

summary financial statement

Profit and loss account

This year was another successful trading year for the Group. Total sales increased by 6.3% to £18,546m and Group underlying pre-tax profit increased by 7.8% to £881m. Adjusted diluted earnings per share rose 7.7% to 9.37p. A final dividend of 2.87p per share is proposed, making the full year dividend 4.12p, an increase of 6.5% over last year.

UK retail sales have grown 8.0% to £17,070m. Like-for-like sales were 4.0% which consists of volume of 2.5% and inflation of 1.5%. New stores continue to perform well, contributing 4.0% to sales including an additional 10 weeks of sales from Northern Ireland this year compared to last year. UK operating profit has increased to £919m, up 7.0%.

Our UK operating margin fell 0.1% to 5.8% reflecting our continued investment in service including longer opening hours and more service counters. Our change programmes continue to deliver greater efficiencies helping us to manage costs and grow profits.

Cash flow statement

Cash flow from operations remained strong generating £1,321m and comfortably covering capital expenditure. Interest and tax payments were £129m and £237m respectively for the year.

Group capital expenditure in the year was £1,067m. This included £73m in Ireland, £119m in Central Europe and £27m in Thailand. In the coming year we expect our Group capital expenditure to increase to around £1.3bn as

Balance sheet

Total net assets have increased by £474m to £4,377m over last year.

Fixed assets increased by £1,057m after charging depreciation of £406m, an increase of £48m over last year.

Gearing at the year end was 39.1% while interest cover was 7.4 times. Total shareholder return to Tesco continues to out-perform both the sector and the market.

Over the past five years it has been 22.7% compared to a market average of 15.1%.

Sales in Europe remain strong with total sales up 25% to £1.3bn. Sales in the Republic of Ireland are up 25%, reflecting the early benefits of our store rebranding programme. In Central Europe sales are up 37.5%. Our six new hypermarkets across the region have all traded strongly since opening.

Our business in Thailand, Lotus, has contributed £170m to Group sales and made an operating loss of £2m.

Tesco Personal Finance has now been trading for two years and our share of losses this year are £12m with the joint venture expected to break even in the second half of next year. Property joint ventures contributed £18m.

Tax has been charged for the year at an effective rate of 27.8%, a decline over last year mainly reflecting the impact of the QUEST scheme.

Net interest payable for the year was £90m, an increase of £18m over the previous year mainly reflecting our investment in Asia. Capitalised interest is marginally higher than last year at £35m.

we step up our development plans in Central Europe and Asia.

Cash used to acquire businesses totalled £255m, including £182m for our Lotus acquisition in Thailand in May 1998.

Net debt at the year end was £1,720m, an increase of £529m on the previous year, and gearing was 39.1%. This increase mainly reflects investment to implement our overseas development strategy.

The summary financial statement on pages 24 and 25 and the summary Directors' report on pages 22 and 23 are a summary of information in the Annual Report and Financial Statements 1999. This summary financial statement does not contain sufficient information to allow for a full understanding of the results of the Group and the state of affairs of the company or of the Group.

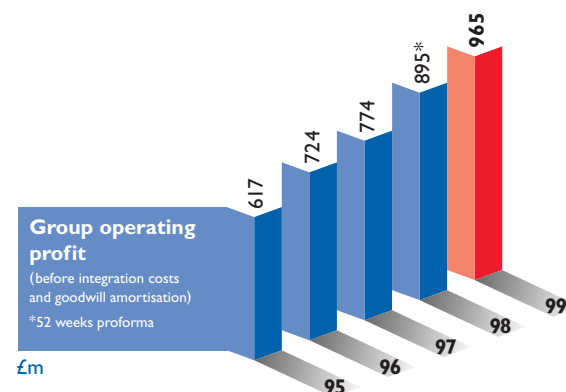
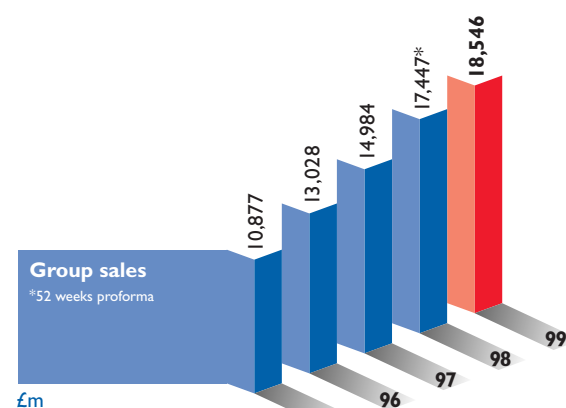
The Directors' report, the accounts and Auditors' report on those accounts, which is unqualified, are contained in a separate publication entitled Annual Report and Financial Statements 1999. Copies may be obtained free of charge by writing to: The Company Secretary, Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL. Telephone 01992 632222.

