

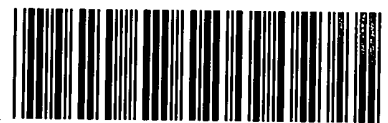
TESCO (OVERSEAS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

Company Registration Number: 01611684

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TESCO (OVERSEAS) LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

The Directors present their Strategic Report of Tesco (Overseas) Limited (the “Company”) for the 52 weeks ended 27 February 2016 (prior period 53 weeks ended 28 February 2015).

Review of the business

The principal activity of the Company is to act as a holding company for Tesco PLC Group entities.

Results and dividends

The results for the period show a loss on ordinary activities before taxation of £11,512k (2015: £8,727k).

The Directors do not recommend payment of a dividend for the 52 weeks ended 27 February 2016 (2015: £nil).

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 and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 24 to 27 of the Tesco PLC Group Annual Report for the 52 weeks ending 27 February 2016, which does not form part of this Report.

Financial risk management

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 24 to 27 of the Tesco PLC Annual Report for 2016, which does not form part of this Report.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the operations of the Tesco PLC Group (the “Group”), which includes the Company, is discussed on pages 12 to 13 of Tesco PLC’s Annual Report, which does not form part of this Report.

On behalf of the Board

16 September 2016



Robert Welch
Director

Tesco (Overseas) Limited

Registered Number: 01611684

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

The Directors present their Annual Report and the audited financial statements of Tesco (Overseas) Limited (the "Company") for the 52 weeks ended 27 February 2016 (prior period 53 weeks ended 28 February 2015).

Results, dividends and financial risk management

Details of results, dividends and financial risk management can be found in the strategic report.

Political donations

There were no political donations for the period (2015: none).

Future outlook

The Company's future developments form a part of the Group's long-term strategy, which is discussed on pages 6 to 8 of the Tesco PLC's Annual Report for 2016, which does not form part of this Report.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Research and development

The Company does not undertake any research and development activities.

Employees

The Company had no employees during the period (2015: none).

Directors and their interests

The following Directors served during the period and up to the date of signing the financial statements, except as noted.

M Snape (Appointed 11 April 2016)
P Moore (Resigned 30 June 2016)
R Welch (Appointed 10 August 2016)
Tesco Services Limited

None of the Directors had any disclosable interests in the Company during this period.

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

TESCO (OVERSEAS) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law 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 these 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

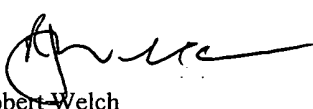
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

On behalf of the Board

16 September 2016



Robert Welch
Director

Tesco (Overseas) Limited

Registered Number: 01611684

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

TESCO (OVERSEAS) LIMITED

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

We have audited the financial statements of Tesco (Overseas) Limited for the 52 weeks ended 27 February 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. 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), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 27 February 2016 and of its loss 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

TESCO (OVERSEAS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO (OVERSEAS) LIMITED (continued)

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.



Simon Letts (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

16 September 2016

TESCO (OVERSEAS) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27
FEBRUARY 2016**

	Notes	52 weeks to 27 February 2016 £'000	53 weeks to 28 February 2015 £'000
Finance costs	5	(11,512)	(8,727)
Loss on ordinary activities before taxation		(11,512)	(8,727)
Tax on loss on ordinary activities	6	-	-
Total comprehensive loss for the financial period		(11,512)	(8,727)

The notes on pages 10 to 13 form part of these financial statements. The above results were derived from continuing operations.

TESCO (OVERSEAS) LIMITED**BALANCE SHEET AS AT 27 FEBRUARY 2016**

		27 February 2016 £'000	28 February 2015 £'000
	Notes		
Non-current assets			
Investments	7	811,771	811,771
Current liabilities			
Payables	8	(552,782)	(541,270)
Net current liabilities		(552,782)	(541,270)
Net assets		258,989	270,501
Equity			
Share capital	9	8,948	8,948
Share premium account		351,890	351,890
Retained earnings		(101,849)	(90,337)
Total equity		258,989	270,501

The notes on pages 10 to 13 form part of these financial statements.

The financial statements of Tesco (Overseas) Limited, company registration number: 01611684 on pages 7 to 13 were approved and authorised for issue by the Board of Directors on 16 September 2016 and were signed on its behalf by:



Robert Welch
Director
Tesco (Overseas) Limited
16 September 2016

TESCO (OVERSEAS) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

	Share capital	Share premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 28 February 2015	8,948	351,890	(90,337)	270,501
Total comprehensive loss	-	-	(11,512)	(11,512)
At 27 February 2016	8,948	351,890	(101,849)	258,989
At 22 February 2014	8,948	346,149	(81,610)	273,487
Total comprehensive loss	-	-	(8,727)	(8,727)
Issue of shares	-	5,741	-	5,741
At 28 February 2015	8,948	351,890	(90,337)	270,501

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Tesco (Overseas) Limited (the “Company”) for the period ended 27 February 2016 were authorised for issue by the Board of Directors on 16 September 2016 and the Balance Sheet was signed on the Board’s behalf by M Snape. Tesco (Overseas) Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act and registered in England and Wales. The address of the Company’s registered office is shown on page 2.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”) and incorporating the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The Directors have taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements as it is a wholly owned subsidiary of Tesco PLC. The results of Tesco Holdings Limited are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, “Reduced Disclosure Framework” (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a “qualifying entity” as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 1 gives details of the Company’s parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies adopted by the Company are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

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 financial statements have been prepared on a going concern basis.

