

TESCO WORLDWIDE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 FEBRUARY 2005



TESCO WORLDWIDE LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 52 weeks ended 26 February 2005.

Principal activities

The principal activity of the company is to act as an investment company.

Review of business and future developments

The company made a loss after tax of £7,842,868 in the period (2004: loss £4,934,743). The directors do not recommend the payment of a dividend (2004: £nil).

Directors and their interests

The following directors served during the year:

R S Ager	(resigned 15 March 2004)
M J Field	(resigned 31 May 2005)
L Neville-Rolfe	(appointed 15 March 2004)
J Lloyd	(appointed 31 May 2005)

None of the directors had any disclosable interests in the company during the year.

R S Ager is also a director of Tesco PLC, the company's ultimate parent company, and as such his disclosable interest in Tesco PLC is declared in the financial statements of that company.

For the directors who were not also directors of the ultimate parent company, their interests in the shares of Tesco PLC at the beginning of the year (or on appointment if later) and end of the year (or at resignation if earlier) are given below:

	Ordinary shares		2005	Share Options *		2004, or on appointment, if later
	2005	2004, or on appointment, if later		Granted	Exercised	
M J Field	95,943	40,837	123,769	35,174	(17,235)	105,830
L Neville-Rolfe	270,740	157,744	328,410	129,774	(167,025)	365,661

* Executive share option scheme (1984, 1994 and 1996) and savings related share option scheme (1981). Details of these schemes are set out in the annual report and financial statements of Tesco PLC.

TESCO WORLDWIDE LIMITED

DIRECTORS' REPORT

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year on a going concern basis that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 8 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

As approved by the Board on 9th November 2005



J Lloyd
Director

Tesco Worldwide Limited
Registered Number 3869778

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO WORLDWIDE LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

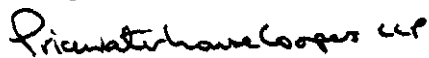
Basis of audit opinion

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 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 of the state of the company's affairs at 26 February 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

25th November 2005

TESCO WORLDWIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2005

	Note	2005 £	2004 £
Turnover		-	-
Provision against cost of investment	4	(7,842,857)	(4,934,743)
Administrative Expenses		(11)	-
Loss on ordinary activities before taxation		(7,842,868)	(4,934,743)
Tax on ordinary activities	3	-	-
Loss on ordinary activities after taxation		(7,842,868)	(4,934,743)
Retained loss for the financial year	7	(7,842,868)	(4,934,743)

The company had no recognised gains or losses other than those reflected in the profit and loss account above.

The notes on pages 6 to 8 form part of these financial statements.

TESCO WORLDWIDE LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	4	14,918,612	13,600,987
CURRENT ASSETS			
Debtors	5	-	4,299,013
CREDITORS: amounts falling due within one year			
Amounts due to parent undertaking		-	(16,457,203)
Bank		(11)	-
NET CURRENT LIABILITIES		(11)	(12,158,190)
NET ASSETS		14,918,601	1,442,797
CAPITAL AND RESERVES			
Called up share capital	6	34,593,816	13,275,144
Reserves	7	(19,675,215)	(11,832,347)
EQUITY SHAREHOLDER'S FUNDS	8	14,918,601	1,442,797

Approved by the Board on 9th November 2005


 J Lloyd
 Director

The notes on pages 6 to 8 form part of these financial statements.

TESCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2005

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable Accounting Standards under the historical cost convention.

In accordance with FRS 2, Group accounts are not prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in Great Britain.

In accordance with FRS 1 (revised), the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration is borne by another group company.

The company had no employees during the period (2004: nil).

Directors received no emoluments for their services to the company (2004: £nil).

3 TAXATION

	2005 £	2004 £
(a) Analysis of charge in year		
Current Tax :		
UK Corporation tax at 30% (2004 : 30%)	-	-
Tax on profit on ordinary activities	-	-
(b) Factors affecting tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Loss on ordinary activities before tax	(7,842,868)	(4,934,743)
Loss on ordinary activities at standard rate of corporation tax in the UK of 30% (2004: 30%)	(2,352,860)	(1,480,423)
Effects of :		
Items not deductible for tax purposes	2,352,857	1,480,423
Group Relief surrendered without payment	3	-
Current tax charge for the year	-	-

TESCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2005 (continued)

4 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2005 £	2004 £
Balance at beginning of the year:	13,600,987	15,100,000
Acquisitions at cost :	9,160,482	3,435,730
Provision against carrying value	(7,842,857)	(4,934,743)
	14,918,612	13,600,987

The company holds the entire issued share capital of Tesco International BV, an investment company incorporated in the Netherlands. The cost of the investment was £34,593,816 (2004: £25,433,334). A provision against the carrying value of £7,842,857 was made in 2005 (2004: £4,934,743) which leaves the carrying value of the investment as £14,918,612.

5 DEBTORS

	2005 £	2004 £
Amounts owed by group undertakings	-	4,299,013
Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.		

6 CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised:		
35,447,992 (2004: 28,456,203) ordinary shares of £1 each	35,447,992	28,456,203
Called up, allotted and fully paid :		
34,593,816 (2004: 13,275,144) ordinary shares of £1	34,593,816	13,275,144

7 RESERVES

	Profit & loss account £
Balance at 1 March 2004	(11,832,347)
Loss for the financial period	(7,842,868)
Balance at 26 February 2005	(19,675,215)

TESCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2005 (continued)

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2005	2004
	£	£
Opening shareholder's funds	1,442,797	(1,357,203)
New share capital subscribed	21,318,672	7,734,743
Loss for the year	(7,842,868)	(4,934,743)
Closing shareholder's funds	14,918,601	1,442,797

9 PARENT COMPANY

The ultimate parent company is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the group financial statements can be obtained from The Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire EN8 9SL.

10 RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated accounts of Tesco PLC, in which the company is included, are available at the address noted above.

11 FINANCIAL SUPPORT

The ultimate parent company has indicated that it will provide such financial support as the company may require to the company for the foreseeable future.