



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Third Quarter Financial Statement

1(a) Income Statement

	GROUP \$'000	
	Quarter ended Sep 30, 2008	Quarter ended Sep 30, 2007
Revenue	157,032	110,402
Cost of sales	(115,380)	(76,599)
Gross profit	41,652	33,803
Other operating income	424	784
Administrative expenses	(13,600)	(12,355)
Other operating expenses	(7,024)	(3,364)
Finance costs	(8,048)	(10,347)
Other non-operating income	1,088	7,067
Profit before income tax and share of results of associates	14,492	15,588
Share of results of associates	1,735	4,144
Profit before income tax	16,227	19,732
Income tax	(3,910)	(2,787)
Profit after income tax	12,317	16,945
Attributable to:		
Shareholders of the Company	13,367	15,190
Minority interests	(1,050)	1,755
	12,317	16,945

Notes to the above income statement:

	GROUP \$'000	
	Quarter ended Sep 30, 2008	Quarter ended Sep 30, 2007
Other income including interest income	424	784
Interest on borrowings	(7,887)	(10,361)
Depreciation and amortisation	(12,972)	(11,589)
Fair value loss in held-for-trading investments	(6,428)*	(2,818)*
Insurance proceeds	417^	7,721^
Foreign exchange gain (loss)	799	(363)
Adjustment for over (under) provision of tax in respect of prior years	1,726	(160)
Property, plant and equipment written off	(31)	(81)
Gain on disposal of property, plant and equipment	-	30

Note:

* Included in other operating expenses

^ Included in other non-operating income

1(b)(i) Balance Sheet

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2008	Dec 31, 2007	Sep 30, 2008	Dec 31, 2007
ASSETS				
Current assets:				
Cash and bank balances	188,347	123,485	10,696	6,027
Held-for-trading investments	14,753	25,316	-	-
Trade receivables	111,136	29,755	3,699	2,567
Other receivables and prepayments	49,529	42,609	1,777	1,912
Amount due from associates	61,343	93,001	10,263	10,263
Amount due from subsidiaries	-	-	805,069	765,249
Inventories	6,948	7,091	426	315
Development properties	496,457	416,041	-	-
Completed properties held for sale	6,214	6,214	-	-
Total current assets	934,727	743,512	831,930	786,333
Non-current assets:				
Associates	269,841	91,477	2,361	2,361
Subsidiaries	-	-	437,320	302,430
Available-for-sale investments	10,569	11,798	-	-
Other long-term receivables and prepayments	3,851	3,843	-	-
Property, plant and equipment	1,202,218	1,183,060	233,287	231,560
Investment properties	646,759	646,717	-	-
Deferred tax assets	-	253	-	-
Derivative financial instruments	4,589	4,256	4,589	3,798
Intangible assets	15,544	15,872	-	-
Total non-current assets	2,153,371	1,957,276	677,557	540,149
Total assets	3,088,098	2,700,788	1,509,487	1,326,482
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	298,128	227,499	219,920	124,946
Trade payables	90,897	84,974	15,614	18,288
Other payables	42,923	43,702	-	-
Amount due to associates	457	457	-	-
Amount due to subsidiaries	-	-	57,093	44,509
Income tax payable	6,516	7,876	1,766	1,124
Total current liabilities	438,921	364,508	294,393	188,867
Non-current liabilities:				
Amount due to subsidiaries	-	-	5,242	-
Derivative financial instruments	384	-	-	-
Long-term bank loans	1,216,185	932,527	393,348	313,341
Other long-term liabilities	13,932	17,941	-	-
Deferred tax liabilities	31,871	25,137	834	681
Total non-current liabilities	1,262,372	975,605	399,424	314,022
Share capital and reserves:				
Share capital	681,119	681,040	681,119	681,040
Reserves	546,597	526,647	134,551	142,553
Equity attributable to shareholders of the Company	1,227,716	1,207,687	815,670	823,593
Minority interests	159,089	152,988	-	-
Total equity	1,386,805	1,360,675	815,670	823,593
Total liabilities and equity	3,088,098	2,700,788	1,509,487	1,326,482

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities

Amount repayable in one year or less, or on demand

As at 30/9/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$82,063,000	\$219,920,000	\$106,435,000	\$124,946,000

