



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Second Quarter Financial Statements

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

	GROUP \$'000	
	Quarter ended Jun 30, 2012	Quarter ended Jun 30, 2011
Revenue	120,130	115,769
Cost of sales	(88,620)	(84,804)
Gross profit	31,510	30,965
Other operating income	689	595
Administrative expenses	(13,535)	(13,417)
Other operating expenses	(654)	(663)
Finance costs	(6,303)	(6,322)
Share of results of associates and jointly controlled entities	14,443	8,958
Profit before income tax	26,150	20,116
Income tax expense	(3,791)	(4,002)
Profit after income tax	22,359	16,114
Attributable to:		
Shareholders of the Company	21,912	15,228
Non-controlling interests	447	886
	22,359	16,114

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

	GROUP \$'000	
	Quarter ended Jun 30, 2012	Quarter ended Jun 30, 2011
Other income including interest income	689	595
Depreciation and amortisation	(12,661)	(11,953)
Fair value loss in held-for-trading investments*	(422)	(530)
Foreign exchange gain (loss)	194	(355)
Adjustment for over (under) provision of tax in respect of prior years	457	(319)

Note:

\* Included in other operating expenses

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Jun 30, 2012	Quarter ended Jun 30, 2011
Profit after income tax	22,359	16,114
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(3,981)	(12,306)
Increase in hedge reserve	-	267
Decrease in other capital reserve	(880)	-
Share of other comprehensive income of associates and jointly controlled entities	(1,354)	(2,034)
	(6,215)	(14,073)
Total comprehensive income	16,144	2,041
Attributable to:		
Shareholders of the Company	15,444	1,575
Non-controlling interests	700	466
	16,144	2,041

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

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2012	Dec 31, 2011 (restated)	Jun 30, 2012	Dec 31, 2011
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	79,604	76,232	7,535	11,920
Trade and other receivables	40,361	36,837	4,274	2,521
Amount due from associates and jointly controlled entities	40,544	41,958	8,451	8,451
Amount due from subsidiaries	-	-	530,603	527,853
Inventories	7,998	8,416	660	669
Development properties	272,203	295,024	-	-
Completed properties held for sale	33,336	38,207	-	-
Held-for-trading investments	6,778	13,374	-	-
<b>Total current assets</b>	<b>480,824</b>	<b>510,048</b>	<b>551,523</b>	<b>551,414</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	568,219	514,841	1,061	1,061
Subsidiaries	-	-	758,931	725,610
Available-for-sale investments	27,455	28,342	-	-
Other long-term prepayments	498	552	-	-
Property, plant and equipment	974,818	995,799	226,678	227,859
Investment properties	633,560	633,560	-	-
Deferred tax assets	2,124	1,936	-	-
Intangible assets	10,280	10,565	-	-
<b>Total non-current assets</b>	<b>2,216,954</b>	<b>2,185,595</b>	<b>986,670</b>	<b>954,530</b>
<b>Total assets</b>	<b>2,697,778</b>	<b>2,695,643</b>	<b>1,538,193</b>	<b>1,505,944</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	202,628	240,547	117,960	137,938
Trade and other payables	80,016	99,812	18,786	24,730
Amount due to subsidiaries	-	-	46,225	44,456
Income tax payable	11,242	11,383	1,097	632
<b>Total current liabilities</b>	<b>293,886</b>	<b>351,742</b>	<b>184,068</b>	<b>207,756</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	121,879	128,781
Long-term bank loans	745,306	852,991	274,054	333,858
Other long-term liabilities	3,427	3,963	-	-
Deferred tax liabilities	14,967	14,534	932	1,124
<b>Total non-current liabilities</b>	<b>763,700</b>	<b>871,488</b>	<b>396,865</b>	<b>463,763</b>
<b>Share capital and reserves:</b>				
Share capital	684,530	684,530	684,530	684,530
Perpetual capital securities	148,347	-	148,347	-
Reserves	724,614	710,483	124,383	149,895
<b>Equity attributable to shareholders of the Company</b>	<b>1,557,491</b>	<b>1,395,013</b>	<b>957,260</b>	<b>834,425</b>
Non-controlling interests	82,701	77,400	-	-
<b>Total equity</b>	<b>1,640,192</b>	<b>1,472,413</b>	<b>957,260</b>	<b>834,425</b>
<b>Total liabilities and equity</b>	<b>2,697,778</b>	<b>2,695,643</b>	<b>1,538,193</b>	<b>1,505,944</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 Jun 30, 2012		As at Dec 31, 2011	
Secured	Unsecured	Secured	Unsecured
\$85,716,000	\$117,960,000	\$105,305,000	\$137,938,000

