TESCO

TESCO PLC INTERIM REPORT 2001

CONTENTS

DIRECTORS

* John Gardiner
Chairman

Terry Leahy
Chief Executive

David Reid CA
Deputy Chairman

Rowley Ager

Philip Clarke

John Gildersleeve

Andrew Higginson

Tim Mason

David Potts

* Charles Allen

* Dr Harald Einsmann

* John Melbourn CBE

* Veronique Morali

* Graham Pimlott

* Non-executive Directors

Following our excellent results last year, our first half results underline the strength of our four part strategy – a strong core UK business, non-food, retailing services and our international business. This combined with the commitment of the whole Tesco team continues to create value for our customers.

FINANCIAL HIGHLIGHTS

GROUP SALES	UP	14.2%
UK SALES	UP	10.0%
INTERNATIONAL SALES	UP	45.8%
GROUP PROFIT BEFORE TAX†	UP	14.0%
EARNINGS PER SHARE †‡	UP	13.0%
DIVIDEND PER SHARE	UP	12.8%

	2001 24 weeks	2000 As restated 24 weeks
Group sales (including value added tax) (£m)	11,511	10,084
Profit on ordinary activities before tax † (£m)	481	422
Earnings per share †‡ (p)	4.78	4.23
Dividend per share (p)	1.67	1.48
Group enterprise value (market capitalisation plus net debt) (£m)	20,644	17,674

† Excluding net loss on disposal of fixed assets and goodwill amortisation.

‡ Adjusted diluted.

CHAIRMAN'S STATEMENT

Group profit increased

FINANCIAL **Group sales** including VAT increased by 14.2% to £11,511m (2000 – £10,084m).

Group profit before tax increased by 14.0% to £481m, excluding the net loss on disposal of fixed assets and goodwill amortisation. Group profit before tax rose by 13.5% to £471m.

UK sales (excluding property development sales) grew by 10.0% to £9,796m (2000 – £8,904m) of which 7.0% came from existing stores and 3.0% from net new stores. Existing store growth has been driven by strong volumes of 6.9%. We have seen net inflation of only 0.1% in the first half.

UK operating profit was 12.1% higher at £501m (2000 – £447m). The operating margin remained broadly flat at 5.5%, as we continue to invest in getting cheaper for the customer.

Total **international sales** grew by 46% to £1,715m (2000 – £1,176m) and contributed £33m to Group profits, 120% more than last year.

In the **Rest of Europe**, total sales rose by 32% to £1,063m (2000 – £806m) and contributed an operating profit of £24m, up 85% on last year.

Sales in the **Republic of Ireland** were ahead 7.8% as we continue to bring value to the customer.

In **Asia**, total sales were up 76% to £652m (2000 – £370m) and we made a profit of £9m (2000 – £2m). Trading profits in Thailand and South Korea have been partly offset by start-up losses in Taiwan.

Profit from **joint ventures** in the first half was £15m (2000 – £10m). Within this our share of **Tesco Personal Finance** profit was £7.3m (2000 – £0.4m).

Tesco.com in total achieved sales of £146m up 76% (2000 – £83m). Grocery homeshopping achieved good profit, however overall Tesco.com made a small loss of £3m in the first half, reflecting the launch costs of new sites such as our wine warehouse.

Net interest payable was £68m (2000 – £50m), the increase reflecting the borrowings that fund our investment plans.

Corporation tax has been charged at an effective rate of 31.2% (2000 – 31.6%[†]). Prior to accounting for the net loss on disposal of fixed assets and goodwill amortisation our underlying tax rate was 30.6% (2000 – 31.0%[†]). This year we are required to adopt Financial Reporting Standard 19 'Accounting for Deferred Tax', which obliges us to make full provision for deferred tax. This has increased the effective rate of tax for 2001 by circa 3.5%.

Adjusted diluted earnings per share (excluding the net loss on disposal of fixed assets and goodwill amortisation) increased by 13.0% to 4.78p (2000 – 4.23p[†]).

The Board has proposed an **interim dividend** of 1.67p (2000 – 1.48p). This represents an increase of 12.8% on last year and gives a dividend cover of 2.86 times (2000 – 2.86 times[†]). The interim dividend will be paid on 30 November 2001 to shareholders on the Register of Members at the close of business on 28 September 2001. Shareholders will continue by 14.0%

to have the right to receive the dividend in the form of fully paid ordinary shares instead of cash. The first day of dealing in the new shares will be 30 November 2001.

