

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)**

**Annual Report and Financial Statements**

**52 weeks ended 29 April 2006**

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**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2006**

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**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED  
(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)  
DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 April 2006. Comparative figures are for the 52 weeks ended 30 April 2005.

**CHANGE OF NAME**

On 20 September 2005, the Company changed its name from Dixons Treasury Management Limited to DSG international Treasury Management Limited.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is treasury management. The directors anticipate that this activity and the financial position of the Company will be maintained.

**BUSINESS REVIEW AND RESULTS**

***SERVICES PROVIDED AND RESULTS***

The Company carries out the treasury functions of the DSG international plc Group. Part of this activity consists of holding assets and liabilities in foreign currencies and the principal risks of the Company arise from this activity. During the period losses were made arising from movements in foreign exchange rates. These revaluations of the Company's assets and liabilities at the period end have given rise to an adverse position and the support of other group undertakings is required. The Company continues to carry out its activities and it is anticipated that it will do so for the foreseeable future.

The results of the Company are shown on page 6.

***OBJECTIVE AND STRATEGY***

The objective of the Company is to deliver value to its shareholder.

***RISKS TO ACHIEVING THE GROUP'S OBJECTIVE***

Risk is present in all businesses. The Board regularly reviews the risks faced by the Company. The directors consider that the major risks to achieving the Company's objective are those set out below. The Board however recognises that the profile of risks changes constantly and additional risks not presently known or that are currently deemed immaterial may also impact on attainment of the Company's business objective.

**(i) Dependence on the undertakings of other DSG international plc Group companies**

The Company is dependent on the requirements of subsidiary undertakings of the DSG international plc Group.

**(ii) Treasury risks and policies**

Treasury operations are managed centrally within policies and procedures approved by the Board of DSG international plc. Group Treasury reports regularly to the Group Executive Committee and the Tax and Treasury Committee and is subject to periodic independent internal and external reviews. The major financial risks to which the Group is exposed relate to movements in foreign exchange, interest rates, liquidity risk and credit risk. Where appropriate, cost effective and practicable the Group uses financial instruments and derivatives to manage these risks in accordance with defined policies. The majority of such financial instruments applicable to the UK Group are made through the Company. Throughout the period under review, in accordance with Group policy, no speculative use of derivatives, foreign exchange or other instruments was permitted.

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)**  
**DIRECTORS' REPORT**

***Exchange rate risk***

The Company is exposed to exchange risk on intercompany balances and fluctuations in translated values of foreign currency assets and liabilities. The Group's principal translation currency exposures are the Euro and Norwegian Kroner. The Company's policy is to match, in whole or in part, where cost effective, currency assets with currency liabilities through the use of appropriate hedging instruments.

The Company is also exposed to certain currency exposures arising from transactions made by other DSG international plc Group companies. Such exposures arise from purchases in currencies other than in the functional currency of the entity. The Company's principal such exposures are the USD and Euro. It is DSG international plc Group policy to eliminate the currency exposures on such purchases through the use of appropriate hedging instruments such as forward exchange contracts, however, such eliminations do not arise at the Company's level.

***Interest rate risk***

The principal interest rate risks of the Company arise in respect of Sterling cash and investments, internally hedged Norwegian Kroner liabilities and Euro borrowings of DSG international plc's subsidiary companies. Potential exposure to interest rate movements is mitigated by the DSG international plc Group's policy to match the profile of interest payments with that of its interest receipts. Such exposures do however still exist at the Company's level.

**DIVIDENDS**

The directors recommend that no dividend be paid (2004/05 £nil).

**DIRECTORS**

The directors of the Company throughout the period were:

G D Budd  
K O'Byrne  
M J Sidders

**DIRECTORS' SHARE INTERESTS**

The directors' interests in the share capital of the ultimate parent, DSG international plc, were:

***Beneficial and family interests***

	Ordinary shares 29 April 2006		Ordinary shares 30 April 2005	
	Unrestricted	Restricted	Unrestricted	Restricted
G D Budd	691,536	137,406	667,003	105,785
K O'Byrne	25,286	215,215	12,643	113,217
M J Sidders	74,458	91,807	117,544	53,708

**DIRECTORS' SHARE OPTIONS**

	At 1 May 2005	Granted in period	Exercised in period	Lapsed in period	At 29 April 2006
G D Budd	1,125,844	290,657	-	(101,440)	1,315,061
K O'Byrne	583,870	440,390	-	-	1,024,260
M J Sidders	399,611	210,943	-	-	610,554

Restricted beneficial interests comprise share awards made under the Long Term Incentive Plan ("LTIP") and, in addition for 2004/05, shares held in share banks under the Deferred Equity Participation Plan ("DEPP"). Details of the LTIP and the DEPP are shown in the financial statements of DSG international plc.