**Amount repayable after one year**

As at Jun 30, 2012		As at Dec 31, 2011	
Secured	Unsecured	Secured	Unsecured
\$474,502,000	\$274,054,000	\$522,621,000	\$333,858,000

**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, 2012 \$'000	Quarter ended Jun 30, 2011 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	11,707	11,158
Adjustments for:		
Amortisation of intangible assets	81	82
Depreciation expense	12,580	11,871
Share-based payment expense	394	440
Finance costs	6,303	6,322
Interest income	(475)	(395)
Dividend income	(100)	(49)
Profit before working capital changes	30,490	29,429
Trade and other payables	(214)	1,500
Completed properties held for sale	2,222	1,967
Development properties and expenditure	2,526	215
Receivables and prepayments	2,937	3,250
Held-for-trading investments	3,747	(1,044)
Inventories	(367)	(455)
Cash generated from operations	41,341	34,862
Dividend received	100	49
Income tax paid	(6,049)	(6,366)
Net cash from operating activities	35,392	28,545
<b>Cash flows used in investing activities:</b>		
Additional property, plant and equipment	(8,566)	(11,700)
Net investment in associates and jointly controlled entities	(9,307)	(430)
Proceeds from disposal of property, plant and equipment	439	276
Cash used in investing activities	(17,434)	(11,854)
<b>Cash flows used in financing activities:</b>		
Interest received	475	395
Finance costs paid	(7,782)	(7,972)
Dividend paid	(25,304)	(25,286)
Repayment to minority shareholders	(5,570)	(665)
Additional borrowings	-	56,642
Repayment of borrowings	(137,521)	(40,617)
Decrease in deposits under pledge to bank	25	172
Net proceeds from issue of perpetual capital securities	148,347	-
Cash used in financing activities	(27,330)	(17,331)
Net decrease in cash and cash equivalents	(9,372)	(640)
Cash and cash equivalents at beginning of period	85,578	72,400
Effect of exchange rate changes on cash balances held in foreign currencies	(135)	(1,006)
Cash and cash equivalents at end of period	76,071	70,754

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

The cash and cash equivalents as at Jun 30, 2012, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$3,533,000.

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

	Share capital \$'000	Perpetual capital securities \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>GROUP</b>							
Balance as at Apr 1, 2011, as previously reported	683,926	-	545,997	124,350	1,354,273	85,472	1,439,745
Effect of adopting Amendments to FRS 12	-	-	9,180	-	9,180	1,598	10,778
Balance as at Apr 1, 2011, as restated	683,926	-	555,177	124,350	1,363,453	87,070	1,450,523
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)
<b>Balance as at Jun 30, 2011</b>	<b>683,926</b>	<b>-</b>	<b>545,119</b>	<b>111,137</b>	<b>1,340,182</b>	<b>86,195</b>	<b>1,426,377</b>
<b>GROUP</b>							
Balance as at Apr 1, 2012, as previously reported	684,530	-	604,761	120,139	1,409,430	85,819	1,495,249
Effect of adopting Amendments to FRS 12	-	-	9,180	-	9,180	1,598	10,778
Balance as at Apr 1, 2012, as restated	684,530	-	613,941	120,139	1,418,610	87,417	1,506,027
Final dividends for the previous year, paid	-	-	(25,304)	-	(25,304)	-	(25,304)
Share-based payments during the period	-	-	-	394	394	-	394
Total comprehensive income (loss) for the period	-	-	21,912	(6,468)	15,444	700	16,144
Net movement during the period	-	148,347	-	-	148,347	(5,416)	142,931
<b>Balance as at Jun 30, 2012</b>	<b>684,530</b>	<b>148,347</b>	<b>610,549</b>	<b>114,065</b>	<b>1,557,491</b>	<b>82,701</b>	<b>1,640,192</b>

