



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Second Quarter Financial Statements

### 1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Jun 30, 2015	Quarter ended Jun 30, 2014
Revenue	163,805	121,976
Cost of sales	(123,209)	(91,045)
Gross profit	40,596	30,931
Other operating income	2,808	940
Administrative expenses	(16,283)	(17,344)
Other operating expenses	(924)	(315)
Finance costs	(8,878)	(8,585)
Share of results of associates and jointly controlled entities	966	6,248
Profit before income tax	18,285	11,875
Income tax expense	(5,653)	(3,475)
Profit after income tax	12,632	8,400
Attributable to:		
Shareholders of the Company	12,187	7,002
Non-controlling interests	445	1,398
	12,632	8,400

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

	GROUP \$'000	
	Quarter ended Jun 30, 2015	Quarter ended Jun 30, 2014
Investment income*	793	-
Other income including interest income*	1,800	400
Depreciation and amortisation	(12,140)	(12,548)
Bad debts written off*	(229)	-
Fair value gain in held-for-trading investments*	-	132
Foreign exchange loss*	(118)	(74)
Adjustment for under provision of tax in respect of prior years	(1,465)	(842)
Gain on disposal of property, plant and equipment*	153	130

Note:

\* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Jun 30, 2015	Quarter ended Jun 30, 2014
Profit after income tax	12,632	8,400
Other comprehensive income (loss) (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(28,875)	(6,108)
Decrease in other capital reserve	(282)	-
Share of other comprehensive income of associates and jointly controlled entities	2,851	451
	(26,306)	(5,657)
Other comprehensive loss for the period, net of tax	(26,306)	(5,657)
Total comprehensive (loss) income	(13,674)	2,743
Attributable to:		
Shareholders of the Company	(12,695)	1,813
Non-controlling interests	(979)	930
	(13,674)	2,743

**1(b)(i) Statements of Financial Position**

	GROUP \$'000		COMPANY \$'000	
	Jun 30, 2015	Dec 31, 2014	Jun 30, 2015	Dec 31, 2014
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	88,130	136,602	8,400	37,515
Held-for-trading investments	-	9,495	-	-
Trade and other receivables	87,651	61,217	2,784	3,170
Amount due from associates	38,036	37,307	6,231	6,231
Amount due from subsidiaries	-	-	854,601	828,453
Inventories	9,151	10,058	266	249
Completed properties held for sale	217,931	261,591	-	-
<b>Total current assets</b>	<b>440,899</b>	<b>516,270</b>	<b>872,282</b>	<b>875,618</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	852,231	842,386	-	-
Subsidiaries	-	-	622,505	625,873
Available-for-sale investments	58,884	8,096	-	-
Property, plant and equipment	1,173,765	1,165,168	230,288	229,133
Investment properties	688,698	688,698	-	-
Deferred tax assets	3,954	4,298	-	-
Intangible assets	6,158	6,329	-	-
<b>Total non-current assets</b>	<b>2,783,690</b>	<b>2,714,975</b>	<b>852,793</b>	<b>855,006</b>
<b>Total assets</b>	<b>3,224,589</b>	<b>3,231,245</b>	<b>1,725,075</b>	<b>1,730,624</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	278,413	261,464	164,933	89,958
Trade and other payables	103,626	130,560	21,784	29,974
Amount due to subsidiaries	-	-	45,753	44,456
Income tax payable	21,109	28,089	337	6
<b>Total current liabilities</b>	<b>403,148</b>	<b>420,113</b>	<b>232,807</b>	<b>164,394</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	22,589	20,454
Derivative financial instruments <sup>(1)</sup>	4,163	-	4,163	-
Long-term borrowings	904,456	875,685	476,926	496,863
Deferred tax liabilities	14,006	13,947	1,018	1,054
<b>Total non-current liabilities</b>	<b>922,625</b>	<b>889,632</b>	<b>504,696</b>	<b>518,371</b>
<b>Share capital and reserves:</b>				
Share capital	717,895	715,415	717,895	715,415
Reserves	953,562	986,674	121,330	184,097
Equity attributable to shareholders of the Company	1,671,457	1,702,089	839,225	899,512
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,819,804	1,850,436	987,572	1,047,859
Non-controlling interests	79,012	71,064	-	-
<b>Total equity</b>	<b>1,898,816</b>	<b>1,921,500</b>	<b>987,572</b>	<b>1,047,859</b>
<b>Total liabilities and equity</b>	<b>3,224,589</b>	<b>3,231,245</b>	<b>1,725,075</b>	<b>1,730,624</b>