Group capital expenditure in the first half was £697m (2000 – £659m). UK capital expenditure was £441m including £182m on new stores and £95m on extensions and refits. International capital expenditure was £256m including £145m in Asia. We forecast Group capital expenditure to be around £2.0bn for the full year including £250m for the purchase of properties previously part of sale and leaseback agreements.

Net debt at the half year increased by £229m to £3,033m (Feb 2001 – £2,804m).

Gearing last year-end was 56%†, restated for FRS19, previously 52%. Gearing has increased to 57% at the half year as we move forward with our strategy for growth.

STRATEGY We have progressed further with our clear strategy for growth delivering strong results with Group sales up 14.2% and profit up 14.0% and we have the fastest organic growth rate of any major retailer.

Our obsession with getting it right for the customer has delivered record sales volumes in the UK.

Our International business continues to grow and gain momentum. We have seen strong evidence of financial returns being achieved particularly in our lead countries – Hungary in Europe and Thailand in Asia.

The four key elements of our strategy remain the same:

A STRONG UK CORE BUSINESS Our continued investment and commitment to bring value to the customer has grown market share and we have won over customers from all our competitors in the first half.

NON-FOOD We continue to make progress towards our goal of being as strong in non-food as food. In the first half we launched 4,500 new products, providing further choice for customers and opened a further 0.5 million sq ft of non-food retail space world-wide.

RETAILING SERVICES Tesco Personal Finance grew profit significantly in the first half. Tesco.com will be profitable this year and we recently announced that we are taking grocery homeshopping to the USA.

INTERNATIONAL GROWTH We are on track to deliver more than 45% of Group space internationally by 2002. By 2003 we will have more space overseas than in the UK, and we are confident of achieving our financial targets.

4 key elements

† Restated due to the adoption of Financial Reporting Standard 19, 'Accounting for Deferred Tax'

CHAIRMAN'S STATEMENT CONTINUED

UK BUSINESS In the first half we have seen a buoyant retail market where volumes have been exceptional. We believe there will be a return to more normal volume levels in the second half where our strategy of providing exceptional value and choice for the customer should serve us well.

The UK remains our core market. We continue to lead on value. So far this year our customers have benefited from a further £160m investment in price across 3,500 lines, the largest number of products ever.

We compare prices weekly on over 66% of our total sales showing that our prices are now 12.5% cheaper than they were five years ago. We have seen UK sales grow by 10% in the first half and reinforced our position as Britain's best value supermarket.

Our drive for value and our customer obsession has resulted in sales volumes growing consistently by a compound 24% in the last five years.

As well as our investment in price we have also:

- grown our Organics business by over 40%, advancing our position as the largest retailer of these products
- improved our front end service with the addition of customer champions
- enhanced our existing ranges such as Finest and Value and introduced World On A Plate, a range of fine foods from around the world.

In response to research, we have enhanced our Clubcard giving our customers more choice than ever. Around 80% of our customers use Clubcard and in the first half we rewarded them with nearly £100m of coupons. Our Clubcard coupons can now be used to pay not only for shopping but also holidays and Tesco Personal Finance motor insurance.

We continue to innovate through our step change programmes ensuring that efficiency savings are passed to our customers. In the first half we have exceeded our budget expectations and we are on target to achieve savings of £200m this year. Our step change programmes focus on:

- Continuous replenishment. Our world-leading ordering system reduces lead times, makes orders more accurate and improves product availability. By the end of October it will be live for all fresh foods.
- Primary distribution. Our team has now built the supporting systems and processes and is making excellent progress in consolidating shipments into our distribution centres.

To improve our supply chain network we are opening two new distribution centres at Daventry for frozen food and Thurrock for dry grocery. This will create over 1,000 jobs and improve service to the store and product availability for the customer.

We have continued to work with farmers and suppliers to minimise the impact of foot and mouth and helped farmers by selling a wider range of pork cuts and lighter lambs.

New space Our development programme in the UK is on target with 13 new stores opening in the first half. A strong extension

6%

non-food market share

and refit programme and further High Street investment are also enhancing our UK store portfolio.

We opened eleven Express stores in the first half as we continued with our extensive opening programme. In recent months we have been opening Express stores at a rate of one per week and we are on track for 150 stores at the end of 2002. Sales densities in these stores are amongst the highest in the Group.

We opened six Extra stores in the first half and are on target for over 40 by the year end. Our most recent Extra at Swansea illustrates the importance of format development. The store was originally 14,000 sq ft. It was then extended twice to become a superstore of 42,000 sq ft and has now been replaced by an 80,000 sq ft Extra that has more than doubled turnover.

