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STORES INTERNATIONAL LIMITED

Company number. 129466

REPORTS AND NON-STATUTORY FINANCIAL STATEMENTS

For the period from 17 July 2004 to 31 December 2004

Certified to be a true copy


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Company Secretary

THURSDAY



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REPORT OF THE DIRECTORS

For the period from 17 July 2004 to 31 December 2004

The directors present their annual report and audited non-statutory financial statements for the period ended 31 December 2004

ACTIVITIES AND REVIEW OF BUSINESS

The company is an investment holding company and was incorporated on 3 October 2003 in the Cayman Islands

The position at the end of the period is reflected in the audited balance sheet set out on page 5

POST BALANCE SHEET EVENTS

On 16 March 2005 75,678 Tranche B Preference Shares were redeemed by DB Sirius (Cayman) Limited for £9,376,469

RESULTS AND DIVIDENDS

The results of the company for the period ended 31 December 2004, after providing for taxation, show a profit of NIL, (Period from 28 March 2004 to 16 July 2004 loss of £142,682)

The directors do not recommend the payment of a dividend for the period ended 31 December 2004 (period ended 16 July 2004 £ nil)

DIRECTORS

The directors of the company who held office during the period and subsequent to the period ended 31 December 2004 were as follows

N Vasudeva
M Press
R Sivanithy
C Stokeld
S Macfarlane

E Fletcher was Secretary of the Company during the year and resigned on 17 March 2005 J Burton was appointed Joint Secretary on 04 October 2004, became Secretary on 17 March 2005 and resigned on 13 May 2005 A Bartlett and A Rutherford were appointed as Joint Secretaries on 13 May 2005

REPORT OF THE DIRECTORS (continued)

For the period from 17 July 2004 to 31 December 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE NON-STATUTORY FINANCIAL STATEMENTS

The directors have prepared these non-statutory financial statements for the reasons and explanation set out in Note 1 to the accounts so as 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 the year. In preparing those non-statutory 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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

DIRECTORS' INTERESTS

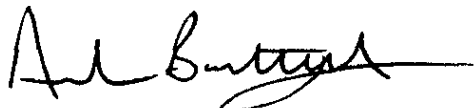
None of the directors had an interest in the share capital of the company during the period.

None of the directors had any disclosable interest in the shares or debentures of any UK group undertaking at the end of the period, or were granted or exercised any right to subscribe for shares in, or debentures of, any UK group undertaking during the period.

AUDITORS

KPMG Audit Plc have indicated their willingness to continue in office.

By order of the Board of Directors this 2nd day of August 2005



A Bartlett / A Rutherford
Joint Secretaries

Registered office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STORES INTERNATIONAL LIMITED**

We have audited the non-statutory financial statements on pages 4 to 11

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 11th January 2002. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors have accepted responsibility for the preparation of the non-statutory financial statements in accordance with applicable UK accounting standards and as if applicable United Kingdom law applied to them. Our responsibilities, as independent Auditors, are established in the United Kingdom by the terms of engagement letter dated 11th January 2002, the Auditing Practices Board and by our profession's ethical guidance.

Under the terms of engagement we are required to report to you our opinion as to whether the non-statutory financial statements give a true and fair view and are properly prepared, as if they were required to be prepared in accordance with the disclosure requirements of the Companies Act 1985. We also report to you if, in our opinion, 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 non-statutory financial statements. It also includes an assessment of the significant estimates and judgements 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 these 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the disclosure requirements of the Companies Act 1985, as if the requirements of this Act applied to these non-statutory financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants

