

Home Inns & Hotels Management Inc.  
 Unaudited Condensed Consolidated Balance Sheet

	December 31, 2011	March 31, 2012	
	RMB '000	RMB '000	US\$ '000
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	1,786,038	1,511,793	240,062
Restricted cash	205,926	210,950	33,497
Accounts receivable, net	91,980	94,696	15,037
Receivables from related parties	6,379	6,628	1,052
Consumables	43,049	38,481	6,111
Prepayments and other current assets	137,887	116,302	18,468
Deferred tax assets	75,446	73,699	11,703
<b>Total current assets</b>	<b>2,346,705</b>	<b>2,052,549</b>	<b>325,930</b>
Investment in a jointly controlled entity	8,301	7,799	1,238
Property and equipment, net	3,452,846	3,468,321	550,746
Goodwill	2,197,728	2,197,728	348,984
Intangible assets, net	1,174,452	1,165,085	185,008
Other assets	170,039	167,285	26,564
Non-current deferred tax assets	199,765	228,327	36,257
<b>Total assets</b>	<b>9,549,836</b>	<b>9,287,094</b>	<b>1,474,727</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	91,457	65,272	10,365
Payables to related parties	2,797	3,239	514
Short term loans	346,550	346,187	54,972
Finance lease liabilities	7,006	7,003	1,112
Salaries and welfare payable	178,032	105,550	16,761
Income tax payable	80,356	63,498	10,083
Other taxes payable	27,295	28,221	4,481
Deferred revenues	202,870	200,826	31,890
Convertible bonds	113,051	113,189	17,974
Other unpaid and accruals	154,498	177,013	28,108
Other payables	847,090	707,957	112,418
Deferred tax liability	38,313	48,482	7,699

<b>Total current liabilities</b>	<b>2,089,315</b>	<b>1,866,437</b>	<b>296,377</b>
Long term loans	1,165,666	1,164,446	184,906
Deferred rental	593,955	620,415	98,518
Deferred revenues	79,202	66,944	10,630
Finance lease liabilities	7,750	6,173	980
Deposits	63,472	73,155	11,617
Unfavorable lease liabilities	396,774	388,776	61,735
Financial liability	979,008	1,006,375	159,805
Deferred tax liabilities	294,728	292,580	46,460
<b>Total liabilities</b>	<b>5,669,870</b>	<b>5,485,301</b>	<b>871,028</b>
Commitments and contingencies			
<b>Shareholders' equity</b>			
Ordinary shares (US\$0.005 par value; 200,000,000 shares authorized, 90,659,882 and 90,751,272 shares issued and outstanding as of December 31, 2011 and March 31 2012, respectively)	3,542	3,545	563
Additional paid-in capital	2,683,923	2,708,645	430,114
Statutory reserves	125,863	125,863	19,986
Retained earnings	1,051,976	948,805	150,664
<b>Total Home Inns shareholders' equity</b>	<b>3,865,304</b>	<b>3,786,858</b>	<b>601,327</b>
Noncontrolling interests	14,662	14,935	2,372
<b>Total shareholders' equity</b>	<b>3,879,966</b>	<b>3,801,793</b>	<b>603,699</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,549,836</b>	<b>9,287,094</b>	<b>1,474,727</b>
	-	-	-

Note 1: The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on rate of US\$1.00=RMB6.2975 on March 30, 2012, representing the certificated exchange rate published by the Federal Reserve Board.