Note:

- (1) The Group entered into cross currency swaps during the quarter to manage its exposure to exchange rate movements on its investments. This represents the estimated fair value of the swaps as at June 30, 2015.

**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, 2015		As at Dec 31, 2014	
Secured	Unsecured	Secured	Unsecured
\$113,480,000	\$164,933,000	\$171,506,000	89,958,000

**Amount repayable after one year**

As at Jun 30, 2015		As at Dec 31, 2014	
Secured	Unsecured	Secured	Unsecured
\$490,374,000	\$414,082,000	\$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 Jun 30, 2015 \$'000	Quarter ended Jun 30, 2014 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	17,319	5,627
Adjustments for:		
Amortisation of intangible assets	81	79
Depreciation expense	12,059	12,469
Share-based payment expense	1,445	1,770
Write-back of impairment of available-for-sale investments	(41)	-
Gain on disposal of property, plant and equipment	(153)	(130)
Finance costs	8,878	8,585
Interest income	(231)	(234)
Dividend income	(793)	-
Profit before working capital changes	38,564	28,166
Trade and other payables	(4,654)	(8,284)
Completed properties held for sale	35,538	2,222
Receivables and prepayments	(30,407)	68,344
Held-for-trading investments	-	2,030
Inventories	(288)	(74)
Cash generated from operations	38,753	92,404
Dividend received	793	-
Income tax paid	(15,620)	(6,728)
Net cash from operating activities	23,926	85,676
<b>Cash flows used in investing activities:</b>		
Additional property, plant and equipment	(15,906)	(10,166)
Additional available-for-sale investment	(475)	-
Net investment in associates and jointly controlled entities	(25,262)	(18,751)
Proceeds from disposal of property, plant and equipment	409	455
Cash used in investing activities	(41,234)	(28,462)
<b>Cash flows used in financing activities:</b>		
Interest received	231	234
Finance costs paid	(8,610)	(8,336)
Dividend paid	(51,963)	(41,386)
Distribution to perpetual capital securities holders	(4,556)	(4,556)
Non-controlling shareholders	724	278
Additional borrowings	79,495	17,475
Repayment of borrowings	(61,822)	(31,784)
Proceeds from issue of shares	800	16,553
Cash used in financing activities	(45,701)	(51,522)
Net (decrease) increase in cash and cash equivalents	(63,009)	5,692
Cash and cash equivalents at beginning of period	147,762	97,652
Effect of exchange rate changes on cash balances held in foreign currencies	(173)	(476)
Cash and cash equivalents at end of period	84,580	102,868

**Cash and cash equivalents at end of period**

The cash and cash equivalents as at Jun 30, 2015, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,550,000.

