

Company Registration No.2734677

**DSG OVERSEAS INVESTMENTS LIMITED**

**Annual Report and Financial Statements**

**52 weeks ended 2 May 2009**

THURSDAY



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**DSG OVERSEAS INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2009**

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# **DSG OVERSEAS INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 May 2009. Comparative figures are for the 53 weeks ended 3 May 2008.

### **PRINCIPAL ACTIVITY**

The Company is the holding company of a group whose principal activities are retailing and the provision of financial and other related services and investment. The directors anticipate that these activities and the financial position of the Company will be maintained.

### **BUSINESS REVIEW AND RESULTS**

The Company holds equity investments in other subsidiary companies of the DSG international plc Group. The principal risk faced by the Company is an impairment in the value of these subsidiaries. A review is carried out at least annually to identify any such impairment. The assets of the Company mainly comprise investments and intragroup debtors. The position of the Company at the period end was satisfactory.

On 29 December 2008, following the exercise of a put option by Furlis Holding SA, the main minority shareholder of DSGi South-East Europe A.E.V.E. (Kotsovolos), the Company acquired a further 10 per cent in Kotsovolos for cash consideration of €28.1 million (£27.5 million). The acquisition increased the Company's total interest in Kotsovolos to 99.2 per cent.

The results of the Company are shown on page 5 and mainly comprises interest on loans to and from subsidiary companies. The assets of the Company comprise mainly investments in its subsidiary companies and intra-group debtors. The financial position of the Company at the period end was satisfactory.

### **DIVIDENDS**

The directors recommend that no dividend be paid (2007/08 £nil).

### **DIRECTORS**

The directors of the Company during the period were:

	<u>Date of appointment</u>	<u>Date of resignation</u>
H Grantham		
E J C Leigh	23 March 2009	
B Marsh		27 February 2009
D M E Page		
H S M Singer	27 February 2009	

Unless otherwise stated, the directors served throughout the period.

# **DSG OVERSEAS INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

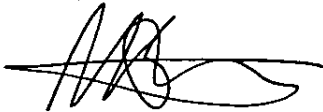
### **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

Deloitte LLP are willing to continue in office as auditors of the Company and pursuant to section 487(1) of the Companies Act 2006, their term of office is deemed to continue.

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the directors at the date of approval of this report confirms that, to the best of their knowledge and belief, and having made appropriate enquiries of other officers of the Company:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



**M Stevens**

Secretary

6 August 2009

Registered office:  
Maylands Avenue  
Hemel Hempstead  
Hertfordshire  
HP2 7TG

## **DSG OVERSEAS INVESTMENTS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for the preparation of the directors' report and the financial statements and have chosen to prepare such financial statements under UK Generally Accepted Accounting Practices (UK GAAP).

The directors are required by UK company law to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company, in accordance with UK GAAP, as at the end of each 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 UK accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and compliance of the financial statements with the Companies Act 2006. The directors are also responsible for the safeguard of the assets of the Company and hence for taking reasonable steps to prevent and detect fraud or any other irregularities.

# **DSG OVERSEAS INVESTMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **Independent auditors' report to the members of DSG Overseas Investments Limited**

We have audited the financial statements of DSG Overseas Investments Limited for the 52 weeks ended 2 May 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's funds and the related notes 1 to 16. 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) (UK GAAP).

This report is made solely to the Company's members in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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

### **Opinions**

#### ***Financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 May 2009 and of its loss for the period then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***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 upon in respect of the following:

Under the Companies Act 2006 we are required to report to you if in our opinion:

- adequate accounting records have not been kept by the company; 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.



**Peter O'Donoghue FCA (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors  
London, United Kingdom

11 August 2009

**DSG OVERSEAS INVESTMENTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the 52 weeks ended 2 May 2009**

	<b>Note</b>	<b>2008/09 £'000</b>	<b>2007/08 £'000</b>
<b>Operating loss</b>	<b>2</b>	<b>(232)</b>	<b>(154)</b>
Income from shares in subsidiary undertakings		1,707	1,298
Amount written off fixed asset investment	6	(84,052)	-
Net interest	4	(45,901)	5,844
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(128,478)</b>	<b>6,988</b>
Taxation on (loss)/profit on ordinary activities	5	3,695	347
<b>(Loss)/profit for the period</b>	<b>12</b>	<b>(124,783)</b>	<b>7,335</b>

All operating loss is derived from continuing operations in the UK.

