

NM
COMPANY NUMBER: FC 025410

STORES INVESTMENTS LIMITED

NON-STATUTORY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 17 MARCH 2004 TO 26 MARCH 2005



A24 *A77MZCG1* 356
COMPANIES HOUSE 28/01/2006

Stores Investments Limited
Report of the Directors
for the period to 26 March 2005

The Directors present their report and the audited non-statutory financial statements of the Company for the period ended 26 March 2005.

Principal activities and review of business

The Company was incorporated in the Cayman Islands on 17 March 2004. The principal activity of the Company during the year was the lending of monies and investment holding.

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

Results and Dividends

The Company's profit on the ordinary activities of the Company before taxation amounted to \$652,000. The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors of Stores Investments Limited during the period and subsequent to the period ended 26 March 2005 are shown below:

T Fallowfield	(appointed 18 March 2004, resigned 24 June 2005)
I Gobin	(appointed 18 March 2004, resigned 18 March 2004)
J S Lavelli	(appointed 18 March 2004, resigned 29 July 2005)
R J Learmont	(appointed 18 March 2004)
J P Mason	(appointed 18 March 2004, resigned 9 November 2005)
C Matthews	(appointed 18 March 2004, resigned 26 May 2004)
R J Matthews	(appointed 18 March 2004, resigned 24 June 2005)
K O'Connor	(appointed 18 March 2004, resigned 18 March 2004)
G Willits	(appointed 9 November 2005)

The Directors do not have any interests in the share capital of the Company, or any of its subsidiaries.

Stores Investments Limited
Report of the Directors
for the period to 26 March 2005

The number of 28 ⁴/₇p (2004: 25p) ordinary shares and options over 28 ⁴/₇p (2004: 25p) ordinary shares of J Sainsbury plc held by Directors who were not also Directors of the ultimate parent company, and their immediate families, were:

	Ordinary shares		B shares	
	26 March 2005	17 March 2004	26 March 2005	17 March 2004
Beneficially owned:				
T Fallowfield	329	377	-	-
J S Lavelli	8,768	8,546	894	-
R J Learmont	548	494	175	-
J P Mason	2,017	2,307	2,250	-

The B shares receive a preference dividend of 75% of the 6 month LIBOR, until their redemption which is fixed at 35 pence per B share. The future redemption dates are 18 January and 18 July each year until 18 July 2007. B shareholders have no voting rights except in a resolution for the winding up of the Company.

	26 March 2005	Share options			17 March 2004
		Granted during year	Exercised during year	Lapsed during year	
T Fallowfield	345,607	100,017	-	-	245,590
J S Lavelli	216,770	40,036	-	(1,412)	178,146
R J Learmont	188,061	55,712	-	-	132,349
J P Mason	484,787	138,535	-	-	346,252

The interest of R J Matthews, who was also a Director of the ultimate parent company, J Sainsbury plc, is shown in the annual report of that company.

Auditors

The Directors have appointed PricewaterhouseCoopers LLP, as auditors of the Company. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By Order of the Board



H D Jarvis
Secretary

23 January 2006

Stores Investments Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of that period, and of the profit or loss of the Company for that period. In preparing 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 assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which 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.

Stores Investments Limited**Independent auditors' report to the directors of Stores Investments Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

These financial statements have not been prepared under section 226 of the Companies Act 1985 and were prepared solely for the purposes of management.

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 on page 2.

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 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 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. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

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 March 2005 and of its profit for the period from 17 March 2004 to 26 March 2005.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

Date: 23/1/06

Stores Investments Limited

Profit and loss account

for the period 17 March 2004 to 26 March 2005

	<u>Note</u>	17 March 2004 to 26 March 2005 \$'000
Interest receivable	4	652
Profit on ordinary activities before taxation		652
Tax on profit on ordinary activities	5	-
Profit for the financial period		652
Dividends		-
Retained profit for the financial period		652

All the activities of the Company are continuing.

There are no recognised gains or losses other than the profit for the year above and therefore no separate statement of total recognised gains and losses has been presented.

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

Stores Investments Limited
Balance sheet
as at 26 March 2005

	<u>Note</u>	26 March 2005 \$'000
Fixed assets		
Investments	6	1,558,674
Net assets		1,558,674
Capital and reserves		
Called up share capital	7	17
Share premium	8	1,558,005
Profit and loss account	8	652
Total shareholders' funds	9	1,558,674

The non-statutory financial statements on pages 5 to 9 were approved by the Board of Directors on *23 January 2006* and are signed on its behalf by:

Director

R Leermans

23 January 2006

The notes on pages 7 to 9 form part of these financial statements.

