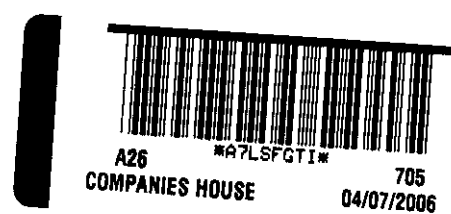


SCIH BRANSTON 3

4508313

Report and Financial Statements

31 December 2005



## SCIH Branston 3

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Registered No. 4508373

### **DIRECTORS**

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

### **SECRETARY**

C Barry

### **AUDITORS**

Ernst & Young LLP  
No.1 Colmore Square  
Birmingham B4 6HQ

### **BANKERS**

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

### **REGISTERED OFFICE**

67 Alma Road  
Windsor  
Berkshire SL4 3HD

## SCIH Branston 3

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### DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2005.

#### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of a financing company to group companies. The Company is unlimited.

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 future prospects of the Company.

#### RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 31 December 2005 was £62,125,000 (2004 - £55,461,000).

The directors do not propose a dividend for the year (year ended 31 December 2004 - £nil).

#### FUTURE DEVELOPMENTS

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

#### DIRECTORS' INTERESTS

The directors at 31 December 2005 and since the year end were as follows:

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

None of the directors had a direct interest in the issued share capital of the Company. With the exception of the directors detailed below, no other director had any interest in the share capital of the ultimate parent undertaking or any other group undertaking.

Please refer to Note 12 for information on the ultimate parent undertaking.

	<i>At 1.01.05 InterContinental Hotels Group PLC Ordinary Shares of 112 pence*</i>	<i>At 31.12.05 InterContinental Hotels Group PLC Ordinary shares of 10 pence</i>
A S McEwan	3,454	11,130
C Springett	552	404
N P Stocks	519	6,795
R T Winter	8,035	5,983

\*These share interests were in InterContinental Hotels Group PLC ("IHG PLC") prior to the capital reorganisation effective 27 June 2005. For every 15 existing IHG PLC ordinary shares of 112 pence each held on 24 June 2005, shareholders received 11 new ordinary shares of 10 pence each and £24.75 in cash.

## SCIH Branston 3

### DIRECTORS' REPORT

#### DIRECTORS' INTERESTS (CONTINUED)

##### *Executive Share Option plan*

The following directors held share options to subscribe for ordinary shares in IHG PLC under the IHG PLC Executive and Savings-Related Share Option schemes.

	<i>Options held at 1.01.05</i>	<i>Granted during year</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>Options held at 31.12.05</i>	<i>Option prices</i>	<i>Earliest exercisable date</i>
A S McEwan	8,549	-	-	-	8,549	497.96p	Exercisable
	7,181	-	-	-	7,181	593.29p	Exercisable
	11,114	-	-	-	11,114	466.68p	Exercisable
	32,488	-	-	-	32,488	349.13p	Exercisable
	27,188	-	-	-	27,188	422.81p	Exercisable
	37,276	-	-	-	37,276	434.22p	Exercisable
	67,315	-	-	-	67,315	438.00p	May 2006
	62,520	-	-	-	62,520	494.17p	April 2007
	-	26,230	-	-	26,230	619.83p	April 2008
C Springett	21,689	-	-	-	21,689	438.00p	May 2006
	19,800	-	-	-	19,800	494.17p	April 2007
N P Stocks	18,467	-	-	-	18,467	434.22p	Exercisable
	50,228	-	-	-	50,228	438.00p	May 2006
	48,560	-	-	-	48,560	494.17p	April 2007
	-	20,100	-	-	20,100	619.83p	April 2008
R T Winter	31,634	-	-	-	31,634	593.29p	Exercisable
	11,798	-	-	-	11,798	466.68p	Exercisable
	62,584	-	-	-	62,584	349.13p	Exercisable
	66,516	-	-	-	66,516	422.81p	Exercisable
	121,406	-	-	-	121,406	308.48p	Exercisable
	181,506	-	-	-	181,506	438.00p	May 2006
	172,130	-	-	-	172,130	494.17p	April 2007
	-	74,050	-	-	74,050	619.83p	April 2008

## SCIH Branston 3

### DIRECTORS' REPORT

#### DIRECTORS' INTERESTS (CONTINUED)

##### *IHG PLC Sharesave Plan*

	<i>Options held at 1.01.05</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>Options held at 31.12.05</i>	<i>Option prices</i>	<i>Earliest exercisable date</i>
R T Winter	3,769	-	-	3,769	420.50p	March 2009

##### *Six Continents Employee Profit Share Scheme*

This was a scheme whereby the parent company's board allocated a percentage of profits before tax to the Profit Share Scheme. These profits were used to purchase ordinary shares, which were then divided among participants in proportion to their earnings. The shares were then held in trust on behalf of participants for a period of three years.

