Company Registration No. 2792167

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED

Annual Report and Financial Statements

52 weeks ended 1 May 2010

CONTENTS

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 1 May 2010. Comparative figures are for the 52 weeks ended 2 May 2009

PRINCIPAL ACTIVITY

The principal activity of the Company is treasury management and funding to other companies in the DSG international plc group The directors anticipate that this activity and the financial position of the Company will be maintained

BUSINESS REVIEW AND RESULTS

Services provided
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 mainly from movements in foreign exchange rates, particularly the Norwegian kroner and the euro The Company continues to carry out its activities and it is anticipated that it will do so for the foreseeable future

Objective and strategy
The objective of the Company is to deliver value to its shareholder

Principal risks to achieving the Company'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 approved by the Board of DSG international plc and are subject to periodic independent internal and external reviews Group Treasury reports regularly to the Audit Committee and the Tax & Treasury Committee The major treasury risks to which the Group is exposed relate to market risks (movements in foreign exchange and interest rates), liquidity risk and credit risk Areas where risks are most likely to occur are evaluated regularly The Group uses financial instruments and derivatives to manage these risks in accordance with defined policies All 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

Exchange rate risk

The Company is exposed to exchange movements on intercompany balances and translated values of foreign currency assets and liabilities The Company's principal translation currency exposures are the euro and Norwegian krone Taking into account the cost of hedging, the Company's policy is to match, in whole or in part, currency assets with currency liabilities through the use of appropriate hedging instruments

The Company is also exposed to certain transactional 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 US dollar and euro It is DSG international plc Group policy to minimise 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 owing to the hedging instruments being held in the Company and many of the underlying transactions arising in other group companies Such contracts are designed to cover exposures ranging from one month to one year

Interest rate risk

The principal interest rate risks of the Company arise in respect of sterling cash, hedged internal Norwegian krone 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 to the extent possible the profile of interest payments with that of its interest receipts Such exposures do however still exist at the Company's level

Credit risk

The Company's exposure to credit risk on cash and off-balance sheet derivative financial instruments arises from the risk of non-performance of counterparties, with a maximum exposure equal to the fair value of these assets The Company limits its exposure to credit risk through application of Group treasury policy which restricts counterparties to those with a minimum Moody's long term credit rating of Aa3, bank financial strength of C and short-term credit rating of P1 The Company also has policies that limit the financial exposure to any single financial institution The Company continuously reviews the credit quality of counterparties, the limits placed on individual credit exposures and categories of investments

Results and financial position

The results of the Company are shown on page 7 and mainly comprise gains and losses on translation of assets and liabilities held in foreign currency, together with interest on loans to and from subsidiary companies The assets of the Company comprise mainly intra-group debtors The financial position of the Company at the period end was satisfactory

DIVIDENDS

The directors recommend that no dividend be paid (2008/09 £nil)

DIRECTORS

The directors of the Company throughout the period were

N T Cadbury
H C Grantham
E J C Leigh
D M E Page
H S M Singer

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
DIRECTORS' REPORT continued

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 P D Stevens

Secretary

21 July 2010

Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG
Company Registration No 2792167

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the directors' report and the financial statements in accordance with applicable law and regulations Company law requires the directors to prepare financial statements for each financial year and under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS issued by the International Accounting Standards Board

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the period In preparing those financial statements, the directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance

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 and the financial statements have been prepared on the going concern basis as disclosed in the Directors' Report

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for maintaining sufficient internal controls to safeguard the assets of the Company and to take reasonable steps for the prevention and detection fraud or any other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the member of DSG international Treasury Management Limited

We have audited the financial statements of DSG international Treasury Management Limited for the 52 weeks ended 1 May 2010 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's member 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 member, 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 1 May 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with IFRS's as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

IFRSs issued by the IASB

As explained in note 1 1 the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB) In our opinion the financial statements comply with IFRSs as issued by the IASB

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the company, or
- the financial statements are not in agreement with the accounting records, or
- certain disclosures of directors' remuneration specified by law are not made

Claire Faulkner

Claire Faulkner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
21 July 2010

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
INCOME STATEMENT
For the 52 weeks ended 1 May 2010

	Note	2009/10 £'000	2008/09 £'000
Operating profit / (loss)	2	**5,599**	(88,682)
Finance income	4	**35,230**	46,639
Finance costs	4	**(48,264)**	(65,840)
Net finance costs		**(13,034)**	(19,201)
Loss before tax		**(7,435)**	(107,883)
Income tax (expense) /credit	5	**(290)**	7,304
Loss for the period		**(7,725)**	(100,579)

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

There are no other items of comprehensive income or expense other than the loss for the current and preceding periods

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
BALANCE SHEET
As at 1 May 2010

