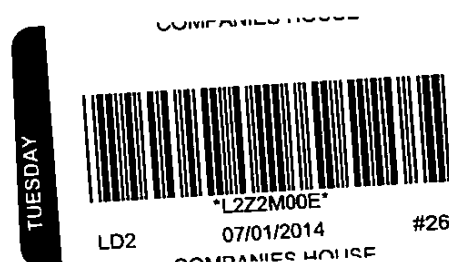


Company Registration No.3891149

DSG EUROPEAN INVESTMENTS LIMITED

Annual Report and Financial Statements

year ended 30 April 2013



DSG EUROPEAN INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

CONTENTS

Page

Directors' report 1

Statement of directors' responsibilities 3

Independent auditor's report 4

Income statement 6

Balance sheet 7

Cash flow statement 8

Statement of changes in equity 8

Notes to the financial statements 9

DSG EUROPEAN INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2013. Comparative figures are for the 52 weeks ended 28 April 2012.

PRINCIPAL ACTIVITY

The Company is the holding company of a group of subsidiaries whose principal activities are the retail sale of high technology consumer electronics, personal computers, domestic appliances, photographic equipment, communication products and related financial and after-sales services. The Company's subsidiaries also undertake business to business sales in the computer and communication sectors and also provide financial and other related services and investment in other Dixons Retail plc subsidiary companies.

BUSINESS REVIEW AND RESULTS

Objective and strategy

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

Principal risk to achieving the Company's objective

Impairment risk

The Company holds equity investments in other subsidiary companies of Dixons Retail plc. The principal risk faced by the Company is an impairment in the value of these subsidiaries. A review is carried out at least annually to identify any such impairment. During the period additional capital was made available to fund the development of overseas businesses.

Results and financial position

The results of the Company are shown on page 6 and mainly comprise interest on loans to and from subsidiary companies. The assets of the Company comprise mainly investments in its subsidiary companies. The financial position of the Company at the period end was satisfactory.

DIVIDENDS

The directors recommend that no dividend be paid (2011/12 £nil).

DIRECTORS

The directors of the Company throughout the period were

H C Grantham
E J C Leigh
D M E Page
H S M Singer
J J L Smith

**Date of
resignation**

8 February 2013

Unless otherwise indicated, the directors served throughout the period.

DSG EUROPEAN INVESTMENTS LIMITED DIRECTORS' REPORT

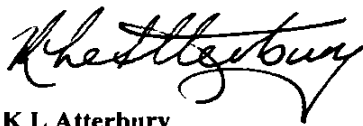
AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

Deloitte LLP are willing to continue in office as auditor of the Company and pursuant to section 487 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 auditor is 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 auditor is aware of that information

By Order of the Board



K L Atterbury
signed on behalf of DSG Corporate Services Limited

Corporate Company Secretary

\ August 2013

Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG
Company Registration No 3891149

DSG EUROPEAN INVESTMENTS 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.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud or any other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DSG EUROPEAN INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the member of DSG European Investments Limited

We have audited the financial statements of DSG European Investments Limited for the year ended 30 April 2013 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 presentation 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 auditor's 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 auditor

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 April 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs 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.

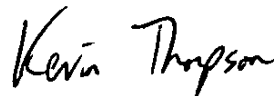
DSG EUROPEAN INVESTMENTS LIMITED INDEPENDENT AUDITOR'S REPORT

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



Kevin Thompson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
| August 2013

DSG EUROPEAN INVESTMENTS LIMITED
INCOME STATEMENT
For the year ended 30 April 2013

		2012/13			2011/12		
	Note	Underlying results £'000	Non- underlying* items £'000	Total £'000	Underlying results £'000	Non- underlying* items £'000	Total £'000
Operating loss	2	(381)	-	(381)	(356)	(232,602)	(232,958)
Income from shares in group undertakings		146	-	146	-	-	-
Finance income	5	765	-	765	8,584	-	8,584
Finance costs	5	(28,228)	(137)	(28,365)	(27,487)	(140)	(27,627)
Net finance costs		(27,463)	(137)	(27,600)	(18,903)	(140)	(19,043)
Loss before tax		(27,698)	(137)	(27,835)	(19,259)	(232,742)	(252,001)
Income tax charge	6	-	-	-	(1,351)	-	(1,351)
Loss for the period		(27,698)	(137)	(27,835)	(20,610)	(232,742)	(253,352)

