

DIXONS OVERSEAS INVESTMENTS LIMITED

REGISTERED NO. 2734677

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 weeks ended 2 May 1998



DIXONS OVERSEAS INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS

Directors' Report	1
Directors' Responsibilities for the Financial Statements	3
Auditors' Report	4
Financial Statements	
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

DIXONS OVERSEAS INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 2 May 1998. Comparative figures are for the 53 weeks ended 3 May 1997.

Principal activity

The Company is the holding company of a group whose principal activities are financial services, investment and property development. The directors anticipate that these activities and the financial position of the Company will be maintained.

Results

The results of the Company are shown on page 5.

Dividends

The directors recommend that no dividend be paid (1996/97 £nil).

Directors

The directors of the Company during the period were:

	<u>Date of Resignation</u>
G D Budd	
I P Livingston	
R N Shrager	
M J Sidders	1 May 1998

Directors' share interests

The directors' beneficial and family interests in the share capital of the ultimate parent company, Dixons Group plc, were:

	<u>2 May 1998</u>	<u>Ordinary shares 3 May 1997</u>
G D Budd	77,943	55,697
I P Livingston	15,649	2,415
M J Sidders	34,511	-

Directors' share options

	<u>At 3 May 1997</u>	<u>Granted in period</u>	<u>Exercised in period</u>	<u>At 2 May 1998</u>
G D Budd	65,282	4,536	(11,094)	58,724
I P Livingston	25,469	-	(10,000)	15,469
M J Sidders	68,280	7,521	(45,360)	30,441

Each of the directors is interested as a potential beneficiary in 626,370 Ordinary shares owned by Dixons TSR Trust Limited, the trustee of the Dixons Group plc share ownership plan. The particulars of the Trust are disclosed in the financial statements of Dixons Group plc.

No director had a beneficial interest in the shares of the Company or any other group undertaking except as disclosed above or in any contract or arrangement to which the Company or any other group undertaking was a party during or at the end of the financial period.

Directors' interests remained unchanged at 8 July 1998.

DIXONS OVERSEAS INVESTMENTS LIMITED
DIRECTORS' REPORT continued

Auditors

Deloitte & Touche are willing to continue in office as auditors to the Company. A resolution for their reappointment and to authorise the directors to agree their remuneration will be proposed at the annual general meeting.

By Order of the Board



G D Budd
Secretary

8 July 1998
Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

DIXONS OVERSEAS INVESTMENTS LIMITED
DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis. The directors are also responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

**DIXONS OVERSEAS INVESTMENTS LIMITED
AUDITORS' REPORT**

To the Members of Dixons Overseas Investments Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 circumstances of the Company, consistently applied and adequately disclosed.

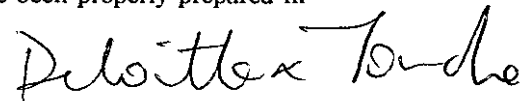
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2 May 1998 and of the profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

8 July 1998

Hill House
1 Little New Street
London EC4A 3TR



Deloitte & Touche
Chartered Accountants
and Registered Auditors

DIXONS OVERSEAS INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 2 May 1998

	<i>Note</i>	<u>1997/98</u> <u>£'000</u>	<u>1996/97</u> <u>£'000</u>
Operating profit	2	4,203	9,097
Income from shares in subsidiary undertakings		1,420	2,454
Net interest	3	<u>3,592</u>	<u>2,258</u>
Profit on ordinary activities before taxation		9,215	13,809
Taxation on profit on ordinary activities	5	<u>(2,617)</u>	<u>(4,554)</u>
Retained profit after taxation for the period	12	<u>6,598</u>	<u>9,255</u>

All operating profit is derived from continuing operations in the United Kingdom.

There are no recognised gains or losses or movements in shareholders' funds other than the profit for the current or preceding period.

DIXONS OVERSEAS INVESTMENTS LIMITED
BALANCE SHEET
as at 2 May 1998

	<i>Note</i>	<u>£'000</u>	<u>1998 £'000</u>	<u>£'000</u>	<u>1997 £'000</u>
Fixed assets					
Investments	6		107,181		107,181
Current assets					
Debtors	7	31,326		27,075	
Creditors - due within one year					
Other creditors	8	<u>(3,799)</u>		<u>(5,612)</u>	
Net current assets			<u>27,527</u>		<u>21,463</u>
Total assets less current liabilities			134,708		128,644
Provisions for liabilities and charges	9		<u>(1,008)</u>		<u>(1,542)</u>
			<u>133,700</u>		<u>127,102</u>
Equity shareholders' funds					
Ordinary share capital	10		200		200
Share premium account	11		175,170		175,170
Profit and loss account	12		<u>(41,670)</u>		<u>(48,268)</u>
			<u>133,700</u>		<u>127,102</u>

The financial statements were approved by the Board of Directors on 8 July 1998 and signed on its behalf by:



I P Livingston

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies are set out below.

