INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
September 08, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 AND 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For 8 September 2005

InterContinental Hotels Group PLC

(Registrant s name)

67 Alma Road, Windsor, Berkshire, SL4 3HD, England

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ¨ Form 40-F ¨

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ¨ No ¨

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Interim Results dated 8 September 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

InterContinental Hotels Group PLC
(Registrant)

By: /s/ C. Cox

Name: C. COX
Title: COMPANY SECRETARIAL OFFICER

Date: 8 September 2005

Exhibit 99.1

8 September 2005

InterContinental Hotels Group PLC

First Half and Second Quarter Results to 30 June 2005

Highlights

Hotels operating profit up 33% from £115m to £153m.*

Hotels managed and franchised operating profit up 16% from £116m to £134m.

Britvic operating profit up 5% from £37m to £39m.

Group operating profit up 26% from £152m to £192m.

Adjusted earnings per share up 27% from 14.2p to 18.1p.

Interim dividend up 7% from 4.3p to 4.6p.

8.1% RevPAR growth across IHG s hotels. Strongest trading in Americas, UK and Asia Pacific.

Further progress made on hotel asset disposals, with £2.2bn of disposals since Separation.

3,500 net rooms added. 16,900 rooms opened. 27,200 pipeline signings, taking pipeline to a record 89,600 rooms.

50,000-60,000 net organic room additions planned over three years to 31 December 2008.

Up to £1.0bn of current hotel portfolio intended to be retained, mainly strategic InterContinentals; £600m intended to be sold.

Further £250m share buyback announced.

All figures and movements at actual exchange rates and before special items. A constant currency analysis is included as appendix 4.

* Up 14% to £131m excluding a £22m International Financial Reporting Standards (IFRS) depreciation benefit.

Commenting on the results, Andrew Cosslett, Chief Executive of InterContinental Hotels Group PLC said:

We have had a good first half with strong trading around the world producing a significant increase in hotels operating profit. We continue to make good progress on our asset disposal programme and returning funds to shareholders.

IHG is in an excellent position in a strong hotels market and there is much for us to go for. Our aim is to make our brands the first choice for hotel guests and hotel owners. We will do this by building the brands and strengthening our operating systems. The demanding room growth target we have set out today underlines my confidence in our future.

Sharper focus

IHG s core strategy remains consistent, concentrating on the growth of its managed and franchised operations. IHG s focus will now be on driving faster growth by making its brands the first choice for hotel guests and hotel owners. IHG will do this by building the strongest operating system in the industry, focused on the biggest markets and segments where its scale really counts.

There are four main priorities:

Strengthening the brand portfolio, with an initial focus on the Holiday Inn and InterContinental brands. Better and more consistent brand experiences will be delivered to guests through distinctive brand standards and quality improvements. A more systematic approach to brand development will be adopted and global brand identities will converge over time. Further opportunities to extend brands and develop the portfolio will be identified.

Driving hotel returns by strengthening front end delivery systems, building IT infrastructure and support, and linking Priority Club Rewards and brand programmes more directly. Systems to identify continuous improvement in hotel efficiency and operating processes will be put in place.

Using IHG s market knowledge and scale. Geographical rollout of IHG s brands will be pursued more aggressively. Managed and franchised sales teams will be strengthened across regions and segments. Capital will be used where appropriate to maximise opportunities to work with owners.

Aligning IHG s organisational structure. IHG s teams around the world will be aligned to work better together and in partnership with owners, recognising their differing needs. Growth critical capabilities will be strengthened. IHG s corporate social responsibility agenda will continue to be developed.

Successful execution of the strategy will drive 50,000-60,000 net organic room additions by the end of 2008. This is more than three times the recent rate of net rooms additions. The commitment to improving the quality of rooms operated under IHG s brands will be maintained.

Costs will continue to be held under tight control. A higher proportion of IHG s costs will, over time, be focused on IHG s guest and owner facing capabilities, where additional investment drives the most growth. In the short term, fulfilling IHG s growth potential will require additional revenue investment to strengthen capabilities in certain key areas, including brand management, IT and the managed and franchised sales teams.

Continuing hotel portfolio

IHG intends to continue to dispose of its remaining hotels, except those hotels which play a strategic role in supporting a brand and can generate an appropriate return on investment. As a consequence further hotels, principally in Continental Europe, with a net book value of £600m are intended to be put on the market when the time is right.

