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TESCO (OVERSEAS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 28 FEBRUARY 2004



TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 53 weeks ended 28 February 2004.

Principal activity

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

Results and dividends

The company made neither a profit nor a loss in the period (2003: £nil). The directors recommend the payment of a dividend of £nil (2003: £nil).

Directors and their interests

The directors who served during the year were:

R S Ager	(resigned 15 March 2004)
D E Reid	(resigned 30 May 2003)
J A Bailey	(resigned 30 May 2003)
A T Higginson	(appointed 30 May 2003)
M J Field	(appointed 30 May 2003)
L Neville-Rolfe	(appointed 15 March 2004)

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

A Higginson, 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 that company.

For the directors who were not also directors of the ultimate parent company, their interests in the shares of Tesco PLC at the beginning of the year (or on appointment if earlier) and end of the year (or at resignation if later) are given below:

	Ordinary shares		*Share options**			
	2004	**At appointment**	**2004**	**Granted**	**Exercised**	**At appointment**
M J Field	40,837	35,747	105,830	1,625	(4,963)	109,168

	Ordinary shares		Share options*			
	At resignation	**2003**	**At resignation**	**Granted**	**Exercised**	**2003**
J A Bailey	50,245	37,214	170,875	45,750	-	125,125

* 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' REPORT (continued)

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year on a going concern basis that 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 6 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.

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.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board on 20 December 2004

M J Field
Director

Tesco (Overseas) Limited
Registered Number 1611684

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
10 Bricket Road
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO (OVERSEAS) LIMITED

We have audited the financial statements which comprise the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 the 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. The other information comprises only the directors' report.

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 28 February 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

23 December 2004

TESCO (OVERSEAS) LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Investments in subsidiary undertakings	3	9,000,001	9,000,001
CURRENT ASSETS			
DEBTORS : Amounts due from group undertakings		407,127	407,127
CREDITORS: amounts falling due within one year			
Amounts due to group undertakings		(9,354,149)	(9,354,149)
NET CURRENT LIABILITIES / ASSETS		(8,947,022)	(8,947,022)
NET ASSETS		52,979	52,979
CAPITAL AND RESERVES			
Called up share capital	4	740	740
Profit and loss account		52,239	52,239
EQUITY SHAREHOLDERS' FUNDS	5	52,979	52,979

Approved by the Board on 20 December 2004

M J Field
Director

The notes on pages 5 and 6 form part of these financial statements.

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2004

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom accounting standards, under the historical cost convention and in accordance with the Companies Act 1985.

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.

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

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.

Fixed Assets
Fixed asset investments are stated at cost less provision for permanent diminution in value.
Fixed assets are subject to review for impairment in accordance with FRS 11, "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the profit and loss account in the year in which it occurs.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company has made neither a profit nor loss in this, and the prior period and has accordingly not presented a profit and loss account.

The auditors' remuneration was borne by another Group company.

The company had no employees during the period (2003: nil).

Directors received no emoluments for their services to the company (2003: £nil).

3 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2004 £	2003 £
Balance at beginning of the year:	9,000,001	1
Acquisitions at cost	-	9,000,000
	9,000,001	9,000,001

The company holds the entire issued share capital of Tesco Insurance Limited, an insurance company incorporated in Guernsey. The cost of this investment is £9,252,493 (2003: £9,252,493). A provision has been made against the cost of the investment for £252,493 (2003: £252,493).

The company holds the entire share capital of Tesco International Finance (Hong Kong) Ltd, a company incorporated in Hong Kong. The cost of the investment was £1 (2003: £1).

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2004 (continued)

4 CALLED-UP SHARE CAPITAL

	2004 £	2003 £
Authorised :		
900 ordinary shares of £1 each	900	900
Allotted, called-up and fully paid		
740 ordinary shares of £1 each	740	740

5 MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Opening shareholders' funds	52,979	52,979
Profit for the period	-	-
Closing shareholders' funds	52,979	52,979

6 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.

7 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.