



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Second Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Jun 30, 2014	Quarter ended Jun 30, 2013
Revenue	121,976	156,415
Cost of sales	(91,045)	(114,385)
Gross profit	30,931	42,030
Other operating income	940	873
Administrative expenses	(17,344)	(13,796)
Other operating expenses	(315)	(911)
Finance costs	(8,585)	(6,119)
Share of results of associates and jointly controlled entities	6,248	21,189
Profit before income tax	11,875	43,266
Income tax expense	(3,475)	(6,379)
Profit after income tax	8,400	36,887
Attributable to:		
Shareholders of the Company	7,002	36,874
Non-controlling interests	1,398	13
	8,400	36,887

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

	GROUP \$'000	
	Quarter ended Jun 30, 2014	Quarter ended Jun 30, 2013
Other income including interest income	400	773
Depreciation and amortisation	(12,548)	(13,253)
Fair value gain (loss) in held-for-trading investments*	132	(256)
Foreign exchange (loss) gain*	(74)	80
Adjustment for under provision of tax in respect of prior years	(842)	(174)
Gain on disposal of property, plant and equipment*	130	-

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Jun 30, 2014	Quarter ended Jun 30, 2013
Profit after income tax	8,400	36,887
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(6,108)	(6,000)
Decrease in other capital reserve	-	(707)
Share of other comprehensive income of associates and jointly controlled entities	451	(1,065)
	(5,657)	(7,772)
Other comprehensive income for the period, net of tax	(5,657)	(7,772)
Total comprehensive income	2,743	29,115
Attributable to:		
Shareholders of the Company	1,813	29,244
Non-controlling interests	930	(129)
	2,743	29,115

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
ASSETS				
Current assets:				
Cash and bank balances	106,177	115,331	8,391	27,193
Held-for-trading investments	-	3,140	-	-
Trade and other receivables ⁽¹⁾	124,444	60,301	3,280	2,973
Amount due from associates	43,853	62,790	7,041	7,041
Amount due from subsidiaries	-	-	714,629	720,333
Inventories	9,024	8,850	277	297
Development property ⁽¹⁾	-	358,398	-	-
Completed properties held for sale ⁽¹⁾	285,004	18,491	-	-
Total current assets	568,502	627,301	733,618	757,837
Non-current assets:				
Associates and jointly controlled entities	755,391	725,842	1,061	1,061
Subsidiaries	-	-	656,250	659,743
Available-for-sale investments	7,997	7,552	-	-
Other long-term prepayments	327	373	-	-
Property, plant and equipment	1,043,349	958,972	227,155	227,618
Investment properties	683,012	683,012	-	-
Deferred tax assets	4,338	4,509	-	-
Intangible assets	6,433	6,593	-	-
Total non-current assets	2,500,847	2,386,853	884,466	888,422
Total assets	3,069,349	3,014,154	1,618,084	1,646,259
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	184,405	314,784	24,985	-
Trade and other payables	116,755	116,494	19,939	30,035
Amount due to subsidiaries	-	-	46,699	44,456
Income tax payable ⁽¹⁾	29,093	9,633	314	-
Total current liabilities	330,253	440,911	91,937	74,491
Non-current liabilities:				
Advances from subsidiaries	-	-	55,055	60,368
Long-term borrowings	904,300	742,763	480,120	500,679
Deferred tax liabilities ⁽¹⁾	12,709	28,229	1,009	1,012
Total non-current liabilities	917,009	770,992	536,184	562,059
Share capital and reserves:				
Share capital	715,415	687,832	715,415	687,832
Reserves	896,488	902,079	126,201	173,530
Equity attributable to shareholders of the Company	1,611,903	1,589,911	841,616	861,362
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,760,250	1,738,258	989,963	1,009,709
Non-controlling interests	61,837	63,993	-	-
Total equity	1,822,087	1,802,251	989,963	1,009,709
Total liabilities and equity	3,069,349	3,014,154	1,618,084	1,646,259

Note:

- (1) The completion of Tomlinson Heights condominium development resulted in the transfer of cost of unsold units to Completed properties held for sale and balance sales proceeds for sold units to Trade receivables. Income tax payable was also reclassified from deferred to current.

