



ANNUAL REVIEW AND SUMMARY FINANCIAL STATEMENT 2001

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# WELCOME

## SIX CONTINENTS PLC

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### SIX CONTINENTS HOTELS

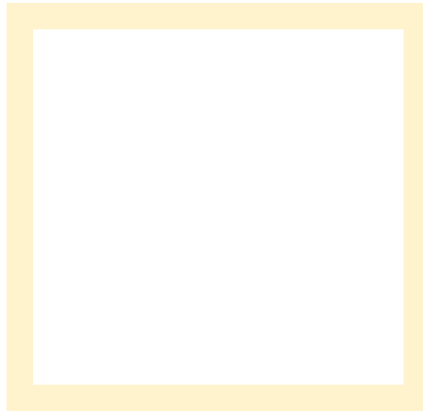
is our international hotels business, whose leading brands are Inter-Continental, Crowne Plaza, Holiday Inn, Express by Holiday Inn and Staybridge Suites. We are one of the world's most global hotel operators with interests in nearly 100 countries and territories.

### SIX CONTINENTS RETAIL

is our managed restaurants, pubs and bars business whose leading UK brands include All Bar One, Browns, Vintage Inns, Ember Inns, Harvester, O'Neill's, It's A Scream and Edward's. We have an estate of over 2,000 sites in the UK and 36 sites in Germany.

### BRITVIC SOFT DRINKS

is one of the UK's leading branded soft-drinks business whose brands include Robinsons, Tango, Amé and Purdey's.



SIR IAN PROSSER, CHAIRMAN

'THE ADOPTION OF OUR NEW NAME SIX CONTINENTS, FOLLOWING THE SALE OF BASS BREWERS, REFLECTS THE SUCCESSFUL REFOCUSING ON OUR GLOBAL HOSPITALITY INTERESTS IN HOTELS AND OUR RETAIL INTERESTS IN THE UK AND GERMANY'

During the financial year to 30 September 2001 we achieved good results across the entire Company despite significant weakening in some of our important markets, particularly the United States, coupled with the effects of the tragic events of 11 September 2001.

#### RESULTS OVERVIEW

Group turnover increased by 6.8 per cent to £4,033 million and operating profits from continuing operations grew by 2.1 per cent to £792 million. Operating profits from continuing operations (before major exceptional items) in hotels grew by 13.6 per cent, in retail by 1.1 per cent and in Britvic Soft Drinks by 23.9 per cent. Earnings per share fell by 2.1 pence to 60.1 pence as a result of the dilution arising on disposals. We are recommending a final dividend of 23.9 pence. This makes a total dividend for the year of 34.3 pence, an increase of 3 per cent on 2000.

#### NEW NAME

This year we adopted the new name 'Six Continents', following the sale of the Bass name and trademark with our brewing business last year. The new name better reflects the business we have become and appropriately evokes the scale and international scope of our operations and ambitions.

#### HOTELS

During the year we have continued to build our position as a leading global hotel group by increasing the depth of penetration for Holiday Inn and Express in selected international markets and driving distribution for Inter-Continental and Crowne Plaza in key gateway cities worldwide. The growth of our hotel business was marked by the purchase of the former Regent Hotel in Hong Kong, now an Inter-Continental, the purchase of Posthouse and its conversion to

OUR VALUES

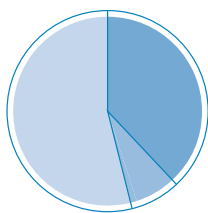
PASSIONATE  
DELIGHT OUR CUSTOMERS  
AGAIN AND AGAIN

DYNAMIC  
WIN BY A MILE

INTUITIVE  
VALUE AND TRUST  
OUR PEOPLE

INNOVATIVE  
CREATE INNOVATION  
AND CHANGE

PRINCIPLED  
BEHAVE WITH INTEGRITY  
AND RESPECT OUR  
COMMUNITIES



2001 DIVISIONAL SHARE OF OPERATING PROFIT FROM CONTINUING OPERATIONS AND BEFORE EXCEPTIONAL ITEMS

- 54% Hotels
- 39% Retail
- 7% Soft Drinks/Other

the Holiday Inn brand, taking Holiday Inn to a leading midscale brand in the United Kingdom. In all 23,600 additional bedrooms were added globally across all brands. We also made good progress with our investment programme in the refurbishment of our 'big 10' owned Inter-Continental hotels.

RETAIL

In our retail business, we continued to focus on the benefits of scale economies at the unit and brand levels. The rapid programme of deploying our leading restaurant, pub and bar brands across our outlets was continued, with resulting high returns on investment. We sold 988 pubs from the bottom end of our estate and are successfully achieving our targeted 40 per cent turnover uplifts on the 300 former Allied outlets now converted to our brands and templates.

SOFT DRINKS

During the year we actively pursued the disposal of Britvic, our soft drinks business. However, we reached the conclusion that the value of retaining the business was materially greater than the value of any alternative transaction we could achieve. We, together with the minority shareholders, have therefore decided to retain the business and we now consider it a core holding.

INDUSTRY ENVIRONMENT

In the hotel industry we face some difficult economic issues in the short-term. Well before the events of 11 September in New York and Washington, we were being challenged by recession in the United States. Since then there has been a significant slump in international travel. It is too early to predict precisely how the international effort to curb the threat of terrorism will impact on the world economy, the industry and therefore Six Continents. We believe that policy makers must be made aware of the importance of our industry at every available opportunity. More than 200 million jobs worldwide are dependent (directly or indirectly) on the travel and tourism industry and any long-term slump in travel and tourism would have a significant impact.

MANAGEMENT AND EMPLOYEES

The last few years have been a time of rapid and almost constant change for the employees of Six Continents. Their ability to adapt to change, their skill and dedication to the Company and their hard work has been fundamental to all we have achieved during this time and I thank them for that.

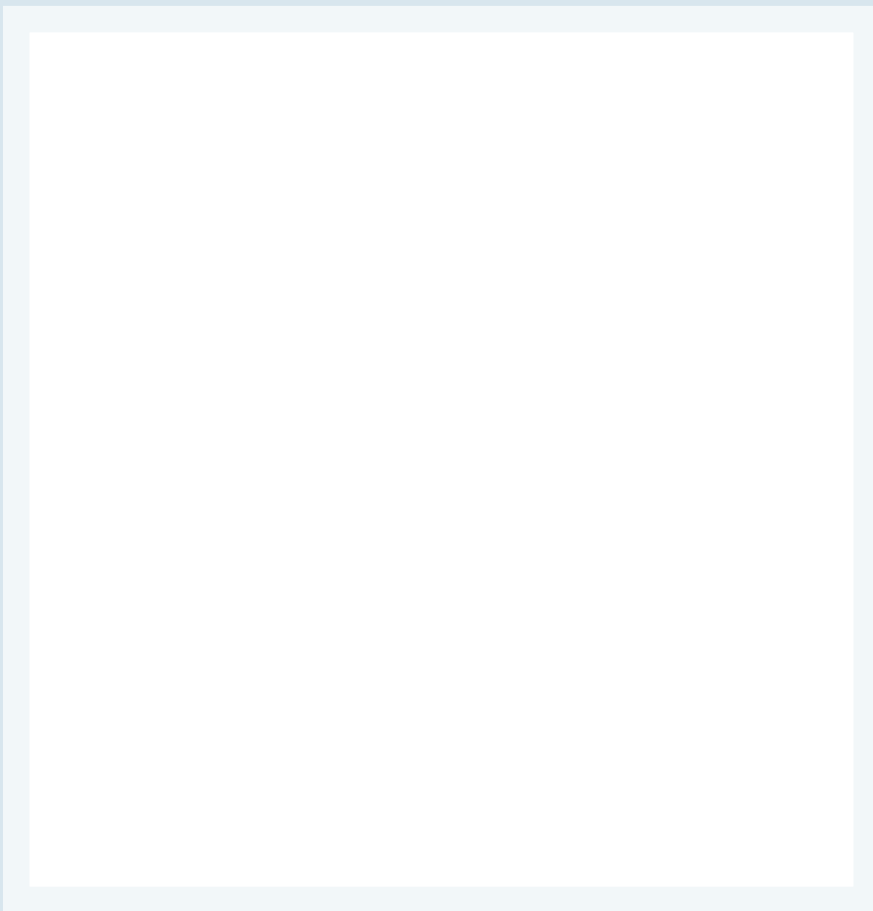
I would also like to thank Sir Michael Perry and Sir Peter Middleton, who retired from the Board in July 2001, for their support as Non-Executive Directors over the past decade and to welcome Bryan Sanderson following his appointment as Non-Executive Director in August 2001. On the retirement of Sir Michael Perry, Roger Carr has become the Senior Non-Executive Director.

FUTURE PROSPECTS

Following the sale of our brewing interests, we are in a strong financial position and we continue to search for new opportunities that will allow us to drive the growth of our businesses. The current testing economic environment may provide those opportunities. We seek quality rather than quantity and all prospective transactions will be subject to stringent investment criteria. We continually weigh up the opportunity cost of an under-gearred balance sheet against the potential return on value creative investments we may be able to make in the short to medium term.

Our mix of businesses, geographic spread and resilience in retail and in franchised hotels means that we can expect to be less affected across the whole of our Company by the current downturn and the reduced international travel than many of our major hotel competitors. We are determined to deliver shareholder value as our primary goal. I am confident all of our stakeholders – investors, owners, employees and customers alike – can look forward to rewarding times in the future.

Sir Ian Prosser, Chairman



TIM CLARKE, CHIEF EXECUTIVE

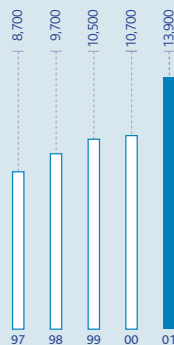
'WE COMBINE SUPERIOR BRANDS, EXPERIENCED MANAGEMENT, SIGNIFICANT FINANCIAL RESOURCES AND THE SHEER WILL TO WIN. THAT IS WHAT SETS US APART'

**OVERVIEW**

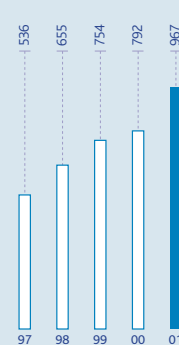
Over the past year Six Continents has made excellent progress in the pursuit of its strategic goals and has performed well despite a difficult economic climate.

We continued to develop our two main businesses of international hotels and branded pubs, bars and restaurants and we are determined to extend our leading positions in these two sectors.

