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HOLIDAY INNS OF AMERICA (UK) LIMITED

Report and Financial Statements

31 December 2004



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Holiday Inns of America (UK) Limited

Registered No. 0891885

DIRECTORS

A S McEwan
C Springett
N P Stocks
R T Winter

SECRETARY

C Engmann

BANKERS

HSBC Bank plc
22 Victoria Street
Westminster
London SW1H 0NJ

REGISTERED OFFICE

67 Alma Road
Windsor
Berkshire SL4 3HD

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company has not traded during the year. Therefore no Profit and Loss Account has been prepared.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 31 December 2004 was £Nil (period to December 2003 - £Nil).

The directors do not propose a dividend for the year (2003 - £Nil).

FUTURE DEVELOPMENTS

The directors plan to maintain the Company's dormant status for the foreseeable future.

DIRECTORS' INTERESTS

The directors at 31 December 2004 and during the year were as follows:

A S McEwan
N P Stocks
C Springett
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 7 for information on the ultimate parent undertaking.

	<i>At 1.01.04 InterContinental Hotels Group PLC Ordinary Shares of £1*</i>	<i>At 31.12.04 InterContinental Hotels Group PLC Ordinary shares of 112 pence</i>
A S McEwan	3,869	3,454
N P Stocks	582	519
C Springett	620	552
R T Winter	8,244	8,035

* These share interests were in InterContinental Hotels Group PLC ("IHG PLC") prior to the Share Consolidation in December 2004. For every 28 IHG PLC ordinary shares of £1 each held on 10 December 2004, shareholders received 25 IHG PLC ordinary shares of 112 pence each and a Special Dividend of 72 pence per £1 ordinary share held.

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

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.

Executive Share Option plan

	<i>Options held at 1.01.04</i>	<i>Granted during year</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>Options held at 31.12.04</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
N P Stocks	9,233	-	-	9,233	-	466.68p	
	35,053	-	-	35,053	-	349.13p	
	18,125	-	-	18,125	-	422.81p	
	18,467	-	-	-	18,467	434.22p	Exercisable
	50,228	-	-	-	50,228	438.00p	May 2006
	-	48,560	-	-	48,560	494.17p	April 2007
C Springett	21,689	-	-	-	21,689	438.00p	May 2006
	-	19,800	-	-	19,800	494.17p	April 2007
R T Winter	52,666	-	-	52,666	-	295.33p	
	4,787	-	-	4,787	-	474.86p	
	3,590	-	-	3,590	-	497.96p	
	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

Holiday Inns of America (UK) Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

IHG PLC Sharesave Plan

	<i>Options held at 1.01.04</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>Options held at 31.12.04</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. For every 28 IHG PLC ordinary shares of £1 each held on 10 December 2004, the Trust received 25 IHG PLC ordinary shares of 112 pence each.

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 £1 held in trust at 1.01.04</i>	<i>Ordinary shares of £1 released during the year</i>	<i>Ordinary shares of £1 held at 10.12.04*</i>	<i>Ordinary shares of 112 pence held on 31.12.04</i>	<i>Appropriation price</i>	<i>Release date</i>
R T Winter	26.02.01	895	895	-	-	372.00p	26.02.04
	27.02.02	927		927	827	539.75p	27.02.05

* These share awards were in IHG PLC prior to the Share Consolidation in December 2004. For every 28 IHG PLC ordinary shares of £1 each held on 10 December 2004, shareholders received 25 IHG PLC ordinary shares of 112 pence each and a Special Dividend of 72 pence per £1 ordinary share held.

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 1.01.04</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 31.12.04</i>
A S McEwan	82,810	42,170	-	124,980
N P Stocks	61,780	32,750	-	94,530
R T Winter	208,420	108,360	-	316,780

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

Short Term Deferred Incentive Plan (STDIP)

There were no releases under the Short Term Deferred Incentive Plan during the year.

By order of the Board



Secretary
28 April 2005

Holiday Inns of America (UK) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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.

Holiday Inns of America (UK) Limited

BALANCE SHEET

As at 31 December 2004

		31 December 2004	31 December 2003
	Notes	£000	£000
CREDITORS			
Creditors – amounts falling due after more than one year	3	(880)	(880)
NET LIABILITIES		<u>(880)</u>	<u>(880)</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and loss reserve	5	(980)	(980)
SHAREHOLDERS' FUNDS	5	<u>(880)</u>	<u>(880)</u>

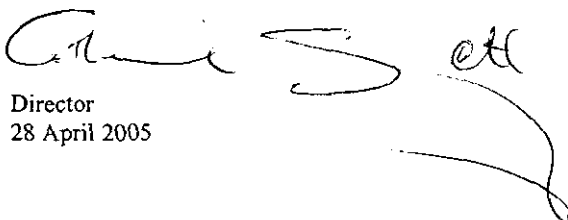
For the year ended 31 December 2004 the Company was entitled to exemption under section 249A(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- ensuring the Company keeps accounting records which comply with section 221; and
- preparing accounts which give a true and fair view of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

Approved by the board on
and signed on its behalf by


Director
28 April 2005

Holiday Inns of America (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared 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.

2. DIRECTORS' EMOLUMENTS

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

3. CREDITORS: Amounts falling due after more than one year

	<i>31 December</i>	<i>31 December</i>
	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to fellow subsidiary undertaking	880	880

4. SHARE CAPITAL

	<i>31 December</i>	<i>31 December</i>
	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>
Authorised, Allotted, Called Up and Fully Paid 100,000 ordinary shares of £1 each	100	100

Holiday Inns of America (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2004

5. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital £000</i>	<i>Profit and loss £000</i>	<i>Total £000</i>
At 30 September 2002	-	(980)	(980)
Profit for the period	-	-	-
At 31 December 2003	100	(980)	(880)
Profit for the year	-	-	-
At 31 December 2004	100	(980)	(880)

6. RELATED PARTY TRANSACTIONS

As the company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2004, the company has taken advantage of the exemption contained in FRS 8 "Related Party Transactions" and has therefore not disclosed transactions or balances with entities which form part of the group, headed by InterContinental Hotels Group PLC.

The directors confirm that there were no related party transactions other than those disclosed in these financial statements.

7. PARENT UNDERTAKING AND CONTROLLING PARTY

InterContinental Hotels Group PLC, a Company incorporated in Great Britain and Registered in England and Wales is the ultimate parent undertaking of Holiday Inns of America (UK) Limited.

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 and SNC Comments PLC are available from the following address:

67 Alma Road, Windsor, Berkshire SL4 3HD

The immediate parent and controlling company is Holiday Inns (UK) Inc, a Company registered in United States of America.