



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Third Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Sep 30, 2016	Quarter ended Sep 30, 2015
Revenue	139,989	133,278
Cost of sales	(107,434)	(101,751)
Gross profit	32,555	31,527
Other operating income	1,349	3,482
Administrative expenses	(14,974)	(13,978)
Other operating expenses	(237)	(446)
Finance costs	(7,378)	(9,114)
Share of results of associates and jointly controlled entities	24,187	9,899
Profit before income tax	35,502	21,370
Income tax expense	(4,277)	(3,970)
Profit after income tax	31,225	17,400
Attributable to:		
Shareholders of the Company	32,109	16,897
Non-controlling interests	(884)	503
	31,225	17,400

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

	GROUP \$'000	
	Quarter ended Sep 30, 2016	Quarter ended Sep 30, 2015
Investment income*	101	-
Other income including interest income*	860	450
Depreciation and amortisation	(13,205)	(12,917)
Fair value gain in held-for-trading investments*	93	-
Foreign exchange gain*	212	2,841
Adjustment for under provision of tax in respect of prior years	-	82
Impairment of available-for-sale investments*	-	(76)
Gain on disposal of available-for-sale investment*	68	-
Gain on disposal of property, plant and equipment*	-	189

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Sep 30, 2016	Quarter ended Sep 30, 2015
Profit after income tax	31,225	17,400
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	16,933	1,260
Decrease in other reserves	(317)	(430)
Share of other comprehensive (loss) income of associates and jointly controlled entities	(3,185)	346
	13,431	1,176
Other comprehensive income for the period, net of tax	13,431	1,176
Total comprehensive income	44,656	18,576
Attributable to:		
Shareholders of the Company	44,567	16,945
Non-controlling interests	89	1,631
	44,656	18,576

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
ASSETS				
Current assets:				
Cash and bank balances	109,914	158,827	10,507	84,453
Held-for-trading investments ⁽¹⁾	6,564	-	-	-
Trade and other receivables	97,847	57,152	3,956	2,542
Amount due from associates and jointly controlled entities	156,237	199,625	5,751	5,751
Amount due from subsidiaries	-	-	945,569	889,486
Inventories	8,422	9,131	194	239
Completed properties held for sale	175,376	207,936	-	-
Total current assets	554,360	632,671	965,977	982,471
Non-current assets:				
Associates and jointly controlled entities	628,513	585,589	-	-
Subsidiaries	-	-	384,450	454,781
Available-for-sale investments	53,280	66,540	-	-
Property, plant and equipment	1,189,971	1,195,059	230,019	229,620
Investment properties	688,698	688,698	-	-
Derivative financial instruments ⁽²⁾	15,073	-	15,073	-
Deferred tax assets	3,707	3,723	-	-
Intangible assets	5,934	6,185	-	-
Total non-current assets	2,585,176	2,545,794	629,542	684,401
Total assets	3,139,536	3,178,465	1,595,519	1,666,872
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	250,951	231,585	24,988	99,983
Trade and other payables	113,339	120,575	21,896	19,178
Amount due to subsidiaries	-	-	46,908	44,467
Income tax payable	6,963	11,337	1,195	68
Total current liabilities	371,253	363,497	94,987	163,696
Non-current liabilities:				
Advances from subsidiaries	-	-	21,737	22,094
Derivative financial instruments ⁽²⁾	-	4,530	-	4,530
Long-term borrowings	790,587	847,003	478,627	430,265
Deferred tax liabilities	13,810	14,151	866	1,016
Total non-current liabilities	804,397	865,684	501,230	457,905
Share capital and reserves:				
Share capital	719,693	717,895	719,693	717,895
Reserves	1,015,272	1,006,144	131,262	179,029
Equity attributable to shareholders of the Company	1,734,965	1,724,039	850,955	896,924
Perpetual capital securities	148,347	148,347	148,347	148,347
	1,883,312	1,872,386	999,302	1,045,271
Non-controlling interests	80,574	76,898	-	-
Total equity	1,963,886	1,949,284	999,302	1,045,271
Total liabilities and equity	3,139,536	3,178,465	1,595,519	1,666,872

