



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Third Quarter Financial Statements

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

	GROUP \$'000	
	Quarter ended Sep 30, 2012	Quarter ended Sep 30, 2011
Revenue	127,106	116,347
Cost of sales	(93,775)	(85,276)
Gross profit	33,331	31,071
Other operating income	2,317	1,792
Administrative expenses	(12,371)	(12,254)
Other operating expenses	(1,584)	(2,706)
Finance costs	(6,050)	(7,476)
Share of results of associates and jointly controlled entities	13,222	9,328
Profit before income tax	28,865	19,755
Income tax expense	(4,132)	(3,723)
Profit after income tax	24,733	16,032
Attributable to:		
Shareholders of the Company	24,797	16,523
Non-controlling interests	(64)	(491)
	24,733	16,032

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

	GROUP \$'000	
	Quarter ended Sep 30, 2012	Quarter ended Sep 30, 2011
Other income including interest income	580	618
Depreciation and amortisation	(12,477)	(12,454)
Fair value gain (loss) in held-for-trading investments*	1,737	(2,660)
Foreign exchange (loss) gain*	(217)	1,174
Adjustment for over provision of tax in respect of prior years	298	395

Note:

\* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Sep 30, 2012	Quarter ended Sep 30, 2011
Profit after income tax	24,733	16,032
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(8,393)	18,397
Increase in hedge reserve	-	255
Increase (Decrease) in other capital reserve	239	(484)
Share of other comprehensive income of associates and jointly controlled entities	(119)	(433)
	(8,273)	17,735
Total comprehensive income	16,460	33,767
Attributable to:		
Shareholders of the Company	17,395	33,198
Non-controlling interests	(935)	569
	16,460	33,767

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2012	Dec 31, 2011 (restated)	Sep 30, 2012	Dec 31, 2011
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	79,496	76,232	8,921	11,920
Trade and other receivables	43,513	36,837	4,589	2,521
Amount due from associates and jointly controlled entities	39,585	41,958	8,451	8,451
Amount due from subsidiaries	-	-	549,892	527,853
Inventories	7,606	8,416	649	669
Development properties	265,539	295,024	-	-
Completed properties held for sale	32,401	38,207	-	-
Held-for-trading investments	3,050	13,374	-	-
<b>Total current assets</b>	<b>471,190</b>	<b>510,048</b>	<b>572,502</b>	<b>551,414</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	594,265	514,841	1,061	1,061
Subsidiaries	-	-	785,997	725,610
Available-for-sale investments	27,550	28,342	-	-
Other long-term prepayments	461	552	-	-
Property, plant and equipment	961,469	995,799	226,103	227,859
Investment properties	633,560	633,560	-	-
Deferred tax assets	1,762	1,936	-	-
Intangible assets	10,076	10,565	-	-
<b>Total non-current assets</b>	<b>2,229,143</b>	<b>2,185,595</b>	<b>1,013,161</b>	<b>954,530</b>
<b>Total assets</b>	<b>2,700,333</b>	<b>2,695,643</b>	<b>1,585,663</b>	<b>1,505,944</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	177,847	240,547	109,983	137,938
Trade and other payables	86,521	99,812	20,452	24,730
Amount due to subsidiaries	-	-	47,109	44,456
Income tax payable	9,274	11,383	1,377	632
<b>Total current liabilities</b>	<b>273,642</b>	<b>351,742</b>	<b>178,921</b>	<b>207,756</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	124,320	128,781
Long-term bank loans	750,214	852,991	323,977	333,858
Other long-term liabilities	3,152	3,963	-	-
Deferred tax liabilities	15,181	14,534	852	1,124
<b>Total non-current liabilities</b>	<b>768,547</b>	<b>871,488</b>	<b>449,149</b>	<b>463,763</b>
<b>Share capital and reserves:</b>				
Share capital	685,456	684,530	685,456	684,530
Reserves	742,262	710,483	123,790	149,895
Equity attributable to shareholders of the Company	1,427,718	1,395,013	809,246	834,425
Perpetual capital securities	148,347	-	148,347	-
	1,576,065	1,395,013	957,593	834,425
Non-controlling interests	82,079	77,400	-	-
<b>Total equity</b>	<b>1,658,144</b>	<b>1,472,413</b>	<b>957,593</b>	<b>834,425</b>
<b>Total liabilities and equity</b>	<b>2,700,333</b>	<b>2,695,643</b>	<b>1,585,663</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 Sep 30, 2012		As at Dec 31, 2011	
Secured	Unsecured	Secured	Unsecured
\$68,237,000	\$109,983,000	\$105,305,000	\$137,938,000

