,461,635</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 Jan 1, 2010	681,561	31,039	113,994	826,594
Final dividends for the previous year, paid	-	(10,096)	-	(10,096)
Share-based payments during the year	-	-	3,863	3,863
Total comprehensive income (loss) for the year	-	14,309	-	14,309
Transfer during the year	2,302	-	(2,302)	-
Issue of shares	63	-	-	63
<b>Balance as at Dec 31, 2010</b>	<b>683,926</b>	<b>35,252</b>	<b>115,555</b>	<b>834,733</b>
Final dividends for the previous year, paid	-	(25,286)	-	(25,286)
Share-based payments during the year	-	-	1,972	1,972
Total comprehensive income (loss) for the year	-	22,896	-	22,896
Transfer during the year	494	-	(494)	-
Issue of shares	110	-	-	110
<b>Balance as at Dec 31, 2011</b>	<b>684,530</b>	<b>32,862</b>	<b>117,033</b>	<b>834,425</b>

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

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

The Company issued 236,500 new ordinary shares since the end of the previous period reported on upon vesting of performance shares granted 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 Dec 31, 2011, the number of outstanding share options under the Company's Share Option Schemes was 9,275,000 (as at Dec 31, 2010: 7,805,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,996,000 (as at Dec 31, 2010: 473,000).

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

	Dec 31, 2011	Dec 31, 2010
Total number of issued shares excluding treasury shares	506,067,851	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 year 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.

**6. Earnings Per Share**

	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Based on the weighted average number of ordinary shares in issue	13.93 cents	27.78 cents
On a fully diluted basis	13.92 cents	27.70 cents

**7. Net Asset Value**

	Dec 31, 2011	Dec 31, 2010
GROUP	\$2.74	\$2.66
COMPANY	\$1.65	\$1.65

**8. Review of Performance**

For the year ended December 31, 2011, the Group achieved a revenue of \$493.8 million, which is 11.7% higher than the \$442.1 million recorded 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 the Group's hotels and resorts. The strong cashflow generated from operations resulted in lower Group borrowings and finance costs.

The Group's share of results of associates and jointly controlled entities has also improved significantly from \$11.9 million for year 2010 to \$33.1 million for the year ended December 31, 2011, mainly due to higher profit recognised from The Interlace condominium development at Alexandra Road, Singapore.

Group profit before tax for the year ended December 31, 2011, was \$91.9 million compared to \$159.1 million last year, which included a non-recurring gain on disposal of the Group's interest in a joint venture company which owns a mixed use property development in Shanghai of \$94.9 million and fair value adjustment gain on investment properties of \$26.1 million. Excluding these, group profit before tax for year 2010 would have been \$38.1 million.

After adjusting for income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2011, was \$70.4 million compared to \$140.3 million last year.

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

Not applicable.

**10. Outlook**

The outlook of the tourism industry in Singapore and the region remains positive, although the uncertain global economic conditions continue to pose challenges.

On the property front, the series of market cooling measures introduced by the Singapore government has taken effect in containing property prices and transaction volumes. The Singapore property market sentiment is expected to remain cautious in the short term.

**11. Dividend****(a) Current Financial Period Reported On**

The Board of Directors has recommended a first and final one-tier tax exempt cash dividend of 2 cents per ordinary share, and a special dividend of 3 cents per ordinary share, in respect of the current financial year reported on. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

The Company declared a first and final one-tier tax exempt cash dividend of 2 cents per ordinary share and a special dividend of 3 cents per ordinary share in respect of the immediately preceding financial year.

**(c) Date payable**

Will be announced at a later date.

**(d) Books closure date**

Notice will be given at a later date of the date of closure of the transfer books and register of members.

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

Not applicable.

**13. Interested Person Transactions ("IPT")**

The Group has not obtained a general mandate from shareholders for IPTs.

Name of Interested Person	Aggregate value of all IPT during the financial year ended Dec 31, 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	13,392	-
- Management fee expense	924	-
- Equity contribution	6,489	-

**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. Segmental Revenue and Results**

Information by business segment

Year ended December 31, 2011

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
<b>REVENUE</b>					
External sales	418,637	75,182	6		493,825
Inter-segment sales		368		(368)	-
Total revenue	418,637	75,550	6	(368)	493,825
<b>RESULTS</b>					
Earnings before interest, tax and fair value changes in investment properties	72,180	16,256	(2,032)		86,404
Finance costs					(29,300)
Interest income					1,694
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(1,348)	34,651	(191)		33,112
Profit before fair value changes					91,910
Fair value changes in investment properties					-
Profit before income tax					91,910
Income tax expense					(13,476)
Non-controlling interests					(7,993)
Profit attributable to shareholders of the Company					70,441

14. **Segmental Revenue and Results (cont'd)**

Year ended December 31, 2010

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
<b>REVENUE</b>					
External sales	394,770	47,263	64		442,097
Inter-segment sales		342		(342)	-
Total revenue	394,770	47,605	64	(342)	442,097
<b>RESULTS</b>					
Earnings before interest, tax and fair value changes in investment properties	106,257	45,300	(858)		150,699
Finance costs					(30,497)
Interest income					952
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(64)	12,396	(463)		11,869
Profit before fair value changes					133,023
Fair value changes in investment properties		26,070			26,070
Profit before income tax					159,093
Income tax expense					(12,190)
Non-controlling interests					(6,571)
Profit attributable to shareholders of the Company					140,332

15. **Review of Performance by Business Segments**

Please refer to item 8 above.

16. **Breakdown of Sales and Operating Profit**

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group	% increase/(decrease) Group
(a) Sales reported for first half year	237,615	223,846	6.15
(b) Operating profit after tax before deducting non-controlling interests reported for first half year (restated)**	37,556	10,594	254.50
(c) Sales reported for second half year	256,210	218,251	17.39
(d) Operating profit after tax before deducting non-controlling interests reported for second half year (restated)**	40,878	111,123	(63.21)

\*\* excludes fair value gain (loss) on investment properties (net of tax).

17. **Breakdown of Total Annual Dividend**

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	25,303	25,286
Preference	-	-
Total:	25,303	25,286

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual**

There are currently no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
February 27, 2012