All operating losses are 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

* Non-underlying items comprise business impairment charges and fair value remeasurements of financial instruments. Further information on such items is shown in note 3

DSG EUROPEAN INVESTMENTS LIMITED
BALANCE SHEET
As at 30 April 2013

	Note	2013 £'000	2012 £'000	2011 £'000
Non-current assets				
Investments	7	417,911	405,894	569,629
Deferred tax asset	6	-	-	1,351
		<u>417,911</u>	<u>405,894</u>	<u>570,980</u>
Current assets				
Trade and other receivables	8	-	6,730	28
Total assets		<u>417,911</u>	<u>412,624</u>	<u>571,008</u>
Current liabilities				
Trade and other payables	9	(685,712)	(652,590)	(556,064)
Net current liabilities		<u>(685,712)</u>	<u>(645,860)</u>	<u>(556,036)</u>
Non-current liabilities				
Trade and other payables	9	-	-	(1,558)
Total liabilities		<u>(685,712)</u>	<u>(652,590)</u>	<u>(557,622)</u>
Net (liabilities) / assets		<u>(267,801)</u>	<u>(239,966)</u>	<u>13,386</u>
Capital and reserves				
Called up share capital	11	528,000	528,000	528,000
Retained earnings		(795,801)	(767,966)	(514,614)
Total equity		<u>(267,801)</u>	<u>(239,966)</u>	<u>13,386</u>

These financial statements were approved by the directors on / August 2013 and signed on their behalf by


D M E Page

Director

DSG EUROPEAN INVESTMENTS LIMITED
CASH FLOW STATEMENT
For the year ended 30 April 2013

	Note	2012/13 £'000	2011/12 £'000
Operating activities			
Cash generated from operations	12	32,569	43,912
Net cash flows from operating activities		<u>32,569</u>	<u>43,912</u>
Investing activities			
Investment in subsidiary undertakings		(12,779)	(17,430)
Return of capital		899	-
Dividends received		9	-
Interest received		7,355	159
Net cash flows from investing activities		<u>(4,516)</u>	<u>(17,271)</u>
Financing activities			
Interest paid		(28,053)	(26,641)
Net cash flows from financing activities		<u>(28,053)</u>	<u>(26,641)</u>
Decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period	12	-	-
Cash and cash equivalents at end of period	12	<u>-</u>	<u>-</u>

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2013

	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 May 2011	528,000	(514,614)	13,386
Loss for the period	-	(253,352)	(253,352)
As at 28 April 2012	528,000	(767,966)	(239,966)
Loss for the period	-	(27,835)	(27,835)
At 30 April 2013	<u>528,000</u>	<u>(795,801)</u>	<u>(267,801)</u>

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. ACCOUNTING POLICIES

1.1 Basis of preparation

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. 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 Company's income statement identifies separately underlying performance measures and non-underlying items. Underlying performance measures reflect an adjustment to total performance measures to exclude the impact of non-underlying items. Underlying performance measures comprise profits and losses incurred as part of the day-to-day ongoing activities of the Company. The directors consider 'underlying' performance measures to be a more accurate reflection of the core activities of the Company and believe that these measures provide additional useful information for shareholders on the Company's performance and are consistent with how business performance is measured internally.

Non-underlying items may comprise business impairment charges and other one off, non-recurring items, profit on sale of investments and fair value remeasurements of financial instruments. Items excluded from underlying results can evolve from one financial year to the next depending on the nature of re-organisation or one-off type activities described above.

Historically, the Company has prepared its financial statements to the Saturday closest to its accounting reference date of 30 April, meaning that financial periods have been for 52 week and occasionally 53 week periods. For 2012/13, the Company has drawn up its accounts to 30 April 2013 and future accounting periods will also end on 30 April.

The financial statements include the results of the Company for the year ended 30 April 2013. Comparative figures are for the 52 weeks ended 28 April 2012. 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 Investments and other 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 8. Under the classifications stipulated by IAS 39 trade and other receivables are classified as "loans and receivables". Cash and cash equivalents, which comprises cash at bank, are classified as "loans and receivables". Derivative financial instruments, which are described further in note 1.6 below, are classified as "held for trading unless designated in a hedge relationship".

Investments

Investments are stated at cost less any provision for impairment in value.

