



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## First Quarter Financial Statements

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

	GROUP \$'000	
	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Revenue	214,526	163,762
Cost of sales	(134,469)	(107,103)
Gross profit	80,057	56,659
Other operating income	616	1,739
Administrative expenses	(15,465)	(13,640)
Other operating expenses	(612)	(318)
Finance costs	(6,489)	(5,813)
Share of results of associates and jointly controlled entities	4,626	12,159
Profit before income tax	62,733	50,786
Income tax expense	(11,988)	(7,532)
Profit after income tax	50,745	43,254
Attributable to:		
Shareholders of the Company	44,615	38,089
Non-controlling interests	6,130	5,165
	50,745	43,254

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

	GROUP \$'000	
	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Other income including interest income	389	768
Depreciation and amortisation	(12,456)	(13,194)
Bad debts written off*	(190)	-
Fair value (loss) gain in held-for-trading investments*	(29)	357
Foreign exchange gain*	59	202
Adjustment for under provision of tax in respect of prior years	(1,668)	-
Write-back (Impairment) of available-for-sale investments*	168	(98)
(Loss) Gain on disposal of property, plant and equipment*	(81)	412

**Note:**

\* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Profit after income tax	50,745	43,254
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(16)	18,688
Decrease in other capital reserve	-	(249)
Share of other comprehensive income of associates and jointly controlled entities	564	(2,210)
	548	16,229
Other comprehensive income for the year, net of tax	548	16,229
Total comprehensive income	51,293	59,483
Attributable to:		
Shareholders of the Company	45,254	53,932
Non-controlling interests	6,039	5,551
	51,293	59,483

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

	GROUP \$'000		COMPANY \$'000	
	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	100,997	115,331	16,429	27,193
Held-for-trading investments	2,030	3,140	-	-
Trade and other receivables <sup>(1)</sup>	193,297	60,301	3,492	2,973
Amount due from associates	45,195	62,790	7,041	7,041
Amount due from subsidiaries	-	-	713,986	720,333
Inventories	9,020	8,850	279	297
Development property <sup>(1)</sup>	-	358,398	-	-
Completed properties held for sale <sup>(1)</sup>	287,383	18,491	-	-
<b>Total current assets</b>	<b>637,922</b>	<b>627,301</b>	<b>741,227</b>	<b>757,837</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	729,743	725,842	1,061	1,061
Subsidiaries	-	-	676,693	659,743
Available-for-sale investments	7,719	7,552	-	-
Other long-term prepayments	351	373	-	-
Property, plant and equipment	1,050,535	958,972	227,422	227,618
Investment properties	683,012	683,012	-	-
Deferred tax assets	4,476	4,509	-	-
Intangible assets	6,526	6,593	-	-
<b>Total non-current assets</b>	<b>2,482,362</b>	<b>2,386,853</b>	<b>905,176</b>	<b>888,422</b>
<b>Total assets</b>	<b>3,120,284</b>	<b>3,014,154</b>	<b>1,646,403</b>	<b>1,646,259</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	297,897	314,784	-	-
Trade and other payables <sup>(1)</sup>	125,377	116,494	19,495	30,035
Amount due to subsidiaries	-	-	44,730	44,456
Income tax payable <sup>(1)</sup>	31,576	9,633	147	-
<b>Total current liabilities</b>	<b>454,850</b>	<b>440,911</b>	<b>64,372</b>	<b>74,491</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	53,654	60,368
Long-term borrowings	804,830	742,763	506,575	500,679
Deferred tax liabilities <sup>(1)</sup>	13,684	28,229	1,001	1,012
<b>Total non-current liabilities</b>	<b>818,514</b>	<b>770,992</b>	<b>561,230</b>	<b>562,059</b>
<b>Share capital and reserves:</b>				
Share capital	691,058	687,832	691,058	687,832
Reserves	946,651	902,079	181,396	173,530
Equity attributable to shareholders of the Company	1,637,709	1,589,911	872,454	861,362
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,786,056	1,738,258	1,020,801	1,009,709
Non-controlling interests	60,864	63,993	-	-
<b>Total equity</b>	<b>1,846,920</b>	<b>1,802,251</b>	<b>1,020,801</b>	<b>1,009,709</b>
<b>Total liabilities and equity</b>	<b>3,120,284</b>	<b>3,014,154</b>	<b>1,646,403</b>	<b>1,646,259</b>

