



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Third Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Sep 30, 2014	Quarter ended Sep 30, 2013
Revenue	146,048	180,085
Cost of sales	(106,832)	(129,792)
Gross profit	39,216	50,293
Other operating income	2,224	855
Administrative expenses	(13,822)	(13,121)
Other operating expenses	(232)	(629)
Finance costs	(8,393)	(6,427)
Share of results of associates and jointly controlled entities	337	25,612
Profit before income tax	19,330	56,583
Income tax expense	(3,949)	(6,777)
Profit after income tax	15,381	49,806
Attributable to:		
Shareholders of the Company	15,091	50,426
Non-controlling interests	290	(620)
	15,381	49,806

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

	GROUP \$'000	
	Quarter ended Sep 30, 2014	Quarter ended Sep 30, 2013
Other income including interest income*	350	565
Depreciation and amortisation	(12,348)	(12,700)
Fair value gain in held-for-trading investments*	-	220
Foreign exchange gain (loss)*	232	(15)
Adjustment for (under) over provision of tax in respect of prior years	(344)	103
Gain on disposal of a subsidiary*	1,642	-
Gain on disposal of property, plant and equipment*	-	70

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Sep 30, 2014	Quarter ended Sep 30, 2013
Profit after income tax	15,381	49,806
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	12,005	(4,385)
Decrease in other capital reserve	-	(324)
Share of other comprehensive income of associates and jointly controlled entities	(3,370)	8,548
	8,635	3,839
Other comprehensive income for the period, net of tax	8,635	3,839
Total comprehensive income	24,016	53,645
Attributable to:		
Shareholders of the Company	23,417	54,587
Non-controlling interests	599	(942)
	24,016	53,645

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013
ASSETS				
Current assets:				
Cash and bank balances	129,268	115,331	10,951	27,193
Held-for-trading investments	-	3,140	-	-
Trade and other receivables ⁽¹⁾	85,800	60,301	3,838	2,973
Amount due from associates	36,978	62,790	7,041	7,041
Amount due from subsidiaries	-	-	706,915	720,333
Inventories	9,226	8,850	247	297
Development property ⁽¹⁾	-	358,398	-	-
Completed properties held for sale ⁽¹⁾	269,113	18,491	-	-
Total current assets	530,385	627,301	728,992	757,837
Non-current assets:				
Associates and jointly controlled entities	760,846	725,842	1,061	1,061
Subsidiaries	-	-	648,831	659,743
Available-for-sale investments	7,993	7,552	-	-
Other long-term prepayments	-	373	-	-
Property, plant and equipment	1,056,923	958,972	227,508	227,618
Investment properties	683,012	683,012	-	-
Deferred tax assets	4,230	4,509	-	-
Intangible assets	6,383	6,593	-	-
Total non-current assets	2,519,387	2,386,853	877,400	888,422
Total assets	3,049,772	3,014,154	1,606,392	1,646,259
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	221,130	314,784	39,979	-
Trade and other payables	125,710	116,494	20,817	30,035
Amount due to subsidiaries	-	-	46,787	44,456
Income tax payable ⁽¹⁾	26,158	9,633	852	-
Total current liabilities	372,998	440,911	108,435	74,491
Non-current liabilities:				
Advances from subsidiaries	-	-	57,470	60,368
Long-term borrowings	816,169	742,763	449,095	500,679
Deferred tax liabilities ⁽¹⁾	12,643	28,229	994	1,012
Total non-current liabilities	828,812	770,992	507,559	562,059
Share capital and reserves:				
Share capital	715,415	687,832	715,415	687,832
Reserves	920,234	902,079	126,636	173,530
Equity attributable to shareholders of the Company	1,635,649	1,589,911	842,051	861,362
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,783,996	1,738,258	990,398	1,009,709
Non-controlling interests	63,966	63,993	-	-
Total equity	1,847,962	1,802,251	990,398	1,009,709
Total liabilities and equity	3,049,772	3,014,154	1,606,392	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 Sep 30, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$181,151,000	39,979,000	\$314,784,000	-

Amount repayable after one year

As at Sep 30, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$367,074,000	\$449,095,000	\$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 Sep 30, 2014 \$'000	Quarter ended Sep 30, 2013 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	18,993	30,971
Adjustments for:		
Amortisation of intangible assets	79	80
Depreciation expense	12,269	12,620
Share-based payment expense	329	404
Gain on disposal of a subsidiary	(1,642)	-
Gain on disposal of property, plant and equipment	-	(70)
Finance costs	8,393	6,427
Interest income	(214)	(381)
Profit before working capital changes	38,207	50,051
Trade and other payables	8,931	7,877
Completed properties held for sale	16,182	5,596
Development properties and expenditure	-	(22,734)
Receivables and prepayments	38,648	(4,860)
Held-for-trading investments	-	(965)
Inventories	(286)	(153)
Cash generated from operations	101,682	34,812
Income tax paid	(6,909)	(6,325)
Net cash from operating activities	94,773	28,487
Cash flows used in investing activities:		
Additional property, plant and equipment	(17,841)	(8,264)
Deposits placed for investments	-	(47,830)
Net repayment from (investment in) associates and jointly controlled entities	1,162	(33,597)
Proceeds from disposal of available-for-sale investment	-	15,844
Proceeds from disposal of a subsidiary	1,817	-
Proceeds from disposal of property, plant and equipment	300	202
Cash used in investing activities	(14,562)	(73,645)
Cash flows (used in) from financing activities:		
Interest received	214	381
Finance costs paid	(8,183)	(7,868)
Advances from non-controlling shareholders	1,643	4,311
Additional borrowings	50,012	188,095
Repayment of borrowings	(101,773)	(146,201)
Decrease in deposits under pledge to bank	-	100
Proceeds from issue of shares	-	17
Cash (used in) from financing activities	(58,087)	38,835
Net increase (decrease) in cash and cash equivalents	22,124	(6,323)
Cash and cash equivalents at beginning of period	102,868	84,172
Effect of exchange rate changes on cash balances held in foreign currencies	902	486
Cash and cash equivalents at end of period	125,894	78,335

