



ANNUAL REVIEW AND SUMMARY FINANCIAL STATEMENT 2002

Six Continents is a leading global hospitality group, with over 3,300 hotels across nearly 100 countries and territories and with over 2,100 restaurants, pubs and bars in the UK and Germany. Six Continents also has a controlling interest in Britvic, a leading UK producer of soft drinks.

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our portfolio of brands



A prestigious and truly global brand located in major cities and resorts in over 60 countries and territories and offering high levels of comfort and excellent service.



An upscale brand in major gateway cities and business centres, offering business travellers excellent levels of comfort, service and amenities.



A collection of characterful and comfortable country inns with traditional pub food cooked to perfection.



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



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



The UK's largest pub brand that targets students and like-minded people where they can enjoy themselves in a fun, lively environment.



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.



The leading force in the squash market with a range of traditional and innovative fruit drinks.



A 40 million litre brand, Fruit Shoot from Robinsons is the brand's ready-to-drink, kids offering.



Tango, the fruit-flavoured fizzy drink aimed at youth, has increased volume this summer on the back of a new award-winning advertising campaign.



Pepsi was the driver of the cola market in 2002. Outstanding promotional activity really brought to life the brand's strategy of 'Ask for More'.



The world's most recognised hotel brand with a network of more than 1,560 hotels in over 70 countries and territories and a global reputation for service, comfort and value.



A fresh, clean and uncomplicated hotel choice, this home-grown brand offers comfort, convenience and excellent value at over 1,350 sites around the world.



An innovative hotel brand offering comfortable and stylish accommodation in studios and one or two bedroom suites for the extended-stay traveller.



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



Casual, elegant brasseries, often in classic buildings, where people can enjoy the timeless, bustling atmosphere whilst they eat, drink and converse.



Weekend events and local weekday activities ensure everyone can come together to enjoy good times in Arena.



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



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



Light, bright, airy and spacious centres with state-of-the-art tenpin bowling and bar, café, video and amusement game facilities.



The funkiest, grooviest 70's pubs, open late for drinking, dancing and having fun with the best in 70's music for a great night out.



Great local drinking pubs for everyone, which serve sizzling food for all appetites.



J2O offers four variants that each contain 50% fruit juice and are a blend of two fruits.



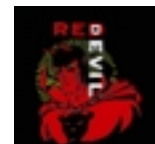
AquaLibra is a healthy refreshing drink made with spring water, fruit juices and aromatic plant extracts.



Amé is a lightly sparkling fruit drink containing fruit juices, spring water and a unique blend of eastern herbal extracts.



Purdey's is a range of two multi-vitamin fruit drinks – Active Life Multi-Vitamin Fruit Drink and Active Body Multi-Vitamin Energy Drink.



Red Devil is described as the energy drink with 'attitude'. This acquisition introduces our soft drinks business to the energy drink sector.

Hotels

SIX CONTINENTS HOTELS IS THE WORLD'S MOST GLOBAL HOTEL COMPANY, WITH MORE THAN 3,300 PROPERTIES AND 515,000 ROOMS IN NEARLY 100 COUNTRIES AND TERRITORIES. WE OFFER OUR GUESTS EXCELLENT LEVELS OF SERVICE AND COMFORT IN AN UNPARALLELED NETWORK OF PROPERTIES COVERING THE PROFITABLE UPSCALE AND MIDSCALE SECTORS OF THE MARKET.

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Expanding our network of hotels redefining our Crowne Plaza hotels	12
The benefits of global scale Priority Club relaunch and HOLIDEX®Plus launch	13

Retail

SIX CONTINENTS RETAIL OPERATES OVER 2,100 RESTAURANTS, PUBS AND BARS OF WHICH OVER 1,100 ARE NOW BRANDED OUTLETS. OUR RETAIL BUSINESS IS MADE UP OF ONE OF THE MOST COMPETITIVE PORTFOLIOS OF BRANDED RESTAURANTS, PUBS AND BARS, ACCOUNTING FOR SOME 3 PER CENT OF THE UK MARKET BY NUMBER OF OUTLETS AND 9 PER CENT OF THE MARKET BY SALES.

Celebrating the importance of people working hard to train, motivate and reward	15
Award winning restaurants, pubs and bars awards for our fast growing suburban pub brand	16

Soft Drinks

BRITVIC IS A LEADING PRODUCER OF SOFT DRINKS COMBINING A STRONG LINE OF SUCCESSFUL BRANDS, EXCELLENT PRODUCT DEVELOPMENT, STRONG MANAGEMENT AND EFFECTIVE MARKETING. WE SUCCESSFULLY INCREASED SALES VOLUMES AND MARKET SHARE, WITH TURNOVER RISING BY 5.4 PER CENT, THREE TIMES THE MARKET GROWTH RATE.

Winning brands Pepsi, Purdey's, Tango, Fruit Shoot, J2O	18
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OVER THE LAST FIVE YEARS WE HAVE RESHAPED THE COMPANY CONCENTRATING ON TWO MAIN BUSINESSES WHERE WE HAVE DEVELOPED POWERFUL POSITIONS. THE PROPOSED SEPARATION AND RETURN OF CAPITAL REPRESENT THE NEXT STEPS IN OUR STRATEGY TO DELIVER RETURNS FOR SHAREHOLDERS.

OVERVIEW

The year to 30 September 2002 has seen an extremely testing market for travel and tourism around the world and significant pressure on our restaurants, pubs and bars business in central London. In these conditions I am pleased to report that our Retail business performed well with operating profits up 5.1 per cent in the ongoing business and has reinforced its leadership position in a competitive market. Britvic, our soft drinks business, had an outstanding year with operating profits up 10.5 per cent. In Hotels, our owned upscale business suffered considerably although our midscale managed and franchise business showed its relative resilience; hotel operating profits before exceptional items fell by 38.6 per cent.

For the Group as a whole, turnover fell by 10.4 per cent to £3,615 million and profits before taxation fell by 23.7 per cent to £558 million before exceptional items. Basic earnings per share grew by 3.3 per cent*. Adjusted earnings per share, which exclude the effect of the major exceptional items, were 42.4p against 56.2p* in 2001.

We are recommending a final dividend of 24.6p per share. This makes a total dividend for the year of 35.3p per share, an increase of 2.9 per cent on 2001.

SEPARATION AND RETURN OF CAPITAL

Over the last five years we have reshaped the Company from a leisure conglomerate to a group focused on two principal businesses, hotels, and restaurants, pubs and bars. Both businesses have developed powerful market positions with strong brand portfolios. Hotels is one of the leading global hotel companies and Retail is the leading operator of managed restaurants, pubs and bars in the UK.

Shareholders will be aware that we have been seeking a suitable opportunity to expand our branded hotel distribution. However, asset prices have remained high, despite falling cash flows, and no value-enhancing opportunities have been found. This being the case, the Board has decided, subject to shareholders' approval and absent a material change in circumstances in the trading environment or capital markets, to return funds of £700 million to shareholders and at the same time to separate the businesses.

* Restated on the adoption of FRS 19, the new accounting standard for deferred tax.

KEY PERFORMANCE FACTS

- SINCE 1997 AND ON SEPARATION, WE WILL HAVE RETURNED £3 BILLION TO SHAREHOLDERS – £1.55 BILLION OF CAPITAL WITH £1.45 BILLION IN DIVIDENDS.
- OUR HOTELS BUSINESS IS NUMBER ONE OR NUMBER TWO IN THE MARKET IN EVERY REGION IN WHICH WE OPERATE.
- OUR RETAIL OUTLETS ARE ACHIEVING AVERAGE WEEKLY SALES ALMOST THREE TIMES HIGHER THAN THE INDUSTRY AVERAGE.
- OUR SOFT DRINKS CORE BRANDS SAW VOLUMES UP THIS YEAR BY 4 PER CENT IN A MARKET UP BY LESS THAN 2 PER CENT.

HOTELS

Our international hotels business, whose brands include InterContinental, Crowne Plaza, Holiday Inn, Express by Holiday Inn and Staybridge Suites.

RETAIL

Our managed restaurants, pubs and bars business whose UK brands include All Bar One, Browns, Ember Inns, O'Neill's and Harvester.

SOFT DRINKS

One of the UK's leading producers of soft drinks whose brands include Robinsons, Tango, Amé, Purdey's, J2O and Red Devil.

These proposals mean that since 1997 we will have returned a total of £3 billion to shareholders, £1.55 billion in capital and £1.45 billion in dividends to the date of separation.

The separation will yield significant benefits. The two separate businesses themselves will have greater flexibility to pursue strategies appropriate to their markets and will be more able to participate in any future industry restructuring. Performance will be enhanced as a result of a sharpened management focus and we will attract, retain and motivate the best people through a closer alignment of management rewards to the individual business and stock market performance. It will create two companies that each have their own clear market valuations, offering investors a choice between the businesses if they so desire.

PEOPLE

Our Hotels and Retail businesses are both well placed in their markets and have considerable potential for long-term growth. We have excellent staff at every level and our success is attributable to their dedication, skill and hard work.