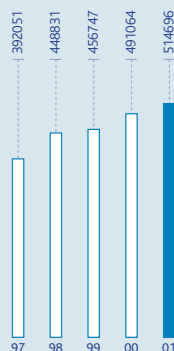
The economic downturn that began earlier this year has worsened as a result of the tragic events of 11 September. Our owned upscale hotels, with a higher dependence on long haul travel, are clearly exposed to these current trading pressures, although our overall business has some very resilient elements. These elements consist of the 25 per cent of our profits which were earned in our hotel managed and franchise business with its limited operational gearing together



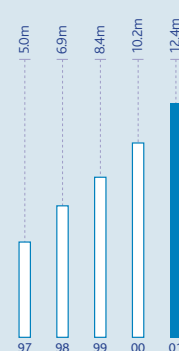
SIX CONTINENTS RETAIL  
Average weekly sales per outlet



SIX CONTINENTS RETAIL  
Number of branded outlets



SIX CONTINENTS HOTELS  
Number of rooms



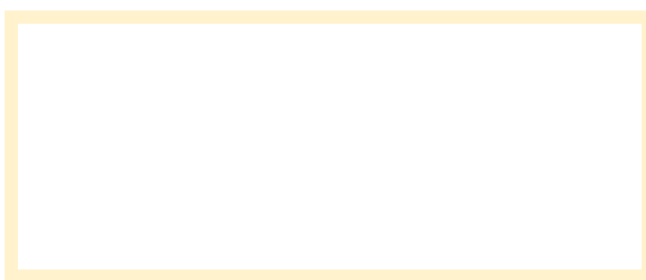
SIX CONTINENTS HOTELS  
Priority Club memberships

with 46 per cent from our retail and soft drinks businesses, both of which offer good growth opportunities and are less tied to movements in GDP. We also have the benefit of low financial gearing with 13 times interest cover having completed £3 billion of disposals into more buoyant financial markets.

This resilience is a source of competitive advantage as we aggressively manage through this downturn, accelerating our cost restructuring programmes, sustaining our marketing and sales activity to gain market share and continuing to renovate and upgrade our assets and systems.

Our strengths are also based on the contribution and commitment of our people during a period of considerable change.

THE HOTELS EXECUTIVE  
RICHARD HARTMAN  
DAVID BLAND  
RICHARD SOLOMONS  
JOHN SWEETWOOD  
DOUG LEWIS  
CRAIG HUNT



## HOTELS

### Operating review

The hotel division's operating profits (before major exceptional items) increased by 13.6 per cent from £376 million to £427 million. Excluding the acquisition of Posthouse, profits grew by 3.7 per cent. This creditable performance was achieved despite the deteriorating market conditions, the significant property modernisation programme and the impact of 11 September, which reduced profits by \$25 million in the last three weeks of the year.

During the year we consolidated our position in the mid- and upscale segments of the hotels market with continued expansion of our global system. Our overall system grew by 23,600 rooms during the year and now stands at 515,000 rooms.

Our reservation systems generate over 30 per cent of the room nights for our midscale hotels in the Americas, giving the hotels a valuable revenue stream leading to improved RevPAR and profit generation. Our Priority Club, which offers guests more opportunities in more countries to earn and redeem points than any other brand loyalty programme, now has 12.4 million members. Six Continents Club, the recognition programme for Inter-Continental, now has 120,000 members. These programmes, combined with marketing and reservation fees raised from

all the hotels, generate system funds of \$350 million per annum and provide a very strong platform of revenue delivery to attract new distribution. This revenue delivery underpins the growth of a very strong franchise and management contract business, which we supplement through acquisitions.

When we do acquire hotels our aim is to buy assets at attractive prices that will speed brand distribution and create value by driving superior RevPAR growth. This philosophy lay behind two important acquisitions in the year. The £810 million acquisition of Posthouse delivered an additional 79 hotels to our existing 31 UK Holiday Inn hotels, combining the brand strength of Holiday Inn with the distribution scale of Posthouse to create a greatly enhanced platform in the United Kingdom. The majority of the Posthouse assets have been rebranded as Holiday Inn and we can now work to increase the RevPAR from these properties to the levels in our existing Holiday Inn properties by applying our management and sales skills.

The second acquisition was the £241 million purchase of the Hotel Inter-Continental Hong Kong. This brings one of the world's best hotels into our portfolio and is in line with our strategy of establishing a stronger presence for our upscale brands in the world's leading cities and resorts.

### Future growth

Our strong financial position means that we can use the current downturn to invest in our assets while the opportunity cost is lower. We are putting \$450 million into the modernisation of 10 of the key Inter-Continental hotels and a further £75 million into our UK Holiday Inn hotels. We are building on our future organic growth from a current pipeline of 69,000 hotel rooms, of which some 27 per cent of the rooms will be in our upscale brands, Crowne Plaza and Inter-Continental. The current asset cycle may provide further opportunities for value creative acquisitions that meet our strict financial criteria.

## RETAIL

### Operating review

In the year the programme of converting our unbranded outlets continued apace and the business achieved a good underlying result with an increase in sales per outlet and high levels of return.

Underlying profits rose by 4.9 per cent excluding the £11 million rise in pre-opening and closure costs associated with the site conversion programme. Overall sales within

the ongoing estate were ahead by 4.3 per cent, with drink sales up 10.1 per cent and food sales up 3.1 per cent. Average sales per outlet have risen to £14,000 per week this year. The division continues to generate high levels of return on capital. Some 350 outlets now have sales of over £20,000 per week.

In line with our strategy of focusing on high return branded outlets in prime locations, we sold 988 smaller pubs during the year for £625 million.

We continue to apply our distinctive brands in attractive growth segments of the market. We focus on the less operationally geared, higher take and more food driven outlets. 967 of our 2,053 properties, 47 per cent, are now branded, an increase of 175 in the year. They deliver some 60 per cent of total revenues.

The programme to convert the 550 properties in our development estate (the former Allied sites) is progressing well with 311 of these sites already converted and a further 13 currently in the process of conversion. On rebranding, properties are achieving on average a 41 per cent uplift in sales.

The conversion programme has further boosted our brand scale unlocking value that can be created by operating large brands with economies of scale in marketing and management. We now have 7 brands with more than 50 outlets. By applying successful brands like All Bar One, O'Neills, Vintage Inns, Harvester, and Ember Inns, we have generated strong returns for our shareholders. As a result across the core estate, returns on capital of 16.4 per cent are now being generated. These brands are clearly differentiated reflecting the very distinct sub markets in which we operate – a very differently structured market from the homogenous industry that existed 10 years ago.

#### Future growth

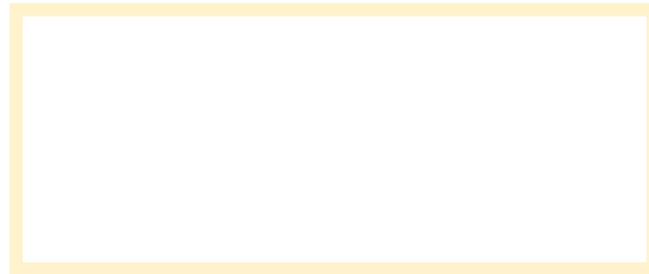
Industry restructuring is bringing supply and demand back into more favourable balance as a result of capital extraction through highly leveraged financial vehicles. This is expected to lead to further market share gains for our large branded outlets.

We are actively developing new concepts and new brands such as Ember Inns and Arena. These targeted consumer offers are opening up further conversion opportunities within our existing unbranded estate, where we have some 700 sites with brand conversion potential.

#### BRITVIC

Britvic, the soft drinks manufacturer in which we have a controlling interest, had a very successful year with turnover up 5.9 per cent and operating profits up 23.9 per cent.

It was a particularly strong year for Robinsons, which again increased its share of the dilutables market. Britvic produced £100 million of EBITDA in 2001.



THE RETAIL EXECUTIVE  
JOHN BUTTERFIELD  
TONY HUGHES  
MIKE BRAMLEY  
ADAM MARTIN  
BRONAGH KENNEDY  
ADAM FOWLE  
BILL SCOBIE

#### OUTLOOK

In the near-term, the outlook for our retail business is supported by both the brand conversion strategy and the more favourable industry trends. While so far there are no signs of any general consumer downturn in the UK, our central London business may continue to be affected by recent events.

In the hotel business, occupancy has declined both as a result of attitudes to flying and heavy corporate cutbacks on travel. In the short term, the evidence from the Gulf War and the early nineties recession is that it will take at least six months for confidence in international travel, particularly outbound from the US, to recover, and, therefore, we are taking a cautious view on market conditions in our upscale business. By contrast, we anticipate a faster recovery for domestic US travel.

The evidence from previous periods of international instability is that when these pass, the strong underlying trends of demand growth in travel will be resumed. This gives confidence in the growth prospects for our hotel business looking beyond the immediate trading conditions.

#### Summary

Overall, Six Continents is well placed. We have two leading businesses, with excellent brands and real scale economies in our industries. Our strong balance sheet enables us to pursue further opportunities for strengthening our growth prospects.

Tim Clarke, Chief Executive

## SIX CONTINENTS HOTELS

The success of our hotels business lies first and foremost in the power of our brands. Together, they span every segment of the international market from limited service to the upscale sector. The brands are supported by a global infrastructure of reservations systems, loyalty programmes, marketing, promotions and internet sites. Our mix of owned, managed, leased and franchised hotels in nearly 100 countries and territories lends balance and stability across economic cycles.

HOTELS	
at 30 September 2001	Hotels
Inter-Continental	137
Crowne Plaza	162
Holiday Inn	1,587
Express by Holiday Inn *	1,254
Staybridge Suites	37
Other brands	90
<b>Total</b>	<b>3,267</b>
Analysed as:	
– owned and leased	191
– franchised	2,758
– management contract	318
*operates as Holiday Inn Express in North America	

Inter-Continental – a truly global upscale brand. Located in the major cities and key resorts in over 60 countries around the world, the hotels reflect the uniqueness of the local culture to give guests a real flavour of the country they are visiting.

## SIX CONTINENTS RETAIL

Our retail business has succeeded by creating an estate of large, profitable, branded restaurants, pubs and bars which can be rolled out across the country, capturing markets with high growth potential. Behind the estate lies a solid infrastructure of technology, systems and training, which supports national and local management. This ensures a high level of brand consistency and quality, while taking advantage of our economies of scale.

RETAIL	
at 30 September 2001	Outlets
RESTAURANTS	
Vintage Inns	179
Harvester	150
All Bar One	54
Toby Carvery	64
Browns	13
Alex (managed)	30
PUBS AND BARS	
It's A Scream	85
O'Neill's	89
Ember Inns	110
Edward's	33
Hollywood Bowl	21
Goose	39
Other brands	100
Total branded	967
Unbranded	1,086
<b>Total</b>	<b>2,053</b>

The largest Irish bar brand in the world – the place to meet friends, have fun and enjoy the music.

A collection of characterful and comfortable country inns with modern food.

Other brands include: Arena, Flares and the Sizzling Pub Company.

## BRITVIC SOFT DRINKS

Britvic Soft Drinks, in which we have a controlling interest, is one of the UK's leading soft-drinks businesses. Its brands include Robinsons, Tango, Pepsi, AquaLibra, Purdey's and Britvic.

BRITVIC SOFT DRINKS	Sales by Volume (ltrs m)
at 30 September 2001	
Robinsons	243
Tango	151
Pepsi	504
Other brands	271
<b>Total</b>	<b>1,169</b>



The leading force in the squash market with a range of traditional and innovative fruit drinks. The brand now has over 40 per cent of the dilutables market.

An upscale brand aimed particularly at the business traveller, offering excellent levels of comfort and enhanced services and amenities. The hotels are located in major gateway cities and key business centres throughout the world.

