



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statement And Dividend Announcement

1(a) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2005	Year ended Dec 31, 2004 (restated)
Revenue	304,185	320,140
Cost of sales	(225,068)	(233,040)
Gross profit	79,117	87,100
Other operating income	2,341	3,682
Administrative expenses	(40,595)	(39,404)
Other operating expenses	(5,196)	(5,530)
Finance costs	(18,753)	(14,817)
Other non-operating income	18,917	2,251
Share of results of associates	10,966	3,805
Profit before income tax	46,797	37,087
Income tax expense	(10,385)	(6,346)
Profit for the year	36,412	30,741
Attributable to:		
Shareholders of the Company	38,338	25,973
Minority interests	(1,926)	4,768
	36,412	30,741

Notes to income statement:

	GROUP \$'000	
	Year ended Dec 31, 2005	Year ended Dec 31, 2004 (restated)
Investment income	359	1,232
Other income including interest income	1,911	2,450
Interest on borrowings	(18,140)	(14,817)
Depreciation and amortisation	(35,775)	(41,490)
Release of negative goodwill	-	227
Allowance for doubtful trade debts	(47)	(81)
Allowance for inventories	-	(24)
Loss on held-for-trading investments	(800)	(1,071)
Loss on available-for-sale investments	-	(488)
Foreign exchange (loss) gain	(303)	2,943
Adjustment for under provision of tax in respect of prior years	(202)	(742)
Plant and equipment written off	(231)	(91)
Deficit arising from revaluation of investment properties	-	(2,133)
Gain (Loss) on disposal of held-for-trading investments	71	(170)
Gain (Loss) on disposal of available-for-sale investments	105	(695)
(Loss) Gain on disposal of investment properties	(68)	139
Gain on disposal of property, plant and equipment	14,108	395
Gain on disposal of subsidiary	2,105	-

1(b)(i) Balance Sheet

	GROUP \$'000		COMPANY \$'000	
	Dec 31, 2005	Dec 31, 2004 (restated)	Dec 31, 2005	Dec 31, 2004 (restated)
ASSETS				
Current assets:				
Cash and bank balances	90,926	63,573	20,913	8,391
Held-for-trading investments	27,879	3,894	-	-
Trade receivables	17,444	24,150	1,678	1,430
Other receivables and prepayments	21,091	14,089	871	736
Derivative financial instruments	370	-	-	-
Amount due from associates	39,057	-	11,557	-
Amount due from subsidiaries	-	-	436,610	-
Inventories	5,937	7,588	169	192
Development properties	61,141	31,397	-	-
Completed properties held for sale	8,639	10,349	-	-
Total current assets	272,484	155,040	471,798	10,749
Non-current assets:				
Associates	41,221	63,866	3,223	12,322
Subsidiaries	-	-	250,132	672,291
Available-for-sale investments	7,411	11,473	-	-
Prepayments	1,354	1,298	-	-
Property, plant and equipment	1,076,168	1,106,017	228,469	228,913
Investment properties	274,829	275,652	-	-
Deferred tax assets	154	-	-	-
Derivative financial instruments	138	-	138	-
Expenditure carried forward	-	1,320	-	162
Other intangible assets	16,698	17,116	-	-
Negative goodwill	-	(16,606)	-	-
Total non-current assets	1,417,973	1,460,136	481,962	913,688
Total assets	1,690,457	1,615,176	953,760	924,437
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	179,313	49,958	74,944	-
Trade payables	34,911	31,120	11,897	9,599
Other payables	18,769	23,081	-	-
Amount due to associates	19,244	-	-	-
Amount due to subsidiaries	-	-	44,465	-
Income tax payables	6,288	4,158	589	305
Total current liabilities	258,525	108,317	131,895	9,904
Non-current liabilities				
Long-term bank loans	355,239	463,487	115,098	150,000
Advances from subsidiaries	-	-	-	60,376
Deferred tax liabilities	5,289	3,611	529	651
Total non-current liabilities	360,528	467,098	115,627	211,027
Share capital and reserves:				
Issued capital	454,039	453,024	454,039	453,024
Reserves	565,140	532,623	252,199	250,482
Shareholders' equity	1,019,179	985,647	706,238	703,506
Minority interests	52,225	54,114	-	-
Total equity	1,071,404	1,039,761	706,238	703,506
Total liabilities and equity	1,690,457	1,615,176	953,760	924,437

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at 31/12/2005		As at 31/12/2004 (restated)	
Secured	Unsecured	Secured	Unsecured
\$104,369,000	\$74,944,000	\$49,958,000	-