The proposed separation of our businesses requires management change and I am delighted that Tim Clarke will become Chief Executive of the Retail company and Richard North will become Chief Executive of the Hotels company. Richard Solomons will continue as Finance Director of Hotels and Karim Naffah will become Finance Director of Retail. Tom Oliver, who is due to retire on 31 March 2003, has agreed to stay on as a consultant to the board of the Hotels company. We are grateful to him for his contribution to date and look forward to the benefit of his wisdom and experience in the future.

Roger Carr will become Chairman of the Retail company and I will chair the Hotels company board. Sir Howard Stringer and Robert Larson will continue as non-executive directors of the Hotels company. After 13 years as a non-executive, Sir Geoffrey Mulcahy will retire at the Annual General Meeting. We thank him greatly for his support and counsel. Pressures from other appointments have led Bryan Sanderson also to decide to retire from the Board at the time of the demerger. We are sorry this is necessary but wish him well. We are searching for additional non-executives with appropriate skills for both companies.

PROSPECTS

We have been operating within an uncertain economic climate for some time now both in terms of business and consumer confidence and it remains difficult to predict future conditions. We therefore remain cautious as to the extent and timing of any recovery, and are taking appropriate management action to defend sales and flex costs in weaker trading conditions. However, with our focus on delivering excellent customer service and our rigorous approach to driving operational efficiency, we are well placed to outperform.



Sir Ian Prosser Chairman

OVERVIEW OF 2002

HOTELS

In 2002, the Hotels business produced operating profits of £262 million, down 38.6 per cent. In the Americas, a large fall in operating profit in our owned, largely upscale, business was contrasted by a resilient performance from our midscale franchise business.

Major renovations were completed at the InterContinental hotels in New York, Chicago and Madrid. Our newly renovated InterContinental hotels in the US have, in aggregate, outperformed the market in the key cities in which they operate.

Holiday Inn celebrated its 50th anniversary in August this year and we promoted the brand heavily to gain maximum benefit in this busy leisure season. The successful rejuvenation of Holiday Inn continued with the development of a new prototype, leading to a number of new franchise agreements.

Express continued to maintain its very strong growth momentum in the mid-scale sector with an increase of 8 per cent, or almost 8,200 rooms, and showed its market resilience with revenue per available room (RevPAR) declines of only 1.7 per cent in the Americas.

Staybridge grew to almost 50 properties during the year and demonstrates the success of our business model with almost 60 per cent of those properties now franchised, after our initial investment in 20 properties.

Overall the hotel business has been heavily affected by the downturn in the global economy and in particular in transatlantic travel. However, our balanced geographical spread and more resilient business model meant that we were less affected than most.

RETAIL

Our strategy of converting unbranded properties to our profitable brands and formats has again proved successful

during the year under review. We converted 198 outlets and average weekly sales per outlet in the estate overall grew from £13,900 to £14,200.

Total sales increased by 5.7 per cent to £1.47 billion in our ongoing estate with food sales up almost 10 per cent and drinks sales up 4 per cent. It was a particularly strong year for our suburban and residential brands, but trading elsewhere was more difficult due to over-capacity and increasing competition in the High Street and a deteriorating London market.

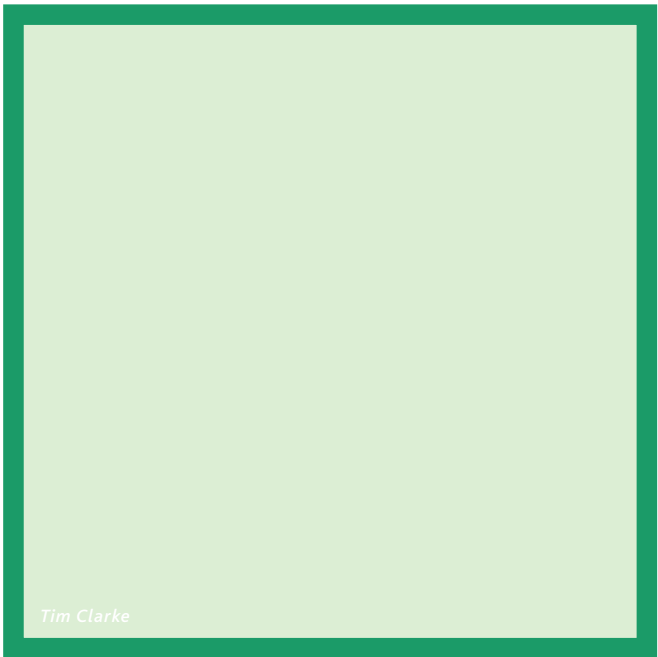
The rollout of our brands continued to deliver high returns during the year. We converted 123 outlets to our suburban drinks brands. Ember Inns, the largest of these brands, which we developed and launched in 1999, has now 137 outlets and won the retail pub brand of the year in 2002.

Increased regulatory driven costs of some £19 million were offset by a reduction in closure and pre-opening costs and further gains in staff productivity and purchasing, where we continue to drive benefits from our operational scale.

Operating profit in the ongoing estate of £288 million split £190 million for our pubs and bars division and £98 million for our restaurants division. In total, this was some 5 per cent higher than last year and post tax cash returns on cash capital employed were over 10 per cent, proving the strength of our retail strategy.

SOFT DRINKS

Britvic has had another excellent year – continuing to grow both market share and operating profit. Volumes in the year were up over 4 per cent with Robinsons up 13 per cent on the previous year and Pepsi up 9 per cent; this, combined with strong cost controls, generated growth in operating profit of 10.5 per cent to £63 million.



Tim Clarke

- Make further gains in staff productivity above and beyond the 15 per cent increase we have achieved over the last four years, through a combination of enhanced individual and team incentives, and our expertise in training and scheduling.
- Drive the benefits of our scale, both through the supply chain and an efficient infrastructure.
- Concentrate our reduced capital spend on the residential pubs and pub restaurants and ensure that capital is targeted at the sites with highest potential returns.

Progress against these actions in the next year will ensure that we continue to gain market share and become a stronger business in the process.

We have an excellent track record both at developing consumer focused brands, such as Ember Inns, Flares and Sizzling Pub Co to appeal to new and differentiated customer segments and at evolving them to suit the changing consumer tastes, such as with O'Neill's, All Bar One, Toby Carvery and Vintage Inns.

I am, therefore, confident that our focus on delivering high-quality products and services in an attractive setting coupled with the excellence and skills of the people in the business, will continue to deliver the high returns that this business has generated over many years.

RETAIL OUTLOOK

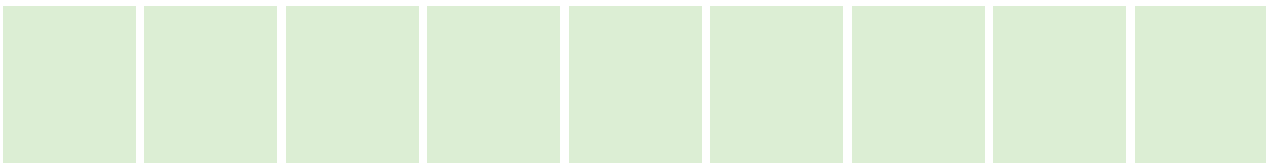
My priority in Retail is to build on our market-leading position in UK managed pubs and restaurants and to continue to deliver the strong returns that we have driven consistently over many years.

In order to help us achieve this, I have put in place a number of strategic priorities. These are to:

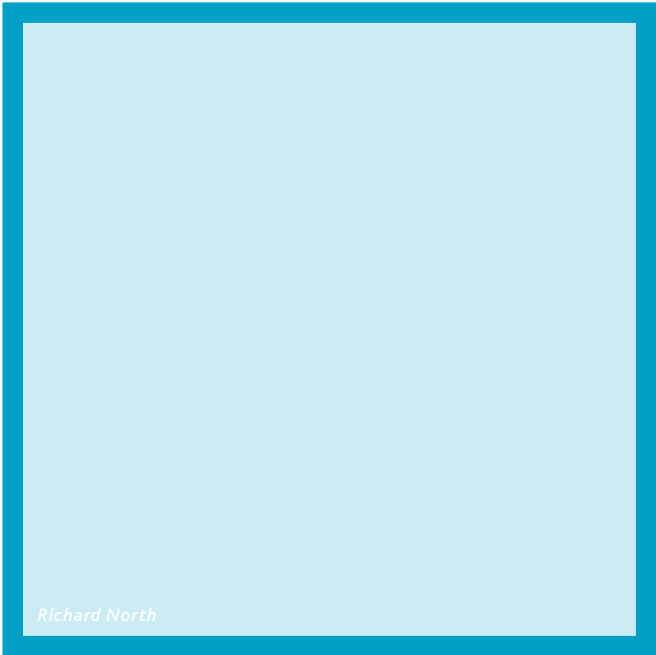
- Increase our programme of marketing, promotional and pricing activity to drive sales, reinforced by a focus at outlet level on attentive, fast and friendly service.
- Continue evolving our brands and formats to provide excellence and innovation in drink and food choice, service style and ambiance, ensuring we anticipate changing consumer needs and deliver these offers with flawless execution.