Amount repayable after one year

As at 30/9/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$988,522,000	\$239,563,000	\$732,645,000	\$214,775,000

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 Cash Flow Statement

	Quarter ended Sep 30, 2008 \$'000	Quarter ended Sep 30, 2007 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates	14,492	15,588
Adjustments for:		
Amortisation of intangible assets	82	86
Depreciation expense	12,890	11,503
Share option expense	403	174
Property, plant and equipment written off	31	81
Gain on disposal of property, plant and equipment	-	(30)
Interest expense	7,887	10,361
Interest income	(214)	(492)
Dividend income	-	(65)
Profit before working capital changes	35,571	37,206
Payables and accrued expenses	11,871	1,223
Receivables and prepayments	(48,267)	4,597
Held-for-trading investments	13,295	(6,902)
Inventories	(420)	19
Cash generated from operations	12,050	36,143
Dividend received	-	65
Interest received	214	492
Interest paid	(7,887)	(10,361)
Income tax paid	(1,356)	(5,450)
Net cash from operating activities	3,021	20,889
Cash flows used in investing activities:		
Proceeds from disposal of available-for-sale investments	-	1,193
Additional property, plant and equipment	(20,938)	(19,457)
(Addition in) Proceeds from disposal of investment properties	(42)	99
Advances from a minority shareholder	3,872	670
Development properties and expenditure	(15,370)	(16,097)
Proceeds from disposal of property, plant and equipment	226	11
Net investment in associates	(47,450)	(67,504)
Cash used in investing activities	(79,702)	(101,085)
Cash flows from financing activities:		
Proceeds from issue of shares	-	110
Additional bank loans	95,936	99,845
Cash from financing activities	95,936	99,955
Net effect of exchange rate changes in consolidation	3,536	3,654
Net increase in cash and bank balances	22,791	23,413
Cash and bank balances at beginning of period	165,556	98,721
Cash and bank balances at end of period	188,347	122,134

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Retained profits \$'000	Attributable to Shareholders of the Company \$'000	Minority interests \$'000	Total equity \$'000
GROUP										
Balance as at Jul 1, 2008	681,119	222,498	(77,440)	3,737	1,551	4,167	371,939	1,207,571	155,131	1,362,702
Exchange fluctuation differences	-	-	8,551	-	-	(136)	-	8,415	2,554	10,969
Loss on cash flow hedge	-	-	-	(1,142)	-	-	-	(1,142)	-	(1,142)
Loss on available- for-sale investments	-	-	-	-	-	(898)	-	(898)	-	(898)
Share-based payments during the period	-	-	-	-	403	-	-	403	-	403
Net profit (loss) for the period	-	-	-	-	-	-	13,367	13,367	(1,050)	12,317
Net movement during the period	-	-	-	-	-	-	-	-	2,454	2,454
Balance as at Sep 30, 2008	681,119	222,498	(68,889)	2,595	1,954	3,133	385,306	1,227,716	159,089	1,386,805

	Share capital \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Retained profits \$'000	Attributable to Shareholders of the Company \$'000	Minority interests \$'000	Total equity \$'000
GROUP										
Balance as at Jul 1, 2007	579,588	222,498	(48,940)	4,156	950	9,535	332,902	1,100,689	146,900	1,247,589
Exchange fluctuation differences	-	-	4,568	-	-	-	-	4,568	(863)	3,705
Adjustment arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	638	-	638	-	638
Transfer to profit and loss statement during the period	-	-	-	-	-	(1,763)	-	(1,763)	-	(1,763)
Loss on cash flow hedge	-	-	-	(1,478)	-	-	-	(1,478)	-	(1,478)
Gain on available-for-sale investments	-	-	-	-	-	16	-	16	-	16
Share-based payments during the period	-	-	-	-	174	-	-	174	-	174
Transfer during the period	403	-	-	-	(403)	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	15,190	15,190	1,755	16,945
Net movement during the period	-	-	-	-	-	-	-	-	(515)	(515)
Special dividend for the period, paid	-	-	-	-	-	-	(100,773)	(100,773)	-	(100,773)
Issue of shares	100,883	-	-	-	-	-	-	100,883	-	100,883
Balance as at Sep 30, 2007	680,874	222,498	(44,372)	2,678	721	8,426	247,319	1,118,144	147,277	1,265,421

