

TESCO (OVERSEAS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

Registered Number: 1611684



TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

The Directors present their Report and the audited financial statements of Tesco (Overseas) Limited (the "Company") for the 52 week period ended 25 February 2012 (prior period 52 weeks ended 26 February 2011)

Business review and principal activities

The principal activity of the Company is to act as a holding company for Tesco PLC Group entities. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

Results and dividends

The results for the period show a pre-tax profit of £nil (2011 £3,866,000)

The Directors do not recommend payment of a dividend for the 52 weeks ended 25 February 2012 (2011 £11,516,000)

Principal risks and uncertainties

The Company acts as a holding company therefore, from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 40 to 47 of the Tesco PLC Group Annual Report for the 52 weeks ending 25 February 2012, which does not form part of this Report.

Charitable and political contributions

There were no charitable or political donations for the period (2011 none)

Future outlook

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Group's long-term strategy, which is discussed on pages 10 to 23 of the Group's Annual Report for the 52 weeks ended 25 February 2012, which does not form part of this Report.

Going concern

It is the intention of the Company's ultimate parent undertaking to continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

Key performance indicators (KPIs)

The development, performance and position of the UK operations of the Group, which includes the Company, is discussed on pages 29 to 32 of the Group's Annual Report, which does not form part of this Report.

Research and development

The Company does not undertake any research and development activities.

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

Supplier payment policy

The Company does not have any direct supplier relationships. Any relationships with suppliers are handled through Tesco Stores Limited. The Group policy and practice in relation to its suppliers is disclosed in Tesco Stores Limited's Annual Report.

The Company's ultimate parent company, Tesco PLC is a signatory to the Prompt Payment Code in the UK. More information about the Code can be found at www.promptpaymentcode.org.uk. Payment terms and conditions are agreed with suppliers in advance and the Group pays its creditors in accordance with those terms. Payment terms vary according to the type of product and territory in which the suppliers operate. Tesco PLC is a holding company and therefore has no trade creditors on its Balance Sheet.

Employees

The Company had no employees during the period (2011: none).

Directors and their interests

The following Directors served during the period and up to the date of signing the financial statements:

A Higginson (Resigned - 29 February 2012)

J Lloyd

L Neville-Rolfe

Save as set out below, none of the Directors had any disclosable interests in the Company during this period.

A Higginson and L Neville-Rolfe are also Directors or former Directors of Tesco PLC, the Company's ultimate parent company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC Directors listed above and the Tesco PLC Company Secretary (who is also a Director of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial period.

Cautionary statement regarding forward-looking information

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each Director who is a Director of the Company at the date of approval of this Annual Report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The independent auditors of the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board

5 November 2012

J Lloyd
Director
Tesco (Overseas) Limited
Registered Number 1611684

Registered Office Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO (OVERSEAS) LIMITED

We have audited the financial statements of Tesco (Overseas) Limited for the period ended 25 February 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 25 February 2012, and of its result for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Beer
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

7 November 2012

TESCO (OVERSEAS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

	Notes	52 weeks to 25 February 2012 £'000	52 weeks to 26 February 2011 £'000
Income from shares in Group undertakings		-	3,866
Profit on ordinary activities before taxation		-	3,866
Tax on profit/(loss) on ordinary activities	3	-	-
Profit for the financial period	8/9	-	3,866

There are no recognised gains or losses other than those shown in the Profit and Loss Account above

There are no material differences between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents

All operations are continuing for the financial period

The notes on pages 8 to 12 form part of these financial statements

TESCO (OVERSEAS) LIMITED

BALANCE SHEET AS AT 25 FEBRUARY 2012

		25 February 2012 £'000	26 February 2011 £'000
	Notes		
Fixed assets			
Investments	5	702,934	607,370
		702,934	607,370
Current assets			
Debtors – amounts falling due within one year		-	-
		-	-
Creditors – amounts falling due within one year	6	(532,543)	(532,543)
Net current liabilities		(532,543)	(532,543)
Net assets		170,391	74,827
Capital and reserves			
Called up share capital	7	8,948	8,948
Share premium account	8	161,391	65,827
Profit and loss account	8	52	52
Total shareholder's funds	9	170,391	74,827

The financial statements on pages 6 to 12 were approved by the board of Directors on 5 November 2012 and were signed on its behalf by

J Lloyd
Director
Tesco (Overseas) Limited
Registered Number 1611684



TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom accounting standards, under the historical cost convention and in accordance with the Companies Act 2006. The Company's principal accounting policies have been applied consistently during the period except for amendment set out below.

