

**HOTEL PROPERTIES LIMITED (REG. NO. 198000348Z)**

**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 Mar 31, 2005	Quarter ended Mar 31, 2004 (restated)
Revenue	71,219	74,143
Cost of sales	(52,326)	(55,458)
Gross profit	18,893	18,685
Other operating income	539	933
Administrative expenses	(10,105)	(9,490)
Other operating expenses	(1,305)	(1,470)
Finance costs	(4,160)	(3,207)
Other non-operating income (expense)	1,204	(303)
Profit before income tax and share of results of associates	5,066	5,148
Share of results of associates	1,769	2,658
Profit before income tax	6,835	7,806
Income tax	(2,570)	(1,593)
Profit after income tax	4,265	6,213
Attributable to:		
Shareholders of the Company	4,555	4,433
Minority interests	(290)	1,780
	4,265	6,213

Notes to the above income statement:

	GROUP \$'000	
	Quarter ended Mar 31, 2005	Quarter ended Mar 31, 2004 (restated)
Other income including interest income	470	553
Interest on borrowings	(4,160)	(3,207)
Depreciation and amortisation	(9,279)	(10,206)
Allowance for inventories	-	(7)
Impairment loss in short-term investments	(430)	(575)
Foreign exchange loss	(143)	(460)
Adjustment for under provision of tax in respect of prior years	(84)	(46)
Plant and equipment written off	(198)	(253)
Gain on disposal of short-term investments	70	380
Gain on disposal of long-term investments	105	-
Gain on disposal of property, plant and equipment	-	165
Gain on disposal of an investment property	-	139

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	
	Mar 31, 2005	Dec 31, 2004 (restated)	Mar 31, 2005	Dec 31, 2004 (restated)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	62,346	63,573	6,697	8,391
Short-term investments	13,495	3,894	-	-
Trade receivables	22,603	24,150	1,528	1,430
Other receivables and prepayments	11,185	14,089	1,374	736
Inventories	7,677	7,588	190	192
Development properties	31,903	31,397	-	-
Completed properties held for sale	8,639	10,349	-	-
<b>Total current assets</b>	<b>157,848</b>	<b>155,040</b>	<b>9,789</b>	<b>10,749</b>
<b>Non-current assets:</b>				
Associates	64,894	63,866	12,322	12,322
Subsidiaries	-	-	673,304	672,291
Other long-term investments	10,550	11,473	-	-
Other long-term asset	1,284	1,298	-	-
Property, plant and equipment	1,106,846	1,106,017	228,329	228,913
Investment properties	275,652	275,652	-	-
Expenditure carried forward	17,103	18,436	-	162
Negative goodwill	-	(16,606)	-	-
<b>Total non-current assets</b>	<b>1,476,329</b>	<b>1,460,136</b>	<b>913,955</b>	<b>913,688</b>
<b>Total assets</b>	<b>1,634,177</b>	<b>1,615,176</b>	<b>923,744</b>	<b>924,437</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	47,311	43,422	-	-
Trade payables	26,565	31,120	8,856	9,599
Other payables	18,723	23,081	-	-
Income tax payable	4,936	4,158	289	305
<b>Total current liabilities</b>	<b>97,535</b>	<b>101,781</b>	<b>9,145</b>	<b>9,904</b>
<b>Non-current liabilities</b>				
Long-term bank loans	470,849	470,023	149,870	150,000
Advances from subsidiaries	-	-	60,741	60,376
Deferred tax liabilities	3,317	3,611	575	651
<b>Total non-current liabilities</b>	<b>474,166</b>	<b>473,634</b>	<b>211,186</b>	<b>211,027</b>
<b>Share capital and reserves:</b>				
Issued capital	453,149	453,024	453,149	453,024
Reserves	555,567	532,623	250,264	250,482
<b>Shareholders' equity</b>	<b>1,008,716</b>	<b>985,647</b>	<b>703,413</b>	<b>703,506</b>
Minority interests	53,760	54,114	-	-
<b>Total equity</b>	<b>1,062,476</b>	<b>1,039,761</b>	<b>703,413</b>	<b>703,506</b>
<b>Total liabilities and equity</b>	<b>1,634,177</b>	<b>1,615,176</b>	<b>923,744</b>	<b>924,437</b>