Shareholders wishing to receive the Annual Report and Financial Statements as well as the Annual Review and Summary Financial Statement in future years should write to this address.

Profit and loss account

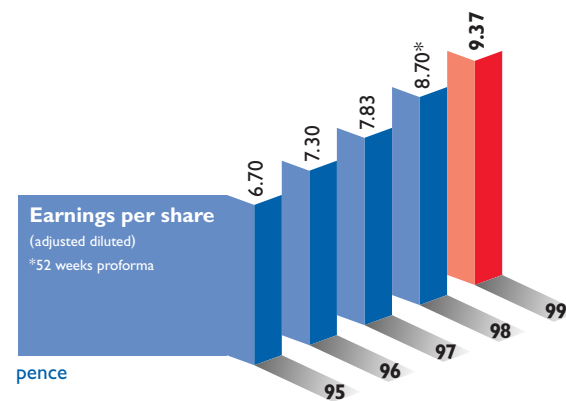
	1999 52 weeks £m	1998* 52 weeks (proforma) £m	1998 53 weeks (restated) £m
Sales at net selling price	18,546	17,447	17,779
Turnover excluding value added tax	17,158	16,142	16,452
Operating expenses	(16,155)	(15,212)	(15,505)
Employee profit-sharing	(38)	(35)	(35)
Operating profit	965	895	912
Profit/(loss) from joint ventures	6	(6)	(6)
Interest	(90)	(72)	(74)
Underlying pre-tax profit	881	817	832
Loss on disposal of fixed assets/operations	(8)	(9)	(9)
Integration costs	(26)	(63)	(63)
Goodwill amortisation	(5)	–	–
Profit before tax	842	745	760
Tax	(237)	(223)	(228)
Minority interest	1	–	–
Profit for the financial year	606	522	532
Dividends	(277)	(255)	(255)
Retained profit	329	267	277
Adjusted diluted earnings per share[†]	9.37p	8.70p	8.84p
Dividend per share	4.12p	3.87p	3.87p

[†] Excluding goodwill amortisation, integration costs, net losses on disposal of fixed assets and discontinued operations.
* 1998/99 was a 52 week year compared to 53 weeks for 1997/98. A proforma 52 week profit and loss account for 1998 has been used for comparison.



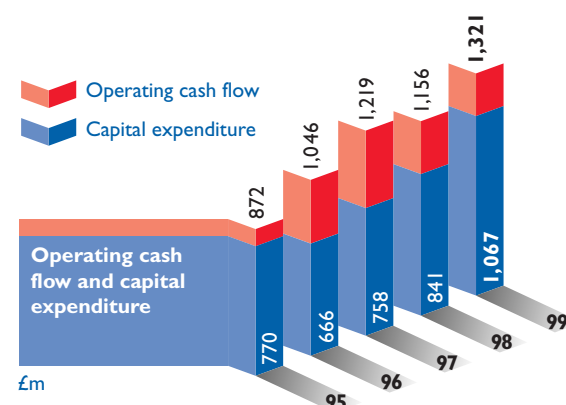
Cash flow statement

	1999 £m	1998 (restated) £m
Cash from operations	1,321	1,156
Interest	(129)	(94)
Tax	(237)	(238)
Gross trading cash flow	955	824
Net capital expenditure	(1,005)	(723)
Changes in financing	14	30
Dividends	(238)	(214)
Normal cash flow	(274)	(83)
Business acquisitions/disposals	(255)	(359)
Movement in net debt	(529)	(442)
Opening net debt	(1,191)	(749)
Closing net debt	(1,720)	(1,191)



Balance sheet

	1999 £m	1998 (restated) £m
Fixed assets	7,553	6,496
Current assets	1,146	942
Short term creditors	(3,075)	(2,713)
Net current liabilities	(1,929)	(1,771)
Total assets less current liabilities	5,624	4,725
Long term creditors	(1,230)	(812)
Provisions	(17)	(10)
Total net assets	4,377	3,903



Terry Leahy
Andrew Higginson
Directors

The summary financial statement was approved by the Board on 12 April 1999.