

HOTEL PROPERTIES LIMITED (REG. No. 198000348Z)**Third Quarter Financial Statement****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP \$'000	
	Quarter ended Sep 30, 2004	Quarter ended Sep 30, 2003
Revenue	83,016	78,362
Cost of sales	(58,477)	(60,450)
Gross profit	24,539	17,912
Other operating income	843	788
Administrative expenses	(10,157)	(9,689)
Other operating expenses	(881)	(2,059)
Profit from operations	14,344	6,952
Finance costs	(4,283)	(3,598)
Other non-operating (expenses) income	(252)	3,177
Profit before income tax and share of results of associates	9,809	6,531
Share of results of associates	1,833	(987)
Profit before income tax	11,642	5,544
Income tax	(2,286)	(2,036)
Profit after income tax	9,356	3,508
Minority interests	(848)	(309)
Net profit attributable to shareholders	8,508	3,199

Notes to the above income statement:

	GROUP \$'000	
	Quarter ended Sep 30, 2004	Quarter ended Sep 30, 2003
Other income including interest income	773	651
Interest on borrowings	(4,283)	(3,598)
Depreciation and amortisation	(10,304)	(10,082)
(Allowance for) Write back of allowance for inventories	(5)	163
Write-back of (Allowance for) impairment loss in short-term investments	512	(730)
Write back of impairment loss in long-term investments	-	3,374
Foreign exchange (loss) gain	(223)	264
Adjustment for (under) overprovision of tax in respect of prior years	(8)	194
Plant and equipment written off	(231)	(352)
(Loss) Gain on disposal of short-term investments	(260)	863
Loss on disposal of investment property	-	(143)
Gain on disposal of property, plant and equipment	127	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2004	Dec 31, 2003	Sep 30, 2004	Dec 31, 2003
ASSETS				
Current assets:				
Cash	62,062	84,347	4,813	17,527
Short-term investments	9,738	6,428	-	-
Trade receivables	23,250	20,469	1,632	1,382
Other receivables and prepayments	14,491	19,503	696	802
Inventories	6,999	7,899	148	219
Development properties	28,570	27,367	-	-
Completed properties held for sale	10,349	10,349	-	-
Total current assets	155,459	176,362	7,289	19,930
Non-current assets:				
Associates	82,861	87,651	12,322	12,997
Subsidiaries	-	-	709,599	722,723
Other long-term investments	29,483	29,476	-	-
Property, plant and equipment	1,119,156	1,051,058	229,462	230,506
Investment properties	280,625	281,104	-	-
Expenditure carried forward	18,006	11,431	195	292
Negative goodwill	(16,663)	(16,833)	-	-
Total non-current assets	1,513,468	1,443,887	951,578	966,518
Total assets	1,668,927	1,620,249	958,867	986,448
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	39,957	28,389	-	-
Trade payables	28,694	30,330	9,085	8,390
Other payables	27,311	33,347	-	-
Income tax payable	3,107	5,766	279	400
Total current liabilities	99,069	97,832	9,364	8,790
Non-current liabilities				
Long-term bank loans	530,187	543,393	201,020	223,426
Advances from subsidiaries	-	-	63,528	62,637
Deferred tax liabilities	2,594	4,147	701	1,213
Total non-current liabilities	532,781	547,540	265,249	287,276
Minority interests	54,195	49,649	-	-
Share capital and reserves:				
Issued capital	453,024	453,024	453,024	453,024
Reserves	529,858	472,204	231,230	237,358
Total equity	982,882	925,228	684,254	690,382
Total liabilities and equity	1,668,927	1,620,249	958,867	986,448

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/9/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$39,957,000	-	\$28,389,000	-

Amount repayable after one year

As at 30/9/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$380,187,000	\$150,000,000	\$393,393,000	\$150,000,000

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) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Quarter ended Sep 30, 2004 \$'000	Quarter ended Sep 30, 2003 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates	9,809	6,531
Adjustments for:		
Amortisation of expenditure carried forward	496	441
Depreciation expense	9,808	9,641
Gain on disposal of property, plant and equipment	(127)	-
Loss on disposal of an investment property	-	143
(Write-back of) Allowance for impairment loss in short-term investment	(512)	730
Write back of impairment loss in long-term investments	-	(3,374)
Plant and equipment written off	231	352
Release of negative goodwill	(57)	-
Interest expense	4,283	3,598
Interest income	(552)	(563)
Dividend income	(58)	(4)
Profit before working capital changes	23,321	17,495
Payables and accrued expenses	894	6,607
Completed properties held for sale	-	4,592
Receivables and prepayments	(570)	(2,922)
Short-term investments	(492)	7,547
Inventories	563	(2,725)
Cash generated from operations	23,716	30,594
Dividend income received	58	4
Interest received	552	563
Interest paid	(4,283)	(3,598)
Income tax paid	(2,206)	(10,172)
Net cash from operating activities	17,837	17,391
Cash flows from investing activities:		
Additional expenditure carried forward	(55)	(92)
Additional investment properties	(8)	-
Additional property, plant and equipment	(9,711)	(18,270)
Development properties and expenditure	(943)	(8,455)
Proceeds from disposal of property, plant and equipment	167	46
Net investment in associates	(1,630)	6,191
Cash used in investing activities	(12,180)	(20,580)
Cash flows from financing activities:		
Repayment of term loans	(10,174)	(4,583)
Cash used in financing activities	(10,174)	(4,583)
Net effect of exchange rate changes in consolidation	(303)	1,090
Net decrease in cash	(4,820)	(6,682)
Cash at beginning of period	66,882	87,259
Cash at end of period	62,062	80,577

