

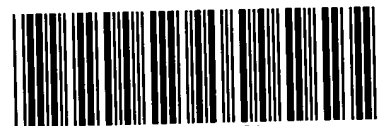
TESCO INTERNATIONAL INTERNET RETAILING
LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

Registered Number: 00041420

WEDNESDAY



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TESCO INTERNATIONAL INTERNET RETAILING LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

The Directors present their Annual Report and the audited financial statements of Tesco International Internet Retailing Limited (the "Company") for the 52 weeks ended 27 February 2016. (Prior 53 weeks ended 28 February 2015).

This Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Business review and principal activities

The principal activity of the Company is international internet retailing. Turnover has decreased significantly during the period due to the closure of the Republic of Ireland (ROI) and Poland online clothing websites on the 8 September 2015. The international markets outside of ROI and Poland continued to trade until 26 January 2016. The intention is for the Company to sell online clothing and general merchandise to the international British military bases in the next financial period.

Results and dividends

The results for the period show a profit on ordinary activities before taxation of £1,105k (2015: £3,322k) and turnover of £3,203k (2015: £8,248k).

The Directors do not recommend payment of a dividend for the 52 weeks ended 27 February 2016 (2015: £nil). The retained profit for the 52 weeks ended 27 February 2016 amounted to £1,105k (2015: £3,322k).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group (the "Group") and are not managed separately. Accordingly, the principle risks and uncertainties of the Group, which include the Company, are discussed on pages 24 to 27 of the Tesco PLC Annual Report 2016 which does not form part of this Report.

Political Donations

There were no political donations for the period (2015: nil).

Future outlook

The Republic of Ireland (ROI) and Poland online clothing websites were closed on the 8 September 2015. The international markets outside of ROI and Poland continued to trade until 26 January 2016. The intention is for the Company to sell online clothing and general merchandise to the international British military bases in the next financial period. The Company is expected to be loss making in the next financial period.

Going concern

Based on forecasts, the Company has sufficient liquid assets to meet its liabilities for at least a 12 month accounting period from the date of signing the Annual Report. Accordingly the financial statements have been prepared on a going concern basis.

Key performance indicators (KPI's)

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

The development, performance and position of the operations of the Tesco PLC Group (the "Group"), which includes the Company is discussed on pages 12 to 13 of the Group's Annual Report which does not form part of this Report.

Research and development

The Company does not undertake any research and development activities (2015: none).

Employees

The Company had no employees during the period (2015: none).

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016
(continued)

Directors and their interests

The following Directors served during the period and up to the date of signing the financial statements.

J Easterbrook — Resigned 20 January 2016
J Tarry — Resigned 1 February 2016
Tesco Services Limited
M Britten – Appointed 3 November 2015
A Letts – Appointed 3 November 2015

None of the Directors had any disclosable interests in the Company during this period.

During the respective financial period and up until the signing of these financial statements, a qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 is in force for the benefit of the Tesco PLC Company Secretary (who is a Director of Tesco Services Limited) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and officers' liability insurance policy throughout the financial period.

Strategic Report

The Directors have taken advantage of the exemption provided by section 414 (b) of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2015) from preparing a Strategic Report.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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 judgements and accounting estimates that are reasonable and prudent; 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 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 and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016
(continued)

Disclosure of information to the auditor

Each Director who is a Director of the Company at the date of approval of these financial statements confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information;

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board

21 November 2016



Max Britten
Director

Tesco International Internet Retailing Limited

Registered Number: 00041420

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO
INTERNATIONAL INTERNET RETAILING LIMITED

We have audited the financial statements of Tesco International Internet Retailing Limited for the 52 weeks ended 27 February 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 27 February 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO
INTERNATIONAL INTERNET RETAILING LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.

Rebecca Drew

Rebecca Drew (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

21 November 2016

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27
FEBRUARY 2016

	Note	52 weeks to 27 February 2016 £'000	53 weeks to 28 February 2015 £'000
Turnover		3,203	8,248
Cost of sales		(2,035)	(4,821)
Gross profit		1,168	3,427
Foreign exchange loss		(63)	(105)
Operating profit		1,105	3,322
Profit on ordinary activities before tax		1,105	3,322
Tax on profit on ordinary activities	5	-	-
Total Profit and Comprehensive Income for the financial period		1,105	3,322

All operations are continuing for the financial period.

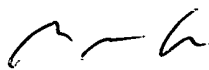
There are no material differences between the profit on ordinary activities before tax and the profit for the period stated above and their historical cost equivalents.