**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. Trade payables increased due to accrual of remaining development costs and income tax payable was 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 Mar 31, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$297,897,000	-	\$314,784,000	-

**Amount repayable after one year**

As at Mar 31, 2014		As at Dec 31, 2013	
Secured	Unsecured	Secured	Unsecured
\$315,801,000	\$489,029,000	\$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 Mar 31, 2014 \$'000	Quarter ended Mar 31, 2013 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	58,107	38,627
Adjustments for:		
Amortisation of intangible assets	79	82
Depreciation expense	12,377	13,112
Share-based payment expense	349	465
(Write-back) Impairment of available-for-sale investments	(168)	98
Loss (Gain) on disposal of property, plant and equipment	81	(412)
Finance costs	6,489	5,813
Interest income	(205)	(466)
Profit before working capital changes	77,109	57,319
Trade and other payables	8,910	(16,330)
Completed properties held for sale	2,968	814
Development properties and expenditure	(65,457)	(5,366)
Receivables and prepayments	21,196	(6,225)
Held-for-trading investments	1,110	3,342
Inventories	(179)	923
Cash generated from operations	45,657	34,477
Income tax paid	(4,558)	(3,646)
Net cash from operating activities	41,099	30,831
<b>Cash flows used in investing activities:</b>		
Additional property, plant and equipment <sup>(1)</sup>	(103,802)	(7,623)
Net cash from (Investment in) associates and jointly controlled entities	17,907	(2,602)
Proceeds from disposal of property, plant and equipment	180	557
Cash used in investing activities	(85,715)	(9,668)
<b>Cash flows from (used in) financing activities:</b>		
Interest received	205	466
Finance costs paid	(8,227)	(7,410)
Repayment to non-controlling shareholders	(9,119)	(522)
Additional borrowings	77,712	152,919
Repayment of borrowings	(32,425)	(153,683)
Proceeds from issue of shares	2,195	-
Cash from (used in) financing activities	30,341	(8,230)
Net (decrease) increase in cash and cash equivalents	(14,275)	12,933
Cash and cash equivalents at beginning of period	111,978	79,827
Effect of exchange rate changes on cash balances held in foreign currencies	(51)	1,357
Cash and cash equivalents at end of period	97,652	94,117

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

The cash and cash equivalents as at Mar 31, 2014, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,345,000.

Note:

- (1) Mainly due to acquisition of Six Senses Laamu in Maldives which also resulted in an increase in Property, plant and equipment and Borrowings in the Consolidated Statement of Financial Position.

**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 Jan 1, 2013	686,139	683,332	106,199	1,475,670	148,347	1,624,017	91,164	1,715,181
Total comprehensive income (loss) for the period								
Profit for the period	-	38,089	-	38,089	-	38,089	5,165	43,254
Other comprehensive loss for the period	-	-	15,843	15,843	-	15,843	386	16,229
Total	-	38,089	15,843	53,932	-	53,932	5,551	59,483
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	465	465	-	465	-	465
Net movement during the period	-	-	-	-	-	-	(213)	(213)
Total	-	-	465	465	-	465	(213)	252
<b>Balance as at Mar 31, 2013</b>	<b>686,139</b>	<b>721,421</b>	<b>122,507</b>	<b>1,530,067</b>	<b>148,347</b>	<b>1,678,414</b>	<b>96,502</b>	<b>1,774,916</b>
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 (loss) 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)
<b>Balance as at Mar 31, 2014</b>	<b>691,058</b>	<b>858,187</b>	<b>88,464</b>	<b>1,637,709</b>	<b>148,347</b>	<b>1,786,056</b>	<b>60,864</b>	<b>1,846,920</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 Jan 1, 2013	686,139	40,419	118,256	844,814	148,347	993,161
Total comprehensive income for the period						
Profit for the period	-	51	-	51	-	51
Total	-	51	-	51	-	51
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	465	465	-	465
Total	-	-	465	465	-	465
<b>Balance as at Mar 31, 2013</b>	<b>686,139</b>	<b>40,470</b>	<b>118,721</b>	<b>845,330</b>	<b>148,347</b>	<b>993,677</b>
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
<b>Balance as at Mar 31, 2014</b>	<b>691,058</b>	<b>62,944</b>	<b>118,452</b>	<b>872,454</b>	<b>148,347</b>	<b>1,020,801</b>

