

CAYMAN ISLANDS COMPANY NUMBER: WK-134589
BRANCH NUMBER: FC 025390

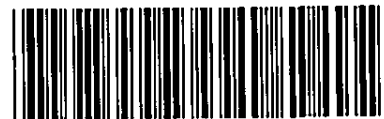
HOLBORN FUNDING LIMITED

**NON-STATUTORY ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE 52 WEEKS TO 22 MARCH 2008

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**Holborn Funding Limited
Directors' Report
for the 52 weeks to 22 March 2008**

The Directors present their report and the audited non-statutory financial statements of Holborn Funding Limited ('the Company') for the 52 weeks to 22 March 2008.

Principal activities and review of business

The principal activity of the Company during the period was the lending of monies to other member companies of the J Sainsbury plc group.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of J Sainsbury plc group ('the Group') and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on page 17 of the J Sainsbury plc Annual Report and Financial Statements 2008 which do not form part of this report.

Future developments

No change is planned in the activities of the Company in the next financial year.

Results and dividends

The Company's profit for the financial period amounted to £38,665,000 (2007: £36,590,000).

The Directors do not recommend the payment of a dividend (2007: £nil).

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors

The Directors of Holborn Funding Limited who held office during the financial year are shown below:

R J Learmont	
Sainsburys Corporate Director Limited	(appointed 18 May 2007)
G Willits	(resigned 18 May 2007)

Directors' and Officers' insurance

The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2007, which was renewed for 2008/09. The insurance does not provide cover in the event that the Director or Officer is proved to have acted fraudulently.

Disclosure of information to auditors

Each of the Directors confirms that, so far as he/she is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information

Independent auditors and AGM

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. There is no requirement on the Company to hold an Annual General Meeting.

Holborn Funding Limited

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the non-statutory Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare non-statutory financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The non-statutory 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 or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board:



Hazel Jarvis
Company Secretary
Date: 8 December 2008

Holborn Funding Limited

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HOLBORN FUNDING LIMITED

We have audited the non-statutory financial statements of Holborn Funding Limited for the 52 weeks to 22 March 2008 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. These non-statutory financial statements have been prepared under the accounting policies set out therein.

These non-statutory financial statements were prepared solely for the purposes of management of the Company's affairs, have not been prepared under section 226 of the Companies Act 1985 and are not the Company's statutory financial statements.

Respective responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the non-statutory Annual Report and financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the non-statutory financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Directors for management purposes in accordance with our engagement letter dated 1 December 2008 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 into whose hands it may come including without limitation under any contractual obligations of the Company save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the non-statutory financial statements give a true and fair view.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited non-statutory financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the non-statutory financial statements. Our responsibilities do not extend to any other information.

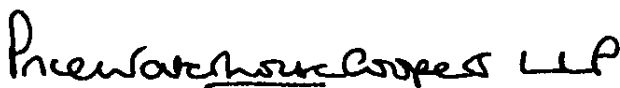
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the non-statutory financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the non-statutory 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 non-statutory 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 non-statutory financial statements.

Opinion

In our opinion the non-statutory financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 22 March 2008 and of its profit for the 52 weeks then ended.



PricewaterhouseCoopers LLP

Chartered Accountants

London

Date: 10 December 2008

Holborn Funding Limited
Profit and loss account
for the 52 weeks to 22 March 2008

	Note	2008 £'000	2007 £'000
Interest receivable and similar income	4	55,235	46,184
Profit on ordinary activities before taxation		55,235	46,184
Tax on profit on ordinary activities	5	(16,570)	(9,594)
Profit for the financial period		38,665	36,590

All the activities of the Company are continuing.