RETAIL EXECUTIVES

- MIKE BRAMLEY
- JOHN BUTTERFIELD
- TONY HUGHES
- BRONAGH KENNEDY
- ADAM MARTIN
- KARIM NAFFAH
- RICHARD PRATT
- BILL SCOBIE
- ALISON WHEATON



EXECUTIVE DIRECTORS' REVIEW



- Create a more streamlined, responsive organisation as a standalone entity, better able to capitalise on our global spread and strong brands.
- Reassess our capital plans in order to determine the appropriateness of projects and their timing.
- Review the plans that we have for every asset that we own with the ultimate objective of retaining only assets that have a strategic value whilst improving the overall quality of the portfolio.

I have been involved with Britvic for six years, during that time its strategy has remained unaltered. It is simply to build its share of a competitive market by supporting its portfolio of brands. Our adherence to this strategy will continue to drive the excellent performance we have seen from the business over the last few years.

The future for the business is exciting. The building blocks are in place for us to capitalise on our new independence. We have a well-defined brand portfolio, an already strong competitive position and excellent people. These factors lead me to view the future with optimism as we concentrate on driving operating profit and returns from the platform we have built.

HOTELS OUTLOOK

My focus in hotels is to drive forward the profits and returns of an already very strong business. Our hotels company benefits from a clear and well-defined brand portfolio, strength across all areas of the world, system scale economies that help us to drive RevPAR and gross operating profit (GOP) premiums, and a flexible business model that enables us to exit property ownership once we have achieved the required scale and performance.

With our strategic imperatives firmly in mind, and against the background of a continuation of difficult conditions in the hotels industry worldwide, the hotels management team has three key priorities. These are to:

Tim Clarke

Richard North

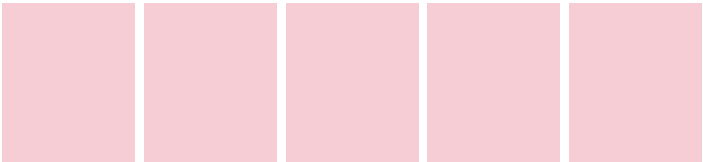
HOTELS EXECUTIVES

- THOMAS R. OLIVER
- DAVID BLAND
- PETER GOWERS
- RICHARD HARTMAN
- JIM LARSON
- DOUG LEWIS
- STEVAN PORTER
- RICHARD SOLOMONS



SOFT DRINKS EXECUTIVES

- STEPHEN DAVIES
- ROGER BOYD
- JOHN GIBNEY
- ANDREW MARSDEN
- PAUL MOODY



PROPOSED SEPARATION AND RETURN OF CAPITAL

SEPARATION BENEFITS

The separation will have the following benefits:

- Two separate UK listed companies offering discrete investment propositions and with clear market valuations.
- Greater flexibility for Hotels and Retail to manage their own resources and pursue strategies appropriate to their markets, which have different characteristics and opportunities.
- Management rewards more directly aligned with business and stock market performances, helping to attract, retain and motivate the best people.
- Sharpened management focus, helping the two businesses maximise their performance and make full use of their available resources.
- Improved ability for Hotels and Retail to develop their strong positions through participation in industry restructuring and consolidation, if appropriate.
- Transparent capital structure and efficient balance sheet for each business.

PAYMENTS TO SHAREHOLDERS

- The Board proposes a final dividend for the year to 30 September 2002 of 24.6p making a total dividend for the year of 35.3p per share. This dividend will be paid in February 2003.
- For the period from 1 October to separation, the Board intends to declare a dividend of 6.6p per existing Six Continents' share. This dividend will be paid in April 2003.
- The management of Hotels intends to recommend that a final dividend for 2003 and an interim dividend for 2004 totalling 13.5p per share are declared, and will seek to grow dividends in real terms and build cover over time as the hotel cycle improves.
- The management of Retail intends to recommend that a final dividend for 2003 and an interim dividend for 2004 totalling 8.5p per share are declared, and will seek to grow dividends in real terms.
- Six Continents will return £700 million to shareholders at the time it separates Retail and Hotels.
- Since 1997, Six Continents PLC will have returned £3 billion to shareholders comprising £1.55 billion in capital and £1.45 billion in dividends.

INDICATIVE TIMETABLE

February	Details of the new companies in the form of a Shareholder Circular and Listing Particulars will be circulated to shareholders.
March	Shareholders vote on the plans at an Extraordinary General Meeting.
April	Court approval to be requested allowing the reduction of share capital. The two new companies will be listed separately on the stock exchange and shareholders will receive shares in Hotels and Retail and 81p in cash for each share they hold in Six Continents PLC.

Holiday Inn Express, Atlanta

The Drum Inn, Torquay

welcome to a

world of h

InterContinental Houston

The Drum Inn, Torquay

ospitality

The Holyhead Ember Inn, Coventry

InterContinental The Barclay New York

building brands

InterContinental Houston

WITH MORE THAN 3,300 HOTELS AND 515,000 ROOMS IN NEARLY 100 COUNTRIES AND TERRITORIES ACROSS SIX CONTINENTS, WE ARE THE WORLD'S MOST GLOBAL HOTEL BRAND OWNER. OUR BRANDS – INTERCONTINENTAL, CROWNE PLAZA, HOLIDAY INN, EXPRESS BY HOLIDAY INN AND STAYBRIDGE SUITES – ARE AMONG THE BEST KNOWN IN THE WORLD AND COVER SOME OF THE MOST PROFITABLE UPSCALE AND MIDSCALE SECTORS OF THE MARKET.

Through a portfolio of distinctive brands, our hotels cater for different tastes and budgets, meaning that all our brands can happily co-exist in close proximity.

Our focus is to build on our competitive position and drive high returns from brand ownership. We achieve this by:

- using our worldwide experience to develop strongly differentiated hotel brands that appeal to high-value market segments. This gives us a sustainable competitive advantage.
- using this superior performance to create an unparalleled network of upscale hotels and domestic depth for midscale hotels in major markets.

we know what it takes

HOTELS

OUR 'WE KNOW WHAT IT TAKES™' CAMPAIGN FOR INTERCONTINENTAL

A major advertising and marketing campaign to re-establish the brand as the pre-eminent choice for the international traveller, was launched in September. The project – which sees the introduction of new service initiatives complemented by extensive staff training – draws on over 50 years of knowledge about delivering service to international travellers and creating standards that set us apart. Instant check-in and check-out, one telephone button for all hotel services, effortless connectivity for laptops, 24 hour services, and a complimentary health and jetlag recovery service are now being introduced at all InterContinental hotels around the globe.

3,325
PROPERTIES
515,525
ROOMS
NEARLY
100
COUNTRIES &
TERRITORIES

PRIORITY CLUB
ALMOST
15
MILLION
MEMBERS

HOTELS	
as at 30 September 2002	number
InterContinental	135
Crowne Plaza	191
Holiday Inn	1,567
Express by Holiday Inn*	1,352
Staybridge Suites	48
Other brands	32
TOTAL	3,325
Analysed as:	
– owned and leased	190
– franchised	2,821
– management contract	314
*Operates as Holiday Inn Express in the Americas	

- building revenue and profit premiums for our brands in their target markets and a highly efficient support infrastructure by making the most of our global system scale.
- redeploying capital from owned and leased assets once a superior performance is achieved.
- continuing to develop our people to ensure consistently high service delivery across the world.

Developing high quality differentiated brands Our brands are amongst the most widely recognised in the lodging sector and the breadth of our portfolio provides scope to capture demand across a range of market segments. We have invested in our existing brands through a targeted programme of new hotel investments, quality upgrades, service developments and product hallmarks. We have continued to develop new brand concepts that leverage our existing franchise infrastructure and have high distribution potential, as previously achieved with the launch of Express by Holiday Inn and Staybridge Suites.

celebrating 50 years



It is 50 years since American entrepreneur, Kemmons Wilson, revolutionised the hotel industry by devising a family-lodging brand offering comfortable accommodation at great value. Now our guests can stay at more than 1,560 Holiday Inn hotels each year. In August we celebrated our 50th birthday and a remarkable success story right round the world.