Amount repayable after one year

As at 31/12/2005		As at 31/12/2004 (restated)	
Secured	Unsecured	Secured	Unsecured
\$280,427,000	\$74,812,000	\$313,487,000	\$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) Consolidated Cash Flow Statement

	Year ended Dec 31, 2005 \$'000	Year ended Dec 31, 2004 \$'000 (restated)
Cash flows from operating activities:		
Profit before income tax and share of results of associates	35,831	33,282
Adjustments for:		
Amortisation of expenditure carried forward and intangible assets	371	1,896
Depreciation expense	35,404	39,594
Release of negative goodwill	-	(227)
Share option expense	211	-
Loss on held-for-trading investments	800	1,071
Loss on available-for-sale investments	-	488
Property damages as a result of Tsunami	-	2,319
Plant and equipment written off	231	91
Other intangible assets written off	-	6
Gain on disposal of property, plant and equipment	(14,108)	(395)
Loss (Gain) on disposal of investment properties	68	(139)
Gain on disposal of subsidiary	(2,105)	-
(Gain) Loss on disposal of available-for-sale investments	(105)	695
Deficit arising from revaluation of investment properties	-	2,133
Interest expense	18,140	14,817
Interest income	(1,372)	(1,957)
Dividend income	(359)	(1,232)
Profit before working capital changes	73,007	92,442
Payables and accrued expenses	2,670	(9,843)
Completed properties held for sale	1,710	-
Receivables and prepayments	(3,601)	5,604
Held-for-trading investments	(24,785)	1,463
Inventories	(729)	436
Cash generated from operations	48,272	90,102
Dividend paid	(18,121)	(9,060)
Dividend received	359	1,232
Interest received	1,372	1,957
Interest paid	(18,140)	(14,817)
Income tax paid	(6,694)	(8,603)
Net cash from operating activities	7,048	60,811
Cash flows from investing activities:		
Acquisition of subsidiaries (see Note A below)	-	(6,040)
Disposal of subsidiary (see Note B below)	4,825	-
Acquisition of additional interest in a subsidiary	(8,527)	(10,229)
Additional intangible assets	(66)	(156)
Development properties and expenditure	1,726	(3,760)
Additional investment properties	(189)	(37)
Net investment in associates	16,113	18,945
Additional property, plant and equipment	(65,209)	(44,521)
Advances from (Repayment to) minority shareholders	10,066	(2,533)
Proceeds from disposal of investment properties	944	633
Proceeds from disposal of available-for-sale investments	4,460	20,592
Proceeds from disposal of property, plant and equipment	34,093	682
Cash used in investing activities	(1,764)	(26,424)
Cash flows from financing activities:		
Additional (Repayment of) bank loans	21,360	(51,578)
Proceeds from issue of shares	1,015	-
Cash from (used in) financing activities	22,375	(51,578)
Net effect of exchange rate changes in consolidation	(306)	(3,583)
Net increase (decrease) in cash and bank balances	27,353	(20,774)
Cash and bank balances at beginning of year	63,573	84,347
Cash and bank balances at end of year	90,926	63,573

	Year ended Dec 31, 2005 \$'000	Year ended Dec 31, 2004 \$'000 (restated)
Note A : Summary of cash flow arising from acquisition of subsidiaries		
Current assets	-	2,997
Current liabilities	-	(973)
Net current assets	-	2,024
Property, plant and equipment	-	812
Other non-current liabilities	-	(713)
Net assets acquired	-	2,123
Goodwill on consolidation	-	4,694
Purchase consideration	-	6,817
Cash of subsidiaries acquired	-	(777)
Cash flows arising from acquisition of subsidiaries	-	6,040
Note B : Summary of cash flow arising from disposal of subsidiary		
Current assets	6,082	-
Current liabilities	(3,131)	-
Net current assets	2,951	-
Property, plant and equipment	2,609	-
Other non-current assets	129	-
Other non-current liabilities	(160)	-
Net assets	5,529	-
Realisation of exchange reserves	343	-
	5,872	-
Share of net assets disposed	2,995	-
Gain on disposal of subsidiary	2,105	-
Proceeds from disposal of subsidiary	5,100	-
Cash of subsidiary disposed	(275)	-
Cash flows arising from disposal of subsidiary	4,825	-