Note:

- (1) Acquisition of held-for-trading investments during the first 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 Sep 30, 2016		As at Dec 31, 2015	
Secured	Unsecured	Secured	Unsecured
\$225,963,000	\$24,988,000	\$131,602,000	\$99,983,000

Amount repayable after one year

As at Sep 30, 2016		As at Dec 31, 2015	
Secured	Unsecured	Secured	Unsecured
\$366,377,000	\$424,210,000	\$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 Sep 30, 2016 \$'000	Quarter ended Sep 30, 2015 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	11,315	11,471
Adjustments for:		
Amortisation of intangible assets	83	84
Depreciation expense	13,122	12,833
Share-based payment expense	1,180	1,509
Impairment of available-for-sale investments	-	76
Gain on disposal of available-for-sale investments	(68)	-
Gain on disposal of property, plant and equipment	-	(189)
Finance costs	7,378	9,114
Interest income	(779)	(307)
Dividend income	(101)	-
Profit before working capital changes	32,130	34,591
Trade and other payables	9,246	9,873
Completed properties held for sale	16,674	7,943
Receivables and prepayments	(8,664)	39,849
Held-for-trading investments	640	-
Inventories	(240)	275
Cash generated from operations	49,786	92,531
Dividend received	101	-
Income tax paid	(7,377)	(15,149)
Net cash from operating activities	42,510	77,382
Cash flows used in investing activities:		
Additional property, plant and equipment	(17,015)	(16,938)
Additional available-for-sale investment	(2,223)	(741)
Additional intangible asset	-	(207)
Net repayment from associates and jointly controlled entities	53,069	59,811
Proceeds from disposal of available-for-sale investment	7,999	-
Proceeds from disposal of property, plant and equipment	198	406
Cash from investing activities	42,028	42,331
Cash flows used in financing activities:		
Interest received	779	307
Finance costs paid	(7,240)	(8,845)
Non-controlling shareholders	445	(7,582)
Additional borrowings	15,442	19,392
Repayment of borrowings	(56,937)	(37,491)
Cash used in financing activities	(47,511)	(34,219)
Net increase in cash and cash equivalents	37,027	85,494
Cash and cash equivalents at beginning of period	68,485	84,580
Effect of exchange rate changes on cash balances held in foreign currencies	803	(333)
Cash and cash equivalents at end of period	106,315	169,741

Cash and cash equivalents at end of period

The cash and cash equivalents as at Sep 30, 2016, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,599,000.

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 Jul 1, 2015	717,895	857,132	96,430	1,671,457	148,347	1,819,804	79,012	1,898,816
Total comprehensive income for the period								
Profit for the period	-	16,897	-	16,897	-	16,897	503	17,400
Other comprehensive income for the period	-	-	48	48	-	48	1,128	1,176
Total	-	16,897	48	16,945	-	16,945	1,631	18,576
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,509	1,509	-	1,509	-	1,509
Net movement during the period	-	-	-	-	-	-	(5,994)	(5,994)
Total	-	-	1,509	1,509	-	1,509	(5,994)	(4,485)
Balance as at Sep 30, 2015	717,895	874,029	97,987	1,689,911	148,347	1,838,258	74,649	1,912,907
Balance as at Jul 1, 2016	719,345	888,922	80,951	1,689,218	148,347	1,837,565	79,634	1,917,199
Total comprehensive income for the period								
Profit (Loss) for the period	-	32,109	-	32,109	-	32,109	(884)	31,225
Other comprehensive income for the period	-	-	12,458	12,458	-	12,458	973	13,431
Total	-	32,109	12,458	44,567	-	44,567	89	44,656
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,180	1,180	-	1,180	-	1,180
Net movement during the period	-	-	-	-	-	-	851	851
Issue of shares	348	-	(348)	-	-	-	-	-
Total	348	-	832	1,180	-	1,180	851	2,031
Balance as at Sep 30, 2016	719,693	921,031	94,241	1,734,965	148,347	1,883,312	80,574	1,963,886