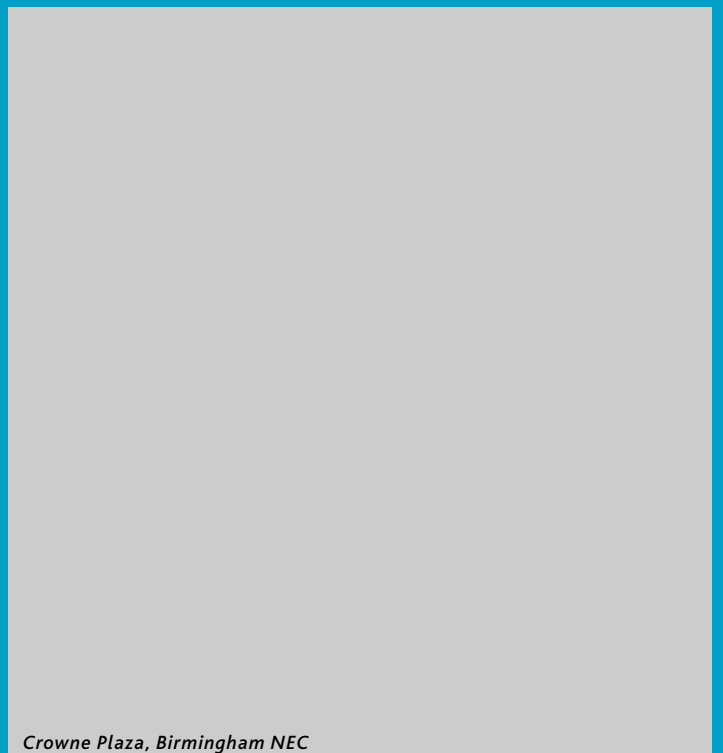
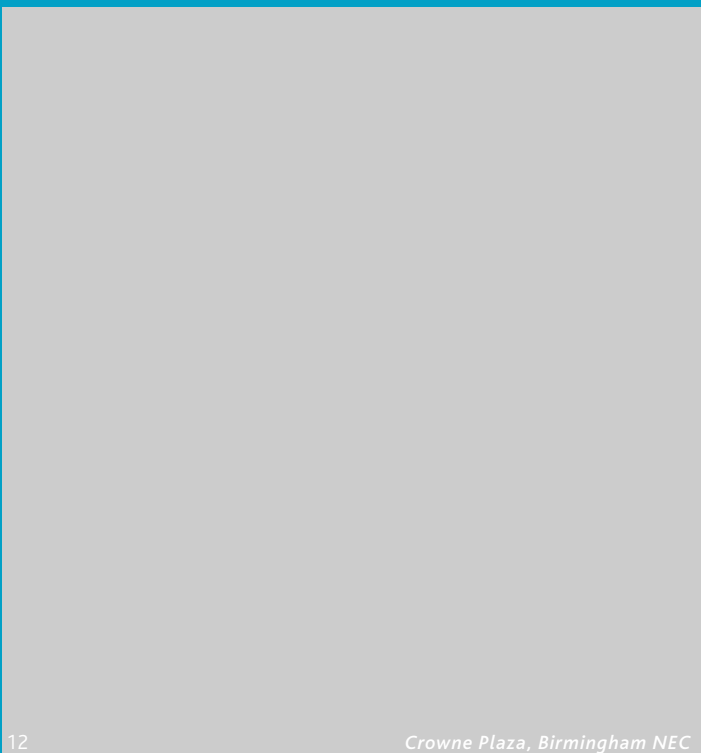
Expanding our network We have grown our network of upscale hotels in key gateway cities and resorts worldwide and created domestic depth for our midscale hotels in major markets. We have achieved this partly by franchising and taking on management contracts and partly through selective capital investment in assets which either provide significant trial opportunities for the brand or offer an opportunity to demonstrate brand value by greater revenue delivery and operational efficiency.

Maximising the benefits of global system scale The scale of our global system has allowed us to maintain global advantage over competitors. Well targeted investment in marketing, international sales, an efficient reservations system and our loyalty programmes – Priority Club Rewards and Six Continents Club – have underpinned that competitive advantage, helping us to understand the needs of our guests more clearly and promote our brands to them directly.

Optimising capital deployment We have continued to increase our income from management and franchise contracts and are redeploying capital from owned and leased assets after superior performance has been achieved.

BUILDING OUR NETWORK OF HOTELS AND EXPANDING OUR BRANDS IS CENTRAL TO OUR GROWTH STRATEGY. WE ARE SITING CROWNE PLAZA HOTELS IN KEY GATEWAY CITIES AND BUSINESS CENTRES. WE ARE WORKING TO REDEFINE THESE HOTELS SO THAT THEY HAVE THE RIGHT FACILITIES, THE RIGHT MIX OF FORMAL AND INFORMAL MEETING SPACE, AND THE RIGHT LEVELS OF COMFORT AND SERVICE. THE NEW BUILD CROWNE PLAZA BIRMINGHAM NEC OPENED IN FEBRUARY 2002 AND IS AN IDEAL CONFERENCE DESTINATION ONLY A MILE FROM BIRMINGHAM INTERNATIONAL AIRPORT AND THE RAILWAY STATION AND WITHIN EASY REACH OF MAJOR MOTORWAY ROUTES. IT PROVIDES UP TO DATE, CUSTOM-DESIGNED CONFERENCE FACILITIES AND SUPPORT AND 242 FRESHLY DESIGNED COMFORTABLE EN-SUITE GUESTROOMS AND SUITES.

EXPANDING OUR *network* OF HOTELS



the benefits of global scale



An efficient global infrastructure underpins the Hotels business. During the year we relaunched Priority Club, the fastest-growing rewards programme in the industry, with no blackout dates and no points expiry. Membership grew by 2.5 million to almost 15 million over the year, with the proportion of room nights in the Americas taken by Club members rising to a high of 29 per cent. To support our revenue delivery programmes, such as the relaunched Priority Club Rewards, we are investing heavily in our IT and reservation systems. For example, our HOLIDEX®Plus reservation system will, by next year, provide a single platform for all 3,300 of our hotels and our new property management and revenue management systems will be in use across our estate.

OUR BRANDS

InterContinental Our 'We know what it takes™' campaign to improve the standards of service across InterContinental hotels is a major focus this year and we are delighted that the InterContinental Hong Kong was voted 'Leading Hotel in Asia Pacific' in the recent World Travel Awards. We have made good progress on the refurbishment of the major InterContinental hotels, with seven – Miami, New York, Vienna, Budapest, Madrid, San Francisco and Chicago – now completed. In addition, new-build InterContinental hotels in Boston, Atlanta, Beijing and Seattle were given the go-ahead during the year.

Crowne Plaza The expansion of Crowne Plaza, which includes a new site at Brussels Airport and the opening of Birmingham NEC, means that the number of rooms in the estate grew by over 18 per cent last year with a further 6,492 rooms in the pipeline. We continue to work on a series of programmes to redefine our Crowne Plaza hotels as 'the place to meet' with the aim of becoming the preferred choice for business meetings.

Holiday Inn We marked Holiday Inn hotels' 50th anniversary year with a range of charity and marketing initiatives, including the 'Great American Road Trip' campaign. In the US, we completed work on a new prototype that will act as an adaptable template for the design of next generation Holiday Inn hotels.

The concept reflects customer demands, is designed to enhance owner returns and to be attractive to new franchisees. Also during the year, work to reflag the former Posthouse hotels was completed, bringing the total number of Holiday Inn hotels in the UK to over 100.

Express by Holiday Inn Our modern, limited service hotel brand is prospering and continues to enjoy a very strong market position. We added 98 hotels and over 8,000 rooms to the estate during the year, with over 25,000 rooms in the development pipeline. Express is already well established in the US with over 1,180 hotels. EMEA, where we have more than 100 properties with over 10,000 guest rooms, will now be the main area of growth, targeting three key markets for expansion – the UK, Germany and Spain.

Staybridge Suites We have continued to grow the US density of our newest brand, Staybridge Suites. Extended-stay is the fastest growing market segment in the industry. Staybridge Suites, with the addition of a further 11 hotels and 1,200 rooms to its portfolio, is the first extended-stay brand to reach 50 hotels in just under four years. It has also sustained strong RevPAR premiums against its respective segment in the US.

CAN-DO STAFF

Can-do, the programme designed to ensure we deliver a common standard of service to guests at Holiday Inn hotels across Europe, Middle East & Africa (EMEA), is one of the distinctive hallmarks we have developed for our brands. During the year staff at newly acquired Holiday Inn properties underwent Can-do training as part of an intensive effort to integrate these hotels. Can-do is designed to ensure our staff deliver promised levels of excellent service to our guests. Between December 2001 and June 2002, staff at over 300 hotels – from Johannesburg to Amman to Oxford – went through the programme.

eating and drinking

RETAIL

WE ARE THE UK'S LEADING OPERATOR OF MANAGED RESTAURANTS, PUBS AND BARS. OUR WIDE PORTFOLIO OF LEADING AND LONG-ESTABLISHED BRANDS INCLUDES ALL BAR ONE, BROWNS, VINTAGE INNS, HARVESTER, TOBY CARVERY, O'NEILL'S, SCREAM AND HOLLYWOOD BOWL, EACH ONE OFFERING A MIX OF FOOD, DRINK, ATMOSPHERE AND ENTERTAINMENT CAREFULLY TARGETED AT SPECIFIC CONSUMER GROUPS AND OCCASIONS.

Our high quality estate comprises over 2,100 sites, of which over 1,100 are branded outlets. The properties are spread across residential and city centre locations throughout the UK and we now have over 40 sites in Germany. The business is made up of the best sites from the Bass estate and the highest potential properties cherry-picked from the pubs acquired by Punch from Allied Domecq, bolstered by carefully selected individual site acquisitions.