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

**DSG OVERSEAS INVESTMENTS LIMITED**  
**BALANCE SHEET**  
**As at 2 May 2009**

	Note	£'000	2009 £'000	£'000	2008 £'000
<b>Fixed assets</b>					
Investments	6		1,019,368		1,045,284
<b>Current assets</b>					
Debtors	7	1,624		264,942	
Cash at bank and in hand		43		78	
		<u>1,667</u>		<u>265,020</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(351,411)</u>		<u>(516,251)</u>	
<b>Net current liabilities</b>			<u>(349,744)</u>		<u>(251,231)</u>
<b>Total assets less current liabilities</b>			<u>669,624</u>		<u>794,053</u>
<b>Creditors: amounts falling due after more than one year</b>	9		(170,000)		(170,000)
<b>Provisions</b>	10		(354)		-
			<u>499,270</u>		<u>624,053</u>
<b>Capital and reserves</b>					
Called up share capital	11		500,200		500,200
Share premium account	12		175,170		175,170
Profit and loss account	12		(176,100)		(81,787)
Other reserve	12		-		30,470
<b>Equity shareholder's funds</b>			<u>499,270</u>		<u>624,053</u>

These financial statements were approved by the directors on 6 August 2009 and signed on their behalf by:

  
D M E Page



**DSG OVERSEAS INVESTMENTS LIMITED**  
**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**  
**For the 52 weeks ended 2 May 2009**

	<b>2008/09</b> <b>£'000</b>	<b>2007/08</b> <b>£'000</b>
Opening shareholder's funds	<u>624,053</u>	<u>579,018</u>
(Loss)/profit for the period	<b>(124,783)</b>	7,335
Equity component recognised on issue of convertible zero coupon bond	<u>-</u>	<u>37,700</u>
Net (reductions in)/additions to shareholder's funds	<b>(124,783)</b>	45,035
Closing shareholder's funds	<u><b>499,270</b></u>	<u><b>624,053</b></u>

# DSG OVERSEAS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and UK applicable accounting standards. After making due enquiry, on the basis of current financial projections, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The principal accounting policies are set out below.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements are for the 52 weeks ended 2 May 2009. Comparative figures are for the 53 weeks ended 3 May 2008.

#### 1.2 Investments

Fixed asset investments are stated at cost less any provision for impairment in value.

#### 1.3 Deferred taxation

Deferred tax is provided for in full on all timing differences which have not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that they are regarded as recoverable. Deferred tax balances are not discounted.

#### 1.4 Foreign exchange

Exchange differences arising from foreign exchange transactions are included in profit on ordinary activities before taxation.

#### 1.5 Convertible debt

Convertible debt is regarded as a compound instrument, comprising a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the fair value of a similar liability that does not have an associated equity component. The difference between the proceeds of the convertible debt and the fair value assigned to the liability component, represents the embedded option to convert the liability into equity, is included in equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the loan note.

#### 1.6 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available.

### 2. OPERATING LOSS

	2008/09 £'000	2007/08 £'000
Administrative expenses	(232)	(350)
Other operating income	-	196
Operating loss	<u>(232)</u>	<u>(154)</u>
Operating loss is stated after charging:		
Auditors' remuneration – audit fees	<u>12</u>	<u>12</u>

**DSG OVERSEAS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. EMPLOYEES AND DIRECTORS**

The Company had no employees during the period (2007/08 none). The directors received no remuneration for services to the Company during the period (2007/08 £nil).

