

TESCO HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

Registered Number: 243011

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TESCO HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

The Directors present their report and the audited financial statements of Tesco Holdings Limited (the "Company") for the 52 week period ended 26 February 2011 (prior period 52 weeks ended 27 February 2010)

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 £1,529m (2010 £1,030m). An interim dividend of £1,000m (2010 £1,000m) has been declared and paid in respect of the 52 weeks ended 26 February 2011.

Principal risks and uncertainties

The principal activity of the company is to act as a holding company and therefore its principal risks relate to the carrying value of the investments that the company holds. To manage this risk the company periodically reviews the financial statements of those companies in which it holds investments.

Other than this, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC group (the "Group"). Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on page 51 of the Tesco PLC group annual report for the 52 weeks ending 26 February 2011 which does not form part of this report.

Charitable and political contributions

There were no charitable or political donations for the period (2010 nil).

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 page 34 of the Group's Annual Report for the 52 weeks ended 26 February 2011, which does not form part of this report.

Key performance indicators (KPI's)

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 UK operations of the Tesco PLC Group (the "Group"), which includes the Company, is discussed on pages 48 to 49 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 (2010 none).

TESCO HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (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 (2010: none).

Directors and their interests

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

P Clarke (appointed 2 March 2011)
G Fryett
A Higginson
T Leahy (resigned as at 2 March 2011)
J Lloyd
L McIlwee
L Neville-Rolfe

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

P Clarke, A Higginson, T Leahy, L McIlwee and L Neville-Rolfe are also 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 HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (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

 November 2011

J Lloyd
Director
Tesco Holdings Limited
Registered Number 243011
Registered office Tesco House Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO HOLDINGS LIMITED

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

We have audited the financial statements of Tesco Holdings Limited for the period ended 26 February 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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.

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 26 February 2011 and of its profit 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 (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

23 November 2011

TESCO HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

	Notes	52 weeks to 26 February 2011 £'m	52 weeks to 27 February 2010 £'m
Income from shares in group undertakings		1,516	1,032
Net profit on disposal of fixed assets		14	8
Interest payable and similar charges	3	(1)	(10)
Profit on ordinary activities before taxation		1,529	1,030
Tax on profit/(loss) on ordinary activities	4	-	-
Profit for the financial period		1,529	1,030

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 14 form part of these financial statements

TESCO HOLDINGS LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2011

		26 February 2011 £'m	27 February 2010 £'m
	Notes		
Fixed assets			
Investments	5	3,834	2,733
		3,834	2,733
Current assets			
Debtors – amounts falling due within one year	6	1,257	103
Current Liabilities		1,257	103
Creditors – amounts falling due within one year	7	(2,223)	(1,538)
Net current liabilities		(966)	(1,435)
Net assets		2,868	1,298
Capital and reserves			
Called up share capital	8	23	23
Share premium	9	1,156	115
Profit and loss account	9	1,689	1,160
Total equity shareholder's funds	10	2,868	1,298

The financial statements on pages 6 to 12 were approved by the board of Directors on 22 November 2011 and were signed on its behalf by



J. Lloyd
Director
Tesco Holdings Limited
Registered Number 243011

TESCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

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.

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.

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.

Impairment of fixed assets and goodwill

At each balance sheet date the Company reviews the carrying amounts of the fixed assets and goodwill to determine whether there is any need 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 period in which it occurs.

Foreign currencies

Transactions in foreign currencies are translated into pounds sterling at the exchange rate on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into pounds sterling at the exchange rates prevailing at the Balance Sheet date. All foreign exchange differences are taken to the Profit and Loss Account for the period.