1(d)(i) Statement of Changes in Equity

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Reserve on consolidation \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP													
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	-	-	-	44,418	-	-	-	-	(44,418)	-	-	-	-
Balance as restated	453,024	121,092	216,918	6,601	19,899	-	-	-	107,694	-	925,228	49,649	974,877
Exchange fluctuation differences	-	-	-	(11,071)	-	-	-	-	-	-	(11,071)	(303)	(11,374)
Deficit arising during the year	-	-	(2,439)	-	-	-	-	-	-	-	(2,439)	-	(2,439)
Adjustment arising from acquisition of additional interest in a subsidiary	-	-	58,137	-	-	-	-	-	-	-	58,137	-	58,137
Share of revaluation reserve of associates arising during the year	-	-	(851)	-	-	-	-	-	-	-	(851)	-	(851)
Net profit (loss) not recognised in the consolidated profit and loss statement	-	-	54,847	(11,071)	-	-	-	-	-	-	43,776	(303)	43,473
Transfer to profit and loss statement during the year	-	-	(270)	-	-	-	-	-	-	-	(270)	-	(270)
Net profit for the year	-	-	-	-	-	-	-	-	25,973	-	25,973	4,768	30,741
Final dividend for the previous year, paid	-	-	-	-	-	-	-	-	(9,060)	-	(9,060)	-	(9,060)
Balance as at Dec 31, 2004, as restated	453,024	121,092	271,495	(4,470)	19,899	-	-	-	124,607	-	985,647	54,114	1,039,761

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Reserve on consolidation \$'000	Hedge reserve \$'000	Option reserve \$'000	Other capital reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP													
Prospective effect of changes in accounting policies (Note 5):													
- FRS 39	-	-	-	(1,383)	-	356	-	-	1,383	-	356	-	356
- FRS 103	-	-	-	-	(19,899)	-	-	-	36,505	-	16,606	-	16,606
Exchange fluctuation differences	-	-	-	(5,336)	-	-	-	-	-	-	(5,336)	213	(5,123)
Adjustment arising from acquisition of additional interest in a subsidiary	-	-	-	-	1,990	-	-	-	-	-	1,990	-	1,990
Gain on available-for-sale investments	-	-	-	-	-	-	-	1,927	-	-	1,927	-	1,927
Gain on cash flow hedge	-	-	-	-	-	152	-	-	-	-	152	-	152
Net profit (loss) not recognised in the consolidated profit and loss statement	-	-	-	(5,336)	1,990	152	-	1,927	-	-	(1,267)	213	(1,054)
Transfer to profit and loss statement during the year	-	-	(3,606)	-	-	-	-	-	-	-	(3,606)	-	(3,606)
Share-based payments during the year	-	-	-	-	-	-	211	-	-	-	211	-	211
Net movement during the year	-	-	-	-	-	-	-	-	-	-	-	(176)	(176)
Net profit for the year	-	-	-	-	-	-	-	-	38,338	-	38,338	(1,926)	36,412
Final dividend for the previous year, paid	-	-	-	-	-	-	-	-	(18,121)	-	(18,121)	-	(18,121)
Issue of shares	1,015	-	-	-	-	-	-	-	-	-	1,015	-	1,015
Balance as at Dec 31, 2005	454,039	121,092	267,889	(11,189)	1,990	508	211	1,927	182,712	-	1,019,179	52,225	1,071,404

	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Hedge reserve \$'000	Option reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Total \$'000
COMPANY									
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 policy (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 profit for the year	-	-	-	-	-	-	22,184	-	22,184
Final dividend for the previous year, paid	-	-	-	-	-	-	(9,060)	-	(9,060)
Balance as at Dec 31, 2004, as restated	453,024	120,885	110,785	-	-	-	18,812	-	703,506
Gain on cash flow hedge	-	-	-	-	138	-	-	-	138
Share-based payments during the year	-	-	-	-	-	211	-	-	211
Net profit for the year	-	-	-	-	-	-	19,489	-	19,489
Final dividend for the previous year, paid	-	-	-	-	-	-	(18,121)	-	(18,121)
Issue of shares	1,015	-	-	-	-	-	-	-	1,015
Balance as at Dec 31, 2005	454,039	120,885	110,785	-	138	211	20,180	-	706,238

1(d)(ii) Details of Any Changes in Company's Issued Share Capital

Since the end of the previous period reported on to the date of this announcement, 80,000 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 December 31, 2005 was 2,470,000 (as at end of previous financial year was 3,560,000).

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

N.A.

4. Changes in Accounting Policies

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. Reasons for and Effect of Changes in Accounting Policies

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 below.

FRS 1 - Presentation of Financial Statements

FRS 1 requires the Group to classify its financial liabilities as current when they are due to be settled within the next 12 months after the balance sheet date even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date but before the financial statements are authorised for issue.

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.

Changes to fair values on available-for-sale investments are taken to equity instead of profit and loss statement.

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. Share-based payments have been recognised during the financial year.

