



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Second Quarter Financial Statement

### 1(a) Income Statement

	GROUP \$'000	
	Quarter ended Jun 30, 2008	Quarter ended Jun 30, 2007
Revenue	141,612	109,929
Cost of sales	(101,295)	(80,501)
Gross profit	40,317	29,428
Other operating income	518	3,973
Administrative expenses	(12,289)	(12,130)
Other operating expenses	(3,039)	(251)
Finance costs	(8,629)	(10,479)
Other non-operating income (expense)	5,678	(175)
Profit before income tax and share of results of associates	22,556	10,366
Share of results of associates	328	2,030
Profit before income tax	22,884	12,396
Income tax	(5,677)	(3,232)
Profit after income tax	17,207	9,164
Attributable to:		
Shareholders of the Company	15,472	9,415
Minority interests	1,735	(251)
	17,207	9,164

#### Notes to the above income statement:

	GROUP \$'000	
	Quarter ended Jun 30, 2008	Quarter ended Jun 30, 2007
Other income including interest income	518	969
Interest on borrowings	(8,376)	(10,332)
Depreciation and amortisation	(11,632)	(11,690)
Foreign exchange loss	(183)	-
Adjustment for (under)overprovision of tax in respect of prior years	(41)	211
Gain on disposal of a property	4,064*	-
(Loss) Gain on disposal of property, plant and equipment	(53)	45

Note:

\* Recorded as Other non-operating income

1(b)(i) Balance Sheet

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2008	Dec 31, 2007	Jun 30, 2008	Dec 31, 2007
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	165,556	123,485	9,376	6,027
Held-for-trading investments	28,048	25,316	-	-
Trade receivables	64,251	29,755	2,235	2,567
Other receivables and prepayments	48,995	42,609	1,639	1,912
Amount due from associates	62,811	93,001	10,263	10,263
Amount due from subsidiaries	-	-	786,257	765,249
Inventories	6,529	7,091	353	315
Development properties	473,566	416,041	-	-
Completed properties held for sale	6,214	6,214	-	-
<b>Total current assets</b>	<b>855,970</b>	<b>743,512</b>	<b>810,123</b>	<b>786,333</b>
<b>Non-current assets:</b>				
Associates	222,047	91,477	2,361	2,361
Subsidiaries	-	-	422,137	302,430
Available-for-sale investments	11,467	11,798	-	-
Other long-term receivables and prepayments	3,651	3,843	-	-
Property, plant and equipment	1,171,341	1,183,060	233,080	231,560
Investment properties	646,717	646,717	-	-
Deferred tax assets	-	253	-	-
Derivative financial instruments	7,393	4,256	6,321	3,798
Intangible assets	15,248	15,872	-	-
<b>Total non-current assets</b>	<b>2,077,864</b>	<b>1,957,276</b>	<b>663,899</b>	<b>540,149</b>
<b>Total assets</b>	<b>2,933,834</b>	<b>2,700,788</b>	<b>1,474,022</b>	<b>1,326,482</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	219,444	227,499	164,981	124,946
Trade payables	82,470	84,974	17,635	18,288
Other payables	38,114	43,702	-	-
Amount due to associates	457	457	-	-
Amount due to subsidiaries	-	-	44,585	44,509
Income tax payable	7,460	7,876	1,720	1,124
<b>Total current liabilities</b>	<b>347,945</b>	<b>364,508</b>	<b>228,921</b>	<b>188,867</b>
<b>Non-current liabilities:</b>				
Amount due to subsidiaries	-	-	6,035	-
Long-term bank loans	1,180,218	932,527	431,725	313,341
Other long-term liabilities	14,627	17,941	-	-
Deferred tax liabilities	28,342	25,137	752	681
<b>Total non-current liabilities</b>	<b>1,223,187</b>	<b>975,605</b>	<b>438,512</b>	<b>314,022</b>
<b>Share capital and reserves:</b>				
Share capital	681,119	681,040	681,119	681,040
Reserves	526,452	526,647	125,470	142,553
<b>Equity attributable to shareholders of the Company</b>	<b>1,207,571</b>	<b>1,207,687</b>	<b>806,589</b>	<b>823,593</b>
Minority interests	155,131	152,988	-	-
<b>Total equity</b>	<b>1,362,702</b>	<b>1,360,675</b>	<b>806,589</b>	<b>823,593</b>
<b>Total liabilities and equity</b>	<b>2,933,834</b>	<b>2,700,788</b>	<b>1,474,022</b>	<b>1,326,482</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 30/6/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$58,136,000	\$164,981,000	\$106,435,000	\$124,946,000

**Amount repayable after one year**

As at 30/6/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$853,011,000	\$339,463,000	\$732,645,000	\$214,775,000

