

SIXCO FINANCING 1

(Formerly SixCo Financing 1 Limited)

Report and Financial Statements

31 December 2005



A08
COMPANIES HOUSE

AH8NHH30

719
14/07/2006

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

Registered No. 4666249

DIRECTORS

C Springett
A J Sykes
R Wheeler
R T Winter

SECRETARY

C Barry

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

67 Alma Road
Windsor
Berkshire SL4 3HD

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

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 to act as an investment holding company.

The directors view the results as satisfactory.

RE-REGISTRATION OF COMPANY

On 13 May 2005, the Company was re-registered by special resolution as a private unlimited company as SixCo Financing 1.

FINANCIAL INSTRUMENTS

One of the primary objectives of the Company's treasury risk management policy is to mitigate the adverse impact of movements in foreign exchange rates.

Movements in foreign exchange rates, particularly the US dollar and euro, can affect the Company's reported profit, net assets and interest cover. To hedge this translation exposure as far as is reasonably practical; borrowings are taken out in foreign currencies (either directly or via currency swaps) which broadly match those in which the Company's major net assets are denominated.

Foreign exchange transaction exposure is managed by the forward purchase or sale of foreign currencies or the use of currency options. Most significant exposures of the Company are in currencies that are freely convertible.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 31 December 2005 was \$1,065,000 (year ended 31 December 2004 was a profit of \$1,899,000).

The directors paid a dividend of \$3,600,000 for the year ended 31 December 2005 (year ended 31 December 2004 - \$nil).

DIRECTORS' INTERESTS

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

A J Sykes
C Springett
R Wheeler (appointed 27 March 2006)
R T Winter

CHANGE OF COMPANY SECRETARY

On 27 March 2006, C Engmann resigned and C Barry was appointed.

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.

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

Please refer to Note 15 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>
C Springett	552	404
A J Sykes	141	454
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.

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>
C Springett	21,689	-	-	-	21,689	438.00p	May 2006
	19,800	-	-	-	19,800	494.17p	April 2007
A J Sykes	2,222	-	-	2,222	-	474.86p	Exercisable
	683	-	-	683	-	497.96p	Exercisable
	1,367	-	-	1,367	-	593.29p	Exercisable
	3,761	-	-	3,761	-	466.68p	Exercisable
	30,266	-	-	-	30,266	349.13p	Exercisable
	22,400	-	-	-	22,400	422.81p	Exercisable
	31,975	-	-	-	31,975	308.48p	Exercisable
	23,367	-	-	-	23,367	438.00p	May 2006
	21,430	-	-	-	21,430	494.17p	April 2007
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

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

DIRECTORS' REPORT

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>
A J Sykes	3,769	-	-	3,769	420.50p	March 2009
R T Winter	3,769	-	-	3,769	420.50p	March 2009

DIRECTORS' INTERESTS (CONTINUED)

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>
A J Sykes	27.02.02	489	489	-	539.75p	27.02.05
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.

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

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>
C Springett	-	8,800	-	-	8,800
A J Sykes	-	9,350	-	-	9,350
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 auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board


Secretary

27 June 2006

SixCo Financing 1

(Formerly SixCo Financing 1 Limited)

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 MEMBERS OF SIXCO FINANCING 1

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 16. 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
6 July 2006

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2005

		2005 \$000	2004 \$000
	<i>Notes</i>		
Costs and overheads, less other income	2	14	(49)
OPERATING PROFIT/(LOSS)		14	(49)
Interest receivable and similar income	6	6,150	12,348
Interest payable and similar charges	7	(4,642)	(9,586)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,522	2,713
Tax on profit on ordinary activities	8	(457)	(814)
PROFIT FOR THE FINANCIAL YEAR		1,065	1,899

All activities relate to continuing operations.

Details of dividends paid during the year are set out in note 9 of the financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

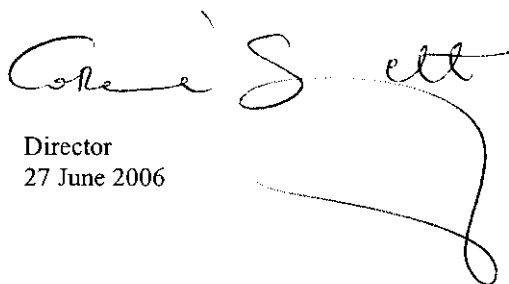
There are no recognised gains and losses other than the profit attributable to the shareholders of the Company of \$1,065,000 for the year ended 31 December 2005 (year ended 31 December 2004 – profit of \$1,899,000.)

