

HOTEL PROPERTIES LIMITED

First 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 31 Mar 2003	Quarter ended 31 Mar 2002
Revenue	72,346	99,483
Cost of sales	(56,823)	(71,374)
Gross profit	15,523	28,109
Other operating income	767	1,035
Administrative expenses	(9,989)	(9,999)
Other operating expenses	(1,663)	(1,387)
Profit from operations	4,638	17,758
Finance costs	(4,129)	(4,511)
Other non-operating income (expense)	403	(1,134)
Profit before income tax and share of results of associates	912	12,113
Share of results of associates	(454)	149
Profit before income tax	458	12,262
Income tax	472	(3,522)
Profit after income tax	930	8,740
Minority interests	(1,615)	(1,744)
Net (loss) profit attributable to shareholders	(685)	6,996

Notes to the above income statement:

	GROUP
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	\$'000	
	Quarter ended 31 March 2003	Quarter ended 31 March 2002
Other income including interest income	714	1,035
Interest on borrowings	(4,129)	(4,511)
Depreciation and amortisation	(10,134)	(10,281)
Allowance for doubtful trade debts	(30)	(28)
Allowance for doubtful trade debts written back	39	-
Allowance for inventories written back	1,575	1,664
Impairment loss in short term investments	(485)	(77)
Foreign exchange gain (loss)	135	(1,092)
Adjustment for over (under) provision of tax in respect of prior years	1,723	(333)
Plant and equipment written off	(241)	(266)
Gain (loss) on disposal of property, plant and equipment	536	(16)

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	
	31 Mar 2003	31 Dec 2002	31 Mar 2003	31 Dec 2002
ASSETS				
Current assets:				
Cash	91,395	112,685	8,562	14,531
Short term investments	22,138	22,623	-	-
Trade receivables	59,911	60,545	1,527	1,100
Other receivables and prepayments	16,479	19,042	1,060	867
Inventories	14,049	10,706	229	246
Development properties	18,635	18,589	-	-
Completed properties held for sale	14,941	14,941	-	-

Total current assets	237,548	259,131	11,378	16,744
Non current assets:				
Associates	95,659	98,602	13,674	13,674
Subsidiaries	-	-	778,974	797,119
Other long term investments	40,084	37,784	-	-
Property, plant and equipment	1,035,013	984,533	232,908	233,985
Investment properties	277,033	277,020	-	-
Expenditure carried forward	12,157	12,490	389	422
Total non current assets	1,459,946	1,410,429	1,025,945	1,045,200
Total assets	1,697,494	1,669,560	1,037,323	1,061,944
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	60,416	101,460	-	-
Trade payables	38,571	40,331	9,091	9,394
Other payables	25,978	28,707	-	-
Income tax payables	26,578	31,272	938	1,008
Total current liabilities	151,543	201,770	10,029	10,402
Non current liabilities:				
Long term bank loans	550,305	479,800	209,204	238,884
Other long term payables	1,103	1,086	-	-
Advances from subsidiaries	-	-	125,899	118,943
Deferred tax liabilities	5,399	5,544	1,534	1,686
Total non current liabilities	556,807	486,430	336,637	359,513
Minority interests	70,496	68,308	-	-
Share capital and reserves:				
Issued capital	453,024	453,024	453,024	453,024
Reserves	465,624	460,028	237,633	239,005
Total equity	918,648	913,052	690,657	692,029
Total liabilities and equity	1,697,494	1,669,560	1,037,323	1,061,944

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

Amount repayable in one year or less, or on demand

As at 31/3/2003	As at 31/12/2002
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Secured	Unsecured	Secured	Unsecured
\$46,867,000	\$13,549,000	\$88,634,000	\$12,826,000

Amount repayable after one year

As at 31/3/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
\$400,217,000	\$150,088,000	\$329,713,000	\$150,087,000

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 31 Mar 2003 \$'000	Quarter ended 31 Mar 2002 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates	912	12,113
Adjustments for:		
Amortisation of expenditure carried forward	442	418
Depreciation expense	9,692	9,863
Impairment loss in short term investments	485	77
Plant and equipment written off	241	266
Expenditure carried forward written off	-	9
(Gain) loss on disposal of property, plant and equipment	(536)	16
Interest expense	4,129	4,511
Interest income	(559)	(913)

Profit before working capital changes	14,806	26,360
Payables and accrued expenses	(4,489)	1,496
Completed properties held for sale	-	(158)
Receivables and prepayments	(1,184)	1,273
Inventories	(3,343)	375
Cash generated from operations	5,790	29,346
Interest paid	(4,129)	(4,511)
Interest received	559	913
Income tax paid	(4,189)	(1,270)
Net cash (used in) from operating activities	(1,969)	24,478
Cash flows from investing activities:		
Disposal of subsidiary	-	(200)
Additional expenditure carried forward	-	(37)
Development properties and expenditure	(46)	(2,844)
Additional investment properties	(13)	(3)
Associates	3,434	2,495
Additional property, plant and equipment	(48,293)	(4,224)
Long term investments	(2,300)	200
Advance from minority shareholders	-	13
Proceeds from disposal of property, plant and equipment	1,457	136
Cash used in investing activities	(45,761)	(4,464)
Cash flows from financing activities:		
Additional (repayment of) term loans	25,069	(5,786)
Cash generated from (used in) financing activities	25,069	(5,786)
Net effect of exchange rate changes in consolidation	1,371	393
Net (decrease) increase in cash	(21,290)	14,621
Cash at beginning of period	112,685	154,679
Cash at end of period	91,395	169,300
Summary of effects of disposal of subsidiary:		
Current assets	-	169
Current liabilities	-	(391)