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

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

The Company issued 1,290,000 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 Schemes 2000 and 2010.

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

As at Mar 31, 2014, the number of outstanding share options under the Company's Share Option Schemes was 9,745,000 (as at Mar 31, 2013: 10,100,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,407,600 (as at Mar 31, 2013: 1,759,500).

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

	Mar 31, 2014	Dec 31, 2013
Total number of issued shares excluding treasury shares	509,346,251	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 financial information of the Group and the Company for the first quarter ended March 31, 2014 as set out in paragraph 1 of the announcement has been extracted from the interim financial information prepared in accordance with Financial Reporting Standard 34 *Interim Financial Reporting* that has been reviewed by the auditors in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The results for the three months ended March 31, 2013, as set out in the announcement have not been audited or reviewed.

#### 3. Auditors' Report

Please refer to the auditors' review report dated May 12, 2014, appended to this announcement.

#### 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 Mar 31, 2014	Quarter ended Mar 31, 2013
Based on the weighted average number of ordinary shares in issue	8.32 cents	7.06 cents
On a fully diluted basis	8.29 cents	7.02 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, 2014	Dec 31, 2013
GROUP	\$3.22	\$3.13
COMPANY	\$1.71	\$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**

For the first quarter ended March 31, 2014, the Group achieved a revenue of \$214.5 million, which is 31% higher than the \$163.8 million recorded for the corresponding quarter last year. The increase was mainly attributable to stronger contributions from the Group's resorts in the Maldives as well as higher revenue recognised from Tomlinson Heights condominium development which obtained Temporary Occupation Permit during the quarter under review.

The Group's share of results of associates and jointly controlled entities decreased from \$12.2 million for Q1 2013 to \$4.6 million for Q1 2014 due mainly to lower profit contribution from The Interlace condominium development at Alexandra Road, Singapore, which was completed in September last year.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2014, was \$44.6 million, an increase of 17.1% from \$38.1 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 sentiment remains weak. The latest flash estimate by the Urban Redevelopment Authority indicates a decline in both volume and price of residential property transactions in Q1 2014 compared to Q4 2013.

The hotels in the Group continue to face challenges such as escalating operational costs as well as increased competition and geopolitical risks. The outlook for the hospitality industry is mixed.

**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 first quarter ended Mar 31, 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	2,971	-
- Management fee income	326	-
- Management fee expense	179	-

**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. Subsequent Event

On April 14, 2014, a mandatory conditional cash offer was made by Standard Chartered Bank, for and on behalf of 68 Holdings Pte. Ltd. (the "Offeror"), for all the ordinary shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror. Please refer to the offer announcement dated April 14, 2014 for more information.

The Company issued 7,982,600 new ordinary shares since the end of the current quarter under review up to the date of this announcement 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. Share-based payment expense of approximately \$1.8 million was also recognised in April 2014 accordingly.

### 15. 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 2014 unaudited financial statements to be false or misleading in any material respect.

### 16. Letter from CIMB Bank Berhad, Singapore Branch

Please refer to the attached letter from CIMB Bank Berhad, Singapore Branch.

### BY ORDER OF THE BOARD

Lo Swee Oi  
Company Secretary  
May 12, 2014