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, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$159,420,000	24,985,000	\$314,784,000	-

Amount repayable after one year

As at Jun 30, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$440,179,000	\$464,121,000	\$253,812,000	\$488,951,000

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, 2014 \$'000	Quarter ended Jun 30, 2013 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	5,627	22,077
Adjustments for:		
Amortisation of intangible assets	79	83
Depreciation expense	12,469	13,170
Share-based payment expense	1,770	464
Gain on disposal of property, plant and equipment	(130)	-
Finance costs	8,585	6,119
Interest income	(234)	(492)
Profit before working capital changes	28,166	41,421
Trade and other payables	(8,284)	5,216
Completed properties held for sale	2,222	(85)
Development properties and expenditure	-	(19,585)
Receivables and prepayments	68,344	10,382
Held-for-trading investments	2,030	(2,325)
Inventories	(74)	(306)
Cash generated from operations	92,404	34,718
Income tax paid	(6,728)	(8,209)
Net cash from operating activities	85,676	26,509
Cash flows used in investing activities:		
Acquisition of additional interest in a subsidiary	-	(65,626)
Additional property, plant and equipment	(10,166)	(13,643)
Net investment in associates and jointly controlled entities	(18,751)	(4,362)
Proceeds from disposal of property, plant and equipment	455	236
Cash used in investing activities	(28,462)	(83,395)
Cash flows (used in) from financing activities:		
Interest received	234	492
Finance costs paid	(8,336)	(7,577)
Dividend paid	(41,386)	(38,066)
Distribution to perpetual capital securities holders	(4,556)	(4,556)
Advances from non-controlling shareholders	278	562
Additional borrowings	17,475	180,216
Repayment of borrowings	(31,784)	(84,592)
Proceeds from issue of shares	16,553	794
Cash (used in) from financing activities	(51,522)	47,273
Net increase (decrease) in cash and cash equivalents	5,692	(9,613)
Cash and cash equivalents at beginning of period	97,652	94,117
Effect of exchange rate changes on cash balances held in foreign currencies	(476)	(332)
Cash and cash equivalents at end of period	102,868	84,172

Cash and cash equivalents at end of period

The cash and cash equivalents as at Jun 30, 2014, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,309,000.

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, 2013	686,139	721,421	122,507	1,530,067	148,347	1,678,414	96,502	1,774,916
Total comprehensive income (loss) for the period								
Profit for the period	-	36,874	-	36,874	-	36,874	13	36,887
Other comprehensive loss for the period	-	-	(7,630)	(7,630)	-	(7,630)	(142)	(7,772)
Total	-	36,874	(7,630)	29,244	-	29,244	(129)	29,115
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	464	464	-	464	-	464
Dividends	-	(38,066)	-	(38,066)	-	(38,066)	-	(38,066)
Acquisition of additional interest in a subsidiary from non-controlling interests	-	-	(24,164)	(24,164)	-	(24,164)	(41,462)	(65,626)
Net movement during the period	-	-	-	-	-	-	924	924
Issue of shares	1,025	-	(231)	794	-	794	-	794
Total	1,025	(38,066)	(23,931)	(60,972)	-	(60,972)	(40,538)	(101,510)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)	-	(4,556)
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
Balance as at Apr 1, 2014	691,058	858,187	88,464	1,637,709	148,347	1,786,056	60,864	1,846,920
Total comprehensive income (loss) for the period								
Profit for the period	-	7,002	-	7,002	-	7,002	1,398	8,400
Other comprehensive loss for the period	-	-	(5,189)	(5,189)	-	(5,189)	(468)	(5,657)
Total	-	7,002	(5,189)	1,813	-	1,813	930	2,743
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,770	1,770	-	1,770	-	1,770
Dividends	-	(41,386)	-	(41,386)	-	(41,386)	-	(41,386)
Net movement during the period	-	-	-	-	-	-	43	43
Issue of shares	24,357	-	(7,804)	16,553	-	16,553	-	16,553
Total	24,357	(41,386)	(6,034)	(23,063)	-	(23,063)	43	(23,020)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)	-	(4,556)
Balance as at Jun 30, 2014	715,415	819,247	77,241	1,611,903	148,347	1,760,250	61,837	1,822,087

