

AMENDED

DIXONS OVERSEAS INVESTMENTS LIMITED

REGISTERED NO. 2734677

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 weeks ended 27 April 1996



DIXONS OVERSEAS INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 1996

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DIXONS OVERSEAS INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 27 April 1996. Comparative figures are for the 52 weeks ended 29 April 1995.

Principal Activity

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

Results

The results of the Company are shown on page 5.

Dividends

The directors recommend that no dividend be paid (1994/95 £nil).

Directors

The directors of the Company during the period were:

G D Budd
I P Livingston
M W Northeast resigned 28 July 1995
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 27 April 1996 were:

Ordinary shares			
	27 April 1996	29 April 1995	
G D Budd	56,032	54,960	
I P Livingston	7,020	-	
R N Shrager	14,000	4,000	
M J Sidders	-	-	

Share option schemes				
	29 April 1995	Granted	Exercised	27 April 1996
G D Budd	187,572	-	86,551	101,021
I P Livingston	107,820	-	61,500	46,320
R N Shrager	444,254	-	100,000	344,254
M J Sidders	45,360	12,286	-	57,646

Each of the directors is interested as a potential beneficiary in 762,000 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) to which the company or any other group company was a party during or at the end of the financial period.

DIXONS OVERSEAS INVESTMENTS LIMITED DIRECTORS' REPORT

Auditors

On 1 February 1996 the auditors changed the name under which they practice to Deloitte & Touche, and accordingly have signed their report in their new name. 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.

Revision of the original financial statements

The original annual financial statements of the Company have been revised and these accounts are now the statutory accounts for the financial year. The annual financial statements have been revised as at the date of the original financial statements and not as at the date of revision and accordingly do not deal with events between those dates.

The original financial statements did not comply with the requirements of the Companies Act as they did not show a true and fair view. Amendments have been made to take exchange differences arising on hedging arrangements and foreign currency denominated investments to reserves.

By Order of the Board

A handwritten signature in black ink, appearing to read 'I P Livingston', written over a horizontal line.

I P Livingston
Director

28 May 1998
Registered Office
Maylands Avenue
Hemel Hempstead
Herts
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.

Under section 245 of the Companies Act 1985 the directors have the authority to revise financial statements or a directors' report if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

**DIXONS OVERSEAS INVESTMENTS LIMITED
AUDITORS' REPORT**

To the members of Dixons Overseas Investments Limited

We have audited the revised financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 8. The revised financial statements replace the original financial statements approved by the directors on 9 July 1996.

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. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

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. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.


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 revised 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 revised financial statements.

Opinions

In our opinion the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of affairs of the Company at 27 April 1996 and of its loss for the 52 weeks ended on that date and have been properly prepared in accordance with the provisions of the Act as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the 52 weeks ended 27 April 1996 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in the Directors' Report.

28 May 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 fifty two weeks ended 27 April 1996

	<i>Note</i>	1995/96 £'000	1994/95 £'000
Operating Profit	2	<u>275</u>	<u>-</u>
Income from shares in subsidiary companies		3,087	-
Income from other fixed asset investments		-	1,610
Exceptional amount written off investment	3	<u>(33,715)</u>	<u>-</u>
Interest receivable	4	<u>295</u>	<u>123</u>
(Loss)/profit on ordinary activities before taxation		(30,058)	1,733
Taxation on (loss)/profit on ordinary activities	6	<u>(3,013)</u>	<u>(1,505)</u>
Retained (loss)/profit for the period	13	<u>(33,071)</u>	<u>228</u>

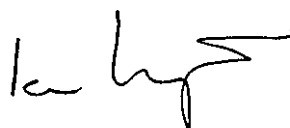
Profit on ordinary activities is derived from the results of continuing operations in the United Kingdom.

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

DIXONS OVERSEAS INVESTMENTS LIMITED
BALANCE SHEET
as at 27 April 1996

	<i>Note</i>	<u>£'000</u>	<u>1996</u> <u>£'000</u>	<u>£'000</u>	<u>1995</u> <u>£'000</u>
Fixed assets					
Investments	7		107,181		72,468
Current assets					
Debtors	8	18,954		2,293	
Creditors - due within one year	9	<u>(6,210)</u>		<u>(1,422)</u>	
Net current assets			<u>12,711</u>		<u>971</u>
Total assets less current liabilities			119,925		73,439
Provisions for liabilities and charges	10		<u>(2,078)</u>		<u>(133)</u>
			<u>117,847</u>		<u>73,306</u>
Equity shareholders' funds					
"A" Ordinary share capital	11		138		61
Share premium	12		113,249		35,714
Profit and loss account	13		<u>(57,523)</u>		<u>(24,452)</u>
			55,864		11,323
Non-equity shareholders' funds					
"B" Ordinary share capital	11		62		62
Share premium	12		<u>61,921</u>		<u>61,921</u>
			<u>61,983</u>		<u>61,983</u>
			<u>117,847</u>		<u>73,306</u>

The financial statements were approved by the Board of Directors on 28 May 1998 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 27 April 1996

	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
(Loss)/profit for the period	(33,071)	228
New share capital subscribed	77	-
Premium on new share capital subscribed	<u>77,535</u>	<u>-</u>
Net addition to shareholders' funds	44,541	228
Opening shareholders' funds	<u>73,306</u>	<u>73,078</u>
Closing shareholders' funds	<u><u>117,847</u></u>	<u><u>73,306</u></u>

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 27 April 1996. Comparative figures are for the 52 weeks ended 29 April 1995.

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.

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 these investments together with exchange differences on hedging are taken direct to reserves.

