

DSG EUROPEAN INVESTMENTS LIMITED

Annual Report and Financial Statements

52 weeks ended 2 May 2009



DSG EUROPEAN INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2009

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DSG EUROPEAN INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 May 2009. Comparative figures are for the 53 weeks ended 3 May 2008.

PRINCIPAL ACTIVITY

The Company is the holding company of a group whose principal activities are retailing and the provision of financial and other related services and investment. The directors anticipate that these activities and the financial position of the Company will be maintained.

BUSINESS REVIEW AND RESULTS

The Company holds equity investments in other subsidiary companies of the DSG international plc Group. 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. With the exception of the impairment of the Company's investment in PC City Sverige AB, following the decision to close the store operations of this business, no other impairments arose from this review. During the period no further direct acquisitions were made but additional capital was made available to fund development of overseas businesses. The assets of the Company also comprise intra-group debtors. The position of the Company at the period end was satisfactory.

The results of the Company are shown on page 5 and mainly comprises interest on loans to and from subsidiary companies. The assets of the Company comprise mainly investments in its subsidiary companies and intra-group debtors. The financial position of the Company at the period end was satisfactory.

DIVIDENDS

The directors recommend that no dividend be paid (2007/08 £nil).

DIRECTORS

The directors of the Company during the period were:

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

**Date of
appointment**

13 March 2009

Unless otherwise stated, the directors served throughout the period.

DSG EUROPEAN INVESTMENTS LIMITED DIRECTORS' REPORT

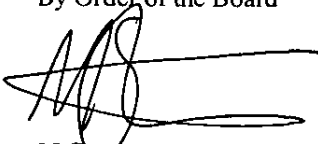
AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

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

A handwritten signature in black ink, appearing to be 'M Stevens', written over a horizontal line.

M Stevens

Secretary

6 August 2009

Registered office:
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

DSG EUROPEAN INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the directors' report and the financial statements and have chosen to prepare such financial statements under UK Generally Accepted Accounting Practices (UK GAAP).

The directors are required by UK company law to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company, in accordance with UK GAAP, as at the end of each financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable UK accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and compliance of the financial statements with the Companies Act 2006. The directors are also responsible for the safeguard of the assets of the Company and hence for taking reasonable steps to prevent and detect fraud or any other irregularities.

DSG EUROPEAN INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the member of DSG European Investments Limited

We have audited the financial statements of DSG European Investments Limited for the 52 weeks ended 2 May 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's funds and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) (UK GAAP).

This report is made solely to the Company's member, in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the member those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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 2 May 2009 and of its loss for the period then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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:

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



Peter O'Donoghue FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

11 August 2009

DSG EUROPEAN INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
For the 52 weeks ended 2 May 2009

	Note	2008/09 £'000	2007/08 £'000
Operating loss	2	(233)	(52)
Amount written off fixed asset investment	6	(4,379)	(308,748)
Net interest	3	(2,022)	46,366
Loss on ordinary activities before taxation		(6,634)	(262,434)
Taxation on loss on ordinary activities	5	1,709	-
Loss for the period	10	(4,925)	(262,434)

All operating losses are derived from continuing operations in the UK.

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

DSG EUROPEAN INVESTMENTS LIMITED
BALANCE SHEET
As at 2 May 2009

	Note	£'000	2009 £'000	£'000	2008 £'000
Fixed assets					
Investments	6		513,112		297,459
Current assets					
Debtors	7	73,139		98,590	
Cash at bank and in hand		113		92	
		<u>73,252</u>		<u>98,682</u>	
Creditors: amounts falling due within one year	8	<u>(408,704)</u>		<u>(213,556)</u>	
Net current liabilities			<u>(335,452)</u>		<u>(114,874)</u>
Total assets less current liabilities			<u>177,660</u>		<u>182,585</u>
Capital and reserves					
Called up share capital	9		528,000		528,000
Profit and loss account	10		<u>(350,340)</u>		<u>(345,415)</u>
Equity shareholder's funds			<u>177,660</u>		<u>182,585</u>

These financial statements were approved by the directors on 6 August 2009 and signed on their behalf by:


D M E Page

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and applicable accounting standards. After making due enquiry, on the basis of current financial projections, 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 principal accounting policies are set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements are for the 52 weeks ended 2 May 2009. Comparative figures are for the 53 weeks ended 3 May 2008.