Our retail business now accounts for around 3 per cent of the industry by number of outlets, but has an estimated market share of around 9 per cent by sales.

over
2,000
RESTAURANTS,
PUBS & BARS

over
38,000
EMPLOYEES

RETAIL as at 30 September 2002	outlets
RESTAURANTS	
Vintage Inns	196
Harvester	150
Toby Carvery	70
All Bar One	53
Alex	41
Browns	15
PUBS AND BARS	
Ember Inns	137
Sizzling Pub Company	96
O'Neill's	91
Scream	90
Arena	53
Goose	44
Edward's	40
Flares	22
Hollywood Bowl	22
Other Brands	47
Total branded	1,167
Total unbranded	938
TOTAL	2,105

keeping all our brands fresh

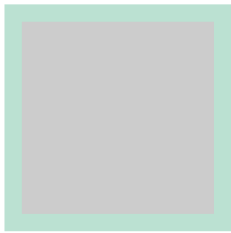
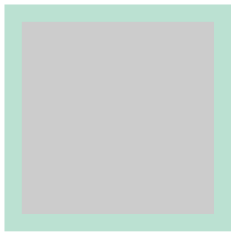
STRATEGY Our strategic focus is to enhance our market leadership by driving both growth and returns. We achieve this by creating and sustaining high value brands and formats which offer customers excellent amenities and service, by developing prime sites into these brands and formats and by maximising the benefits from our corporate, brand and unit scale. In each outlet, we motivate our staff to deliver excellent standards of service through training, incentive schemes and constant attention to detail.

Our strategy of investing directly in our properties means that we are able to maintain the estate to very high standards.

▶ CELEBRATING THE IMPORTANCE OF PEOPLE

Our restaurants, pubs and bars can only prosper if our customers are confident they can rely on us to continue to deliver excellent standards of service. The people who work so hard to deliver our promise of great service are the key to our success in this regard and we work hard to train, motivate and reward them. We received important recognition for this last year, being described as an 'exemplar organisation' when we gained accreditation to Investors in People for the fourth consecutive time.

The Vintage Inn, Kidlington



INNKEEPER'S LODGE

Innkeeper's Lodge, offering comfortable and affordable lodging on the same site as some of our best known restaurant brands, is a new addition to our portfolio. Internet bookings for the 64 Lodges opened already stand at an excellent 15 per cent and we are introducing online payment for all the properties.

BRAND AND CONCEPT DEVELOPMENT Our understanding of consumer demands and our operational experience in meeting those demands mean that our brands and formats will continue to evolve as we develop new concepts to target growth opportunities.

Our track record of new brand development is strong. We created All Bar One, O'Neill's, Scream and Vintage Inns between 1994 and 1996, rolling them out to over 400 outlets. Ember Inns, Sizzling Pub Company and Arena have all been introduced since 1999 and have experienced significant success, with more than 270 sites already converted to these brands.

DEVELOPMENT PIPELINE Our development pipeline of some 500 sites gives us significant potential for continuing strong sales uplifts and high returns on investment. We will also continue to acquire new individual sites with high sales potential, focusing on the residential pub and pub/restaurant segments where the balance of supply and demand is particularly attractive. We will also continue our programme of disciplined maintenance investment on existing sites.

award winning restaurants, pubs and bars

LEVERAGING SCALE ECONOMIES Our development of high-take, high-return outlets in brands that have real industry scale means we have the advantage of economies to help us grow our overall sales and margins. The scale of our business gives us real competitive advantage at every level of operation. At the unit level, we are achieving average weekly sales of over £14,000, almost three times higher than the industry average. At brand level, we now have nine brands with over 50 outlets, allowing us to achieve important savings in areas such as advertising, promotions, training and menu development. As the UK's largest operator of managed restaurants, pubs and bars, we benefit from important economies in central overheads, IT and food and drink purchasing.

Our brands continue to add substantial value to the sites we are converting, when compared to the last year under previous ownership. The average uplift in sales at the 401 ex-Allied sites converted so far remains at around 40 per cent.

Out of 198 conversions in the total estate last year, 138 were ex-Allied sites and 75 per cent of these have been converted to our suburban brands and formats like Ember Inns and Sizzling Pub Company.



The Holyhead Ember Inn, Coventry

The Crown Tavern, Clerkenwell, London

OUR BRANDS RECEIVED A NUMBER OF IMPORTANT AWARDS LAST YEAR. MOST NOTABLY, EMBER INNS, OUR FAST-GROWING SUBURBAN PUB BRAND, WON THE PRESTIGIOUS RETAIL BRAND OF THE YEAR AWARD FROM THE PUBLICAN MAGAZINE. IN LONDON WE HAVE PUT CONSIDERABLE EFFORT INTO REVITALISING SOME OF THE CAPITAL'S CLASSIC PUBS, LIKE THE SUN INN IN BARNES AND THE CROWN TAVERN ON CLERKENWELL GREEN, TO APPEAL TO YOUNG PROFESSIONALS.



The Sun Inn, Barnes

The Holyhead Ember Inn, Coventry

- BRITVIC IS A LEADING UK PRODUCER OF SOFT DRINKS COMBINING AN EXCELLENT RANGE OF SUCCESSFUL BRANDS IN THE CARBONATED AND STILL SECTORS, EXCELLENT PRODUCT DEVELOPMENT, STRONG MANAGEMENT AND EFFECTIVE MARKETING TO ADDRESS THIS DYNAMIC MARKET. WE SUCCESSFULLY INCREASED SALES VOLUMES AND MARKET SHARE DURING THE YEAR, WITH OUR TURNOVER RISING BY 5.4 PER CENT. OUR CORE BRANDS ENJOYED A GOOD YEAR WITH TOTAL VOLUMES UP BY 4 PER CENT IN A MARKET UP BY LESS THAN 2 PER CENT.

Pepsi enjoyed a strong performance with volumes up by 9 per cent, increasing its share of the cola market. The brand benefited from outstanding promotional activity around football and music and we continued to build its profile in the clubbing market. Tango had a difficult first half but recovered strongly in the second six months of the year, increasing volumes by 10 per cent on the back of a new, award-winning advertising campaign and promotions with leading supermarkets.

Robinsons continues to achieve excellent growth with volumes up 8 per cent in the dilutables market, significantly ahead of market growth. As a result, Robinsons has now achieved its highest ever share of the UK dilutables market. The brand again benefited from its long association with the Wimbledon Tennis Championships where we sponsored Tim Henman and ran a £2 million promotional campaign in which over 10,000 tennis rackets were given away to Robinsons drinkers.

Fruit Shoot achieved remarkable growth in its second year on the market with sales volumes up by 74 per cent. Now supported by a new production line, Fruit Shoot is firmly established as a 40 million litre brand supported by strong and inventive marketing. J2O, our blended fruit juice drink, increased sales by 83 per cent in the bars and pubs market and has now been successfully launched as a take-home product.

In August, Britvic purchased the business and all the rights in the UK and the Republic of Ireland for Red Devil, the popular lifestyle energy drink that already enjoys high levels of awareness among consumers both in the UK and overseas. It is now being integrated into the Britvic brand portfolio and is being relaunched with extensive sampling initiatives.

In addition, we have a pipeline of exciting new products being prepared for launch in the current year to address lucrative niches in the market.

In a competitive and growing soft drinks market, our aim is to continue to grow our sales and market share.

PEPSI drives the cola market

Pepsi benefited from outstanding promotional activity based around its core pillars of music and football. The brand's strategy of 'Ask for More' was really brought to life.



PURDEY'S goes from strength to strength

An integrated media campaign, 'Energised Peacefully', focused on major regional centres and contributed to brand growth of 24 per cent on the previous year.

TANGO lifted by campaign

A summer campaign to revitalise Tango started in May with new TV and outdoor advertising and the first use of the 'You Know When You've Been Tango'd' catch line for eight years. This campaign helped increase market share by 3 per cent over the summer.

FRUIT SHOOT takes the lead

Fruit Shoot, Robinsons' ready-made kids drink, is the fastest growing product in its category. Fruit Shoot has achieved clear brand leadership in the on-premise market and is a major player in the take-home market.

J2O joins the Top 10

The first ever TV advertising campaign for J2O boosted distribution and resulted in increased brand awareness nationwide. In a busy year, J2O sealed its success by jumping into the Top 10 most popular on-licensed soft drinks for the first time, at number six.

Leading brands

Our portfolio of leading brands addresses all sections of the soft drinks market and is backed by a dedication to product development, effective marketing and strong management. Our brands include Britvic, Pepsi, Tango and since July this year, the lifestyle energy drink Red Devil. Robinsons leads the dilutables market with a 45 per cent share, while Fruit Shoot, the ready-made Robinsons' drink for children, is increasingly popular. Drinks aimed at adults include J2O, Purdey's, Amé and AquaLibra.

Corporate and social responsibility

underpins our business *at every level*



With operations in nearly 100 countries and territories, we are truly global corporate citizens and take our responsibilities to local communities seriously. We endeavour to create long-term value for our shareholders by building a sustainable business that takes full account of the environmental and social context in which we operate.

We regularly monitor our handling of ethical, environmental and social issues. We seek external objective assessment of our performance to identify any shortfalls and take corrective action to improve where necessary. Among the benchmarks we use are the Dow Jones Sustainability Indexes (DJSI) and FTSE4Good, both of which have again included Six Continents in their indices for 2003. The DJSI World Index positions Six Continents as the global leader in sustainability for the Restaurant and Lodging Sectors. For the fourth consecutive time, Six Continents Retail also gained re-accreditation to Investors in People in 2002. Six Continents takes regular soundings among its stakeholders on the Company's approach to corporate and social responsibility and publishes both an annual Environmental and Social Report as well as quarterly updates entitled 'Our Planet'.

