

East London Pubs and Restaurants Limited

Report and Financial Statements

30 September 2003

Registered number: 2376172



East London Pubs and Restaurants Limited

DIRECTORS' REPORT

for the year ended 30 September 2003

The directors present their report on the affairs of the Company together with the financial statements and independent auditors' report for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company has not traded during the year or the preceding year and therefore no profit and loss account has been prepared.

The only transactions during the year relate to movements on inter-company balances.

On 9 October 2003, the Company sold its investment in Michells & Butlers (Property) Limited (formerly Southside Pub Company Limited) to Mitchells & Butlers Holdings Limited for a consideration equal to its carrying value of £1,351.

DIRECTORS AND THEIR INTERESTS

The following served as directors of the Company during the year to 30 September 2003:

M J N Bridge

I G Powell (resigned 2 July 2003)

B Kennedy (appointed 2 July 2003)

On 11 April 2003, the last day of trading in Six Continents PLC shares, the Directors serving at the year end and their families had the following beneficial interest in shares, or held options, under the Six Continents Executive Share Option Scheme 1985 ("1985 EXSOS"), the Six Continents Executive Share Option Scheme 1995 ("1995 EXSOS"), the Six Continents Sharesave Scheme 2002 and the Six Continents PLC Employee Savings Share Scheme 1992 ("Sharesave Schemes").

Name of Director	Ordinary shares (i) of 28p (number of shares)		Ordinary shares under option (number of shares)				Option price	Earliest exercise date
	11 Apr 2003	30 Sep 2002	11 Apr 2003	Granted during period	Lapsed during period	30 Sep 2002		
MJN Bridge	10,824	8,773	82,000	-	2,902	84,902	597p to 1015p	4 Sep 1999

Following the approval of shareholders and the Court to the separation of Six Continents PLC and return of capital, on 15 April 2003, every 59 beneficially owned Six Continents PLC ordinary shares in issue on 11 April 2003 at 4.30p.m. were exchanged for 50 InterContinental Hotels Group PLC ("IHG") ordinary shares and 50 Mitchells & Butlers plc ("MAB") ordinary shares, and £47.79 in cash.

The Directors elected to roll over their 1995 EXSOS options into equivalent new options to acquire MAB shares under the Mitchells & Butlers Executive Share Option Plan. Approximately 2.78 MAB shares were exchanged for each Six Continents PLC share under option, based on the average price of MAB shares over the first five days on which MAB was listed on the stock market and the average price of Six Continents PLC shares over the last five days on which Six Continents PLC was listed on the stock market.

Options held under 1985 EXSOS became exercisable to acquire IHG shares before the 11 October 2003 or alternatively could be rolled over into equivalent new options to acquire MAB shares; the rules of the 1985 EXSOS continue to apply in the latter instance.

Options to acquire shares held under the Sharesave Schemes lapsed on 11 October 2003. Alternatively, exercise of the options by no later than 5 October 2003 resulted in approximately 1.71 IHG shares being exchanged for each Six Continents PLC share under option that had accrued at the exercise date.

East London Pubs and Restaurants Limited

DIRECTORS' REPORT

for the year ended 30 September 2003

On 30 September 2003 and 15 April 2003, the directors serving at the year end and their families had the following beneficial interest in shares, or held options, including rolled over options as described above, the Mitchells & Butlers Executive Share Option Plan 2003 ("2003 EXSOP"), the Performance Restricted Share Plan 2002/4 ("PRSP 2002/4") and the Performance Restricted Share Plan 2002/5 ("PRSP 2002/5").

Name of Director	Ordinary shares of 5p (i)(ii) (number of shares)		Ordinary shares under option (number of shares)				Option price (iii)	Earliest exercise date
	30 Sep 2003	15 Apr 2003	30 Sep 2003	Granted during period	Lapsed during period	15 Apr 2003 - Rolled over options		
MJN Bridge	11,807	9,172	387,788	159,536	-	228,252	Nil to 364p	4 Sep 1999
B Kennedy	3,594	3,594(iv)	539,459	-	-	539,459(iv)	Nil to 364p	4 Sep 1999

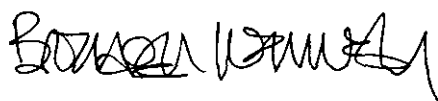
- (i) Includes shares held by Trustees under Employee Profit Share Schemes.
- (ii) On 2 December 2003, a consolidation of Mitchells & Butlers plc's share capital resulted in the issue of 12 new ordinary shares of 7 1/12p each for every existing 17 ordinary shares of 5p each. No changes were made to the shares under option in any of the option plans as a result of this consolidation.
- (iii) 'Nil' option price relates to the Performance Restricted Share Plans which have an exercise price of £1 per employee per share plan. For full details of all Mitchells & Butlers share option plans see the Annual Report and Financial Statements 2003 of Mitchells & Butlers plc.
- (iv) On date of appointment

AUDITORS

In the prior year the Company was entitled to the exemption from audited financial statements, conferred by section 249AA(1) of the Companies Act 1985.

During the year the Company ceased to be dormant. Ernst & Young LLP were appointed as the Company's auditor. A resolution to reappoint Ernst & Young LLP will be put to the forthcoming Annual General Meeting.