* Includes asset revaluation reserve, exchange fluctuation reserve, hedge 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 Apr 1, 2013	686,139	40,470	118,721	845,330	148,347	993,677
Total comprehensive income for the period						
Profit for the period	-	4,899	-	4,899	-	4,899
Total	-	4,899	-	4,899	-	4,899
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	464	464	-	464
Dividends	-	(38,066)	-	(38,066)	-	(38,066)
Issue of shares	1,025	-	(231)	794	-	794
Total	1,025	(38,066)	233	(36,808)	-	(36,808)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)
Balance as at Jun 30, 2013	687,164	2,747	118,954	808,865	148,347	957,212
Balance as at Apr 1, 2014	691,058	62,944	118,452	872,454	148,347	1,020,801
Total comprehensive income for the period						
Loss for the period	-	(3,219)	-	(3,219)	-	(3,219)
Total	-	(3,219)	-	(3,219)	-	(3,219)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,770	1,770	-	1,770
Dividends	-	(41,386)	-	(41,386)	-	(41,386)
Issue of shares	24,357	-	(7,804)	16,553	-	16,553
Total	24,357	(41,386)	(6,034)	(23,063)	-	(23,063)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)
Balance as at Jun 30, 2014	715,415	13,783	112,418	841,616	148,347	989,963

** Includes asset revaluation reserve and option reserve.

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

The Company issued 9,732,600 new ordinary shares for the current quarter under review upon vesting of performance shares and exercise of subscription rights by senior executives of the Company granted in conjunction with the Hotel Properties Limited Performance Share Plan and Share Option Schemes 2000 and 2010.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

As at Jun 30, 2014, the number of outstanding share options under the Company's Share Option Schemes was 1,420,000 (as at Jun 30, 2013: 9,475,000), and the number of outstanding performance shares under the Company's Performance Share Plan was Nil (as at Jun 30, 2013: 1,759,500).

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

	Jun 30, 2014	Dec 31, 2013
Total number of issued shares excluding treasury shares	519,078,851	508,056,251

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, 2014. 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, 2014	Quarter ended Jun 30, 2013
Based on the weighted average number of ordinary shares in issue	0.91 cents	6.81 cents
On a fully diluted basis	0.91 cents	6.78 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, 2014	Dec 31, 2013
GROUP	\$3.11	\$3.13
COMPANY	\$1.62	\$1.70

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

The Group recorded a revenue of \$122 million for the second quarter ended June 30, 2014, compared to \$156.4 million for the corresponding quarter last year. The decrease was mainly attributable to lower contribution from the Property Division as the Tomlinson Heights condominium development was completed in Q1 2014. Nevertheless, collection from purchasers during the quarter under review resulted in higher cash generated from operations of \$85.7 million for Q2 2014 compared to \$26.5 million for the same quarter last year. Contributions from the Hotels & Resorts Division remained steady as compared to the corresponding quarter last year.

The Group's share of results of associates and jointly controlled entities decreased from \$21.2 million for Q2 2013 to \$6.2 million for the quarter under review due mainly to lower profits from The Interlace condominium development at Alexandra Road, Singapore, which was completed in September last year.

Increase in Finance costs was mainly attributable to higher borrowings as well as certain interest expense previously capitalised, now being expensed due to completion of project development.

Group profit before income tax for the second quarter ended June 30, 2014, was \$11.9 million compared to \$43.3 million for Q2 2013. After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended June 30, 2014, was \$7 million compared to \$36.9 million recorded 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.

Our hotels and resorts are expected to continue to contribute steadily to the Group's operating results. On the property front, Singapore private home prices have continued to soften in the second quarter. With more supplies of completed properties coming into the market and the Monetary Authority of Singapore maintaining that the Total Debt Servicing Ratio will remain, market sentiment is expected to be weak. In London, the Group has commenced soft marketing of the Burlington Gate, although no income will be recorded until completion of the project in accordance with the prevailing financial reporting standards.

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 second quarter ended Jun 30, 2014 (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	2,638	-
- Management fee income	217	-
- Management fee expense	204	-
- Equity contribution	4,680	-

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 2014 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
August 7, 2014