**Amount repayable after one year**

As at Sep 30, 2012		As at Dec 31, 2011	
Secured	Unsecured	Secured	Unsecured
\$429,342,000	\$323,977,000	\$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 Sep 30, 2012 \$'000	Quarter ended Sep 30, 2011 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	15,643	10,427
Adjustments for:		
Amortisation of intangible assets	80	81
Depreciation expense	12,397	12,373
Share-based payment expense	441	570
Finance costs	6,050	7,476
Interest income	(481)	(416)
Dividend income	(16)	(15)
Profit before working capital changes	34,114	30,496
Trade and other payables	7,425	7,971
Completed properties held for sale	743	767
Development properties and expenditure	8,589	196
Receivables and prepayments	(3,832)	(369)
Held-for-trading investments	3,728	(6,636)
Inventories	194	(108)
Cash generated from operations	50,961	32,317
Dividend received	16	15
Income tax paid	(5,332)	(3,359)
Net cash from operating activities	45,645	28,973
<b>Cash flows used in investing activities:</b>		
Additional available-for-sale investments	-	(8,000)
Additional property, plant and equipment	(10,828)	(19,176)
Net investment in associates and jointly controlled entities	(14,188)	8,385
Proceeds from disposal of property, plant and equipment	181	329
Cash used in investing activities	(24,835)	(18,462)
<b>Cash flows used in financing activities:</b>		
Interest received	481	416
Finance costs paid	(7,693)	(9,090)
Advances from (Repayment to) non-controlling shareholders	884	(13,753)
Additional borrowings	163,329	83,613
Repayment of borrowings	(177,710)	(71,764)
Decrease in deposits under pledge to bank	170	-
Proceeds from issue of shares	738	110
Cash used in financing activities	(19,801)	(10,468)
Net increase in cash and cash equivalents	1,009	43
Cash and cash equivalents at beginning of period	76,071	70,754
Effect of exchange rate changes on cash balances held in foreign currencies	(951)	610
Cash and cash equivalents at end of period	76,129	71,407