**4. NET INTEREST**

	2008/09 £'000	2007/08 £'000
Interest receivable and similar income:		
Interest receivable from group undertakings	12,759	16,731
Foreign exchange gains on translation	-	39,012
	<u>12,759</u>	<u>55,743</u>
Interest payable and similar charges:		
Interest payable on loans from group undertakings	(2,003)	(28,561)
Interest payable on convertible zero coupon bond	(30,470)	(7,230)
Other interest payable	-	(5)
Dividend on 8.25% non voting cumulative redeemable preference shares	(4,114)	(4,193)
Dividend on 8.125% non voting cumulative redeemable preference shares	(9,723)	(9,910)
Foreign exchange losses on translation	<u>(12,350)</u>	<u>-</u>
	<u>(58,660)</u>	<u>(49,899)</u>
<b>Net interest</b>	<u><u>(45,901)</u></u>	<u><u>5,844</u></u>

**5. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	2008/09 £'000	2007/08 £'000
Current taxation:		
UK corporation tax at 28% (2007/08 29.84%)	226	113
Double tax relief	(226)	(113)
Adjustment in respect of earlier periods		
- UK corporation tax	<u>(4,049)</u>	<u>(347)</u>
	<u>(4,049)</u>	<u>(347)</u>
Deferred taxation:		
Current period	30	-
Adjustment in respect of earlier periods	324	-
	<u><u>(3,695)</u></u>	<u><u>(347)</u></u>

**DSG OVERSEAS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

A reconciliation of the notional current taxation charge to the actual taxation charge is set out below:

	£'000	£'000
	(35,974)	2,085
(Loss)/profit on ordinary activities at UK corporation tax rate of 28% (2007/08 29.84%)		
Amounts written off fixed asset investment	23,535	-
Non-deductible dividend payments	3,874	4,208
Group relief surrendered/(received) free of charge	8,783	(6,215)
Other timing differences	(2)	-
Double tax relief impact	(226)	(78)
Non-deductible expenditure	10	-
Adjustment in respect of earlier periods	(4,049)	(347)
Current taxation on (loss)/profit on ordinary activities	(4,049)	(347)

The UK Corporation tax rate for the prior period was 30% for the period up to 31 March 2008 and 28% thereafter.

**6. FIXED ASSET INVESTMENTS**

	Subsidiary undertakings £'000
<b>Cost</b>	
At 4 May 2008	1,075,284
Additions	58,136
<b>At 2 May 2009</b>	<b>1,133,420</b>
<b>Impairment</b>	
At 4 May 2008	30,000
Charge in period	84,052
<b>At 2 May 2009</b>	<b>114,052</b>
<b>Net book value</b>	
<b>At 2 May 2009</b>	<b>1,019,368</b>
At 3 May 2008	1,045,284

Additions relate principally to the exercise of a put option on 29 December 2008 by Fourlis Holdings SA, the main minority shareholder of DSGi South-East Europe A.E.V.E. (formerly P.Kotsovolos SA) (Kotsovolos), whereby the Company acquired a further 10 per cent in Kotsovolos for cash consideration of €28.1 million (£27.5 million). The acquisition increased the Company's total interest in Kotsovolos to 99.2 per cent. Other additions related to capital injections in Electro World Magyarország Kereskedelmi Es Szolgáltato (Hungary) and Electro World Sp.z.o.o. (Poland).

In accordance with FRS 11 "Impairment of fixed assets and goodwill", following a sustained period of underperformance, the carrying value of the Company's investment in Electro World S.p.z.o.o. (Poland), has been compared to its recoverable amount represented by its value in use to the Company. Value in use has been calculated by applying discounted cash modelling to management's five year projections using a post tax discount rate of 9.9 per cent. As a result of this review, the carrying value of the investment has been impaired by £25.5 million.

On 19 May 2009 the Group disposed of its operations in Hungary for €1 (see note 16). As a result, the carrying value of the investment has been impaired by £58.5 million.

Details of the principal subsidiary undertakings are set out in note 15.

