

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, 2005	Quarter ended Sep 30, 2004 (restated)
Revenue	83,275	83,016
Cost of sales	(59,690)	(58,477)
Gross profit	23,585	24,539
Other operating income	804	843
Administrative expenses	(9,743)	(10,157)
Other operating expenses	(1,356)	(881)
Finance costs	(5,018)	(4,283)
Other non-operating income (expense)	1,500	(558)
Profit before income tax and share of results of associates	9,772	9,503
Share of results of associates	3,137	1,833
Profit before income tax	12,909	11,336
Income tax expense	(3,712)	(2,286)
Profit after income tax	9,197	9,050
Attributable to:		
Shareholders of the Company	9,253	8,223
Minority interests	(56)	827
	9,197	9,050

Notes to the above income statement:

	GROUP \$'000	
	Quarter ended Sep 30, 2005	Quarter ended Sep 30, 2004 (restated)
Investment income	112	-
Other income including interest income	366	773
Interest on borrowings	(4,542)	(4,283)
Depreciation and amortisation	(9,081)	(10,304)
Allowance for inventories	-	(5)
Write-back of impairment loss in short-term investments	334	512
Foreign exchange gain (loss)	57	(529)
Adjustment for under provision of tax in respect of prior years	(133)	(8)
Plant and equipment written off	(260)	(231)
Gain (Loss) on disposal of short-term investments	325	(260)
(Loss) Gain on disposal of property, plant and equipment	(86)	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, 2005	Dec 31, 2004 (restated)	Sep 30, 2005	Dec 31, 2004 (restated)
ASSETS				
Current assets:				
Cash	51,620	63,573	6,025	8,391
Short-term investments	12,433	3,894	-	-
Trade receivables	20,908	24,150	1,873	1,430
Other receivables and prepayments	13,155	14,089	1,073	736
Inventories	7,689	7,588	165	192
Development properties	61,735	31,397	-	-
Completed properties held for sale	8,639	10,349	-	-
Total current assets	176,179	155,040	9,136	10,749
Non-current assets:				
Associates	63,512	63,866	11,556	12,322
Subsidiaries	-	-	652,605	672,291
Other long-term investments	8,201	11,473	-	-
Other long-term asset	1,542	1,298	-	-
Property, plant and equipment	1,087,562	1,106,017	228,308	228,913
Investment properties	274,996	275,652	-	-
Expenditure carried forward	17,086	18,436	-	162
Negative goodwill	-	(16,606)	-	-
Total non-current assets	1,452,899	1,460,136	892,469	913,688
Total assets	1,629,078	1,615,176	901,605	924,437
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	135,661	43,422	74,916	-
Trade payables	30,426	31,120	9,569	9,599
Other payables	20,937	23,081	-	-
Income tax payable	4,701	4,158	563	305
Total current liabilities	191,725	101,781	85,048	9,904
Non-current liabilities				
Long-term bank loans	375,440	470,023	85,098	150,000
Advances from subsidiaries	-	-	44,500	60,376
Deferred tax liabilities	3,608	3,611	512	651
Total non-current liabilities	379,048	473,634	130,110	211,027
Share capital and reserves:				
Issued capital	453,959	453,024	453,959	453,024
Reserves	547,828	532,623	232,488	250,482
Shareholders' equity	1,001,787	985,647	686,447	703,506
Minority interests	56,518	54,114	-	-
Total equity	1,058,305	1,039,761	686,447	703,506
Total liabilities and equity	1,629,078	1,615,176	901,605	924,437

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

Amount repayable in one year or less, or on demand

As at 30/9/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
\$60,745,000	\$74,916,000	\$43,422,000	-