	Quarter Ended							
	March 31, 2011	December 31, 2011			March 31, 2012			
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	US\$ '000	RMB '000	RMB '000
Group	Group	Motel 168	excluding Motel 168	Group	Group	Motel 168	excluding Motel 168	
<b>Revenues:</b>								
Leased-and-operated hotels	687,287	1,181,157	351,380	829,777	1,127,837	179,093	311,755	816,082
Franchised-and-managed hotels	69,263	128,743	18,243	112,500	127,864	20,304	15,523	112,341
Total revenues	756,550	1,309,900	367,623	942,277	1,255,701	199,397	327,278	928,423
Less: Business tax and related surcharges	(48,164)	(81,307)	(21,258)	(60,049)	(76,976)	(12,223)	(19,627)	(57,349)
<b>Net revenues</b>	<b>708,386</b>	<b>1,228,593</b>	<b>346,365</b>	<b>882,228</b>	<b>1,178,725</b>	<b>187,174</b>	<b>307,651</b>	<b>871,074</b>
Operating costs and expenses:								
Leased-and-operated hotel costs –								
Rents and utilities	(268,741)	(452,605)	(160,964)	(291,641)	(492,314)	(78,176)	(157,632)	(334,682)
Personnel costs	(123,411)	(224,501)	(65,606)	(158,895)	(254,558)	(40,422)	(77,629)	(176,929)
Depreciation and amortization	(85,614)	(139,023)	(46,012)	(93,011)	(149,893)	(23,802)	(44,804)	(105,089)
Consumables, food and beverage	(42,440)	(104,687)	(40,518)	(64,169)	(67,743)	(10,757)	(16,207)	(51,536)
Others	(72,542)	(145,826)	(43,783)	(102,043)	(132,354)	(21,017)	(42,987)	(89,367)
Total leased-and-operated hotel costs	(592,748)	(1,066,642)	(356,883)	(709,759)	(1,096,862)	(174,174)	(339,259)	(757,603)
Personnel costs of Franchised-and-managed hotels	(10,262)	(20,083)	(2,335)	(17,748)	(22,593)	(3,588)	(3,676)	(18,917)
Sales and marketing expenses	(9,954)	(19,574)	(3,557)	(16,017)	(18,175)	(2,886)	(3,350)	(14,825)
General and administrative expenses	(63,952)	(89,088)	(13,858)	(75,230)	(79,972)	(12,699)	(20,484)	(59,488)
<b>Total operating costs and expenses</b>	<b>(676,916)</b>	<b>(1,195,387)</b>	<b>(376,633)</b>	<b>(818,754)</b>	<b>(1,217,602)</b>	<b>(193,347)</b>	<b>(366,769)</b>	<b>(850,833)</b>
Other income	-	-	-	-	1,947	309	1,083	864
<b>Income/(loss) from operations</b>	<b>31,470</b>	<b>33,206</b>	<b>(30,288)</b>	<b>63,474</b>	<b>(36,930)</b>	<b>(5,864)</b>	<b>(58,035)</b>	<b>21,105</b>
Interest income	5,084	11,497	1,773	9,724	7,062	1,121	318	6,744
Interest expenses	(6,264)	(28,313)	(630)	(27,683)	(30,922)	(4,910)	(229)	(30,693)
Loss from equity investment	-	(853)	(853)	-	(502)	(80)	(502)	-
Gain/(loss) on change in fair value of convertible notes	15,086	35,966	-	35,966	(24,800)	(3,938)	-	(24,800)
Non-operating income	5,610	5,748	3,780	1,968	3,439	547	290	3,149
Non-operating expenses	-	(7,315)	-	(7,315)	(3,585)	(569)	-	(3,585)
Foreign exchange (loss)/gain, net	(1,568)	18,495	548	17,947	2,254	358	(526)	2,780
<b>Income/(loss) before income tax expenses and noncontrolling interests</b>	<b>49,418</b>	<b>68,431</b>	<b>(25,650)</b>	<b>94,081</b>	<b>(83,984)</b>	<b>(13,335)</b>	<b>(58,684)</b>	<b>(25,300)</b>
Income tax (expense)/benefit	(15,688)	(33,815)	8,134	(41,949)	(18,917)	(3,004)	5,483	(24,400)
<b>Net income/(loss)</b>	<b>33,730</b>	<b>34,616</b>	<b>(17,516)</b>	<b>52,132</b>	<b>(102,901)</b>	<b>(16,339)</b>	<b>(53,201)</b>	<b>(49,700)</b>
Less: Net income attributable to noncontrolling interests	(1,211)	(1,957)	-	(1,957)	(273)	(43)	-	(273)
<b>Net income/(loss) attributable to Home Inns' shareholders</b>	<b>32,519</b>	<b>32,659</b>	<b>(17,516)</b>	<b>50,175</b>	<b>(103,174)</b>	<b>(16,382)</b>	<b>(53,201)</b>	<b>(49,973)</b>
Earnings per share								
— Basic	0.40	0.36		0.55	(1.14)	(0.18)		(0.55)
— Diluted	0.06	(0.06)		0.11	(1.14)	(0.18)		(0.55)
Weighted average ordinary shares outstanding								
— Basic	81,811	90,596		90,596	90,666	90,666		90,666
— Diluted	91,413	99,672		99,672	90,666	90,666		90,666

Share-based compensation expense was included in the statement of operations as follows:

Leased-and-operated hotel costs – Personnel costs	-	1,637		1,637	1,955	310		1,955
Personnel costs of Franchised-and-managed hotels	-	1,709		1,709	2,164	344		2,164
Sales and marketing expenses	-	317		317	374	59		374
General and administrative expenses	16,991	15,831		15,831	17,619	2,798		17,619

Note 1: The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on rate of US\$1.00=RMB6.2975 on March 30, 2012, representing the certificated exchange rate published by the Federal Reserve Board.

