

# ALLIED HOTEL PROPERTIES INC.

Unaudited Consolidated Balance Sheets

June 30, 2000 and 1999  
(in thousands of dollars)

	2000	1999
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,454	\$ 2,894
Accounts receivable	4,502	3,563
Taxes recoverable	166	-
Future income tax	90	-
Inventories	1,111	819
Prepaid expenses	706	574
Land held for resale	13,800	-
	<u>22,829</u>	<u>7,850</u>
Income-producing properties	176,339	147,403
Future income tax	11,552	-
Investments	1,368	1,379
Deferred costs, net of amortization	1,334	1,249
	<u>\$ 213,422</u>	<u>\$ 157,881</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,280	\$ 12,284
Taxes payable	-	161
Future income tax	1,108	-
Current portion of deferred revenue	134	740
Current portion of long-term debt	19,309	12,169
Current portion of capital lease obligation	403	225
	<u>37,234</u>	<u>25,579</u>
Due to affiliated companies	12,280	1,780
Deferred revenue	1,865	-
Long-term debt	132,925	132,096
Capital lease obligation	1,202	958
Deferred income tax	-	842
Future income tax	3,725	-
Non-controlling interest	5,401	6,774
	<u>194,632</u>	<u>168,029</u>
Shareholders' equity (deficiency):		
Share capital	28,831	1,753
Deficit	(10,041)	(11,901)
	<u>18,790</u>	<u>(10,148)</u>
	<u>\$ 213,422</u>	<u>\$ 157,881</u>

(signed) "Peter Y.L. Eng" Director

(signed) "Andrew E. Saxton" Director

# ALLIED HOTEL PROPERTIES INC.

## Unaudited Consolidated Statements of Operations and Deficit

6 months ended June 30, 2000 and 1999  
(in thousands of dollars)

	2000	1999
Revenues:		
Rooms	\$ 24,098	\$ 19,184
Food and beverage	10,012	6,493
Other	2,403	2,131
	<u>36,513</u>	<u>27,808</u>
Cost of sales:		
Rooms	7,887	6,079
Food and beverage	8,778	6,188
Other	790	689
	<u>17,455</u>	<u>12,956</u>
Gross profit	19,058	14,852
Operating expenses:		
Selling, general and administrative	11,454	8,300
Management fees	879	1,110
Taxes and insurance	2,998	2,324
Depreciation and amortization	2,690	2,172
	<u>18,021</u>	<u>13,906</u>
Operating loss	1,037	946
Other expenses (income):		
Interest on long-term debt	6,805	4,930
Equity in (income) of investees	(9)	(25)
Other	–	162
	<u>6,796</u>	<u>5,067</u>
Loss before income taxes and non-controlling interest	5,759	4,121
Income taxes (recovery):		
Current	182	10
Future	(2,626)	–
Reduction of future income tax asset	49	–
	<u>(2,395)</u>	<u>10</u>
Loss before non-controlling interest	3,364	4,131
Non-controlling interest	(444)	(274)
Net loss	2,920	3,856
Deficit, beginning of period		
As previously stated	12,874	8,533
Adjustment to reflect changes in accounting for Income taxes	(5,753)	–
Adjustment to reflect changes in accounting for depreciation	–	(488)
As restated	<u>7,121</u>	<u>8,045</u>
Deficit, end of period	\$ 10,041	\$ 11,901