Amount repayable after one year

As at 30/9/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
\$300,646,000	\$74,794,000	\$320,023,000	\$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, 2005 \$'000	Quarter ended Sep 30, 2004 \$'000 (restated)
Cash flows from operating activities:		
Profit before income tax and share of results of associates	9,772	9,503
Adjustments for:		
Amortisation of expenditure carried forward	96	496
Depreciation expense	8,985	9,808
Loss (Gain) on disposal of property, plant and equipment	86	(127)
Write back of impairment loss in short-term investments	-	(512)
Release of negative goodwill	-	(57)
Plant and equipment written off	260	231
Interest expense	4,542	4,283
Interest income	(311)	(552)
Dividend income	(112)	(58)
Profit before working capital changes	23,318	23,015
Payables and accrued expenses	5,223	894
Receivables and prepayments	1,497	(570)
Short-term investments	(4,243)	(492)
Inventories	299	563
Cash generated from operations	26,094	23,410
Dividend received	112	58
Interest received	311	552
Interest paid	(4,542)	(4,283)
Income tax paid	(1,905)	(2,206)
Net cash from operating activities	20,070	17,531
Cash flows from investing activities:		
Additional expenditure carried forward	-	(55)
Additional investment properties	-	(8)
Additional property, plant and equipment	(18,447)	(9,711)
Development properties and expenditure	4,904	(943)
Proceeds from disposal of long-term investments	764	-
Proceeds from disposal of property, plant and equipment	79	167
Net investment in associates	5,127	(1,630)
Cash used in investing activities	(7,573)	(12,180)
Cash flows from financing activities:		
Advances from a minority shareholder	2,005	-
Proceeds from issue of share capital	275	-
Repayment of term loans	(5,903)	(10,174)
Cash used in financing activities	(3,623)	(10,174)
Net effect of exchange rate changes in consolidation	(98)	3
Net increase (decrease) in cash	8,776	(4,820)
Cash at beginning of period	42,844	66,882
Cash at end of period	51,620	62,062

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	Other capital reserve \$'000	Retained profits \$'000	Option reserve \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP										
Balance as at Jul 1, 2005	453,684	121,092	271,185	18,814	536	127,458	84	992,853	54,472	1,047,325
Adjustment to opening balance	-	-	-	(24,110)	-	24,110	-	-	-	-
Exchange fluctuation differences	-	-	-	529	-	-	-	529	86	615
Transfer to profit and loss statement during the period	-	-	(1,279)	-	-	-	-	(1,279)	-	(1,279)
Net advances from minority shareholders during the period	-	-	-	-	-	-	-	-	2,016	2,016
Fair value gain on interest rate swap during the period	-	-	-	-	92	-	-	92	-	92
Share options expensed during the period	-	-	-	-	-	-	64	64	-	64
Net profit for the period	-	-	-	-	-	9,253	-	9,253	(56)	9,197
Issue of shares	275	-	-	-	-	-	-	275	-	275
Balance as at Sep 30, 2005	453,959	121,092	269,906	(4,767)	628	160,821	148	1,001,787	56,518	1,058,305

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Reserve on consolidation \$'000	Retained profits \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP									
Balance as at Jul 1, 2004 (restated)	453,024	121,092	278,371	23,068	19,899	84,147	979,601	52,847	1,032,448
Exchange fluctuation differences	-	-	-	(4,904)	-	-	(4,904)	959	(3,945)
Share of revaluation reserve of associates arising during the period	-	-	(38)	-	-	-	(38)	-	(38)
Net repayment from minority shareholders during the period	-	-	-	-	-	-	-	(655)	(655)
Net profit for the period	-	-	-	-	-	8,223	8,223	827	9,050
Balance as at Sep 30, 2004	453,024	121,092	278,333	18,164	19,899	92,370	982,882	53,978	1,036,860

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Option reserve \$'000	Total equity \$'000
COMPANY						
Balance as at Jul 1, 2005	453,684	120,885	110,785	1,304	84	686,742
Share options expensed during the period	-	-	-	-	64	64
Net loss for the period	-	-	-	(634)	-	(634)
Issue of shares	275	-	-	-	-	275
Balance as at Sep 30, 2005	453,959	120,885	110,785	670	148	686,447
Balance as at Jul 1, 2004 (restated)	453,024	120,885	110,785	456	-	685,150
Net loss for the period	-	-	-	(896)	-	(896)
Balance as at Sep 30, 2004	453,024	120,885	110,785	(440)	-	684,254

- 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**

Since the end of the previous period reported on to the date of this announcement, 355,000 new ordinary shares of \$1.00 each were issued by the Company at the price of \$1.00 per share upon exercise of subscription rights by senior executives of the Company granted in conjunction with Hotel Properties Limited Share Option Scheme 2000.