Investments

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

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

2. ACCOUNTING POLICIES (continued)

Finance costs

Finance costs are recognised in profit or loss in the period in which they are incurred.

Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

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 Income Statement.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. AUDITOR'S REMUNERATION

The auditor's remuneration for the current and prior period was borne by another Group company.

4. STAFF COSTS AND DIRECTORS' REMUNERATION

The Directors received no emoluments for their services to the Company (2015: £nil).

The Company had no employees during the period (2015: none).

5. FINANCE COSTS

	2016 £'000	2015 £'000
Intercompany interest payable	11,512	8,727

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The Finance Act 2013 included legislation to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The blended tax rate for the period is therefore 20.1% (2015: 21.2%).

	2016 £'000	2015 £'000
Current tax:		
UK Corporation tax on loss for the financial period	-	-
Total income tax expense	-	-

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)

The charge for the period can be reconciled to the profit in the Income Statement as follows:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(11,512)	(8,727)
Loss on ordinary activities multiplied by blended rate in the UK 20.1% (2015: 21.2%)	(2,314)	(1,850)
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief claimed without payment	1,598	1,029
UK tax on overseas profits	716	821
Total income tax charge for the period	-	-

7. INVESTMENTS

	2016 Shares in Group undertakings £'000	2015 Shares in Group undertakings £'000
Cost		
At beginning of the period	893,433	887,692
Additions	-	5,741
At end of the period	893,433	893,433
Impairment		
At beginning of period	81,662	81,662
Impairment	-	-
At end of the period	81,662	81,662
Carrying value		
At end of period	811,771	811,771

A full list of related undertakings, the country of incorporation and the percentage of each share class owned as at 27 February 2016 is disclosed on page 13. All undertakings are directly owned by the company unless otherwise stated.

8. PAYABLES

	2016 £'000	2015 £'000
Amounts owed to Group undertakings	552,782	541,270

Amounts owed to Group undertakings include a loan of £487m at an interest rate of LIBOR + 1.8% repayable on 30 June 2016. The repayable date was extended to 30 June 2017 post period end. The remaining amounts owed are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

TESCO (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

9. SHARE CAPITAL

	2016 £'000	2015 £'000
Allotted, called up and fully paid:		
8,947,772 Ordinary shares of £1 each (2015: 8,947,772)	8,948	8,948

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate parent undertaking and controlling party is Tesco PLC. The results of the Company are included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group and are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

Subsidiary undertakings as at 27 February 2016

A full list of related undertakings, the country of incorporation and the percentage of each share class owned as at 27 February 2016 are disclosed below. All undertakings are directly owned by the company unless otherwise stated.

Undertaking	Country of incorporation	Share Class	% Shares held (Direct/Indirect)	Nature of business
ELH Insurance Limited	Guernsey	£1.00 Ordinary Shares	100% - Direct	Insurance company
China Property Holdings (HK) Limited	Hong Kong	HKD1.00 Ordinary Shares	100% - Direct	Property company
Tesco Chile Sourcing Limitada	Chile	CLP 1.00 Ordinary Shares	0.010% - Direct	Service and sourcing activities
Tesco India Sourcing PVT Ltd	India	INR 10.00 Ordinary Shares	0.013% - Direct	Service and sourcing activities
Tesco Hindustan Services Centre Private Ltd	India	INR 10.00 Ordinary Shares	0.002% - Direct	Service activities
Tesco Food Sourcing Brazil Representação De Serviços Ltda.	Brazil	BRL1.00 Ordinary	0.0001% - Direct	Service activities
Tesco (Fujian) Industry Limited	China	US\$1.00 Registered Capital	50% - Indirect	Property company
Tesco Guangdong (HK) Co. Limited	Hong Kong	US\$1.00 Ordinary Shares	100% - Indirect	Property company
Tesco Nanjing Zhongshan (HK) Co. Limited	Hong Kong	US\$1.00 Ordinary Shares	50% - Indirect	Property company
Tesco Property Limited	China	US\$1.00 Registered Capital	100% - Indirect	Property company
Xiamen Firste Property Limited	China	US\$1.00 Registered Capital	50% - Indirect	Property company