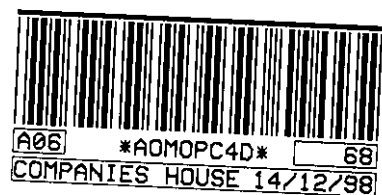


CADENA CAFES LIMITED

REPORT AND ACCOUNTS

FOR THE 53 WEEKS ENDED 28 FEBRUARY 1998



CADENA CAFES LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the 53 weeks ended 28 February 1998.

REVIEW OF THE BUSINESS

The company has not traded in the period, has not incurred any liabilities and has consequently made neither profit nor loss.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period were as follows:-

D E Reid
R S Ager
J A Bailey

None of the directors had any disclosable interests in the company during the period. D E Reid and R S Ager are also directors of Tesco PLC, the company's ultimate holding company, and as such their disclosable interest in Tesco PLC are all declared in the accounts of that company.

For the Director who is not also a director of the ultimate holding company, his interests in the shares of Tesco PLC is given below.

	Ordinary Shares		*Share Options	
	<u>28 Feb</u> <u>1998</u>	<u>22 Feb</u> <u>1997</u>	<u>28 Feb</u> <u>1998</u>	<u>22 Feb</u> <u>1997</u>
J A Bailey	12,177	6,017	62,217	70,315

Executive share option scheme (1984, 1994 and 1996) and Savings related Share Option Scheme (1981). Details of those schemes are set out in the annual report and accounts of Tesco PLC.

By order of the Board on 7/12/98



M J Field
Secretary

Cadena Cafes Limited
Registered Number 41420

CADENA CAFES LIMITED

BALANCE SHEET - 28 FEBRUARY 1998

	<u>1998</u> £	<u>1997</u> £
FIXED ASSET INVESTMENTS		
Shares in group undertakings (at cost)	75,835	75,835
CURRENT ASSETS		
Amounts owed by group undertakings	2,438,305	2,438,305
CREDITORS: amounts falling due within one year		
Amounts owed to group undertakings	<u>112,356</u>	<u>112,356</u>
NET CURRENT ASSETS	<u>2,325,949</u>	<u>2,325,949</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,401,784</u>	<u>2,401,784</u>
CAPITAL AND RESERVES		
Called up share capital (Note 2)	789,213	789,213
Profit and loss account	<u>1,612,571</u>	<u>1,612,571</u>
	<u>2,401,784</u>	<u>2,401,784</u>

The Company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the period ended 28 February 1998.

Approved by the Board on 7/2/98



DIRECTOR

The notes on page 3 form part of these accounts

CADENA CAFES LIMITED.

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

1. ACTIVITY AND DIRECTORS

The Company has not traded during the 53 weeks ended 28 February 1998, has not incurred any liability and consequently has made neither profit nor loss. None of the Directors received any emoluments in respect of their services to the Company.

2. CALLED UP SHARE CAPITAL

	<u>1998</u> £	<u>1997</u> £
Authorised 800,000 Ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>
Allotted and fully paid 789,213 Ordinary shares of £1 each	<u>789,213</u>	<u>789,213</u>

3. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Tesco PLC which is incorporated in Great Britain and registered in England, and is the ultimate holding company. Copies of the group accounts can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.