	Note	2010 £'000	2009 £'000	2008 £'000
Non-current assets				
Trade and other receivables	6	**24,959**	30,312	564
Deferred tax asset	5	**7,838**	8,128	-
		32,797	38,440	564
Current assets				
Trade and other receivables	6	**1,317,259**	1,150,868	1,328,271
Income tax receivable		-	-	1,369
Cash and cash equivalents		**508**	374,809	1
		1,317,767	1,525,677	1,329,641
Total assets		**1,350,564**	1,564,117	1,330,205
Current liabilities				
Bank overdraft	7	**(34,295)**	-	(25,764)
Trade and other payables	8	**(1,481,360)**	(1,686,928)	(1,385,078)
		(1,515,655)	(1,686,928)	(1,410,842)
Net current liabilities		**(197,888)**	(161,251)	(81,201)
Non-current liabilities				
Trade and other payables	8	**(99,741)**	(134,296)	(75,344)
Deferred tax liabilities	5	-	-	(547)
		(99,741)	(134,296)	(75,891)
Total liabilities		**(1,615,396)**	(1,821,224)	(1,486,733)
Net liabilities		**(264,832)**	(257,107)	(156,528)
Capital and reserves				
Called up share capital	10	-	-	-
Retained earnings		**(264,832)**	(257,107)	(156,528)
Total equity		**(264,832)**	(257,107)	(156,528)

These financial statements were approved by the directors on 21 July 2010 and signed on their behalf by

D M E Page

DSG INTERNATIONAL TREASURY MANAGEMENT LIMITED
CASH FLOW STATEMENT
For the 52 weeks ended 1 May 2010

		Note	2009/10 £'000	2008/09 £'000
Operating activities				
Cash (utilised by) / generated from operations		11	**(401,260)**	415,979
Net cash flows from operating activities			**(401,260)**	415,979
Investing activities				
Interest received			**41,119**	46,639
Net cash flows from investing activities			**41,119**	46,639
Financing activities				
Interest paid			**(48,455)**	(62,045)
Net cash flows from financing activities			**(48,455)**	(62,045)
(Decrease) / increase in cash and cash equivalents	*		**(408,596)**	400,573
Cash and cash equivalents at beginning of period	*	11	**374,809**	(25,764)
Cash and cash equivalents at end of period	*	11	**(33,787)**	374,809

* For the purposes of this cash flow statement, cash and cash equivalents comprise those items disclosed as "cash and cash equivalents" on the face of the balance sheet, less overdrafts, which are classified within current liabilities on the face of the balance sheet A reconciliation to the balance sheet amounts is shown in note 11

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 1 May 2010

	Share capital £'000	Retained earnings £'000	Total £'000
As at 4 May 2008	-	(156,528)	(156,528)
Loss for the period	-	(100,579)	(100,579)
As at 3 May 2009	-	(257,107)	(257,107)
Loss for the period	-	**(7,725)**	**(7,725)**
At 1 May 2010	-	**(264,832)**	**(264,832)**

1. ACCOUNTING POLICIES

1.1 Basis of preparation

DSG international Treasury Management Limited has historically prepared its financial statements in accordance with UK Generally Accepted Accounting Practices (UK GAAP) As permitted by section 395 of the Companies Act 2006, the Company has elected to present its financial statements in accordance with International Financial Reporting Standards (IFRS) Accordingly the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS issued by the International Accounting Standards Board and those parts of the Companies Act 2006 applicable to those companies reporting under IFRS The transition date to IFRS for the Company was 3 May 2008 (the Transition Date), being the start of the period of comparative information

IFRS 1, "First time adoption of International Financial Reporting Standards", permits those companies adopting IFRS for the first time to take advantage of certain exemptions from the full requirements of IFRS and make certain elections in the transition period The Company has taken the following exemption The Company has elected to measure its investments in subsidiaries at the amounts stated under UK GAAP as at the transition date to IFRS

Accounting policies have been consistently applied throughout the current and preceding periods

After making due enquiry, on the basis of current financial projections and the continuing support of the parent company, 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 financial statements include the results of the Company for the 52 weeks ended 1 May 2010 Comparative figures are for the 52 weeks ended 2 May 2009

The principal accounting policies are set out below

1.2 Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement

1.3 Financial assets

The Company's financial assets comprise cash and cash equivalents and those receivables which involve a contractual right to receive cash from external parties Financial assets comprise all items shown in note 6, with the exception of derivatives Under the classifications stipulated by IAS 39 trade and other receivables (excluding derivative financial instruments) are classified as "loans and receivables" Cash and cash equivalents and derivative financial instruments which are further described in note 1 5 and 1 7 are classified as "loans and receivables" and "held for trading unless designated in a hedge relationship"