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses
for the 52 weeks to 22 March 2008

	2008 £'000	2007 £'000
Profit for the financial period	38,665	36,590
Total recognised gains and losses for the financial period	38,665	36,590
Attributable to:		
Equity holders of the Company	38,665	36,590

Holborn Funding Limited
Balance sheet
as at 22 March 2008

	Note	2008 £'000	2007 £'000
Current assets			
Debtors	6	1,044,802	999,161
Current liabilities			
Taxation creditor	5	(16,570)	(9,594)
Net assets		1,028,232	989,567
Capital and reserves			
Called up share capital	7	16	16
Share premium account	8	876,393	876,393
Profit and loss account	8	151,823	113,158
Total shareholders' funds	8	1,028,232	989,567

The non-statutory financial statements on pages 4 to 8 were approved by the Board of Directors on 8 December 2008 and are signed on its behalf by:



On behalf of Sainsburys Corporate Director Limited
Director

Holborn Funding Limited
Notes to the financial statements
for the 52 weeks to 22 March 2008

1. Accounting policies

a) Basis of preparation

The financial statements are not prepared under section 226 of the Companies Act 1985. The financial statements are presented in sterling, rounded to the nearest thousand (£000) unless otherwise stated and have been prepared on the historical cost basis, solely for management purposes.

The Directors have prepared these non-statutory financial statements to support the tax return made to HM Customs and Revenue. The financial statements have been drawn up under UK GAAP.

b) Cash flow and related party disclosures

The Company is a wholly-owned subsidiary of the ultimate holding company, J Sainsbury plc, and is included in the consolidated financial statements of J Sainsbury plc, which are publicly available. Consequently, advantage has been taken of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements' (revised 1996). The Company have also taken advantage of the exemption available under FRS 8 'Related party transactions' not to disclose transactions or balances with other members of the Group.

c) Financial instruments

Loans receivable

Interest income is recognised as it becomes receivable. Loans receivable are reviewed for impairment at each balance sheet date or when events indicate that the carrying value is not recoverable.

Loans payable

Interest is accrued as it becomes payable.

The Company has taken advantage of FRS 29 paragraph 2D(a) which exempts it from the requirements of FRS 29 (Financial Instruments – disclosures) as the Group accounts contain disclosures that comply with this standard.

d) Taxation

Corporation tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Holborn Funding Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

2. Auditors' remuneration

Auditors' remuneration, have been borne by a fellow J Sainsbury plc subsidiary company, Sainsbury's Supermarkets Ltd, for both 2007 and 2008.

3. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2007: nil).

All of the Directors are employees of the ultimate parent company, J Sainsbury plc or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors emoluments as they serve as Directors to a number of Group companies. Accordingly, the income statement does not include emoluments in respect of the Directors.

4. Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from Group undertakings	55,235	46,184

5. Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax	16,570	9,594

The tax charge for the prior period is different from the profit on ordinary activities before tax multiplied by the standard rate of tax. The difference is explained as follows:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	55,235	46,184
Profit on ordinary activities multiplied by the standard rate in the UK 30% (2007: 30%)	16,570	13,855
Group relief received for £nil consideration	-	(13,855)
Adjustment in respect of prior period	-	9,594
Current tax charge for the period	16,570	9,594

6. Debtors

	2008 £'000	2007 £'000
Amounts due from Group undertaking	1,044,802	999,161

The loan to the ultimate parent company matures on 11 April 2010 and yields a variable rate of interest.

The interest income is calculated on the Bank of England base rate.

Holborn Funding Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

7. Called up share capital

	2008	2007
	£'000	£'000
Authorised		
2,500,000 ordinary shares of £0.01 each	25	25
Allotted and fully paid		
1,608,672 ordinary shares of £0.01 each	16	16

8. Reconciliation of movements in equity

	Share capital	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 25 March 2007	16	876,393	113,158	989,567
Profit for the financial period	-	-	38,665	38,665
Closing shareholders' funds	16	876,393	151,823	1,028,232
At 26 March 2006	16	876,393	76,568	952,977
Profit for the financial period	-	-	36,590	36,590
Closing shareholders' funds	16	876,393	113,158	989,567

9. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stores Investments Limited a company incorporated in the Cayman Islands.

The ultimate parent undertaking and controlling party of the Company is J Sainsbury plc, which is registered in England and Wales, and forms the only group into which the financial statements of the Company are consolidated. Copies of the parent undertaking's financial statements may be obtained from www.j-sainsbury.co.uk.