

GEORGE DAVIES HOLDINGS LIMITED

Report and Financial Statements

31 December 2003

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 ERNST & YOUNG



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George Davies Holdings Limited

Registered No. 2686810

DIRECTOR

A De Nunzio

SECRETARY

E Doohan

AUDITORS

Ernst & Young LLP

Cloth Hall Court

14 King Street

Leeds

LS1 2JN

REGISTERED OFFICE


ASDA House

Southbank

Great Wilson Street

Leeds

LS11 5AD

 ERNST & YOUNG

George Davies Holdings Limited

DIRECTOR'S REPORT

The director presents his report and financial statements for the year ended 31 December 2003.

RESULTS AND DIVIDENDS

The company did not trade in this year or the prior period. There was an impairment of the investment value in the year ending 31 December 2003. No other gains or losses were recognised.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continued to be investment holding. The company did not trade during the years ended 31 December 2003 and 31 December 2002 and is not expected to trade in the coming year.

DIRECTOR AND HIS INTERESTS

The director of the company during the year, at the year end and at the date of this report is listed on page 1. The director does not have any interests in the share capital of the company.

The director's shareholdings and share options are holdings and options in Wal-Mart Stores, Inc. As Wal-Mart Stores, Inc. is incorporated in the USA, disclosure of these interests is not required.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the members at the Annual General Meeting.

On behalf of the board



A De Nunzio
Director

13th August 2004

George Davies Holdings Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GEORGE DAVIES HOLDINGS LIMITED

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account; Statement of Total Recognised Gains and Losses; Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Director's 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 with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

13 September 2004

George Davies Holdings Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

		<i>Year ended 31 December 2003 £</i>	<i>Year ended 31 December 2002</i>
	<i>Notes</i>		
Operating costs	3	(2,113,422)	-
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		<u>(2,113,422)</u>	<u>-</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2003

There are no other recognised gains and losses arising in the year other than the loss for the year ended 31 December 2003 of £2,113,422 (31 December 2002: £nil).

George Davies Holdings Limited

BALANCE SHEET

as at 31 December 2003

		31 December 2003	31 December 2002
	Notes	£	£
FIXED ASSETS			
Investments	4	1,086,582	3,200,004
CURRENT ASSETS			
Debtors	5	3,154,779	3,154,779
CREDITORS: amounts falling due within one year	6	(264,110)	(264,110)
NET CURRENT ASSETS		2,890,669	2,890,669
TOTAL ASSETS LESS CURRENT LIABILITIES		3,977,251	6,090,673
CAPITAL AND RESERVES			
Called up share capital	7	2,996,002	2,996,002
Capital redemption reserve	8	204,000	204,000
Profit and loss account	8	777,249	2,890,671
TOTAL EQUITY SHAREHOLDERS' FUNDS		3,977,251	6,090,673

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A De Nunzio
Director

13th August 2004

George Davies Holdings Limited

NOTES TO THE ACCOUNTS

as at 31 December 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group financial statements

Consolidated group financial statements have not been prepared on the grounds that the company's results will be included in the consolidated financial statements of Asda Group Limited, the immediate parent undertaking. These financial statements therefore present information about the company as an individual entity and not about its group.

Investments

Investments are stated at the lower of cost and net realisable value less any impairment value.

2. DIRECTOR'S REMUNERATION

The director's and auditors' remuneration are borne by ASDA Group Limited.

3. OPERATING COSTS

	31 December 2003 £	31 December 2002 £
Impairment of investments	2,113,422	-

The impairment has been recognised in the year ending 31 December 2003. The investment value has been impaired to 80% of the net asset value of its subsidiary reflecting the company's effective share of the subsidiary's net assets.

George Davies Holdings Limited

NOTES TO THE ACCOUNTS as at 31 December 2003

4. INVESTMENTS

	£
Unlisted:	
Investment in subsidiary undertakings	1,086,582
Cost:	
At 31 December 2003 and 31 December 2002	3,305,004
Provision for impairment:	
At 31 December 2002	105,000
Provision for impairment	2,113,422
At 31 December 2003	2,218,422
Net book amount at 31 December 2003	1,086,582
Net book amount at 31 December 2002	3,200,004

Details of the investments in which the company hold more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding proportion of voting rights and share held</i>
Subsidiary undertakings:		
Bandsound Limited	England and Wales	Ordinary shares 80%
George Davies Partnership Limited	England and Wales	Ordinary shares 100%*

* Indirectly held

5. DEBTORS

	<i>31 December 2003</i>	<i>31 December 2002</i>
	£	£
Amounts owed by fellow subsidiary undertakings	3,154,779	3,154,779

George Davies Holdings Limited

NOTES TO THE ACCOUNTS as at 31 December 2003

6. CREDITORS: amounts falling due within one year

	<i>31 December 2003</i>	<i>31 December 2002</i>
	<i>£</i>	<i>£</i>
Amounts owed to fellow subsidiary undertakings	264,110	264,110

7. CALLED UP SHARE CAPITAL

Authorised

At 31 December 2002 and 31 December 2003

	<i>No.</i>	<i>£</i>
"A" Ordinary shares of £1 each	5,000,000	5,000,000

Allotted, called up and fully paid

At 31 December 2002 and 31 December 2003

	<i>No.</i>	<i>£</i>
"A" Ordinary shares of £1 each	2,996,002	2,996,002

George Davies Holdings Limited

NOTES TO THE ACCOUNTS

as at 31 December 2003

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share Capital £</i>	<i>Capital redemption reserve £</i>	<i>Profit and loss account £</i>	<i>Total shareholders funds £</i>
At 31 December 2002	2,996,002	204,000	2,890,671	6,090,673
Loss for the year	-	-	(2,113,422)	(2,113,422)
At 31 December 2003	2,996,002	204,000	777,249	3,977,251

	<i>Share Capital £</i>	<i>Capital redemption reserve £</i>	<i>Profit and loss account £</i>	<i>Total shareholders funds £</i>
At 31 December 2002 and 31 December 2001	2,996,002	204,000	2,890,671	6,090,673

9. RELATED PARTIES

The group has taken advantage of the exemption in FRS 8 from disclosing transactions with entities where 90% or more of their voting rights are controlled within the Wal-Mart Store group of companies or with investees of the group.

10. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Asda Group Limited, a company incorporated in England and Wales.

The smallest group at which consolidated financial statements are prepared is Asda Group Limited. Copies of these financial statements are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

In the director's opinion, the ultimate parent undertaking and controlling party is Wal-Mart Stores, Inc. which is incorporated in the USA. Copies of its consolidated financial statements, which include this company, can be obtained from the Company Secretary, Wal-Mart Stores, Inc., Corporate Offices, 702 SW 8th Street, Bentonville, AR72716, USA.