The most recognised hotel brand in the world with almost 1,600 hotels in more than 65 countries. Aimed at business and leisure travellers, Holiday Inn offers friendly service, modern facilities and excellent value in the midscale sector.

A fresh, clean and uncomplicated hotel choice, this modern hotel brand is available in more than 1,200 locations around the globe and is growing fast. In North America it operates as Holiday Inn Express.

A new and distinctly different hotel concept offering comfortable residential style accommodation in studios and one or two bedroom suites for travellers staying five consecutive nights or more.

The ultimate student brand, established in most major university towns and cities and offering value for money food and a great night out.

This fast growing chain of European café bars in Germany incorporates a lively café atmosphere with a modern bistro style.

Home of the flame-grill and the help-yourself salad cart, these restaurants have a relaxing farmhouse atmosphere and offer fresh, wholesome food.

High street pubs offering a comfortable environment for people to meet, talk and enjoy great value for money.

Stylish city centre bars focusing on the big night out for the fashion-conscious.

A revolutionary approach to the local pub offered through the highest levels of service and comfort.

A leader in carving room restaurants, offering a good-value, varied menu of roasts and other traditional dishes.

Stylish, cosmopolitan bars aimed at people who enjoy great drinks and food in a contemporary environment.

Distinctive, attractive and comfortable city-centre brasseries for casual but sophisticated eating out.

Light, bright, airy and spacious centres with state-of-the-art tenpin bowling and bar, café, video and amusement game facilities. Fun and great value for adults and children alike.



Intended for children, Robinsons fast growing Fruit Shoot has been identified as the number one soft drinks brand to watch by a leading marketing magazine.

The fruit flavoured fizzy drink with the most distinctive brand image and innovative, award winning marketing.

The UK's number two cola, Pepsi is 'the cola for youth' and is renowned for its great taste.

A fast growing range of soft drinks for adults aimed primarily at the bars and pubs market.

A range of premium adult soft drinks including Aqualibra, Amé and Purdey's which was acquired by Britvic last year.



THOMAS R OLIVER, CHAIRMAN AND CEO

OUR DISTINCTIVE BRANDS AND OUR COMMITMENT TO SERVICE, CUSTOMER LOYALTY AND CONSTANT STAFF DEVELOPMENT MAKE THIS BUSINESS STRONG

# HOTELS

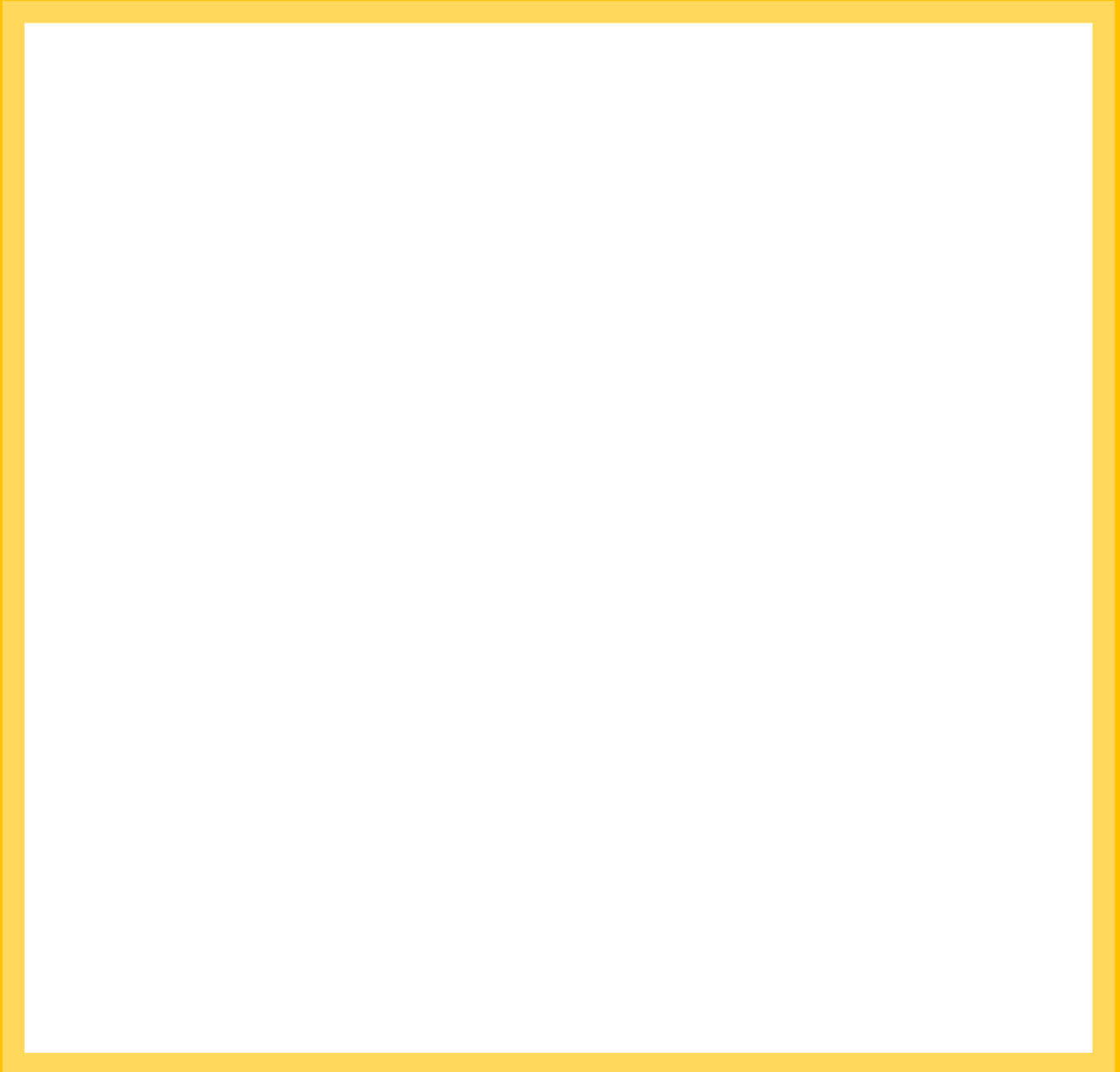
We are a leading operator of hotels across the world serving the most profitable upscale and midscale sectors of the market, offering our guests a wide range of services in comfort and affordability through a portfolio of distinctive brands. Our hotels cater for different tastes and budgets, meaning that all of our brands can happily co-exist in close proximity.

Our aim is to make our hotels the preferred choice of our guests so that they return again and again, confident that they will find exactly the levels of service and the amenities they want, wherever they are. More than 110 million room nights are sold at our hotels each year.

Managing an international business of this size requires an effective global infrastructure and powerful technology to ensure we remain efficient and deliver consistently high levels of service to our customers. In addition to the technology we currently use, we are testing OPERA, a newly created property management system designed to make check-in faster and more customer friendly.

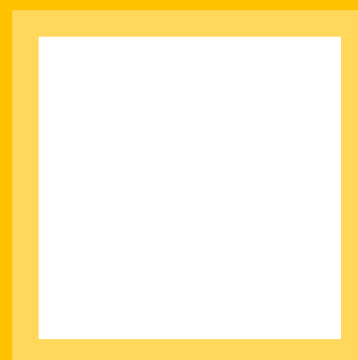
Increasingly, we are using information technology to get closer to our guests, tracking their preferences so that we can market to them individually. Our investment this year in marketing, reservations and loyalty programmes totalled \$350 million. We have created an effective e-commerce arm to capture increasing numbers of reservations from the internet, and our web sites are now delivering over 200,000 room nights every month. Our loyalty programme, Priority Club, is consistently popular and growing rapidly. Last year, it attracted 2 million new members, taking total membership over 12 million.

Inventive use of our programmes speeds the distribution of our brands into new markets and improves occupancy rates in hotels, attracting more guests at better rates. This in turn adds value to the properties in our system and increases revenues, making the brands more attractive to existing and potential franchisees.

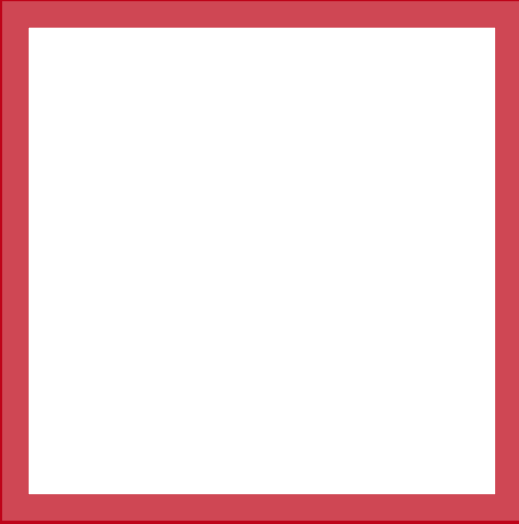


HOTEL INTER-CONTINENTAL HONG KONG

The newly acquired Hotel Inter-Continental Hong Kong is one of the world's top hotels and is a flagship for the brand, offering unbeatable luxury and service and excellent local and international cuisine. Most rooms have views across Victoria Harbour and master suites have individual terraces, equipped with Jacuzzis and sun loungers.

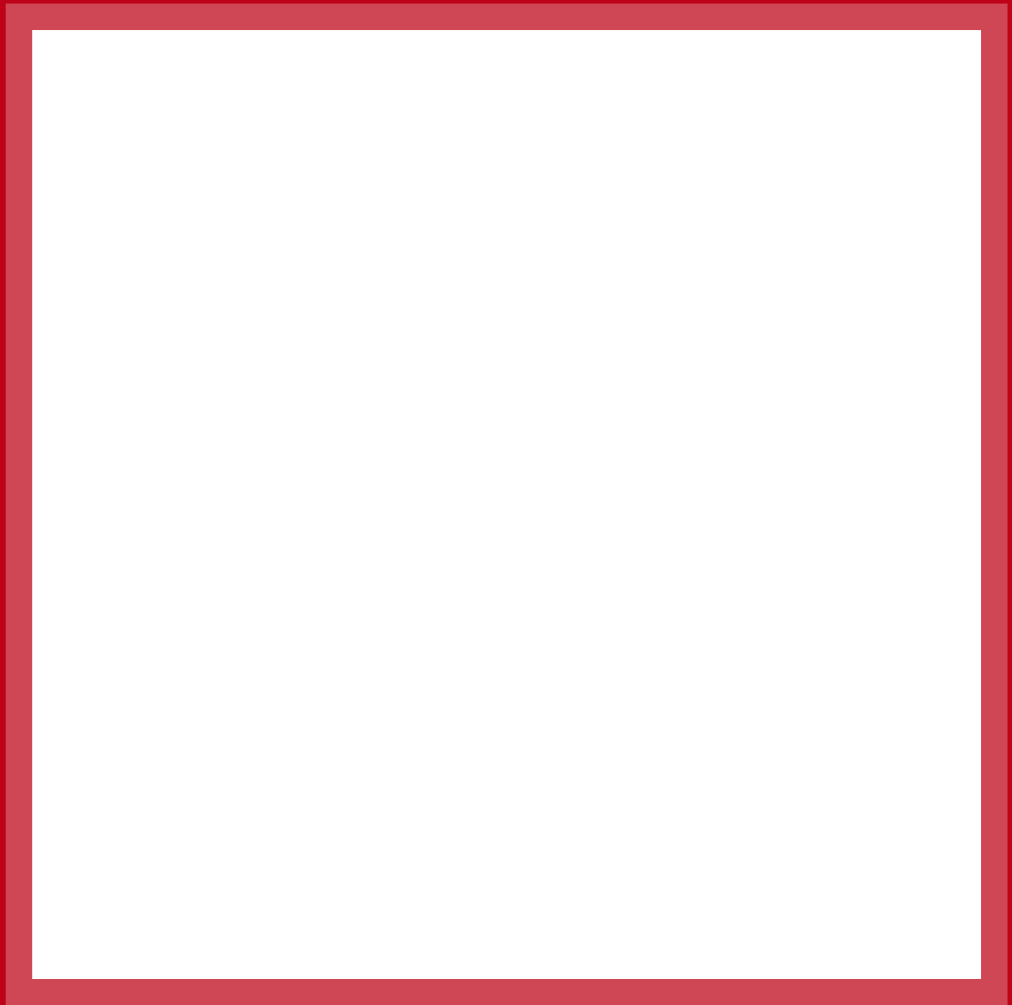


THE YÜ BAR



HOTEL INTER-CONTINENTAL BUDAPEST

Around the world we are investing heavily in the refurbishment of our hotels to meet the expectations of our guests. The Hotel Inter-Continental Budapest (left) and the Holiday Inn Aylesbury (below) are just two of the properties that have been completely refreshed.