The notes on pages 9 to 13 form part of these financial statements.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
BALANCE SHEET AS AT 27 FEBRUARY 2016

	Note	27 February 2016 £'000	28 February 2015 £'000
Current assets			
Debtors – amounts falling due within one year	6	7,087	6,730
Cash at bank and in hand	7	1,431	683
Net current assets		8,518	7,413
Total assets less current liabilities		8,518	7,413
Net assets		8,518	7,413
Capital and reserves			
Called up share capital	8	738	738
Profit and loss account	9	7,780	6,675
Total equity	10	8,518	7,413

The financial statements and notes on pages 6 to 13 were approved by the Board of Directors and authorised for issue on 21 November 2016 and were signed on its behalf by:



Max Britten
 Director
 Tesco International Internet Retailing Limited
 Registered Number: 00041420
 Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA

TESCO INTERNATIONAL INTERNET RETAILING LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27
FEBRUARY 2016

	<i>Called Up Share Capital</i> £'000	<i>Profit and loss account</i> £'000	<i>Total equity</i> £'000
At 22 February 2014	738	3,353	4,091
Profit for the financial period and total comprehensive income	-	3,322	3,322
At 28 February 2015	738	6,675	7,413
Profit for the financial period and total comprehensive income	-	1,105	1,105
At 27 February 2016	738	7,780	8,518

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of Tesco International Internet Retailing Limited (the "Company") for the year ended 27 February 2016 were approved by the Board of Directors on 21 November 2016 and the Balance Sheet was signed on the board's behalf by Max Britten. Tesco International Internet Retailing Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of the Company are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

The principal accounting policies adopted by the Company are set out in note 2.

2 ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS101. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 9 gives details of the Company's parent and from where its consolidated financial statements, prepared in accordance with IFRS, may be obtained.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out as follows.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There have been no significant judgements (apart from those involving estimates) that have had a significant effect on amounts recognised in the financial statements.

Significant Accounting Policies

a) Turnover

Turnover consists of international sales through internet websites carried out by Tesco Stores Limited on behalf of Tesco International Internet Retailing Limited. Turnover is reported net of returns, vouchers and value added taxes. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

b) Cost of Sales

Cost of Sales consists of goods purchased from Tesco Stores Limited at book price.

c) Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

d) Group relief on taxation

The Company may receive or surrender group relief from Group companies without payment and consequently there may be no tax charge in the Statement of Comprehensive Income.

e) Debtors

Debtors are amounts due from Group Undertakings. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

f) Foreign currency translation

The Company's financial statements are presented in Pounds Sterling, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Balance Sheet date. All differences are taken to the Statement of Comprehensive Income.

g) Cash at bank and in hand

Cash and short term deposits in the Balance Sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

3 AUDITOR'S REMUNERATION

The auditor's remuneration for the current and prior period was borne by another Group Company.

4 STAFF COSTS AND DIRECTORS' REMUNERATION

The Directors received no emoluments for their services to the Company (2015: £nil).

The Company had no employees during the period (2015: none).

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The Finance Act 2013 included legislation to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The blended tax rate for the period is therefore 20.1%.

	52 weeks to 27 February 2016 £'000	53 weeks to 28 February 2015 £'000
Current income tax:	-	-
UK Corporation tax on profit for the period	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred tax:	-	-
Origination and reversal of temporary differences	-	-
Adjustments in respect of previous periods	-	-
Total deferred tax	-	-
Tax expenses in the statement of comprehensive income	-	-

Reconciliation of Total Tax Charge

The charge for the year can be reconciled to the profit in the Statement of Comprehensive Income as follows:

	52 weeks to 27 February 2016 £'000	53 weeks to 28 February 2015 £'000
Profit on ordinary activities before tax	1,105	3,322
Profit on ordinary activities multiplied by blended rate in the UK 20.1% (2015: 21.2%)	222	704
Effects of:		
Group relief (claimed) without payment	(222)	(704)
Current tax charge for the financial period	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2016 (continued)

5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The Finance Act 2015 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rate reductions are therefore included in these financial statements.

In addition, it was announced in the March 2016 Budget Statement that the main rate of corporation tax will be further reduced by 1% to 17% from 1 April 2020.

This further rate reduction had not been substantively enacted at the balance sheet date and has therefore not been reflected in these financial statements.

6 DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 February 2016 £'000	28 February 2015 £'000
Amounts owed by Group undertakings	7,087	6,730

Included within amounts owed by Group undertakings are amounts that are unsecured and interest free, unsecured, have no fixed date of repayment and are repayable on demand.

7 CASH AT BANK AND IN HAND

	27 February 2016 £'000	28 February 2015 £'000
Cash at Bank	1,431	683

Poland and Republic of Ireland Cash at Bank balances have been translated at respective FX spot rates as at 27 February 2016 (GBP:Pol = 1 : 5.5325 and GBP:Eur = 1 : 1.2678, Source Oanda). The FX loss upon translation has been recognised in the Statement of Comprehensive Income.

8 CALLED UP SHARE CAPITAL

	27 February 2016 £'000	28 February 2015 £'000
Allotted, called up and fully paid: 738,378 Ordinary shares of £1 each (2015: 738,378)	738	738

9 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Tesco PLC.

The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

TESCO INTERNATIONAL INTERNET RETAILING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27
FEBRUARY 2016 (continued)**

10 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exception under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

11 SUBSEQUENT EVENTS

There were no subsequent events after the Balance Sheet date.