Other receivables

Other receivables, which comprise amounts due from subsidiary and group undertakings, 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.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

1. ACCOUNTING POLICIES continued

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. Deferred tax is charged or credited in the income statement.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, 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 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 note 9. Under the classifications stipulated by IAS 39, other payables are classified as "financial liabilities measured at amortised cost". Derivative financial instruments, which are described further in note 1.6 below, are classified as "held for trading unless designated in a hedge relationship".

Other payables

Other payables are recorded at cost.

1.6 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.

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.

1.7 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. These relate to valuation of investments as set out below.

Investment impairment reviews

Investments are reviewed on an ongoing basis to determine whether any potential impairment exists. Such calculations require judgement relating to the appropriate discount factors and long term growth prevalent in a particular market as well as short and medium term business plans. The directors draw upon experience as well as external resources in making these judgements.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

2. OPERATING LOSS

The operating loss comprises administrative expenses

Operating loss is stated after charging	2012/13	2011/12
	£'000	£'000
Auditor's remuneration – audit fees	12	12
	<u> </u>	<u> </u>

3. NON-UNDERLYING ITEMS

	Note	2012/13	2011/12
		£'000	£'000
Included in operating loss:			
Business impairment charges	(i)	-	(232,602)
Included in net finance costs:			
Net fair value remeasurement of financial instruments	(ii)	<u>(137)</u>	<u>(140)</u>
Total impact on loss after tax		<u>(137)</u>	<u>(232,742)</u>

(i) 2011/12 Business impairment charges related to the Company's investment in Unieuro S p A of £181.2 million (see note 7) and the write off of a group intercompany loan of £51.4 million with PC City Spain S A.U, which was provided during that period, following the closure of PC City Spain operations in June 2011

(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 Dixons Retail plc group treasury policy whereby early settlement in the majority of cases would amount to speculative use of derivatives.

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2011/12 none). The directors received no remuneration for services to the Company during the period (2011/12 £nil).

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

5. NET FINANCE COSTS

	2012/13	2011/12
	£'000	£'000
Remeasurement of financial instruments on an accruals basis	559	8,425
Interest receivable from group undertakings	206	159
Finance income	765	8,584
Interest payable to group undertakings	(28,053)	(26,638)
Bank loans, overdrafts and other interest payable – foreign exchange losses	(175)	(846)
Bank loans, overdrafts and other interest payable - other	-	(3)
Fair value remeasurement losses on financial instruments	* (137)	(140)
Finance costs	(28,365)	(27,627)
Net finance costs	(27,600)	(19,043)
Underlying net finance costs	(27,463)	(18,903)

Underlying net finance costs exclude items marked * See note 3 for a description of such items

6. TAX

(a) Income tax

	2012/13	2011/12
	£'000	£'000
Current tax:		
UK corporation tax at 23.92% (2011/12 25.85%)	-	-
Deferred tax:		
Adjustment in respect of earlier periods	-	1,351
Income tax charge	-	1,351

The UK corporation tax rate for the period was 24% for the period up to 31 March 2013 and 23% thereafter (2011/12 26% for the period up to 31 March 2012 and 24% thereafter)

A reconciliation of the notional to the actual income tax charge is set out below

	2012/13	2011/12
	£'000	£'000
Loss before tax	(27,835)	(252,001)
Tax on loss at UK corporation tax rate of 23.92% (2011/12 25.85%)	(6,658)	(65,142)
Business impairment charges	-	60,128
Group relief surrendered free of charge	6,820	7,151
Foreign exchange movements not subject to tax	(129)	(2,137)
Non-taxable income from Group undertakings	(33)	-
Adjustment in respect of earlier periods	-	1,351
Income tax charge	-	1,351

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

6 TAX continued

(b) Deferred tax

	Losses carried forward
	£'000
As at 1 May 2011	1,351
Charged to the income statement	(1,351)
	<hr/>
At 28 April 2012	-
	<hr/>
At 30 April 2013	-
	<hr/> <hr/>

7. INVESTMENTS

	2013	2012
	£'000	£'000
Investments in subsidiary undertakings		
Cost		
At beginning of period	1,028,361	1,010,931
Additions	12,779	17,430
Return of capital	(762)	-
	<hr/>	<hr/>
At end of period	1,040,378	1,028,361
	<hr/> <hr/>	<hr/> <hr/>
Impairment		
At beginning of period	622,467	441,302
Charge in period	-	181,165
	<hr/>	<hr/>
At end of period	622,467	622,467
	<hr/> <hr/>	<hr/> <hr/>
Net book value at end of period	417,911	405,894
	<hr/> <hr/>	<hr/> <hr/>

Additions in the current period relate to capital injections in Unieuro S p A (Italy) and Electro World İç ve Dış Ticaret A Ş. Additions in the prior period relate to capital injections in Unieuro S p A.