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Reserve on consolidation \$'000	Retained profits \$'000	Dividend reserve \$'000	Total \$'000
GROUP								
Balance as at Jul 1, 2004	453,024	121,092	278,371	(43,519)	19,899	150,734	-	979,601
Exchange fluctuation differences	-	-	-	(5,189)	-	-	-	(5,189)
Share of revaluation reserve of associates arising during the period	-	-	(38)	-	-	-	-	(38)
Net loss not recognised in the consolidated profit and loss statement	-	-	(38)	(5,189)	-	-	-	(5,227)
Net profit for the period	-	-	-	-	-	8,508	-	8,508
Balance as at Sep 30, 2004	453,024	121,092	278,333	(48,708)	19,899	159,242	-	982,882
Balance as at Jul 1, 2003	453,024	121,092	216,823	(39,673)	19,899	137,881	-	909,046
Exchange fluctuation differences	-	-	-	1,165	-	-	-	1,165
Share of revaluation reserve of associates arising during the period	-	-	(47)	-	-	-	-	(47)
Net profit (loss) not recognised in the consolidated profit and loss statement	-	-	(47)	1,165	-	-	-	1,118
Net profit for the period	-	-	-	-	-	3,199	-	3,199
Balance as at Sep 30, 2003	453,024	121,092	216,776	(38,508)	19,899	141,080	-	913,363

COMPANY								
Balance as at Jul 1, 2004	453,024	120,885	110,785	(5,876)	-	6,332	-	685,150
Net gain not recognised in the profit and loss statement, being exchange fluctuation differences	-	-	-	320	-	-	-	320
Net loss for the period	-	-	-	-	-	(1,216)	-	(1,216)
Balance as at Sep 30, 2004	453,024	120,885	110,785	(5,556)	-	5,116	-	684,254
Balance as at Jul 1, 2003	453,024	120,885	110,785	(6,303)	-	6,027	-	684,418
Net gain not recognised in the profit and loss statement, being exchange fluctuation differences	-	-	-	266	-	-	-	266
Net loss for the period	-	-	-	-	-	(823)	-	(823)
Balance as at Sep 30, 2003	453,024	120,885	110,785	(6,037)	-	5,204	-	683,861

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

The Company did not issue any new share since the end of the previous period reported on to the date of this announcement.

The number of shares that may be issued on conversion of all share options outstanding as at September 30, 2004 was 3,710,000 (as at September 30, 2003 was 5,220,000).

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

N.A.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

N.A.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Quarter ended Sep 30, 2004	Quarter ended Sep 30, 2003
Based on the weighted average number of ordinary shares in issue	1.88 cents	0.71 cents
On a fully diluted basis	1.88 cents	0.71 cents

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Sep 30, 2004	Dec 31, 2003
GROUP	\$2.17	\$2.04
COMPANY	\$1.51	\$1.52

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

For the third quarter ended September 30, 2004, the Group achieved a net profit attributable to shareholders of \$8.5 million, a 166% increase over the corresponding period last year. The higher profit was achieved by better performance from operations, particularly from the Hotel division.

The Group's hotels and resorts benefited from the recovery of the global hospitality industry to previous levels thereby achieving both higher room rates as well as occupancies. Four Seasons Resort Maldives at Kuda Huraa continues to be a major contributor to the Group's bottomline and the resorts in Bali, Indonesia have also turned around, achieving close to pre-crisis performances.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Group's results for Q3 2004 are in line with the commentary made in paragraph 10 of the Group's Second Quarter Financial Statement Announcement released on August 12, 2004.

10. **A commentary at the date of the announcement of the 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 Hotel division is expected to continue to contribute strongly to the Group's operating results for the rest of the year. Whilst risks such as political unrest and terrorism remain, the overall economic and business outlook for the rest of this year is expected to be robust.

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

N.A.

(d) Books closure date

N.A.

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")

Name of Interested Person	Aggregate value of all IPT during the third quarter ended Sep 30, 2004 (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 Peter Y S Fu / Mr Ong Beng Seng / Mr David Fu Kuo Chen		
- Rental income	2,026	-
- Management fee income	205	-
- Management fee expense	101	-

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.

BY ORDER OF THE BOARD

Boon Suan Lee & Chuang Sheue Ling
Joint Company Secretaries
November 8, 2004