Our successful regeneration scheme at Leeds Seacroft recently won the Business in the Community innovation award. In September we opened our second regeneration store in Durham. It is a 60,000 sq ft Extra which has created 430 new jobs, of which a third were long-term unemployed. A further regeneration partnership has recently been announced in Bradford, taking the total to thirteen.

NON-FOOD We continue to make progress in non-food putting us on track for a 6% market share. Some of our achievements in the first half include:

- becoming market leader in volume sales for Health and Beauty
- DVD sales up over 300%
- achieving 48% market share on the launch of the latest Harry Potter paperback
- strong growth in Florence and Fred clothing including ladieswear up 54%.

We recently acquired a major stake in Nutri Centre, the leader in complementary medicines, enhancing our Health and Beauty offer and meeting customers' desire for natural products.

RETAILING SERVICES Tesco Personal Finance achieved a profit of £14m, of which our share was £7m. Our low cost model has delivered these results in just four years. Tesco Personal Finance works because it brings outstanding value and low customer acquisition costs.

We now have over 2.25 million customer accounts, 1 million credit cards in issue, cheque deposits at the checkouts, instant travel insurance and we have converted 250,000 motor insurance customers to our product in just over a year.

Despite achieving outstanding growth, there is further opportunity for all our products as we have on average only a 2% market share.

Tesco.com has made excellent progress and we now reach 94% of the UK population. In the first half, our grocery homeshopping operation achieved like-for-like sales of nearly 40% and created 600 new jobs.

In June, we announced plans to take our successful grocery homeshopping system to the USA where there is 60% internet penetration as opposed to 35% in the UK. We will be accessing potentially 150 million people through

new stores

CHAIRMAN'S STATEMENT CONTINUED

international sales

1,500 Safeway Inc. shops and are on track to trial the first store early in the second half of this year. We look forward to the growth prospects this exciting development gives us.

We will be starting grocery homeshopping in South Korea early in the New Year. This means we will be operating our successful system in three of the ten largest internet markets in the world.

INTERNATIONAL BUSINESS Our strategy of building an international business of real scale continues to gain momentum. We are delighted with the progress we are making.

This year we will open 16 hypermarkets in Europe and 17 in Asia, taking our total number to 101. We will have 42% of our sales space overseas by the end of 2001, putting us on track to beat our target of 45% by the end of 2002.

In the first half, we have created a further 7,000 jobs outside the UK and the total employed overseas will increase to around 60,000 by the year end, a five-fold increase over the last five years.

We continue to leverage capability from the UK into our international businesses, adding value through commercial capability, global sourcing, supply chain management and retailing services.

Looking at current performance, we are ahead of our plans in Asia with little impact so far from the US economic slowdown. Europe is doing well despite some tough consumer conditions and overall we are still on track to deliver the returns that we have previously indicated, 15%-20% store cash returns by the end of the fourth year of trading.

International highlights from the first half are:

- sales up by 46% and profits up by 120%
- the performance of the Polish management team, where the business is on track to break even this year
- the strength of our sales growth in Hungary
- the outstanding performance from our new stores in Korea which will deliver profit faster than initially planned
- the continuation of our strength in Thailand, where we are on track to deliver our targeted returns earlier than planned.

In **Hungary**, sales grew by 60% including like-for-like sales of 15%. We continue to grow profit and are looking to increase the opening programme on the back of our successful hypermarkets. We are looking at smaller hypermarket formats for smaller towns to build on our existing share of the food retail market.

Returns on the early hypermarkets are very encouraging. In the next 18 months, we will open eight stores of around 75,000 sq ft, costing £7m-£8m per store including land.

In **Poland**, like-for-like sales have increased to 5%. Our opening programme continues with four new stores this year.

In the **Czech Republic**, our hypermarkets are performing well and returns from our lead stores are good.

In the **Slovak Republic** we will open a further three hypermarkets this year.

total of 101

up 46%

In the **Republic of Ireland**, we are seeing continued sales and profit growth. In the first half we have invested in prices reinforcing our commitment to bring value to the consumer.

We opened one new store in the first half and we are on track to open three more this year giving us 77 stores in total.

In **Thailand**, we continue to strengthen our position in Bangkok and to build a strong investment portfolio in up-country towns where we have reduced store build costs to around £7m-£8m per store.

In our major hypermarkets, malls are very successful and as a result these stores are reaching profitable status earlier than we had anticipated.