The return of capital relates to Electro World (Wholesale) s r o , a company registered in the Czech Republic where the Company owns 10% of the share capital with the other 90% owned by another Dixons Retail plc subsidiary company.

The impairment charge in 2011/12 related to Unieuro S p A as a result of the increased macro-economic uncertainties, which had contributed to further weakness in the Italian economy, together with an expectation that growth in the Italian economy would be significantly less than previously forecast. Impairment charges were calculated by comparing the carrying value of this investment to the recoverable amount, represented by the value in use to the Company. Value in use was calculated by applying discounted cash modelling to management's five year projections, using a pre tax discount rate of 11.8%.

Details of the principal subsidiary undertakings are set out in note 16.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

8. TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000	2011 £'000
Derivative financial instruments	-	6,727	-
Amounts due from subsidiary undertakings	-	3	28
	<u>-</u>	<u>6,730</u>	<u>28</u>

The carrying amount of trade and other receivables approximates fair value. There are no past-due or impaired receivable balances (2012 and 2011 £nil)

9. TRADE AND OTHER PAYABLES

	2013 Current £'000	2012 Current £'000	2011 Current £'000	2011 Non-current £'000
Amounts due to group undertakings	685,712	652,590	556,064	-
Derivative financial instruments	-	-	-	1,558
	<u>685,712</u>	<u>652,590</u>	<u>556,064</u>	<u>1,558</u>

The carrying amount of trade and other payables approximates their fair value

10. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Dixons Retail plc treasury function provides services to the Company. It monitors and manages the treasury risks to which the Company is exposed, 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 with other members of the Dixons Retail plc group of companies to manage foreign exchange risk.

Capital risk management

The Company maintains its capital structure to ensure that it is able to continue as a going concern.

(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 8 and 9, respectively. The categories of financial assets and liabilities and their related accounting policy are set out in notes 1.3 and 1.5.

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".

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

10. FINANCIAL INSTRUMENTS continued

(b) Fair values of financial assets and liabilities continued

Fair values of derivatives by designation

	2013 £'000	2012 £'000	2011 £'000
Trade and other receivables – current	-	6,727	-
Trade and other payables – non-current	-	-	1,558

During 2010/11, the Company entered into foreign exchange currency swaps with other members of the Dixons Retail plc group of companies in order to manage the foreign exchange risk of Dixons Retail plc and its subsidiaries. These hedges had a nominal sterling equivalent notional value of £101,964,000 and were settled at their fair value on 15 November 2012, their maturity date.

These hedges were not designated as hedges under the rules stipulated by IAS 39, and consequently, fair value gains or losses were taken to the income statement.

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

The Company is exposed to exchange movements on translated values of foreign currency assets and liabilities. The Company's principal translation currency exposures are the euro.

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. At 30 April 2013 the Company had £nil (2012 and 2011 £nil) of cash and cash equivalents which was denominated in euros and bore interest at floating rates. The Company is also exposed to interest rate risk on receivables and payables from other subsidiaries of Dixons Retail plc as set out in note 14.

(d) Sensitivity analysis

The following analysis, required by IFRS 7, shows the sensitivity of the loss before tax and total equity to changes in specified market variables on monetary assets and liabilities as listed below. As a consequence, the sensitivity reflects the position as at 30 April 2013 and 28 April 2012, 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. The analysis is calculated assuming a reasonably possible change in the Company's key exposure to foreign currency of the euro, with other variables held constant and the balance of monetary assets and liabilities held constant for the whole year. A 10% increase in exchange rates would have a negative effect on loss before tax and equity of £nil (2011/12 negative effect of £10,717,000). A 10% decrease would have an equal and opposite effect.