1.1 Accounting convention

The financial statements are prepared in accordance with the historical cost convention. The financial statements include the results of the Company for the 52 weeks ended 2 May 1998. Comparative figures are for the 53 weeks ended 3 May 1997.

1.2 Fixed asset investments

Investments are stated at cost less provisions for permanent diminution in value.

1.3 Deferred taxation

Provision is made or recovery anticipated for all timing differences likely to reverse in the foreseeable future at rates at which the liability or the asset is anticipated to crystallise.

1.4 Foreign exchange

Certain investments which are hedged by long term foreign currency borrowings are denominated in foreign currency and translated at closing rates of exchange. Exchange differences arising on those investments together with exchange differences on hedging are taken directly to reserves.

1.5 Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary.

	1997/98 £'000	1996/97 £'000
2. OPERATING PROFIT		
Other operating income	4,203	9,097

The auditors' remuneration is borne by the ultimate parent company.

	1997/98 £'000	1996/97 £'000
3. NET INTEREST		
Interest receivable and similar income from group undertakings	1,570	903
Interest receivable and similar income from third parties	2,022	1,355
	<u>3,592</u>	<u>2,258</u>

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (1996/97 none). The directors received no remuneration for services to the Company during the period (1996/97) £nil).

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	1997/98 £'000	1996/97 £'000
5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax at 31% (1996/97 32.8%)	3,060	4,919
Overseas taxation	116	137
Deferred taxation	(440)	(536)
	<u>2,736</u>	<u>4,520</u>
Adjustment in respect of earlier periods:		
Corporation tax	(25)	-
Group relief	-	34
Deferred taxation	(94)	-
	<u>2,617</u>	<u>4,554</u>
		Subsidiary & related undertakings £'000
6. FIXED ASSET INVESTMENTS		
Cost and net book value At 2 May 1998 and 3 May 1997		<u>107,181</u>
Details of the principal subsidiary and related undertakings are set out in note 16.		
	1998 £'000	1997 £'000
7. DEBTORS		
Due within one year		
Amounts due from group undertakings	27,989	22,653
Prepayments and accrued income	3,337	4,422
	<u>31,326</u>	<u>27,075</u>
8. CREDITORS - due within one year		
Other creditors		
Corporation tax	3,062	4,920
Accruals and deferred income	737	692
	<u>3,799</u>	<u>5,612</u>

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>£'000</u>	
Deferred taxation		
At 3 May 1997	1,542	
Credit for the period	<u>(534)</u>	
At 2 May 1998	<u>1,008</u>	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Additional information on deferred taxation		
Deferred taxation for which provision has been made:		
Other timing differences	<u>1,008</u>	<u>1,542</u>

There are no unprovided amounts of deferred taxation.

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
10. SHARE CAPITAL		
Authorised		
1,100,000 Ordinary shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
Allotted and fully paid		
200,345 Ordinary shares of £1 each	<u>200,345</u>	<u>200,345</u>

	<u>£'000</u>
11. SHARE PREMIUM	
At 2 May 1998 and 3 May 1997	<u>175,170</u>

12. PROFIT AND LOSS ACCOUNT

At 3 May 1997	(48,268)
Retained profit for the period	<u>6,598</u>
At 2 May 1998	<u>(41,670)</u>

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

13. CONTINGENT LIABILITIES

The Company has given guarantees in respect of certain group undertakings' bank facilities. No amounts were drawn against these facilities at 2 May 1998 (3 May 1997 £nil).

14. RELATED PARTY DISCLOSURE

The Company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other undertakings which are members of Dixons Group.

15. PARENT COMPANY

The Company's immediate and ultimate parent is Dixons Group plc, which is registered in England and Wales. Copies of its accounts may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG.

16. PRINCIPAL SUBSIDIARY AND RELATED UNDERTAKINGS

The principal subsidiary and related undertakings at 2 May 1998 are listed below:

Codic GmbH (Germany)
Codic International SA (Belgium) *
Codic SA (Belgium)
Codic SA (France)
Dixagon SA (Switzerland) *
Dixons Asia Limited (Hong Kong)*
Dixons Finance B.V. (Netherlands) *

* Direct subsidiaries of the Company

All principal subsidiary undertakings are wholly-owned and operate in their country of incorporation as indicated above.

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of a company registered in England and Wales.

In the opinion of the directors the aggregate value of the shares in and amounts due from the Company's subsidiary undertakings are not less than the aggregate of the amounts at which these assets are included in the Company's balance sheet.

Principal related undertakings

Codic SA (Belgium) owns 50% of the issued share capital of Immobiliere Boulevard Jacquain SPRL and of Immobiliere Phoenix SA, both incorporated in Belgium.