



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

First Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Mar 31, 2016	Quarter ended Mar 31, 2015
Revenue	143,670	158,850
Cost of sales	(99,203)	(106,168)
Gross profit	44,467	52,682
Other operating income	2,582	2,191
Administrative expenses	(14,815)	(16,234)
Other operating expenses	(386)	(98)
Finance costs	(8,045)	(8,403)
Share of results of associates and jointly controlled entities	3,018	(3,898)
Profit before income tax	26,821	26,240
Income tax expense	(6,288)	(6,451)
Profit after income tax	20,533	19,789
Attributable to:		
Shareholders of the Company	14,339	14,299
Non-controlling interests	6,194	5,490
	20,533	19,789

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

	GROUP \$'000	
	Quarter ended Mar 31, 2016	Quarter ended Mar 31, 2015
Other income including interest income*	1,611	760
Depreciation and amortisation	(13,423)	(13,150)
Fair value gain in held-for-trading investments*	902	1,017
Foreign exchange (loss) gain*	(108)	262
Adjustment for under provision of tax in respect of prior years	(1,484)	-
Write-back of impairment of available-for-sale investments*	40	97
Gain on disposal of property, plant and equipment*	-	55

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Mar 31, 2016	Quarter ended Mar 31, 2015
Profit after income tax	20,533	19,789
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	1,781	24,763
Decrease in other reserves	(5,705)	(1,883)
Share of other comprehensive loss of associates and jointly controlled entities	(16,115)	(2,273)
	(20,039)	20,607
Other comprehensive (loss) income for the year, net of tax	(20,039)	20,607
Total comprehensive income	494	40,396
Attributable to:		
Shareholders of the Company	(4,039)	33,726
Non-controlling interests	4,533	6,670
	494	40,396

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015
ASSETS				
Current assets:				
Cash and bank balances	113,110	158,827	29,607	84,453
Held-for-trading investments ⁽¹⁾	8,082	-	-	-
Trade and other receivables	65,439	57,152	3,433	2,542
Amount due from associates and jointly controlled entities	179,801	199,625	5,751	5,751
Amount due from subsidiaries	-	-	887,727	889,486
Inventories	8,127	9,131	222	239
Completed properties held for sale	207,708	207,936	-	-
Total current assets	582,267	632,671	926,740	982,471
Non-current assets:				
Associates and jointly controlled entities	575,873	585,589	-	-
Subsidiaries	-	-	452,637	454,781
Available-for-sale investments	58,344	66,540	-	-
Property, plant and equipment	1,175,046	1,195,059	229,881	229,620
Investment properties	688,698	688,698	-	-
Derivative financial instruments ⁽²⁾	6,515	-	6,515	-
Deferred tax assets	3,583	3,723	-	-
Intangible assets	6,072	6,185	-	-
Total non-current assets	2,514,131	2,545,794	689,033	684,401
Total assets	3,096,398	3,178,465	1,615,773	1,666,872
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	164,934	231,585	29,998	99,983
Trade and other payables	102,088	120,575	18,656	19,178
Amount due to subsidiaries	-	-	45,352	44,467
Income tax payable	12,331	11,337	306	68
Total current liabilities	279,353	363,497	94,312	163,696
Non-current liabilities:				
Advances from subsidiaries	-	-	21,320	22,094
Derivative financial instruments ⁽²⁾	-	4,530	-	4,530
Long-term borrowings	852,931	847,003	451,005	430,265
Deferred tax liabilities	13,802	14,151	956	1,016
Total non-current liabilities	866,733	865,684	473,281	457,905
Share capital and reserves:				
Share capital	719,345	717,895	719,345	717,895
Reserves	1,002,115	1,006,144	180,488	179,029
Equity attributable to shareholders of the Company	1,721,460	1,724,039	899,833	896,924
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,869,807	1,872,386	1,048,180	1,045,271
Non-controlling interests	80,505	76,898	-	-
Total equity	1,950,312	1,949,284	1,048,180	1,045,271
Total liabilities and equity	3,096,398	3,178,465	1,615,773	1,666,872

Note:

- (1) Acquisition of held-for-trading investments during the quarter.
- (2) The Group entered into cross currency swaps during the previous financial year to manage its exposure to exchange rate movements on its investments. This represents the estimated fair value of the swaps as at reporting date.

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, 2016		As at Dec 31, 2015	
Secured	Unsecured	Secured	Unsecured
\$134,936,000	\$29,998,000	\$131,602,000	99,983,000

Amount repayable after one year

As at Mar 31, 2016		As at Dec 31, 2015	
Secured	Unsecured	Secured	Unsecured
\$403,861,000	\$449,070,000	\$432,799,000	\$414,204,000

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, 2016 \$'000	Quarter ended Mar 31, 2015 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	23,803	30,138
Adjustments for:		
Amortisation of intangible assets	83	82
Depreciation expense	13,340	13,068
Share-based payment expense	1,460	2,611
Write-back of impairment of available-for-sale investments	(40)	(97)
Gain on disposal of property, plant and equipment	-	(55)
Finance costs	8,045	8,403
Interest income	(821)	(311)
Profit before working capital changes	45,870	53,839
Trade and other payables	(16,342)	(23,013)
Completed properties held for sale	-	8,045
Receivables and prepayments	(9,578)	4,236
Held-for-trading investments	(8,082)	9,495
Inventories	690	1,307
Cash generated from operations	12,558	53,909
Income tax paid	(5,177)	(3,119)
Net cash from operating activities	7,381	50,790
Cash flows used in investing activities:		
Additional property, plant and equipment	(16,926)	(14,530)
Additional available-for-sale investment	(665)	(52,257)
Net repayment from associates and jointly controlled entities	4,027	16,977
Proceeds from disposal of property, plant and equipment	159	305
Cash used in investing activities	(13,405)	(49,505)
Cash flows (used in) from financing activities:		
Interest received	821	311
Finance costs paid	(7,799)	(8,141)
Non-controlling shareholders	472	1,075
Additional borrowings	65,783	90,063
Repayment of borrowings	(96,946)	(72,269)
Cash (used in) from financing activities	(37,669)	11,039
Net (decrease) increase in cash and cash equivalents	(43,693)	12,324
Cash and cash equivalents at beginning of period	155,107	133,103
Effect of exchange rate changes on cash balances held in foreign currencies	(1,859)	2,335
Cash and cash equivalents at end of period	109,555	147,762

Cash and cash equivalents at end of period

The cash and cash equivalents as at Mar 31, 2016, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,555,000.