HOLIDAY INN AYLESBURY, UK

## EUROPE, THE MIDDLE EAST AND AFRICA

Our brands are well-established and growing quickly in Europe, the Middle East and Africa. We have a total of 585 hotels and 107,200 rooms in the region, compared with just 126 hotels and 25,000 rooms in 1991. We intend to have 1,000 hotels by 2005 and currently have more than 100 hotels in the development pipeline.

Europe is the world's largest tourist market, and a key region for growth in all our brands. We will develop the business through targeted acquisitions, joint ventures and management contracts, as well as franchising.

Our strategy for Inter-Continental is to acquire high quality properties in the major European cities and in the best resort locations. We are opening new Inter-Continental hotels in Warsaw and Cologne as well as resorts in Cyprus, Malta, Egypt and Tunisia. Investment in our existing assets is equally important and many of the leading Inter-Continental hotels in the region are being refurbished, with renovations already completed in Budapest and Vienna.

Crowne Plaza is the upscale brand we are developing most quickly with a strong pipeline of new hotels in key business centres around Europe, including the new property at Blackfriars in London.

The Posthouse acquisition added 79 hotels to the region, nearly all of which have been converted to Holiday Inn hotels. The acquisition gave us significant distribution in the UK midscale hotel sector, and was supported by an intense sales, marketing and promotional drive. This included a major campaign to build the distinctiveness of the Holiday Inn brand focusing on four defining hallmarks identified by our customers – a good night's sleep, a great breakfast, rewards for customers and 'can-do' staff. Further development of the Holiday Inn brand will focus on the five main European economies: the UK, Germany, France, Italy and Spain. Developments currently underway include the Holiday Inn at Disneyland in Paris, the first international hotel brand to be selected by Eurodisney.

The Express brand goes from strength to strength with 97 hotels open at the year end. Further development will focus on achieving wider distribution in a select number of countries, including UK, Germany and Spain.

This year saw the completion of our six year euro conversion project. We carried out extensive training in official partnership with the European Central Bank to prepare staff for the change-over to the euro.

During most of the year we recorded excellent results in the region, but the business was affected in the last three weeks of the year by the terrorist attacks in the US. We responded with tactical marketing and loyalty offers to boost our market share.

## AMERICAS

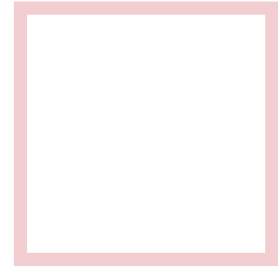
Spanning North, Central and South America, the Americas business is made up of over 2,500 hotels and 367,000 rooms. By far the largest part of the hotels business in terms of brand distribution, some 98 per cent of our hotels in the Americas are managed or franchised operations, with the business accounting for some 44 per cent of total hotels profits.

In the upscale sector we are pursuing opportunities for Inter-Continental distribution growth in key commercial, meetings and leisure markets to meet the needs of our customers better and to strengthen the position of the brand. The Crowne Plaza brand continues to grow with 95 hotels already opened and a further 21 in the development pipeline which are either under way or in planning.

Holiday Inn and Holiday Inn Express, with over 1,100 hotels in each brand, continue to enjoy strong market positions. Express has been an extraordinary success in the last 10 years and we currently have another 270 Holiday Inn Express hotels in the development pipeline that will add a further 21,900 rooms.

Holiday Inn has continued to reap the benefits of a \$1.5 billion programme of refurbishment. During the five years of the programme, revenue per available room for Holiday Inn hotels has grown by 20 per cent, compared with average growth among our competitors of around 12 per cent. During the year, we signed an agreement for a 750-room Holiday Inn in Sao Paulo. The hotel will be the second largest Holiday Inn hotel in the world.

We continue to market both the Holiday Inn and Express brands aggressively and with flair.



'THE MAJORITY OF THE POSTHOUSE HOTELS HAVE ALREADY BEEN CONVERTED TO HOLIDAY INN, GIVING US MORE THAN 90 HOTELS OPERATING UNDER THE GREEN SIGN IN THE UK. WE NOW HAVE THE OPPORTUNITY TO USE THIS PRESENCE AND OUR LOYALTY PROGRAMMES TO ATTRACT NEW CUSTOMERS FOR OUR HOTELS ACROSS EUROPE.'

DAVID BLAND,  
MANAGING DIRECTOR, EMEA



'CURRENT MARKET CONDITIONS ARE PUTTING OUR HOTELS BUSINESS TO THE TEST. WE HAVE MET THAT CHALLENGE WITH VIGOROUS EFFORTS TO CONTROL COSTS AND A PHENOMENAL MARKETING DRIVE THAT SHOULD SEE US COME THROUGH IN BETTER SHAPE THAN ANY OF OUR COMPETITORS.'

JOHN SWEETWOOD,  
PRESIDENT, AMERICAS

For the second year running we won EFFIE awards for TV advertising campaigns supporting Holiday Inn and Express. Our e-commerce system is performing particularly strongly in the Americas, with our web sites averaging 180,000 bookings a month.

Like Express, our newest brand, Staybridge Suites, is a home grown innovation that has proved highly popular with US customers. With 37 hotels already established and a further 36 in the pipeline, we have high hopes for Staybridge in the Americas and abroad.

Activity in our Americas business has been affected both by the slowing of the US economy, which began to bite early in the year, and latterly by the tragic events of 11 September, which caused an immediate collapse in domestic and international travel. Inter-Continental, concentrated in cities with high exposure to the downturn like San Francisco, Chicago and New York, was most severely affected.

We reacted quickly to these difficult market conditions. We shifted our marketing effort to a range of tactical promotions designed to drive immediate business. We also joined with other operators to lobby the US federal government for measures to stimulate business travel. In the immediate aftermath of the 11 September events we also launched a highly successful 'Come back to New York' campaign that generated several thousand room nights for Crowne Plaza and Inter-Continental hotels in the New York City Metropolitan area.

ASIA PACIFIC

Six Continents Hotels is one of the largest operators of international branded hotels in the Asia Pacific region. We operate 159 hotels with over 40,500 rooms in 24 countries and territories. The estate covers all of our main brands and we have a further 19 hotels in the development pipeline.

Our strategic purchase of the magnificent Hotel Inter-Continental Hong Kong underlined our commitment to the region. The 514-room hotel – set in the heart of Kowloon – will become a flagship for the

Inter-Continental brand. The acquisition marks us out as a major hotel investor in the dynamic Chinese market. The purchase has also accelerated our strategy to develop management contracts and joint ventures elsewhere in the region.

The Chinese economy is growing extremely fast and China is a key market for us. Entry to the World Trade Organisation and targeted government spending in areas like the Western Provinces will promote massive development. Increased affluence also means that a growing proportion of our business is now local. Our development plans match the pace of this growth. We intend to open 12 hotels in the next 18 months, including two Inter-Continental hotels, five Crowne Plaza hotels and five Holiday Inn hotels, bringing our total estate in China to 47.

Elsewhere in the region, the conversion of the 59 hotels, which we acquired in 2000, to Holiday Inn and Crowne Plaza is going to plan and the final conversions will be completed this year.

Development work in India is focused on the construction of three Inter-Continental hotels, two in Mumbai and one in Goa. In addition, two Holiday Inn hotels are also underway in India, at Rajkot and Siliguri.

The 11 September terrorist attacks had an impact on our business and particularly on the Hotel Inter-Continental Hong Kong, which has traditionally drawn many of its customers from the US. In the short term we are using international marketing initiatives to recoup lost business by attracting new customers from Europe.

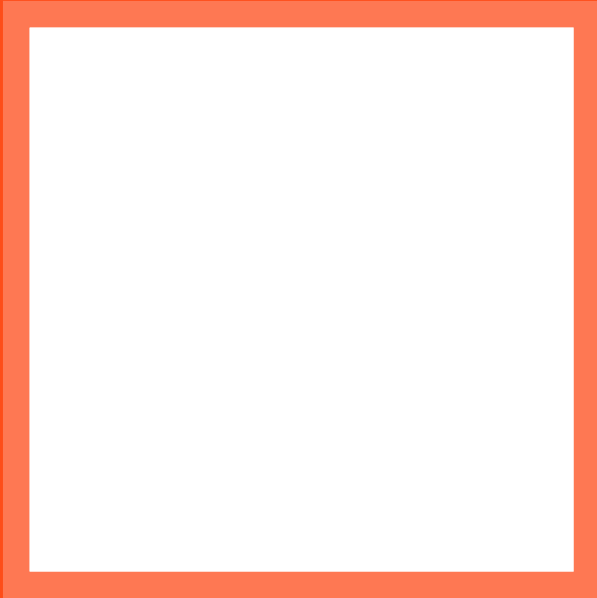
We work closely with regional and national tourist agencies to promote travel and tourism in the Asia Pacific region. Businesses and travel agencies are increasingly doing much of their itinerary planning over the internet. Brand awareness in this virtual market place is all-important and we believe we have a distinct advantage over our competitors.

'THE ACQUISITION OF THE HOTEL INTER-CONTINENTAL HONG KONG MAKES A POWERFUL STATEMENT ABOUT OUR AMBITIONS. IT SAYS TO CONSUMERS THAT INTER-CONTINENTAL IS BACK AND BACK VERY STRONGLY.'