The size of the future owned portfolio is likely to fluctuate over time with ongoing disposals and expenditure on new or existing assets. The aggregate value of owned and leased hotels that are intended to be retained from the current portfolio is up to £1.0bn. IHG will continue to own InterContinental hotels in the strategic cities of London, New York, Hong Kong and Paris. These hotels have recently completed, or are undergoing, full refurbishment. A small portfolio of other hotels will be retained, including the new InterContinental Buckhead hotel in Atlanta, Georgia and the prototype Holiday Inn hotel in Gwinnett, Georgia. Maintenance of these hotels and of central systems is expected to require annual capital expenditure of approximately £60-80m.

Hotels capital expenditure of £63m was incurred in the first half. The forecast for full year capital expenditure has been reduced to approximately £200m, including a significant proportion of the costs of the major renovation and re-launch of the InterContinental London. This renovation is now expected to have a £12m impact on operating profit in 2005, heavily second half weighted, and a similar impact in 2006, when the hotel will reopen.

Hotel disposals continue

82 hotels were disposed of in the first half for proceeds of £1.2bn, approximately equal to net book value. Disposals included the UK portfolio of 68 Holiday Inns, four Crowne Plazas and one Holiday Inn Express to LRG for £1bn and the acquisition by Strategic Hotel Capital of 85% interests in InterContinental hotels in Miami and Chicago. Since the period end a portfolio of 10 hotels in Australasia has also been sold for approximately £170m, 23% ahead of its net book value of £138m, and the InterContinental Paris for 315m, 26% ahead of net book value.

Proceeds announced from the asset disposal process since Separation amount to £2.2bn, approximately equal to net book value. Management or franchise contracts have been retained on 88% of these properties.

Additional return of funds announced

£2bn return of funds to shareholders has already been announced. £1.9bn has been returned to date and £122m remains to be returned via share buybacks.

A further share buyback programme of £250m will commence following completion of the current programme.

The timing and amount of further returns to shareholders will be influenced by when disposal proceeds are received, the need to maintain an appropriate level of gearing and opportunities to drive growth through investment in the business.

Americas: strong performance across the business

Revenue performance

RevPAR increased 9.0% in the first half, with all brands performing strongly. Rate growth generated most of the increase, though occupancy continued to rise. Corporate rate business and corporate groups were particularly strong. Candlewood Suites benefited from being integrated into IHG s system delivery platform, out-performing its market segment. Holiday Inn and Holiday Inn Express maintained their significant RevPAR premiums, with Holiday Inn increasing its revenue market share.

Operating profit performance

Operating profit, up 21% from $150m to $181m, benefited by $8m from not depreciating assets held for sale under IFRS. Continuing owned and leased profit increased from $2m to $10m, driven by strong trading in the remaining owned portfolio. Managed profit, up 375%, gained from new management contracts on disposed assets and increased profitability across the existing portfolio. Franchised profit was up 10%, driven by RevPAR increases and fees from increased franchise sales.

Owner relationships and brand development

Owner relationships continued to expand. Owners acquiring properties and retaining IHG s brand included Strategic Hotel Capital, Hospitality Properties Trust and Highgate Holdings. Owner interest remains high in the newly launched Hotel Indigo brand. Franchise and management development teams have been further strengthened, with new hires increasing development resources by 40%.

EMEA: continued out-performance in UK market

Revenue performance

RevPAR increased 5.3% in the first half. There were considerable variances in performance across geographic markets. Holiday Inn UK revPAR was up 7.9% continuing to benefit from strong business travel, room refurbishments and targeted marketing campaigns. France, where RevPAR was up 8.5%, was aided by continuing ramp up at the reopened InterContinental Le Grand Hotel in Paris. Germany, with 2.3% RevPAR decline, saw demand fall as oversupply continued in several of IHG s main markets.

Operating profit performance

Operating profit, up 46% from £50m to £73m, benefited by £18m from not depreciating assets held for sale under IFRS. Continuing owned and leased profit increased from £5m to £7m, with the impact of refurbishments at the InterContinental London and Holiday Inn Munich City Centre mitigated by improved trading at InterContinental Le Grand, Paris. Managed profit, down 13%, was impacted by non recurring 2004 first half liquidated damages, but benefited from stronger trading. Franchised profit was up 78%, as a result of receiving £7m liquidated damages from the termination of IHG s South African master franchise.

Owner relationships and brand development

Since the period end, franchise agreements have been signed on portfolios of hotels owned by Stardon UK and Queens Moat House, adding two Crowne Plazas and 16 Holiday Inns in the UK (2,800 rooms).