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
<b>GROUP</b>								
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 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)
<b>Balance as at Jun 30, 2014</b>	<b>715,415</b>	<b>819,247</b>	<b>77,241</b>	<b>1,611,903</b>	<b>148,347</b>	<b>1,760,250</b>	<b>61,837</b>	<b>1,822,087</b>
Balance as at Apr 1, 2015	716,865	901,464	120,097	1,738,426	148,347	1,886,773	79,958	1,966,731
Total comprehensive income for the period								
Profit for the period	-	12,187	-	12,187	-	12,187	445	12,632
Other comprehensive loss for the period	-	-	(24,882)	(24,882)	-	(24,882)	(1,424)	(26,306)
Total	-	12,187	(24,882)	(12,695)	-	(12,695)	(979)	(13,674)
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,445	1,445	-	1,445	-	1,445
Dividends	-	(51,963)	-	(51,963)	-	(51,963)	-	(51,963)
Net movement during the period	-	-	-	-	-	-	33	33
Issue of shares	1,030	-	(230)	800	-	800	-	800
Total	1,030	(51,963)	1,215	(49,718)	-	(49,718)	33	(49,685)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)	-	(4,556)
<b>Balance as at Jun 30, 2015</b>	<b>717,895</b>	<b>857,132</b>	<b>96,430</b>	<b>1,671,457</b>	<b>148,347</b>	<b>1,819,804</b>	<b>79,012</b>	<b>1,898,816</b>

\* 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
<b>COMPANY</b>						
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)
<b>Balance as at Jun 30, 2014</b>	<b>715,415</b>	<b>13,783</b>	<b>112,418</b>	<b>841,616</b>	<b>148,347</b>	<b>989,963</b>
Balance as at Apr 1, 2015	716,865	66,798	114,243	897,906	148,347	1,046,253
Total comprehensive loss for the period						
Loss for the period	-	(3,854)	-	(3,854)	-	(3,854)
Other comprehensive loss for the period	-	-	(553)	(553)	-	(553)
Total	-	(3,854)	(553)	(4,407)	-	(4,407)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,445	1,445	-	1,445
Dividends	-	(51,963)	-	(51,963)	-	(51,963)
Issue of shares	1,030	-	(230)	800	-	800
Total	1,030	(51,963)	1,215	(49,718)	-	(49,718)
Distribution to perpetual capital securities holders	-	(4,556)	-	(4,556)	-	(4,556)
<b>Balance as at Jun 30, 2015</b>	<b>717,895</b>	<b>6,425</b>	<b>114,905</b>	<b>839,225</b>	<b>148,347</b>	<b>987,572</b>

\*\* Includes asset revaluation reserve, hedge reserve and option reserve.

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

The Company issued 200,000 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, 2015, the number of outstanding share options under the Company's Share Option Schemes was 8,120,000 (as at Jun 30, 2014: 1,420,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,759,500 (as at Jun 30, 2014: Nil).

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

	Jun 30, 2015	Dec 31, 2014
Total number of issued shares excluding treasury shares	519,630,751	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 Jun 30, 2015	Quarter ended Jun 30, 2014
Based on the weighted average number of ordinary shares in issue	1.90 cents	0.91 cents
On a fully diluted basis	1.90 cents	0.91 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, 2015	Dec 31, 2014
GROUP	\$3.22	\$3.28
COMPANY	\$1.62	\$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 second quarter ended June 30, 2015, the Group achieved a revenue of \$163.8 million, which is 34.3% higher than the \$122 million recorded for the corresponding quarter last year. The increase was mainly attributable to sale of completed condominium units from the Tomlinson Heights development.

The Group's share of results of associates and jointly controlled entities decreased from \$6.2 million for Q2 2014 to \$1 million for the quarter under review due mainly to lower profit contribution from d'Leedon condominium development at Farrer Road, Singapore, which was completed in October last year. Losses incurred by the newly opened Four Seasons Hotel, the Wescliff in Johannesburg and lower contributions from the Group's hotels and resorts in Malaysia also contributed to the reduction.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended June 30, 2015 was \$12.2 million, an increase of 74.1% from \$7 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 hospitality industry traditionally performs well in the second half of the year. Nevertheless, challenging conditions remain in some of the Group's key hospitality markets with uncertainties in economic and political environments.

The Singapore residential property market sentiment continues to be subdued. In London, the construction and marketing of the Burlington Gate and Campden Hill developments are currently underway. However, the returns from these investments will not be recorded until completion of the projects.

## 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, 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	2,326	-
- Management fee income	250	-
- Management fee expense	224	-
- Equity contribution	500	-

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

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
Aug 13, 2015