RICHARD HARTMAN, MANAGING DIRECTOR ASIA PACIFIC



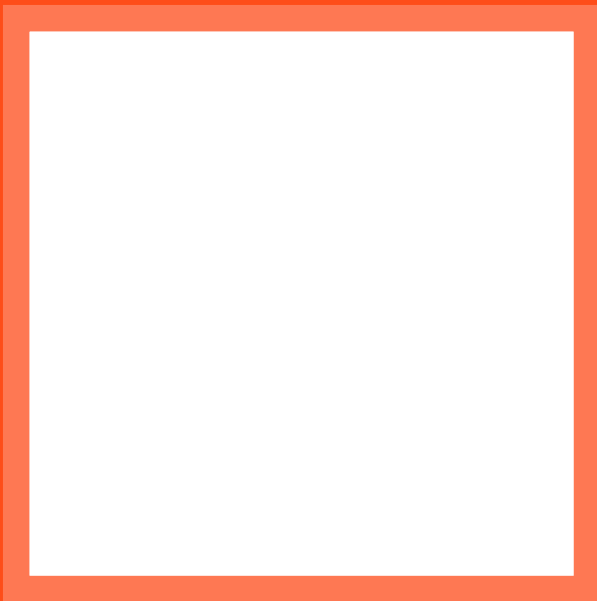
The careful distinction of our hotel brands means that they can comfortably exist close to each other. In San Francisco for example (pictured below), Inter-Continental, Crowne Plaza, Holiday Inn and Holiday Inn Express co-exist within one square mile.



INTER-CONTINENTAL



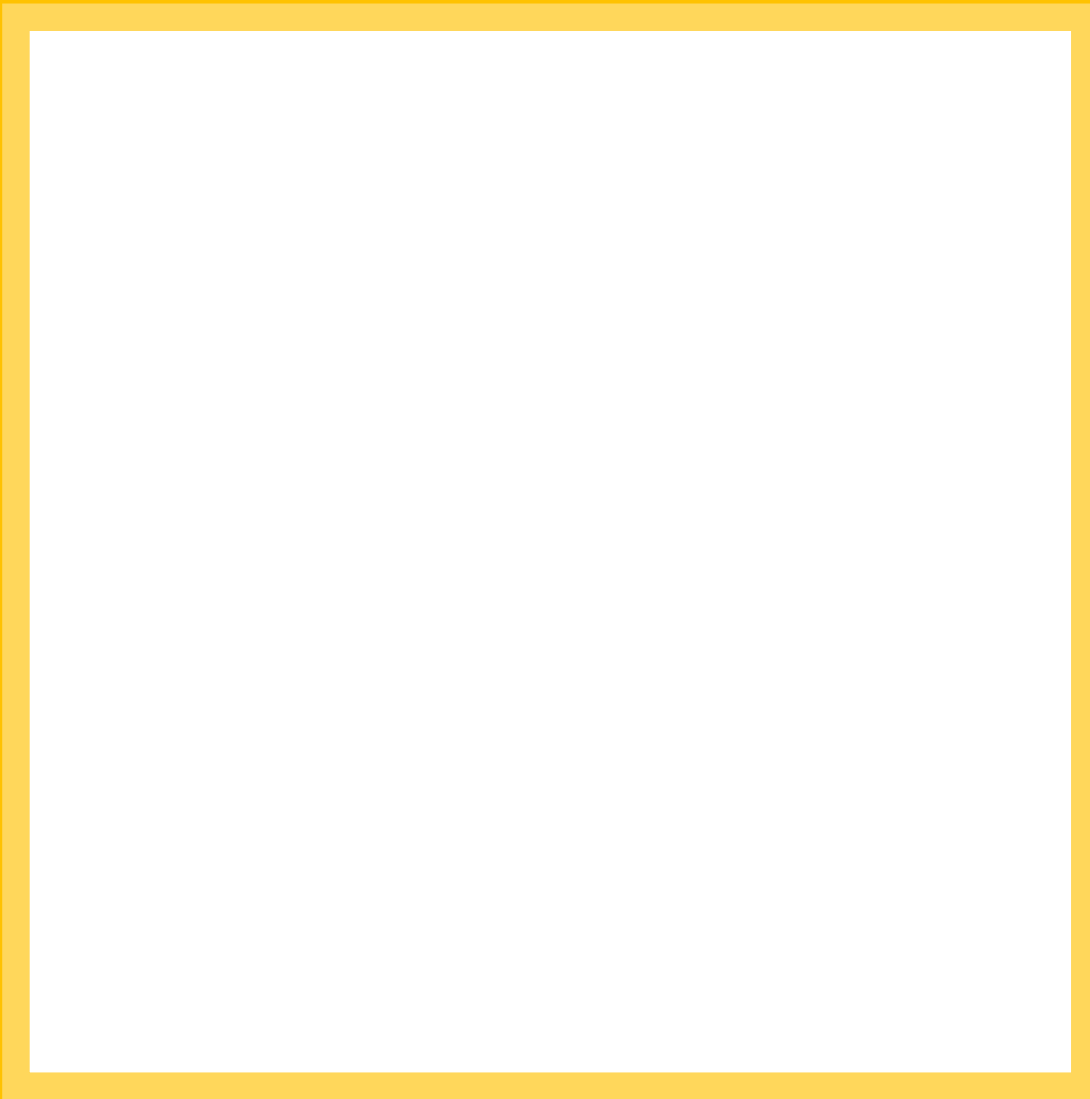
CROWNE PLAZA



HOLIDAY INN



HOLIDAY INN EXPRESS



VINTAGE INN, KIDLINGTON, UK

Our refurbishment programme has taken total sales for Vintage Inn outlets to over £140 million for the year.

We have developed our bars and brasseries business in Germany with 11 openings this year.



ALEX, HAMBURG

# RETAIL

## WE SUPPORT OUR RESTAURANT, PUB AND BAR BRANDS WITH STRONG MANAGEMENT, EXCELLENT STAFF TRAINING AND CONTINUOUS INNOVATION

We are the leading operator of branded managed restaurants, pubs and bars in the UK and Germany, aiming to provide a range of carefully selected eating, drinking and entertainment amenities for customers in over 2,000 properties, 967 of which are branded. A key element of all our brands is exceptional service.

Consumers have increasingly sophisticated demands from the restaurants they visit and the bars and pubs they use. Any brand, wherever it is located, must be able to react to changing customer demands throughout the day. We have built up an impressive portfolio of high street, suburban and rural brands that aim to do just this.

Eating and drinking habits have also shifted dramatically in recent years. Although sales of alcohol are still rising steadily, sales of draught beer, the traditional offering of the local pub, are in decline. By contrast, sales of food have risen sharply and now account for 28 per cent of our sales compared with just 7 per cent a decade ago.

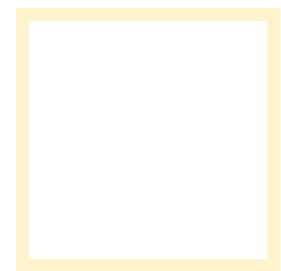
Customers in our restaurants are looking for high quality food at reasonable prices and a wide selection of beers, wines, spirits and other drinks. People are choosing bars and pubs that are bright, airy and welcoming. Increasingly they want a richer entertainment experience, where music, live entertainment, sport and quizzes are part of the essential mix. Our estate reflects these changes.

We support our restaurant, pub and bar brands with strong management, excellent staff training and continuous innovation to ensure they remain responsive to trends, alive to customer demands and ahead of our competitors. A sophisticated infrastructure supports the Six Continents Retail estate, offering important 'back of house' economies of scale and efficiencies. However, the strength of our brands relies on individual development to ensure our staff receive the right training to deliver high levels of customer service. This ensures that we can achieve the high returns expected by our shareholders.

### RESTAURANTS

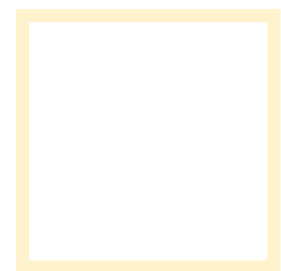
We offer our customers a range of eating experiences in our restaurants, which include suburban and rural brands like Harvester and Vintage Inns and our metropolitan high street restaurant bars and brasseries like All Bar One and Browns. Each of these brands is carefully distinguished from the other and covers the 'mid-spend' sector of the market in over 520 restaurants across the UK and Germany.

Our customers are looking for an atmosphere they can rely on and relax in, consistent levels of service, good quality food and excellent value. Our aim is to make our customers frequent guests; to draw them back to our restaurants time and time again, confident that they will find exactly what they are looking for.



'OUR RESTAURANT BRANDS ARE COMPETING STRONGLY ACROSS THE MARKET. AS THE INDUSTRY CONTINUES TO RESTRUCTURE, WE ARE WELL PLACED TO BENEFIT.'

TONY HUGHES,  
MANAGING DIRECTOR  
RESTAURANTS



'THE PROGRAMME OF CONVERSIONS IS MOVING AHEAD RAPIDLY AND RETURNS CONTINUE TO BE EXCEPTIONALLY GOOD.'

ADAM FOWLE,  
MANAGING DIRECTOR  
PUBS AND BARS

The slowdown of new entrants to this market has created an opportunity for us to acquire new locations among the leading high street brands with which we compete.

We have taken strong action to control costs in the business so that operating margins have been protected, despite considerable increases in employment and property costs. This strong competitive edge puts us in an excellent position to take advantage of the ongoing process of restructuring, and the resultant churn among competing brands, in the UK restaurant business.

Vintage Inns has had an exceptional year of growth and we continue to have very high hopes for the brand. At All Bar One, our high street bar and restaurant brand, we have enhanced our food offer, introduced table service and extended the range of good quality wines we sell. Having established a leading position in the UK market, we have now begun to test the brand in Germany with the opening of our first All Bar One in Cologne.

Also in Germany, we continue to develop the Alex brand rapidly. The appeal of this chain of European café-bars is high, even though the German market for branded restaurants remains undeveloped. We now have 36 outlets in operation, including 11 opened during the year. We plan to open a further 11 in 2002 and continue to review other opportunities to transfer our skills to this new market.

#### PUBS AND BARS

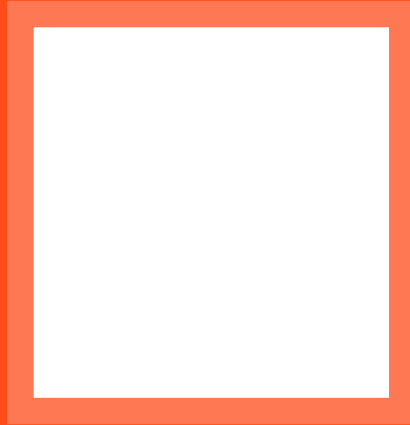
An important focus for our pubs and bars business in the first part of the year was the disposal of 988 pubs, which were either poorly positioned or too small to fit our brand criteria. We completed 130 conversions, including some 58 to Ember Inns in suburban settings and around 60 high street conversions to brands like O'Neill's, Goose, Edward's and our student offering, It's A Scream.

The pub and bars sector has undergone huge change in recent years and we are constantly seeking to innovate. Two important new concepts have been developed during the year. In London we have moved to address the preponderance of old fashioned pubs with new, more comfortable, relaxing pubs aimed at young professionals. Three have been opened and further openings are planned.

Arena, with its mix of music and live entertainment, has proved a particular success with women. We have developed the brand with the introduction of Arena Venues which use larger premises with a dedicated space for live music and bands. Three new Arena Venues have opened and are performing in excess of our forecast.