Asia Pacific: continued growth

Revenue performance

RevPAR increased 7.5% in the first half, driven by rate increases. The three main brands in the region, InterContinental, Crowne Plaza and Holiday Inn, all generated strong RevPAR growth.

Operating profit performance

Operating profit increased 38% from $21m to $29m. Owned and leased operating profit increased 46%, driven by InterContinental Hong Kong. Managed hotels profit increased 33%, driven by continued strength in China, Australia and New Zealand.

Owner relationships and brand development

Express by Holiday Inn s launch in Greater China has generated considerable owner interest, with two properties already in the pipeline. IHG s nearly 20 year track record of operations in China, and its sizeable Shanghai based presence, gives owners confidence in IHG s commitment to maintain its premier position in China. IHG s Australasian portfolio, comprising one InterContinental, three Crowne Plazas and six Holiday Inns, was sold after the period end and will remain under IHG s brands.

Increase in system and pipeline size

IHG s system increased by 3,500 rooms in the first half to 537,700.

- 16,900 rooms opened, of which 10,200 were new build. 11,800 room additions were from Holiday Inn and Express, 3,100 from Crowne Plaza, 1,000 from InterContinental, and 1,000 from IHG s other brands.
- 13,400 rooms left the system, of which 11,500 were in the Americas. Over 50% of total room exits were at IHG s instigation. Applications or enquiries have already been received to replace hotels in a third of the locations where IHG enforced exits. 1,800 of total room exits were as a result of hotels damaged by hurricanes in 2004 which have been unable to reopen and 400 from hotels sold by IHG without retaining an IHG brand. Excluding these, net room additions in the period would have been 5,700 rooms.
- 2,800 rooms have been signed in the UK since the period end as a result of franchise agreements with Stardon UK and Queens Moat House.
- IHG s South African master franchise has been terminated. As a result, 6,300 rooms are expected to leave the system over the remainder of the year. £7m liquidated damages were received in the period and IHG is now free to operate with any franchisee in South Africa.

IHG continues to expand its upscale hotel presence, with eighteen additions

- Four newly built InterContinental hotels.
- Ten Crowne Plazas hotels, four newly built and six brand conversions.
- Three Staybridge Suites, and one Hotel Indigo.

IHG s pipeline continues to grow.

- 27,200 rooms were signed in the first half. 21,700 in the Americas, 2,100 in EMEA and 3,400 in Asia Pacific.

89,600 rooms are now in the pipeline, up nearly 7,000 (9%) since the start of the year.

76% of pipeline rooms are in IHG s key markets of US, UK and China.

Increased revenue delivery to IHG s hotel owners

IHG continues to demonstrate the strength of its revenue delivery to hotel owners through its sales channels and loyalty programme, with significant increases over the same period of 2004.

Rooms revenue booked through IHG s reservation channels rose from 39% to 42%, $2.4bn of revenue.

Rooms revenue generated from Priority Club Rewards members increased from 30% to 32%, $1.8bn of revenue.

Internet revenues increased from 13% to over 15% of the total.

The proportion of Internet revenues delivered through IHG s own websites grew from 78% to 85%.

Membership of Priority Club Rewards, the largest loyalty scheme in the hotel industry, expanded to 26m.

Priority Club Rewards membership continues to grow in Greater China, where it now has nearly 450,000 members.

Current trading

Trading continues to be good in the US, UK and Asia with RevPAR growing through a mixture of rate and occupancy. However, performance in Continental Europe is still varied. Although revenues have grown and market share increased in many markets, trading in a number of larger owned InterContinentals has been adversely affected by continuing specific events or local market issues, primarily in Cannes, Paris and Frankfurt. So far, relatively limited impact has been seen from the recent London bombings, with slightly higher than normal cancellations and a lower growth in RevPAR in July.

It is too early to predict the trading impact of Hurricane Katrina in the US.

Britvic first half trading

The trading environment was highly competitive, leading to a decline in average prices seen across the market. Despite these conditions, Britvic has performed well, achieving 1% turnover growth and a 5% increase in operating profit.

Volumes of branded product sold increased by 5%. J_2O and Robinsons Fruit Shoot continued to increase volumes and to win market share. Pepsi achieved 7% growth in volume and also gained market share.

Brand innovation continued, with successful launches of Tango Clear, new flavours of J_2O and Fruit Shoot, and no added sugar variants of Robinsons Fruit Spring and Robinsons for Milk.