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

**Amount repayable in one year or less, or on demand**

As at 31/3/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
\$47,311,000	-	\$43,422,000	-

**Amount repayable after one year**

As at 31/3/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
\$320,979,000	\$149,870,000	\$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 Mar 31, 2005 \$'000	Quarter ended Mar 31, 2004 \$'000 (restated)
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates	5,066	5,148
Adjustments for:		
Amortisation of expenditure carried forward	94	337
Depreciation expense	9,185	9,869
Gain on disposal of property, plant and equipment	(105)	(165)
Gain on disposal of an investment property	-	(139)
Impairment loss in short-term investments	430	575
Release of negative goodwill	-	(56)
Write back of provision for impairment in an associate	-	(11)
Plant and equipment written off	198	253
Interest expense	4,160	3,207
Interest income	(330)	(507)
Dividend income	(41)	-
Profit before working capital changes	18,657	18,511
Payables and accrued expenses	(8,913)	(7,431)
Receivables and prepayments	5,182	311
Short-term investments	(10,031)	(1,093)
Inventories	(89)	602
Completed properties held for sale	1,710	-
Cash generated from operations	6,516	10,900
Dividend received	41	-
Interest received	330	507
Interest paid	(4,160)	(3,207)
Income tax paid	(1,265)	(1,888)
Net cash from operating activities	1,462	6,312
<b>Cash flows from investing activities:</b>		
Additional expenditure carried forward	-	(60)
Additional investment properties	-	(7)
Additional property, plant and equipment	(7,400)	(14,467)
Advances to a minority shareholder	(365)	-
Development properties and expenditure	(506)	(119)
Proceeds from disposal of long-term investments	1,043	-
Proceeds from disposal of an investment property	-	633
Proceeds from disposal of property, plant and equipment	3	230
Net investment in associates	(624)	(167)
Cash used in investing activities	(7,849)	(13,957)
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital	125	-
Additional (repayment of) term loans	4,484	(5,363)
Cash from (used in) financing activities	4,609	(5,363)
Net effect of exchange rate changes in consolidation	551	88
Net decrease in cash	(1,227)	(12,920)
Cash at beginning of period	63,573	84,347
Cash at end of period	62,346	71,427

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	Other capital reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
<b>GROUP</b>											
Balance as at Jan 1, 2005 - as previously reported	453,024	121,092	271,495	(44,287)	19,899	-	146,303	18,121	985,647	54,114	1,039,761
Retrospective effect of changes in accounting policies (Note 5):											
- FRS 10	-	-	-	-	-	-	18,121	(18,121)	-	-	-
- FRS 21	-	-	-	63,927	-	-	(63,927)	-	-	-	-
Balance as restated	453,024	121,092	271,495	19,640	19,899	-	100,497	-	985,647	54,114	1,039,761
Prospective effect of changes in accounting policies (Note 5):											
- FRS 39	-	-	-	(1,383)	-	-	1,739	-	356	-	356
- FRS 103	-	-	-	-	(19,899)	-	36,505	-	16,606	-	16,606
Exchange fluctuation differences	-	-	-	1,070	-	-	-	-	1,070	301	1,371
Transfer to profit and loss statement during the period	-	-	(19)	-	-	-	-	-	(19)	-	(19)
Net advances to minority shareholders during the period	-	-	-	-	-	-	-	-	-	(365)	(365)
Fair value gains on interest rate swap during the period	-	-	-	-	-	732	(356)	-	376	-	376
Net profit for the period	-	-	-	-	-	-	4,555	-	4,555	(290)	4,265
Issue of share capital	125	-	-	-	-	-	-	-	125	-	125
Balance as at Mar 31, 2005	453,149	121,092	271,476	19,327	-	732	142,940	-	1,008,716	53,760	1,062,476