Cash and cash equivalents at end of period

The cash and cash equivalents as at Sep 30, 2014, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,374,000.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP								
Balance as at Jul 1, 2013	687,164	715,673	90,946	1,493,783	148,347	1,642,130	55,835	1,697,965
Total comprehensive income (loss) for the period								
Profit for the period	-	50,426	-	50,426	-	50,426	(620)	49,806
Other comprehensive income (loss) for the period	-	-	4,161	4,161	-	4,161	(322)	3,839
Total	-	50,426	4,161	54,587	-	54,587	(942)	53,645
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	404	404	-	404	-	404
Net movement during the period	-	-	-	-	-	-	4,435	4,435
Issue of shares	23	-	(6)	17	-	17	-	17
Total	23	-	398	421	-	421	4,435	4,856
Balance as at Sep 30, 2013	687,187	766,099	95,505	1,548,791	148,347	1,697,138	59,328	1,756,466
Balance as at Jul 1, 2014	715,415	819,247	77,241	1,611,903	148,347	1,760,250	61,837	1,822,087
Total comprehensive income (loss) for the period								
Profit for the period	-	15,091	-	15,091	-	15,091	290	15,381
Other comprehensive income for the period	-	-	8,326	8,326	-	8,326	309	8,635
Total	-	15,091	8,326	23,417	-	23,417	599	24,016
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	329	329	-	329	-	329
Net movement during the period	-	-	-	-	-	-	1,530	1,530
Total	-	-	329	329	-	329	1,530	1,859
Balance as at Sep 30, 2014	715,415	834,338	85,896	1,635,649	148,347	1,783,996	63,966	1,847,962

* 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	Share-holders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
COMPANY						
Balance as at Jul 1, 2013	687,164	2,747	118,954	808,865	148,347	957,212
Total comprehensive income for the period						
Profit for the period	-	3,736	-	3,736	-	3,736
Total	-	3,736	-	3,736	-	3,736
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	404	404	-	404
Issue of shares	23	-	(6)	17	-	17
Total	23	-	398	421	-	421
Balance as at Sep 30, 2013	687,187	6,483	119,352	813,022	148,347	961,369
Balance as at Jul 1, 2014	715,415	13,783	112,418	841,616	148,347	989,963
Total comprehensive income for the period						
Profit for the period	-	106	-	106	-	106
Total	-	106	-	106	-	106
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	329	329	-	329
Total	-	-	329	329	-	329
Balance as at Sep 30, 2014	715,415	13,889	112,747	842,051	148,347	990,398

** Includes asset revaluation reserve and option reserve.

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

The Company did not issue any new share for the current quarter under review.

As at Sep 30, 2014, the number of outstanding share options under the Company's Share Option Schemes was 4,820,000 (as at Sep 30, 2013: 11,045,000), and the number of outstanding performance shares under the Company's Performance Share Plan was Nil (as at Sep 30, 2013: 1,759,500).

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

	Sep 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 Sep 30, 2014	Quarter ended Sep 30, 2013
Based on the weighted average number of ordinary shares in issue	2.46 cents	9.48 cents
On a fully diluted basis	2.46 cents	9.44 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

	Sep 30, 2014	Dec 31, 2013
GROUP	\$3.15	\$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 \$146.0 million for the third quarter ended September 30, 2014, compared to \$180.1 million for the corresponding quarter last year. Despite higher contributions from the Group's resorts in the Maldives and Bali, the Group recorded a lower revenue due to the completion of the Tomlinson Heights condominium development in March 2014. Nevertheless, collection from purchasers during the quarter under review resulted in higher cash generated from operations of \$94.8 million for Q3 2014 compared to \$28.5 million for the same quarter last year.

The Group's share of results of associates and jointly controlled entities decreased from \$25.6 million to \$0.3 million due mainly to lower profits from The Interlace condominium development at Alexandra Road and d'Leedon condominium development at Farrer Road which were completed in September 2013 and October 2014 respectively. Q3 2013's results also included a non-recurring gain on disposal of certain investment properties at Kensington Square, London, amounting to \$12.6 million.

After accounting for taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended September 30, 2014, was \$15.1 million compared to \$50.4 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.

The Group's hotels and resorts traditionally perform well in the last quarter, although political uncertainties and the potential escalation of the Ebola outbreak may pose challenges.

The Singapore residential property market sentiment remains weak with both transaction volume and prices declining. In London, the Group has commenced soft marketing of apartments at Burlington Gate and Campden Hill. Income from these projects will only be recorded upon completion.

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 third quarter ended Sep 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	2,539	-
- Management fee income	213	-
- Management fee expense	172	-
- Equity contribution	5,619	-

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

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
November 13, 2014