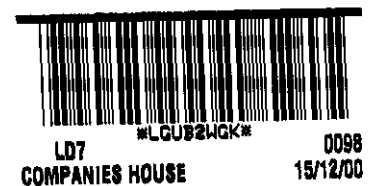


1611684

TESCO (OVERSEAS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 FEBRUARY 2000



TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 52 weeks ended 26 February 2000.

Principal activity

The principal activity of the company is to act as a holding company.

Results and dividends

The company made a profit after taxation in the period of £314,595 (1999: loss of £156). The directors do not recommend the payment of a dividend (1999: £nil).

Directors and their interests

The directors who served during the year were:

R S Ager
D E Reid
J A Bailey

None of the directors had any disclosable interests in the company during the period.

D E Reid and R S Ager are also directors of Tesco PLC, the company's ultimate parent company, and as such their disclosable interest in Tesco PLC are all declared in the financial statements of the company.

For the one director as at 26 February 2000, who was not also a director of the ultimate parent company, his interests in the shares of Tesco PLC at the beginning and end of the period are given below:

	Ordinary shares			Share options*		
	2000	1999	2000	Granted	Exercised	1999
J A Bailey	37,111	36,386	118,336	1,283	65,592	182,645

* Executive share option scheme (1984, 1994 and 1996) and savings related share option scheme (1981). Details of these schemes are set out in the annual report and financial statements of Tesco PLC.

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 7 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT (continued)

Directors' responsibilities (continued)

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Year 2000

The Group has been working on the Year 2000 issue for over three years and achieved its objective of ensuring business continuity over the Millennium period. Additionally, there were no significant issues surrounding the recognition of the leap day at the end of February 2000.

The cost of the programme has been borne by the Group and more detail can be obtained from the Group Financial Statements.

Management continues to monitor and review the Year 2000 issue.

Euro

It is believed that the introduction of the euro will not impact the business now, or in the future.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board on [24/10/00]

J A Bailey
Director



Tesco (Overseas) Limited
Registered Number 1611684

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
TESCO (OVERSEAS) LIMITED**

PricewaterhouseCoopers
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 845039

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 1 and 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

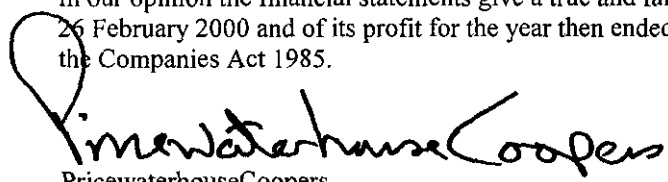
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 26 February 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

24 October 2000
[date]

TESCO (OVERSEAS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2000

	Note	2000 £	1999 £
Loss on sale of investment in Cheshunt France SA		-	(156)
Income from shares in group undertakings		450,000	
Profit/(loss) on ordinary activities before taxation	2	450,000	(156)
Tax on profit on ordinary activities	3	(135,405)	-
Profit/(loss) on ordinary activities after taxation		314,595	(156)
Equity dividends		-	-
Retained profit for the financial year		314,595	(156)

The company had no recognised gains or losses other than those reflected in the profit and loss account above.

The notes on pages 6 and 7 form part of these financial statements.

TESCO (OVERSEAS) LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investments in subsidiary undertakings	4	-	-
CURRENT ASSETS			
Amounts due from group undertakings		947,203	540,075
		947,203	540,075
CREDITORS: amounts falling due within one year			
Amounts due to group undertakings		(632,024)	(539,491)
		(632,024)	(539,491)
NET ASSETS		315,179	584
CAPITAL AND RESERVES			
Called up share capital	5	740	740
Profit and loss account		314,439	(156)
EQUITY SHAREHOLDERS' FUNDS	6	315,179	584

Approved by the Board on [24/10/00]

J A Bailey
Director

The notes on pages 6 and 7 form part of these financial statements.

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2000

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention.

In accordance with FRS1 (Revised), the company being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself.

Group accounts

In accordance with FRS2, group accounts are not prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in the UK.

Deferred taxation

Deferred taxation is provided on timing differences only to the extent that it is probable that a liability will crystallise.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration is paid by another Group company.

The company had no employees during the period (1999: nil).

Directors received no emoluments for their services to the company (1999: £nil).

3 TAXATION ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation tax at 30.09% (1999: 30%)	-	-
Group relief	135,405	-
	135,405	-

4 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The company holds the entire issued share capital of Tesco Insurance Limited, an insurance company incorporated in Guernsey. The cost of the investment was £252,493 (1999: £252,493). A provision has been made against the cost of the investment for £252,493 (1999: £252,493).

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2000 (continued)

5 CALLED-UP SHARE CAPITAL

	2000 £	1999 £
Authorised –		
900 ordinary shares of £1 each	900	900
Allotted and fully paid		
740 ordinary shares of £1 each	740	740

6 MOVEMENT IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit/(loss) for the financial period	314,595	(156)
Dividend proposed	-	-
Net addition to shareholders' funds	314,595	(156)
Opening shareholders' funds	584	740
Closing shareholders' funds	315,179	584

7 ULTIMATE PARENT UNDERTAKING

The parent and ultimate parent company is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire EN8 9SL.

8 RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the company is included, are available at the address noted above.