Appendix 1: Asset disposal programme detail

	Number of hotels	Proceeds	Net book value	Annual EBITDA forgone*	Annual EBIT forgone*
Disposed to date**	139	£ 2.2bn	£ 2.2bn	£ 192m	£ 135m
On the market	5		£ 45m		
Remaining hotels	53		£ 1.5bn		

* Based on EBITDA and EBIT in the last full year before disposal.

** Including Holiday Inn Nottingham and Holiday Inn Nantes, sold for an aggregate £10m. The Holiday Inn Nottingham will exit the IHG system.

For a full list please visit http:/www.ihgplc.com/investors

Appendix 2: Return of funds programme

	Timing	Total return	Returned to date	Still to be returned
£501m special dividend	Paid December 2004	£ 501m	£ 501m	Nil
First £250m share buyback	Completed in 2004	£ 250m	£ 250m	Nil
Second £250m share buyback	Ongoing	£ 250m	£ 128m	£ 122m
£996m capital return	Paid 8 July 2005	£ 996m	£ 996m	Nil
Further returns announced	Ongoing	£ 250m		£ 250m
Total		£ 2.25bn	£ 1.88bn	£ 0.37bn

Appendix 3: Investor information for 2005 interim dividend

Ex-dividend Date: 21 September 2005

Record Date: 23 September 2005

Payment Date: 17 October 2005

Appendix 4: Constant currency operating profits before special items for the period.

	Americas	EMEA	Asia Pacific	Total

	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant currency**
Growth	18%	21%	46%	49%	36%	40%	33%	36%

* Sterling actual currency
** Translated at constant 2004 exchange rates

For further information, please contact:

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High resolution images to accompany this announcement are available for the media to download free of charge from

www.vismedia.co.uk . This includes profile shots of the key executives.

Presentation for Analysts and Shareholders

A presentation with Andrew Cosslett (Chief Executive) and Richard Solomons (Finance Director) will commence at 9.00 am (London time) on 8 September at Crowne Plaza London The City. There will be an opportunity to ask questions. The presentation will conclude at approximately 10.00 am (London time).

There will be an audio webcast of the presentation of the results on the web address www.ihgplc.com/interims05. The webcast of the presentation is expected to be on this website later on the day of the results and will remain on it for the foreseeable future.

There will also be a live dial-in facility

International dial-in	+44 (0)20 7365 1834

Presentation for Media

A presentation with Andrew Cosslett (Chief Executive) and Richard Solomons (Finance Director) will commence at 11.30 am (London time) on 8 September at Crowne Plaza London The City. There will be an opportunity to ask questions. The presentation will conclude at approximately 12.15 pm (London time).

Q&A CALL

There will be a call, primarily for US investors and analysts, at 1.30pm (London time) on 8 September with Andrew Cosslett (Chief Executive) and Richard Solomons (Finance Director) available to answer questions on the results.

International dial-in	+44 (0)1452 562716
US toll-free	1866 832 0717

Website

The full release and supplementary data will be available on our website from 7.00 am (London time) on 8 September 2005. The web address is http://www.ihgplc.com/investors/announcements.asp

Note to Editors:

InterContinental Hotels Group PLC of the United Kingdom [LON:IHG, NYSE:IHG (ADRs)] is the world s largest hotel group by number of rooms. InterContinental Hotels Group owns, manages, leases or franchises, through various subsidiaries, more than 3,500 hotels and 537,000 guest rooms in nearly 100 countries and territories around the world. The Group owns a portfolio of well recognised and respected hotel brands including InterContinental® Hotels & Resorts, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites® and Hotel Indigo™, and also manages the world s largest hotel loyalty programme, Priority Club® Rewards, with over 26 million members worldwide. In addition to this, InterContinental Hotels Group has a 47.5% interest in Britvic, one of the two leading manufacturers of soft drinks, by value and volume, in Great Britain.

InterContinental Hotels Group offers information and online reservations for all its hotel brands at www.ichotelsgroup.com and information for the Priority Club Rewards programme at www.priorityclub.com.

For the latest news from InterContinental Hotels Group, visit our online Press Office at www.ihgplc.com/media.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements as defined under US law (Section 21E of the Securities Exchange Act of 1934). These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements often use words such as target , expect , intend , believe or other words of similar meaning. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Factors that could affect the business and the financial results are described in Risk Factors in the InterContinental Hotels Group PLC Annual Report on Form 20-F filed with the United States Securities and Exchange Commission.

