

DIXONS OVERSEAS INVESTMENTS LIMITED

REGISTERED NO. 2734677

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 weeks ended 29 April 1995



DIXONS OVERSEAS INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 1995

CONTENTS

Directors' Report	1
Directors' Responsibilities for the Financial Statements	3
Auditors' Report	4
Financial Statements	
Profit and Loss Account	5
Balance Sheet	6
Reconciliation of Movements in Shareholders' Funds	7
Notes to the Financial Statements	8

DIXONS OVERSEAS INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 29 April 1995. Comparative figures are for the 52 weeks ended 30 April 1994.

Principal Activity

The principal activity of the Company is investment. The directors anticipate that this activity will be maintained.

Results

Profit before taxation was £1,733,000 (loss £23,709,000). After deducting taxation of £1,505,000 (£971,000), the amount carried to reserves was £228,000 (carried from reserves £24,680,000). Shareholders' funds at 29 April 1995 were £73,306,000 (£73,078,000).

Dividends

The directors recommend that no dividend be paid.

Fixed Asset Investments

Details of the fixed asset investments of the Company are set out in note 5 to the financial statements.

Directors

The directors of the Company during the period were:

G D Budd		
I P Livingston	-	appointed 29 July 1994
G R Fairweather	-	resigned 29 July 1994
M W Northeast		
R M Salmons	-	resigned 12 August 1994
R N Shrager		
M J Sidders		

The beneficial and family interests of the directors in the share capital of the ultimate parent company, Dixons Group plc, at 29 April 1995 were:

	Ordinary shares	
	29 April 1995	30 April 1994*
G D Budd	54,960	42,500
I P Livingston	-	-
M W Northeast	-	-
R N Shrager	4,000	4,000
M J Sidders	-	-

	Share option schemes			
	30 April 1994*	Granted	Exercised	29 April 1995
G D Budd	195,094	22,438	29,960	187,572
I P Livingston	87,500	20,320	-	107,820
M W Northeast	36,820	21,630	19,500	38,950
R N Shrager	389,254	55,000	-	444,254
M J Sidders	28,200	17,160	-	45,360

* Date of appointment, if later.

DIXONS OVERSEAS INVESTMENTS LIMITED
DIRECTORS' REPORT

The directors had no non-beneficial interests in the share capital of the Company.

Each of the directors is interested as a potential beneficiary in 300,000 Ordinary shares held by Dixons TSR Trust Limited. 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 company, except as disclosed above, or in any contract or arrangement (apart from contracts of service and in relation to directors' liability insurance) to which the Company or any other group company was a party during or at the end of the financial period.

Directors' and officers' liability insurance

During the period, the Company maintained insurance cover for directors' and officers' liability as permitted by section 310(3)(a) of the Companies Act 1985

Auditors

Touche Ross & Co 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.

4 July 1995
Registered office
Maylands Avenue
Hemel Hempstead
Herts HP2 7TG

By Order of the Board


G D Budd
Secretary

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 11 which have been prepared under the accounting policies set out on page 8.

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

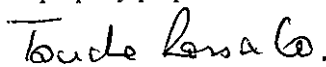
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 at 29 April 1995 and of its profit for the 52 weeks ended on that date and have been properly prepared in accordance with the Companies Act 1985.

4 July 1995
Hill House
1 Little New Street
London EC4A 3TR


Touche Ross & Co
Chartered Accountants
and Registered Auditors

DIXONS OVERSEAS INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
for the fifty two weeks ended 29 April 1995

	<i>Note</i>	<u>1994/95</u> <u>£'000</u>	<u>1993/94</u> <u>£'000</u>
Income from shares in subsidiary companies		-	61
Income from other fixed asset investments		1,610	806
Write down in value of investments		-	(25,451)
Interest	2	<u>123</u>	<u>875</u>
Profit/(loss) on ordinary activities before taxation		1,733	(23,709)
Taxation on profit/(loss) on ordinary activities	4	<u>(1,505)</u>	<u>(971)</u>
Retained profit/(loss) for the period	11	<u>228</u>	<u>(24,680)</u>

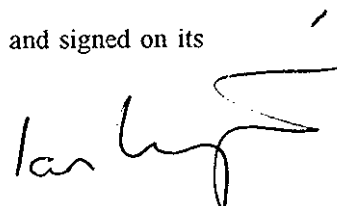
Profit/(loss) on ordinary activities is derived from the results of continuing operations in the United States of America and the United Kingdom.

There are no recognised gains or losses other than the profit for the current period and the loss for the preceding period.

DIXONS OVERSEAS INVESTMENTS LIMITED
BALANCE SHEET
as at 29 April 1995

	<i>Note</i>	<u>£'000</u>	<u>1995</u> <u>£'000</u>	<u>£'000</u>	<u>1994</u> <u>£'000</u>
Fixed assets					
Investments	5		72,468		72,468
Current assets					
Debtors	6	2,393		1,358	
Cash at bank and in hand		<u>-</u>		<u>3</u>	
		2,393		1,361	
Creditors - due within one year	7	<u>(1,422)</u>		<u>(751)</u>	
Net current assets			971		610
Provisions for liabilities and charges	8		<u>(133)</u>		<u>-</u>
			<u>73,306</u>		<u>73,078</u>
Equity shareholders' funds					
"A" Ordinary share capital	9		61		61
Share premium	10		35,714		35,714
Profit and loss account	11		<u>(24,452)</u>		<u>(24,680)</u>
			11,323		11,095
Non-equity shareholders' funds					
"B" Ordinary share capital	9		62		62
Share premium	10		61,921		61,921
			<u>61,983</u>		<u>61,983</u>
			<u>73,306</u>		<u>73,078</u>