In October, we will open our first Express store which is part of a ten-store trial. This will provide us with the potential for 100-150 Express stores in Bangkok.

In **South Korea**, the turnover of our first two stores continues to be outstanding. In addition, the five stores opened last year are all performing strongly and are in our top ten Group stores in terms of sales. Financial returns are ahead of both our short-term and five-year plan targets. We are committed to opening six stores this year and eleven next year.

In **Taiwan**, we are still in a start-up phase. We have learnt much from our first store, in the face of stiff local price competition. We are looking forward to opening our first two stores on greenfield sites in the next few months, and to build a business of scale over the next few years.

In **Malaysia**, we anticipate opening our first store next year, with further sites to develop.

We continue to research other international opportunities including China and Japan.

CONCLUSION In the UK, our continued investment and commitment to bring value to the customer has grown market share and there is still plenty of growth to come.

In non-food, we continue to make progress towards our goal of being as strong in non-food as food.

Retailing services are a major success for us, both grocery homeshopping and Tesco Personal Finance are already profitable.

The winning formula of our international business and skills tailored to local customer needs has taken us to market leadership in five of the nine overseas markets we have entered.

Our company is now a truly international business. Our growth momentum continues to be driven by our obsession with the customer. In the first half, we have seen outstanding figures in the UK and internationally we are delighted with our progress.

John Gardiner Chairman

international hypermarkets

GROUP PROFIT AND LOSS ACCOUNT UNAUDITED

24 weeks ended 11 August 2001

	note	2001 £m	As restated‡ 2000 £m
Sales at net selling prices	2	11,511	10,084
Turnover excluding value added tax	2	10,624	9,302
Operating expenses		(10,070)	(8,821)
Employee profit-sharing		(20)	(19)
Goodwill amortisation		(4)	(3)
Operating profit	3	530	459
Share of operating profit of joint ventures		15	10
Net loss on disposal of fixed assets		(6)	(4)
Net interest payable		(68)	(50)
Profit on ordinary activities before taxation		471	415
Profit before net loss on disposal of fixed assets and goodwill amortisation		481	422
Goodwill amortisation		(4)	(3)
Net loss on disposal of fixed assets		(6)	(4)
Taxation		(147)	(131)
Profit on ordinary activities after taxation		324	284
Minority interests		–	–
Dividends		(115)	(101)
Retained profit for the financial period		209	183
		Pence	Pence
Earnings per share	4	4.72	4.20
Diluted earnings per share	4	4.64	4.12
Adjusted diluted earnings per share†	4	4.78	4.23
Dividend per share		1.67	1.48

† Excluding net loss on disposal of fixed assets and goodwill amortisation.

‡ Prior year comparatives have been restated as a consequence of adopting Financial Reporting Standard 19 'Accounting for deferred tax'. See note 1 on page 13.

Notes forming part of these accounts are on pages 13 to 15.

GROUP BALANCE SHEET UNAUDITED

	11 Aug 2001 £m	As restated‡ 24 Feb 2001 £m	As restated‡ 12 Aug 2000 £m
Fixed assets			
Intangible assets	151	154	132
Tangible assets	10,015	9,580	8,561
Investments	99	101	74
Investments in joint ventures	225	203	193
Investment in associated undertaking	16	–	–
	10,506	10,038	8,960
Current assets			
Stocks	884	838	780
Debtors	307	322	233
Investments	325	255	195
Cash at bank and in hand	482	279	116
	1,998	1,694	1,324
Creditors: falling due within one year	(4,314)	(4,389)	(3,474)
Net current liabilities	(2,316)	(2,695)	(2,150)
Total assets less current liabilities	8,190	7,343	6,810
Creditors: falling due after more than one year	(2,465)	(1,927)	(1,754)
Provisions for liabilities and charges	(419)	(402)	(369)
Total net assets	5,306	5,014	4,687
Capital and reserves			
Called up share capital	348	347	343
Share premium account	1,931	1,870	1,698
Other reserves	40	40	40
Profit and loss account	2,951	2,721	2,574
Equity shareholders' funds	5,270	4,978	4,655
Minority interests	36	36	32
Total capital employed	5,306	5,014	4,687

Notes forming part of these accounts are on pages 13 to 15.

