

HPL (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

Company No. 3148309



HPL (UK) LIMITED

COMPANY INFORMATION

Directors

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

Secretary

Miss Aleen Gulvanessian

Company Number

3148309

Registered Office

2nd Floor
Pemberton House
15 Wrights Lane
London
W8 5SL

Auditors

Deloitte & Touche LLP
St Albans

Solicitors

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

Bankers

Oversea - Chinese Banking
Corporation Limited
London Stonehouse
111 Cannon Street
London
EC4N 5AS

HPL (UK) LIMITED

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HPL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present the annual report and the audited financial statements for the year ended 31 December 2003.

Activities

The company's principal activity 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 3.

The directors do not recommend the payment of a dividend for the year (2002: £nil).

The loss for the year of £202,649 (2002: £169,372) has been transferred from reserves.

The directors consider the prospects for the year 2004 will be 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.

Financial Support

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.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's affairs as at the end of the financial year and of the profit or loss for that year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and

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 enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Auditors

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company has given consent to the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 21 April 2004, and signed on its behalf.

Mr Siew Chong Chua
Director

Date: 21 April 2004

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

We have audited the financial statements of HPL (UK) Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the company and the company's members as a body, for audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom applicable law Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and 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: 18 May 2004

HPL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	1	30,000	80,000
Operating Expenses		(232,916)	(250,553)
Operating Loss	3	(202,916)	(170,553)
Interest Received		267	1,187
Interest Paid and Similar Charges		-	(6)
Loss on Ordinary Activities before Taxation		(202,649)	(169,372)
Tax on loss on ordinary activities	4	-	-
Loss for the Financial Year	10	<u>(202,649)</u>	<u>(169,372)</u>

All activities derive from continuing operations.

A statement of total recognised gains and losses is not included in these financial statements as there are no recognised gains or losses other than the loss for the current and preceeding financial years.

The Loss for the year represent the movement in Shareholders' Funds.

HPL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Notes	£	2003 £	£	2002 £
Fixed Assets					
Tangible assets	5		34,743		48,145
Current Assets					
Debtors	6	24,099		21,252	
Cash at bank and in hand		2,600		17,708	
		26,699		38,960	
Creditors: Amounts Falling Due Within One Year	7	(28,285)		(15,882)	
Net Current (Liabilities)/Assets			(1,586)		23,078
Total Assets Less Current Liabilities			33,157		71,223
Creditors: Amounts Falling Due After More Than One Year	8		(1,816,352)		(1,651,769)
			(1,783,195)		(1,580,546)
Capital and Reserves					
Share capital	9		100		100
Profit and loss account	10		(1,783,295)		(1,580,646)
Equity Shareholders' Deficit	11		(1,783,195)		(1,580,546)

These financial statements were approved by the board on 21 April 2004 and signed on its behalf.



Mr Siew Chong Chua
Director

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT, which fall within the company's ordinary activities. All turnover has been derived in the United Kingdom.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The estimated useful lives of the asset classes are as follows:

Plant and equipment	- 3 to 5 Years on a straight line basis
Motor vehicles	- 5 Years on a straight line basis
Fixtures and fittings	- 10 Years on a straight line basis

Deferred Taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered.

Deferred tax assets and liabilities are not discounted.

Foreign Currency

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 rates of exchange ruling at the balance sheet date. Gains and losses from differences are charged to the profit and loss account.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

2 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	2003	2002
	£	£
Wages and salaries	96,565	102,296
Social security costs	11,665	13,872
Other pension costs	5,382	5,656
Other costs	3,505	3,349
	<u>117,117</u>	<u>125,173</u>

The average monthly number of employees, including directors, during the year was:

2003	2002
Number	Number
<u>3</u>	<u>4</u>

Directors' emoluments

	2003	2002
	£	£
Emoluments	62,170	61,262
Directors' pension contributions under defined contribution schemes	4,400	4,400
	<u>66,570</u>	<u>65,662</u>

3 Operating Loss

The operating loss is arrived at after charging :

	2003	2002
	£	£
Depreciation of owned assets	13,402	12,769
Profit on disposal of tangible fixed assets	-	(3,797)
Rent payable on office premises	35,080	35,080
Auditors' remuneration	<u>4,550</u>	<u>5,000</u>

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

4 Taxation

No provision for taxation has been made for the current year due to trading losses incurred.

Factors affecting tax charge for the period:

	2003	2002
	£	£
Loss on ordinary activities before tax	(202,649)	(169,372)
Loss on ordinary activities multiplied by expected tax charge of 30% (2002: 30%)	(60,795)	(50,811)
Effects of:		
Expenses not deductible for tax purposes (primarily entertaining)	742	886
Depreciation in excess of capital allowances	4,021	3,830
Accounting profit on asset disposal	-	(1,139)
Unutilised tax losses carried forward	56,032	47,234
Current tax charge for the period	-	-

The company has tax losses of approximately £1.4 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 £440,847 (2002: £384,815) 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.