The IHG PLC shares held by the Profit Share Trust were subject to a share consolidation in December 2004 and following the final release out of the Scheme during the year, these shares were further subject to the capital reorganisation effective 27 June 2005. For every 15 existing IHG PLC ordinary shares of 112 pence each held on 24 June 2005, shareholders received 11 new ordinary shares of 10 pence each and £24.75 in cash.

Entitlements to directors of the Company under the Profit Share Scheme during the year were as follows:

	<i>Award Date</i>	<i>Ordinary shares of 112 pence held in trust at 1.01.05*</i>	<i>Ordinary shares of 112 pence released during the year</i>	<i>Ordinary shares of 10 pence held at 31.12.05</i>	<i>Appropriation price</i>	<i>Release date</i>
R T Winter	27.02.02	827	827	-	539.75p	27.02.05

\*These share interests were in IHG PLC prior to the capital reorganisation effective 27 June 2005.

## SCIH Branston 3

### DIRECTORS' REPORT

#### DIRECTORS' INTERESTS (CONTINUED)

##### *Performance Restricted Share Plan (PRSP)*

During the year, share awards made in respect of the Performance Restricted Share Plan were as follows:

	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 1.01.05</i>	<i>Awarded during the year</i>	<i>Vested during the year</i>	<i>Lapsed during the year</i>	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 31.12.05</i>
A S McEwan	124,980	46,060	19,872	13,248	137,920
C Springett	-	8,800	-	-	8,800
N P Stocks	94,530	35,300	14,826	9,884	105,120
R T Winter	316,780	130,020	50,022	33,348	363,430

A full description of the Performance Restricted Share Plan can be found in the InterContinental Hotels Group PLC Annual Report and Financial Statements.

##### *Short Term Deferred Incentive Plan (STDIP)*

During the year, share awards made in respect of the Short Term Deferred Incentive Plan were as follows:

	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 1.01.05</i>	<i>Awarded during the year</i>	<i>Released during the year</i>	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 31.12.05</i>
R T Winter	-	65,067	-	65,067

#### THIRD-PARTY INDEMNITIES

InterContinental Hotels Group PLC has provided to all of its group company directors, limited indemnities in respect of costs of defending claims against them, and third-party liabilities.

#### 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.

#### AUDITORS

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

By order of the Board

  
Secretary

14 June 2006

## SCIH Branston 3

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCIH BRANSTON 3**

We have audited the Company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and related notes 1 to 12. 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 the 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 (United Kingdom Generally Accepted Accounting Practice).

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 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Birmingham  
Date: *30 June 2006*



## SCIH Branston 3

### PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	<i>Notes</i>	<i>2005</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Interest receivable	5	87,136	74,149
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>87,136</u>	<u>74,149</u>
Tax on profit on ordinary activities	6	(25,011)	(18,688)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>62,125</u>	<u>55,461</u>

All activities relate to continuing operations.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2005

There are no recognised gains and losses other than the profit attributable to the shareholders of the company of £62,125,000 for the year ended 31 December 2005 (2004 – £55,461,000).

# SCIH Branston 3

## BALANCE SHEET

As at 31 December 2005

		2005 £000	2004 £000
	<i>Notes</i>		
<b>CURRENT ASSETS</b>			
Debtors	7	1,525,658	1,282,072
		<u>1,525,658</u>	<u>1,282,072</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(71,014)	(46,767)
		<u>1,454,644</u>	<u>1,235,305</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	19	17
Share premium	10	1,301,832	1,144,620
Profit and loss account	10	152,793	90,668
		<u>1,454,644</u>	<u>1,235,305</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10		

Signed on behalf of the Board



Director

Date: 19 June 2006

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2005

**1. ACCOUNTING POLICIES**

***Basis of preparation***

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

***Taxation***

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

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 between 0% and 30% of the losses surrendered.