**DSG OVERSEAS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**7. DEBTORS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from subsidiary undertakings	-	251,579
Amounts due from group undertakings	<b>1,624</b>	<b>13,363</b>
	<b>1,624</b>	<b>264,942</b>

**8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to group undertakings	<b>351,399</b>	512,190
Corporation tax	-	4,049
Accruals and deferred income	<b>12</b>	<b>12</b>
	<b>351,411</b>	<b>516,251</b>

**9. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
8.25% cumulative redeemable preference shares at £1 each	<b>50,000</b>	50,000
8.125% cumulative redeemable 'B' preference shares at £1 each	<b>120,000</b>	<b>120,000</b>
	<b>170,000</b>	<b>170,000</b>

The 8.25% non voting cumulative redeemable preference shares of £1 each rank ahead of ordinary shares in the event of a return of assets on liquidation. The Company has the right to redeem these shares at par at any time on or after 2 September 2014.

The 8.125% non voting cumulative redeemable B preference shares of £1 each rank ahead of the ordinary shares in the event of a return of assets on liquidation and rank pari passu with the 8.25% cumulative redeemable preference shares of £1 each. The Company has the right to redeem these shares at par at any time on or after 23 December 2014.

**10. PROVISIONS**

	£'000
<b>Deferred taxation</b>	
At 4 May 2008	-
Charge in the period	<b>354</b>
	<hr/>
<b>At 2 May 2009</b>	<b>354</b>
	<hr/>

	<b>2009</b>	2008
	<b>£'000</b>	£'000
The provision for deferred taxation comprises:		
Accrued overseas dividend	<b>354</b>	-

**DSG OVERSEAS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**11. CALLED UP SHARE CAPITAL**

	2009 £'000	2008 £'000
Authorised: 786,392,883 ordinary shares of £1 each	<u>786,393</u>	<u>786,393</u>
Called up, allotted and fully paid: 500,200,345 ordinary shares of £1 each	<u>500,200</u>	<u>500,200</u>

**12. RESERVES**

	Share Premium account £'000	Other Reserve £'000	Profit and loss account £'000
At 4 May 2008	175,170	30,470	(81,787)
Loss for the period	-	-	(124,783)
Transfer	-	(30,470)	30,470
<b>At 2 May 2009</b>	<u><b>175,170</b></u>	<u><b>-</b></u>	<u><b>(176,100)</b></u>

The other reserve arose on 5 February 2008 when the Company issued a convertible zero coupon bond. During the period an amount has been transferred from other reserves to the profit and loss account to offset the interest payable recognised on the bond (see note 4).

**13. RELATED PARTY DISCLOSURE**

The Company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other wholly owned undertakings which are members of the DSG international plc Group (the Group). The Company had no transactions in either the current or prior periods with members of the Group which are not wholly owned.

**14. PARENT COMPANY**

The Company's immediate parent and controlling entity is DSG international Holdings Limited.

The Company's ultimate parent and controlling entity is DSG international plc, which is incorporated in Great Britain and is registered in England and Wales. DSG international plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of its financial statements may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG.

# **DSG OVERSEAS INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **15. PRINCIPAL SUBSIDIARY UNDERTAKINGS**

The principal subsidiary undertakings at 2 May 2009 are listed below:

Dixagon SA (Switzerland)  
Dixagon Finance SA (Switzerland) \*  
DSG European Investments Limited  
Elkjøp Norge AS (Norway)  
Electro World s.r.o. (Czech Republic)\*  
Electro World (Wholesale) s.r.o. (Czech Republic)\*  
Electro World S.p.z.o.o. (Poland)  
DSGi South-East Europe A.E.V.E. (Greece) (99.2%)  
PC City Spain S.A.U. (Spain) \*  
Pixmania S.A.S. (France) (76.9%)  
UniEuro S.p.A. (Italy) \*

\* Indirect subsidiaries of the Company

Unless otherwise indicated, all principal subsidiary undertakings are wholly owned.

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of a company registered in England and Wales. The Company's financial statements present information about it as an individual undertaking and not as a group.

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.

### **16. POST BALANCE SHEET EVENT**

On 19 May 2009 the Group disposed of its operations in Hungary to EW Electro Retail Ltd for a consideration of €1.