Corporate and social responsibility underpins our business operations at every level, under the direction of the Board. Our core values include a commitment to behave with integrity, to value and trust the people who work for Six Continents and to respect the communities in which we operate.

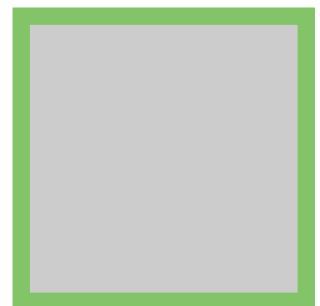
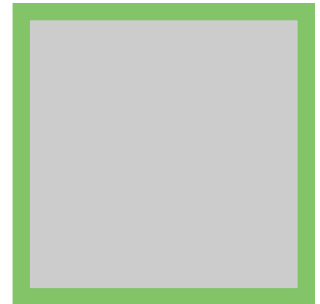
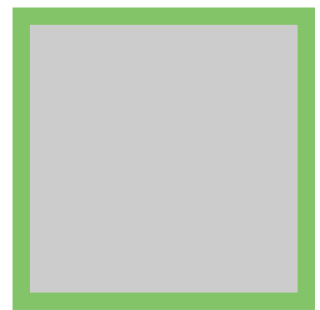
These values are enshrined in a Code of Business Conduct that is based on our belief that we cannot succeed in our goal of delivering increasing returns to our shareholders unless we behave properly at all times. The Code acts as a guide to members of the Board and all Company employees and expressly requires that they act with honesty and impartiality in all their dealings with each other, with customers, suppliers and partners, investors, government agencies and all of our stakeholders.

We operate in many different countries with diverse cultures, languages and religious beliefs; it is a core value that we seek to respect the cultures of our guests and the rights of our staff. The Board takes direct responsibility for Human Rights across the Group and we not only endeavour to comply with local labour laws wherever we operate, but also seek to apply the principles enshrined in the Universal Declaration of Human Rights (UNDHR) and the core conventions of the International Labour Organisation. We make no party political donations but deal directly with the governments of the day, making representations to political leaders on the issues that affect our business.

We encourage diversity. Discrimination in any shape or form is not tolerated in our workplaces and we strive to motivate and offer career development to all members of our multicultural workforce. High levels of training are on offer to our staff to help us deliver our promise of excellent service. Training is underpinned by regular communication with employees through a variety of channels. Among the initiatives we actively support are the 'Parents at Work Scheme' and Business in the Community's 'Opportunity Now' project to improve opportunities for women. We are also a member of the Employers' Forum on Disability.

We are proud of our environmental record, but recognise that there is always more we can do to improve performance. Our hotels continue to pioneer a range of innovative schemes to conserve water and energy and to improve waste management control. Our restaurants, pubs and bars businesses are equally focused on conservation and are taking part in projects to protect green spaces and to conserve wildlife.

All parts of our business are active in their local communities and support a wide range of charities and causes. Last year we contributed £2.1 million to charities around the world. This includes a three-year commitment to contribute £100,000 a year to UNICEF and £50,000 a year, over the same period, to the UK charity, Victim Support. In the wake of the terrorist attacks on New York and Washington, we pledged a total of US\$1 million to the American Red Cross and the September 11 fund. Our charitable donations take the form of direct funding and in-kind contributions and are benchmarked against Business in the Community's Per Cent Club guidelines.



➤ CONTRIBUTING TO THE JOHANNESBURG DEBATE

Six Continents Hotels played a leading role in developing an industry position for this year's World Summit on Sustainable Development held in Johannesburg. A conference at the InterContinental Resort Bali, in the run up to the summit, welcomed representatives of the United Nations Environment Programme (UNEP). Ministers were urged to recognise the importance of travel and tourism to development and economic growth, with the sector contributing 10 per cent of global GDP and 200 million jobs. As part of the World Travel and Tourism Council's work in preparation for Johannesburg, Six Continents contributed to a special report on World Tourism.

**STATEMENT OF THE
INDEPENDENT AUDITORS**

We have examined the Group's Summary Financial Statement for the year ended 30 September 2002 which comprises the Group profit and loss account, Group cash flow statement and Group balance sheet. The directors are responsible for preparing the Annual Review and Summary Financial Statement, in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full financial statements 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 financial statements and Directors' Report of Six Continents PLC for the year ended 30 September 2002 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.

Ernst & Young LLP
Registered Auditor, London
4 December 2002

The financial year commenced shortly after the terrible events of 11 September 2001. Given this background and the difficult trading conditions subsequently encountered in the global hotels market, the Group performed in line with expectations.

Six Continents Hotels (SCH) continued to invest in its businesses, review operating costs, and position itself for an upturn in market conditions. Investment in marketing campaigns, the sales force, reservations systems and e-commerce was accompanied by stringent cost management programmes in both the hotels and at the corporate centre. Nevertheless, SCH operating profit, before major exceptional items, fell by 38.6 per cent to £262 million, reflecting the unavoidable consequences of September 11 and general economic slowdown, particularly in the United States. Movements in exchange rates were marginally detrimental to the results for the year.

The total SCH system grew in 2002 from 3,267 hotels (514,700 rooms) at the start of the year to 3,325 hotels (515,500 rooms) at the end. Much of the increase was focused on Holiday Inn Express in the United States. Future system growth, indicated by the pipeline of hotels waiting to enter the SCH system, remains strong.

Six Continents Retail (SCR) achieved operating profits of £288 million, up 5.1 per cent for the ongoing estate, gained market share and, despite significant regulatory cost increases, was able to defend its operating margins. The programme of converting outlets to brands and formats continued, and a further 198 outlets were converted during the year bringing the total to 1,167 at 30 September 2002, representing 55 per cent of the total estate. Average weekly takings per outlet rose from £13,900 to £14,200 and the number of outlets trading in excess of £20,000 per week increased from 350 in 2001 to 370 in 2002.

Soft Drinks had another successful year with operating profit of £63 million, 10.5 per cent ahead of last year. Robinsons' volumes were up 13 per cent and its share of the dilutable drinks market grew by 2.7 percentage points. In August, Red Devil was acquired giving the business an increased share of the fast-growing energy drinks market.

Overall, pre-exceptional Group operating profit of £618 million was down £174 million, largely explained by the SCH result. Total Group

operating profit was £541 million after charging £77 million in SCH following an impairment review of the hotel estate. In total, fixed assets were written down by £113 million with the balance of £36 million reversing previous revaluation gains. Other major exceptional items in the year included a further profit of £57 million arising from the disposal of brewing operations in August 2000 and demerger costs of £4 million incurred to 30 September 2002. In addition, the tax charge was impacted by a major exceptional tax credit of £114 million arising from the release of over provisions in respect of prior years.

Profit before tax and major exceptional items was £558 million, a 23.7 per cent reduction on 2001. This is after charging net interest of £60 million which was at a similar level to last year. Excluding major exceptional items, the effective rate of tax was 30 per cent compared with 30.4 per cent in the previous year. FRS 19, the new accounting standard on deferred tax, applied for the first time this year and required a restatement of the comparative tax numbers.

Basic earnings per share of 53.0p compared to 51.3p for 2001. Adjusted earnings per share, which excludes major exceptional items, amounted to 42.4p, a decrease of 24.6 per cent. The Board recommends a final dividend per share of 24.6p which, when aggregated with the interim dividend already paid of 10.7p, produces a total for the year of 35.3p, an increase of 2.9 per cent on 2001.

Operating cash flow at £207 million was £91 million up on last year, reflecting a lower level of net capital expenditure. Last year's capital expenditure included the acquisition of the InterContinental Hong Kong for £241 million. After interest, dividend and tax payments totalling £497 million, there was a net cash outflow of £305 million, compared with £526 million in 2001. Net debt increased from £1,001 million at the end of last year to £1,177 million.

On 1 October 2002, the Board announced its intention to separate the Group's Retail business from its Hotels and Soft Drinks operations, and to return £700 million of capital to shareholders. If the demerger proposals are approved as expected, this will lead to the creation of independent hotel and retail companies, each better placed to pursue individual strategies and maximise shareholder value.

This Summary Financial Statement was approved by the Board on 4 December 2002 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 2002. 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 27.

