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SC INVESTMENTS NUMBER 2 LIMITED

Report and Financial Statements

31 December 2006

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COMPANIES HOUSE

SC Investments Number 2 Limited

Registered no 3101526

DIRECTORS

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

SECRETARY

C Barry

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

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

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006

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 future prospects of the Company.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 31 December 2006 was £16,000 (2005 - £22,000)

The directors do not propose a dividend for the year ended 31 December 2006 (2005 - £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 2006 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

At 31 December 2006 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, is in force as at the date of this report and 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 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 group'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 Investments Number 2 Limited

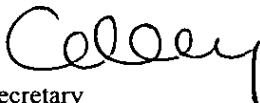
DIRECTORS' REPORT

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 20 July 2007

SC Investments Number 2 Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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 AUDITOR'S REPORT TO THE MEMBERS OF SC INVESTMENTS NUMBER 2 LIMITED

We have audited the Company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and related notes 1 to 14. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 director's 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SC INVESTMENTS NUMBER 2 LIMITED (CONTINUED)

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 2006 and of its profit for the year 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

25 July 2007

SC Investments Number 2 Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	<i>Notes</i>	<i>2006</i> <i>£000</i>	<i>2005</i> <i>£000</i>
Interest receivable and similar income	5	23	32
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>23</u>	<u>32</u>
Tax on profit on ordinary activities	6	(7)	(10)
PROFIT FOR THE FINANCIAL YEAR		<u>16</u>	<u>22</u>

All activities relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2006

There are no recognised gains and losses other than the profit attributable to the shareholders of the Company of £16,000 for the year ended 31 December 2006 (2005 – £22,000)

SC Investments Number 2 Limited

BALANCE SHEET

As at 31 December 2006

	Notes	2006 £000	2005 £000
FIXED ASSETS			
Investments	7	53,353	53,353
CURRENT ASSETS			
Debtors	8	-	49
Cash at bank		26	34
		26	83
CREDITORS amounts falling due within one year	9	(1,189)	(1,262)
NET CURRENT LIABILITIES		(1,163)	(1,179)
NET ASSETS		52,190	52,174
CAPITAL AND RESERVES			
Called up share capital	10	50,100	50,100
Profit and loss account	11	2,090	2,074
EQUITY SHAREHOLDERS' FUNDS	11	52,190	52,174

Approved by the board on
and signed on its behalf by



Director

Date 20 July 2007

SC Investments Number 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2006

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.

The financial statements present information about the Company as an individual undertaking and not as a group. The Company is exempt from preparing consolidated financial statements under S228 Companies Act 1985.

Going concern

At 31 December 2006 the Company's current liabilities exceeded its current assets. The Company is dependent, in the absence of other funding, on the continued support of the ultimate parent company, InterContinental Hotels Group PLC. The ultimate parent company has confirmed it will continue to support the Company. On this basis, the directors consider it appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments that might be necessary if InterContinental Hotels Group PLC were not able to provide further support.

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.

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.

SC Investments Number 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2006

1. ACCOUNTING POLICIES (CONTINUED)

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

Investment income

Investment income is recognised on an accruals basis

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 (2005 – nil)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £000	2005 £000
Interest receivable from other group undertaking	23	32
	<u>23</u>	<u>32</u>

SC Investments Number 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2006

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

<i>(a) Analysis of the tax charge for the year</i>	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
UK corporation tax at 30 % (2005 – 30%)		
Current year tax charge	7	10
Tax on profit on ordinary activities	7	10

<i>(b) Factors affecting the tax charge for the year</i>	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Profit on ordinary activities before tax	23	32
UK corporation tax at statutory rate of 30% (2005 – 30%)	7	10

(c) Deferred taxation

As at 31 December 2006 and 31 December 2005 no deferred tax provision was required nor did the company have any unprovided deferred tax

7. FIXED ASSET INVESTMENT

	<i>Shares in subsidiary undertakings</i>
	<i>£000</i>
Cost and Net book value	
At 31 December 2005 and 31 December 2006	53,353

Principal company investments

The Company has an investment in the following subsidiary undertaking

<i>Direct holdings</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held and voting Rights</i>
Culross Finance Limited	Cayman Islands	Investment company	100%

The directors are of the opinion that the value of the Company's investment is not less than the amount at which it is stated in the financial statements

SC Investments Number 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2006

8 DEBTORS

	2006 £000	2005 £000
Amount owed by other group undertaking	-	48
Other debtors	-	1
	<u>-</u>	<u>49</u>

9 CREDITORS amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to other group undertakings	1,182	1,252
Corporation tax	7	10
	<u>1,189</u>	<u>1,262</u>

10. SHARE CAPITAL

	2006 £000	2005 £000
Authorised 55,000,000 ordinary shares of £1 each	55,000	55,000
Allotted, called up and fully paid 50,100,000 ordinary shares of £1 each	<u>50,100</u>	<u>50,100</u>

11 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 31 December 2004	50,100	2,052	52,152
Profit for the year	-	22	22
At 31 December 2005	<u>50,100</u>	<u>2,074</u>	<u>52,174</u>
Profit for the year	-	16	16
At 31 December 2006	<u>50,100</u>	<u>2,090</u>	<u>52,190</u>

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2006

12 RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2006, 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

13 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 balances of the Company held by Lloyds TSB Bank PLC At 31 December 2006 the maximum liability under the guarantee amounted to £55,791,227

14 PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2006 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 Investments Number 2 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 are available from the following address

Companies House, Crown Way, Cardiff CF14 3UZ

The immediate parent company is Six Continents Overseas Holdings Limited, a company registered in England and Wales