SixCo Financing 1 Limited
(Formerly SixCo Financing 1 Limited)

BALANCE SHEET
As at 31 December 2005

	Notes	2005 \$000	2004 \$000
FIXED ASSETS			
Investments	10	24,534	15,000
CURRENT ASSETS			
Debtors	11	16,646	307,352
CREDITORS: amounts falling due within one year	12	(1,271)	(289,442)
NET CURRENT ASSETS		15,375	17,910
TOTAL ASSETS LESS CURRENT LIABILITIES		39,909	32,910
CAPITAL AND RESERVES			
Called up share capital	12	4	3
Share premium account	13	39,165	29,632
Profit and loss account	13	740	3,275
EQUITY SHAREHOLDERS' FUNDS	13	39,909	32,910

Signed on behalf of the Board



Director
27 June 2006

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2005

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in United States Dollars, as it is the functional currency of the entity, 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.

In accordance with section 228 of the Companies Act 1985 the Company has not prepared consolidated financial statements as the Company is a subsidiary of a larger group preparing consolidated financial statements in the EU. These financial statements therefore present information about the Company and not the Group.

Change in company status

On 13 May 2005 the Company was re-registered as an unlimited company known as Sixco Financing 1. The members of the company have assented to this re-registration.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

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.

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

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising from the retranslation of investments denominated in foreign currencies are taken direct to reserves, net of exchange differences arising from the retranslation of foreign currency borrowings used to hedge those investments.

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2005

2. COSTS AND OVERHEADS, LESS OTHER INCOME

	2005	2004
	\$000	\$000
Other external charges	-	49
Foreign exchange gain	(14)	-

3. AUDITORS' REMUNERATION

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

4. DIRECTORS' EMOLUMENTS

The directors are directors of other undertakings within the InterContinental Hotels Group. The directors' remuneration 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.

5. STAFF COSTS

The Company did not employ any persons during the year (year ended 31 December 2004- Nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	\$000	\$000
Interest receivable from subsidiary undertaking	6,150	12,348

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	\$000	\$000
Interest payable to other group undertakings	4,642	9,586

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
	\$000	\$000
<i>(a) Analysis of tax charge for the year</i>		
UK corporation tax at 30 %		
Total current tax	457	814

The effective current tax rate on profit on ordinary activities is equal to the statutory rate of 30%.

(b) Deferred taxation

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

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2005

9. DIVIDENDS

	2005 £000	2004 £000
Equity dividends on ordinary shares	3,600	-

10. FIXED ASSET INVESTMENTS

	<i>Shares in group undertakings \$000</i>
Cost:	
At 1 January 2005	15,000
Additions	9,534
At 31 December 2005	24,534
Provision for diminution in value:	
At 31 December 2005 and 31 December 2004	-
Net book value:	
At 31 December 2005 and 31 December 2004	24,534

During the year, the company obtained a further 950 ordinary shares of \$1 each in its subsidiary undertaking, SixCo Financing 2, a private unlimited company, for £9,533,767. The company's registered office is at 67 Alma Road, Windsor, Berkshire, SL4 3HD.

<i>Direct holdings</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held and voting Rights</i>
SixCo Financing 2	England and Wales	Holding company	100%

11. DEBTORS

	2005 \$000	2004 \$000
Amount owed by other group undertakings	16,646	307,352

SixCo Financing 1

(Formerly SixCo Financing 1 Limited)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2005

12. CREDITORS: Amounts falling due within one year

	2005 \$000	2004 \$000
Amount owed to other group undertakings	814	288,627
Bank overdraft	-	1
Corporation tax	457	814
	<u>1,271</u>	<u>289,442</u>

13. SHARE CAPITAL

	2005 \$000	2004 \$000
Authorised: 20,000,000 ordinary shares of US\$1 each	20,000	20,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid: 3,911 ordinary shares of US\$1 each	4	3
	<u> </u>	<u> </u>

On 28 February 2005 the Company issued 950 ordinary shares of \$1 to Six Continents Hotels Inc at a premium of \$10,034 per share

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital \$000	Share premium account \$000	Profit and loss account \$000	Total shareholders' funds \$000
At 31 December 2003	2	19,998	1,376	21,376
Shares issued during the year	1	9,634	-	9,635
Profit for the year	-	-	1,899	1,899
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2004	3	29,632	3,275	32,910
Shares issued during the year	1	9,533	-	9,534
Loss for the year	-	-	(2,535)	(2,535)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2005	4	39,165	740	39,909
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SixCo Financing 1
(Formerly SixCo Financing 1 Limited)

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2005

15. 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.

16. 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 SixCo Financing 1.

During the year a group reorganisation effective 27 June 2005, InterContinental Hotels Group (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 Hotels Inc, a company registered in Delaware in the United States of America.