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HOLIDAY INNS OF AMERICA (UK) LIMITED

Report and Financial Statements

31 December 2006



Holiday Inns of America (UK) Limited

Registered No 0891885

DIRECTORS

A S McEwan
C Springett
N P Stocks
R Wheeler
R T Winter

SECRETARY

C Barry

REGISTERED OFFICE

67 Alma Road
Windsor
Berkshire SL4 3HD

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company has not traded during the year and therefore no Profit and Loss Account has been prepared

DIVIDENDS

The directors do not propose a dividend for the year ended 31 December 2006 (year ended 31 December 2005 - £Nil)

FUTURE DEVELOPMENTS

The directors plan to continue with the Company's dormant status for the foreseeable future

DIRECTORS' INTERESTS

The directors at 31 December 2006 and since the year end were as follows

A S McEwan	R Wheeler (appointed 27 March 2006)
C Springett	R T Winter
N P Stocks	

At 31 December 2006 none of the directors had beneficial interests in the shares of any InterContinental Hotels Group company, other than InterContinental Hotels Group PLC ("IHG PLC")

The following interests of the directors in office at the year end in the shares of the ultimate parent undertaking, IHG PLC, have been notified to the Company. Please refer to Note 7 for information regarding the ultimate parent undertaking

Shares

	At 1.01.06 InterContinental Hotels Group PLC Ordinary Shares of 10 pence or at date of appointment if later*	At 31.12.06 InterContinental Hotels Group PLC Ordinary shares of 11 ³ / ₇ pence
A S McEwan	11,130	20,717
C Springett	404	352
N P Stocks	6,795	1,000
R Wheeler	6,383	5,585
R T Winter	5,983	44,045

* These share interests were in InterContinental Hotels Group PLC ("IHG PLC") prior to the share consolidation effective 12 June 2006. For every 8 existing IHG PLC ordinary shares of 10 pence each held on 9 June 2006, shareholders received 7 new ordinary shares of 11³/₇ pence each

Executive Share Option and Award Plans

The following directors held share options or awards over the ordinary shares of IHG PLC under the following IHG PLC plans ("the Plans")

Executive Share Option Plan ("Executive"),
Savings-Related Share Option schemes ("Sharesave"),
Performance Restricted Share Plan ("PRSP"), and
Short Term Deferred Incentive Plan ("STDIP")

A full description of all the Plans can be found in the InterContinental Hotels Group PLC Annual Report and Financial Statements

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

A S McEWAN	Plan	At 01 01 06 or date of appointment if later	Granted/ Awarded	Lapsed/ not vested	Exercised/ Vested	Option Price/ Market Price	31 12 06
	Executive	8,549 7,181 11,114 32,488 27,188 37,276 67,315 62,520 26,230			8,549 7,181 11,114 32,488 27,188 37,276 67,315	497 96 593 29 466 68 349 13 422 81 434 22 438 00 494 17 619 83	0 0 0 0 0 0 0 62,520 26,230
	Sharesave	0					0
	STDIP	0					0
	PRSP	49,690 42,170 46,060		28,423	21,267*	445 00 549 50 706 00 941 50	0 42,170 46,060 32,730
			32,730				

C SPRINGETT	Plan	At 01 01 06 or date of appointment if later	Granted/ Awarded	Lapsed/ not vested	Exercised/ Vested	Option Price/ Market Price	31 12 06
	Executive	21,689 19,800	- -	- -	21,689 -	438 00 494 17	0 19,800
	Sharesave	0	-	-	-	-	0
	STDIP	0	-	-	-	-	0
	PRSP	8,800 0	- 6,960	- -	- -	706 00 941 50	8,800 6,960

N P STOCKS	Plan	At 01 01 06 or date of appointment if later	Granted/ Awarded	Lapsed/ not vested	Exercised/ Vested	Option Price/ Market Price	31 12 06
	Executive	18,467 50,228 48,560 20,100	- - - -	- - - -	18,467 50,228 - -	434 22 438 00 494 17 619 83	0 0 48,560 20,100
	Sharesave	0	-	-	-	-	0
	STDIP	0	-	-	-	-	0
	PRSP	37,070 32,750 35,300	- - -	21,205 - -	15,865* - -	445 00 549 50 706 00 941 50	0 32,750 35,300 25,230
			25,230	-	-		

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

R WHEELER	Plan	At 01 01 06 or date of appointment if later	Granted/ Awarded	Lapsed/ not vested	Exercised/ Vested	Option Price/ Market Price	31 12 06
	Executive	63,890	-	-	63,890	438 00	0
		62,730	-	-	-	494 17	62,730
		26,630	-	-	-	619 83	26,630
	Sharesave	3,769	-	-	-	420 50	3,769
	STDIP	0	-	-	-	-	0
	PRSP	47,160	-	26,976	20,184*	445 00	0
		42,310	-	-	-	549 50	42,310
		46,760	-	-	-	706 00	46,760
		0	35,360	-	-	941 50	35,360