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, group financial statements have not been prepared because the Company is a wholly owned subsidiary of Tesco PLC, incorporated in England and Wales.

Going concern

It is the current intention of the Company's ultimate parent undertaking to continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

Cash flow statement

The Company is a wholly owned subsidiary of Tesco PLC and is included in the consolidated financial statements of Tesco PLC which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

Fixed asset investments

Fixed asset investments in subsidiaries and associates are stated at cost plus incidental expenses less, where appropriate, provisions for impairment.

Current taxation

The amount included in the Profit and Loss Account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

Group relief on taxation

The Company may receive or surrender Group relief from Group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

2. OPERATING PROFIT

The Directors received no emoluments for their services to the Company (2011 £nil)

The Company had no employees during the period (2011 none)

The auditors' remuneration for the current and prior period was borne by another Group company

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 28 0% to 26 0% with effect from 1 April 2011
This gives an overall blended Corporation Tax rate for the Company for the full year of 26 2%

	52 weeks to 25 Feb 2012 £'000	52 weeks to 26 Feb 2011 £'000
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is the same (2011 lower) as the blended rate of corporation tax in the UK of 26 2% (2011 28 0%) The differences are explained below

	52 weeks to 25 Feb 2012 £'000	52 weeks to 26 Feb 2011 £'000
Profit on ordinary activities before tax	-	3,866
Profit on ordinary activities multiplied by blended rate in the UK 26 2% (2011 28 0%)	-	1,082
Effects of		
Group relief received without payment	-	(1,082)
Current tax charge/(credit) for the financial period	-	-

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

4. DIVIDENDS

	52 weeks to 25 Feb 2012 £'000	52 weeks to 26 Feb 2011 £'000
Equity ordinary interim dividends paid £nil (2011 £1 29) per share	-	11,516

5. FIXED ASSET INVESTMENTS

	Group companies £'000
Cost	
At 26 February 2011	607,370
Additions	95,564
At 25 February 2012	702,934
Net book value	
At 25 February 2012	702,934
At 26 February 2011	607,370

The Directors believe that the carrying value of the other investments is supported by their underlying net assets

On 14 November 2011, the company acquired 388,535,000 shares in China Property Holdings (HK) Limited for a total consideration of US\$50m

On 8 December 2011, the company acquired 388,495,000 shares in China Property Holdings (HK) Limited for a total consideration of US\$50m

On 6 February 2012, the company acquired 387,785,000 shares in China Property Holdings (HK) Limited for a total consideration of US\$50m

Details of the principal subsidiary undertakings at the period end are as follows

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
ELH Insurance Limited	Guernsey	100%	Insurance Company
China Property Holdings (HK) Limited	Hong Kong	100%	Property Company

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

6. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed to Group undertakings	532,543	532,543
	532,543	532,543

Included within amounts owed to Group undertakings are amounts that are unsecured, have no fixed date of repayment and are repayable on demand

7. CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
8,947,767 Ordinary shares of £1 each (2011 8,947,764)	8,948	8,948

8. RESERVES

	Share premium account £'000	Profit and loss reserve account £'000
As at 26 February 2011	65,827	52
Profit for the financial period	-	-
Premium on share issues	95,564	-
As at 25 February 2012	161,391	52

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 25 FEBRUARY 2012

	2012 £'000	2011 £'000
Profit for the financial period	-	3,866
Dividends (note 4)	-	(11,516)
Retained profit for the financial period	-	(7,650)
Net proceeds of issue of ordinary share capital	95,564	42,009
Net additions to shareholder's funds	95,564	34,359
Opening shareholder's funds	74,827	40,468
Closing shareholder's funds	170,391	74,827

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2012 (continued)

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate and ultimate parent undertaking and controlling party is Tesco PLC, which 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.

11. RELATED PARTY TRANSACTIONS

Transactions with other subsidiary companies within the Group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the Company is included, are available at the address noted in note 10 to ultimate parent undertaking note.

12. POST BALANCE SHEET EVENTS

On 14 May 2012 the Company issued a further Ordinary £1 share to its parent for a total consideration of USD105m.

On 18 May 2012, the Company acquired 815,325,000 shares in China Property Holdings (HK) Limited for a total consideration of US\$105m.

On 21 August 2012 the Company issued a further Ordinary £1 share to its parent for a total consideration of USD60m and on the same day the Company acquired 465,420,000 shares in China Property Holdings (HK) Limited for a total consideration of US\$60m.