Other receivables

Other receivables (excluding derivative financial assets) are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments required to align cost to fair value Bad debts are written off when identified

1.4 Tax

Current tax

Current taxation is the expected tax payable on the taxable income for the period, using prevailing tax rates and adjusted for any tax payable in respect of previous periods

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

1. **ACCOUNTING POLICIES continued**

1.4 Tax continued

Deferred tax assets and liabilities are offset against each other when it is intended to settle current tax assets and liabilities on a net basis

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax is measured based on tax rates and laws that have been enacted, or substantially enacted by the balance sheet date Deferred tax balances are not discounted

1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts and short term highly liquid deposits with a maturity of three months or less and which are subject to an insignificant risk of changes in value Bank overdrafts, which form part of cash and cash equivalents for the purpose of the cash flow statement are shown under current liabilities

1.6 Borrowings and other financial liabilities

The Company's financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date Financial liabilities comprise all items shown in notes 7 and 8 with the exception of derivative financial instruments Under the classifications stipulated by IAS 39, and trade and other payables are classified as "financial liabilities measured at amortised cost" Derivative financial instruments, which are described further in note 1 7 below, are classified as "held for trading unless designated in a hedge relationship"

Other payables

Other payables are recorded at cost

1.7 Derivative financial instruments

Derivative financial instruments held by the Company are initially recognised in the balance sheet at fair value within assets or liabilities as appropriate and then subsequently remeasured to fair value at each balance sheet date Gains and losses arising from revaluation at the balance sheet date are recognised in the income statement as the derivative financial instruments held by the Company do not qualify for hedge accounting as the hedged items are held by other companies within the DSGi Group

Fair values are derived from market values The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date

Hedge accounting

The Company's activities expose it primarily to the financial risks associated with changes in interest rates and foreign currency exchange rates The Company uses derivative financial instruments such as interest rate swaps, options, cross currency swaps and forward currency contracts to hedge these risks The Company does not use derivative financial instruments for speculative purposes

Cash flow hedges

The Company uses foreign exchange forwards and swaps to hedge the foreign currency exposure on inventory ordered and purchased and certain sales of inventory It is Company policy to hedge between 80% and 100% of the committed purchase orders and sales of other DSGi Group companies At any point in time the Company also hedges up to 80% of the estimated foreign currency exposure in respect of forecast purchases and sales for the subsequent 12 months Orders and purchases as well as sales are each considered to be separate hedge transactions Gains and losses on derivative financial instruments are recorded in the income statement

Fair value hedges

The Company uses interest rate swaps to hedge the exposure to changes in the fair value of recognised assets and liabilities held by other DSGi Group companies Gains and losses on derivative financial instruments are recorded in the income statement

1. ACCOUNTING POLICIES continued

1.7 Derivative financial instruments continued

Net investment hedges

The Company uses currency forward contracts and currency swaps to hedge its currency risk on the translation of net investments in foreign entities held by other companies in the DSGi Group Gains and losses on derivative financial instruments are recorded in the income statement

1 8 Estimates, judgements and critical accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements This relates to the recoverability of other receivables as set out below

Recoverability of other receivables

Other receivables are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments to align cost to fair value Provision for bad and doubtful debts is made for specific receivables when there is objective evidence that the Company will not be able to collect all the amounts due In assessing the evidence available the directors may be required to make judgements regarding the expected recoverability of amounts due The directors draw upon experience in making these judgements

2. OPERATING PROFIT / (LOSS)

	2009/10	2008/09
	£'000	£'000
Administrative expenses	**(2,550)**	(13,942)
Other operating income / (expense)	**8,149**	(74,740)
Operating profit / (loss)	**5,599**	(88,682)

Other operating income / (expense) comprise the gains and losses on translation of assets and liabilities held in foreign currencies

	Note	**2009/10**	2008/09
		£'000	£'000
Operating profit / (loss) is stated after charging			
Write off of intercompany debtors	(i)	**(13,916)**	(3,947)
Foreign exchange gains / (losses) on derivatives on an accruals basis		**10,025**	(7,750)
Fair value remeasurement gains on financial instruments	(ii)	**23,019**	35,977
Fair value remeasurement losses on financial instruments	(ii)	**(21,500)**	(38,042)
Auditors' remuneration – audit services		**12**	10

2. OPERATING PROFIT / (LOSS) continued

(i) On 10 May 2009 the DSG international plc Group closed the operations of Markantalo in Finland As a result, an intra-group debtor of £10,322,000 was written off in full

In 2008/09, the Company advanced further funds to PC City (France) SNC to continue the completion of the exit of their operations As a result of this, an intra-group debtor of £3,594,000 (2008/09 £3,947,000) was created during the period which was written off in full