The continued evolution of our existing brands is vital to ensure that they remain leaders in the market. In the High Street we have worked particularly hard to maintain the appeal of O'Neill's with the brand delivering its highest returns ever. We took action to refresh It's A Scream, now located in most major University towns and cities, and saw the brand enjoy a very strong second half of the year. Hollywood Bowl, Flares and Edward's all performed extremely well.

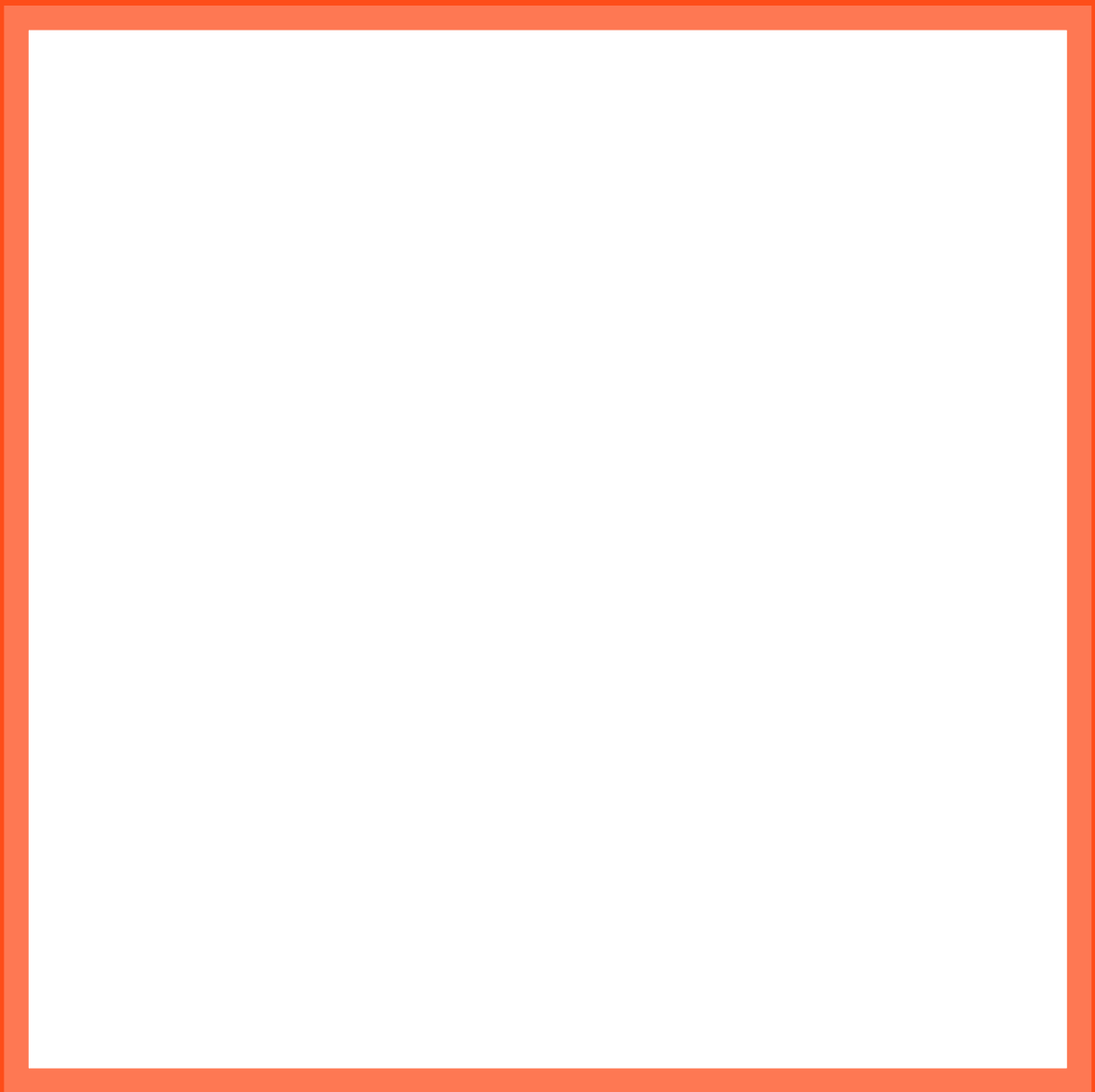
Our 'locals' business, which also includes the Sizzling Pub Co. and Arena brands, has been dominated by the rapid roll-out of Ember Inns. This brand of homely local pubs, offering comfort and excellent, affordable food, is performing very well, delivering consistent, high returns in line with the rest of our managed locals business.



EMBER INN, LICHFIELD, UK

We moved quickly to counteract the decline of the traditional local pub by bringing in a brighter, smarter, more comfortable approach with our Ember Inns winning higher returns and a design effectiveness award.

The successful O'Neill's chain of Irish bars continues to expand on high streets and in city centres. The newest and biggest to date opened in October at Wardour Street, in the heart of London's Soho.



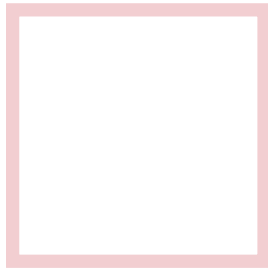
O'NEILL'S, LONDON



RICHARD NORTH, CHAIRMAN

# BRITVIC

SOFT DRINKS



'BRITVIC SOFT DRINKS HAS HAD A VERY SUCCESSFUL YEAR WITH OPERATING PROFITS UP BY 23.9 PER CENT. THIS PERFORMANCE IS BASED ON THE HARD WORK OF AN OUTSTANDING TEAM OF PEOPLE THROUGHOUT THE BUSINESS AND AN UNRIVALLED PORTFOLIO OF LEADING BRANDS.'

STEPHEN DAVIES,  
MANAGING DIRECTOR

Britvic Soft Drinks is one of the UK's leading soft drinks businesses, bringing together a collection of powerful brands and strong product development to address this dynamic market.

During the year, Robinsons, which is now the UK's eighth largest grocery brand by value, performed exceptionally well by achieving more than a 40 per cent share of the dilutable drinks market for the first time. We continued our long association with the Wimbledon tennis championships, with a £1.2 million investment and in September we announced a link with Disney's Atlantis: The Lost Empire.

The roll-out of our exciting new Robinsons brand, Fruit Shoot was also extremely successful, exceeding all forecasts with the sale of 21 million litres in its first year. A new production line will be up and running early next year, increasing capacity to 52 million litres per annum. We also launched a Robinsons organic range this summer.

Tango continues to be a winning brand, helped this year by another distinctive advertising campaign – Tango Inside – and the first on-pack promotion to offer consumers free airtime for their mobile phones.

Pepsi adopted a dual strategy of targeting parents and young people with differing promotional tactics. An interactive text messaging promotion this summer created credibility for Pepsi in the clubbing market.

The adult soft drinks market continues its high rate of growth and we have an increasing range of brands to address the market. The acquisition of Orchid in 2000 brought three leading brands – AquaLibra, Amé and Purdey's – into our portfolio and these continue to thrive. During the year we developed the first new product since the Orchid acquisition when we unveiled a range of organic, ready-to-drink products called Organza, currently on test.

J<sub>2</sub>O, the range of adult soft drinks aimed primarily at the pubs and bars market, performed exceptionally well, more than doubling its share of the fruit juice/drinks category of the market to 9.4 per cent after a highly successful summer campaign.

We are determined to continue the strong growth of Britvic and its brands by maintaining our focus on innovation and product development.

J<sub>2</sub>O launched in 1998, has enjoyed exceptional growth this year

OUR AIM TO  
DELIVER EXCELLENT  
RETURNS TO OUR  
SHAREHOLDERS  
IS INEXTRICABLY  
LINKED TO HOW WE  
ACT AS A COMPANY

## CORPORATE RESPONSIBILITY

We value our responsibilities as global corporate citizens. We take regular account of social, environmental and ethical matters seeking to embed good practice into our business strategies and operations. We benchmark externally with initiatives like FTSE4Good to measure achievements, identify shortcomings and take appropriate corrective action.

Our corporate values include 'Behaving with integrity', 'Valuing and trusting our people' and 'Respecting our communities'. These are enshrined in a 'Code of Business Conduct' to guide all employees and to ensure that they act with integrity and impartiality.

We deliver global services to nearly 100 countries with many different languages, ethnic and religious bases. We reflect this diversity in our values and in the international quality of our services. We provide staff training at all levels to motivate our multi-cultural employees, and offer opportunities for career development. We work actively to retain 'Investors in People' accreditation. We are committed to a policy of non-discrimination and we champion diversity throughout the Group. We are members of Business in the Community's 'Opportunity Now' initiative to improve opportunities for women, the Employers Forum on Disability and the Parents at Work Scheme.

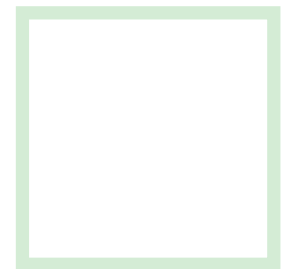
The Board has responsibility for our Human Rights policy and wherever we operate we comply with local labour laws.

We make no party political donations, but engage with the government of the day on the issues of importance to our business.

We consult stakeholders about our community affairs and environmental programmes. Our business touches local communities the world over and successful interaction with the community is vital to our success. We respect the cultures of our guests and the rights of our employees. We promote the exchange of ideas between employees and management, encouraging constructive dialogue through a range of communication systems.

Our environmental performance is reported annually. Our hotels continue to make significant savings in the consumption of energy, detergents and water, and win international conservation awards. Our restaurants, pubs and bars are involved in projects to recycle glass and sponsor schemes to protect and enhance 200 green spaces and wildlife sites. They are involved in many other initiatives, supporting local charities and community activity.

This year we contributed £1.5 million to charities including contributions to partnerships with UNICEF, and Victim Support as part of a long-term commitment to return a percentage of profits back to the communities in which we operate. A further US\$ 1 million has been pledged to the American Red Cross and September 11 fund. Our performance is benchmarked using the Business in the Community PerCent Club guidelines.



SIX CONTINENTS HAS ADOPTED UNICEF AS ITS GLOBAL CHARITY AND HAS PLEDGED TO DONATE £100,000 EACH YEAR FOR THREE YEARS COMMENCING 2002

## SUMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2001

### REPORT OF THE INDEPENDENT AUDITORS

*We have examined the Group's summary financial statement. The directors are responsible for preparing the Annual Review, in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review with the full annual accounts and directors' report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement. We conducted our examination in accordance with Bulletin 1999/6 "The auditors' statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom. In our opinion the summary financial statement is consistent with the full annual accounts and directors' report of Six Continents PLC for the year ended 30 September 2001 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.*

*Ernst & Young LLP  
Registered Auditor, London  
5 December 2001*

During the financial year ended 30 September 2001 the Group made good progress reshaping both Six Continents Hotels (SCH) and Six Continents Retail (SCR) following the sale of the brewing business in the previous year.