Note 2: The Company started consolidation of the operating results of Motel 168 effective October 1, 2011, therefore the acquisition had no impact on the first quarter of 2011.

	Quarter Ended March 31, 2012						Quarter Ended March 31, 2012(excluding Motel 168)								
	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result			
	RMB '000 (unaudited)		RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)		RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)			
Leased-and-operated hotel costs	(1,006,862)	87.4%	1,955	-	14,463	1.3%	(1,080,444)	86.0%	(757,603)	81.6%	1,955	-	0.2%	(755,648)	81.4%
Personnel costs of Franchised-and-managed hotels	(22,593)	1.8%	2,164	-	-	0.2%	(20,429)	1.6%	(18,917)	2.0%	2,164	-	0.2%	(16,753)	1.8%
Sales and marketing expenses	(18,175)	1.4%	374	-	-	0.0%	(17,801)	1.4%	(14,825)	1.6%	374	-	0.0%	(14,451)	1.6%
General and administrative expenses	(79,372)	6.4%	17,619	-	10,096	2.2%	(62,263)	4.2%	(59,488)	6.4%	17,619	-	1.9%	(41,869)	4.5%
Total operating costs and expenses	(1,217,602)	97.0%	22,112	-	24,559	3.7%	(1,170,937)	93.2%	(850,833)	91.6%	22,112	-	2.4%	(828,721)	89.3%
(Loss)Income from operations	(36,530)	2.9%	22,112	-	24,559	3.7%	9,735	0.8%	21,105	2.3%	22,112	-	2.4%	43,217	4.7%

	Quarter Ended March 31, 2012						Quarter Ended March 31, 2012(excluding Motel 168)								
	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result			
	US\$ '000 (unaudited)		US\$ '000 (unaudited)	US\$ '000 (unaudited)	US\$ '000 (unaudited)	US\$ '000 (unaudited)	US\$ '000 (unaudited)		US\$ '000 (unaudited)	US\$ '000 (unaudited)	US\$ '000 (unaudited)	US\$ '000 (unaudited)			
Leased-and-operated hotel costs	(174,174)	87.4%	310	-	2,297	1.3%	(171,567)	86.0%	(120,302)	81.6%	310	-	0.2%	(119,992)	81.4%
Personnel costs of Franchised-and-managed hotels	(3,588)	1.8%	344	-	-	0.2%	(3,244)	1.6%	(3,004)	2.0%	344	-	0.2%	(2,660)	1.8%
Sales and marketing expenses	(2,886)	1.4%	59	-	-	0.0%	(2,827)	1.4%	(2,354)	1.6%	59	-	0.0%	(2,295)	1.6%
General and administrative expenses	(12,699)	6.4%	2,798	-	1,652	2.2%	(8,299)	4.2%	(9,446)	6.4%	2,798	-	1.9%	(6,648)	4.5%
Total operating costs and expenses	(193,347)	97.0%	3,511	-	3,899	3.7%	(185,937)	93.2%	(135,106)	91.6%	3,511	-	2.4%	(131,595)	89.3%
(Loss)Income from operations	(5,864)	2.9%	3,511	-	3,899	3.7%	1,546	0.8%	3,351	2.3%	3,511	-	2.4%	6,862	4.7%

	Quarter Ended December 31, 2011						Quarter Ended December 31, 2011(excluding Motel 168)								
	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result			
	RMB '000 (unaudited)		RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)		RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)			
Leased-and-operated hotel costs	(1,066,642)	81.4%	1,637	-	14,635	1.2%	(1,050,370)	80.2%	(709,759)	75.3%	1,637	-	0.2%	(708,122)	75.2%
Personnel costs of Franchised-and-managed hotels	(20,083)	1.5%	1,709	-	-	0.1%	(18,374)	1.4%	(17,748)	1.9%	1,709	-	0.2%	(16,039)	1.7%
Sales and marketing expenses	(19,574)	1.5%	317	-	-	0.0%	(19,257)	1.5%	(16,017)	1.7%	317	-	0.0%	(15,700)	1.7%
General and administrative expenses	(89,288)	6.8%	15,831	6,295	4,870	2.1%	(62,092)	4.7%	(75,230)	8.0%	15,831	6,295	2.3%	(53,104)	5.6%
Total operating costs and expenses	(1,195,587)	91.2%	19,494	6,295	19,505	3.5%	(1,150,093)	87.8%	(818,754)	86.9%	19,494	6,295	2.7%	(792,965)	84.2%
Income from operations	33,206	2.5%	19,494	6,295	19,505	3.5%	78,500	6.0%	63,474	6.7%	19,494	6,295	2.7%	89,263	9.5%

