



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

First Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
Revenue	158,850	214,526
Cost of sales	(106,168)	(134,469)
Gross profit	52,682	80,057
Other operating income	2,191	616
Administrative expenses	(16,234)	(15,465)
Other operating expenses	(98)	(612)
Finance costs	(8,403)	(6,489)
Share of results of associates and jointly controlled entities	(3,898)	4,626
Profit before income tax	26,240	62,733
Income tax expense	(6,451)	(11,988)
Profit after income tax	19,789	50,745
Attributable to:		
Shareholders of the Company	14,299	44,615
Non-controlling interests	5,490	6,130
	19,789	50,745

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

	GROUP \$'000	
	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
Other income including interest income*	760	389
Depreciation and amortisation	(13,150)	(12,456)
Bad debts written off*	-	(190)
Fair value gain (loss) in held-for-trading investments*	1,017	(29)
Foreign exchange gain*	262	59
Adjustment for under provision of tax in respect of prior years	-	(1,668)
Write-back of impairment of available-for-sale investments*	97	168
Gain (Loss) on disposal of property, plant and equipment*	55	(81)

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
Profit after income tax	19,789	50,745
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	24,763	(16)
Decrease in other capital reserve	(1,883)	-
Share of other comprehensive (loss) income of associates and jointly controlled entities	(2,273)	564
	20,607	548
Other comprehensive income for the period, net of tax	20,607	548
Total comprehensive income	40,396	51,293
Attributable to:		
Shareholders of the Company	33,726	45,254
Non-controlling interests	6,670	6,039
	40,396	51,293

1(b)(i) Statements of Financial Position

	GROUP		COMPANY	
	\$'000		\$'000	
	Mar 31, 2015	Dec 31, 2014	Mar 31, 2015	Dec 31, 2014
ASSETS				
Current assets:				
Cash and bank balances	151,406	136,602	7,698	37,515
Held-for-trading investments	-	9,495	-	-
Trade and other receivables	57,913	61,217	2,987	3,170
Amount due from associates	38,652	37,307	6,231	6,231
Amount due from subsidiaries	-	-	865,160	828,453
Inventories	9,090	10,058	260	249
Completed properties held for sale	254,145	261,591	-	-
Total current assets	511,206	516,270	882,336	875,618
Non-current assets:				
Associates and jointly controlled entities	821,916	842,386	-	-
Subsidiaries	-	-	645,976	625,873
Available-for-sale investments	58,567	8,096	-	-
Property, plant and equipment	1,192,104	1,165,168	230,083	229,133
Investment properties	688,698	688,698	-	-
Deferred tax assets	4,351	4,298	-	-
Intangible assets	6,311	6,329	-	-
Total non-current assets	2,771,947	2,714,975	876,059	855,006
Total assets	3,283,153	3,231,245	1,758,395	1,730,624
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	322,975	261,464	159,925	89,958
Trade and other payables	109,511	130,560	19,422	29,974
Amount due to subsidiaries	-	-	45,348	44,456
Income tax payable	31,356	28,089	413	6
Total current liabilities	463,842	420,113	225,108	164,394
Non-current liabilities:				
Advances from subsidiaries	-	-	22,294	20,454
Long-term borrowings	838,336	875,685	463,710	496,863
Deferred tax liabilities	14,244	13,947	1,030	1,054
Total non-current liabilities	852,580	889,632	487,034	518,371
Share capital and reserves:				
Share capital	716,865	715,415	716,865	715,415
Reserves	1,021,561	986,674	181,041	184,097
Equity attributable to shareholders of the Company	1,738,426	1,702,089	897,906	899,512
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,886,773	1,850,436	1,046,253	1,047,859
Non-controlling interests	79,958	71,064	-	-
Total equity	1,966,731	1,921,500	1,046,253	1,047,859
Total liabilities and equity	3,283,153	3,231,245	1,758,395	1,730,624

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at Mar 31, 2015		As at Dec 31, 2014	
Secured	Unsecured	Secured	Unsecured
\$163,050,000	\$159,925,000	\$171,506,000	89,958,000

Amount repayable after one year

As at Mar 31, 2015		As at Dec 31, 2014	
Secured	Unsecured	Secured	Unsecured
\$509,018,000	\$329,318,000	\$476,484,000	\$399,201,000

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 Mar 31, 2015 \$'000	Quarter ended Mar 31, 2014 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	30,138	58,107
Adjustments for:		
Amortisation of intangible assets	82	79
Depreciation expense	13,068	12,377
Share-based payment expense	2,611	349
Write-back of impairment of available-for-sale investments	(97)	(168)
(Gain) Loss on disposal of property, plant and equipment	(55)	81
Finance costs	8,403	6,489
Interest income	(311)	(205)
Profit before working capital changes	53,839	77,109
Trade and other payables	(23,013)	8,910
Completed properties held for sale	8,045	2,968
Development properties and expenditure	-	(65,457)
Receivables and prepayments	4,236	21,196
Held-for-trading investments	9,495	1,110
Inventories	1,307	(179)
Cash generated from operations	53,909	45,657
Income tax paid	(3,119)	(4,558)
Net cash from operating activities	50,790	41,099
Cash flows used in investing activities:		
Additional property, plant and equipment	(14,530)	(103,802)
Additional available-for-sale investment	(52,257)	-
Net repayment from associates and jointly controlled entities	16,977	17,907
Proceeds from disposal of property, plant and equipment	305	180
Cash used in investing activities	(49,505)	(85,715)
Cash flows from financing activities:		
Interest received	311	205
Finance costs paid	(8,141)	(8,227)
Non-controlling shareholders	1,075	(9,119)
Additional borrowings	90,063	77,712
Repayment of borrowings	(72,269)	(32,425)
Proceeds from issue of shares	-	2,195
Cash from financing activities	11,039	30,341
Net increase (decrease) in cash and cash equivalents	12,324	(14,275)
Cash and cash equivalents at beginning of period	133,103	111,978
Effect of exchange rate changes on cash balances held in foreign currencies	2,335	(51)
Cash and cash equivalents at end of period	147,762	97,652

Cash and cash equivalents at end of period

The cash and cash equivalents as at Mar 31, 2015, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,644,000.