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

	Share capital \$'000	Perpetual capital securities \$'000	Retained profits \$'000	Other reserves** \$'000	Total \$'000
<b>COMPANY</b>					
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)
<b>Balance as at Jun 30, 2011</b>	<b>683,926</b>	<b>-</b>	<b>5,192</b>	<b>116,435</b>	<b>805,553</b>
<b>COMPANY</b>					
Balance as at Apr 1, 2012	684,530	-	31,772	117,668	833,970
Final dividends for the previous year, paid	-	-	(25,304)	-	(25,304)
Share-based payments during the period	-	-	-	394	394
Total comprehensive income (loss) for the period	-	-	(147)	-	(147)
Net movement during the period	-	148,347	-	-	148,347
<b>Balance as at Jun 30, 2012</b>	<b>684,530</b>	<b>148,347</b>	<b>6,321</b>	<b>118,062</b>	<b>957,260</b>

\*\* 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, 2012, the number of outstanding share options under the Company's Share Option Schemes was 9,275,000 (as at Jun 30, 2011: 7,805,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,996,000 (as at Jun 30, 2011: 473,000).

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

	Jun 30, 2012	Dec 31, 2011
Total number of issued shares excluding treasury shares	506,067,851	506,067,851

**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 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, 2012 as detailed below.

**Amendments to FRS 12 *Income Tax***

The amendments to FRS 12 provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in FRS 40 *Investment Property*. The amendments introduce a presumption that an investment property is recovered entirely through sale unless rebutted. As a result, deferred tax liabilities of \$10.8 million are adjusted against retained profits brought forward and non-controlling interests.

**6. Earnings Per Share**

	Quarter ended Jun 30, 2012	Quarter ended Jun 30, 2011
Based on the weighted average number of ordinary shares in issue	4.33 cents	3.01 cents
On a fully diluted basis	4.32 cents	3.01 cents

**7. Net Asset Value**

	Jun 30, 2012	Dec 31, 2011 (restated)
GROUP	\$3.08	\$2.76
COMPANY	\$1.89	1.65

**8. Review of Performance**

The Group recorded a revenue of \$120.1 million for the second quarter ended June 30, 2012, a slight increase over Group revenue of \$115.8 million for the corresponding period last year. The increase is mainly attributable to higher revenue generated by the Group's hotels and resorts, especially those in the Maldives. The Group also continues to recognise income from the Tomlinson Heights condominium development on a percentage of completion basis.

Cashflow from operating activities remain strong for the quarter under review and the Group's financial position has been further strengthened by the issuance of \$150 million Perpetual Capital Securities.

The Group's share of results of associates and jointly controlled entities has also improved significantly from \$9 million for Q2 2011 to \$14.4 million for the quarter under review, mainly due to profit recognition from The Interlace condominium development at Alexandra Road, Singapore and d'Leedon condominium development at Farrer Road, Singapore. The positive results of associates and jointly controlled entities, together with acquisition of new associates during the first half of the year, including Bilila Lodge, Tanzania, and Gili Lankanfushi, Maldives, resulted in an increase in Associates and jointly controlled entities balance in the Group's Statement of Financial Position.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended June 30, 2012 was \$21.9 million or 44% higher than the \$15.2 million recorded 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 uncertainties remain in the European and US economies.

On the property front, 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**

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 second quarter ended Jun 30, 2012 (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	3,306	-
- Management fee expense	205	-
- Equity contribution	19,055	-

**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 second quarter 2012 unaudited financial statements to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
August 13, 2012