	Quarter Ended March 31, 2011							
	GAAP Result	% of Total Revenue	Share-based Compensation	Acquisition expenses	Integration cost	Non-GAAP Result		
	RMB '000 (unaudited)		RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB '000 (unaudited)		
Leased-and-operated hotel costs	(592,748)	78.3%	-	-	-	0.0%	(592,748)	78.3%
Personnel costs of Franchised-and-managed hotels	(10,262)	1.4%	-	-	-	0.0%	(10,262)	1.4%
Sales and marketing expenses	(9,954)	1.3%	-	-	-	0.0%	(9,954)	1.3%
General and administrative expenses	(63,952)	8.5%	16,991	11,500	-	3.8%	(35,461)	4.7%
Total operating costs and expenses	(676,916)	89.5%	16,991	11,500	-	3.8%	(648,425)	85.7%
Income from operations	31,470	4.2%	16,991	11,500	-	3.8%	59,961	7.9%

Note 1: The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on rate of US\$1.00=RMB6.2975 on March 30, 2012, representing the certificated exchange rate published by the Federal Reserve Board.

Home Inns & Hotels Management Inc.  
Reconciliation of GAAP and Non-GAAP Results (continued)

	Quarter Ended					
	March 31, 2011	December 31, 2011			March 31, 2012	
	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB'000 (excluding Motel 168) (unaudited)	RMB '000 (unaudited)	US\$ '000 (unaudited)	RMB'000 (excluding Motel 168) (unaudited)
<b>Net income/(loss) attributable to Home Inns' shareholders (GAAP)</b>	<b>32,519</b>	<b>32,659</b>	<b>50,175</b>	<b>(103,174)</b>	<b>(16,382)</b>	<b>(49,973)</b>
Foreign exchange loss/(gain), net	1,568	(18,495)	(17,947)	(2,254)	(358)	(2,780)
Share-based compensation	16,991	19,494	19,494	22,112	3,511	22,112
Acquisition expenses -- Motel 168	11,500	6,295	6,295	-	-	-
Integration cost -- Motel 168	-	19,505	-	24,553	3,899	-
Interest expenses -- Upfront fee amortization of term loans	-	5,821	5,821	5,821	924	5,821
Non-operating expenses -- Loss on change in fair value of interest swap transaction	-	7,315	7,315	3,585	569	3,585
(Gain)/loss on change in fair value of convertible notes	(15,086)	(35,966)	(35,966)	24,800	3,938	24,800
<b>Adjusted net income/(loss) attributable to Home Inns' shareholders (Non-GAAP)</b>	<b>47,492</b>	<b>36,628</b>	<b>35,187</b>	<b>(24,557)</b>	<b>(3,899)</b>	<b>3,555</b>

	Quarter Ended					
	March 31, 2011	December 31, 2011			March 31, 2012	
	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB'000 (excluding Motel 168) (unaudited)	RMB '000 (unaudited)	US\$ '000 (unaudited)	RMB'000 (excluding Motel 168) (unaudited)
<b>Earnings per share (GAAP)</b>						
— Basic	0.40	0.36	0.55	(1.14)	(0.18)	(0.55)
— Diluted	0.06	(0.06)	0.11	(1.14)	(0.18)	(0.55)
Weighted average ordinary shares outstanding						
— Basic	81,811	90,596	90,596	90,666	90,666	90,666
— Diluted	91,413	99,672	99,672	90,666	90,666	90,666
<b>Adjusted earnings per share (Non-GAAP)</b>						
— Basic	0.58	0.40	0.39	(0.27)	(0.04)	0.04
— Diluted	0.52	0.37	0.35	(0.27)	(0.04)	0.04
Weighted average ordinary shares outstanding						
— Basic	81,811	90,596	90,596	90,666	90,666	90,666
— Diluted	91,413	99,672	99,672	90,666	90,666	90,666

Note 1: The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on rate of US\$1.00=RMB6.2975 on March 30, 2012, representing the certificated exchange rate published by the Federal Reserve Board.