8 Salisbury Square
London EC4Y 8BB

Dated

4th August 2005

PROFIT AND LOSS ACCOUNT

For the period from 17 July 2004 to 31 December 2004

	Note	Period from 17 July 2004 to 31 December 2004 £	Period from 28 March 2004 to 16 July 2004 £
Interest receivable from fixed asset investments	4	24,483,164	15,765,684
Interest income from Deutsche Bank group		39	515,549
Interest income from preference shares in Deutsche Bank group		3,169,463	2,307,801
Interest payable to Deutsche Bank group		(84)	(233)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,652,582	18,588,801
Taxation ordinary activities	5	(7,344,936)	(4,884,300)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		20,307,646	13,704,501
Ordinary dividend		-	(347,664)
Preference dividends	6	(20,307,646)	(13,499,519)
RETAINED LOSS FOR THE PERIOD		-	(142,682)
RETAINED PROFIT BROUGHT FORWARD		-	142,682
RETAINED PROFIT CARRIED FORWARD		-	-

The result for the period has arisen from continuing activities

There were no other recognised gains and losses during the period

The notes on pages 7 to 11 form part of these accounts

BALANCE SHEET
As at 31 December 2004

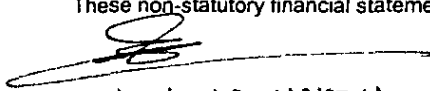
	Note	31 December 2004 £	16 July 2004 £
FIXED ASSETS			
Investments	7	932,580,058	923,796,951
CURRENT ASSETS			
Debtors	8	349,389	19,522
Cash at bank		4,272	1,531
		353,661	21,053
CREDITORS amounts falling due within one year	9	(2,016,725)	(121,874)
NET CURRENT LIABILITIES		(1,663,064)	(100,821)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,663,064)	(100,821)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(16,377,027)	(9,032,104)
NET ASSETS		914,539,967	914,664,026
CAPITAL AND RESERVES			
Called up share capital	11	439,001,000	439,001,000
Share premium		475,538,967	475,663,026
Profit and loss account		-	-
Shareholder's funds		914,539,967	914,664,026
Equity		1,000	1,000
Non-Equity		914,538,967	914,663,026

The notes on pages 7 to 11 form part of these accounts

These non-statutory financial statements were approved by the Board of Directors on

2nd August

2005


NICHOLAS WADSWORTH

Signed by
For and on behalf of the Board of Directors

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the period from 17 July 2004 to 31 December 2004

	<u>Profit & Loss</u>	<u>Ordinary Share</u>	<u>Preference Share</u>	<u>Preference Share</u>	<u>Total</u>
	<u>Account</u>	<u>Capital</u>	<u>Capital</u>	<u>Premium</u>	
	£	£	£	£	£
Balance at 17 July 2004	-	1,000	439,000,000	475,663,026	914,664,026
Profit for the period	20,307,646	-	-	-	20,307,646
Preference dividends	(20,307,646)	-	-	(124,059)	(20,431,705)
Balance at 31 December 2004	-	1,000	439,000,000	475,538,967	914,539,967

The notes on pages 7 to 11 form part of these accounts

NOTES TO THE ACCOUNTS

For the period from 17 July 2004 to 31 December 2004

1 ACCOUNTING POLICIES

These non-statutory financial statements have been prepared in accordance with applicable UK accounting standards. The directors have decided to prepare these non-statutory financial statements to support the tax return made to UK authorities. The particular accounting policies are described below.

(a) CONVENTION

These non-statutory financial statements are prepared in accordance with applicable UK accounting standards and under the historical cost convention.

(b) INCOME RECOGNITION

Interest income is accounted for on an accrual basis. Fixed preference dividends receivable are accrued at the appropriate dividend rate.

(c) FIXED ASSETS

Investments are recorded at cost less amounts provided for permanent diminution in value. Any discounts or premium on investments will be accrued for on a level yield basis.

(d) TAXATION AND DEFERRED TAX

The charge for taxation is based on the profits for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

(e) CASH FLOW STATEMENT

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary undertaking of a company which prepares consolidated financial statements which are publicly available.

2 DIRECTORS' REMUNERATION

The aggregate emoluments of persons who were Directors of the Company during the period ended 31 December 2004, including pension contributions, were £nil (period ended 16 July 2004: £nil).

