

CAYMAN ISLANDS COMPANY NUMBER: WK 129558
FOREIGN COMPANY NUMBER: FC 025769

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STORES OVERSEAS LIMITED

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

FOR THE 52 WEEKS TO 17 MARCH 2012

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Stores Overseas Limited
Directors' report
For the 52 weeks to 17 March 2012
Registered company number: FC025769

The Directors present their report and the audited financial statements of Stores Overseas Limited (the 'Company') for the 52 weeks to 17 March 2012

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 (the 'Group'). The Company's profit for the financial period was £24,486,000 (2011 £4,998,000)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of 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 pages 50 to 51 of the J Sainsbury plc Annual Report and Financial Statements 2012 which do not form part of this report

Future developments

No change is planned in the activities of the Company in the next financial period

Dividends

The Directors do not recommend the payment of a dividend and no dividends were paid during the financial period (2011 £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 and their interests

The Directors of Stores Overseas Limited who held office during the financial period and up to the date of signing are shown below

T Fallowfield
R J Learmont
Sainsburys Corporate Director Limited

Directors' indemnities

The Directors are entitled to be indemnified by the ultimate parent company, J Sainsbury plc, to the extent permitted by law and the Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2011/12, which was renewed for 2012/13. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently

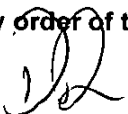
Disclosure of Information to auditors

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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

By order of the Board.



Philip Davies
Company Secretary
23 August 2012

Stores Overseas Limited
Statement of Directors' responsibilities
For the 52 weeks to 17 March 2012

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

By order of the Board



Philip Davies
Company Secretary
23 August 2012

Independent Auditors' Report to the Directors of Stores Overseas Limited

We have audited the financial statements of Stores Overseas Limited for the 52 weeks ended 17 March 2012 which comprise the Profit and loss account, Statement of total recognised gains and losses, Balance sheet, and the related notes. The financial reporting framework that has been applied in the preparation of these financial statements is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Director's and auditors

As explained more fully in the Statement of Director's responsibilities set out on page 2, 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 and express an opinion on 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 Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Directors for management purposes in accordance with our engagement letter dated 31 July 2012 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.

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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 17 March 2012 and of its profit for the 52 weeks then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 August 2012

Stores Overseas Limited
Profit and loss account
For the 52 weeks to 17 March 2012

| | Note | 2012 £'000 | 2011 £'000 |
|------------------------------------------------------|------|---------------|---------------|
| Interest receivable and similar income | 4 | 22,964 | 8,521 |
| Profit on ordinary activities before taxation | | 22,964 | 8,521 |
| Tax credit/ (expense) on ordinary activities | 5 | 1,522 | (3,523) |
| Profit for the financial period | | 24,486 | 4,998 |

All the activities of the Company are continuing

Statement of total recognised gains and losses
For the 52 weeks to 17 March 2012

| | 2012 £'000 | 2011 £'000 |
|---------------------------------------------------------|---------------|---------------|
| Profit for the financial period | 24,486 | 4,998 |
| Total recognised gains and losses for the period | 24,486 | 4,998 |
| Attributable to: | | |
| Equity holders of the Company | 24,486 | 4,998 |

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

Stores Overseas Limited
Balance sheet
As at 17 March 2012 and 19 March 2011

| | Note | 2012 £'000 | 2011 £'000 |
|---------------------------------------------------|------|------------------|------------------|
| Current assets | | | |
| Debtors | 6 | 1,168,618 | 1,145,654 |
| Current liabilities | | | |
| Creditors – Amounts falling due within one period | 7 | (15,590) | (17,112) |
| Net assets | | 1,153,028 | 1,128,542 |
| Capital and reserves | | | |
| Called up share capital | 8 | 1,088 | 1,088 |
| Share premium account | 9 | 915,912 | 915,912 |
| Profit and loss account | 9 | 236,028 | 211,542 |
| Total shareholders' funds | 9 | 1,153,028 | 1,128,542 |

The non-statutory financial statements on pages 4 to 8 were approved by the Board of Directors on 23 August 2012 and are signed on its behalf by



Ed Barker
On behalf of Sainsburys Corporate Director Limited
Director

Stores Overseas Limited
Notes to the Financial Statements
For the 52 weeks to 17 March 2012

1. Accounting Policies

a) Basis of financial statements

The financial statements are not prepared under the Companies Act 2006. The financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice (UK GAAP). The financial statements are presented in sterling, rounded to the nearest thousand (£'000) unless otherwise stated and have been prepared on the going concern basis and historical cost basis, solely for management purposes.

