

HPL (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Company No. 3148309



HPL (UK) LIMITED
FINANCIAL STATEMENTS
Year Ended 31 December 2005

CONTENTS	PAGES
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditors' report to the shareholders	4 to 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 to 13

HPL (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr Robert Siang Mong Foo
Mr Stephen Buong Lik Lau
Mr Christopher Tien Lock Lim
Mr Siew Chong Chua

Company secretary

Miss Aleen Gulvanessian

Registered office

3rd Floor
Como House
15 Wrights Lane
London
W8 5SL

Auditors

Deloitte & Touche LLP
Chartered Accountants
& Registered Auditors
St Albans

Bankers

Oversea - Chinese Banking Corporation Ltd
8th Floor, Alermary House
10-15 Queen Street
London
EC4N 1TX

Solicitors

Eversheds LLP
Senator House
85 Queen Victoria Street
London
EC4V 4JL

HPL (UK) LIMITED

DIRECTORS' REPORT *(continued)*

Year Ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

Principal Activities

The principal activity of the company during the year is that of provision of management services and to seek and evaluate suitable business opportunities for future investment by other members of the Group.

Results, Dividends and Future Prospects

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend for the year (2004: £nil).

The loss for the year of £188,545 (2004: £206,799) has been transferred from reserves.

The directors consider the prospects for the year 2006 are satisfactory.

Directors and their interests

The directors who served throughout the year were as that stated under the company information page.

None of the directors held any beneficial interests in the share capital and debentures of the company as recorded in the register of the directors' shareholdings kept by the company under section 325 of the Companies Act during the financial year.

The company continues to require the financial support of the parent company, and the directors are confident that adequate funds will be made available when required of the business.

Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HPL (UK) LIMITED

DIRECTORS' REPORT *(continued)*

Year Ended 31 December 2005

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the directors



Mr Siew Chong Chua
Director

Approved by the directors on 20 March 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HPL (UK) LIMITED

Year Ended 31 December 2005

We have audited the financial statements of HPL (UK) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HPL (UK) LIMITED

INDEPENDENT AUDITORS' REPORT *(continued)*

Year Ended 31 December 2005

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
St Albans

Date: *24 April 2006*

HPL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

Year Ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	37,500	—
Operating expenses		(226,462)	(207,141)
Operating Loss	3	(188,962)	(207,141)
Interest received		417	342
Loss on Ordinary Activities Before Taxation		(188,545)	(206,799)
Tax on loss on ordinary activities	6	—	—
Loss for the Financial Year		(188,545)	(206,799)

All amounts relate to continuing activities.

The company has no recognised gains or losses other than the results for both current and preceeding financial years as set out above. Accordingly no statement of total recognised gain and losses is presented.

The loss for the year represents the movement in Shareholders' Funds.

The notes on pages 8 to 13 form part of these financial statements.


HPL (UK) LIMITED

BALANCE SHEET

31 December 2005

	Note	2005 £	2004 £
Fixed Assets			
Tangible assets	7	9,354	21,613
Current Assets			
Debtors	8	8,006	20,305
Cash at bank and in hand		27,135	16,186
		<u>35,141</u>	<u>36,491</u>
Creditors: Amounts falling due within one year	9	<u>(22,675)</u>	<u>(16,447)</u>
Net Current Assets		12,466	20,044
Total Assets Less Current Liabilities		<u>21,820</u>	<u>41,657</u>
Creditors: Amounts falling due after more than one year	10	<u>(2,200,359)</u>	<u>(2,031,651)</u>
		<u>(2,178,539)</u>	<u>(1,989,994)</u>
Capital and Reserves			
Called-up equity share capital	11	100	100
Profit and loss account	12	<u>(2,178,639)</u>	<u>(1,990,094)</u>
Shareholders' Deficit	13	<u>(2,178,539)</u>	<u>(1,989,994)</u>

These financial statements were approved by the board on the 20 March 2006 and are signed on their behalf by:


Mr. Siew Chong Chua
Director

The notes on pages 8 to 13 form part of these financial statements.

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2005

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixtures & Fittings	-	10	Years on straight line basis
Motor Vehicles	-	5	Years on straight line basis
Plant & Equipment	-	3 to 5	Years on straight line basis

Contribution to Pension

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administrated fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2005

which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses from translation differences are charged to the profit and loss account.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	37,500	—

3. Operating loss

Operating loss is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	11,666	13,130
Loss on disposal of fixed assets	1,287	—
Auditors' remuneration - as auditors	5,250	4,870

4. Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Total staff including directors	3	3

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	79,700	71,486
Social security costs	10,995	9,993
Pension costs	5,042	4,636
Other costs	4,719	2,647
	100,456	88,762

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2005

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	57,831	55,310
Pension contributions under defined contribution scheme	4,900	4,620
Benefits in kind	15,842	10,967
	<u>78,573</u>	<u>70,897</u>

One director (2004: one) is a member of the defined contribution scheme.

