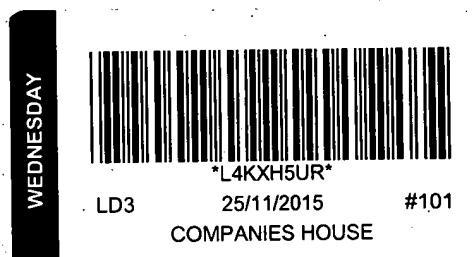


TESCO MOBILE COMMUNICATIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

Registered Number: 4780729



TESCO MOBILE COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

The Directors present their Report and audited financial statements of Tesco Mobile Communications Limited ("the Company") for the 53 weeks ended 28 February 2015. (Prior 52 weeks ended 22 February 2014).

Business review and principal activities

The principal activity of the Company is to act as an investment company. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

Results and dividends

The results for the period show a pre-tax loss of £6,000 (2014: £6,000). Net assets for the period were £1,072,000 (2014: £1,078,000).

The Directors do not recommend payment of a dividend for the 53 weeks ended 28 February 2015 (2014: £nil).

The retained loss for the 53 weeks ended 28 February 2015 amounted to £9,000 (2014: £3,000).

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 22 to 25 of the Tesco PLC Group Annual Report 2015 which does not form part of this Report.

Political donations

There were no political donations for the period (2014:£nil).

Future outlook

The Company's level of trade is expected to continue throughout 2015.

Key performance indicators (KPIs)

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 10 to 11 of the Tesco PLC Annual Report 2015 which does not form part of this Report.

Research and development

The Company does not undertake any research and development activities (2014: none).

Employees

The Company had no employees during the period (2014: none).

TESCO MOBILE COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

Going concern

It is the current intention of the Company's ultimate parent undertaking to continue to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

Strategic Report

The Directors have taken advantage of the exemption provided by section s414 (b) of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2014) from preparing a Strategic Report.

Directors and their interests

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

J Lloyd (resigned 23/01/2015)
P Moore (appointed 23/01/2015)
Tesco Services Limited

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 Directors listed above and the Company Secretary (who is also a Director of the Company) in respect of liabilities incurred as a result of their/his office, to the extent permitted by law. In respect of those liabilities for which Directors and Officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

TESCO MOBILE COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

Statement of Directors' responsibilities

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 year. 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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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.

Disclosure of information to auditors

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 auditors are 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 auditors are 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

23 November 2015



P. Moore

Director

Tesco Mobile Communications Limited

Registered Number: 4780729

Registered Office: Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

Independent auditors' report to the members of Tesco Mobile Communications Limited

Report on the financial statements

Our opinion

In our opinion, Tesco Mobile Communications Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its loss for the 53 week period (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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 28 February 2015;
- the Statement of Comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Tesco Mobile Communications Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

Wendy Russell

Wendy Russell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
24 November 2015

TESCO MOBILE COMMUNICATIONS LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|----------------------------------------------------|-------|---------------|---------------|
| Interest payable and similar cost | 5 | (6) | (6) |
| Loss on ordinary activities before taxation | | (6) | (6) |
| Tax on loss on ordinary activities | 6 | - | - |
| Total comprehensive loss for the period | | (6) | (6) |

The notes on pages 10 to 14 form part of these financial statements.


TESCO MOBILE COMMUNICATIONS LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|------------------------------------------------|-------|----------------|----------------|
| Fixed assets | | | |
| Investments | 7 | 1,051 | 1,051 |
| | | 1,051 | 1,051 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 1,780 | 1,780 |
| | | 1,780 | 1,780 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 9 | (1,758) | (1,752) |
| | | (1,758) | (1,752) |
| Net current assets | | 22 | 28 |
| Total assets less current liabilities | | 1,073 | 1,079 |
| Net assets | | 1,073 | 1,079 |
| Capital and reserves | | | |
| Share capital | 10 | 1,081 | 1,081 |
| Retained earnings | | (8) | (2) |
| Total equity | | 1,073 | 1,079 |

The notes on pages 10-14 are an integral part of the financial statements.

The financial statements on pages 7 - 14 were approved by the Board of Directors on 23 November 2015 and were signed on its behalf by:


 P. Moore
 Director
 Tesco Mobile Communications Limited
 23 November 2015

TESCO MOBILE COMMUNICATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

| | Notes | Share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|-----------------------------------------|-------|------------------------|----------------------------|-----------------------|
| At 23 February 2013 | | 1,081 | 3 | 1,084 |
| Profit for the period | | - | (5) | (5) |
| Total comprehensive loss for the period | | | (5) | (5) |
| At 22 February 2014 | | 1,081 | (2) | 1,079 |
| Loss for the period | | - | (6) | (6) |
| Total comprehensive loss for the period | | - | (6) | (6) |
| At 28 February 2015 | | 1,081 | (8) | 1,073 |

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of Tesco Mobile Communications Limited (the "Company") for the year ended 28 February 2015 were approved by the board of directors on 23/11/2015 and the balance sheet was signed on the board's behalf by P Moore. Tesco Mobile Communications 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 financial statements have been prepared under the historical cost convention and the Companies Act 2006.

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

The results of Tesco Mobile Communications Limited are included in the consolidated financial statements of Tesco PLC which are available from Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

2 ACCOUNTING POLICIES

Basis of preparation

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). 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 International Financial Reporting Standard (IFRS).

The company is a qualifying entity for the purposes of FRS 101. Note 12 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 IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- 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; and
- 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.

Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Company

There are no IFRSs or IFRIC interpretations adopted for the first time in the current year which had a material impact on the company.