***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. Those timing differences recognised include accelerated capital allowances, unrelieved tax losses and short term timing differences. Timing differences not recognised include those relating to the revaluation of fixed assets in the absence of a commitment to sell the assets, the gain on sale of assets rolled into replacement assets and the distribution of profits from overseas subsidiaries in the absence of any commitment by the subsidiary to make the distribution.

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.

***Statement of cash flows***

Under the provisions of FRS 1 "Cash Flow Statements" (Revised 1996), 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 year and preceding year.

**3. DIRECTORS' EMOLUMENTS**

The directors received no remuneration in respect of their services to the Company (2004 - £nil).

**4. STAFF COSTS**

The Company did not employ any persons during the year (2004 - £nil).

# SCIH Branston 3

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2005

### 5. INTEREST RECEIVABLE

	2005 £000	2004 £000
Interest receivable from other group undertakings	87,136	74,149

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of tax charge for the year

	2005 £000	2004 £000
<i>UK corporation tax at 30% (2004 – 30%)</i>		
Total current tax	25,191	20,372
Prior years	(180)	(1,684)
	25,011	18,688

#### (b) Factors affecting current tax charge for the year

	2005 £000	2004 £000
Profit on ordinary activities before tax	87,136	74,149
UK corporation tax standard rate of 30% (2004- 30%)	26,141	22,244
Permanent differences	(950)	(1,872)
Adjustment in respect of prior years	(180)	(1,684)
Tax charge on ordinary activities	25,011	18,688

#### (c) *Deferred taxation*

As at 31 December 2005 and 31 December 2004 there was no provided or unprovided deferred tax.

## SCIH Branston 3

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2005

#### 7. DEBTORS

	2005 £000	2004 £000
Amounts owed by group undertakings	1,525,658	1,282,072
	<u>1,525,658</u>	<u>1,282,072</u>

#### 8. CREDITORS: amounts falling due within one year

	2005 £000	2004 £000
Corporation tax	23,507	18,688
Amounts owed to other group undertakings	47,507	28,079
	<u>71,014</u>	<u>46,767</u>

#### 9. SHARE CAPITAL

	2005 £000	2004 £000
Authorised:		
250,000 ordinary shares of £1 each	250	250
Allotted, called up and fully paid:		
18,606 ordinary shares of £1 each	19	17

During the year 2,037 ordinary shares of £1 each, with an aggregate nominal value of £2,037, were issued and fully paid for by cash or cash equivalents of £159,279,000.

The total premium on the issue of these shares during the year was £157,212,000:

1,017 ordinary shares of £1 each were issued on 16 February 2005 at a premium of £76,132 a share.

180 ordinary shares of £1 each were issued on 11 March 2005 at a premium of £76,696 a share.

282 ordinary shares of £1 each were issued on 31 October 2005 at a premium of £78,547 a share.

558 ordinary shares of £1 each were issued on 31 October 2005 at a premium of £78,547 a share.

## SCIH Branston 3

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2005

#### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total shareholders' funds £000</i>
At 31 December 2003	17	1,144,620	35,207	1,179,844
Profit for the year	-	-	55,461	55,461
At 31 December 2004	17	1,144,620	90,668	1,235,305
Premium on the issue of shares during the year	2	157,212	-	157,214
Profit for the year	-	-	62,125	62,125
At 31 December 2005	19	1,301,832	152,793	1,454,644

#### 11. RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2005 the Company has taken advantage of the exemption contained in FRS 8 "Related Party Disclosures" and has therefore not disclosed transactions or balances with entities which form part of the Group, headed by InterContinental Hotels Group PLC.

#### 12. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2005, InterContinental Hotels Group PLC (registered no. 5134420), a company incorporated in Great Britain and registered in England and Wales was the ultimate parent undertaking and controlling entity of SCIH Branston 3.

During a group reorganisation, effective 27 June 2005, InterContinental Hotels Group PLC (registered no. 5134420) replaced InterContinental Hotels Group PLC (registered no. 4551528) as the new ultimate parent company. InterContinental Hotels Group PLC (registered no. 4551528) was renamed InterContinental Hotels Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC (registered no. 5134420). Consolidated financial statements of InterContinental Hotels Group PLC (registered no. 5134420) are available from the following address:

Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate parent company is Six Continents International Holdings BV, a company registered in The Netherlands.