



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Second Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Jun 30, 2013	Quarter ended Jun 30, 2012
Revenue	156,415	120,130
Cost of sales	(114,385)	(88,620)
Gross profit	42,030	31,510
Other operating income	873	905
Administrative expenses	(13,796)	(13,535)
Other operating expenses	(911)	(870)
Finance costs	(6,119)	(6,303)
Share of results of associates and jointly controlled entities	21,189	14,443
Profit before income tax	43,266	26,150
Income tax expense	(6,379)	(3,791)
Profit after income tax	36,887	22,359
Attributable to:		
Shareholders of the Company	36,874	21,912
Non-controlling interests	13	447
	36,887	22,359

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

	GROUP \$'000	
	Quarter ended Jun 30, 2013	Quarter ended Jun 30, 2012
Other income including interest income	773	689
Depreciation and amortisation	(13,253)	(12,661)
Fair value loss in held-for-trading investments*	(256)	(422)
Foreign exchange gain*	80	194
Adjustment for (under) over provision of tax in respect of prior years	(174)	457

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Jun 30, 2013	Quarter ended Jun 30, 2012
Profit after income tax	36,887	22,359
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(6,000)	(3,981)
Decrease in other capital reserve	(707)	(880)
Share of other comprehensive income of associates and jointly controlled entities	(1,065)	(1,354)
	(7,772)	(6,215)
Total comprehensive income	29,115	16,144
Attributable to:		
Shareholders of the Company	29,244	15,444
Non-controlling interests	(129)	700
	29,115	16,144

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2013	Dec 31, 2012	Jun 30, 2013	Dec 31, 2012
ASSETS				
Current assets:				
Cash and cash equivalents	87,533	83,189	7,449	9,754
Held-for-trading investments	2,325	3,342	-	-
Available-for-sale investments	14,702	16,207	-	-
Trade and other receivables	37,206	40,630	4,490	2,964
Amount due from associates	45,396	43,882	7,731	7,731
Amount due from subsidiaries	-	-	635,822	646,013
Inventories	7,746	8,178	571	620
Development properties	300,315	271,750	-	-
Completed properties held for sale	28,213	28,344	-	-
Total current assets	523,436	495,522	656,063	667,082
Non-current assets:				
Associates and jointly controlled entities	734,554	694,472	1,061	1,061
Subsidiaries	-	-	755,584	684,324
Available-for-sale investments	8,631	9,417	-	-
Other long-term prepayments	495	440	-	-
Property, plant and equipment	967,534	962,374	225,108	226,351
Investment properties	661,626	661,626	-	-
Deferred tax assets	2,363	2,307	-	-
Intangible assets	6,835	6,964	-	-
Total non-current assets	2,382,038	2,337,600	981,753	911,736
Total assets	2,905,474	2,833,122	1,637,816	1,578,818
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	202,510	134,212	29,990	89,970
Trade and other payables	85,236	95,464	18,664	25,515
Amount due to subsidiaries	-	-	44,504	44,456
Income tax payable	10,773	12,027	1,160	895
Total current liabilities	298,519	241,703	94,318	160,836
Non-current liabilities:				
Advances from subsidiaries	-	-	137,573	129,804
Long-term borrowings	888,314	859,063	447,840	294,078
Deferred tax liabilities	20,676	17,175	873	939
Total non-current liabilities	908,990	876,238	586,286	424,821
Share capital and reserves:				
Share capital	687,164	686,139	687,164	686,139
Reserves	806,619	789,531	121,701	158,675
Equity attributable to shareholders of the Company	1,493,783	1,475,670	808,865	844,814
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,642,130	1,624,017	957,212	993,161
Non-controlling interests	55,835	91,164	-	-
Total equity	1,697,965	1,715,181	957,212	993,161
Total liabilities and equity	2,905,474	2,833,122	1,637,816	1,578,818

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, 2013		As at Dec 31, 2012	
Secured	Unsecured	Secured	Unsecured
\$172,520,000	\$29,990,000	\$44,242,000	\$89,970,000

Amount repayable after one year

As at Jun 30, 2013		As at Dec 31, 2012	
Secured	Unsecured	Secured	Unsecured
\$499,262,000	\$389,052,000	\$564,985,000	\$294,078,000

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, 2013 \$'000	Quarter ended Jun 30, 2012 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	22,077	11,707
Adjustments for:		
Amortisation of intangible assets	83	81
Depreciation expense	13,170	12,580
Share-based payment expense	464	394
Finance costs	6,119	6,303
Interest income	(492)	(475)
Dividend income	-	(100)
Profit before working capital changes	41,421	30,490
Trade and other payables	5,216	(214)
Completed properties held for sale	(85)	2,222
Development properties and expenditure	(19,585)	2,526
Receivables and prepayments	10,382	2,937
Held-for-trading investments	(2,325)	3,747
Inventories	(306)	(367)
Cash generated from operations	34,718	41,341
Dividend received	-	100
Income tax paid	(8,209)	(6,049)
Net cash from operating activities	26,509	35,392
Cash flows used in investing activities:		
Acquisition of additional interest in a subsidiary	(65,626)	-
Additional property, plant and equipment	(13,643)	(8,566)
Net investment in associates and jointly controlled entities	(4,362)	(9,307)
Proceeds from disposal of property, plant and equipment	236	439
Cash used in investing activities	(83,395)	(17,434)
Cash flows from (used in) financing activities:		
Interest received	492	475
Finance costs paid	(7,577)	(7,782)
Dividend paid	(38,066)	(25,304)
Distribution to perpetual capital securities holders	(4,556)	-
Advances from (Repayment to) non-controlling shareholders	562	(5,570)
Additional borrowings	180,216	-
Repayment of borrowings	(84,592)	(137,521)
Decrease in deposits under pledge to bank	-	25
Net proceeds from issue of perpetual capital securities	-	148,347
Proceeds from issue of shares	794	-
Cash from (used in) financing activities	47,273	(27,330)
Net decrease in cash and cash equivalents	(9,613)	(9,372)
Cash and cash equivalents at beginning of period	94,117	85,578
Effect of exchange rate changes on cash balances held in foreign currencies	(332)	(135)
Cash and cash equivalents at end of period	84,172	76,071

Cash and cash equivalents at end of period

The cash and cash equivalents as at Jun 30, 2013, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$3,361,000.

