

DTSI LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
52 WEEKS ENDED 30 JANUARY 1999



Registered number: 026704Sc

DTSI LIMITED

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DTSI LIMITED
DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the 52 weeks ended 30 January 1999.

Principal Activity

The Directors have decided that the Company will no longer provide financing or loan facilities and during the year only one loan facility remained in place.

Directors and their Interests

The present Directors of the Company are:

J G Hawkins
S Jerman
C P de Boer

In accordance with the Articles of Association, J G Hawkins will seek re-election at the forthcoming Annual General Meeting.

No Director in office at 30 January 1999 held any beneficial interest in the shares of Harrods Holdings plc or any of its subsidiaries at 1 February 1998 or at 30 January 1999.

No Director has had a material interest directly or indirectly at any time during the year in any contract significant to the business of the Company.

Results and Dividend 1997

The operating loss for the 52 weeks to 30 January 1999 amounted to £11,248 (1998 - £16,556). The Directors do not propose the payment of a dividend (1998 - £nil).

Review of the Business

The one remaining trade debtor has reduced to £300,000 from £390,000 and it is expected that this outstanding sum will be collected during 1999/2000.

Auditors

Following the merger of Price Waterhouse and Coopers and Lybrand on 1 July 1998, Price Waterhouse resigned as auditors in favour of the new firm, PricewaterhouseCoopers, and the Directors have appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed as special business at the forthcoming Annual General Meeting.

DTSI LIMITED

DIRECTORS' REPORT (Continued)

Statement of Directors' Responsibilities


The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 4 to 7 on a going concern basis and consider that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board


S Jerman
Secretary
19 April 1999

Registered Office
151 St Vincent Street
Glasgow
G2 5NJ

DTSI LIMITED

AUDITORS' REPORT TO THE MEMBERS OF DTSI LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require of our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 January 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place, London, WC2N 6NN
19 April 1999

DTSI LIMITED

PROFIT AND LOSS ACCOUNT

52 WEEKS ENDED 30 JANUARY 1999

Note	52 Weeks 30/1/99 £	52 Weeks 31/1/98 £
Administrative expenses	(11,248)	(16,556)
2 Operating Loss	<u>(11,248)</u>	<u>(16,556)</u>
Bank Interest Receivable	453	130
Loss on Ordinary Activities before Taxation	(10,795)	(16,426)
3 Taxation	3,300	11,000
Loss on Ordinary Activities after taxation retained and transferred to Reserves	<u>(7,495)</u>	<u>(5,426)</u>

The above figures all relate to continuing operations.

The Company has no gains or losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical costs equivalents.

The notes on pages 6 to 7 form part of these accounts.

DTSI LIMITED

**BALANCE SHEET
AT 30 JANUARY 1999**

Note	30/1/99 £	31/1/98 £
Current Assets		
5 Debtors due within one year	345,332	401,000
Cash and bank balances	<u>31,289</u>	<u>14,941</u>
	376,621	415,941
6 Creditors		
Amounts falling within one year	<u>(1,194,730)</u>	<u>(1,226,555)</u>
Net Current Liabilities	<u>(818,109)</u>	<u>(810,614)</u>
Total Assets Less Current Liabilities	<u><u>(818,109)</u></u>	<u><u>(810,614)</u></u>
Capital and Reserves		
7 Called up share capital	100	100
8 Profit and loss account	<u>(818,209)</u>	<u>(810,714)</u>
9 Equity Shareholders' Funds	<u><u>(818,109)</u></u>	<u><u>(810,614)</u></u>

The notes on pages 6 to 7
form part of these accounts.

Approved by the Board on 19 April 1999



J G Hawkins
DIRECTOR

DTSI LIMITED

NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of Financial Statements

The financial statements have been prepared under the historical cost convention and comply with applicable accounting standards.

The company has net current liabilities and a deficit of shareholders funds at 31 January 1998. In order that the financial statements be prepared on a going concern basis, the Company's parent undertaking has indicated that it will not call for repayment of amounts due to the group undertakings without first ensuring that the Company has adequate funds to meet its obligations as they fall due.

The Company is a wholly owned subsidiary of Harrods Holdings plc which produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (FRS 1). Consequently the Company has taken advantage of the exemption in FRS 1 from producing a cash flow statement.

	30/1/99 £	31/1/98 £
2 Loss on Ordinary Activities Before Taxation		
Loss on ordinary activities is stated after charging:		
Audit fee	<u>1,175</u>	<u>1,175</u>
3 Taxation		
Taxation credit based on the profits of the period:		
Group Relief	<u>3,300</u>	<u>11,000</u>
	<u>3,300</u>	<u>11,000</u>

4 Information regarding Directors and Employees

No emoluments were paid to the Directors of the Company during the year (1998: £nil).

The company did not employ any persons or incur any staff costs during the year (1998:£nil).

DTSI LIMITED

NOTES TO THE ACCOUNTS (Continued)

	30/1/99 £	31/1/98 £
5 Debtors		
Amounts due within one year:		
Trade Debtors	300,000	390,000
Group relief due from group undertakings	3,300	11,000
Other Debtors	42,000	-
Other taxes receivable	32	-
	<u>345,332</u>	<u>401,000</u>
6 Creditors		
Amounts falling due within one year:		
Amounts due to group undertakings	1,180,021	1,211,846
Accruals	14,709	14,709
	<u>1,194,730</u>	<u>1,226,555</u>
7 Called Up Share Capital		
Authorised, allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
8 Profit and Loss Account		
Balance at 2 February 1997	(810,714)	
Loss retained for the year	(7,495)	
Balance at 31 January 1998	<u>(818,209)</u>	
9 Reconciliation of Movements in Shareholders' Funds		
Loss on ordinary activities after taxation	(7,495)	(5,426)
Opening shareholders' funds	(810,614)	(805,188)
Closing shareholders' funds	<u>(818,109)</u>	<u>(810,614)</u>

10 Parent Undertakings

The Company's immediate parent undertaking plc, which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and the largest Group which consolidates the results of the Company. The Group accounts will be filed with the Registrar of Companies in due course. is Harrods (UK) plc. The immediate parent undertaking of Harrods (UK) plc is Harrods Holdings

The ultimate parent company is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.

The Company is a wholly owned subsidiary of Harrods Holdings plc and, as permitted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other entities in the Harrods Holdings Group are not disclosed.