(ii) Net fair value remeasurement gains and losses on revaluation of financial instruments These represent the gains and losses arising from the revaluation of derivative financial instruments under methodologies stipulated by IAS 39 compared with those on an accruals basis (the basis upon which all other items in the financial statements is prepared) Such a treatment is a form of revaluation gain or loss created by an assumption that the derivatives will be settled before their maturity

Such gains and losses are unrealised and in the directors' view also conflict with both the commercial reasons for entering into such arrangements as well as DSGi Group Treasury policy whereby early settlement in the majority of cases would amount to speculative use of derivatives

3 EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2008/09 none) The directors received no remuneration for services to the Company during the period (2008/09 £nil)

4. NET FINANCE COSTS

	2009/10 £'000	2008/09 £'000
Loans to group undertakings	**35,095**	46,639
Bank and other interest receivable – foreign exchange gains	**135**	-
Finance income	**35,230**	46,639
Loans from group undertakings	**(48,246)**	(65,840)
Bank loans, overdrafts and other interest payable – other	**(18)**	-
Finance costs	**(48,264)**	(65,840)
Total net finance costs	**(13,034)**	(19,201)

5. TAX

(a) Income tax expense / (credit)

	2009/10 £'000	2008/09 £'000
Current tax		
UK corporation tax at 28%	-	2
Adjustment in respect of earlier periods		
- UK corporation tax	-	1,369
	-	1,371
Deferred tax		
Current period	**1,479**	(8,675)
Adjustment in respect of earlier periods	**(1,189)**	-
	290	(8,675)
Income tax expense / (credit)	**290**	(7,304)

5. TAXATION continued

(a) Income tax expense / (credit) continued

A reconciliation of the notional to the actual taxation expense / (credit) is set out below

	2009/10	2008/09
	£'000	£'000
Loss before tax	**(7,435)**	(107,883)
Tax on loss at UK corporation tax rate of 28%	**(2,082)**	(30,207)
Group relief (received) / surrendered free of charge	**(336)**	10,293
Permanent differences	**-**	10,136
Non-allowable bad debt relief	**3,897**	1,105
Adjustment in respect of earlier periods	**(1,189)**	1,369
Income tax expense / (credit)	**290**	(7,304)

(b) Deferred tax

	Losses carried forward	**Other timing differences**	**Total**
	£'000	**£'000**	**£'000**
At 4 May 2008	-	(547)	(547)
Credited to the income statement	8,097	578	8,675
At 2 May 2009	8,097	31	8,128
(Charged) / credited to the income statement	**(763)**	**473**	**(290)**
At 1 May 2010	**7,334**	**504**	**7,838**

The recognition of unutilised losses is considered supportable due to the ability to offset losses against future profits

6. TRADE AND OTHER RECEIVABLES

	2010 Current	**2010 Non-Current**	2009 Current	2009 Non-Current	2008 Current	2008 Non-Current
	£'000	**£'000**	£'000	£'000	£'000	£'000
Amounts due from ultimate parent	**431,275**	**-**	177,734	-	127,571	-
Amounts due from group undertakings	**876,635**	**-**	968,630	-	1,190,231	-
Derivative financial instruments	**9,349**	**24,959**	4,504	30,312	10,469	564
	1,317,259	**24,959**	1,150,868	30,312	1,328,271	564

The total financial assets included within trade and other receivables are £1,307,910,000 (2009 £1,146,364,000 and 2008 £1,317,802,000) The carrying amount of trade and other receivables approximates fair value There are no past-due or impaired receivable balances (2009 and 2008 £nil)

7. BORROWINGS

	2010	2009	2008
	£'000	£'000	£'000
Bank overdrafts	**34,295**	-	25,764

Bank overdrafts are repayable on demand

8. TRADE AND OTHER PAYABLES

	2010 Current £'000	2010 Non-Current £'000	2009 Current £'000	2009 Non-Current £'000	2008 Current £'000	2008 Non-Current £'000
Amounts due to group undertakings	1,472,248	-	1,648,373	-	1,271,367	-
Derivative financial instruments	9,112	99,741	38,535	134,296	77,034	75,344
Accruals	-	-	20	-	36,677	-
	1,481,360	99,741	1,686,928	134,296	1,385,078	75,344

The total financial liabilities included in trade and other payables is £1,472,248,000 (2009 £1,648,393,000 and 2008 £1,308,044,000) The carrying amount of trade and other payables approximates their fair value

9. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The DSG international plc Group's treasury function provides services to the Company It monitors and manages the treasury risks to which the Company, and the DSG international plc Group, is exposed to, including market risks (including foreign exchange and interest rates), liquidity risk and credit risk Areas where risks are most likely to occur are evaluated regularly The Company enters into derivative contracts for both itself and other companies in the DSG international plc Group to hedge the risks identified above

Capital risk management

The Company manages its capital to ensure that is able to continue as a going concern The capital structure of the Company consists of cash & cash equivalents and equity, comprising issued share capital and retained earnings

(b) Fair values of financial assets and liabilities

For receivables and payables classified as financial assets and liabilities in accordance with IAS 32, fair value is estimated to be equivalent to book value These values are shown in notes 6, 7 and 8 The categories of financial assets and liabilities and their related accounting policy are set out in notes 1 3 and 1 6

For those financial assets and liabilities which bear either a floating rate of interest or no interest, fair value is estimated to be equivalent to book value These values are shown in note (d) below

Fair value of derivatives is predominantly determined using observable market data such as interest rates and foreign exchange rates As such, derivatives are classified as "Level 2" under the requirements of IFRS 7 "Financial Instruments - Disclosures"

Fair values of derivatives by designation

	Trade and other receivables		Trade and other payables		2010
	Current £'000	Non-current £'000	Current £'000	Non-current £'000	£'000
Hedge fair value interest rate risk	-	24,959	-	(24,959)	-
Manage the currency exposure of					
Net investments in overseas subsidiaries	-	-	-	(74,782)	(74,782)
Financial assets and liabilities	237	-	-	-	237
Future transactions occurring within one year	9,112	-	(9,112)	-	-
	9,349	24,959	(9,112)	(99,741)	(74,545)

9. FINANCIAL INSTRUMENTS continued

(b) Fair values of financial assets and liabilities continued

	Trade and other receivables		Trade and other payables		2009
	Current	Non-current	Current	Non-current	
	£'000	£'000	£'000	£'000	£'000
Hedge fair value interest rate risk	-	30,312	-	(30,312)	-
Manage the currency exposure of					
Financial assets and liabilities	2,574	-	(12,471)	-	(9,897)
Net investments in overseas subsidiaries	-	-	(24,134)	(103,984)	(128,118)
Future transactions occurring within one year	1,930	-	(1,930)	-	-
	4,504	30,312	(38,535)	(134,296)	(138,015)

	Trade and other receivables		Trade and other payables		2008
	Current	Non-current	Current	Non-current	
	£'000	£'000	£'000	£'000	£'000
Hedge fair value interest rate risk					
Manage the currency exposure of	-	556	-	(556)	-
Financial assets and liabilities	5,187	8	(41,495)	(112)	(36,412)
Net investments in overseas subsidiaries	38	-	(30,295)	(74,676)	(104,933)
Future transactions occurring within one year	5,244	-	(5,244)	-	-
	10,469	564	(77,034)	(75,344)	(141,345)

Included in derivative financial instruments are forward foreign currency contracts, options, interest rate swaps and currency swaps The interest rate swaps have a nominal value of £250 million, receive fixed interest rates of 6 125% (2008/09 6 125%) and pay floating rates of LIBOR plus a margin which ranged from 1 59% to 3 35% (2008/09 3 04 % to 7 13%)

(c) Hedging activities

The Company manages exposures for both itself and other companies within the DSG international Group It manages exposures that arise on purchases and sales denominated in foreign currencies by entering predominantly into forward foreign currency exchange contracts It also uses swaps and options to manage its interest rate and foreign exchange translation exposure The Company also enters into derivatives with other companies in the DSG international Group in order to match the exposure to the hedged items

Cash flow hedges

At 1 May 2010 the Company had forward foreign currency exchange contracts in place with counterparties external to the DSG international Group and within the DSG international Group with a notional value of £392,263,000 (2009 £129,028,000 and 2008 £127,726,000) that did not qualify for hedge accounting because the hedged item is held in another DSG international Group company Accordingly all gains and losses on these contracts have been recorded in the income statement

9. FINANCIAL INSTRUMENTS continued

(c) Hedging activities continued

Fair value hedges

At 1 May 2010 the Company had interest rate swaps in place with a notional amount of £250 million (2009 £300 million) with counterparties external to the DSG international Group and within the DSG international Group The Company pays and receives a fixed interest rate of 6 125% and pays and receives a floating rate of 3 month libor plus a margin The swaps are used to hedge the exposure to changes in the fair value of the 6 125% Guaranteed Bonds which are held in DSG international plc and have the same critical terms The fair value of interest rate swaps are an asset of £24,959,000 and a liability of £24,959,000 (2009 an asset of £30,312,000 million and a liability of £30,312,000 and 2008 an asset of £556,000 and a liability of £556,000)

