

Registered number 4508373

SCIH BRANSTON 3

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007



SCIH, BRANSTON 3

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

D Hiran

COMPANY NUMBER

4508373

REGISTERED OFFICE

Broadwater Park
Denham
Buckinghamshire UB9 5HJ

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

SCIH, BRANSTON 3

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**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 ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company continues to be 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.

During the year 450 ordinary shares of £1 each, with an aggregate nominal value of £450, were issued to Six Continents International Holdings B V (SCIHBV) and fully paid for by cash equivalents of £36,717,750. The shares were issued as part of a corporate restructuring.

The total premium on the issue of these shares during the year was £36,717,300.

FUTURE DEVELOPMENTS

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, was £27,381,000 (2006 - £64,041,000).

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

EVENTS SINCE THE BALANCE SHEET DATE

On 16 January 2008, 2,330 Ordinary shares of £1 each, with an aggregate nominal value of £2,330, were issued and fully paid for by cash equivalents of £195,633,790.

The total premium on the issue of these shares was £195,631,460.

DIRECTORS AND THEIR INTERESTS

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

A S McEwan
C Springett
N P Stocks
R Wheeler
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 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 1986 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 Broadwater Park, Denham, Buckinghamshire, UB9 5HJ.

SCIH.BRANSTON 3

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

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

DISCLOSURE OF INFORMATION TO AUDITORS

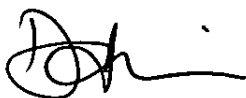
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's 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.

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: 11.09.08

**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 year. 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 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.

SCIH BRANSTON 3

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 3

We have audited the financial statements of SCIH Branston 3 for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and related notes 1 to 14. 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.

SCIH BRANSTON 3

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 3

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

London

Date *16 September 2008*

SCIH BRANSTON 3

**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	116,212	92,141
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		116,212	92,141
Tax on profit on ordinary activities	6	(88,831)	(28,100)
PROFIT FOR THE FINANCIAL YEAR	10	27,381	64,041

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 11 form part of these financial statements

SCIH BRANSTON 3

**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	1,666,210	1,619,428	
Cash at bank		129	586	
		<u>1,666,339</u>	<u>1,620,014</u>	
CREDITORS: amounts falling due within one year				
	8	<u>(48,520)</u>	<u>(66,294)</u>	
NET CURRENT ASSETS			<u>1,617,819</u>	<u>1,553,720</u>
NET ASSETS			<u>1,617,819</u>	<u>1,553,720</u>
CAPITAL AND RESERVES				
Called up share capital	9		19	19
Share premium account	10		1,373,585	1,336,867
Profit and loss account	10		<u>244,215</u>	<u>216,834</u>
EQUITY SHAREHOLDERS' FUNDS			<u>1,617,819</u>	<u>1,553,720</u>

Signed on behalf of the Board


Director

Date

11.09.08

The notes on pages 8 to 11 form part of these financial statements

**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 Statement of cash flows

Under the provisions of FRS 1 "Cash Flow Statements" (Revised 1996), the Company has not prepared a statement of cashflows 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

1.3 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.4 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

2 AUDITORS' REMUNERATION

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

SCIH BRANSTON 3

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

5 INTEREST RECEIVABLE

	2007 £000	2006 £000
Interest receivable from group companies	116,212	92,141

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £000	2006 £000
Analysis of tax charge for the year		
UK corporation tax charge on profit for the year	34,864	27,642
Adjustments in respect of prior periods	53,967	458
Tax on profit on ordinary activities	88,831	28,100

Factors affecting the tax charge for the year

The tax assessed for the year is higher than (2006 - higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	116,212	92,141
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	34,864	27,642
Effects of:		
Adjustments to tax charge in respect of prior periods	53,967	458
Current tax charge for the year (see note above)	88,831	28,100

Factors that may affect future tax charges

Subsequent to the year end, the decision was taken to make payment for a proportion of the Company's claim for group relief in respect of the period at a rate of 100% of the losses claimed. This will be reflected in the 2008 statutory accounts as an adjustment in respect of prior years. It is anticipated that the payment for losses claimed at 100% will result in a tax charge in relation to 2007 of £81m in the 2008 statutory accounts.

7. DEBTORS

	2007 £000	2006 £000
Amounts owed by group undertakings	1,666,210	1,619,428

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

8 CREDITORS.

Amounts falling due within one year

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Corporation tax	37,359	28,336
Amounts owed to group undertakings	11,161	37,958
	<u>48,520</u>	<u>66,294</u>

9. SHARE CAPITAL

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
AUTHORISED		
250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>
ALLOTTED, CALLED UP AND FULLY PAID		
19,492 (2006 - 19,042) Ordinary shares of £1 each	<u>19</u>	<u>19</u>

During the year 450 ordinary shares of £1 each, with an aggregate nominal value of £450, were issued to Six Continents International Holdings B V (SCIHBV) and fully paid for by cash equivalents of £36,717,750. The shares were issued as part of a corporate restructuring.

The total premium on the issue of these shares during the year was £36,717,300.

10. RESERVES

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 January 2007	1,336,867	216,834
Profit for the year	-	27,381
Premium on shares issued during the year	36,718	-
At 31 December 2007	<u>1,373,585</u>	<u>244,215</u>

11. 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).

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

12. 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 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

13. ULTIMATE 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 SCIH Branston 3

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 Six Continents International Holdings BV, a company registered in The Netherlands

14. EVENTS SINCE THE BALANCE SHEET DATE

On 16 January 2008, 2,330 Ordinary shares of £1 each , with an aggregate nominal value of £2,330, were issued and fully paid for by cash equivalents of £195,633,790 The total premium on the issue of these shares was £195,631,460