

Registered number: 3871050

SC FINANCE INVESTMENTS TWO COMPANY

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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SC FINANCE INVESTMENTS TWO COMPANY

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

D Hiran

COMPANY NUMBER

3871050

REGISTERED OFFICE

67 Alma Road
Windsor
Berkshire SL4 3HD

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

BANKERS

Lloyds TSB Bank PLC
PO Box 72
Bailey Drive
Gillingham Business Park
Kent ME8 0LS

SC FINANCE INVESTMENTS TWO COMPANY

CONTENTS

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 10

SC FINANCE INVESTMENTS TWO COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of an investment company

It is the intention of the directors that the Company will continue operating in this capacity. The directors view the results as satisfactory as are the future prospects of the Company.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year was £1,781,000 (2006 - £1,532,000)

The directors do not propose a dividend for the year (2006 - £nil)

FUTURE DEVELOPMENTS

The directors plan to continue with the Company's core business for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2007 and since the year end were as follows

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

At 31 December 2007 none of the directors had beneficial interests in the shares of any InterContinental Hotels Group company, other than InterContinental Hotels Group PLC ("IHG PLC")

THIRD-PARTY INDEMNITIES

A qualifying third-party indemnity provision has been 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. This is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006 and is currently in force. 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 a 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.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all steps that he or she is obliged to take as a director in order to make him or herself aware of any relevant information and to establish that the auditor is aware of that information.

SC FINANCE INVESTMENTS TWO COMPANY

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

AUDITORS

Ernst & Young LLP will continue as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

By order of the Board



Secretary

Date 18 JULY 2008

SC FINANCE INVESTMENTS TWO COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2007

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that 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.

SC FINANCE INVESTMENTS TWO COMPANY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SC FINANCE INVESTMENTS TWO COMPANY

We have audited the financial statements of SC Finance Investments Two Company for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared in accordance with 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 judgments 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.

SC FINANCE INVESTMENTS TWO COMPANY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SC FINANCE INVESTMENTS TWO COMPANY

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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

ERNST & YOUNG LLP

Registered Auditor
Luton

Date *22 July 2008*

SC FINANCE INVESTMENTS TWO COMPANY

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<i>Note</i>	<i>2007 £000</i>	<i>2006 £000</i>
Interest receivable	5	2,545	2,188
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,545	2,188
Tax on profit on ordinary activities	6	(764)	(656)
RETAINED PROFIT FOR THE FINANCIAL YEAR	10	1,781	1,532

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

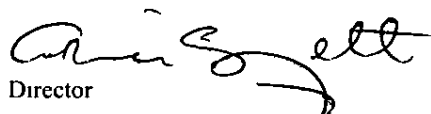
The notes on pages 8 to 10 form part of these financial statements

SC FINANCE INVESTMENTS TWO COMPANY

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	<i>Note</i>	<i>£000</i>	<i>2007 £000</i>	<i>2006 £000</i>
CURRENT ASSETS				
Debtors	7	42,390		40,544
Cash at bank		134		79
		<u>42,524</u>		<u>40,623</u>
CREDITORS: amounts falling due within one year	8	<u>(1,420)</u>		<u>(1,300)</u>
NET CURRENT ASSETS			41,104	39,323
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>41,104</u>	<u>39,323</u>
CAPITAL AND RESERVES				
Called up share capital	9		30,896	30,896
Profit and loss account	10		<u>10,208</u>	<u>8,427</u>
SHAREHOLDERS' FUNDS			<u>41,104</u>	<u>39,323</u>

Signed on behalf of the Board


Director

Date 18 JULY 2008

The notes on pages 8 to 10 form part of these financial statements

SC FINANCE INVESTMENTS TWO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation

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

1.2 Taxation

Corporation tax payable is provided on taxable profits at the current rate

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of both the surrendering and recipient companies, being paid at a rate of 30% of the losses surrendered

1.3 Deferred taxation

Deferred tax assets and liabilities are recognised, subject to certain exceptions, in respect of all material timing differences between the recognition of gains and losses in the financial statements and for tax purposes

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.4 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 Group

2. AUDITORS' REMUNERATION

Auditors' remuneration has been borne by a fellow group undertaking in the current and preceding year

3. DIRECTORS' REMUNERATION

The directors are directors of other undertakings within the InterContinental Hotels Group. The directors' remuneration, including share based payment charges, for the year 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

4. STAFF COSTS

The Company did not employ any persons during the year (2006 - nil)

SC FINANCE INVESTMENTS TWO COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

5. INTEREST RECEIVABLE

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Interest receivable from group undertakings	2,545	2,188

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
UK corporation tax charge on profit for the year	764	656

Factors affecting the tax charge for the year

The tax assessed for the year is the same as (2006 - the same as) the standard rate of corporation tax in the UK (30%)

Deferred taxation

As at 31 December 2007 and 31 December 2006 no deferred tax provision was required nor did the company have any unprovided deferred tax

7. DEBTORS

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by other group undertakings	42,390	40,544

8. CREDITORS:**Amounts falling due within one year**

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to other group undertakings	656	644
Corporation tax	764	656
	1,420	1,300

SC FINANCE INVESTMENTS TWO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

9. SHARE CAPITAL

	2007 £000	2006 £000
Authorised:		
50,000,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid:		
30,895,792 ordinary shares of £1 each	30,896	30,896

10. RECONCILIATION OF MOVEMENTS ON RESERVES

	<i>Profit and loss account £000</i>
At 1 January 2007	8,427
Profit for the year	1,781
At 31 December 2007	10,208

11. RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2007, the Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 and has therefore not disclosed transactions or balances with entities which form part of the Group, headed by InterContinental Hotels Group PLC

12. FINANCIAL COMMITMENTS

Guarantees

The company has entered into a composite guarantee with Lloyds TSB Bank PLC to guarantee amounts due on overdrafts of certain other companies in the Group headed by InterContinental Hotels Group PLC to the extent of any credit balance of the Company held by Lloyds TSB Bank PLC. At 31 December 2007 the maximum liability under the guarantee amounted to £41,393,659 (2006 £55,791,227)

13. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2007 InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England and Wales was the ultimate parent undertaking and controlling entity of SC Finance Investments Two Company

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 company is BHR Luxembourg SARL, a company incorporated and registered in Luxembourg