The above hedges did not qualify for hedge accounting because the hedged item is held in another DSG international Group company Accordingly all gains and losses on these contracts have been recorded in the income statement

Hedge of net investments in foreign operations

At 1 May 2010 the Company had forward foreign exchange contracts and cross currency swaps in place with a notional value of £272,024,000 (2009 £374,000,000 and 2008 £304,058,000) which have been designated as a hedge of the net investments in foreign operations The above hedges did not qualify for hedge accounting because the hedged item is held in another DSG international Group company Accordingly all gains and losses on these contracts have been recorded in the income statement. The fair value of currency derivatives entered into as net investment hedges is a £74,782,000 loss (2009 loss of £128,118,000 and 2008 £104,933,000)

(d) Interest rate profile of financial assets and liabilities by currency

The following table sets out the interest rate exposure of the financial assets and liabilities of the Company The financial instruments not included in the table are non-interest bearing and are therefore not subject to interest rate risk

	Sterling £'000	**Other £'000**	**2010 Total £'000**
Cash and cash equivalents			
Floating rate	**-**	**508**	**508**
Borrowings			
Bank overdrafts	**(28,142)**	**(6,153)**	**(34,295)**
Net borrowings	**(28,142)**	**(5,645)**	**(33,787)**

	Sterling £'000	Other £'000	2009 Total £'000
Cash and cash equivalents			
Floating rate	373,782	1,027	374,809
Net funds	373,782	1,027	374,809

	Sterling £'000	Other £'000	2008 Total £'000
Borrowings			
Bank overdrafts	(17,238)	(8,526)	(25,764)
Net borrowings	(17,238)	(8,526)	(25,764)

The weighted average effective interest rate on bank overdrafts in 2009/10 approximated 1 5% (2008/09 3 7% and 2007/08 5 0%)

9. FINANCIAL INSTRUMENTS continued

(d) Interest rate profile of financial assets and liabilities by currency continued

Cash comprises cash at bank and earns interest at floating rates based either on daily bank deposit rates or central bank lending rates Interest on financial instruments classified as floating rate is repriced at intervals of less than one year Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument

(e) Sensitivity analysis

The following analysis, required by IFRS 7, shows the sensitivity of loss before tax and total equity to changes in specified market variables on monetary assets and liabilities and derivative financial instruments as listed below As a consequence, the sensitivity reflects the position as at 1 May 2010 and 2 May 2009 respectively, and is not necessarily representative of actual or future outcomes

Changes in exchange rates affect the Company's loss before tax due to changes in the value of monetary assets and liabilities and derivative financial instruments The Company's sensitivity to a reasonably possible change in the Company's key foreign currency, the Euro, with other variables held constant, is presented below A 10% decrease would have an equal and opposite effect A 10% increase in exchange rates would have a negative effect on loss before tax and equity of £22,653,000 (2008/09 negative effect on loss before tax and equity of £40,728,000)

Changes in interest rates affect the Company's loss before tax, mainly due to the impact of floating rate borrowings and cash The Groups principal floating rate interest rate exposures are based on LIBOR The sensitivity to a reasonably possible change in interest rates (uniform across all currencies), with other variables held constant, is presented below A 1% decrease would have an equal and opposite effect A 1% increase in interest rates would have a negative effect on loss before tax and equity by £14,709,000 (2008/09 a £12,527,000 negative effect on loss before tax and equity)

The following assumptions were made in calculating the sensitivity analysis

- the balance of borrowings, investments and the derivative portfolio are all held constant for the whole year
- all net investment, fair value and cash flow hedges are assumed to be highly effective
- the effect of changes in interest rates on fixed rate bonds is calculated after taking into account the effect of interest rate swaps In combination these financial instruments are floating in nature
- changes in the carrying value of derivative financial instruments designated as net investment hedges arising from movements in interest rates are recorded in the income statement The impact of movements in exchange rates is recorded directly in equity
- changes in the carrying value of derivative financial instruments that are not in hedging relationships arising from movements in interest rates and exchange rates only affect the income statement to the extent that they are not offset by changes in an underlying transaction

9. FINANCIAL INSTRUMENTS continued

(f) Liquidity risk

The Company manages liquidity risk via the DSG international plc Group's treasury operations using sources of financing from other Group entities and investing excess liquidity The Company maintains adequate reserves, by continuously monitoring forecast and actual cash flows against the maturity profiles of financial assets and liabilities

The table below analyses the Company's contractual undiscounted cash flows payable under financial liabilities into their maturity groupings The table includes both principal and interest flows