5 Tangible Fixed Assets

	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Total
	£	£	£	£
Cost				
At 1 January 2003 and 31 December 2003	24,126	23,625	33,350	81,101
Depreciation				
At 1 January 2003	9,379	5,907	17,670	32,956
Charge for the year	5,343	4,725	3,334	13,402
At 31 December 2003	14,722	10,632	21,004	46,358
Net Book Value				
At 31 December 2003	9,404	12,993	12,346	34,743
At 31 December 2002	14,747	17,718	15,680	48,145

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

6	Debtors	2003	2002
		£	£
	Amounts owed by related undertakings	3,088	422
	Other debtors	738	3,185
	Prepayments and accrued income	20,273	17,645
		<u>24,099</u>	<u>21,252</u>
7	Creditors: Amounts Falling Due Within One Year	2003	2002
		£	£
	Trade creditors	303	193
	Other taxes and social security	3,941	3,209
	Other creditors	15,539	3,693
	Accruals and deferred income	8,502	8,787
		<u>28,285</u>	<u>15,882</u>
8	Creditors: Amounts Falling Due After More than One Year	2003	2002
		£	£
	Amounts owed to group undertakings	<u>1,816,352</u>	<u>1,651,769</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.			
9	Share Capital	2003	2002
		£	£
	Authorised Equity Shares		
	100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
	Called up, allotted, and fully paid Equity Shares		
	100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
10	Reserves		Profit and Loss Account
			£
	At 1 January 2003		(1,580,646)
	Loss for the year		<u>(202,649)</u>
	At 31 December 2003		<u>(1,783,295)</u>

HPL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

11 Reconciliation of Movements in Shareholders' Deficit

	2003	2002
	£	£
Loss for the financial year	(202,649)	(169,372)
Opening shareholders' deficit	(1,580,546)	(1,411,174)
Closing shareholders' deficit	(1,783,195)	(1,580,546)

12 Related Parties

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

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

Some of the company's transactions and arrangements are with 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 transaction:

2003	2002
£	£

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.

Accountancy & Administrative services	19,938	21,496
Rent	35,080	35,080
Rates	9,287	9,208
Property service charges	9,784	8,395
Professional fees -Payroll services	900	-

Belrun Limited, a company incorporated in England and Wales which is ultimately controlled by Amerland Inc which is a company incorporated in Panama with common shareholders to those of Hotel Properties Limited.

Cleaning expense	-	2,342
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The following were the amounts due to the related parties:

Como Holdings (UK) Limited	14,962	2,973
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13 Ultimate Parent Company

The company's largest and smallest group is Hotel Properties Limited 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 (UK) LIMITED**MANAGEMENT PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2003**

	£	2003 £	£	2002 £
Turnover				
Management fees received		30,000		80,000
Less: Expenses				
Operating Expenses	(232,916)		(250,553)	
		(232,916)		(250,553)
Loss Before Interest		(202,916)		(170,553)
Interest Paid				
On bank loans and overdrafts repayable within five years	-		(6)	
		-		(6)
Interest Received				
Bank deposit interest	267		1,187	
		267		1,187
Loss for the Year		(202,649)		(169,372)

The following pages 10 to 11 do not form part of these financial statements.

HPL (UK) LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

Analysis of Expenses

	2003 £	2002 £
Operating Expenses		
Directors' remuneration	55,846	54,847
Directors' pension costs	4,400	4,400
Directors' other costs	2,850	2,941
Wages and salaries	54,021	62,985
Rent and rates	44,367	44,288
Property service charges	9,784	8,395
Telephone	4,018	6,224
Printing, postage and stationery	1,354	2,525
Light and heat	359	852
Insurance	3,502	3,691
Legal and professional fees	825	(18)
Other non-audit fees payable	2,080	6,570
Auditors' remuneration	4,550	5,000
Accountancy and administration services	19,938	21,496
Repairs and cleaning	-	2,342
Equipment maintenance	3,739	5,134
Motor expenses	1,613	1,795
Travel and entertaining	2,474	2,954
Courier charges and postage	1,948	3,249
Bank charges	229	478
Subscriptions and publications	1,006	809
Other property maintenance	233	233
Staff amenities	219	469
Discounts received	-	(167)
Miscellaneous expenses	159	89
Depreciation	13,402	12,769
Profit on sale of tangible fixed assets	-	(3,797)
	<u>232,916</u>	<u>250,553</u>