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Reserve on consolidation \$'000	Other capital reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
<b>GROUP</b>											
Balance as at Jan 1, 2004 - as previously reported	453,024	121,092	216,918	(37,817)	19,899	-	143,052	9,060	925,228	49,649	974,877
Retrospective effect of changes in accounting policies (Note 5):											
- FRS 10	-	-	-	-	-	-	9,060	(9,060)	-	-	-
- FRS 21	-	-	-	68,528	-	-	(68,528)	-	-	-	-
Balance as restated	453,024	121,092	216,918	30,711	19,899	-	83,584	-	925,228	49,649	974,877
Exchange fluctuation differences	-	-	-	(3,229)	-	-	-	-	(3,229)	(553)	(3,782)
Net profit for the period	-	-	-	-	-	-	4,433	-	4,433	1,806	6,239
Balance as at Mar 31, 2004	453,024	121,092	216,918	27,482	19,899	-	88,017	-	926,432	50,902	977,334

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Total equity \$'000
<b>COMPANY</b>							
Balance as at Jan 1, 2005 - as previously reported	453,024	120,885	110,785	(458)	1,149	18,121	703,506
Retrospective effects of changes in accounting policies (Note 5):							
- FRS 10	-	-	-	-	18,121	(18,121)	-
- FRS 21	-	-	-	458	(458)	-	-
Balance as restated	453,024	120,885	110,785	-	18,812	-	703,506
Net loss for the period	-	-	-	-	(218)	-	(218)
Issue of share capital	125	-	-	-	-	-	125
Balance as at Mar 31, 2005	453,149	120,885	110,785	-	18,594	-	703,413
Balance as at Jan 1, 2004 - as previously reported	453,024	120,885	110,785	(5,668)	2,296	9,060	690,382
Retrospective effects of changes in accounting policies (Note 5):							
- FRS 10	-	-	-	-	9,060	(9,060)	-
- FRS 21	-	-	-	5,668	(5,668)	-	-
Balance as restated	453,024	120,885	110,785	-	5,688	-	690,382
Net loss for the period	-	-	-	-	(309)	-	(309)
Balance as at Mar 31, 2004	453,024	120,885	110,785	-	5,379	-	690,073

- 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 financial year reported on to the date of this announcement, 160,000 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 March 31, 2005 was 3,435,000 (as at March 31, 2004 was 4,470,000).

- 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 are disclosed in 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. The effect of the adoption of FRS102 is not material for the quarter under review.

**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 Mar 31, 2005	Quarter ended Mar 31, 2004 (restated)
Based on the weighted average number of ordinary shares in issue	1.01 cents	0.98 cents
On a fully diluted basis	1.00 cents	0.98 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**

	Mar 31, 2005	Dec 31, 2004 (restated)
GROUP	\$2.23	\$2.18
COMPANY	\$1.55	\$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**

Despite the closure of the Group's two resorts in Maldives after the Tsunami in December last year, Group revenue has only fallen by 3.9% from \$74.1 million in Q1 2004 to \$71.2 million in Q1 2005. Group net profit attributable to shareholders improved slightly from \$4.4 million in Q1 2004 to \$4.6 million in Q1 2005.

The Group's hotels in other locations, particularly those in Singapore, Thailand and Bali, Indonesia, continue to perform well with higher occupancies and room rates as compared to the same quarter last year. The insurers have also agreed to a further \$2 million interim payment in relation to the Group's losses caused by the Tsunami, which was recorded as non-operating income in the quarter under review.

The property division continues to contribute positively, recording profits from sale of residential properties as well as rental income from investment properties. The Group's investment in a condominium development in Shanghai has also generated higher profits than the same quarter last year.

**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 2005 are in line with the commentary made in paragraph 10 of the Group's Full Year Financial Statement and Dividend Announcement released on February 23, 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**

Upgrading works for Four Seasons Resort Maldives at Kuda Huraa is still in progress. Nevertheless, the recovery of global business and leisure travel is expected to continue to benefit the Group's hotels and resorts in other parts of the world. Barring unforeseen circumstances, the Board expects the Group's operations to be profitable in 2005.

**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 first quarter ended Mar 31, 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	2,074	-
- Management fee income	1,259	-
- 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  
May 11, 2005