Operating profit, before major exceptional items, in SCH rose by 13.6% to £427m. Of the increase, £37m was contributed by the Posthouse business acquired in April 2001. The Group also benefited from movements in exchange rates. Had exchange rates been the same as in 2000, it is estimated that the SCH operating profit growth would have been 8.5%. Results for the year were impacted by both the economic slowdown in the United States and the 11 September terrorist actions. It is estimated that the latter's impact was to reduce profit by approximately £17m.

In terms of distribution, the total SCH system grew in 2001 from 3,063 hotels (491,000 rooms) at the start of the year to 3,267 hotels (515,000 rooms) at the end. This growth included the acquisition of the Posthouse estate of 79 hotels and 12,300 rooms, primarily in the UK, and the Hotel Inter-Continental Hong Kong.

SCR continued to focus the mix of its estate towards larger branded outlets and accordingly 988 smaller outlets that were not suited for conversion to its brands were sold in February 2001. In the ongoing estate operating profit rose 1.1% but this was held back by a significant refurbishment programme. Adjusting for this, underlying operating profit growth was 4.9%. SCR operated 2,053 (2000 3,033) managed outlets at the end of the financial year of which 967 (2000 792) were branded. During the year average weekly takings per outlet rose from £10,700 to £13,900 with food continuing to represent a growing element of the business (28% of total sales in 2001, 23% in 2000).

Soft drinks had an exceptional year with operating profit up 23.9% to £57m. Robinsons generated volume growth of over 17% on the previous year and increased its share of the dilutable drinks market by 3.2 percentage points.

Overall, pre-exceptional operating profit from continuing operations amounted to £792m, an increase of £16m. Total Group operating profit amounted to £749m after charging a major exceptional item of £43m relating to reorganisation, restructuring and strategic appraisal costs in SCH. Other major exceptional items include a loss on disposal of the SCR smaller outlets and a further profit on disposal of the brewing operation arising from the finalisation of transfers from the Group pension schemes.

Net interest expense fell to £59m mainly due to lower average debt during the year. This was a result of the receipt of £2.3bn from the sale of the brewing business in August 2000 and the sale of 988 pubs in February 2001, offset by the acquisition of the Posthouse business and the Hotel Inter-Continental Hong Kong.

Adjusting for major exceptional items, profit before tax was £731m, 3.3% lower than for 2000. Excluding the impact of the major exceptional items, the effective rate of tax was 26%, unchanged from the previous year.

The resultant adjusted earnings per share amounted to 60.1p, a decrease of 3.4%. The Board recommend a final dividend per share of 23.9p which, when aggregated with the interim dividend already paid of 10.4p, produces a total for the year of 34.3p and represents an increase of 3.0% increase on 2000.

Operating cash flow at £116m was down on 2000, primarily reflecting significantly increased net capital expenditure which included the acquisition of the Hotel Inter-Continental Hong Kong, refurbishment spend in the Inter-Continental estate and significant re-branding and conversion costs in SCR. Together with the acquisition of Posthouse and the sale of 988 pubs, net debt increased from £345m at the end of last year to £1,001m.

Against a back drop of economic and other uncertainty the Group has a strong balance sheet with low gearing, high interest cover and a resilient mix of businesses including a large, diverse franchised hotel business with low operational gearing and a well positioned UK restaurants, pubs and bars business.

PROFIT AND LOSS		2001 £m	2000 £m
Turnover		4,033	5,158
Hotels		427	376
Retail		305	346
Soft drinks		57	46
Other		3	8
Operating exceptional items: major		(43)	–
Continuing operations		749	776
Discontinued operations		–	129
Operating profit		749	905
Exceptional items: major		2	1,231
other		(2)	3
Interest		(59)	(152)
Profit before tax		690	1,987
Tax		(209)	(287)
Profit after tax		481	1,700
Minority interests		(22)	(16)
Earnings		459	1,684
Dividends		(293)	(292)
Retained for reinvestment		166	1,392
Adjusted earnings per share		60.1p	62.2p
Dividend per share		34.3p	33.3p

CASH FLOW		2001 £m	2000 £m
Operations		984	1,103
Net capital expenditure		(868)	(654)
Trade loans		–	23
Dividends from associates		–	11
Operating cash flow		116	483
Interest		(69)	(137)
Dividends		(295)	(290)
Taxation		(149)	(158)
Normal cash flow		(397)	(102)
Major (acquisitions)/disposals		(129)	1,834
Net cash flow		(526)	1,732
Return of capital		(103)	(18)
Net debt (acquired)/sold		(38)	39
Exchange and other movements		11	(103)
Net debt		(1,001)	(345)

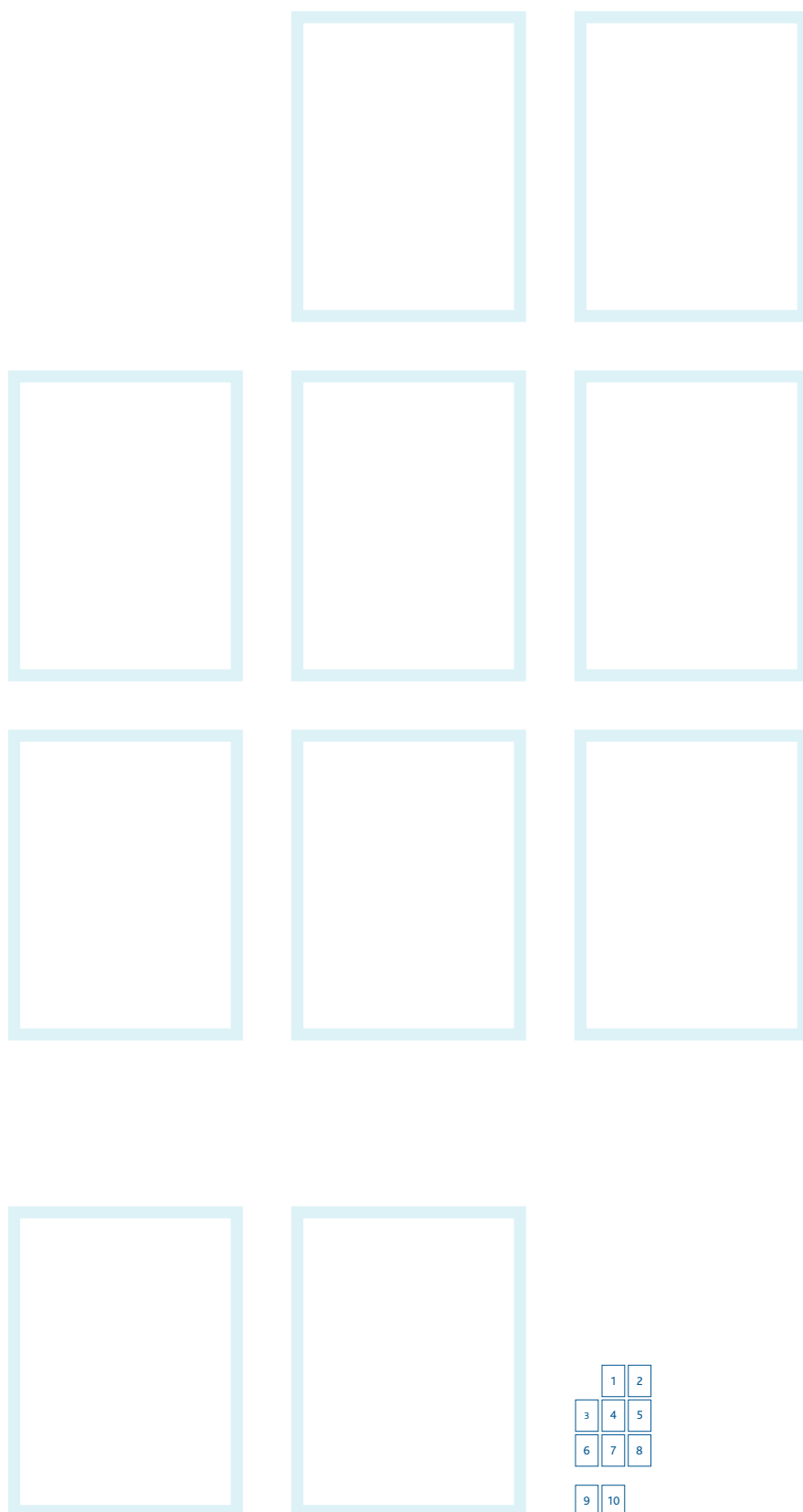
BALANCE SHEET		2001 £m	2000 £m
Fixed assets		7,998	7,121
Current assets		1,100	1,684
Short-term creditors		(2,009)	(1,604)
Net current (liabilities)/assets		(909)	80
Total assets less current liabilities		7,089	7,201
Long-term creditors		(1,180)	(1,376)
Provisions		(312)	(314)
Minority interests		(148)	(132)
Net assets/shareholders' funds		5,449	5,379

This summary financial statement was approved by the Board on 5 December 2001 and signed on its behalf by Sir Ian Prosser and Richard North. It does not contain sufficient information to provide as full an understanding of the results and state of affairs of the Group as that contained in the Annual Report and Financial Statements 2001. That report may be obtained, free of charge, by completing the relevant section of the enclosed proxy card and returning it to Lloyds TSB Registrars.

The auditors have issued an unqualified report on the financial statements containing no statement under Section 237(2) or 237(3) of the Companies Act 1985.

Information concerning directors' emoluments is shown on page 23.

## BOARD OF DIRECTORS



- 1 SIR IAN PROSSER\* Joined the Group in 1969 and was appointed to the Board in 1978. He became Group Managing Director in 1984 and Chairman and Chief Executive in 1987, relinquishing the role of Chief Executive on 1 October 2000. He is non-executive deputy chairman of BP plc and a non-executive director of Glaxo SmithKline plc. He is a member of the CBI President's Committee and Chairman of the Executive Committee of the World Travel & Tourism Council. Aged 58.
- 2 TIM CLARKE\* Joined the Group in 1990, was appointed to the Board in 1996 and became Chief Executive on 1 October 2000, having previously been Chief Executive of Six Continents Retail. He is a non-executive director of Debenhams plc. Aged 44.
- 3 THOMAS R OLIVER\* Joined the Group in 1997 and was appointed to the Board in 1998. A US citizen, he is Chairman and CEO of Six Continents Hotels and a non-executive director of Interface Inc. Aged 60.
- 4 RICHARD NORTH\* Joined the Group in 1994 as Group Finance Director. He is responsible for finance, pensions, tax and treasury. He is Chairman of Britvic Soft Drinks and is a non-executive director of Leeds United plc and FelCor Lodging Trust Inc. Aged 51.
- 5 ROGER CARR† Appointed a director in 1996, he is the Company's senior independent director. He is Chairman of Chubb PLC, a non-executive director of Centrica PLC and Cadbury Schweppes PLC and a member of the CBI Council. Aged 54.
- 6 SIR GEOFFREY MULCAHY† Appointed a director in 1989. He is Group Chief Executive of Kingfisher plc. Aged 59.
- 7 ROBERT C LARSON† Appointed a director in 1996. A US citizen, he is a Managing Director of Lazard and Chairman of Lazard Freres Real Estate Investors, LLC. Aged 67.
- 8 BRYAN SANDERSON† Appointed a director in August 2001. A former Managing Director of BP plc, he is Chairman of BUPA, Sunderland PLC and the Learning and Skills Council. Aged 61.
- 9 KARIM NAFFAH^^ Joined the Group in 1991. He is Strategy Director, responsible for Group Strategy, with additional responsibility for Group IT and property development. Aged 38.
- 10 RICHARD WINTER^ Joined the Group in 1994. He is Company Secretary, responsible for legal, secretarial, assurance and internal audit services and risk management. Aged 52.

