


COMPANY NUMBER: FC024474

J SAINSBURY FINANCE LLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 February 2006

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**J Sainsbury Finance LLC
Report of the Directors
for the 52 weeks ended 25 February 2006**

Principal activities and review of business

The company was incorporated on 8 April 2003 under the laws of the state of Delaware. The principal activity of the Company is to act as an intermediate holding Company on behalf of its ultimate parent undertaking, J Sainsbury plc. The company owns 100% of the issued shares of Stamford Finance LLC, a company incorporated under the laws of the state of Delaware.

J Sainsbury Finance LLC
Profit and loss account
for the 52 weeks ended 25 February 2006

	Note	2006 US\$	2005 US\$
Net interest payable and similar items	2	(18,481,553)	(44,848,570)
Operating loss on ordinary activities before tax		(18,481,553)	(44,848,570)
Tax on loss on ordinary activities	3	-	-
Loss for the financial period		(18,481,553)	(44,848,570)

J Sainsbury Finance LLC
Balance sheet
as at 25 February 2006 and 26 February 2005

	Note	2006 US\$	2005 US\$
Fixed assets			
Investment in subsidiary undertaking	4	2,014,885,500	2,014,885,500
Current assets			
Advances to subsidiary undertakings due within one year		45,974	45,974
Amount due from parent undertaking due within one year		91,448	91,448
Cash at bank and in hand		-	-
		137,422	137,422
Current Liabilities			
Interest due to fellow subsidiary undertaking		-	-
Loan from fellow subsidiary undertaking due after more than one year		-	(1,286,840,000)
		-	(1,286,840,000)
Net current assets / (liabilities)		137,422	(1,286,702,578)
Total assets less current liabilities		2,015,022,922	728,182,922
Capital and reserves			
Share capital - Common shares	5	3,123,535	1,058,020
Share capital - Class A shares	5	41,075,720	41,075,720
Share premium	6	2,069,122,801	765,866,763
Profit and loss account	6	(98,299,134)	(79,817,581)
Shareholders' funds	7	2,015,022,922	728,182,922

J Sainsbury Finance LLC
Notes to the financial statements
for the 52 weeks ended 25 February 2006

1 Accounting policies and estimates

The significant accounting policies and estimates adopted by the company are as follows:

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and the accounting policies set out below. The financial period represents the 52 weeks ended 25 February 2006. The prior year represents the 52 weeks ended to 26 February 2005.

Consolidation

The company does not prepare consolidated financial statements as it is a wholly owned subsidiary and its ultimate holding company prepares consolidated financial statements incorporating the financial statements of the company.

Shares in subsidiary undertakings

Shares in subsidiary undertakings are valued at cost less impairment.

Interest expense

Interest expense has been charged to the profit and loss account on an accruals basis.

2 Net interest payable and similar items

	2006 US\$	2005 US\$
Interest payable to fellow subsidiary undertaking	18,481,553	44,848,570
Bank interest receivable	-	-
	18,481,553	44,848,570

3 Tax on profit on ordinary activities

	2006 £000	2005 £000
UK corporation tax at 30% (2005: 30%)	-	-
Adjustments in respect of prior periods - UK	-	-
Tax on profit on ordinary activities	-	-

A reconciliation of the standard tax rate to the effective tax rate is as follows:

	2006 %	2005 %
Standard tax rate	30.0	30.0
Group relief surrendered for no consideration	(30.0)	(30.0)
Adjustments in respect of prior periods	-	-
Effective tax rate	-	-

4 Investment in subsidiary undertaking

	2006 US\$	2005 US\$
Investment in shares of Stamford Finance LLC	2,014,885,500	2,014,885,500

J Sainsbury Finance LLC
Notes to the financial statements
for the 52 weeks ended 25 February 2006

5 Share capital

	Common shares US\$	Class A Shares US\$
At 26 February 2005	1,058,020	41,075,720
Shares issued during the year	2,065,515	-
At 25 February 2006	3,123,535	41,075,720

6 Reserves

	Share premium US\$	Profit and loss account US\$
At 26 February 2005	765,866,763	(79,817,581)
Retained loss for the financial year	-	(18,481,553)
Premium on issue of shares	1,303,256,038	-
At 25 February 2006	2,069,122,802	(98,299,134)

7 Reconciliation of shareholders' funds

	US\$
At 26 February 2005	728,182,922
Retained loss for the financial year	(98,299,134)
Net proceeds from issue of share capital	1,305,321,553
At 25 February 2006	2,015,022,922

8 Ultimate parent company

The immediate and ultimate parent company is J Sainsbury plc, a company incorporated in the United Kingdom.