R T WINTER	Plan	At 01 01 06 or date of appointment if later	Granted/ Awarded	Lapsed/ not vested	Exercised/ Vested	Option Price/ Market Price	31 12 06
	Executive	31,634	-	-	-	593 29	31,634
		11,798	-	-	-	466 68	11,798
		62,584	-	-	62,584	349 13	0
		66,516	-	-	-	422 81	66,516
		121,406	-	-	121,406	308 48	0
		181,506	-	-	181,506	438 00	0
		172,130	-	-	-	494 17	172,130
		74,050	-	-	-	619 83	74,050
	Sharesave	3,769	-	-	-	420 50	3,769
	STDIP	65,067	-	-	21,689	653 67	43,378
		0	49,560	4,130**	-	853 67	45,430
	PRSP	125,050	-	93,473	31,577*	445 00	0
		108,360	-	-	-	549 50	108,360
		130,020	-	-	-	706 00	130,020
		-	93,200	-	-	941 50	93,200

*The IHG mid-market Share Price on the vesting date was 858 pence

**These share interests were in InterContinental Hotels Group PLC ("IHG PLC") prior to the share consolidation effective 12 June 2006. For every 8 existing IHG PLC ordinary shares of 10 pence each held on 9 June 2006, shareholders received 7 new ordinary shares of 113/7 pence each. As a consequence, shares held at 31 December 2006 have been reduced accordingly.

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

THIRD-PARTY INDEMNITIES

A qualifying third party indemnity provision granted in favour of existing and former directors of the Company by InterContinental Hotels Limited, in accordance with Sections 309A-B of the Companies Act 1985, is in force as at the date of this report and a copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at 67 Alma Road, Windsor, Berkshire SL4 3HD

ELECTIVE RESOLUTIONS

The Company has passed Elective Resolutions to dispense with the laying of the Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366A of the Companies Act

By order of the Board



Secretary

March 2007

2 April

Holiday Inns of America (UK) Limited

BALANCE SHEET

As at 31 December 2006

	<i>Notes</i>	<i>2006</i> £000	<i>2005</i> £000
CREDITORS			
Creditors amounts falling due after more than one year	3	(880)	(880)
NET LIABILITIES		<u>(880)</u>	<u>(880)</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and loss reserve	5	(980)	(980)
SHAREHOLDERS' FUNDS	5	<u>(880)</u>	<u>(880)</u>

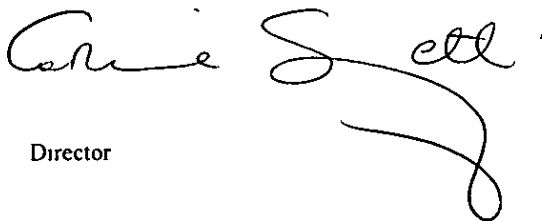
For the year ended 31 December 2006 the Company was entitled to exemption under section 249A(1) of the Companies Act 1985

Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibility for

- a) ensuring the Company keeps accounting records which comply with section 221, and
- b) preparing accounts which give a true and fair view of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company

Approved by the board on
and signed on its behalf by



Director

Holiday Inns of America (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable accounting standards.

The financial statements have been prepared on a going concern basis. The ultimate parent company, InterContinental Hotels Group PLC, has confirmed that continued support will be provided in order that future obligations can be met as they fall due.

Statement of cash flows

Under the provisions of Financial Reporting Standard 1 (Revised), the Company has not prepared a statement of cash flows because its ultimate parent undertaking, InterContinental Hotels Group PLC, which is incorporated within the European Union, has prepared consolidated financial statements which include the financial statements of the Company for the year and which contain an appropriate statement of cash flows of the Company.

2. DIRECTORS' EMOLUMENTS

The directors are directors of other undertakings within the InterContinental Hotels Group. The directors' remuneration, including share based payment charges, for the period was paid by other undertakings. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the fellow subsidiary undertakings.

3. CREDITORS: Amounts falling due after more than one year

	2006	2005
	£000	£000
Amounts owed to fellow subsidiary undertaking	880	880

4. SHARE CAPITAL

	2006	2005
	£000	£000
Authorised, Allotted, Called Up and Fully Paid 100,000 ordinary shares of £1 each	100	100

Holiday Inns of America (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2006

5 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 31 December 2004	100	(980)	(880)
Profit for the year	-	-	-
At 31 December 2005	100	(980)	(880)
Profit for the year	-	-	-
At 31 December 2006	100	(980)	(880)

6. RELATED PARTY TRANSACTIONS

As the company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2006, the company has taken advantage of the exemption contained in FRS 8 "Related Party Transactions" and has therefore not disclosed transactions or balances with entities which form part of the group, headed by InterContinental Hotels Group PLC

The directors confirm that there were no related party transactions other than those disclosed in these financial statements

7. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2006, InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England and Wales was the ultimate parent undertaking of Holiday Inns of America (UK) Limited

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address

Companies House, Crown Way, Cardiff CF14 3UZ

The immediate parent and controlling company is Holiday Inns (UK) Inc, a company registered in the United States of America