On behalf of the Board



B Kennedy

Director

6 July 2004

East London Pubs and Restaurants Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

at 30 September 2003

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

Following discussions with the Auditors, the Directors consider that, in preparing the financial statements and related notes 1 to 9, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST LONDON PUBS AND RESTAURANTS LIMITED

We have audited the company's financial statements for the year ended 30 September 2003 which comprise the Balance Sheet and the related notes 1 to 9. These financial statements have been prepared on the basis of 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 United Kingdom law and accounting standards.

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

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 affairs of the company as at 30 September 2003 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered Auditor

Birmingham

Dated: 6 JULY 2004

East London Pubs and Restaurants Limited

BALANCE SHEET

at 30 September 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Investments	4	1,351	1,351
CREDITORS: amounts falling due within one year	5	(4,074)	(4,074)
NET CURRENT LIABILITIES		(4,074)	(4,074)
NET LIABILITIES		(2,723)	(2,723)
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account		(2,725)	(2,725)
EQUITY SHAREHOLDERS' DEFICIT	7	(2,723)	(2,723)

ERNST & YOUNG

Signed on behalf of the Board

B. Kennedy

B Kennedy
Director

6 July 2004

Notes on pages 6 to 8 form an integral part of these financial statements

East London Pubs and Restaurants Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2003

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and on the going concern basis as the ultimate parent undertaking has agreed to support the Company for the foreseeable future. They have been drawn up to comply with applicable accounting standards.

Going concern

The financial statements have been prepared on a going concern basis. The Directors of Mitchells & Butlers plc, the ultimate parent undertaking have stated that they will continue to make funds available to the Company to enable it to meet its debts as they fall due.

Consolidation

The Company is exempt from preparing group accounts under S228 of the Companies Act 1985 since the Company is a wholly owned subsidiary undertaking of another UK company. These financial statements relate solely to the Company.

Fixed asset investments

Fixed asset investments are stated individually at cost less any provision for diminution in value.

Cash flow

In accordance with FRS1 (Revised) these financial statements do not include a cash flow statement as the Company is a wholly owned subsidiary undertaking of Mitchells & Butlers plc whose financial statements for the year ended 30 September 2003 include a consolidated cash flow statement.

2. PROFIT AND LOSS ACCOUNT

The Company has not traded during the year or the previous year and therefore no profit and loss account has been prepared.

Auditors' remuneration is borne on behalf of the Company by Mitchells & Butlers Retail Limited.

3. INFORMATION REGARDING EMPLOYEES

The Company has no employees apart from the directors who receive no emoluments from the Company.

East London Pubs and Restaurants Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2003

4. FIXED ASSET INVESTMENTS

	2003 £	2002 £
Shares in subsidiary undertaking at cost 30 September	4,076	4,076
Amount provided	(2,725)	(2,725)
At 30 September	<u>1,351</u>	<u>1,351</u>

The subsidiary undertaking at 30 September 2003 was:

Company	Country of registration And operation	Nature of Business	Proportion of shares held
Southside Pub Company Limited	England and Wales	Non-trading	100%

*

* On 7 October 2003, Southside Pub Company changed its name to Mitchells & Butlers (Property) Limited.

The directors are of the opinion that the aggregate value of the company's investment in its subsidiary undertaking is not less than the amount at which it is stated in the accounts.

5. CREDITORS

	2003 £	2002 £
Amounts owed to group undertakings		
- Immediate parent company	-	4,074
- Ultimate parent company	4,074	-
	<u>4,074</u>	<u>4,074</u>

6. CALLED UP SHARE CAPITAL

	2003 £	2002 £
<i>Authorised</i>		
1,000 ordinary shares of £1	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1	2	2
	<u> </u>	<u> </u>

7. MOVEMENTS IN SHAREHOLDERS' FUNDS

There were no movements in shareholders' funds in either the current year or the previous year.

8. POST BALANCE SHEET EVENTS

On 9 October 2003, the Company sold its investment in Michells & Butlers (Property) Limited (formerly Southside Pub Company Limited) to Mitchells & Butlers Holdings Limited for a consideration equal to its carrying value of £1,351.

9. ULTIMATE PARENT UNDERTAKING

Since 11 April 2003, the ultimate parent undertaking and controlling party has been Mitchells & Butlers plc. Prior to this date, the ultimate parent undertaking and controlling party was Six Continents PLC.

Following shareholder and regulatory approval, on 15 April 2003, Six Continents PLC separated into two new groups, InterContinental Hotels Group PLC, and Mitchells & Butlers plc. In connection with the separation, the Company and its immediate parent undertaking at that time, Mitchells & Butlers Retail Limited, became part of the Mitchells & Butlers plc group.

On 2 September 2003, Mitchells & Butlers Leisure Holdings Limited became the immediate parent undertaking of the Company.

The results of the Company are consolidated in the Group headed by Mitchells & Butlers plc. Prior to the separation of the Six Continents group, described above, the Company's results were consolidated by Six Continents group. Copies of the Six Continents PLC and Mitchells & Butlers plc group financial statements are available from the Company Secretary, Mitchells & Butlers plc, 13th Floor Marble Arch Tower, 55 Bryanston Street, London, W1H 7AA.

All undertakings above are companies incorporated in the United Kingdom and registered in England and Wales.