Changes in interest rates affect the Company's loss before tax, due to the impact of amounts due to or from subsidiary undertakings and cash balances, which bear interest at floating rate. The analysis is calculated assuming a reasonably possible change in interest rates and that the balance is held constant for the whole year. A 1% increase in interest rates would have a negative effect on loss before tax and equity of £6,857,000 (2011/12 negative effect of £6,461,000). A 1% decrease would have an equal and opposite effect.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

10. FINANCIAL INSTRUMENTS continued

(e) Liquidity risk

The Company manages liquidity risk via Dixons Retail plc's treasury operations using sources of financing from other Dixons Retail plc subsidiary 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 contractual undiscounted cash flows of non-derivative financial liabilities equals their carrying value and are due within one year.

There were no derivative financial assets or liabilities at 30 April 2013. The contractual undiscounted cash flows of derivative financial assets and liabilities at 28 April 2012 and 30 April 2011 were as follows:

	2013		2011	
	In less than one year £'000	Carrying value £'000	In more than one year but not more than five years £'000	Carrying value £'000
Derivative contracts - inflows	103,942	103,184	101,964	103,966
- outflows	(96,915)	(96,457)	(103,800)	(105,524)
	<u>7,027</u>	<u>6,727</u>	<u>(1,836)</u>	<u>(1,558)</u>

(f) Credit risk

The Company's exposure to credit risk on trade and other receivables arises from the non-performance of counterparties, the significant portion of which are other Dixons Retail plc subsidiaries, with a maximum exposure equal to the book value of these assets. Further information on these exposures is shown in notes 8 and 14.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

11. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000	2011 £'000
Authorised			
750,000,000 ordinary shares of £1 each	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Allotted and fully paid			
528,000,001 ordinary shares of £1 each	<u>528,000</u>	<u>528,000</u>	<u>528,000</u>

12. NOTES TO THE CASH FLOW STATEMENT

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

	2012/13 £'000	2011/12 £'000
Operating loss	(381)	(232,958)
Business impairment charges	-	232,602
Operating cash flows before movements in working capital	<u>(381)</u>	<u>(356)</u>
Movements in working capital		
Increase in trade and other receivables	(172)	(52,258)
Increase in trade and other payables	<u>33,122</u>	<u>96,526</u>
	<u>32,950</u>	<u>44,268</u>
Cash generated from operations	<u>32,569</u>	<u>43,912</u>

(b) Analysis of net funds/(debt)

As at 30 April 2013 the Company had £nil net funds or debt (2012 and 2011 £nil)

13. CONTINGENT LIABILITIES

	2013 £'000	2012 £'000	2011 £'000
Guarantees in respect of ultimate parent company borrowings			
8 75% Guaranteed Notes 2015	100,561	150,000	150,000
8 75% Guaranteed Notes 2017	150,000	-	-
Drawings on Amended Facility (2012 and 2011 £360 million Facility)	-	-	130,000
	<u>250,561</u>	<u>150,000</u>	<u>280,000</u>

The ultimate parent company and the Company itself, together with certain other Dixons Retail plc subsidiary companies, are parties to a revolving credit facility agreement (the Amended Facility) for £225 million. The Company acts as a guarantor under this facility. The Amended Facility replaced the £360 million revolving credit facility agreement (the £360 million Facility) for which the Company was also previously a guarantor.

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

14. RELATED PARTIES

	2012/13	2011/12
	£'000	£'000
Ultimate parent company		
Recharge of costs	(368)	(347)
Subsidiary undertakings		
Interest receivable	206	159
Other group undertakings		
Interest payable	(28,053)	(26,572)

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

Amounts due from / to group undertakings are repayable within one month on a renewable rolling basis and bear interest at 4 25% (2012 4 25%)

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

15. PARENT COMPANY

The Company's immediate parent and controlling entity is DSG Overseas Investments Limited

The Company's ultimate parent and controlling entity is Dixons Retail plc, which is incorporated in Great Britain and is registered in England and Wales. Dixons Retail 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. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings at 30 April 2013 are listed below

DSG Retail Norway AS (Norway)
Elkjøp Norge AS (Norway) *
El Giganten AB (Sweden)*
El Giganten A/S (Denmark)*
Gigantti OY (Finland)*
Unieuro S p A (Italy)
Electro World İç ve Dış Ticaret A Ş (Turkey) (60%)*

* Indirect subsidiaries of the Company

Unless otherwise indicated, all principal subsidiary undertakings are wholly owned

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

In the opinion of the directors the aggregate value of the shares in and amounts due from the Company's subsidiary undertakings are not less than the aggregate of the amounts at which these assets are included in the Company's balance sheet