PROFIT AND LOSS

	2002 £m	2001* £m
Turnover	3,615	4,033
Hotels	262	427
Retail	288	305
Soft Drinks	63	57
Other activities	5	3
Operating exceptional items: major	(77)	(43)
Operating profit	541	749
Exceptional items: major	53	2
other	–	(2)
Interest	(60)	(59)
Profit before tax	534	690
Tax (including major exceptional credit of £114m in 2002)	(52)	(223)
Profit after tax	482	467
Minority interests	(25)	(24)
Earnings	457	443
Dividends	(305)	(293)
Retained for reinvestment	152	150
Basic earnings per share	53.0p	51.3p
Adjusted earnings per share	42.4p	56.2p
Dividend per share	35.3p	34.3p

CASH FLOW

	2002 £m	2001 £m
Operations	720	984
Net capital expenditure	(513)	(868)
Operating cash flow	207	116
Interest	(62)	(69)
Dividends	(312)	(295)
Taxation	(123)	(149)
Normal cash flow	(290)	(397)
Acquisitions and disposals	(15)	(129)
Net cash flow	(305)	(526)
Opening net debt	(1,001)	(345)
Net cash flow	(305)	(526)
Return of capital	–	(103)
Net debt acquired	–	(38)
Exchange and other movements	129	11
Closing net debt	(1,177)	(1,001)

BALANCE SHEET

	2002 £m	2001* £m
Fixed assets	8,063	7,998
Current assets	1,016	1,100
Short-term creditors	(2,273)	(2,009)
Net current liabilities	(1,257)	(909)
Total assets less current liabilities	6,806	7,089
Long-term creditors	(764)	(1,180)
Provisions	(527)	(591)
Minority interests	(149)	(133)
Net assets/shareholders' funds	5,366	5,185

* Restated on the adoption of FRS 19, the new accounting standard for deferred tax.

THE BOARD

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 59.

TIM CLARKE* Joined the Group in 1990, was appointed to the Board in 1996 and became Chief Executive on 1 October 2000, having been Chief Executive of Six Continents Retail. He is chairman of the British Beer and Pubs Association for 2002 and is also a non-executive director of Debenhams plc. Aged 45.

RICHARD NORTH* Joined the Group in 1994 as Group Finance Director. He is responsible for finance, pensions, tax and treasury. He is CEO of Six Continents Hotels, Chairman of Britvic Soft Drinks and is a non-executive director of Leeds United plc, Logica Plc and FelCor Lodging Trust Inc. Aged 52.

THOMAS R OLIVER* Joined the Group in 1997 and was appointed to the Board in 1998. A US citizen, he is Chairman of Six Continents Hotels and a non-executive director of Interface Inc. Aged 61.

ROGER CARR† Appointed a director in 1996, he is the Company's senior independent director. He is Chairman of Chubb PLC and senior independent director of Cadbury Schweppes PLC. He is also a non-executive director of Centrica PLC, senior adviser to Kohlberg Kravis Roberts Co. Ltd and a member of the CBI Council. Aged 55.

SIR GEOFFREY MULCAHY† Appointed a director in 1989. Aged 60.

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 and Chairman of United Dominion Realty Trust Inc. Aged 68.

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 and a non-executive director of Standard Chartered PLC. Aged 62.

SIR HOWARD STRINGER† Appointed a director in May 2002. Of US and British nationality, he is a director of the Sony Corporation and Chairman and Chief Executive Officer of Sony Corporation of America. Aged 60.

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 39.

RICHARD WINTER^ Joined the Group in 1994. He is Company Secretary, responsible for legal, secretarial, assurance and internal audit services and risk management. Aged 53.

PRINCIPAL ACTIVITIES

The principal activities of Six Continents are set out on page 1 and a review of the performance of the Group is contained in the Chairman's Statement and the Executive Directors' Review on pages 2 to 6 and in the Summary Financial Statement on pages 22 to 23.

SEPARATION AND RETURN OF CAPITAL

On 1 October 2002, the Company announced proposals to separate its Hotels and Soft Drinks businesses from its Retail business and to return £700 million of capital to shareholders. Full particulars will be sent to shareholders in due course and an Extraordinary General Meeting will be convened to vote on the proposals. This meeting is likely to take place in March or April 2003.

DIVIDENDS

An interim dividend of 10.7p per ordinary share was paid on 31 July 2002. The directors recommend a final dividend of 24.6p per ordinary share to be paid on 17 February 2003 to shareholders on the Register at the close of business on 20 December 2002; this makes a total dividend for the year of 35.3p per share, which will amount to £305 million.

The Board has announced that it proposes to declare an interim dividend for 2003 of 6.6p per share prior to the planned separation of its businesses, which is currently expected to occur in April 2003.

DIRECTORS

Details of the current members of the Board being those who served during the year, are shown on page 24. The director retiring by rotation and offering himself for reappointment at the Annual General Meeting on 13 February 2003 is

Robert C Larson who does not have a service contract with the Company. Sir Geoffrey Mulcahy, who has been a non-executive director for 13 years, retires by rotation and is not seeking reappointment. Sir Howard Stringer, 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.

ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting to be held at 12 noon on Thursday, 13 February 2003 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 2002 donated £1.28 million (2001 £0.9 million). The Company made no payments for political purposes.

COMBINED CODE COMPLIANCE

The Board is committed to compliance with the principles of corporate governance as set out in the Combined Code in the Listing Rules of the Financial Services Authority and, in the opinion of the Board, the Company has complied throughout the year.

INTERNAL CONTROL

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the Board confirms that it has established the procedures necessary to apply the Combined Code, including clear operating procedures, lines of responsibility and delegated authority.

During the year ended 30 September 2002, the Board has conducted a review of the effectiveness of the system of internal control. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material

misstatement or loss. In that context, the review, in the opinion of the Board, did not indicate that the system was ineffective or unsatisfactory. With regard to insurance against risk, it is not practicable to insure against every risk to the fullest extent. The insurance market remains difficult both as to breadth and cost of coverage and in some cases external insurance is simply unavailable or is not available at an economic price. Where there is external insurance, and in the light of increased premiums for, in some cases, reduced cover, the Group regularly reviews both the type and amount of external insurance that it buys bearing in mind the availability of such cover, its price, and the likelihood and magnitude of the risks involved.

BOARD AND COMMITTEE STRUCTURE

To support the principles of good corporate governance, the Board, the members of which are shown on page 24, is responsible to the shareholders for the good standing of the Company, the management of its assets for optimum performance and the strategy for

its future development. There are 10 regular Board meetings a year and further meetings as needed.

The following main committees of the Board have been established:

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

The Audit and Remuneration Committees consist wholly of non-executive directors.

GOING CONCERN

The Company's Financial Statements for the year to 30 September 2002 have been prepared on a going concern basis as, after making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

INTRODUCTION

The Summary Remuneration Report is an extract of information from the full Remuneration Report contained in the Annual Report and Financial Statements 2002, a copy of which is available on request and can be viewed on the Company's website at www.sixcontinents.com/investors. The Remuneration Report will be put to the vote at the forthcoming Annual General Meeting 2003.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES

The following policy applies to the financial year 2003 and thereafter, but if the proposed separation of the Company's businesses is effected, policies will be established for the two successor companies.

The Remuneration Committee determines on behalf of the Board, with the benefit of advice from external consultants and the Human Resources Director, the remuneration packages of the executive directors and other members of the Strategic Business Committee. The Remuneration Committee aims to ensure that remuneration packages are competitive and designed to attract, retain and motivate directors and executives of the right calibre.

In particular, the Committee has regard to the levels of remuneration in the Group and in the specific industries and businesses with

which Group companies compete and is also sensitive to levels in the wider community. The Company operates performance-related reward policies, designed to provide the appropriate balance between fixed remuneration and variable 'risk' reward.

The normal policy for executive directors with UK-based remuneration packages is that using 'on-target' or 'expected value' calculations, their performance-related incentives will equate to approximately 60 per cent of total remuneration (70 per cent for directors with US-based remuneration packages).

The main components of remuneration are:

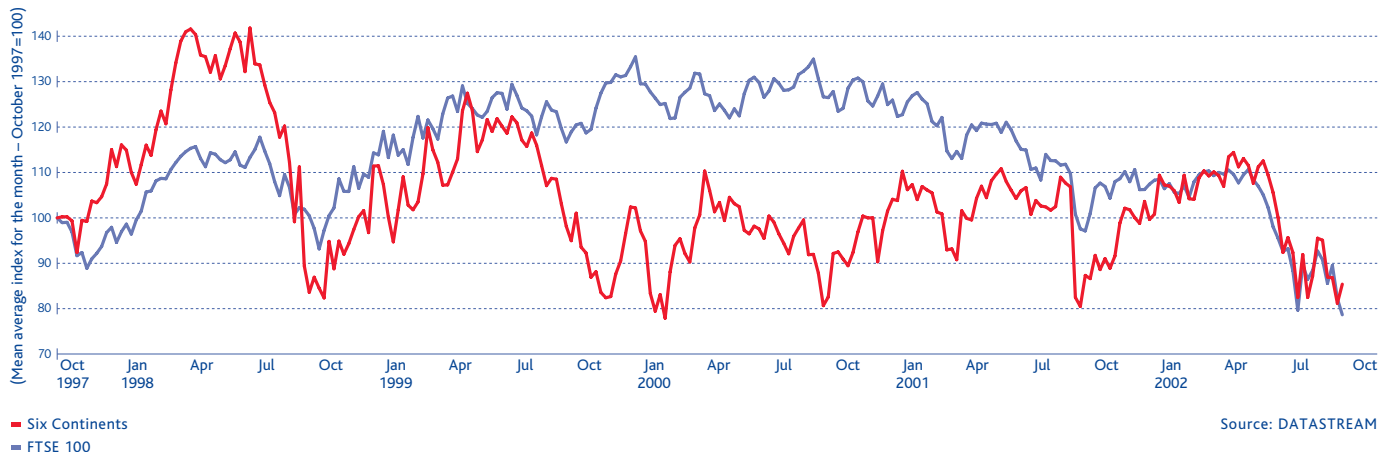
Base Salary

Annual Performance Bonus

Challenging performance goals are set and these must be achieved before the maximum bonus becomes payable. These goals include both personal objectives and targets linked to the Group's performance in increasing earnings per share.