Net current assets	-	(222)
Property, plant and equipment	-	20
Other non current assets	-	9
Net liabilities disposed	-	(193)
Cash of subsidiary disposed	-	(7)
Cash flow arising from disposal of subsidiary	-	(200)

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 1 Jan 2003	453,024	121,092	205,372	(53,996)	19,899	158,827	8,834	913,052
Exchange fluctuation differences				6,274				6,274
Share of revaluation reserve of associates arising during the period			7					7
Net profit not recognised in the consolidated profit and loss statement			7	6,274				6,281
Net loss for the period						(685)		(685)
Balance as at 31 Mar 2003	453,024	121,092	205,379	(47,722)	19,899	158,142	8,834	918,648
Balance as	452,999	121,089	205,363	(54,227)	19,899	151,938	8,550	905,611

at 1 Jan 2002									
Exchange fluctuation differences				3,328					3,328
Share of revaluation reserve of associates arising during the period			(35)						(35)
Net profit not recognised in the consolidated profit and loss statement			(35)	3,328					3,293
Net profit for the period						6,996			6,996
Balance as at 31 Mar 2002	452,999	121,089	205,328	(50,899)	19,899	158,934	8,550		915,900
COMPANY									
Balance as at 1 Jan 2003	453,024	120,885	110,785	(6,042)	-	4,543	8,834		692,029
Net loss not recognised in the profit and loss statement, being exchange fluctuation differences				(308)					(308)
Net loss for the period						(1,064)			(1,064)
Balance as at 31 Mar 2003	453,024	120,885	110,785	(6,350)	-	3,479	8,834		690,657
Balance as at 1 Jan 2002	452,999	120,882	110,785	(11,800)	-	1,716	8,550		683,132
Net gain not				392					392

recognised in the profit and loss statement, being exchange fluctuation differences								
Net loss for the period						(1,510)		(1,510)
Balance as at 31 Mar 2002	452,999	120,882	110,785	(11,408)	-	206	8,550	682,014

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 or cash or as consideration for acquisition or for any other purpose 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 financial year to the date of this announcement.

The number of shares that may be issued on conversion of all share options outstanding as at 31 March 2003 and as at end of previous financial year was 6,020,000.

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 31 Mar 2003	Quarter ended 31 Mar 2002
Based on the weighted average number of ordinary shares in issue	(0.15) cents	1.54 cents
On a fully diluted basis	(0.15) cents	1.54 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

	31 Mar 2003	31 Dec 2002
GROUP	\$2.03	\$2.02
COMPANY	\$1.52	\$1.53

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

The Singapore market, reflecting the global conditions remained weak for the first quarter this year. This was further compounded by the Iraq war and the SARS outbreak in the second half of March 2003.

Under these difficult operating conditions, the Group recorded a turnover of \$72.3 million for the first quarter of 2003, a 27% decline from the corresponding quarter last year.

For the quarter ended 31 March 2003, the Group's resorts in Bali continue to suffer from the effects of the terrorist bombings late last year. Hotels in Singapore were also adversely affected by the SARS outbreak in March 2003. However, our hotels in the Maldives achieved better results as compared to the same period last year. The newly acquired Fitzpatrick Hotel in New York also contributed positively to the Hotel Division's results.

On the Property front, the Cuscaden Residences condominium project was completed in March 2002 and the final 5% profit on the project was reflected in that period. The Group did not record any profit on development property in the current period under review.

The Retail Division continues to face very difficult operating conditions in the first quarter of 2003, particularly those in the North Asia region.

Overall, the Group recorded a profit before tax of \$0.5 million for the quarter ended 31 March 2003 compared to \$12.3 million for the corresponding period last year. Net loss after minority interest is \$0.7 million compared to a net profit after minority interest of \$7 million.

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 Q1 2003 are in line with the commentary made in paragraph 10 of the Group's Full Year Financial Statement and Dividend Announcement released on 13 March 2003.

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 SARS outbreak has severely affected our hotel as well as retail businesses and the Board expects the Group's businesses for the second quarter to be even more adversely affected than the first quarter. The outlook for the rest of the year remains very uncertain and depends heavily on whether the SARS situation can be quickly brought under control and how soon confidence is restored in the travel industry.

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/recommendeded, a statement to that effect

No dividend has been declared/recommended by the Company for the current financial period reported on.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

N.A.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

N.A.

15. A breakdown of sales

N.A.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference	0	0
Total:		

17. Interested Person Transactions ("IPT")

Name of Interested Person	Aggregate value of all IPT during the financial period ended 31 March 2003 (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	-	1,262
- Management fee income	-	187
- Management fee expense	-	155

BY ORDER OF THE BOARD

Boon Suan Lee & Chuang Sheue Ling
Joint Company Secretaries
28 May 2003

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