GROUP CASH FLOW STATEMENT UNAUDITED

24 weeks ended 11 August 2001

	note	2001 £m	2000 £m
Net cash inflow from operating activities	5	950	674
Returns on investments and servicing of finance			
Interest received		19	33
Interest paid		(111)	(65)
Interest element of finance lease rental payments		(2)	–
Net cash outflow from returns on investments and servicing of finance		(94)	(32)
Taxation			
Tax paid		(154)	(114)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(690)	(760)
Receipts from sale of tangible fixed assets		27	32
Purchase of own shares		(27)	–
Net cash outflow from capital expenditure and financial investment		(690)	(728)
Acquisitions			
Purchase of subsidiary undertakings		(8)	–
Investments in joint ventures		(24)	(23)
Investment in associated undertaking		(16)	–
Net cash outflow from acquisitions		(48)	(23)
Equity dividends paid		(194)	(195)
Cash outflow before use of liquid resources and financing		(230)	(418)

Notes forming part of these accounts are on pages 13 to 15.

	note	2001 £m	2000 £m
Management of liquid resources			
(Increase)/decrease in short-term deposits		(74)	63
Financing			
Ordinary shares issued for cash		19	33
New finance leases		–	13
Increase in other loans		500	343
Capital element of finance leases repaid		(15)	(12)
Net cash inflow from financing		504	377
Increase in cash in the period		200	22
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		200	22
Cash inflow from increase in debt and lease financing		(485)	(344)
Cash from increase/(decrease) in liquid resources		74	(63)
Amortisation of 4% unsecured deep discount loan stock and RPI bond		(5)	(2)
Other non-cash movements		(12)	–
Foreign exchange differences		(1)	–
Movement in net debt in the period		(229)	(387)
Opening net debt at February	6	(2,804)	(2,060)
Closing net debt at August	6	(3,033)	(2,447)

Notes forming part of these accounts are on pages 13 to 15.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES UNAUDITED

24 weeks ended 11 August 2001

	2001 £m	As restated‡ 2000 £m
Profit for the financial period	324	284
Gain/(loss) on foreign currency net investments	23	(10)
Total recognised gains and losses relating to the financial period	347	274

The cumulative effect on opening Group reserves at 25 February 2001 of adopting Financial Reporting Standard 19 is a reduction of £378m.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS UNAUDITED

24 weeks ended 11 August 2001

	2001 £m	As restated‡ 2000 £m
Profit for the financial period	324	284
Dividends	(115)	(101)
	209	183
Gain/(loss) on foreign currency net investments	23	(10)
New share capital subscribed less expenses	16	29
Payment of dividends by shares in lieu of cash	44	17
Net addition to shareholders' funds	292	219
Opening shareholders' funds at February	4,978	4,436†
Closing shareholders' funds at August	5,270	4,655

† Originally £4,769m before deducting prior year adjustment of £333m.

‡ Prior year comparatives have been restated as a consequence of adopting FRS19 'Accounting for deferred tax'. See note 1 on page 13.

Notes forming part of these accounts are on pages 13 to 15.

NOTES TO THE ACCOUNTS

The figures for the 52 weeks ended 24 February 2001 have been extracted from the accounts which have been filed with the Registrar of Companies and which contain an unqualified audit report and did not include a statement under section 237(2) or (3) of the Companies Act 1985.

The accounts for the 24 weeks ended 11 August 2001 were approved by the Directors on 17 September 2001.

NOTE 1 Accounting policies

These accounts have been prepared using the accounting policies set out in the Group's Annual Report and Financial Statements 2001 with the exception of the policy on deferred tax. Financial Reporting Standard (FRS) 19 'Accounting for deferred tax' has been adopted with effect from 25 February 2001. FRS19 requires that deferred tax be recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Prior to 25 February 2001 the Group's accounting policy was to provide for the deferred tax which was likely to be payable or recoverable.

The prior year comparatives have been restated to comply with FRS19. The effect is to reduce profit after tax by £17m (full year effect £45m) from £301m to £284m and to reduce opening net assets by £333m from £4,769m to £4,436m. Earnings per share have been restated from 4.45p to 4.20p and adjusted diluted earnings per share from 4.48p to 4.23p.

NOTE 2 Group turnover analysis

	24 weeks 2001		24 weeks 2000	
	Sales including VAT £m	Turnover excluding VAT £m	Sales including VAT £m	Turnover excluding VAT £m
UK	9,796	9,064	8,908	8,233
Rest of Europe	1,063	949	806	722
Asia	652	611	370	347
	11,511	10,624	10,084	9,302

NOTES TO THE ACCOUNTS CONTINUED

NOTE 3 Group operating profit analysis

	24 weeks 2001 £m	24 weeks 2000 £m
UK	501	447
Rest of Europe	24	13
Asia	9	2
	534	462
Goodwill amortisation	(4)	(3)
Operating profit	530	459
UK operating margin	5.5%	5.4%

NOTE 4 Earnings per share and diluted earnings per share

The calculation of earnings, including net loss on disposal of fixed assets and goodwill amortisation is based on the profit for the period of £324m (2000 restated – £284m). For the purpose of calculating earnings per share, the number of shares is the weighted average in issue during the 24 weeks of 6,869 million (2000 – 6,768 million).