The Directors have prepared these non-statutory financial statements to support the tax return made to HM Revenue & Customs. The financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice (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 available at www.j-sainsbury.co.uk. 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 has 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 receivables are reviewed for impairment at each balance sheet date or when events indicate that the carrying value is not recoverable.

Loans payable

Loans payable to other Group companies are carried at cost and are non-interest bearing.

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 financial statements contain disclosures that comply with this standard.

d) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, and any adjustment to tax payable in respect of previous periods.

2. Auditors' remuneration

Auditors' remuneration has been borne by a fellow J Sainsbury plc subsidiary company, Sainsbury's Supermarkets Ltd, for both 2011 and 2012 and have not been recharged to the Company.

3. Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial period was nil (2011: nil).

All of the Directors are employees of 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 profit and loss account does not include emoluments in respect of the Directors.

Stores Overseas Limited
Notes to the Financial Statements (continued)
For the 52 weeks to 17 March 2012

4. Interest receivable and similar income

| | 2012 | 2011 |
|-----------------------------------------|---------------|--------------|
| | £'000 | £'000 |
| Interest receivable from parent company | 22,964 | 8,521 |

5. Tax on profit on ordinary activities

| | 2012 | 2011 |
|-----------------------------------------|----------------|--------------|
| | £'000 | £'000 |
| Current period | - | 3,523 |
| (Over)/under provision in prior periods | (1,522) | - |
| Tax on profit of ordinary activities | (1,522) | 3,523 |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows

| | 2012 | 2011 |
|--------------------------------------------------------------------------------------------------|----------------|--------------|
| | £'000 | £'000 |
| Profit on ordinary activities before tax | 22,964 | 8,521 |
| Profit on ordinary activities multiplied by the standard rate in the UK of 26.07% (2011: 28.00%) | 5,987 | 2,386 |
| Effects of | | |
| (Over)/Under provision in prior periods | (1,522) | 1,243 |
| Transfer pricing adjustment | (102) | (106) |
| Group relief claimed for nil consideration | (5,885) | - |
| Current tax (credit)/charge for the period | (1,522) | 3,523 |

A number of changes to the UK corporation tax system were announced in the 21 March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24.0 per cent from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24.0 per cent to 23.0 per cent from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate by one per cent per annum to 22.0 per cent by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, their effect is not included in the financial statements.

6. Debtors

| | 2012 | 2011 |
|-------------------------------|------------------|--------------|
| | £'000 | £'000 |
| Loans due from parent company | 1,168,618 | 1,145,654 |

Amounts due from the parent company are denominated in sterling, carry floating rates of interest, and are payable on demand. The interest income is calculated based on the Bank of England base rate plus 1.5%. Amounts due from parent company are not considered overdue or impaired.

Stores Overseas Limited
Notes to the Financial Statements (continued)
For the 52 weeks to 17 March 2012

7. Creditors – Amounts falling due within one period

| | 2012 | 2011 |
|-----------------------------------|---------------|--------------|
| | £'000 | £'000 |
| Amounts due to Group undertakings | 15,590 | 14,832 |
| Corporation tax payable | - | 2,280 |
| | 15,590 | 17,112 |

Amounts due to Group undertakings are denominated in sterling, are non-interest bearing and are repayable on demand

8. Called up share capital

| | 2012 | 2011 |
|------------------------------------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Allotted and fully paid | | |
| 1,000,000 (2011 1,000,000) class A ordinary shares of £1 each | 1,000 | 1,000 |
| 8,780,000 (2011 1,000,000) class B ordinary shares of £0.01 each | 88 | 88 |
| | 1,088 | 1,088 |

Class A shares are ordinary shares with voting rights and class B shares are ordinary shares with no voting rights. All classes of shares receive the distribution of dividends equally.

9. Reconciliation of movements in shareholders' funds

| | Share capital | Share premium | Profit and loss account | Total shareholder funds |
|---------------------------------|----------------------|----------------------|--------------------------------|--------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| At 20 March 2011 | 1,088 | 915,912 | 211,542 | 1,128,542 |
| Profit for the financial period | - | - | 24,486 | 24,486 |
| At 17 March 2012 | 1,088 | 915,912 | 236,028 | 1,153,028 |
| At 21 March 2010 | 1,088 | 915,912 | 206,544 | 1,123,544 |
| Profit for the financial period | - | - | 4,998 | 4,998 |
| At 19 March 2011 | 1,088 | 915,912 | 211,542 | 1,128,542 |

10. 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 www.j-sainsbury.co.uk