6. Taxation on ordinary activities

Factors affecting current tax charge

	2005	2004
	£	£
Loss on ordinary activities before taxation	<u>(188,545)</u>	<u>(206,799)</u>
Loss on ordinary activities by expected tax charge of 30% (2004: 30%)	(56,564)	(62,040)
Expenses not deductible for tax purposes (primarily entertaining)	404	319
Depreciation in excess of capital allowances	3,500	3,939
Unutilised tax losses carried forward	52,274	57,782
Accounting loss (profit) on assets disposal	<u>386</u>	<u>—</u>
Total current tax	<u>—</u>	<u>—</u>

Factors that may affect future tax charges

The company has tax losses of approximately £1.8 million which are available for offset against future profits of the same trade. Future tax charges will be reduced to the extent that such tax losses can be utilised and to the extent that such losses can be recognised as deferred tax assets. Deferred tax assets totalling £550,903 (2004: £498,629) have not been recognised in respect of operating losses as the company is not sufficiently certain that it will be able to recover those assets within a relatively short period of time.

HPL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year Ended 31 December 2005****7. Tangible fixed assets**

	Fixtures and Fittings £	Motor Vehicles £	Plant and Equipment £	Total £
Cost				
At 1 January 2005	33,350	23,625	24,126	81,101
Additions	—	—	708	708
Disposals	(6,429)	—	(5,964)	(12,393)
At 31 December 2005	<u>26,921</u>	<u>23,625</u>	<u>18,870</u>	<u>69,416</u>
Depreciation				
At 1 January 2005	24,260	15,357	19,871	59,488
Charge for the year	3,042	4,725	3,899	11,666
Disposals	(5,128)	—	(5,964)	(11,092)
At 31 December 2005	<u>22,174</u>	<u>20,082</u>	<u>17,806</u>	<u>60,062</u>
Net Book Value				
At 31 December 2005	<u>4,747</u>	<u>3,543</u>	<u>1,064</u>	<u>9,354</u>
At 31 December 2004	<u>9,090</u>	<u>8,268</u>	<u>4,255</u>	<u>21,613</u>

8. Debtors

	2005 £	2004 £
Amounts owed by group undertakings	—	144
Other debtors	—	3,102
Prepayments and accrued income	8,006	17,059
	<u>8,006</u>	<u>20,305</u>

9. Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	46	371
Other taxation and social security	9,581	4,540
Other creditors	6,643	6,215
Accruals and deferred income	6,405	5,321
	<u>22,675</u>	<u>16,447</u>

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2005

10. Creditors: Amounts falling due after more than one year

	2005	2004
	£	£
Amounts owed to group undertakings	<u>2,200,359</u>	<u>2,031,651</u>

The parent company has confirmed that it has no intention to seek repayment of the amount due to them, which is interest-free and unsecured in the next twelve months.

11. Share capital

Authorised share capital:

	2005	2004
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005		2004
	No	£	No
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>

12. Profit and loss account

	2005	2004
	£	£
Balance brought forward	(1,990,094)	(1,783,295)
Accumulated loss for the financial year	<u>(188,545)</u>	<u>(206,799)</u>
Balance carried forward	<u>(2,178,639)</u>	<u>(1,990,094)</u>

13. Reconciliation of movements in shareholders' deficit

	2005	2004
	£	£
Loss for the financial year	(188,545)	(206,799)
Opening shareholders' deficit	<u>(1,989,994)</u>	<u>(1,783,195)</u>
Closing shareholders' deficit	<u>(2,178,539)</u>	<u>(1,989,994)</u>

14. Ultimate parent company

The company's largest and smallest group is Hotel Properties Limited, which is the ultimate parent company and controlling entity which is incorporated in Singapore. Copies of its group accounts, which include the company, are available from The Registrar of Companies, 10 Anson Road, #05-01/15 International Plaza, Singapore 079903. HPL Properties (West) Pte Ltd, a company incorporated in Singapore and a wholly owned subsidiary of whose parent company is Hotel Properties Limited is the intermediate parent company of HPL (UK) Limited.

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2005

15. Related Company Transactions

The company has taken advantage of the exemption available in FRS 8 relating to the disclosure of transactions with group companies.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and without fixed repayment terms.

Significant related parties transactions were from the following:

Como Holdings (UK) Limited a company incorporated in England and Wales and a company which is ultimately controlled by Adobe Holdings Limited which is a company incorporated in Gibraltar with common shareholders to those of Hotel Properties Limited.

	2005	2004
	£	£
Accountancy & administrative services	21,807	20,982
Rent	34,502	35,080
Rates	9,532	9,713
Property service charges & other similar costs	14,923	7,894
Professional fees - payroll services	1,200	1,200
Computer support	1,700	—
	<u>83,664</u>	<u>74,869</u>

As at 31 December 2005, the amounts due to/(from) Como Holdings (UK) Limited are listed below:

	2005	2004
	£	£
Como Holdings (UK) Limited	<u>6,075</u>	<u>5,679</u>