* 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 Jul 1, 2015	717,895	6,425	114,905	839,225	148,347	987,572
Total comprehensive loss for the period						
Loss for the period	-	(2,730)	-	(2,730)	-	(2,730)
Other comprehensive loss for the period	-	-	(1,088)	(1,088)	-	(1,088)
Total	-	(2,730)	(1,088)	(3,818)	-	(3,818)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,509	1,509	-	1,509
Total	-	-	1,509	1,509	-	1,509
Balance as at Sep 30, 2015	717,895	3,695	115,326	836,916	148,347	985,263
Balance as at Jul 1, 2016	719,345	10,525	121,859	851,729	148,347	1,000,076
Total comprehensive income (loss) for the period						
Loss for the period	-	(2,275)	-	(2,275)	-	(2,275)
Other comprehensive income for the period	-	-	321	321	-	321
Total	-	(2,275)	321	(1,954)	-	(1,954)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,180	1,180	-	1,180
Issue of shares	348	-	(348)	-	-	-
Total	348	-	832	1,180	-	1,180
Balance as at Sep 30, 2016	719,693	8,250	123,012	850,955	148,347	999,302

** 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 100,000 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 Sep 30, 2016, the number of outstanding share options under the Company's Share Option Schemes was 13,045,000 (as at Sep 30, 2015: 10,645,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,407,600 (as at Sep 30, 2015: 1,759,500).

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

	Sep 30, 2016	Dec 31, 2015
Total number of issued shares excluding treasury shares	520,082,651	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 Sep 30, 2016	Quarter ended Sep 30, 2015
Based on the weighted average number of ordinary shares in issue	5.73 cents	2.81 cents
On a fully diluted basis	5.72 cents	2.81 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, 2016	Dec 31, 2015
GROUP	\$3.34	\$3.32
COMPANY	\$1.64	\$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 quarter ended September 30, 2016, the Group achieved a revenue of \$140 million, which is 5% higher than the \$133.3 million recorded for the corresponding quarter last year. The increase was mainly attributable to sale of completed condominium units from the Tomlinson Heights development, partially offset by weaker performance by the Group's resorts in the Maldives due to softer demand and on-going refurbishment works.

The Group's share of results of associates and jointly controlled entities increased from \$9.9 million to \$24.2 million due mainly to a gain from the disposal of Mandarin Oriental Hotel Prague by an associate. During the quarter under review, the Group also received repayments from various associates contributing to both a reduction in borrowings and the amount due from associates in the Group's Statement of Financial Position. Finance costs for the quarter under review decreased by 19% from \$9.1 million to \$7.4 million as a result of lower borrowings and interest rates.

Group profit before income tax for the quarter ended September 30, 2016, was \$35.5 million compared to \$21.4 million for the corresponding quarter last year. After accounting for taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended September 30, 2016, was \$32.1 million, an increase of 90% from \$16.9 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 continued weakness in the global economy and the uncertainty relating to the US election, the Group's businesses are expected to face challenging operating conditions ahead. The hospitality industry is likely to experience softer demand as both leisure and business travelers become more cautious with their travel expenditure. Nevertheless, with the Group's hotels and resorts operating under strong hospitality brand names and in diversified locations, together with asset enhancement initiatives, the Group is expected to remain resilient amidst these challenges. On the property front, despite the challenging market, recent marketing campaigns launched by the Group's associates for d'Leedon and The Interlace condominiums were well received by property buyers. Remaining units at the Tomlinson Heights are also progressively being sold.

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, 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	2,472	-
- Management fee income	211	-
- Management fee expense	193	-

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 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
November 10, 2016