OPERATING REVIEW

This operating review discusses the performance of the InterContinental Hotels Group, comprising the Hotels and Soft Drinks businesses for the six months ended 30 June 2005. These results are presented under International Financial Reporting Standards (IFRS) and the results for the comparative period, the six months ended 30 June 2004, have also been presented under IFRS.

GROUP SUMMARY

	Three months ended			**Six months ended**		
	30 June 2005 £m	**30 June 2004 £m**	**% change**	**30 June 2005 £m**	**30 June 2004 £m**	**% change**
Revenue:						
Hotels:						
Continuing operations	**248**	215	15.3%	**446**	399	11.8%
Discontinued operations	**98**	172	(43.0)%	**244**	336	(27.4)%
Total	**346**	387	(10.6)%	**690**	735	(6.1)%
Soft Drinks	**181**	178	1.7%	**370**	366	1.1%
	527	565	(6.7)%	**1,060**	1,101	(3.7)%
Operating profit:						
Hotels:						
Continuing operations	**62**	42	47.6%	**91**	68	33.8%
Discontinued operations	**26**	27	(3.7)%	**62**	47	31.9%
Total	**88**	69	27.5%	**153**	115	33.0%
Soft Drinks	**28**	28		**39**	37	5.4%
	116	97	19.6%	**192**	152	26.3%
Other operating income and expenses	**(8)**	10		**(8)**	6	
	108	107	0.9%	**184**	158	16.5%
Profit before tax	**101**	107	(5.6)%	**166**	154	7.8%
Adjusted earnings per share:						
Continuing operations	**8.4p**	6.4p	31.3%	**11.2p**	9.9p	13.1%
Total	**11.4p**	8.8p	29.5%	**18.1p**	14.2p	27.5%

IHG operating profit for the six months ended 30 June 2005 increased by 16.5 % from £158m to £184m. Profit before tax grew by 7.8% to £166m, and adjusted earnings per ordinary share for continuing operations rose from 9.9p to 11.2p.

Discontinued operations represents the results from operations that have been sold or are held for sale and where there is a co-ordinated plan to dispose of them under IHG s asset disposal programme. Discontinued operations therefore mainly include the US, UK and Australasian hotels placed on the market over the last 12 months.

HOTELS

	Three months ended			Six months ended		
	30 June 2005 £m	30 June 2004 £m	% change	30 June 2005 £m	30 June 2004 £m	% change
Revenue:						
Americas	**109**	131	(16.8)%	**224**	246	(8.9)%
EMEA	**191**	214	(10.7)%	**374**	404	(7.4)%
Asia Pacific	**36**	31	16.1%	**72**	64	12.5%
Central	**10**	11	(9.1)%	**20**	21	(4.8)%
	346	387	(10.6)%	**690**	735	(6.1)%
Operating profit before other operating income and expenses:						
Americas	**53**	49	8.2%	**97**	82	18.3%
EMEA	**47**	34	38.2%	**73**	50	46.0%
Asia Pacific	**6**	4	50.0%	**15**	11	36.4%
Central	**(18)**	(18)		**(32)**	(28)	14.3%
	88	69	27.5%	**153**	115	33.0%

Hotels operating profit increased by 33.0% to £153m for the six months ended 30 June 2005. Excluding discontinued operations, operating profit grew by 33.8% to £91m.

AMERICAS

	Three months ended			Six months ended		
	30 June 2005 $m	30 June 2004 $m	% change	30 June 2005 $m	30 June 2004 $m	% change
Revenue:						
Owned and leased	**57**	41	39.0%	**103**	78	32.1%
Managed	**32**	14	128.6%	**57**	27	111.1%
Franchised	**100**	94	6.4%	**185**	173	6.9%
Continuing operations	**189**	149	26.8%	**345**	278	24.1%
Discontinued operations Owned and leased	**13**	88	(85.2)%	**76**	170	(55.3)%
Total $m	**202**	237	(14.8)%	**421**	448	(6.0)%
Sterling equivalent £m	**109**	131	(16.8)%	**224**	246	(8.9)%
Operating profit before other operating income and expenses:						
Owned and leased	**8**	3	166.7%	**10**	2	400.0%
Managed	**11**	4	175.0%	**19**	4	375.0%
Franchised	**87**	81	7.4%	**162**	148	9.5%
Continuing operations	**106**	88	20.5%	**191**	154	24.0%
Discontinued operations Owned and leased	**4**	13	(69.2)%	**19**	20	(5.0)%
	110	101	8.9%	**210**	174	20.7%
Regional overheads	**(13)**	(13)		**(29)**	(24)	20.8%
Total $m	**97**	88	10.2%	**181**	150	20.7%
Sterling equivalent £m	**53**	49	8.2%	**97**	82	18.3%