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

The cash and cash equivalents as at Sep 30, 2012, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$3,367,000.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>GROUP</b>								
Balance as at Jul 1, 2011, as previously reported	683,926	535,939	111,137	1,331,002	-	1,331,002	84,597	1,415,599
Effect of adopting Amendments to FRS 12	-	9,180	-	9,180	-	9,180	1,598	10,778
Balance as at Jul 1, 2011, as restated	683,926	545,119	111,137	1,340,182	-	1,340,182	86,195	1,426,377
Share-based payments during the period	-	-	570	570	-	570	-	570
Total comprehensive income (loss) for the period	-	16,523	16,675	33,198	-	33,198	569	33,767
Net movement during the period	-	-	-	-	-	-	(13,418)	(13,418)
Transfer during the year	26	-	(26)	-	-	-	-	-
Issue of shares	110	-	-	110	-	110	-	110
<b>Balance as at Sep 30, 2011</b>	<b>684,062</b>	<b>561,642</b>	<b>128,356</b>	<b>1,374,060</b>	<b>-</b>	<b>1,374,060</b>	<b>73,346</b>	<b>1,447,406</b>
Balance as at Jul 1, 2012	684,530	610,549	114,065	1,409,144	148,347	1,557,491	82,701	1,640,192
Share-based payments during the period	-	-	441	441	-	441	-	441
Total comprehensive income (loss) for the period	-	24,797	(7,402)	17,395	-	17,395	(935)	16,460
Net movement during the period	-	-	-	-	-	-	313	313
Transfer during the year	188	-	(188)	-	-	-	-	-
Issue of shares	738	-	-	738	-	738	-	738
<b>Balance as at Sep 30, 2012</b>	<b>685,456</b>	<b>635,346</b>	<b>106,916</b>	<b>1,427,718</b>	<b>148,347</b>	<b>1,576,065</b>	<b>82,079</b>	<b>1,658,144</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	Shareholders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
<b>COMPANY</b>						
Balance as at Jul 1, 2011	683,926	5,192	116,435	805,553	-	805,553
Share-based payments during the period	-	-	570	570	-	570
Total comprehensive income (loss) for the period	-	(729)	-	(729)	-	(729)
Transfer during the year	26	-	(26)	-	-	-
Issue of shares	110	-	-	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>	<b>-</b>	<b>805,504</b>
Balance as at Jul 1, 2012	684,530	6,321	118,062	808,913	148,347	957,260
Share-based payments during the period	-	-	441	441	-	441
Total comprehensive income (loss) for the period	-	(846)	-	(846)	-	(846)
Transfer during the year	188	-	(188)	-	-	-
Issue of shares	738	-	-	738	-	738
<b>Balance as at Sep 30, 2012</b>	<b>685,456</b>	<b>5,475</b>	<b>118,315</b>	<b>809,246</b>	<b>148,347</b>	<b>957,593</b>

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

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

The Company issued 645,000 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, 2012, the number of outstanding share options under the Company's Share Option Schemes was 10,210,000 (as at Sep 30, 2011: 9,275,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,996,000 (as at Sep 30, 2011: 473,000).

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

	Sep 30, 2012	Dec 31, 2011
Total number of issued shares excluding treasury shares	506,712,851	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 Sep 30, 2012	Quarter ended Sep 30, 2011
Based on the weighted average number of ordinary shares in issue	4.90 cents	3.27 cents
On a fully diluted basis	4.88 cents	3.26 cents

**7. Net Asset Value**

	Sep 30, 2012	Dec 31, 2011 (restated)
GROUP	\$2.82	\$2.76
COMPANY	\$1.60	\$1.65

Net asset value per ordinary share is calculated based on net assets excluding perpetual capital securities that is attributable to the ordinary shareholders divided by the number of issued shares of the Company.

**8. Review of Performance**

Group revenue for the third quarter ended September 30, 2012, was \$127.1 million which is 9% higher than the corresponding period last year. The increase was mainly attributable to income recognition from the Tomlinson Heights condominium development on percentage of completion basis as well as better performances by the Group's hotels and resorts in the Maldives. 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 \$9.3 million for Q3 2011 to \$13.2 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 investments in new associates and joint ventures during the first three quarters of the year, including Bilila Lodge, Tanzania, Gili Lankanfushi, Maldives, and a property at Old Burlington Street, London, 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 September 30, 2012 was \$24.8 million or 50% higher than the \$16.5 million recorded for the corresponding quarter last year.

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

Not applicable.

**10. Outlook**

The immediate outlook of the global economy continues to be plagued by a high degree of uncertainty. Economic and political developments in the US and the Eurozone, as well as in China will have a direct impact on the overall business environment going forward.

The Group's hotel portfolio has expanded during the first three quarters of the year through investments in associates including Bilila Lodge in Tanzania, Gili Lankanfushi in the Maldives and the latest being the opening of Four Seasons Hotel Shanghai in September by an associate. On the property front, the Group expects to complete the acquisition of a property at Old Burlington Street, London, through a joint venture during the last quarter of the year. In Singapore, new phases of d'Leedon will also be released.

**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/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded by the Company for the current financial period reported on.



**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 third quarter ended Sep 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	3,363	-
- Management fee expense	191	-
- Equity contribution	4,079	-

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

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
November 7, 2012