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 Jan 1, 2015	715,415	887,165	99,509	1,702,089	148,347	1,850,436	71,064	1,921,500
Total comprehensive income for the period								
Profit for the period	-	14,299	-	14,299	-	14,299	5,490	19,789
Other comprehensive income for the period	-	-	19,427	19,427	-	19,427	1,180	20,607
Total	-	14,299	19,427	33,726	-	33,726	6,670	40,396
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	2,611	2,611	-	2,611	-	2,611
Net movement during the period	-	-	-	-	-	-	2,224	2,224
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	-	1,161	2,611	-	2,611	2,224	4,835
Balance as at Mar 31, 2015	716,865	901,464	120,097	1,738,426	148,347	1,886,773	79,958	1,966,731
Balance as at Jan 1, 2016	717,895	907,542	98,602	1,724,039	148,347	1,872,386	76,898	1,949,284
Total comprehensive income (loss) for the period								
Profit for the period	-	14,339	-	14,339	-	14,339	6,194	20,533
Other comprehensive loss for the period	-	-	(18,378)	(18,378)	-	(18,378)	(1,661)	(20,039)
Total	-	14,339	(18,378)	(4,039)	-	(4,039)	4,533	494
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,460	1,460	-	1,460	-	1,460
Net movement during the period	-	-	-	-	-	-	(926)	(926)
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	-	10	1,460	-	1,460	(926)	534
Balance as at Mar 31, 2016	719,345	921,881	80,234	1,721,460	148,347	1,869,807	80,505	1,950,312

* 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 Jan 1, 2015	715,415	71,015	113,082	899,512	148,347	1,047,859
Total comprehensive loss for the period						
Loss for the period	-	(4,217)	-	(4,217)	-	(4,217)
Total	-	(4,217)	-	(4,217)	-	(4,217)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	2,611	2,611	-	2,611
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	-	1,161	2,611	-	2,611
Balance as at Mar 31, 2015	716,865	66,798	114,243	897,906	148,347	1,046,253
Balance as at Jan 1, 2016	717,895	61,960	117,069	896,924	148,347	1,045,271
Total comprehensive income (loss) for the period						
Loss for the period	-	(1,747)	-	(1,747)	-	(1,747)
Other comprehensive income for the period	-	-	3,196	3,196	-	3,196
Total	-	(1,747)	3,196	1,449	-	1,449
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,460	1,460	-	1,460
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	-	10	1,460	-	1,460
Balance as at Mar 31, 2016	719,345	60,213	120,275	899,833	148,347	1,048,180

** 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 351,900 new ordinary shares for the current quarter under review upon vesting of performance shares granted in conjunction with the Hotel Properties Limited Performance Share Plan.

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

As at Mar 31, 2016, the number of outstanding share options under the Company's Share Option Schemes was 13,045,000 (as at Mar 31, 2015: 8,320,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,507,600 (as at Mar 31, 2015: 1,759,500).

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

	Mar 31, 2016	Dec 31, 2015
Total number of issued shares excluding treasury shares	519,982,651	519,630,751

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, 2016. The adoption of these revised FRSs and amendments has no significant impact to the Group.

6. Earnings Per Ordinary Share

	Quarter ended Mar 31, 2016	Quarter ended Mar 31, 2015
Based on the weighted average number of ordinary shares in issue	2.32 cents	2.31 cents
On a fully diluted basis	2.31 cents	2.31 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, 2016	Dec 31, 2015
GROUP	\$3.31	\$3.32
COMPANY	\$1.73	\$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 first quarter ended March 31, 2016, the Group recorded a revenue of \$143.7 million compared to \$158.9 million for the corresponding quarter last year. The decrease was primarily due to lower contributions from the Tomlinson Heights condominium development and the Group's resorts in the Maldives. Four Seasons Resort Bali at Jimbaran Bay is currently undergoing a major refurbishment which has affected its performance while Holiday Inn at Vanuatu was also closed for repair since the cyclone in March 2015.

The Group's share of results of associates and jointly controlled entities improved from a loss of \$3.9 million for Q1 2015 to a profit of \$3.0 million for Q1 2016 mainly due to higher profit contributions from Four Seasons Resort Seychelles and Four Seasons Hotel The Westcliff, Johannesburg, as well as reduced losses from Four Seasons Hotel Shanghai at Pudong which was disposed in July 2015.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2016, was \$14.34 million compared to \$14.30 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.

With the global economic outlook remaining uncertain, the Group expects the year ahead to be a challenging one across various business sectors. Nevertheless, our hotels and resorts are expected to generate a recurring income stream for the Group. Refurbishment works are ongoing at various properties. With a strong balance sheet, the Group is also well-poised to capitalise on available investment opportunities.

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 financial period ended Mar 31, 2016 (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	2,516	-
- Management fee income	460	-
- Management fee expense	208	-

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 first quarter 2016 unaudited financial statements to be false or misleading in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
May 12, 2016