2010

	Within one year £'000	**In more than one year but not more than five years £'000**	**Total £'000**	**Carrying value £'000**
Non-derivative financial liabilities				
Trade and other payables	**(1,472,248)**	**-**	**(1,472,248)**	**(1,472,248)**
Derivatives				
Derivative contracts - inflows	**1,210,474**	**258,090**	**1,468,564**	**1,470,435**
- outflows	**(1,211,479)**	**(332,525)**	**(1,544,004)**	**(1,544,980)**
	(1,005)	**(74,435)**	**(75,440)**	**(74,545)**

2009

	Within one year £'000	In more than one year but not more than five years £'000	Total £'000	Carrying value £'000
Non-derivative financial liabilities				
Trade and other payables	(1,648,373)	-	(1,648,393)	(1,648,393)
Derivatives				
Derivative contracts - inflows	1,279,042	665,383	1,944,425	1,612,927
- outflows	(1,316,753)	(772,011)	(2,088,764)	(1,750,942)
	(37,711)	(106,628)	(144,339)	(138,015)

2008

	Within one year £'000	In more than one year but not more than five years £'000	Total £'000	Carrying value £'000
Non-derivative financial liabilities				
Trade and other payables	(1,308,044)	-	(1,308,044)	(1,308,044)
Derivatives				
Derivative contracts - inflows	1,570,203	459,306	2,029,509	1,949,936
- outflows	(1,640,753)	(529,015)	(2,169,768)	(2,091,281)
	(70,550)	(69,709)	(140,259)	(141,345)

9. FINANCIAL INSTRUMENTS continued

(g) Credit risk

The Company's exposure to credit risk on cash & cash equivalents and trade & other receivables arises from the non-performance of counterparties, which a maximum exposure equal to the book value of these assets

The DSG international plc's Group's treasury operations limits its exposure to credit risk through application of Group treasury policy which restricts counterparties to those with specific ratings and limits the amount of credit exposure to any single financial institution They monitor continuously the credit quality of counterparties and the limits place on individual credit exposures The Company does not anticipate the non-performance of counterparties and believes it is not subject to material concentration of credit risk given the policies in place

The Company's receivable balances mainly consist of amounts due from subsidiary undertakings Further information on the Company's exposure to significant concentration of credit risk on receivables from subsidiary undertakings is detailed in note 14

10. CALLED UP SHARE CAPITAL

	2010	2009
	£	£
Authorised		
100,000,000 ordinary shares of £1 each	**100,000,000**	100,000,000
Allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

11. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating loss to net cash flows from operating activities

	2009/10	2008/09
	£'000	£'000
Operating profit / (loss)	**5,599**	(88,682)
Movements in working capital		
(Increase) / decrease in trade and other receivables	**(160,801)**	175,385
(Decrease) / increase in trade and other payables	**(246,058)**	329,276
	(406,859)	504,661
Cash (utilised by) / generated from operations	**(401,260)**	415,979

11. NOTES TO THE CASH FLOW STATEMENT continued

(b) Analysis of net funds / (debt)

		3 May 2009	**Cash flow**	**1 May 2010**
		£'000	**£'000**	**£'000**
Cash and cash equivalents	*	374,809	**(374,301)**	**508**
Bank overdrafts		-	**(34,295)**	**(34,295)**
Net funds / (debt)		374,809	**(408,596)**	**(33,787)**

		4 May 2008	Cash flow	2 May 2009
		£'000	£'000	£'000
Cash and cash equivalents	*	-	374,809	374,809
Bank overdrafts		(25,764)	25,764	-
Net (debt) / funds		(25,764)	400,573	374,809

* Cash and cash equivalents are represented as a single class of assets on the face of the balance sheet For the purposes of the cash flow, cash and cash equivalents comprise those amounts represented on the balance sheet as cash and cash equivalents, less bank overdrafts (which are disclosed separately on the balance sheet and as disclosed in note 7)

12. CONTINGENT LIABILITIES

In June 2009 the Company entered into an agreement to provide a guarantee in respect of the ultimate parent company's £400 million revolving credit facility At 1 May 2010 £95,000,000 was drawn against this facility The Company remains a guarantor under the terms of the New Facility described in note 16

13. FINANCIAL INFORMATION UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

The key differences between UK GAAP and IFRS affecting the Company's accounting policies are set out below

While this is not a comprehensive summary of all differences between UK GAAP and IFRS, other differences would have no effect or no significant effect on the net loss or shareholder's funds of the Company A reconciliation of loss for the period ended 2 May 2009 and shareholders' funds as at 2 May 2009 and 4 May 2008 are set out below

The following represent the differences relevant to the Company of moving from UK GAAP to IFRS

a) Derivative financial instruments

The principal impacts of IAS 32 and IAS 39 on the Company's financial statements are to value all financial assets and liabilities at fair value on the balance sheet One of the key effects relates to the recognition of derivative financial instruments at fair value Financial assets and financial liabilities that arise on derivatives that do not qualify for hedge accounting are held on the balance sheet at fair value with the changes in value reflected through the income statement