	Share capital \$'000	Asset revaluation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Retained profits \$'000	Total equity \$'000
COMPANY						
Balance as at Jul 1, 2008	681,119	110,785	(550)	1,551	13,684	806,589
Gain on cash flow hedge	-	-	408	-	-	408
Share-based payments during the period	-	-	-	403	-	403
Net profit for the period	-	-	-	-	8,270	8,270
Balance as at Sep 30, 2008	681,119	110,785	(142)	1,954	21,954	815,670
Balance as at Jul 1, 2007	579,588	110,785	(5)	950	105,605	796,923
Gain on cash flow hedge	-	-	3	-	-	3
Share-based payments during the period	-	-	-	174	-	174
Transfer during the period	403	-	-	(403)	-	-
Net profit for the period	-	-	-	-	5,831	5,831
Special dividend for the period, paid	-	-	-	-	(100,773)	(100,773)
Issue of shares	100,883	-	-	-	-	100,883
Balance as at Sep 30, 2007	680,874	110,785	(2)	721	10,663	803,041

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

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

As at September 30, 2008, the number of outstanding share options under the Company's Share Option Scheme 2000 was 4,650,000 (as at September 30, 2007: 2,255,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,182,500 (as at September 30, 2007: 709,500).

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

	Sep 30, 2008	Dec 31, 2007
Total number of issued shares excluding treasury shares	504,266,851	504,211,851

1(d)(iv) Statement Showing All Sales, Transfers, Disposal, Cancellation and/or Use of Treasury Shares

N.A. 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

N.A.

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.

5. Reasons for and Effect of Changes in Accounting Policies

N.A.

6. Earnings Per Share

	Quarter ended Sep 30, 2008	Quarter ended Sep 30, 2007
Based on the weighted average number of ordinary shares in issue	2.65 cents	3.16 cents
On a fully diluted basis	2.65 cents	3.15 cents

7. Net Asset Value

	Sep 30, 2008	Dec 31, 2007
GROUP	\$2.44	\$2.40
COMPANY	\$1.62	\$1.63

8. Review of Performance

Revenue for the third quarter ended September 30, 2008, was \$157 million compared to \$110.4 million for the corresponding quarter last year. The increase was mainly attributable to higher income from The Met condominium development in Thailand as well as stronger contributions from the Group's hotels and resorts in Bali, Maldives and Singapore.

Profit before tax for the quarter ended September 30, 2008, was \$16.2 million compared to \$19.7 million for Q3 2007. Included in Q3 2007's profit was insurance proceeds received amounting to \$7.7 million. Excluding this, profit before tax for Q3 2007 would have been \$12 million.

Group borrowings increased due largely to further contributions made for the Group's 22.5% share of the remaining acquisition cost for the Farrer Court site as well as payment of development expenditure for The Met condominium in Thailand, resulting in corresponding increases in investment in associate and development properties. Trade receivables also increased mainly due to deferment of collection from the purchasers of The Met condominium in accordance with the rules and regulations in Thailand. Nevertheless, finance costs decreased by 22.2% for the quarter under review as compared to same quarter last year due to lower prevailing interest rates.

The Group's share of results of associates for Q3 2008 was lower than that of Q3 2007 mainly attributable to lower contribution from Oasis Riveria condominium development in Shanghai, which has been completed, as well as share of losses from newly acquired associate, Morganite Pte Ltd, developer of the Farrer Court site in Singapore.

After taking into account taxation and minority share of results, the net profit attributable to shareholders for the quarter ended September 30, 2008, was \$13.4 million compared to \$15.2 million for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

The Group's results for Q3 2008 are in line with the commentary made in paragraph 10 of the Group's Second Quarter Financial Statement released on August 14, 2008.

10. Outlook and Prospects

In view of the current global economic crisis, the Group expects operating environment to remain challenging in the short to medium term.

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, 2008 (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	3,176	-
- Management fee expense	117	-

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(4) 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 2008 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Chuang Sheue Ling & Lo Swee Oi
 Joint Company Secretaries
 November 10, 2008