**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 Cash Flow Statement

	Quarter ended Jun 30, 2008 \$'000	Quarter ended Jun 30, 2007 \$'000
<b>Cash flows (used in) from operating activities:</b>		
Profit before income tax and share of results of associates	22,556	10,366
Adjustments for:		
Amortisation of intangible assets	83	87
Depreciation expense	11,549	11,603
Share option expense	324	152
Gain on disposal of a property	(4,064)	-
Loss (Gain) on disposal of property, plant and equipment	53	(45)
Interest expense	8,376	10,332
Interest income	(263)	(781)
Dividend income	(39)	-
Profit before working capital changes	38,575	31,714
Payables and accrued expenses	2,580	(4,839)
Receivables and prepayments	(28,650)	2,627
Held-for-trading investments	3,299	4,555
Inventories	(404)	(260)
Completed properties held for sale	-	3,021
Cash generated from operations	15,400	36,818
Dividend received	39	-
Dividend paid	(25,213)	(18,774)
Interest received	263	781
Interest paid	(8,376)	(10,332)
Income tax paid	(4,271)	(8,315)
Net cash (used in) from operating activities	(22,158)	178
<b>Cash flows used in investing activities:</b>		
Divestment of interest in a joint venture company, (see Note A below)	2,506	-
Additional property, plant and equipment	(24,303)	(18,001)
Additional investment properties	-	(19)
Advances (to) from a minority shareholder	(133)	3,264
Development properties and expenditure	(42,534)	(7,417)
Proceeds from disposal of property, plant and equipment	367	580
Proceeds from disposal of an investment property	-	179
Net investment in associates	(16,001)	(337)
Cash used in investing activities	(80,098)	(21,751)
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares	63	688
Additional bank loans	170,892	14,783
Cash from financing activities	170,955	15,471
Net effect of exchange rate changes in consolidation	1,559	(439)
Net increase (decrease) in cash and bank balances	70,258	(6,541)
Cash and bank balances at beginning of period	95,298	105,262
Cash and bank balances at end of period	165,556	98,721
<b>Note A: Summary of cash inflow arising from divestment of interest in a joint venture company</b>		
Current assets	93	-
Current liabilities	(986)	-
Net current liabilities	(893)	-
Non-current assets	4,954	-
Non-current liabilities	(1,473)	-
Net assets divested/Cash consideration	2,588	-
Cash of joint venture company divested	(82)	-
Cash inflow arising from divestment	2,506	-

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

	Share capital \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Retained profits \$'000	Attributable to Shareholders of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>GROUP</b>										
Balance as at Apr 1, 2008	681,040	222,498	(64,578)	(395)	1,243	3,528	381,681	1,225,017	153,332	1,378,349
Exchange fluctuation differences	-	-	(12,862)	-	-	-	-	(12,862)	285	(12,577)
Gain on cash flow hedge	-	-	-	4,132	-	-	-	4,132	-	4,132
Gain on available- for-sale investments	-	-	-	-	-	639	-	639	-	639
Share-based payments during the period	-	-	-	-	324	-	-	324	-	324
Net profit for the period	-	-	-	-	-	-	15,472	15,472	1,735	17,207
Net movement during the period	-	-	-	-	-	-	-	-	(221)	(221)
Transfer during the period	16	-	-	-	(16)	-	-	-	-	-
Final dividends for the previous year, paid	-	-	-	-	-	-	(25,214)	(25,214)	-	(25,214)
Issue of shares	63	-	-	-	-	-	-	63	-	63
Balance as at Jun 30, 2008	681,119	222,498	(77,440)	3,737	1,551	4,167	371,939	1,207,571	155,131	1,362,702

	Share capital \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Retained profits \$'000	Attributable to Shareholders of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>GROUP</b>										
Balance as at Apr 1, 2007	578,900	223,093	(48,796)	2,266	798	8,972	342,261	1,107,494	142,965	1,250,459
Exchange fluctuation differences	-	-	(144)	-	-	-	-	(144)	327	183
Transfer to profit and loss statement during the period	-	(595)	-	-	-	-	-	(595)	-	(595)
Gain on cash flow hedge	-	-	-	1,890	-	-	-	1,890	-	1,890
Gain on available-for-sale investments	-	-	-	-	-	563	-	563	-	563
Share-based payments during the period	-	-	-	-	152	-	-	152	-	152
Net profit (loss) for the period	-	-	-	-	-	-	9,415	9,415	(251)	9,164
Net movement during the period	-	-	-	-	-	-	-	-	3,859	3,859
Final dividends for the previous year, paid	-	-	-	-	-	-	(18,774)	(18,774)	-	(18,774)
Issue of shares	688	-	-	-	-	-	-	688	-	688
Balance as at Jun 30, 2007	579,588	222,498	(48,940)	4,156	950	9,535	332,902	1,100,689	146,900	1,247,589