Provisions

Provisions for onerous leases are recognised when the Company believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

TESCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

1. ACCOUNTING POLICIES (continued)

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 will receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account

2. OPERATING PROFIT

The Directors received no emoluments for their services to the Company (2010 £nil)

The Company had no employees during the period (2010 none)

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

3. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 26 Feb 2011 £'000	52 weeks to 27 Feb 2010 £'000
Interest payable on loans from group undertakings	1	10
	1	10

TESCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The overall corporation tax rate for the Company for the full period is 28% (2010 28%)

	52 weeks to 26 Feb 2011 £'m	52 weeks to 27 Feb 2010 £'m
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	-
Total current tax	-	-
Deferred tax:		
Current period tax	-	-
Prior period items	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	52 weeks to 26 Feb 2011 £'m	52 weeks to 27 Feb 2010 £'m
Profit/(loss) on ordinary activities before tax	1,529	1,030
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 28% (2010 28%)	428	288
Effects of		
Income not taxable for tax purposes	(425)	(289)
Profit on property disposals not taxable or available for tax relief	(4)	(2)
Group relief received without payment	1	3
Current tax charge/(credit) for the financial period	-	-

TESCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

5. FIXED ASSET INVESTMENTS

	Group companies £'m
Cost	
At 27 February 2010	3,056
Additions	1,101
Disposals	-
At 26 February 2011	4,157
Provision for impairment	
At 27 February 2010	323
Provision for impairment	-
At 26 February 2011	323
Net book value	
At 26 February 2011	3,834
At 28 February 2010	2,733

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

Impairment details if required

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

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
Tesco Stores Limited	England and Wales	100%	Retail
Buttoncable Limited	England and Wales	100%	Holding company
Dobbies Garden Centre PLC	Scotland	100%	Retail
Adminstore Limited	England and Wales	100%	Retail
Tesco Tech Support Limited	England and Wales	100%	IT Services (now in liquidation)
Dunnhumby Limited	England and Wales	100%	Marketing
Oakwood Distribution Limited	England and Wales	100%	Distribution
Tesco Food Sourcing Limited	England and Wales	100%	Service and sourcing company
Tesco Freetime Limited	England and Wales	100%	Service activities
Tesco Maintenance Limited	England and Wales	100%	Service company
Tesco Global Employment Co Limited	Thailand	100%	Management company
Tesco Property Holdings Limited	England and Wales	100%	Holding company
Spenhill Regeneration Limited	England and Wales	100%	Property company

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

6. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'m	2010 £'m
Amounts owed by group undertakings	1,252	103
Other debtors	5	-
	1,257	103

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

7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'m	2010 £'m
Bank loans and overdrafts	2	-
Amounts owed to group undertakings	2,221	1,537
Other creditors	-	1
	2,223	1,538

Amounts owed to group undertakings include a loan of £51.6m (2010 £51.6m), which is repayable on demand and bears interest at LIBOR plus 1%. All other balances are unsecured, interest free, have no fixed date of repayment and are repayable on demand

TESCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

8. CALLED UP SHARE CAPITAL

	2011 £'m	2010 £'m
Allotted, called up and fully paid		
205,992,474 Ordinary shares of 10p each (2010 205,992,473)	21	21
2,000,000 (2010 2,000,000) Preference shares of £1 each	2	2
	23	23

The authorised Preference share capital of the Company is as follows 2,000,000 Preference shares of £1 each (2010 2,000,000)

Preference and Ordinary shareholders have the right to receive notice of and attend general meetings of the Company Ordinary shares carry the right to vote at any general meeting of the Company Preference shares do not carry the right to vote at general meetings of the Company, save where a resolution is to be proposed varying any rights of the Preference shares or the winding up of the Company

Dividends voted by the Company are used first to provide a 6% dividend to the Preference shares paid annually The balance of the profits available for distribution shall be distributed to the Ordinary shareholders pro-rata to the number of such Ordinary shares held by them

The Preference shares are irredeemable

9. RESERVES

	Share Premium £'m	Profit and loss reserve £'m
As at 27 February 2010	115	1,160
Profit for the financial period	-	1,529
Dividends	-	(1,000)
Premium on Ordinary shares issued	1,041	-
As at 26 February 2011	1,156	1,689

TESCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011 (continued)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 26 FEBRUARY 2011

	2011 £'m	2010 £'m
Profit for the financial period	1,529	1,030
Dividends	(1,000)	(1,000)
Retained profit for the financial period	529	30
Net proceeds of issue of Ordinary share capital	1,041	-
Net additions to shareholders' funds	1,570	30
Opening shareholders' funds	1,298	1,268
Closing shareholders' funds	2,868	1,298

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

12. 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 30-ref to ultimate parent undertaking note.