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

2 ACCOUNTING POLICIES (continued)

Significant accounting policies

(a) Creditors

Creditors (including intercompany balances) are both interest and non-interest bearing recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Interest payable on loans is recognised through the statement of total comprehensive income.

(b) Investments in Joint Ventures

Investments in joint ventures are held at cost less accumulated amortisation in accordance with IAS 27 Consolidated and Separate Financial Statements ('IAS 27') paragraph 10.

(c) Investments in Subsidiaries

Investments in subsidiaries are held at cost less accumulated amortisation in accordance with IAS 27 paragraph 10.

(d) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The amount included in the Statement of Comprehensive Income is based on the profit on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

(e) 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.

3 AUDITORS REMUNERATION

The auditors' remuneration for the current and prior period was borne by another group company.

4 STAFF COSTS AND DIRECTORS REMUNERATION

The company had no employees during the period (2014: none)

The directors received no emoluments for their services to the company (2014: £nil)

5 INTEREST PAYABLE

| | 2015 £'000 | 2014 £'000 |
|-------------------------------------------------|---------------|---------------|
| Interest payable on loans from joint ventures | 6 | 6 |
| Total interest payable and similar costs | 6 | 6 |

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

6 TAXATION

Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 23% to 21% with effect from 1 April 2014. This gives an overall blended Corporation Tax rate for the company for the full year of 21.2 % (2014: 23.1%).

(a) Tax charged in the statement of total comprehensive income

| | 2015 £'000 | 2014 £'000 |
|---------------------------------------------|---------------|---------------|
| Current income tax: | | |
| UK corporation tax | - | - |
| Total current income tax | - | - |
| Total income tax charge for the year | - | - |

(b) Reconciliation of the effective tax charge

The tax assessed for the period is higher (2014: higher) than the blended rate of corporation tax in the UK of 21.2% (2014: 23.1%). The differences are explained below:

| | 2015 £'000 | 2014 £'000 |
|-------------------------------------------------------------------------------------------------|---------------|---------------|
| Profit / (loss) on ordinary activities before tax | (6) | (6) |
| Profit / (loss) on ordinary activities multiplied by blended rate in the UK 21.2% (2014: 23.1%) | (1) | (1) |
| Effects of: | | |
| Group relief surrendered without payment | 1 | 1 |
| Total income tax charge for the year | - | - |

7 INVESTMENTS - NON-CURRENT

| | 2015 £'000 | 2014 £'000 |
|-------------------------------|---------------|---------------|
| Investments in joint ventures | 1,050 | 1,050 |
| Investments at cost | 1,050 | 1,050 |

The Directors believe that the carrying value of the investments is supported by their underlying net assets and their expected future cash flows.

(a) Investments in subsidiaries

| | £ |
|---------------------|---|
| At 23 February 2014 | 1 |
| At 28 February 2015 | 1 |

The company has a 100% investment in Tesco Mobile Services Limited.

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

(b) Investment in joint ventures

The Company has a 5% interest in Tesco Mobile Limited, a jointly controlled entity whose principal activity is in the provision of Telecoms services. The direct investment in Tesco Mobile Limited is classified as an investment in Joint Venture, refer to note 7 (c) for further details.

(c) Details of Group undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 22 February 2014 and 28 February 2015, are as follows:

| <i>Name of company</i> | <i>Holding</i> | <i>Proportion of voting rights and shares held</i> | <i>Nature of business</i> |
|---------------------------------|-----------------|----------------------------------------------------|---------------------------|
| <i>Subsidiary undertakings:</i> | | | |
| Tesco Mobile Services Limited | Ordinary shares | 100% | Holding Company |
| <i>Joint venture:</i> | | | |
| Tesco Mobile Limited | Ordinary shares | 50% | Telecoms |

The entity has a direct shareholding of 5% in Tesco Mobile Limited and an indirect holding of 50% through its subsidiary Tesco Mobile Services Limited, which has a 45% direct shareholding in Tesco Mobile Limited. Therefore and due to the shareholding agreement with the remaining shareholder of Tesco Mobile Limited the investment in Tesco Mobile Limited is classified as a Joint Venture in accordance with IFRS 11 Joint Arrangements.

8 DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 £'000 | 2014 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by Group undertakings | 1,780 | 1,780 |
| | 1,780 | 1,780 |

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

9 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 £'000 | 2014 £'000 |
|------------------------------------------------------|---------------|---------------|
| Bank loans and overdrafts | 39 | 33 |
| Amounts owed to group undertakings | 1,119 | 1,119 |
| Amounts owed to joint ventures | 600 | 600 |
| Total creditors – falling due within one year | 1,758 | 1,752 |

Terms of loan from joint ventures – amount of principle £600,000 (2014: £600,000) and interest rate LIBOR plus 0.5% (2014: LIBOR plus 0.5%)

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 28 FEBRUARY 2015 (continued)

10 CALLED UP SHARE CAPITAL

| | |
|------------------------------------|-------|
| Allotted, called up and fully paid | £'000 |
| Ordinary shares of £1 each | |
| At 23 February 2014 | 1,081 |
| At 28 February 2015 | 1,081 |

11 OTHER RELATED PARTY TRANSACTIONS

There were no transactions between the Company and related parties, other than the loans to and from joint ventures and Group undertakings. Refer to notes 8 and 9 for further details.

12 ULTIMATE GROUP UNDERTAKING

The Company's ultimate and immediate parent undertaking is Tesco PLC. The Company is included within the Group Annual Report which is publicly available from Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.