	24 weeks to 11 Aug 2001	24 weeks to 12 Aug 2000
Weighted average number of shares in issue in the period (million)	6,869	6,768
Weighted average number of dilutive share options (million)	120	117
Total number of shares for calculating diluted earnings per share (million)	6,989	6,885

NOTE 5 Reconciliation of operating profit to net cash inflow from operating activities

	24 weeks 2001 £m	24 weeks 2000 £m
Operating profit	530	459
Depreciation and amortisation	247	220
Increase in stocks	(45)	(37)
Decrease in debtors	10	22
Increase/(decrease) in trade creditors	121	(11)
Increase in other creditors	87	21
Decrease/(increase) in working capital	173	(5)
Net cash inflow from operating activities	950	674

NOTE 6 Analysis of changes in net debt

	At 24 Feb 2001 £m	Cash flow £m	Other non-cash changes £m	Exchange movements £m	At 11 Aug 2001 £m
Cash at bank and in hand	279	200	–	3	482
Overdrafts	(8)	–	–	–	(8)
	271	200	–	3	474
Money market investments and deposits	255	74	–	(4)	325
Bank and other loans	(1,381)	35	–	–	(1,346)
Finance leases	(24)	15	(14)	–	(23)
Debt due within one year	(1,405)	50	(14)	–	(1,369)
Bank and other loans	(1,908)	(535)	(5)	–	(2,448)
Finance leases	(17)	–	2	–	(15)
Debt due after one year	(1,925)	(535)	(3)	–	(2,463)
	(2,804)	(211)	(17)	(1)	(3,033)

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF TESCO PLC

INTRODUCTION We have been instructed by the company to review the financial information which comprises the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and related notes and we have read the other information contained in the Interim Report for any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

REVIEW CONCLUSION On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 24 weeks ended 11 August 2001.

PRICEWATERHOUSECOOPERS

Chartered Accountants
and Registered Auditors

London

17 September 2001

INVESTOR INFORMATION

REGISTRAR AND SHAREHOLDING ENQUIRIES Administrative enquiries about the holding of Tesco shares (other than ADRs) and enquiries in relation to the **scrip dividend scheme** should be directed to:

Lloyds TSB Registrars, The Causeway
Worthing, West Sussex BN99 6DA

Telephone 01903 502541

LOW COST DEALING The company has arranged a low cost postal share dealing service through Lloyds TSB Registrars. For details and a dealing form please telephone 0870 600 3970.

TESCO ON-LINE SERVICE Tesco financial information, including the Interim Report and the Annual Report and Financial Statements 2001, is available on the internet at www.tesco.com

INVESTOR RELATIONS
Investor Relations department
Tesco PLC, Tesco House, Delamare Road
Cheshunt, Hertfordshire EN8 9SL

Telephone 01992 646484

e-mail investor.relations@uk.tesco.com

SECRETARY AND REGISTERED OFFICE
Rowley Ager

Tesco PLC, Tesco House, Delamare Road
Cheshunt, Hertfordshire EN8 9SL

Telephone 01992 632222

SHAREHOLDER INFORMATION ON-LINE

Tesco shareholders will soon have the option of receiving both the annual report and interim statement through the internet.

The information and presentation will be exactly the same as the printed version, but using the internet has clear advantages such as lowering our costs and reducing environmental waste.

Further information and a full explanation of your choices will be included with the interim dividend correspondence in early December.

FINANCIAL CALENDAR

	2001
Interim dividend: ex-dividend date	26 September
Last date for receipt or revocation of scrip dividend mandates	3:00pm 5 November
Trading statement	late November
Interim dividend pay date	30 November

	2002
Trading statement	mid January
Financial year-end	23 February
Preliminary results announcement	mid April
Final dividend: ex-dividend date	mid April
Annual Report posted	mid May
AGM	mid June
Final dividend pay date	late June/early July

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TESCO

Tesco PLC, Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL

Front cover: Customer Assistant Carl Mills displaying fresh fish at the Tesco Extra store in Seacroft, Leeds.