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED  
(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)  
DIRECTORS' REPORT**

Each of the directors, as a DSG international plc Group employee, is interested as a potential beneficiary in 2,233,063 (30 April 2005 1,732,531) ordinary shares owned by Dixons TSR Trust ("the Trust") an employee share ownership trust. The particulars of the Trust are shown in the financial statements of DSG international 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 (apart from contracts of service) to which the Company or any other group undertaking was a party during or at the end of the financial period.

**AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

Pursuant to section 386 of the Companies Act 1985, an elective resolution dispensing with the requirement to appoint auditors annually has been in place throughout the period. Accordingly Deloitte & Touche LLP are deemed to continue as auditors.

To the best of each of the directors' knowledge and belief, and having made appropriate enquiries of other officers of the Company, all information relevant to enabling the auditors to provide their opinion on the financial statements has been provided. Each of the directors has taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the Company's auditors are aware of any such information.

By Order of the Board



**G D Budd**

Secretary

**15** September 2006

Registered office:  
Maylands Avenue  
Hemel Hempstead  
Hertfordshire  
HP2 7TG

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED  
(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)  
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for the preparation of the financial statements and have chosen to prepare such financial statements under UK Generally Accepted Accounting Practice (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 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 disclose with reasonable accuracy at any time the financial position of the Company and compliance of the financial statements with the Companies Act 1985. 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 INTERNATIONAL TREASURY MANAGEMENT LIMITED  
(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)  
INDEPENDENT AUDITORS' REPORT**

**Independent auditors' report to the member of DSG international Treasury Management Limited  
(formerly Dixons Treasury Management Limited)**

We have audited the financial statements of DSG international Treasury Management Limited (formerly Dixons Treasury Management Limited) for the 52 weeks ended 29 April 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to member those matters we are required to state 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 member, 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 directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable UK law and UK accounting standards (UK Generally Accepted Accounting Practice (UK GAAP)). Our responsibility is to audit the financial statements in accordance with relevant UK legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion, the information given in the directors' report is 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 other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK GAAP, of the state of the Company's affairs as at 29 April 2006 and of its loss for the period then ended, have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

17 September 2006

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)**  
**PROFIT AND LOSS ACCOUNT**  
**For the 52 weeks ended 29 April 2006**

	<b>Note</b>	<b>2005/06 £'000</b>	<b>2004/05 £'000</b>
<b>Operating (loss)/profit</b>	<b>2</b>	<b>(51,349)</b>	<b>651</b>
Net interest	3	<u>29,130</u>	<u>15,641</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(22,219)</b>	<b>16,292</b>
Taxation on (loss)/profit on ordinary activities	5	<u>6,666</u>	<u>(5,068)</u>
<b>(Loss)/profit for the period</b>	<b>9</b>	<b><u>(15,553)</u></b>	<b><u>11,224</u></b>

All operating (loss)/profit is derived from continuing operations in the UK.

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



**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)**  
**BALANCE SHEET**  
**As at 29 April 2006**

	Note	2006 £'000	2005 £'000
<b>Current assets</b>			
Debtors	6	165,908	181,711
Short term investments		40,524	-
Cash at bank and in hand		14,913	6,770
		<u>221,345</u>	<u>188,481</u>
<b>Creditors: amounts falling due within one year</b>			
Other creditors	7	(209,985)	(161,568)
		<u>11,360</u>	<u>26,913</u>
<b>Net current assets</b>			
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account	9	11,360	26,913
		<u>11,360</u>	<u>26,913</u>
<b>Equity shareholder's funds</b>			
		<u>11,360</u>	<u>26,913</u>

These financial statements were approved by the directors on 15 September 2006 and signed on their behalf by:



M J Sidders

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT 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. Accounting policies have been consistently applied throughout the current and preceding periods with the exception of changes caused by FRS 25 '(IAS 32) Financial Instruments: Disclosure and Presentation' which has been adopted in full with effect from 1 May 2005 as described below. 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 29 April 2006. Comparative figures are for the 52 weeks ended 30 April 2005.