	Share capital \$'000	Asset revaluation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>COMPANY</b>						
Balance as at Apr 1, 2008	681,040	110,785	(605)	1,243	38,302	830,765
Gain on cash flow hedge	-	-	55	-	-	55
Share-based payments during the period	-	-	-	324	-	324
Net profit for the period	-	-	-	-	596	596
Transfer during the period	16	-	-	(16)	-	-
Final dividends for the previous year, paid	-	-	-	-	(25,214)	(25,214)
Issue of shares	63	-	-	-	-	63
Balance as at Jun 30, 2008	681,119	110,785	(550)	1,551	13,684	806,589
Balance as at Apr 1, 2007	578,900	110,785	(3)	798	20,479	710,959
Loss on cash flow hedge	-	-	(2)	-	-	(2)
Share-based payments during the period	-	-	-	152	-	152
Net profit for the period	-	-	-	-	103,900	103,900
Final dividends for the previous year, paid	-	-	-	-	(18,774)	(18,774)
Issue of shares	688	-	-	-	-	688
Balance as at Jun 30, 2007	579,588	110,785	(5)	950	105,605	796,923

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

Since the end of the previous financial period reported on to the date of this announcement, 55,000 new ordinary shares were issued by the Company upon exercise of subscription rights by senior executives of the Company granted in conjunction with 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 June 30, 2008, the number of outstanding share options under the Company's Share Option Scheme 2000 was 4,650,000 (as at June 30, 2007: 2,150,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,182,500 (as at June 30, 2007: 645,000).

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

	Jun 30, 2008	Dec 31, 2007
Total number of issued shares excluding treasury shares	504,266,851	504,211,851

**1(d)(iv) Statement Showing All Sales, Transfers, Disposal, Cancellation and/or Use of Treasury Shares**

N.A. 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**

N.A.

**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.

**5. Reasons for and Effect of Changes in Accounting Policies**

N.A.

**6. Earnings Per Share**

	Quarter ended Jun 30, 2008	Quarter ended Jun 30, 2007 (restated)
Based on the weighted average number of ordinary shares in issue	3.07 cents	1.95 cents
On a fully diluted basis	3.06 cents	1.95 cents

**7. Net Asset Value**

	Jun 30, 2008	Dec 31, 2007
GROUP	\$2.39	\$2.40
COMPANY	\$1.60	\$1.63



**8. Review of Performance**

Group turnover was \$141.6 million for the second quarter ended June 30, 2008, compared to \$109.9 million for the corresponding period last year. The increase was mainly attributable to higher income from The Met condominium development in Thailand and stronger contributions from the Group's hotels and resorts in general.

The Group recorded higher other operating income for Q2 2007 largely due to fair value gains from held-for-trading investments which did not recur for the quarter under review. Higher other operating expenses for the quarter under review was mainly attributable to pre-opening expenses recorded in relation to Kandooma Resort in Maldives which opened in June 2008, as well as fair value adjustment of held-for-trading investments. During the quarter, the Group also made a gain from disposal of a parcel of land in Cambodia which was recorded as non-operating income.

Group borrowings increased due largely to further contributions made for the Group's 22.5% share of the remaining acquisition cost for the Farrer Court site as well as payment of development expenditure for The Met condominium in Thailand, resulting in corresponding increases in investment in associate and development properties. Trade receivables also increased mainly due to deferment of collection from the purchasers of The Met condominium in accordance with the rules and regulations in Thailand. Nevertheless, finance costs decreased by 17.7% for the quarter under review as compared to the same quarter last year due to lower prevailing interest rates.

After taking into account taxation and minority share of results, the net profit attributable to shareholders increased by 64.3% from \$9.4 million for Q2 2007 to \$15.5 million for the quarter under review.

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

The Group's results for Q2 2008 are in line with the commentary made in paragraph 10 of the Group's First Quarter Financial Statement released on May 13, 2008.

**10. Outlook and Prospects**

With the slow down of world economies, coupled with high inflation, businesses are currently facing a challenging environment. Nevertheless, the Group will continue to record profit from The Met condominium development as the construction progresses and from its hotel division as travel and accommodation business traditionally perform well in the second half of the year. Therefore, 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**

N.A.

**(d) Books closure date**

N.A.

**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, 2008 (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	3,267	-
- Management fee expense	155	-

**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 unaudited financial results for the period ended June 30, 2008 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Chuang Sheue Ling & Lo Swee Oi  
 Joint Company Secretaries  
 August 14, 2008