3 ADMINISTRATIVE EXPENSES

The Company has no full time employees. The staff involved in the Company's operations are all employees of the Deutsche Bank Group. The total staff costs have been borne by a Deutsche Bank Group company without recharge, no staff costs have therefore been included in these financial statements.

Audit remuneration is borne by a group undertaking.

NOTES TO THE ACCOUNTS

For the period from 17 July 2004 to 31 December 2004

	<u>Period from 17 July</u> <u>2004 to 31</u> <u>December 2004</u>	<u>Period from 28</u> <u>March 2004 to 16</u> <u>July 2004</u>
	£	£
4 INTEREST RECEIVABLE FROM FIXED ASSET INVESTMENTS		
UK Gilts	91	999
Accretion of discount of fixed asset investment	24,483,073	15,764,685
	<u>24,483,164</u>	<u>15,765,684</u>

The Company invested in Tranche A redeemable preference shares of value £915,000,000 issued by DB Sirius (Cayman) Limited. The Company paid £747,116,128 for these preference shares. The discount is being accreted to the profit and loss account on a yield basis.

	<u>Period from 17 July</u> <u>2004 to 31</u> <u>December 2004</u>	<u>Period from 28</u> <u>March 2004 to 16</u> <u>July 2004</u>
	£	£
5 TAXATION		
(a) Analysis of tax on profit on ordinary activities		
<i>Current Taxation</i>		
Group Relief charge/(credit) for the year	13	154,894
	<u>13</u>	<u>154,894</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	7,344,923	4,729,406
	<u>7,344,923</u>	<u>4,729,406</u>
Total tax charge on profit on ordinary activities	<u>7,344,936</u>	<u>4,884,300</u>

(b) Current tax reconciliation

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the period differs from the standard rate for the reasons set out in the following reconciliation:

	<u>Period from 17 July</u> <u>2004 to 31</u> <u>December 2004</u>	<u>Period from 28</u> <u>March 2004 to 16</u> <u>July 2004</u>
	£	£
Profit on ordinary activities	<u>27,652,582</u>	<u>18,588,801</u>
Tax on loss on ordinary activities at standard rate (30%)	8,295,775	5,576,640
Less		
Short term timing differences – accretion of discount on fixed asset investment	(7,344,923)	(4,729,406)
Permanent difference on non-taxable dividend income	(950,839)	(692,340)
Total current tax credit	<u>13</u>	<u>154,894</u>

NOTES TO THE ACCOUNTS

For the period from 17 July 2004 to 31 December 2004

6 PREFERENCE DIVIDENDS	Period from 17 July 2004 to 31 December 2004	Period from 28 March 2004 to 16 July 2004
	£	£
Dividends accrued on fixed rate preference shares	(20,307,646)	(13,499,519)
	(20,307,646)	(13,499,519)

7 FIXED ASSET INVESTMENTS	Gilts	Tranche A Preference shares	Tranche B Preference shares	Total
	£	£	£	£
As at 17 July 2004	3,011	777,223,142	146,570,798	923,796,951
Accretion of discount	(11)	24,483,074	-	24,483,063
Maturity of Gilts	(3,000)	-	-	(3,000)
Redemption of shares	-	-	(15,696,956)	(15,696,956)
As at 31 December 2004	-	801,706,216	130,873,842	932,580,058

The gilts matured on 26 November 2004

On 16 December 2003, the Company invested in, 8,780,000 Tranche A Preference Shares issued by DB Sirius (Cayman) Limited at a value (including premium) of £747,116,128 and redeemable on 18 December 2006 at a value of £915,000,000

The redemption date can be extended to 16 June 2007 for a value of £929,986,321. No dividends are payable on these shares

On 16 December 2003, the Company invested in 1,355,000 Tranche B Preference Shares issued by DB Sirius (Cayman)

Limited at a value (including premium) of £167,883,872. The shares shall be redeemed in full by the company on 18 December 2006. The company will redeem some of the shares before 18 December 2006 in accordance with the redemption schedule set out in the Articles of Association of the company. On 16 September 2004, 51,089 Tranche B Preference Shares were redeemed by DB Sirius (Cayman) Limited for £6,329,903. On 16 December 2004, a further 75,602 Tranche B Preference Shares were redeemed by DB Sirius (Cayman) Limited for £9,367,053.