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
GROUP								
Balance as at Jan 1, 2014	687,832	813,572	88,507	1,589,911	148,347	1,738,258	63,993	1,802,251
Total comprehensive income for the period								
Profit for the period	-	44,615	-	44,615	-	44,615	6,130	50,745
Other comprehensive income (loss) for the period	-	-	639	639	-	639	(91)	548
Total	-	44,615	639	45,254	-	45,254	6,039	51,293
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	349	349	-	349	-	349
Net movement during the period	-	-	-	-	-	-	(9,168)	(9,168)
Issue of shares	3,226	-	(1,031)	2,195	-	2,195	-	2,195
Total	3,226	-	(682)	2,544	-	2,544	(9,168)	(6,624)
Balance as at Mar 31, 2014	691,058	858,187	88,464	1,637,709	148,347	1,786,056	60,864	1,846,920
Balance as at Jan 1, 2015	715,415	887,165	99,509	1,702,089	148,347	1,850,436	71,064	1,921,500
Total comprehensive income for the period								
Profit for the period	-	14,299	-	14,299	-	14,299	5,490	19,789
Other comprehensive income for the period	-	-	19,427	19,427	-	19,427	1,180	20,607
Total	-	14,299	19,427	33,726	-	33,726	6,670	40,396
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	2,611	2,611	-	2,611	-	2,611
Net movement during the period	-	-	-	-	-	-	2,224	2,224
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	-	1,161	2,611	-	2,611	2,224	4,835
Balance as at Mar 31, 2015	716,865	901,464	120,097	1,738,426	148,347	1,886,773	79,958	1,966,731

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

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

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
COMPANY						
Balance as at Jan 1, 2014	687,832	54,396	119,134	861,362	148,347	1,009,709
Total comprehensive income for the period						
Profit for the period	-	8,548	-	8,548	-	8,548
Total	-	8,548	-	8,548	-	8,548
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	349	349	-	349
Issue of shares	3,226	-	(1,031)	2,195	-	2,195
Total	3,226	-	(682)	2,544	-	2,544
Balance as at Mar 31, 2014	691,058	62,944	118,452	872,454	148,347	1,020,801
Balance as at Jan 1, 2015	715,415	71,015	113,082	899,512	148,347	1,047,859
Total comprehensive loss for the period						
Loss for the period	-	(4,217)	-	(4,217)	-	(4,217)
Total	-	(4,217)	-	(4,217)	-	(4,217)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	2,611	2,611	-	2,611
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	-	1,161	2,611	-	2,611
Balance as at Mar 31, 2015	716,865	66,798	114,243	897,906	148,347	1,046,253

** Includes asset revaluation reserve and option reserve.

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

The Company issued 351,900 new ordinary shares for the current quarter under review 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 Mar 31, 2015, the number of outstanding share options under the Company's Share Option Schemes was 8,320,000 (as at Mar 31, 2014: 9,745,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,759,500 (as at Mar 31, 2014: 1,407,600).

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

	Mar 31, 2015	Dec 31, 2014
Total number of issued shares excluding treasury shares	519,430,751	519,078,851

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 revised Singapore Financial Reporting Standards ("FRS") and amendments that are mandatory for financial years beginning on or after January 1, 2015. The adoption of these revised FRSs and amendments has no significant impact to the Group.

6. Earnings Per Ordinary Share

	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
Based on the weighted average number of ordinary shares in issue	2.31 cents	8.32 cents
On a fully diluted basis	2.31 cents	8.29 cents

Earnings per ordinary share is calculated based on net profit attributable to ordinary shareholders after deducting provision for distribution to perpetual capital securities holders.

7. Net Asset Value

	Mar 31, 2015	Dec 31, 2014
GROUP	\$3.35	\$3.28
COMPANY	\$1.73	\$1.73

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

For the first quarter ended March 31, 2015, the Group recorded a revenue of \$158.9 million compared to \$214.5 million for the corresponding quarter last year. The decrease was primarily due to reduced contributions from the Property Division as the Tomlinson Heights condominium development was completed in Q1 2014. Interest expense relating to the project previously capitalised were expensed, contributing to an increase in finance costs of the Group.

The Group's share of results of associates and jointly controlled entities decreased from a profit of \$4.6 million for Q1 2014 to a loss of \$3.9 million for Q1 2015 due mainly to lower profit contribution from both The Interlace at Alexandra Road and d'Leedon at Farrer Road, Singapore, which were completed in September 2013 and October 2014 respectively.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2015, was \$14.3 million compared to \$44.6 million reported for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Singapore residential property market sentiments continue to be soft and global economic outlook remains mixed.

The Group will continue marketing its residential properties in Singapore as well as in London, although profits from sale of properties in London will only be recorded upon completion of the projects. The Group's hotels and resorts are expected to continue to generate recurring income and operating profits.

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

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 first quarter ended Mar 31, 2015 (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	2,373	-
- Management fee income	400	-
- Management fee expense	190	-

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 first quarter 2015 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
May 8, 2015