Revenue for the Americas reduced by 6.0% to $421m for the six months ended 30 June 2005 mainly as a result of the owned hotel disposals in the first half of 2005. Revenue from continuing operations increased by 24.1% to $345m for the six months. Continuing owned and leased revenue grew by 32.1% as a result of strong trading in the comparable estate (those hotels fully trading as owned and leased in both six month periods) and the contribution from the InterContinental Buckhead, which opened in November 2004. Managed revenue more than doubled to $57m as a result of management fees received from the disposed hotels where management contracts were entered into, and improved trading in the existing managed portfolio. Franchised revenue grew by 6.9% reflecting increased royalties and sales revenues.

Operating profit increased by 20.7% to $181m. The relative strength of sterling to the US dollar (2005 six months to June $1.87 : £1; 2004 six months to June $1.82 : £1) meant that sterling reported operating profit grew by 18.3%. Operating profit from continuing operations before regional overheads grew by 24.0% to $191m for the six months ended 30 June 2005.

Owned and leased continuing operations operating profit grew by $8m to $10m. This was driven by strong trading in the comparable estate and a good performance from the recently opened InterContinental Buckhead.

Managed operating profit grew to $19m for the six months ended 30 June 2005. This was boosted by management fees received on the 13 hotels sold to Hospitality Properties Trust (HPT) and the two InterContinental hotels acquired by Strategic Hotel Capital, Inc. (SHC), as well as improved trading in the rest of the managed portfolio. Managed RevPAR grew by 6.6% for Holiday Inn, 11.3% for Staybridge Suites and 17.4% for Candlewood Suites.

Franchised operating profit grew by 9.5% as all brands demonstrated strong RevPAR growth over the first six months of 2004 with Crowne Plaza 10.9% up, Holiday Inn 7.5% up, Holiday Inn Express 9.9% up and Staybridge Suites 10.6% up. This led to a growth in royalties, whilst increased sales revenues from new agreements also boosted operating profit.

The number of hotels in the Americas system grew in the first half of 2005 by a net 24, with 92 hotels joining the system (11,000 rooms) and 68 hotels leaving (11,500 rooms). The Americas pipeline (deals signed but hotels yet to enter the system) remains strong at 30 June 2005 with 619 hotels, 63,000 rooms; up 74 hotels, 7,600 rooms from 31 December 2004.

EUROPE, MIDDLE EAST & AFRICA (EMEA)

		Three months ended			Six months ended		
		30 June 2005 £m	**30 June 2004 £m**	**% change**	**30 June 2005 £m**	**30 June 2004 £m**	**% change**
Revenue:							
Owned and leased		**92**	86	7.0%	**162**	156	3.8%
Managed		**11**	12	(8.3)%	**21**	24	(12.5)%
Franchised		**14**	8	75.0%	**20**	13	53.8%
Continuing operations		**117**	106	10.4%	**203**	193	5.2%
Discontinued operations	Owned and leased	**74**	108	(31.5)%	**171**	211	(19.0)%
Total £m		**191**	214	(10.7)%	**374**	404	(7.4)%
Dollar equivalent $m		**353**	384	(8.1)%	**700**	734	(4.6)%
Operating profit before other operating income and expenses:							
Owned and leased		**11**	8	37.5%	**7**	5	40.0%
Managed		**7**	7		**13**	15	(13.3)%
Franchised		**12**	5	140.0%	**16**	9	77.8%
Continuing operations		**30**	20	50.0%	**36**	29	24.1%
Discontinued operations	Owned and leased	**22**	19	15.8%	**47**	33	42.4%
		52	39	33.3%	**83**	62	33.9%
Regional overheads		**(5)**	(5)		**(10)**	(12)	(16.7)%
Total £m		**47**	34	38.2%	**73**	50	46.0%
Dollar equivalent $m		**89**	62	43.5%	**137**	91	50.5%

Revenue for EMEA reduced by 7.4% to £374m for the six months ended 30 June 2005. Revenue from continuing op