The shares are entitled to an effective dividend rate of 4.8614%. The shares are redeemable at the issue price

NOTES TO THE ACCOUNTS

For the period from 17 July 2004 to 31 December 2004

8 DEBTORS	31 December 2004	16 July 2004
	£	£
Accrued dividend receivable on Tranche B cumulative fixed asset investments	278,895	19,522
Group relief receivable	70,494	-
	<u>349,389</u>	<u>19,522</u>

9 CREDITORS Amounts falling due within one year	31 December 2004	16 July 2004
	£	£
Preference dividends payable	1,945,877	121,617
Tax payable	-	257
Amounts payable to group undertakings	70,764	-
Interest payable to group undertakings	84	-
	<u>2,016,725</u>	<u>121,874</u>

10 DEFERRED TAXATION	31 December 2004	16 July 2004
	£	£
Opening balance	9,032,104	4,302,698
Deferred tax to profit and loss	7,344,923	4,729,406
Closing balance as at 31 December 2004	<u>16,377,027</u>	<u>9,032,104</u>

The period end deferred tax asset is a result of the timing difference of the accretion of discount on the fixed asset investment

11 SHARE CAPITAL	16 July 2004	16 July 2004
	No	£
Authorised		
Ordinary shares of £1 each	1,000	1,000
Preference shares of £50 each	8,780,000	439,000,000
	<u>8,781,000</u>	<u>439,001,000</u>
Allotted, called up and fully paid	No	£
Ordinary shares of £1 each	1,000	1,000
Preference shares of £50 each	8,780,000	439,000,000
	<u>8,781,000</u>	<u>439,001,000</u>
	31 December 2004	31 December 2004
	No	£
Authorised		
Ordinary shares of £1 each	1,000	1,000
Preference shares of £50 each	8,780,000	439,000,000
	<u>8,781,000</u>	<u>439,001,000</u>
Allotted, called up and fully paid	No	£
Ordinary shares of £1 each	1,000	1,000
Preference shares of £50 each	8,780,000	439,000,000
	<u>8,781,000</u>	<u>439,001,000</u>

The preference shares are redeemable on 16th June 2007 at par value of £915,000,000. On winding up, they would have priority over the ordinary shareholders. The right to vote at general meetings for the preference shareholders were cancelled on 16 December 2004.

NOTES TO THE ACCOUNTS**For the period from 17 July 2004 to 31 December 2004**

12 DERIVATIVE FINANCIAL INSTRUMENTS

The Company has sold a put option to a related entity, DB Valiant (Cayman) Limited, to exchange £915,000,000 of preference shares issued by the Company for £915,000,000 preference shares in J Sainsbury (Jersey) Limited or a cash equivalent. The option expires on 18th December 2006.

The Company has purchased a put option to exchange the Company's preference share investment in DB Sirius (Cayman) Limited from West LB Holborn Limited for £915,000,000 preference shares in J Sainsbury (Jersey) Limited or a cash equivalent. The option expires on 18th June 2007.

13 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

DBUKH Finance Limited, which is incorporated in England, is the immediate controlling entity.

Deutsche Bank AG, a company registered in Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest and smallest group for which group financial statements are drawn up.

Copies of the group financial statements prepared in respect of Deutsche Bank AG may be obtained from the Company Secretary, Deutsche Bank AG, London branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

14 RELATED PARTY TRANSACTIONS

As permitted by paragraph 3(c) of FRS 8, no disclosure is made of transactions with members or associates of the Deutsche Bank AG group.

15 POST BALANCE SHEET EVENTS

On 16 March 2005, 75,678 Tranche B Preference Shares were redeemed by DB Sirius (Cayman) Limited for £9,376,469.