Note 2: The non-GAAP adjustment items do not include the tax impact.

Home Inns & Hotels Management Inc.  
Reconciliation of GAAP and Non-GAAP Results (continued)

	Quarter Ended					
	March 31, 2011	December 31, 2011		March 31, 2012		
	RMB '000 (unaudited)	RMB '000 (unaudited)	RMB'000 (excluding Motel 168) (unaudited)	RMB '000 (unaudited)	US\$ '000 (unaudited)	RMB'000 (excluding Motel 168) (unaudited)
<b>Net income/(loss) attributable to Home Inns' shareholders</b>	<b>32,519</b>	<b>32,659</b>	<b>50,175</b>	<b>(103,174)</b>	<b>(16,382)</b>	<b>(49,973)</b>
Interest income	(5,084)	(11,497)	(9,724)	(7,062)	(1,121)	(6,744)
Interest expenses	6,264	28,313	27,683	30,922	4,910	30,693
Income tax expense	15,688	33,815	41,949	18,917	3,004	24,400
Depreciation and amortization	88,094	145,941	98,485	153,463	24,369	107,278
<b>EBITDA (Non-GAAP)</b>	<b>137,481</b>	<b>229,231</b>	<b>208,568</b>	<b>93,066</b>	<b>14,780</b>	<b>105,654</b>
Foreign exchange loss/(gain), net	1,568	(18,495)	(17,947)	(2,254)	(358)	(2,780)
Share-based compensation	16,991	19,494	19,494	22,112	3,511	22,112
Acquisition expenses -- Motel 168	11,500	6,295	6,295	-	-	-
Integration cost -- Motel 168	-	19,505	-	24,553	3,899	-
Non-operating expenses -- Loss on change in fair value of interest swap transaction	-	7,315	7,315	3,585	569	3,585
(Gain)/loss on change in fair value of convertible notes	(15,086)	(35,966)	(35,966)	24,800	3,938	24,800
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>152,454</b>	<b>227,379</b>	<b>187,759</b>	<b>165,862</b>	<b>26,339</b>	<b>153,371</b>
<b>%of total revenue</b>	<b>20.2%</b>	<b>17.4%</b>	<b>19.9%</b>	<b>13.2%</b>	<b>13.2%</b>	<b>16.5%</b>

Note 1: The "Depreciation and amortization expense" includes the depreciation and amortization expenses of the Group.

The depreciation and amortization expenses of all leased-and-operated hotels are included in "Operating costs and expenses".

The depreciation and amortization expenses of administrative long-term assets are included in "General and administrative expenses".

Home Inns & Hotels Management Inc.

Operating Data

	As of and for the quarter ended							
	March 31, 2011		December 31, 2011			March 31, 2012		
	Group	Group	Motel 168	excluding Motel 168	Group	Motel 168	excluding Motel 168	
Total Hotels in operation:	848	1,426	307	1,119	1,479	311	1,168	
Leased-and-operated hotels	454	698	144	554	702	144	558	
Franchised-and-managed hotels	394	728	163	565	777	167	610	
Total rooms	97,321	176,562	47,941	128,621	182,146	48,129	134,017	
Occupancy rate (as a percentage)	85.1%	84.2%	73.5%	88.4%	80.7%	70.4%	84.4%	
Average daily rate (in RMB)	165	168	154	173	163	158	165	
RevPAR (in RMB)	140	141	113	153	132	111	139	

Like-for-like performance for hotels opened for at least 18 months during the current quarter

	As of and for the quarter ended	
	March 31, 2011	March 31, 2012
Total Hotels in operation:	716	716
Leased-and-operated hotels	397	397
Franchised-and-managed hotels	319	319
Total rooms	83,408	83,207
Occupancy rate (as a percentage)	89.4%	89.0%
Average daily rate (in RMB)	167	170
RevPAR (in RMB)	149	151

The Company did not participate in the operating of Motel 168 before the 4th quarter 2011, therefore the above like-for-like performance figures do not include Motel 168 hotels.

\* "Occupancy rate" refers to the total number of occupied rooms divided by the total number of available rooms in a given period.

"Average daily rate" refers to total hotel room revenues divided by the total number of occupied rooms in a given period.

"RevPAR" represents revenue per available room, which is calculated by dividing total hotel room revenues by the total number of available rooms in a given period, or by multiplying average daily rates and occupancy rates in a given period.