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 Apr 1, 2012	684,530	613,941	120,139	1,418,610	-	1,418,610	87,417	1,506,027
Final dividends for the previous year, paid	-	(25,304)	-	(25,304)	-	(25,304)	-	(25,304)
Issue of perpetual capital securities	-	-	-	-	148,347	148,347	-	148,347
Share-based payments during the period	-	-	394	394	-	394	-	394
Total comprehensive income (loss) for the period	-	21,912	(6,468)	15,444	-	15,444	700	16,144
Net movement during the period	-	-	-	-	-	-	(5,416)	(5,416)
Balance as at Jun 30, 2012	684,530	610,549	114,065	1,409,144	148,347	1,557,491	82,701	1,640,192
Balance as at Apr 1, 2013	686,139	721,421	122,507	1,530,067	148,347	1,678,414	96,502	1,774,916
Final dividends for the previous year, paid	-	(38,066)	-	(38,066)	-	(38,066)	-	(38,066)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)	-	(4,556)
Share-based payments during the period	-	-	464	464	-	464	-	464
Acquisition of additional interest in a subsidiary from non-controlling interests	-	-	(24,164)	(24,164)	-	(24,164)	(41,462)	(65,626)
Total comprehensive income (loss) for the period	-	36,874	(7,630)	29,244	-	29,244	(129)	29,115
Net movement during the period	-	-	-	-	-	-	924	924
Issue of shares	1,025	-	(231)	794	-	794	-	794
Balance as at Jun 30, 2013	687,164	715,673	90,946	1,493,783	148,347	1,642,130	55,835	1,697,965

* 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
COMPANY						
Balance as at Apr 1, 2012	684,530	31,772	117,668	833,970	-	833,970
Final dividends for the previous year, paid	-	(25,304)	-	(25,304)	-	(25,304)
Issue of perpetual capital securities	-	-	-	-	148,347	148,347
Share-based payments during the period	-	-	394	394	-	394
Total comprehensive income (loss) for the period	-	(147)	-	(147)	-	(147)
Balance as at Jun 30, 2012	684,530	6,321	118,062	808,913	148,347	957,260
Balance as at Apr 1, 2013	686,139	40,470	118,721	845,330	148,347	993,677
Final dividends for the previous year, paid	-	(38,066)	-	(38,066)	-	(38,066)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)
Share-based payments during the period	-	-	464	464	-	464
Total comprehensive income (loss) for the period	-	4,899	-	4,899	-	4,899
Issue of shares	1,025	-	(231)	794	-	794
Balance as at Jun 30, 2013	687,164	2,747	118,954	808,865	148,347	957,212

** Includes asset revaluation reserve and option reserve.

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

The Company issued 625,000 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 Jun 30, 2013, the number of outstanding share options under the Company's Share Option Schemes was 9,475,000 (as at Jun 30, 2012: 9,275,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,759,500 (as at Jun 30, 2012: 1,996,000).

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

	Jun 30, 2013	Dec 31, 2012
Total number of issued shares excluding treasury shares	507,684,351	507,059,351

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") and amendments that are mandatory for financial years beginning on or after January 1, 2013. The adoption of these new/revised FRSs and amendments has no significant impact to the Group.

6. Earnings Per Ordinary Share

	Quarter ended Jun 30, 2013	Quarter ended Jun 30, 2012
Based on the weighted average number of ordinary shares in issue	6.81 cents	4.33 cents
On a fully diluted basis	6.78 cents	4.32 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

	Jun 30, 2013	Dec 31, 2012
GROUP	\$2.94	\$2.91
COMPANY	\$1.59	\$1.67

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 second quarter ended June 30, 2013, the Group achieved a revenue of \$156.4 million, which is 30% higher than the \$120.1 million recorded for the corresponding quarter last year. The increase is mainly attributable to higher income recognised from the Tomlinson Heights condominium development on a percentage of completion basis as well as better performances by the Group's hotels and resorts, especially those in the Maldives.

Contributions from the Group's associates and jointly controlled entities continues to be strong, mainly attributable to equity accounting of the profits 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 also resulted in an increase in Associates and jointly controlled entities balance in the Statements of Financial Position.

During the quarter under review, the Group also acquired the remaining 15% equity interest in Concorde Hotel Singapore and 61 shop units at Concorde Shopping Mall, contributing to the increase in borrowings and a drop in equity attributable to non-controlling interests.

After taking into account taxes and non-controlling interests, the Group net profit attributable to shareholders for the quarter ended June 30, 2013, was \$36.9 million or 68% higher than the \$21.9 million recorded for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

The Group expects steady contributions from its hotels and resorts, although continuing uncertainties in the global economic and political environment pose challenges.

The Singapore residential property market sentiments remain subdued, especially for the luxury segment, as foreign buyers are sidelined by the series of property market cooling measures. Nevertheless, the Group will continue to record profits from the Tomlinson Heights, The Interlace and d'Leedon condominium developments.

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/recommended 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 second quarter ended Jun 30, 2013 (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	3,169	-
- Management fee income	150	-
- Management fee expense	189	-
- Equity contribution	152	-

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 2013 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
August 14, 2013