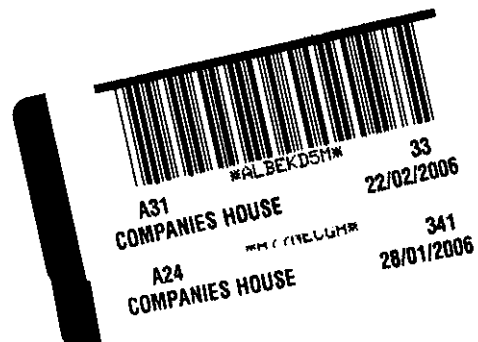


*N/A*  
*2/1/04*  
COMPANY NUMBER: FC 025769

**STORES OVERSEAS LIMITED**

**NON-STATUTORY REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 15 DECEMBER 2003 TO 8 DECEMBER 2004**



**Stores Overseas Limited**  
**Report of the Directors**  
**for the period to 8 December 2004**

**Directors' report for the period ended 8 December 2004**

The Directors present their report and the audited non-statutory financial statements of the Company for the period ended 8 December 2004.

**Principal activities and review of business**

The Company was incorporated in the Cayman Islands on 15 December 2003. The Company changed its residency from the Cayman Islands to the United Kingdom effective from 9 December 2004. These financial statements reflect the period from incorporation to the date of this change in residency.

The principal activity of the Company during the period was the lending of monies. 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 £34,265,000. After deducting £34,265,000 for dividends paid, there is no retained profit.

**Directors and their interests**

The Directors of Stores Overseas Limited during the period and subsequent to the period ended 8 December 2004 are shown below:

D Egglshaw	(appointed 15 December 2003, resigned 8 December 2004)
D Boggess	(appointed 15 December 2003, resigned 8 December 2004)
J Cullinane	(appointed 15 December 2003, resigned 8 December 2004)
R J Matthews	(appointed 8 December 2004, resigned 24 June 2005)
T Fallowfield	(appointed 8 December 2004)
J S Lavelli	(appointed 8 December 2004, resigned 29 July 2005)
R J Learmont	(appointed 8 December 2004)
J P Mason	(resigned 9 November 2005)
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 Overseas Limited**  
**Report of the Directors**  
**for the period to 8 December 2004**

The number of 28 <sup>4</sup>/<sub>7</sub>p (2003: 25p) ordinary shares, B shares of 35p (2003: nil) and options over 28 <sup>4</sup>/<sub>7</sub>p (2003: 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:

	<u>Ordinary shares</u>		<u>B shares</u>	
	<b>8 December 2004</b>	<b>15 December 2003</b>	<b>8 December 2004</b>	<b>15 December 2003</b>
Beneficially owned:				
T Fallowfield	<b>329</b>	377	-	-
J S Lavelli	<b>8,279</b>	8,387	<b>894</b>	-
R J Learmont	<b>512</b>	460	<b>175</b>	-
J P Mason	<b>2,017</b>	2,294	<b>2,250</b>	-

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.

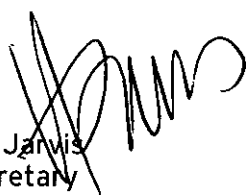
	<u>Share options</u>			
	<b>9 December 2004</b>	<b>Granted during year</b>	<b>Exercised during year</b>	<b>Lapsed during year</b>
T Fallowfield	<b>343,861</b>	99,036	-	-
J S Lavelli	<b>216,770</b>	40,036	-	(17,205)
R J Learmont	<b>185,442</b>	53,093	-	(246)
J P Mason	<b>484,787</b>	138,535	-	-

R J Matthews was also Director of J Sainsbury plc and his interests and details of his share options are disclosed in the Annual Report and financial statements of J Sainsbury plc.

**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 Overseas 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 Overseas Limited****Independent auditors' report to the directors of Stores Overseas 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 8 December 2004 and of its profit for the period from 15 December 2003 to 8 December 2004.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

Date: 23/1/06

**Stores Overseas Limited**  
**Profit and loss account**  
**for the period 15 December 2003 to 8 December 2004**

	<u>Note</u>	15 December 2003 to 8 December 2004 £'000
Administration expenses		(26)
Interest receivable and similar items	4	65
<b>Operating profit</b>		<b>39</b>
Income from fixed asset investment	5	34,226
<b>Profit on ordinary activities before taxation</b>		<b>34,265</b>
Tax on profit on ordinary activities	6	-
<b>Profit for the financial period</b>		<b>34,265</b>
Dividends		(34,265)
<b>Retained profit for the financial period</b>		<b>-</b>

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 Overseas Limited**  
**Balance sheet**  
**as at 8 December 2004**

	<u>Note</u>	8 December 2004 £'000
<b>Fixed Assets</b>		
Investments	7	915,000
<b>Current assets</b>		
Cash at bank and in hand		2,000
<b>Net assets</b>		<b>917,000</b>
<b>Capital and reserves</b>		
Called up share capital	8	917,000
Profit and loss account	9	-
<b>Total shareholders' funds</b>	<b>10</b>	<b>917,000</b>

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



23 January 2006

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

**Stores Overseas Limited**  
**Notes to the Financial Statements**  
**for the period ended 8 December 2004**

**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**

**8 December 2004**  
**£'000**

<u>Interest receivable from group undertakings</u>	<u>65</u>
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**5. Income from fixed asset investment**

Dividend of £26m received from Stores International Limited and a dividend of £8m received from J Sainsbury (Jersey) Limited.

**Stores Overseas Limited**  
**Notes to the Financial Statements**  
**for the period ended 8 December 2004 (continued)**

**6. Tax on profit on ordinary activities**

	<b>8 December 2004</b>
	<b>£'000</b>
The tax charge based on the profit for the year is:	
UK corporation tax at 30%	-
Tax on profit on ordinary activities	-

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

	<b>8 December 2004</b>
	<b>%</b>
Standard tax rate:	<b>30.0</b>
Non-taxable dividend income	<b>(30.0)</b>
Effective tax rate	-

**7. Investments**

	<b>8 December 2004</b>
	<b>£'000</b>
Additions: Investment in J Sainsbury (Jersey) Limited	<b>915,000</b>
At 8 December 2004	<b>915,000</b>

The Company owns 100% of the preference share capital of J Sainsbury (Jersey) Limited.

**8. Called up share capital**

	<b>8 December 2004</b>
	<b>£'000</b>
Authorised	
1000,000 class A ordinary shares of £1 each	<b>1,000</b>
916,000,000 class B ordinary shares of £1 each	<b>916,000</b>
Allotted, called-up and fully paid	
1000,000 class A ordinary shares of £1 each	<b>1,000</b>
916,000,000 class B ordinary shares of £1 each	<b>916,000</b>

On 17 March 2004 Stores Overseas Limited issued 1,000,000 class A ordinary shares and 916,000,000 class B ordinary shares to Savacentre Limited.

**Stores Overseas Limited**  
**Notes to the Financial Statements**  
**for the period ended 8 December 2004 (continued)**

**9. Profit and Loss Account**

**8 December 2004**  
**£'000**

Retained profit for the financial period	-
At 8 December 2004	-

**10. Reconciliation of shareholders' funds**

**8 December 2004**  
**£'000**

Profit for the financial period	-
Net proceeds from issue of share capital	917,000
<b>Closing shareholders' funds</b>	<b>917,000</b>

**11. Ultimate parent undertaking and controlling party**

The 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.