**1.2 Change in accounting policy and presentation of financial information**

FRS 25 requires that financial instruments be classified in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. The accounting standard applies only to the period commencing 1 May 2005 onwards and accordingly, prior period figures have not been restated. This change in accounting policy has had no effect on operating profit, but has had the effect of grossing up and re-classifying some financial instruments from current liabilities to current assets.

**1.3 Foreign exchange**

Forward contracts to hedge intra-group loans and investments are translated at closing rates of exchange. Exchange differences arising on forward contracts together with exchange differences on other assets and liabilities are taken to the profit and loss account.

**1.4 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)/PROFIT**

	<b>2005/06</b>	<b>2004/05</b>
	<b>£'000</b>	<b>£'000</b>
Administrative expenses	(20)	(18)
Other operating (expenses)/income	(51,329)	669
Operating (loss)/profit	<u>(51,349)</u>	<u>651</u>
Operating (loss)/profit is stated after charging:		
Auditors' remuneration – audit fees	<u>20</u>	<u>18</u>

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED**  
**(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. NET INTEREST**

	<b>2005/06</b>	<b>2004/05</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income from group undertakings	<b>8,916</b>	7,438
Interest receivable and similar income from third parties	<b>24,630</b>	17,207
	<hr/>	<hr/>
Interest receivable and similar income	<b>33,546</b>	24,645
Interest payable on loans from group undertakings	<b>(4,413)</b>	(8,991)
Interest payable on bank loans, overdrafts and other third party loans repayable within five years	<b>(3)</b>	(13)
	<hr/>	<hr/>
Interest payable and similar charges	<b>(4,416)</b>	(9,004)
	<hr/>	<hr/>
	<b>29,130</b>	15,641
	<hr/>	<hr/>

**4. EMPLOYEES AND DIRECTORS**

The Company had no employees during the period (2004/05 none). The directors received no remuneration for services to the Company during the period (2004/05 £nil).

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

	<b>2005/06</b>	<b>2004/05</b>
	<b>£'000</b>	<b>£'000</b>
Current taxation:		
- UK corporation tax at 30%	<b>(6,666)</b>	4,888
Adjustment in respect of earlier periods:		
- UK corporation tax	-	180
	<hr/>	<hr/>
	<b>(6,666)</b>	5,068
	<hr/>	<hr/>

**6. DEBTORS**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from group undertakings	<b>150,409</b>	176,608
Corporation tax	<b>6,666</b>	-
Prepayments and accrued income	<b>8,833</b>	5,103
	<hr/>	<hr/>
	<b>165,908</b>	181,711
	<hr/>	<hr/>

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED  
(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS**

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

	<b>2006</b>	2005
	<b>£'000</b>	£'000
<b>Other creditors</b>		
Amounts due to group undertakings	156,449	139,964
Corporation tax	-	5,068
Accruals and deferred income	53,536	16,536
	<u>209,985</u>	<u>161,568</u>

**8. CALLED UP SHARE CAPITAL**

	<b>2006</b>	2005
	<b>£</b>	£
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**9. PROFIT AND LOSS ACCOUNT**

	<b>£'000</b>
At 1 May 2005	26,913
Loss for the period	<u>(15,553)</u>
<b>At 29 April 2006</b>	<u><b>11,360</b></u>

**10. DERIVATIVES**

The following table sets out the fair values of derivative assets and liabilities:

	<b>2006</b>	2005
	<b>£'000</b>	£'000
Held to manage interest risk on debt and investments	(73)	6,879
Held to manage currency exposure on debt and investments	(38,711)	(17,323)
Held to hedge net assets of overseas subsidiaries	(8,517)	(9,985)
Held to hedge future transactions less than one year	54	2,760
	<u>(47,247)</u>	<u>(17,669)</u>

**DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED  
(FORMERLY DIXONS TREASURY MANAGEMENT LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS**

**11. RELATED PARTY DISCLOSURE**

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

**12. PARENT COMPANY**

The Company's immediate parent is DSG international Holdings Limited (formerly Dixons Group Holdings Limited).

The Company's ultimate parent and controlling entity is DSG international plc (formerly Dixons Group plc), which is incorporated in Great Britain and is registered in England and Wales. DSG international Group 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.