Annual bonuses are payable in cash but a special deferred incentive plan has been set up for three of the executive directors under which their bonuses may be paid in Six Continents shares and deferred for 12 months. Matching shares may also be awarded up to 1.5 times the deferred amount.

SIX CONTINENTS TOTAL SHAREHOLDER RETURN v FTSE 100



Over time, executive directors will be expected to hold all shares issued to them under the Company's remuneration plans until the value of their holding equates to twice their basic salary.

Executive Share Options

The Company believes that share ownership by executive directors and senior executives strengthens the link between the individual's personal interest and that of the shareholders.

Grants of options are normally made each year and are exercisable three to 10 years from the grant subject to achievement of a performance condition set by the Remuneration Committee.

Long Term Incentive Plan ('the Plan')

The Plan aims to encourage continuing improvement in the Group's performance over the longer term. Its participants are the executive directors and those senior executives who are best placed to influence such performance.

Generally a three-year performance cycle commences each year and at the end of the cycle the Company's Total Shareholder Return is measured against a comparator group of 11 other competitor companies. Graded awards are made in the Company's shares for median performance or better.

Pension Arrangements

Executive directors participate in the relevant Group pension schemes either in the UK (Sir Ian Prosser, Tim Clarke and Richard North) or in the US (Tom Oliver).

DIRECTORS' EMOLUMENTS 2002

Name	(Total emoluments excluding Pension)	
	2002 £000	2001 £000
Tim Clarke	694	725
Richard North	629	889
Tom Oliver	956	1,267
Sir Ian Prosser	971	1,200
Roger Carr	46	38
Robert C Larson	36	36
Sir Geoffrey Mulcahy	36	36
Bryan Sanderson	36	6
Sir Howard Stringer	13	–
Former Directors	–	1,076
Total	3,417	5,273

The emoluments shown in the preceding table include salary, fees, bonus (including bonus paid in shares) and tax assessable benefits and allowances.

The Company finished the Long Term Incentive Plan cycle to 30 September 2002 in eighth position in the comparator group against which its Total Shareholder Return was measured; accordingly no award was made. The awards in 2001 to directors totalled £662,000.

Taking into account the rules of the Company's Code for Securities Transactions, no Executive Share Options were granted to directors during the year. No options were exercised by directors in that period. The gain on exercise by directors in 2001 was £448.

The net values earned in the year of shares receivable under the matching facility under the Special Deferred Incentive Plan were as follows:

Name	Ordinary shares 000	Value £000	Release date
Tim Clarke	22	128	18.12.03
Richard North	23	134	18.12.03
Tom Oliver	19	112	10.3.03

These are maximum awards, assuming the director elects to participate, and are valued at £5.93 per share, the share price on 30 September 2002.

PENSIONS

Company contributions paid in respect of directors' qualifying service were:

Tim Clarke	£21,200
Richard North	£21,200
Tom Oliver	£130,400
Sir Ian Prosser	£179,500

view all our financial information at
www.sixcontinents.com/shareholders

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 Company has given e-mail notification, to those shareholders who have requested it, of the availability of this Annual Review and Summary Financial Statement, the Annual Report and Financial Statements and the Notice of Annual General Meeting, on the Company's website, www.sixcontinents.com/shareholders

The website contains a link to enable shareholders to register for future electronic communication, view details of their own shareholding or appoint electronically a proxy to vote on their behalf on any poll that may be held at the forthcoming Annual General Meeting.

LOW COST SHARE DEALING SERVICE

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 registrar, Lloyds TSB Registrars, Share Dealing Services, PO Box 1357, The Causeway, Worthing, West Sussex, BN99 6UB, telephone 0870 242 4244.

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 242 4244.

you will also find our share price
at www.sixcontinents.com

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 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 depository bank, at the address shown opposite.

DIVIDEND PAYMENTS TO ADR HOLDERS

Dividend payments to ADR holders are made in US dollars by the authorised depository. Payment of the final dividend for the year ended 30 September 2002 will be made on 27 February 2003 to holders of record on 20 December 2002 converted at the £/US\$ exchange rate on 17 February 2003. 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 US, 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 US by contacting The Bank of New York's ADR Department.

PRIORITY CLUB REWARDS

Interest has been expressed by some shareholders in joining this frequent users club of the Group's hotels. If you wish to inquire about the benefits of membership, or to join, please go to www.priorityclub.com or telephone: +31 20606 0234 (European callers) or (888) 211 9874 (US callers).

FINANCIAL CALENDAR**2002**

Financial year end		30 September
Preliminary announcement of annual results to 30 September 2002		5 December
Final dividend – ordinary shares	Ex-dividend date	18 December
	Record date	20 December
	Payment date	17 February 2003

2003

Annual General Meeting		13 February
Interest payment – 10 ³ / ₈ % Debenture Stock 2016		30 March
Announcement of interim results		May
Interim dividend – ordinary shares	Payment date	*
Interest payment – 10 ³ / ₈ % Debenture Stock 2016		30 September
Financial year end		30 September
Preliminary announcement of annual results to 30 September 2003		December
Final dividend – ordinary shares	Payment date	February 2004

* The Company has announced that it proposes to declare an interim dividend for 2003 prior to the planned demerger which is currently expected in April 2003. No other changes have been made to this calendar in anticipation of the demerger. An outline timetable of demerger events is set out on page 7 of this Review.

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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.

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

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WestLB Panmure

AUDITORS

Ernst & Young LLP

INVESTMENT BANKERS

Schroder Salomon Smith Barney

SOLICITORS

Linklaters

For further investor information visit

www.sixcontinents.com/investors

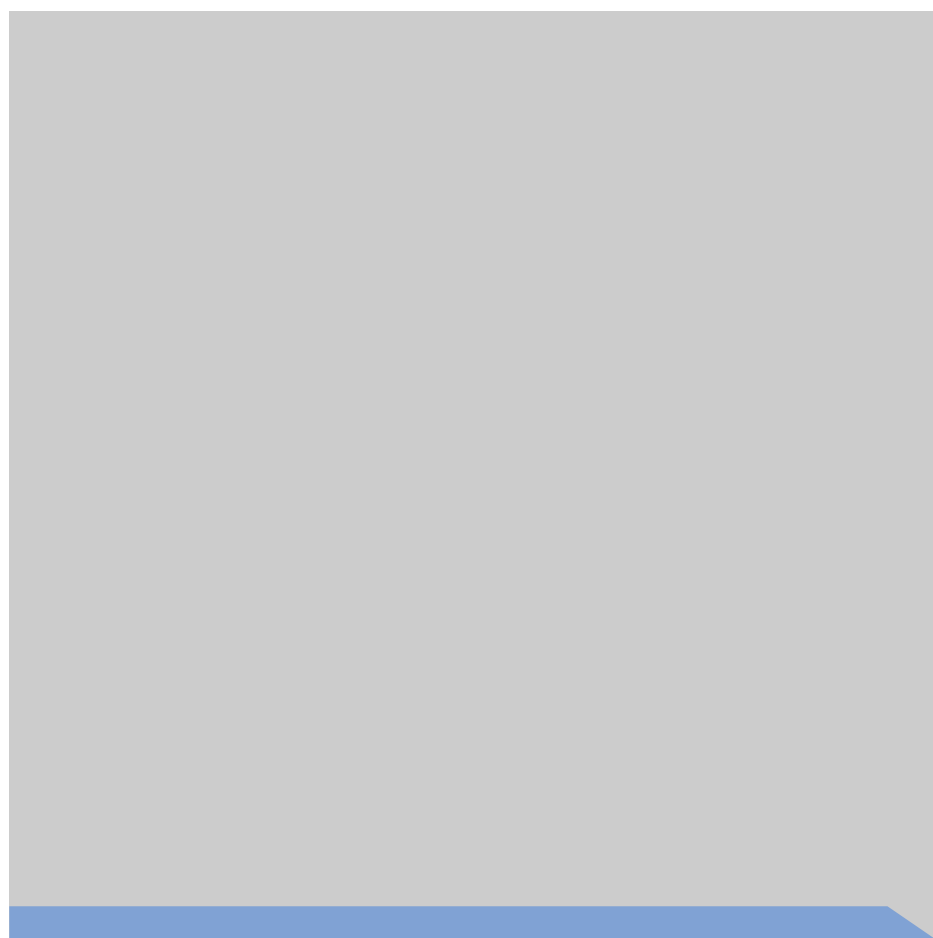
This Annual Review and Summary Financial Statement contains certain forward-looking statements as defined under US legislation (Section 21E of the Securities Exchange Act of 1934). By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ materially from those expressed in or implied by such statements. A more detailed explanation of the risks and uncertainties related to forward-looking statements is set out on page 60 of the Annual Report and Financial Statements 2002, copies of which are available from the Registered Office of the Company.

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*With effect from 13 January 2003