The financial statements were approved by the Board of Directors on 4 July 1995 and signed on its behalf by:


I P Livingston

DIXONS OVERSEAS INVESTMENTS LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the fifty two weeks ended 29 April 1995

	1995 £'000	1994 £'000
Profit/(loss) for the period	228	(24,680)
New share capital subscribed	-	62
Premium on new share capital subscribed	-	61,921
Net addition to shareholders' funds	228	37,303
Opening shareholders' funds	73,078	35,775
Closing shareholders' funds	73,306	73,078

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 adopted 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 from continuing operations of the Company for the 52 weeks ended 29 April 1995. Comparative figures are for the 52 weeks ended 30 April 1994.

1.2 Fixed Asset Investments

Investments are recorded 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.

	1994/95 £'000	1993/94 £'000
2. INTEREST		
Interest receivable and similar income from group companies	123	14
Interest receivable and similar income from third parties	-	861
	<u>123</u>	<u>875</u>

3. EMPLOYEES AND DIRECTORS

The directors received no remuneration from the Company during the period (1993/94/£nil).
The Company had no employees during the period (1993/94 none).

Each of the directors is interested as a potential beneficiary in 300,000 Ordinary shares held by Dixons TSR Trust Limited. The particulars of the Trust are disclosed in the financial statements of Dixons Group plc.

4. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

UK corporation tax at 33 %	-	226
Overseas tax	77	40
Group relief	1,420	705
Deferred taxation	(22)	-
	<u>1,475</u>	<u>971</u>
Adjustment in respect of earlier years		
UK corporation tax	(111)	-
Group relief	(14)	-
Deferred taxation	155	-
	<u>1,505</u>	<u>971</u>

The taxation charge of 87% differs from the UK corporation tax rate of 33% mainly as a result of group relief being surrendered at a rate in excess of the UK corporation tax rate.

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Investments £'000	Subsidiary & related companies £'000	Total £'000
5. FIXED ASSET INVESTMENTS			
Cost and net book value			
At 29 April 1995 and 30 April 1994	<u>33,715</u>	<u>38,753</u>	<u>72,468</u>

Investments represent the Company's interest in Fretter, Inc., a US consumer electronics and appliance retailer comprising 30% of the issued common stock, \$30 million 5% cumulative convertible preferred stock due 2008 and \$15 million 6% cumulative preferred stock due 2008.

Details of the principal subsidiary and related companies are set out in note 14.

	1995 £'000	1994 £'000
6. DEBTORS		
Amounts due from subsidiary companies	-	61
Amounts due from other group companies	2,039	922
Prepayments and accrued income	<u>354</u>	<u>375</u>
	<u>2,393</u>	<u>1,358</u>

7. CREDITORS - due within one year

Amounts due to other group companies	1,422	705
Corporation tax	-	46
	<u>1,422</u>	<u>751</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000	
Deferred taxation		
At 30 April 1994	-	
Charge for the period	<u>133</u>	
At 29 April 1995	<u>133</u>	
	1995 £'000	1994 £'000
Additional information on deferred taxation		
Other timing differences	<u>133</u>	-

There are no unprovided amounts of deferred taxation.

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	1995 £	1994 £
9. SHARE CAPITAL		
Authorised Equity		
1,000,000 "A" Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Non-equity		
100,000 "B" Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

The "B" ordinary shares are non-voting and carry a 5% non-cumulative fixed dividend.

Allotted and fully paid

Equity		
60,750 "A" Ordinary shares of £1 each	<u>60,750</u>	<u>60,750</u>
Non-equity		
61,983 "B" Ordinary shares of £1 each	<u>61,983</u>	<u>61,983</u>

£'000

10. SHARE PREMIUM

Equity		
At 29 April 1995 and 30 April 1994		<u>35,714</u>
Non-equity		
At 29 April 1995 and 30 April 1994		<u>61,921</u>

11. PROFIT AND LOSS ACCOUNT

At 30 April 1994	(24,680)
Retained profit for the period	<u>228</u>
At 29 April 1995	<u>(24,452)</u>

12. CONTINGENT LIABILITIES

The Company has given guarantees in respect of certain group companies' bank facilities.

13. PARENT COMPANY

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

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

14. PRINCIPAL SUBSIDIARY AND RELATED COMPANIES

The principal subsidiary and related companies at 29 April 1995 are listed below:

Subsidiary companies

Dixons Finance B.V. (Netherlands) *
Dixons Stores Group (Far East) Limited (Hong Kong) *
Codic International SA (Belgium) *
Codic GmbH (Germany)
Codic SA (France)
Codic SA (Belgium)

* Direct subsidiaries of the Company

Related Company

Immobiliere Boulevard Jacqumain SPRL (Belgium, 15,000 "B" Ordinary shares held by Codic SA (Belgium), representing 50%).

Unless otherwise indicated, all principal subsidiary companies are wholly-owned and operate in their countries of incorporation.

The principal activities of the subsidiary companies comprise financial services, property development and investment.

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 or amounts due from the Company's subsidiary companies are not less than the aggregate of the amounts at which these assets are included in the Company's balance sheet.