\* A member of the Strategic Business Committee

† A non-executive director and a member of the Audit and Remuneration Committees

^ Not a main board director

**PRINCIPAL ACTIVITIES**

The principal activities of Six Continents are set out on page 6 and a review of the performance of the Group is contained in the Chairman's Statement and the Chief Executive's Review on pages 1 to 5 and in the Summary Financial Statement on pages 20 to 21.

**CHANGE OF NAME**

On 27 July 2001, the Company's name was changed from Bass PLC to Six Continents PLC as a consequence of the sale of Bass Brewers in August 2000.

**DIVIDENDS**

An interim dividend of 10.4p per ordinary share was paid on 31 July 2001. The directors recommend a final dividend of 23.9p per ordinary share to be paid on 18 February 2002 to shareholders on the Register at the close of business on 21 December 2001; this makes a total dividend for the year of 34.3p per share, which will absorb £293m.

**MAJOR ACQUISITION**

In April, 2001 the Company acquired 79 Posthouse hotels for £810m. The majority of these hotels will be converted to the Holiday Inn brand.

**DIRECTORS**

Details of the current members of the Board are shown on page 22. Other directors who held office during the year were Sir Michael Perry and Sir Peter Middleton who retired on 31 July 2001. The directors retiring by rotation and offering themselves for reappointment at the Annual General Meeting on 14 February 2002 are Tim Clarke and Tom Oliver, who have service contracts with the Company requiring one year's and 16 months' notice of termination respectively. Bryan Sanderson, who was appointed a director during the year, will retire at the Annual General Meeting and offer himself for re-election. He does not have a service contract with the Company.

**DIRECTORS' EMOLUMENTS**

The following is a summary. Full details are contained in the Directors' Report, which is published in the Annual Report and Financial Statements 2001, copies of which are obtainable from the Company.

	2001 £000	2000 £000
Emoluments	5,273	4,826
Gain on exercise of options	–	3
Long-term incentive plan awards	662	740

**CORPORATE GOVERNANCE**

Throughout the period under review, the Company complied with the Combined Code and supports the principles of Corporate Governance which it sets out. The Board has appointed the following main committees:

Strategic Business Committee	Audit Committee
Executive Committee – Hotels	Nomination Committee
Executive Committee – Retail	Remuneration Committee

**ANNUAL GENERAL MEETING**

The Notice of the Annual General Meeting to be held at 12 noon on Thursday, 14 February 2002 is contained in a circular, which is sent to shareholders with this review.

**DONATIONS**

The Company continues to support community initiatives and charitable causes and in 2001 donated £0.9m (2000 £1.1m). The Company made no payments for political purposes.

**REGISTER IF YOU PREFER TO  
RECEIVE MAJOR SHAREHOLDER  
COMMUNICATIONS  
ELECTRONICALLY**

**YOU WILL ALSO FIND OUR  
SHARE PRICE ON OUR WEBSITE  
WWW.SIXCONTINENTS.COM**

**REGISTRAR**

Enquiries concerning holdings of the Company's ordinary shares or debenture stock and notification of a holder's change of address should be referred to Lloyds TSB Registrars at the address shown opposite.

**ELECTRONIC COMMUNICATION**

The Registrar provides an on-line service enabling shareholders to access their Six Continents share accounts. Shareholders wishing to view their balances and a range of general information about holding shares should visit [www.shareview.co.uk](http://www.shareview.co.uk). Access to this site will give shareholders the opportunity to register to receive notice via e-mail of shareholder communications that the Company displays on its website.

**LOW COST SHARE DEALING FACILITY**

A postal facility, which provides a simple, low cost method of buying and selling Six Continents PLC ordinary shares is available through the Company's stockbroker, Cazenove & Co, 12 Tokenhouse Yard, London EC2R 7AN, telephone 020 7588 2828.

**INDIVIDUAL SAVINGS ACCOUNTS (ISAS)**

The Company's Registrar, Lloyds TSB Registrars, offers ISAs in Six Continents PLC ordinary shares. Further information may be obtained from the address shown opposite, or through the helpline, telephone 0870 2424244.

**SHARE PRICE INFORMATION**

The latest Six Continents PLC share price is available on Ceefax and ORACLE and also on the Financial Times Cityline Service, telephone 0906 843 1772 (calls charged at 60p per minute).

**SHAREGIFT**

The Orr Mackintosh Foundation operates this charity share donation scheme for shareholders with small holdings of shares, whose value makes them uneconomic to sell. Details can be obtained from the Company's Registrar or the ShareGift website: [www.sharegift.org](http://www.sharegift.org) or by calling ShareGift on 020 7337 0501.

**CAPITAL GAINS TAX**

For the purpose of calculating UK capital gains tax on a disposal of ordinary shares in Six Continents PLC held since 31 March 1982, the price of the Company's shares at that date was 230.5p per share.

This price must be adjusted for subsequent events, in particular the 1-for-5 rights issue in 1991, the 1-for-1 capitalisation issue in 1992 and the capital reorganisation of 25 new ordinary shares for 28 existing ordinary shares and the issue of one B share for each existing ordinary share, in February 1998. For the purposes of computing capital gains tax in connection with the capital reorganisation in February 1998, the prices of the new ordinary shares and the B shares on the first day of dealing, 9 February 1998, were 930.75p and 92.5p, respectively.

**AMERICAN DEPOSITARY RECEIPTS (ADRS)**

The Company's ordinary shares are listed on the New York Stock Exchange in the form of American Depositary Shares, evidenced by ADRs and traded under the symbol 'SXC'. Each American Depositary Share represents one ordinary share. All enquiries regarding ADR holder accounts and payment of dividends should be directed to The Bank of New York, the authorised depositary bank, at the address shown opposite.

**DIVIDEND PAYMENTS TO ADR HOLDERS**

Dividend payments to ADR holders are made in US dollars by the authorised depositary. Payment of the final dividend for the year ended 30 September 2001 will be made on 28 February 2002 to holders of record on 21 December 2001 converted at the £/US\$ exchange rate on 18 February 2002. ADR holders should consult their tax advisers with respect to the US tax treatment of dividends.

**FORM 20-F**

The Company is subject to the reporting requirements of the Securities and Exchange Commission (SEC) in the USA, as such requirements apply to foreign companies, and files with the SEC its Form 20-F. Copies of the Form 20-F can be obtained in the USA by contacting The Bank of New York's ADR Department.

## FINANCIAL CALENDAR

2001	
Financial year end	30 September
Preliminary announcement of annual results to 30 September 2001	6 December
Final dividend – ordinary shares	Ex-dividend date 19 December
	Record date 21 December
	Payment date 18 February 2002
2002	
Annual General Meeting	14 February
Interest payment – 10 3/8% Debenture Stock 2016	30 March
Announcement of interim results	May
Interim dividend – ordinary shares	Payment date July
Interest payment – 10 3/8% Debenture Stock 2016	30 September
Financial year end	30 September
Preliminary announcement of annual results to 30 September 2002	December
Final dividend – ordinary shares	Payment date February 2003

### REGISTERED OFFICE

20 North Audley Street  
London W1K 6WN

Telephone +44 (0) 20 7409 1919

Fax +44 (0) 20 7409 8503

For general information about the Group's business please contact the Corporate Affairs department and for all other investor enquiries please contact

The Secretary – both at the above address.

### REGISTRAR

Lloyds TSB Registrars

The Causeway, Worthing

West Sussex BN99 6DA

Telephone +44 (0) 870 6003957\*

Fax +44 (0) 1903 702481

[www.shareview.co.uk](http://www.shareview.co.uk)

\*For those with hearing difficulties a text phone is available on 0870 600 3950 for callers with compatible equipment.

### ADR DEPOSITARY

The Bank of New York

ADR Division

620 Avenue of the Americas

6th Floor

New York NY10011, USA

Telephone +1 888 269 2377 (US callers)

+1 610 312 5315 (non-US callers)

### STOCKBROKERS

Cazenove & Co.

Merrill Lynch International

WestLB Panmure

### AUDITORS

Ernst & Young LLP

### MERCHANT BANKERS

Schroder Salomon Smith Barney

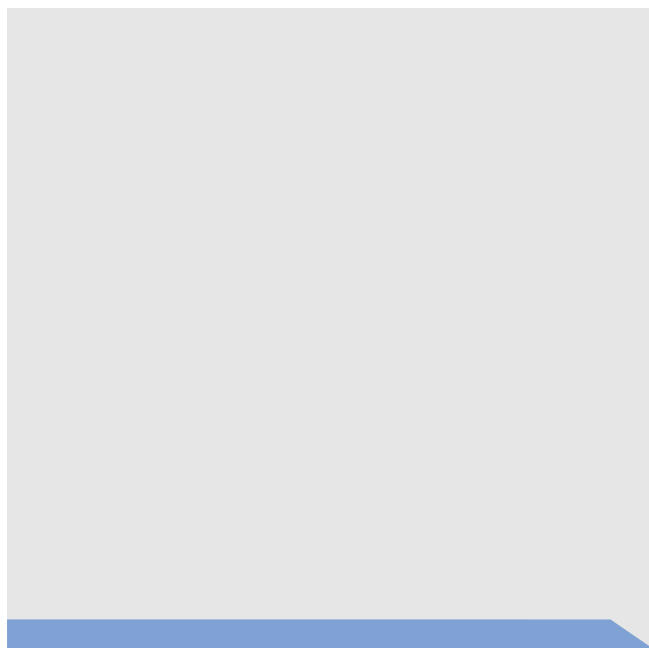
### SOLICITORS

Linklaters & Alliance

**For further investor information visit [www.sixcontinents.com/investors](http://www.sixcontinents.com/investors)**

This Annual Review and Summary Financial Statement contains certain forward-looking statements as defined under US legislation (Section 21E of the Securities Exchange Act of 1934). By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ materially from those expressed in or implied by such statements.

[www.sixcontinents.com](http://www.sixcontinents.com)



**SIX CONTINENTS PLC**

20 North Audley Street  
London W1K 6WN  
T +44 (0) 20 7409 1919  
F +44 (0) 20 7409 8503

**SIX CONTINENTS RETAIL**

Cape Hill, PO Box 27  
Birmingham B16 0PQ  
T +44 (0) 121 558 1481  
F +44 (0) 121 558 2515

**SIX CONTINENTS HOTELS**

20 North Audley Street  
London W1K 6WN  
T +44 (0) 20 7409 1919  
F +44 (0) 20 7409 8503

**BRITVIC SOFT DRINKS**

Britvic House, Broomfield Road  
Chelmsford, Essex CM1 1TU  
T +44 (0) 1245 261 871  
F +44 (0) 1245 267 147

The front cover shows the stunning views across Victoria Harbour  
from the newly acquired Hotel Inter-Continental Hong Kong