Stores Investments Limited
Notes to the Financial Statements
for the period ended 26 March 2005

1. Accounting Policies

a) Basis of financial statements

The financial statements are not prepared under section 226 of the Companies Act 1985. The financial statements have been prepared on the historical cost basis, solely for the purposes of management. The directors have decided to prepare these non-statutory financial statements to support the tax return made to the UK authorities.

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 (revised 1996). Also the exemption under the terms of FRS 8, has been taken from disclosing related party transactions (but not balances) with entities that are part of the J Sainsbury plc Group or investees in the J Sainsbury plc Group.

2. Auditors' remuneration

Any expenses incurred, including auditors' remuneration, have been borne by the ultimate parent undertaking, J Sainsbury plc or other group undertakings.

3. Employees and Directors' remuneration

The average monthly number of persons (including Executive Directors) employed by the Company during the period was nil.

All of the Directors are also Directors or employees of the parent company J Sainsbury plc, and in some cases are directors of other group undertakings. For those Directors who are also directors of J Sainsbury plc their emoluments are borne by J Sainsbury plc. However, the Directors do not believe it is possible to meaningfully allocate these emoluments between their respective duties. The emoluments of those Directors who are directors of the parent company are disclosed in the financial statements of J Sainsbury plc. The Directors do not receive any remuneration from the Company.

4. Interest receivable

26 March 2005

£'000

<u>Interest receivable from group undertakings</u>	<u>652</u>
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On 14 April 2004, the Company made a loan to JS USA Holdings Inc. for \$1,256,167,000. The loan was repayable on 25 February 2005 and yielded a variable rate of interest. On 14 April 2004, JS USA Holdings Inc. made a repayment of \$277,660,000 and on 30 April 2004, the balance of the loan was repaid in full including interest of \$652,338. The funds received were invested in Holborn Funding Limited (note 6).

Stores Investments Limited
Notes to the Financial Statements
for the period ended 26 March 2005 (continued)

5. Tax on profit on ordinary activities

	2005 \$'000
Current tax:	
Corporation tax at 30%	-
	-

The tax charge for the year is different to the profit before tax multiplied by the standard rate of tax. The difference is explained as follows:

	2005 \$'000
Profit before tax	652
Expected tax charge at 30%	196
Group relief received for nil consideration	(196)
Actual tax charge	-

6. Investments

	26 March 2005 \$'000
Additions: Investment in Holborn Funding Limited	1,558,674
	1,558,674

The Company owns 100% of the ordinary share capital of Holborn Funding Limited, a company incorporated in the Cayman Islands.

7. Called up share capital

	26 March 2005 \$'000
Authorised	
5,000,000 ordinary shares of \$0.01 each	50
Allotted, called-up and fully paid	
1,658,020 ordinary shares of \$0.01 each	17

Stores Investments Limited
Notes to the Financial Statements
for the period ended 26 March 2005 (continued)

8. Reserves

	Share Premium account \$'000	Profit and loss account \$'000
Retained profit for the financial period	-	652
Premium on issue of shares	1,558,005	-
At 26 March 2005	1,558,005	652

On 24 March 2004, the Company issued 100,000 ordinary shares at par.

On 14 April 2004, the Company issued a further 1,256,167 ordinary shares for \$1,256,167,000, representing a premium of \$1,256,154,438. The proceeds from the share issue were loaned to JS USA Holdings Inc. as described in note 4. Following the repayment of the loan, the Company applied the proceeds to acquire the shares in Holborn Funding Limited (note 6).

On 30 April 2004, the Company issued a further 301,853 ordinary shares for \$301,853,686 representing a premium of \$301,850,667. The proceeds of the share issue were invested in further shares in Holborn Funding Limited (note 6).

9. Reconciliation of shareholders' funds

	26 March 2005 \$'000
Profit for the financial period	652
Net proceeds from issue of share capital	1,558,022
Closing shareholders' funds	1,558,674

10. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stamford Finance LLC.

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 the Secretary, J Sainsbury plc, 33 Holborn, London EC1N 2HT.