1.2 Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairment in value.

1.3 Foreign exchange

Exchange differences arising from foreign exchange transactions are included in profit on ordinary activities before taxation at the rate ruling on the transaction date. Exchange differences arising on assets and liabilities are taken to the profit and loss account at the rate ruling at the balance sheet date.

1.4 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available.

2. OPERATING LOSS

	2008/09 £'000	2007/08 £'000
Administrative expenses	(233)	(445)
Foreign exchange gains (non-interest)	-	393
	<u>(233)</u>	<u>(52)</u>
Operating loss		
Operating loss is stated after charging:		
Auditors' remuneration – audit fees	<u>12</u>	<u>12</u>

3. NET INTEREST

	2008/09 £'000	2007/08 £'000
Interest receivable and similar income:		
Interest receivable and similar income from group undertakings	2,391	13,292
Foreign exchange gains on translation	<u>7,285</u>	<u>42,280</u>
	9,676	55,572
Interest payable and similar charges:		
Interest payable on loans from group undertakings	(11,657)	(9,189)
Interest payable on bank loans, overdrafts and other third party loans repayable within five years	<u>(41)</u>	<u>(17)</u>
	(11,698)	(9,206)
Net interest	<u>(2,022)</u>	<u>46,366</u>

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2007/08 none). The directors received no remuneration for services to the Company during the period (2007/08 £nil).

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2008/09 £'000	2007/08 £'000
Current taxation:		
UK corporation tax at 28% (2007/08 29.84%)	2	-
Adjustment in respect of earlier periods		
- Corporation tax	(1,711)	-
	<u>(1,709)</u>	<u>-</u>
Current taxation on loss on ordinary activities	<u>(1,709)</u>	<u>-</u>
A reconciliation of the notional current taxation (credit)/charge to the actual taxation is set out below:		
Loss on ordinary activities at UK statutory rate of 28% (2007/08 29.84%)	(1,858)	(78,310)
Amount written off investments	1,227	92,130
Group relief received free of charge	633	(13,820)
Adjustment in respect of earlier periods	(1,711)	-
	<u>(1,709)</u>	<u>-</u>
Current taxation credit on loss on ordinary activities	<u>(1,709)</u>	<u>-</u>

The UK Corporation tax rate for the prior period was 30% for the period up to 31 March 2008 and 28% thereafter.

6. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000
Cost	
At 4 May 2008	707,752
Additions	220,032
	<u>927,784</u>
At 2 May 2009	<u>927,784</u>
Impairment	
At 4 May 2008	410,293
Charge in period	4,379
	<u>414,672</u>
At 2 May 2009	<u>414,672</u>
Net book value	
At 2 May 2009	<u>513,112</u>
At 3 May 2008	<u>297,459</u>

Following the announcement of the closure of the store operations of PC City Sverige AB, the carrying value of the Company's investment in this business has been written down to £nil resulting in an impairment charge of £4.4 million.

Details of the principal subsidiary undertakings are set out in note 13.

7. DEBTORS

	2009 £'000	2008 £'000
Amounts due from subsidiary undertakings	<u>73,139</u>	<u>98,590</u>

DSG EUROPEAN INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Amounts due to group undertakings	408,692	211,833
Corporation tax	-	1,711
Accruals and deferred income	12	12
	<u>408,704</u>	<u>213,556</u>

9. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
750,000,000 ordinary shares of £1 each	<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>

10. PROFIT AND LOSS ACCOUNT

	£'000
At 4 May 2008	(345,415)
Loss for the period	<u>(4,925)</u>
At 2 May 2009	<u>(350,340)</u>

11. RELATED PARTY DISCLOSURE

The Company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other wholly owned undertakings which are members of the DSG international plc Group (the Group). The Company had no transactions in either the current or prior periods with members of the Group which are not wholly owned.

12. PARENT COMPANY

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

DSG EUROPEAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings at 2 May 2009 are listed below:

DSG Retail Norway AS (Norway)
Elkjøp Norge AS (Norway) *
El Giganten AB (Sweden)*
El Giganten A/S (Denmark)*
Gigantti OY (Finland)*
PC City Spain S.A.U. (Spain)
UniEuro S.p.A. (Italy)

* Indirect subsidiaries of the Company

All principal subsidiary undertakings are wholly owned and operate in their country of incorporation as indicated above.

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.