The Company holds derivatives on behalf of both itself and other companies in the DSG international plc Group which do not qualify for hedge accounting in accordance with IAS 39 Under UK GAAP, foreign currency derivatives were held off balance sheet Under IAS 39, derivative financial instruments that qualify for cash flow hedging are recognised on the balance sheet at fair value with the movement in fair value recognised in the income statement

13. FINANCIAL INFORMATION UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS continued

b) Taxation

Under UK GAAP, 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 more likely than not to be recoverable Although some differences exist between IFRS and UK GAAP, IAS 12 "Income taxes" is similar to UK GAAP and has no significant effect on the Company's UK GAAP figures IAS 12 has, however, been applied to the IFRS adjustments discussed above

c) Presentation of financial statements

The primary financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" as revised in 2007 Although similar, such a presentation differs from its UK GAAP equivalent

Under IAS 1 the statement of changes in equity, which was previously presented as a note under UK GAAP, is now presented as a primary statement

IAS 1 requires a statement of cash flows to be presented This was not previously required under UK GAAP

d) Reclassifications

The following reflects the key presentational changes which relate to the balance sheet

- Under UK GAAP, specific definitions exist for cash at bank and short term investments Under IFRS, a new category described as 'cash and cash equivalents' replaces the UK GAAP equivalent of cash at bank and in hand The definition of cash and cash equivalents results in a reclassification of certain amounts from short term investments into cash and cash equivalents

- Under UK GAAP, deferred tax assets are split into amounts falling due within one year and amounts falling due after more than one year IFRS requires all deferred tax asset balances to be shown as non-current

Summary of differences between UK GAAP and IFRS on loss for the period attributable to the equity shareholder

	2008/09 £'000
Loss for the period in accordance with UK GAAP	(99,092)
IFRS adjustments to finance income – Derivatives (IAS 32 and 39)	(2,065)
IFRS adjustments to taxation – Derivatives (IAS 32 and 39)	578
Loss for the period in accordance with IFRS	(100,579)

13. FINANCIAL INFORMATION UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS continued

Summary of differences between UK GAAP and IFRS on loss for the period attributable to the equity shareholder (continued)

	2009 £'000	2008 £'000
Shareholder's deficit for the period in accordance with UK GAAP	(257,026)	(157,934)
IFRS adjustments before taxation (IAS 32 and 39)	(112)	1,953
Deferred tax asset on Derivatives (IAS 32 and 39)	31	(547)
IFRS adjustments after taxation	(81)	1,406
Shareholder's deficit for the period in accordance with IFRS	(257,107)	(156,528)

14. RELATED PARTIES

	2009/10 **£'000**	2008/09 £'000
Ultimate parent company		
Recharge of costs	**156**	160
Net interest receivable	**2,106**	2,058
Funds transferred to	**(253,540)**	(50,164)
Other Group undertakings		
Funds (transferred to) / received from	**(84,598)**	595,513
Net interest payable	**(15,257)**	(21,259)

Recharge of costs with related parties comprise management charges for services provided by the ultimate parent

Amounts due from the ultimate parent of £431,275,000 (2009 £177,735,000 and 2008 £127,571,000) with maturity of 28 days (2008/09 28 days) bear interest between 1 5% to 4 25% (2008/09 between 1 5% and 6 25%) Amounts due from other group undertakings include amounts of £821,239,000 (2009 £956,002,000 and 2008 £1,186,892,000) with maturity between 7 to 90 days (2008/09 7 to 90 days) and bear interest between 1 5% and 4 4% (2008/09 2 25% to 6 25%)

Amounts due to other group undertakings include £1,401,619,000 (2009 £1,634,712,000 and 2008 £1,270,089,000) with maturity between 7 to 90 days (2008/09 7 to 90 days) and bear interest between 1 5% and 4 4% (2008/09 2 25% to 6 25%)

Key management personnel disclosures for short-term employee benefits are disclosed in note 3

15. PARENT COMPANY

The Company's immediate parent 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 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

16. POST BALANCE SHEET EVENT

On 12 May 2010, the ultimate parent company and Company itself, together with certain other DSG international group companies, signed a new revolving credit facility agreement (the New Facility) for £360 million The Company acts as a guarantor under this facility The New Facility came into effect on 7 July 2010, on which date it replaced the ultimate parent company's existing £400 million Facility which was duly cancelled At the earliest, the New Facility will mature on 15 August 2012 and the ability exists to extend the New Facility to 15 August 2013 in the event that the DSG international Group raises additional finance of a minimum of £100 million by November 2011