	<u>1995/96</u> <u>£'000</u>	<u>1994/95</u> <u>£'000</u>
2. OPERATING PROFIT		
Other operating income	347	-
Administration expenses	<u>(72)</u>	<u>-</u>
	<u>275</u>	<u>123</u>

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

3. EXCEPTIONAL AMOUNT WRITTEN OFF INVESTMENT

Fretter, Inc	<u>33,715</u>	<u>-</u>
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The Company holds 30 percent of the issued common stock, 530 million 5% cumulative convertible preferred stock due 2008 and 515 million 6% cumulative preferred stock due 2008 of Fretter, Inc. An exceptional provision has been made against the full value of the Company's investment in Fretter, Inc. This decision has been made in the light of Fretter's results for the year ended 31 January 1996 and the cessation of most of its retailing activities.

4. INTEREST

Interest receivable and similar income from third parties	26	-
Interest receivable and similar income from group companies	<u>269</u>	<u>123</u>
	<u>295</u>	<u>123</u>

DIXONS OVERSEAS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEES AND DIRECTORS

The directors received no remuneration from the Company during the period (1994/95 £nil). The Company had no employees during the period (1994/95 none).

Each of the directors is interested as a potential beneficiary in 762,000 Ordinary shares in Dixons Group plc held by Dixons TSR Trust Limited. The particulars of the Trust are disclosed in the financial statements of Dixons Group plc.

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

	1995/96 £'000	1994/95 £'000
Overseas taxation	181	77
Group relief	887	1,420
Deferred taxation	1,604	(22)
	<u>2,672</u>	<u>1,475</u>
Adjustment in respect of earlier periods:		
UK corporation tax	-	(111)
Group relief	-	(14)
Deferred taxation	341	155
	<u>3,013</u>	<u>1,505</u>

The taxation charge differs from the UK corporation tax rate of 33% mainly as a result of a write down of investments for which no immediate tax relief is anticipated.

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Investments £'000	Subsidiary & related companies £'000	Total £'000
7. FIXED ASSET INVESTMENTS			
Cost			
At 29 April 1995	33,715	38,753	72,468
Additions	-	70,687	70,687
Translation adjustments	-	(2,259)	(2,259)
At 27 April 1996	33,715	107,181	140,896
Amount written off investment			
At 29 April 1995	-	-	-
Provisions during the period	33,715	-	33,715
At 27 April 1996	33,715	-	33,715
Net book value			
At 27 April 1996	-	107,181	107,181
At 29 April 1995	33,715	38,753	72,468

The Company acquired all the issued share capital of Dixagon SA, a company registered in Switzerland, from another group company during the year.

Investments represent the Company's interest in Fretter, Inc. During the period, the investment in Fretter, Inc. was written off (see note 3).

Details of the principal subsidiary and related companies are set out in note 16.

	1996 £'000	1995 £'000
8. DEBTORS		
Amounts due from other group companies	18,928	2,039
Prepayments and accrued income	26	354
	18,954	2,393
9. CREDITORS - due within one year		
Amounts due to other group companies	-	1,422
Accruals and deferred income	6,210	-
	6,210	1,422

DIXONS OVERSEAS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>£'000</u>	
Deferred taxation		
At 29 April 1995	133	
Charge for the period	1,945	
At 27 April 1996	<u>2,078</u>	
	1996	1995
	<u>£'000</u>	<u>£'000</u>
Additional information on deferred taxation		
Other timing differences	<u>2,078</u>	<u>133</u>

There are no unprovided amounts of deferred taxation.

	1996	1995
	<u>£</u>	<u>£</u>
11. 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		
138,362 (1995 60,750) "A" Ordinary shares of £1 each	<u>138,362</u>	<u>60,750</u>
Non-equity		
61,983 "B" Ordinary shares of £1 each	<u>61,983</u>	<u>61,983</u>

On 6 October 1995, the Company issued 77,612 'A' Ordinary shares of £1 each to Dixons Group plc, the ultimate parent company, at par for a total cash consideration of £77,612,000 to finance the purchase of the Ordinary share capital in Dixagon SA.

	<u>£'000</u>
12. SHARE PREMIUM	
Equity	
At 29 April 1995	35,714
Premium on shares issued	77,535
At 27 April 1996	<u>113,249</u>
Non-equity	
At 27 April 1996 and 29 April 1995	<u>61,921</u>

	<u>£'000</u>
13. PROFIT AND LOSS ACCOUNT	
At 29 April 1995	(24,452)
Retained profit for the period	<u>(33,071)</u>
At 27 April 1996	<u>(57,523)</u>

14. CONTINGENT LIABILITIES

The Company has given guarantees in respect of certain group companies' bank facilities. No amounts were drawn against these facilities at 27 April 1996 (29 April 1995 £nil).

15. PARENT COMPANY

The Company's immediate parent company is Dixons Group Management Limited.

The Company's ultimate 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.

16. PRINCIPAL SUBSIDIARY AND RELATED COMPANIES

The principal subsidiary and related companies at 27 April 1996 are listed below:

Subsidiary companies

Dixagon SA (Switzerland) *
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

Unless otherwise indicated, all principal subsidiary companies are wholly owned. They operate in their country of incorporation as indicated above and are all principally engaged in 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 values of the shares in or amounts owing from the Company's subsidiary companies are not less than the aggregate of the amounts at which they are included in the Company's balance sheet.

Related Company

Immobilier Boulevard Jacquemain SPRL (Belgium, 15,000 "B" Ordinary shares held by Codic SA (Belgium), representing 50% of the total share capital).