6. Earnings Per Share

	Year ended Dec 31, 2005	Year ended Dec 31, 2004 (restated)
Based on the weighted average number of ordinary shares in issue	8.45 cents	5.73 cents
On a fully diluted basis	8.43 cents	5.73 cents

7. Net Asset Value

	Dec 31, 2005	Dec 31, 2004 (restated)
GROUP	\$2.24	\$2.18
COMPANY	\$1.56	\$1.55

8. Review of Performance

For the year ended December 31, 2005, the Group achieved a turnover of \$304.2 million compared to \$320.1 million last year. Nevertheless, profit before income tax increased by 26.2% from \$37.1 million last year to \$46.8 million and net profit attributable to shareholders increased by 47.6% from \$26 million last year to \$38.3 million.

Despite the closure of Four Seasons Resort Maldives at Kuda Huraa, which caused the fall in Group turnover, the Hotel Division continued to contribute significantly to the Group's bottomline due to improved performance from other hotels in the Group, particularly those in Singapore. The contribution from this division would have been better but for the terrorist bombing in Bali in October 2005, which adversely affected the performance of our Bali properties for the last 2 months of the year under review.

During the year ended December 31, 2005, the Group also disposed off Concorde Hotel Gold Coast at a gain of \$14 million and equity accounted for its share of profits from disposal of Four Seasons Hotel Canary Wharf amounting to \$7 million, which explains the higher share of associates' results as compared to last year.

The Property Division also saw improvement over last year due to recognition of profits from the Robertson Blue development project and profits from sale of a condominium unit at Four Seasons Park.

9. Variance from Previous Forecast or Prospect Statement

The current announced results are in line with the commentary made in paragraph 10 of the third quarter financial statement announcement released on November 8, 2005.

10. Outlook and Prospects

The terrorist bombing in Bali late last year is expected to continue to have some adverse effects on the performance of the Group's resorts in Bali in the short term. The re-opening of the Four Seasons Resorts Maldives at Kuda Huraa is also not expected until later part of 2006. However, barring a deterioration of the bird flu situation, which may have an adverse effect on the travel industry and the economy in general and any other unforeseen circumstances, the Board anticipates the Group's businesses in other geographical areas to continue to benefit from the positive global economy outlook. The Board also expects the operational performance of the Group for 2006 to continue to be profitable.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	First & Final	Special
Dividend Type	Cash	Cash
Dividend Rate	2.5 cents per ordinary share (less tax)	2.5 cents per ordinary share (less tax)
Tax Rate	20%	20%

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First & Final	Special
Dividend Type	Cash	Cash
Dividend Rate	2.5 cents per ordinary share (less tax)	2.5 cents per ordinary share (less tax)
Tax Rate	20%	20%

(c) Date payable

Will be announced at a later date.

(d) Books closure date

Notice will be given at a later date of the date of closure of the transfer books and register of members.

12. If no dividend has been declared/recommended, a statement to that effect

N.A.

13. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2005

	Hotels \$'000	Properties \$'000	Retail and Distribution \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE						
External sales	245,195	41,841	17,149	-		304,185
Inter-segment sales		327			(327)	-
Total revenue	245,195	42,168	17,149	-	(327)	304,185
RESULTS						
Segment results*	36,854	15,266	1,149	(670)		52,599
Interest expense						(18,140)
Interest income						1,372
Share of results of associates	6,335	4,113	462	56		10,966
Income tax expense						(10,385)
Minority interests						1,926
Net profit						38,338

Year ended December 31, 2004 (restated)

	Hotels \$'000	Properties \$'000	Retail and Distribution \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE						
External sales	282,276	18,013	19,851	-		320,140
Inter-segment sales		352			(352)	-
Total revenue	282,276	18,365	19,851	-	(352)	320,140
RESULTS						
Segment results*	41,926	6,249	(1,629)	(404)		46,142
Interest expense						(14,817)
Interest income						1,957
Share of results of associates	487	4,600	785	(2,067)		3,805
Income tax expense						(6,346)
Minority interests						(4,768)
Net profit						25,973

* Segment results represent profit/loss before interest and tax

14. Review of Performance by Business Segments

Please refer to item 8 above.

15. Breakdown of Sales

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group (restated)	% increase/(decrease) Group
(a) Sales reported for first half year	140,900	148,423	(5.07)
(b) Operating profit after tax before deducting minority interests reported for first half year	5,960	12,447	(52.12)
(c) Sales reported for second half year	163,285	171,717	(4.91)
(d) Operating profit after tax before deducting minority interests reported for second half year	30,452	18,294	66.46

16. Breakdown of Total Annual Dividend

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	18,162	18,121
Preference	-	-
Total:	18,162	18,121

17. Interested Person Transactions ("IPT")

Name of Interested Person	Aggregate value of all IPT during the financial year (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	8,641	-
- Management fee income	1,288	-
- Management fee expense	643	-

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
 February 23, 2006