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

The number of shares that may be issued on conversion of all share options outstanding as at Sep 30, 2005 was 2,550,000 (as at Sep 30, 2004 was 3,710,000).

- 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 except as explained in paragraph 5 below.

- 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**

The Group has adopted all new/revised Singapore Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after January 1, 2005 as detailed below. The comparative figures have been amended where as required in accordance with the relevant transitional provisions of the respective FRS. The effects of the adoption of the new/revised FRS on the opening retained profits and current quarter have been disclosed in the Group's First Quarter Financial Statement Announcement dated 11 May 2005 and paragraph 1(d)(i).

FRS 10 - Events after the Balance Sheet Date

In accordance with FRS 10, dividends declared should be disclosed in the notes to the financial statements. Companies are no longer given the option to record such dividends on the face of the balance sheet as a separate component of the equity (dividend reserve).

FRS 21 - The Effects of Changes in Foreign Exchange Rates

Exchange differences arising on monetary items treated as part of a reporting entity's net investment in a foreign operation are recognised in the profit and loss statement at the company level, but are recognised in equity at group level (if these are denominated in the functional currency of the reporting entity or the foreign operation) until disposal, at which time they are taken to profit or loss.

FRS 27 - Consolidated and Separate Financial Statements

Requires minority interests to be presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity.

FRS 39 - Financial Instruments: Recognition and Measurement

Derivatives are recognised at fair value on the balance sheet with changes in fair value recognised in the profit and loss statement unless the derivative is a hedging instrument. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and recycled to the profit and loss statement when the hedge transaction affects profit and loss.

FRS 103 - Business Combinations

Existing goodwill must not be amortised, but must be tested for impairment at least annually. Existing negative goodwill must be taken to retained earnings in the period of adoption.

FRS 102 - Share-based Payment

FRS 102 requires the Group and Company to recognise an expense in the income statement with a corresponding increase in equity for share options granted under the Hotel Properties Limited Share Option Scheme 2000 after 22 November 2002 and had not yet vested at 1 January 2005.

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, 2005	Quarter ended Sep 30, 2004 (restated)
Based on the weighted average number of ordinary shares in issue	2.04 cents	1.82 cents
On a fully diluted basis	2.04 cents	1.81 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, 2005	Dec 31, 2004 (restated)
GROUP	\$2.21	\$2.18
COMPANY	\$1.51	\$1.55

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, 2005, Group revenue was \$83.3 million compared with \$83 million for the corresponding quarter last year. Group profit before tax achieved was \$12.9 million, an increase of 13.9% from \$11.3 million in Q3 2004.

Although Four Seasons Resort Maldives at Kuda Huraa remained closed for upgrading during the quarter under review, improvements from other hotels in the Group made up for the shortfall. In particular, the Group's 3 hotels in Singapore saw good improvements both in occupancy and room rates. The property division also contributed positively to the Group's bottomline. As the construction work of the Oasis Riveria condominium development in Shanghai, China progress, the Group continues to equity account for its share of the profits recognised.

As per last quarter, interest expense had increased due to higher prevailing interest rates. Effective income tax rates had also increased due to higher profits from taxable jurisdictions such as Singapore and China, and minimal income from Maldives, a tax haven.

Net profit for the quarter ended September 30, 2005 was \$9.3 million, a 12.5% improvement from the \$8.2 million achieved for Q3 2004.

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 2005 are in line with the commentary made in paragraph 10 of the Group's Second Quarter Financial Statement and Dividend Announcement released on August 10, 2005.

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

With the exception of Kuda Huraa, which will remain closed for renovations, and the likely under-performance of Bali properties due to the recent terrorist bombing; the remaining hotels should continue the healthy performance trend shown thus far. The Group has also completed the sale of Concorde Hotel Gold Coast and the profits from this transaction will be recorded in the last quarter of this year.

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, 2005 (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	2,186	-
- Management fee expense	160	-

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

Chuang Sheue Ling & Lo Swee Oi
Joint Company Secretaries
November 8, 2005